



The Demand for External Audit Quality: Empirical Evidence from Public Limited Companies in Cameroon

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ABSTRACT:

Given the critical role of external audits in corporate governance, particularly in jurisdictions facing systemic challenges such as corruption and weak regulatory frameworks, the study explores several factors influencing the demand for external audit quality within Public Limited Companies in Cameroon. For this purpose, data were collected from 60 Public Limited Companies operating in the Littoral, Centre and Northwest regions of Cameroon following clustered and convenient sampling techniques. The binary logistic regression enables us to indicate that only board size and company size are determinant factors of the demand for external audit quality. Board gender and board diligence did not show significant influence on the demand for external audit quality. The study recommends that the PLC should increase their size by ensuring diversity in terms of skill and expertise so as to guarantee its effectiveness.

KEYWORDS: Demand for external audit quality, Board size, board diligence, gender diversity, company size, PLC, Cameroon.

INTRODUCTION

According to the agency theory, the demand for external audit quality is a critical aspect of ensuring transparency and accountability in corporate governance across the globe. Fossung et al. (2022) indicated that the demand for better audit quality in response to agency conflicts continuously comes under the spotlight. This is in the sense that high-quality audits are essential in mitigating agency problems, particularly in Public Limited Companies, where the separation of ownership and control often leads to conflicts of interest between managers and shareholders (Jensen & Meckling, 1976). This conflictive relationship is due to the existence of asymmetric information, which can be exploited by opportunistic behavior from managers (Jensen and Meckling, 1976; Jensen, 1993). The need for shareholders to control managers increases with organizational complexity, as a greater number of hierarchical levels limits shareholders' ability to monitor managerial activities (Bonazzi & Islam, 2007; Kesten, 2013; Massimo et al., 2014). This asymmetric information generates agency conflicts that escalate the costs associated with oversight, as shareholders face challenges in controlling and observing the efforts of their agents.

The collapse of major corporations at the global level has attracted the attention of many actors. One of the most infamous examples is the Enron scandal of 2001, which profoundly impacted corporate governance worldwide. Enron, once regarded as an energy giant, collapsed after it was revealed that the company had engaged in accounting fraud and corporate mismanagement. The executives used complex accounting practices and loopholes to conceal substantial debt, thereby inflating their profitability. This resulted in the company's bankruptcy and caused over \$74 billion in shareholder value to vanish. The failure of Enron's external audit highlighted significant weaknesses in corporate governance and brought back to the forefront the question of the demand for the quality of external auditing. Following this scandal, the United States passed the Sarbanes-Oxley Act of 2002, which sought to strengthen audit reporting standards and enforce stricter corporate oversight. The Enron case remains a critical reference in discussions about the necessity of effective external audits in ensuring transparency and preventing corporate collapses (Healy & Palepu, 2003).

In Cameroon, financial scandals have similarly exposed significant weaknesses in the external audit systems of public limited companies. One of the most notable cases is the SONARA scandal of 2019, which involved financial mismanagement. External audits failed to identify irregularities in the company's fuel importation operations, leading to significant financial losses. Despite having an audit system in place, SONARA's external controllers seems not robust enough to detect and prevent the financial malpractices that plagued the company. The scandal led to public outcry and damaged the reputation of the company, which plays a critical role in the national economy (Fombad, 2021). Similarly, Camair-Co, the national airline of Cameroon, has faced chronic financial instability, largely attributed to poor external governance and audit failures. The airline has struggled to maintain profitability and has required government bailouts on several occasions. External audits within Camair-Co have been criticized for their inability to detect mismanagement and prevent the financial troubles that have plagued the company (Tangri, 2020). However, these financial scandals that occurred in the world in general and in Cameroon in particular, discredited audit firms that guaranteed their integrity (Mballa & Feudjo, 2016; Kueda & Feudjo, 2019). Based on the paper of Growth and Employment Strategy of 2009, the Cameroonian companies' bankruptcy rate is greater than 32% (Fossung & Magang, 2019).

In Cameroon, issues such as corruption and weak regulatory frameworks exacerbate these conflicts, undermining investor confidence. Despite the critical role of audits in mitigating agency problems (Lai & Liu, 2018) and improving financial reporting (Houqe et al., 2017), approximately 75% of auditors in Cameroon are underqualified (Louis Ndjetcheu, 2012), contributing to audit integrity concerns. Face with all the financial scandals that have occurred across the globe, some audit regulations have been enacted in response. This is particularly the case with the Sarbanes-Oxley law (2002) in the USA, the law on New Economic Regulations (2001) and the law on financial security (2003) in the case of France. These ensure better audit quality, strengthen investors' confidence, and reduce potential agency conflicts (Fossung et al. 2022, Kueda et al. 2023). It is worth noting that Cameroon has not remained on the sidelines of this movement. This is evidenced by Law No. 2003/008 of July 10, 2003, relating to the suppression of offences contained in certain OHADA Uniform Acts. According to Fossung et al. (2022), all the above-listed measures taken were to give corporate governance its place in the accounting cycles and improve audit quality and others control mechanisms. Despite all that, the problem of audit quality still attracts concerns since governance issues are still realities within companies across the world in general and Cameroon in particular. In fact, the continuation of these scandals is marked by the development of audit firms as well as the number of statutory auditors. Despite the increased development of cipher professionals, the issue of the reliability of financial information still remains at the heart of debates in this field of research (Fossung et al. 2022, Kueda et al. 2023).

Several studies conducted on the issue of audit quality have highlighted that board characteristics play a significant role in the governance of companies and have attracted significant attention in corporate governance research. This highlights the importance of understanding how the composition and dynamics of a company's board can influence the effectiveness of audits. As a result, researchers are increasingly focusing on these characteristics to improve corporate governance practices. Board characteristics play crucial roles in influencing decision-making processes and financial reporting integrity (Nguyen & Tran, 2021). According to Rimamshung et al. (2023), a well-structured Board of Directors (BOD) enhances the quality of financial reporting by ensuring proper oversight of management activities and thereby insuring the demand of high audit quality. Cameroon is facing significant challenges in corporate governance, with only 30% of board members receiving formal governance training (World Bank, 2018). The problems in prominent institutions like SONARA, BICEC Bank, and CAMAIRCO have highlighted governance inefficiencies,

raising concerns about the effectiveness of the board oversight. Despite the importance of good corporate governance, research on board characteristics and the demand for external audit quality in Cameroon remains limited. The recent study on the demand for external audit quality is from Fossung et al. (2022) and Kueda (2025) puts an emphasis on the choice of audit quality. Most studies focus on financial performance and quality of financial reporting (Chenwi, 2021; Foka et al., 2023; Wokwen et al., 2023; Kueda et al., 2023). Since Fossung et al. (2022) explained the demand for external audit quality through the power of agency theory, Kueda (2025) focused on the effect of agency conflicts on the choice of audit quality. This study aims to bridge this gap by investigating the effect of board characteristics and company characteristics on the demand for external audit quality within Public Limited Companies (PLCs) in Cameroon.

As far as the demand for external audit quality is concerned, research has indicated that several factors, such as BOD, chair of board characteristics, ownership structure, audit committee, etc., are significant. This study put an emphasis on board and company characteristics. The population of the study is public limited companies in Cameroon. Data were collected from 60 public limited companies operating in the Littoral, Center, and Northwest regions of Cameroon following a clustered and convenient sampling technique. The binary logistic regression enables testing the hypothesis since the dependent variable is binary. The remainder of the article is organized as follows: The first section presents the literature review; the methodology is in section 2, while the results and discussion are in section 3.

1. Literature review

1.1. Theoretical literature review

Agency theory is considered as one of the most widely used theoretical frameworks for understanding corporate governance and the demand of external auditing. Developed by Jensen & Meckling (1976), this theory describes the relationship between principals (shareholders) and agents (managers), where the principals delegate decision-making authority to agents. This relationship is accompanied by conflicts of interest due to information asymmetry. This then led managers to give priority to their own goals over those of the shareholders. Facing this situation, shareholders then have an obligation to require the presence of an external auditor in order to ensure the reliability of information within financial statements. According to Jensen & Meckling (1976), to reduce the possibility of the potential moral threat, principals and agents contract to attain the greatest benefits, which include establishing monitoring functions such as auditing. External auditing is considered an essential tool for reducing agency problems, as it provides independent assessments of managers' actions and helps ensure that they act in the best interests of the shareholders. By evaluating internal controls, monitoring compliance, and identifying risks, external auditors contribute to reducing information asymmetry and aligning the interests of management and shareholders (Adams, 1994). External audit thus acts as a governance mechanism, providing assurance to shareholders that managers are operating transparently and responsibly. For this to be properly done, there is a need to demand high audit quality. In public limited companies, agency theory underlines the importance of external audit functions to safeguard shareholder interests. External auditors help reduce agency costs by providing an objective review of management's activities and ensuring that these activities adhere to corporate governance standards. The presence of an independent external audit function is crucial to ensuring that managers act ethically and responsibly, fostering trust between shareholders and management (Fama & Jensen, 1983). Although the agency theory plays a crucial role in corporate governance, it is not without criticism. It presupposes that rational individuals are inherently selfish and behave as such in order to boost their self-esteem. Consequently, this perspective disregards the existence of belief systems and moral ambiguity, which hinder the development of frameworks for practical ethics (Jermias & Gani, 2014).

The stakeholder theory of Freeman (1984) emphasizes that organizations have responsibilities beyond shareholders to various groups, including customers, employees, suppliers, communities, and the environment. Due to the conflict of interest between principal and agent, there emerges the need for higher audit quality. In the context of external auditing, this theory implies that external auditors must consider the interests of various stakeholders when evaluating an organization's governance, risk, and compliance practices. According to Greenwood (2007), external auditors play a critical role in ensuring that companies operate ethically, comply with regulations, and maintain transparent financial reporting, which benefits all stakeholders. By monitoring compliance with ethical standards and assessing social and environmental risks, external auditors help protect the interests of stakeholders beyond shareholders alone (Donaldson & Preston, 1995). Auditors then provide assurance that financial reports are

reliable, enabling stakeholders to make informed decisions. For public limited companies, stakeholder theory highlights the importance of external auditing in promoting and maintaining ethical behavior and sustainability. External auditors help ensure that the company's actions align with the expectations of stakeholders, particularly in areas such as corporate social responsibility, environmental compliance, and community engagement. This stakeholder-focused approach enhances the organization's reputation, mitigates risks associated with social and environmental issues, and supports long-term sustainability.

According to Gray et al. (1995), the legitimacy theory explains that an organization or company will continue to exist if society realizes that the organization operates with a value system that is by the community's value system. Legitimacy theory is a theory based on achieving status when a firm's value system is in line with a larger social value system. In this case, the larger social system is the system owned by stakeholders, in which stakeholders are shareholders or investors and the community. So, the theoretical framework provided by agency theory, stakeholder theory, and legitimacy theory offers valuable insights into the role of external auditing within public limited companies. Agency theory emphasizes the role of external audit in mitigating conflicts of interest between managers and shareholders. Stakeholder theory broadens the perspective of accountability to include a wide range of stakeholders, reinforcing the ethical and social responsibilities of auditors. Finally, legitimacy theory underscores the importance of the continuous functioning of the company and achieving the firm's values in line. Together, these theories form a comprehensive foundation for understanding the determinants of the demand for external audit quality in public limited companies, guiding this study's exploration of how external audit functions contribute to governance, accountability, and transparency.

1.2. Empirical literature and hypothesis development

1.2.1. Board size and the demand of external audit quality

Board size refers to the number of members on the company's board of directors. Many researchers have been trying to understand how board size affects the demand for external, and the findings have not been universal. According to Wasiu et al. (2020), board size has no significant influence on the choice of audit quality demanded. The authors indicated that a larger board is less concerned with quality audits. This may be due to the presence of a high agency crisis that may be associated with a larger board. This finding is in line with Okaro et al. (2015), who reported a non-significant effect of board size on audit firm choice. Thakolwiroj & Juthamon (2021) and Wokwen et al. (2023) also found that board size had a negative but insignificant effect on financial performance in companies. On his side, Ejeagbasi et al. (2015) reported a significant effect of board size on audit firm choice. Fasoulas et al. (2023) also carried out a study in which they indicated that board size is positively and significantly associated at the 5% level with the assignment of a Big Four audit firm. This implies that firms with larger board sizes are more likely to employ the Big Four audit firms. According to Fardaowsa et al. (2024), board size had an insignificant effect on performance. Charl et al. (2011) and Kosgei et al. (2014) found out that board size had a positive and significant impact on audit quality. Among other authors, like Yasser et al. (2011), a significant positive effect of board size on a firm's performance is suggested. On the other hand, Mohamed (2017) and Peter & Games (2022) established that the size of the board had negative and significant impacts on the financial performances of sampled companies. Therefore, the following hypothesis is stated.

H₁: The demand for external audit quality within public limited companies in Cameroon depend on Board size.

1.2.2. Gender diversity and external audit quality

Arguments have been raised as far as gender diversity is concerned. Several research studies have focused on how gender diversity influences the demand for external audit quality. Fasoulas et al. (2023) argued that gender diversity is significantly positively associated at the 1% level with the choice of audit quality. Abiola et al. (2020) also carried out a study on gender diversity and discovered that gender diversity has a positive and significant influence on audit quality at 1%. This means that a board with females stands a better chance of selecting Big Four audit firms. Abu et al. (2016) also review that board gender has a positive and significant effect on performance. Indicating that having women on board will greatly affect the demand for audit quality. Violet et al. (2019), Thakolwiroj & Juthamon (2021), Uyar et al. (2020), Shyamanthi (2018), and Peter & Games (2022) also found out that there exists a significant effect of gender diversity on audit quality. These findings opposed that of Saidu and Aifuwa (2020), who reported an insignificant effect of gender diversity on audit quality in the Nigerian manufacturing sector. On the other hand, Fardaowsa et al. (2024) indicated that board gender reviews have a negative and significant effect on the performance of companies. These findings opposed the results of Chijoke (2020) and Chijokeh & Boateng (2020), who averred that having more women on board greatly increases a company's financial success. For this reason, we hypothesized that

H₂: The present of female on board influence the demand for external audit quality within public limited companies in Cameroon.

1.2.3. The demand of external audit quality: the role of Board diligence

According to Larkin & Moroney (2020), board diligence is seen as "the extent to which directors critically evaluate information and make informed decisions. Wang & Clift (2022) define board diligence as "the level of engagement and oversight demonstrated by directors in ensuring effective governance, while Dumont (2022) defines board meeting as a formal gathering of a company's board of directors to discuss and make decisions on strategic matters, oversee management, and ensure accountability. Kammel & Nippa (2023) view board diligence as "the systematic and continuous monitoring of management by directors to ensure strategic alignment." These authors elaborated that a board meeting is a high-level gathering where directors convene to discuss and vote on critical business matters to set policies and provide oversight to corporate governance. Several studies have been carried out on the effect of board diligence on external audit quality. Ali et al. (2022) discovered that board diligence has a significant positive relationship with demand for external audit quality. Indicating that the higher the number of meetings held, the stronger the demand for quality audits. According to Shyamanthi (2018), board meetings and firm financial performance have a positive and significant relationship. Furthermore, Jensen (1993) also states that frequent board meetings increase travel expenses and wastage of managerial time and lead to an increase in director meeting expenses in the company, while directors of the board spend more time on reading and presenting reports to the other members rather than discussing important factors (Vefeeas 1999). In their own study, Peter & Games (2022) reported a significant effect of board meetings on audit quality. This result contradicts that of Thakolwiroj & Juthamon (2021) in Thailand, which reported an insignificant effect of board meetings on the performance of companies. Therefore, we hypothesized that:

H₃: Board diligence influences the demand for external audit quality within public limited companies in Cameroon.

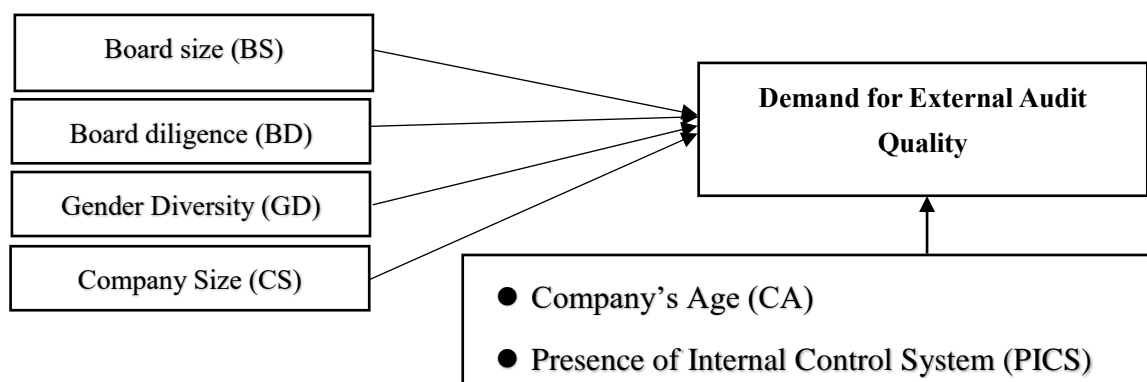
1.2.4. Company size and external audit quality

Company size refers to how big or small the company is depending on factors like number of employees, revenue, total assets, and market capitalization. It should be noted that a large company requires a more formal corporate governance structure and stronger regulatory compliance. According to Fasoulas (2023), company size is positively associated with board size and efficiency at the 1% level of significance. This implies that the higher the size of the company, the higher the demand for external audit quality. This is in line with Abiola (2020), who carried out research and came to the conclusion that company size has a significant effect on audit. Furthermore, Kasun (2019) also did research on this study, which showed a significant effect of company size on audit performance. According to him, the larger the size of the company, the better for its performance. Pangaribuan (2024), Fernandez et al. (2024), and Salman & Setyaningrum (2023) studies reported that company size has a significant effect on audit quality. With this the following hypothesis can be stated to confirm the above research.

H₄: Company size influences the demand for external audit quality within public limited companies in Cameroon.

From this literature review, the conceptual framework for this study is presented as follow.

Figure 1: the conceptual framework



Source: authors

In the context of this work, we assume that the company age and presence of an internal control system can help in the understanding of the complexity related to the demand for external audit quality. Internal controls are mechanisms put in place by an organization to ensure the accuracy and reliability of its financial reporting and the efficiency of its operations. The COSO (2013) defines internal

control as a process designed to provide reasonable assurance regarding the achievement of objectives related to operations, reporting, and compliance. Mihret & Yismaw (2011) emphasize that internal controls are not just about compliance; they also play a key role in improving the efficiency and effectiveness of an organization's operations by ensuring that processes are streamlined and risks are minimized. For this study, internal control will be defined as a set of processes and mechanisms established to safeguard organizational assets, enhance operational efficiency, and ensure compliance with laws and regulations, in line with COSO (2013).

2. Methodology

2.1. Population and sample size

The population of this study embodies all public limited companies located in Cameroon. Data were collected from 60 public limited companies operating in the Littoral, Center, and Northwest regions of Cameroon following a clustered and convenient sample technique with the use of a structured questionnaire. The three regions were chosen because they host 71.1% of companies in Cameroon, according to the statistics of the National Institute of Statistics (NIS, 2016).

2.2. Model Specification

In order to examine the effect of board characteristics on the demand for external audit quality within public limited companies, the following functions and model were established.

Demand for external audit quality = f (Board size, Board Diligence, Gender diversity, Company size, company age and presence of internal control system).

From the above, we can specify our model as follows:

$$DEAQ = \beta_0 + \beta_1BOS + \beta_2BOD + \beta_3GEND + \beta_4COS + \beta_5COA + \beta_6PICS + \epsilon$$

Where, DEAQ = Demand for external Audit Quality (Dependent Variable), β_0 =Constant, $\beta_1 \dots \beta_6$ =The coefficients of the variables, BOS = Board Size, BOD = Board Diligence, GEND = Gender Diversity, COS= Company size, COA= Company age, PICS= Presence of internal control system and ϵ =error term in the equation.

2.3. The measurement of the variables

Table 1: The measurement of the variables

Variables	Measurements	Authors
Dependent variable		
Demand for external audit quality	Binary variable taking the value 1 if the PLC is having two auditors and 0 otherwise	Kueda (2025)
Independent variables		
Board size	Measured by the number of members on board. Ordinal variable taking the value 1 if board members are less than 5, the value 2 if between 5-10, the value 3 between 11-15 and the value 5 if 16 and above.	Chenwi (2021) Kazan (2022).
Gender diversity	Measured by the presence of females on board. Binary variable taking the value 1 if there is a female on board of the PLC and 0 if otherwise.	Fardowsa (2024) Uyar et al (2020)
Board diligence	Measured by the number of meetings held by board per year. Ordinal variable taking the value 1 if the PLC held 1 meeting, the value 2 if 2 meetings, the value 3 if 3 meetings, the value 4 if 4 meetings, and the value 5 if more than 4 meetings.	Shyamanthi (2018) Thakolwiroj & Juthamon (2021)
Company age	Measured by the number of years the company has been operating. Ordinal variable taking the value 1 if the PLC is less than 5 years, the value 2 if between 5-10, the value 3 if between 11-15 and the value 4 if 16 and above.	Kasun et al (2019) Abiola (2020)

Control variables		
Company size	Measured by the number of employees. Ordinal variable taking into consideration the value 1 if between 21-100, the value 2 if between 101-300, the value 3 if between 301-600 and the value 4 if 601 and above.	Fasoulas et al 2023)
Presence of internal control system	Binary variable taking into consideration the value 1 if the PLC is having an internal control system and 0 if otherwise.	

Source: authors

3. Results and Discussion

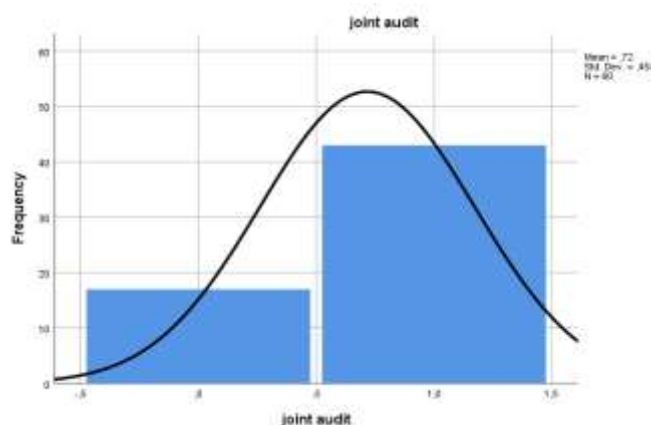
3.1. Results of Descriptive Statistics

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Joint Audit	60	0	1	0.72	0.454
Board Size	60	1	4	1.92	0.850
Board Meeting	60	1	5	2.83	1.304
Board Gender	60	0	1	0.87	0.343
Number of employees	60	1	4	2.17	1.028
Age of Company	60	1	4	2.87	1.065
Pres of inter control	60	0	1	0.90	0.303
Valid N (listwise)	60				

Source: authors

Figure 1: Behavior of sampled PLC with regards to the demand of external audit quality



Source: authors

The figure above displays a statistical distribution concentrated to the right. Based on a scientific approach, the probability that a company taken randomly will demand a high-quality audit is 72%. These statistics are in line with Kueda et al. (2023) and therefore contradict the financial reporting crises as stated by Djongoué (2007); Djoutsa and Foka (2014); Foka et al. (2023); and Kueda et al. (2020).

3.2. Results of Inferential Statistics

3.2.1. Test for correlation

Table 3 : The Pearson test Correlation

	1	2	3	4	5	6	7
Demand for external audit quality (1)	1	0.009	0.055	0.297*	0.284*	-0.184	0.160
board size (2)		1	0.064	0.045	0.003	0.015	-0.065
board diligence (3)			1	0.121	0.230	-0.072	-0.068
board gender (4)				1	0.305*	0.136	0.033
Company size (5)					1	0.330**	0.109
Age of Company (6)						1	-0.042
Pres of inter control (7)							1

*. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS 2025

From the above table, we observed that while some variables are showing positive and significant correlation, others have insignificant correlation. Importantly, all correlation coefficients are below the 0.8 threshold. And according to Kennedy (1985), multicollinearity is a potential concern when the correlation coefficients exceed 0.8. Therefore, the relatively low correlation levels suggest that multicollinearity is not an issue in this study, and the variables can be included together in subsequent regression analyses without concern. These results imply that the variables contribute unique and valuable information to the study.

3.2.2. Results of the binary logistic regression

Table 4: Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Board Size			7.125	3	0.068	
3- 5	0.819	2.003	0.167	1	0.683	2.268
5-10	-1.013	1.725	0.345	1	0.557	0.363
11-15	5.242	2.414	4.714	1	0.030	188.991
Board diligence			7.391	4	0.117	
One meeting	4.796	2.508	3.659	1	0.056	121.066
Two meetings	0.954	1.815	0.276	1	0.599	2.595
Three meetings	6.140	2.529	5.895	1	0.015	463.963
Four meetings	4.442	2.195	4.095	1	0.043	84.987
Board Gender(yes)	-2.164	1.655	1.709	1	0.191	0.115
Company Size			7.323	3	0.062	
21-100	-7.002	2.814	6.192	1	0.013	0.001
101-300	-3.437	2.170	2.508	1	0.113	0.032
301-600	-3.182	2.332	1.861	1	0.173	0.042
Age of Company			8.674	3	0.034	
Less than 5	3.946	2.071	3.630	1	0.057	51.716
5-10	7.552	2.639	8.191	1	0.004	1904.390
11-15	1.599	1.424	1.262	1	0.261	4.950
Pres of Inter Control (yes)	-1.594	1.442	1.223	1	0.269	0.203
Constant	-1.800	2.478	0.528	1	0.468	0.165

	P-Value: 0.001 Chi-square: 36.674 (0.001) -2 Log likelihood: 34.855 Cox & Snell R Square 0.457 Nagelkerke R Square: 0.657
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Source: SPSS 2025

From Table 2 above, the constant is negative and insignificant. Moreover, the chi-square statistic, which attests to the specification of the model, is significant at 1%. Furthermore, the statistic of Nagelkerke R Square is 0.657, which indicates that the demand for external audit quality is explained at 65.7% by its chosen predictors. Above all, the model is globally significant at 1%.

Board size has a significant effect on the demand for external audit quality. This implies that demanding high external audit quality depends on the size of the board. We therefore accept the hypothesis, which stated that “The demand for external audit quality within public limited companies in Cameroon depends on board size.” The results also indicate that when the size of the board is between 3 to 5 members, or between 5-10 members, it doesn’t explain the demand for external audit quality. Moreover, when the board size is between 11-15 members, it has a positive and significant effect on the demand for external audit quality.

Moreover, the results show a non-significant effect of board gender on the demand for external audit quality. This suggests that the gender diversity of the board does not have an effect on the likelihood of seeking a higher-quality external audit. In other words, the presence of women on the board does not appear to affect the probability of requesting a more rigorous external audit. Therefore, we reject the second hypothesis, which stated that the presence of females on board influences the demand for external audit quality within public limited companies in Cameroon.

As far as board diligence is concerned, the results show a non-significant effect of board meetings on the demand for external audit quality. This finding opposed our third hypothesis, which indicated that board diligence influences the demand for external audit quality within public limited companies in Cameroon. Moreover, when the companies hold one, three, or four meetings in a year, it incurs a positive and significant effect on the demand for external audit quality. However, when those companies held but 2 meetings in a year, it indicated a positive but insignificant effect on the demand for external audit quality.

Looking at company size, the effect on the demand for external audit quality is significant. This finding permits us to accept the fourth hypothesis, which suggests that company size influences the demand for external audit quality within public limited companies in Cameroon. For companies with 21-100 employees, the result indicates a negative and significant effect at the 5% threshold on the demand for external audit quality. This suggests that companies in this size category are less likely to demand higher-quality audits, possibly due to cost constraints or a perception that the need for extensive auditing is lower. However, for companies with 101-300 employees and 301-600 employees, the effect on the demand for higher audit quality is insignificant.

The above table shows that company age has a significant effect on the demand for external audit quality. This result indicates that the company age is a determinant factor of the demand for external audit quality. The results also show a positive and significant effect for companies in the less than 5-year and 5-10-year age groups. This suggests that companies within this age range are more likely to demand higher-quality external audits. However, for companies within the 11-15-year range, the effect is positive and not significant. This indicates that the demand for external audit quality is not influenced by companies that have been operating for 11-15 years. Finally, the presence of internal control systems has a negative and non-significant effect on the demand for external audit quality. This result suggests that having internal control systems in place does not significantly affect the likelihood of requiring higher-quality external audits. Although internal control systems are critical for ensuring financial integrity, they do not appear to significantly influence the demand for external audits.

Table 5: situation of the hypothesis

<i>Hypothesis</i>	<i>Situations</i>
<i>H1: The demand for external audit quality within public limited companies in Cameroon depends on board size.</i>	<i>Accepted</i>

<i>H2: The presence of females on board influences the demand for external audit quality within public limited companies in Cameroon.</i>	Rejected
<i>H3: Board diligence influences the demand for external audit quality within public limited companies in Cameroon.</i>	Rejected
<i>H4: Company size influences the demand for external audit quality within public limited companies in Cameroon.</i>	Accepted

3.3 Discussion of Results

According to the binary logistic regression, board size has a positive and significant effect on the demand for external audit quality. This indicates that the demand for external audit quality is explained by the board size. The higher the number of members on board, the higher the likelihood of demand for high external audit quality. This aligns with the agency theory, which highlights the importance of board size in a company in resolving conflicts of interest between principals and agents. The findings suggest that, although larger boards might theoretically demand higher audit standards, the demand for joint audit firms remains the key determinant for ensuring high-quality audits. This result is in line with Charl et al. (2011) and Kosgei et al. (2014) in the United States and Kenya, respectively, which reported a positive impact of board size on audit quality. However, it contradicts Thakolwiroj & Juthamon (2021) and Wokwen et al. (2023) in Thailand and Cameroon, respectively, who reported a non-significant effect of board size on the performance of companies.

Board gender has an insignificant effect on the demand for external audit quality. This is because females may not be having the necessary skills and competences and therefore, will not enhance the demand for external audit quality. The legitimacy theory suggests that gender diversity can provide varied skills and insights that improve corporate governance and enhance its mechanism. This result is in line with Fardowsa (2024) in Kenya, which found out that gender diversity does not have an effect on external audits. However, it contradicts Voilet et al. (2019), Thakolwiroj & Juthamon (2021), Uyar et al. (2020), Shyamanthi (2018), and Peter & Games (2022) in Sri Lanka, the United States, and East Africa, respectively, who reported a significant effect of gender diversity.

Results also indicate that board diligence had an insignificant effect on the demand for external audit quality. This is because board meetings may not be held frequently enough to allow good decision-making. The stewardship theory argues that frequent board meetings lead to better oversight and stronger governance, which isn't in line with the result. This result corroborates that of Thakolwiroj & Juthamon (2021) in Thailand, which reported an insignificant effect of board meetings on the performance of companies. However, this result contradicts that of Shyamanthi (2018), Charl et al. (2011), and Peter & James (2022) in Sri Lanka, the United States, and East Africa, respectively, who reported a significant effect of board meetings.

Company size has a significant effect on the demand for external audit quality. This research suggests that larger companies are less likely to demand a joint audit. Agency theory suggests that the size of the company can be greatly determined by the relationship between the company and its employees. This study is in line with Pangaribuan (2024), Fernandez et al. (2024), and Salman & Setyaningrum (2023), whose study reported that company size has a significant effect on audit quality.

CONCLUSION

This study investigates the determinants of the demand for external audit quality within public limited companies in Cameroon. For this purpose, data were collected from 60 public limited companies operating in the Littoral, Centre, and Northwest regions of Cameroon following clustered and convenient sampling techniques. Through the binary logistic regression, it was indicated that only board size and company size are determinant factors of the demand for external audit quality since board gender and board diligence did not show significant influence on the demand for external audit quality.

Theoretically, this study contributes to enriching existing literature on the aspect of value audit quality regarding public limited companies, which is very shallow in the Cameroonian context. The results of this study have shown the different effects of board size, board meetings, gender diversity, and company size on demand for external audit quality. The positive and significant effect of board size and company size on the demand for external audit quality implies PLC should make sure of having a great number

of members on board. The positive and insignificant influence of board gender on the demand for external audit quality implies that PLC should be more careful in selecting females for the board in order to enhance the control and monitoring.

In as much as this study provides relevant results on the influence of board and company characteristics on the demand for external audit quality, it's characterized by some limitations. Firstly, the firms in this sample are strictly public limited companies, and as such, this result will be difficult to generalize for all firms in the country. Also, the sample size seems small compared to the total population size, which is even unknown. Thirdly, the primary nature of data can create some doubt on the results compared to the use of secondary data. There are equally other characteristics of the board and company characteristics not used in this study that can be used as a focus of research on external audit quality alongside other measurements of audit quality not used in this work. In fact, board expertise and CEO duality were not used in this study. Also, other company characteristics such as level of indebtedness and profitability were also absent. Despite these limits, this study seriously keeps its value and therefore opens the way for further research. This indicates that future research can still study the demand for external audit quality by looking at the contribution of the audit committee, audit committee and board chair characteristics, ownership structure, and some market and environmental factors.

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