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# Audit Indicators and Financial Performance of Manufacturing Firms in Nigeria

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Abstract--- This study investigated audit Indicators and financial performance of manufacturing firms in Nigeria during the period 2003-2020 (18 years). The researcher used three firms Unilever Nigeria Plc., Beta Glass Plc. and Meyer Plc. The dependent variable was measured with earnings per share (EPS), while the independent variables were measured with auditor's independence (AUIND), Audit Firm Size (AUSZ), Audit Committee (AUCMT), audit committee financial expertise (AUCFE). Time-series data were used and the researcher obtained it from the annual report and account of the firms under study. The estimation technique was Ordinary least square (OLS), normality, serial correlation, and heteroskedasticity test was carried out with the aid of E-views 9 statistical package. The study found that audit committee (AUCMT) and audit committee financial expertise (AUCFE) have a significant impact on earnings per share of Unilever Nigeria Plc as the p-value t-statistics is below 5% significant level. Also, the Audit Committee (AUCMT), audit independence (AUIND) and audit committee financial expertise (AUCFE) have a significant impact on earnings per share of Beta Glass Plc and Meyer Plc as the p-value t-statistics are below 5% significant level. Globally the p-value of the three manufacturing firms understudy is below 5% significant level.

**Keywords---**audit indicators, earnings, financial performance, manufacturing firms.

#### Introduction

Financial performance is "a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues" (Investopedia, 2018). This term is also used as a general measure of a firm overall financial health over

a given period and can be used to compare similar firms across the same industry or sectors in aggregation. Mirza & Javed (2018), stated that the "performance of firms is of vital importance for stakeholders and the economy at large". The financial profitability of a firm will boost the income of its employee's, also more profit will mean more future investments, which will generate employment opportunities.

In the works of Farouk & Hassan (2014), it was asserted that "Auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users". The turbulent effects of the global financial crisis have highlighted the critical importance of credible high-quality audits. Audit quality plays an important role in maintaining an efficient market environment, an independent quality audit underpins confidence in the credibility and integrity of financial statements which is essential for enhanced financial performance (Farouk & Hassan, 2014). Auditors are by the nature of their professional duties exposed to an extensive knowledge of experiences from different organizations and industries which they can bring to bear on the financial performance of any organization, especially when they present quality audits to their clients.

According to Generally Accepted Auditing Standards as cited in Farouk & Hassan (2014), the three general standards any auditor would be required to adhere to while performing his work, are concerned with auditors qualification and quality of his/her work and are divided into three sections viz general standards addressing the characteristics and nature of auditors, standards on fieldwork addressing the conduct of the audit, and standard of reporting addressing the manner of communicating audit findings and opinion. According to Woodland & Reynolds (2016), "these three general standards describe the minimum requirements for audit quality". Therefore, it follows that the ability of the auditor to bring to bear these standards in the course of performing his duties will affect the quality of the audit opinion he puts forward. Hence, a good audit firm should produce quality reports. Hence, the high-quality audit should refer to the production of financial information without misstatements, omissions, or bias.

### The problem

Public confidence in auditors' independence has been altered due to several scandals that have directly and indirectly involved auditors. Surprisingly, these series of scandals have taken place not just in firms in developing countries but across the world at large. Over time, there has been a great concern on audit quality where financial scandals have come to light, like in the case of Enron, Global Crossing, Satyam Computer Services. Whenever a conflict of interest arises between the principal and the agent, the agent may not act in the best interest of the principal therefore, to avoid such, a third party is usually called upon to mediate which is the external auditor. These scandals have caused a great loss to investors and also damaged auditors' reputations and brought to existence a great doubt even after the financial statement is being disclosed to the public.

These issues gave a call for auditors to improve their capability (Suyanto et al., 2021; Kustina et al., 2019).

Several studies examined in the literature on audit independence, audit quality among manufacturing firms have reported conflicting findings. For example studies by Olaoye et al. (2019); Aanu et al. (2014), show a positive significant effect on the independence of statutory auditors and reliability of financial statements. On the other hand studies by Diab et al. (2021), showed that there is an insignificant and positive relationship. Against this background, this study focused on Audit Independence & Audit Quality among Manufacturing Firms in Nigeria

## **Objectives**

- To ascertain the relationship between audit independence (AUIND) and financial performance of manufacturing firms in Nigeria.
- To determine the relationship between audit firm size (AUSZ) and financial performance of manufacturing firms in Nigeria.
- To determine the relationship between the audit committee (AUCMT) and the financial performance of manufacturing firms in Nigeria.
- To ascertain the relationship between audit committee financial expertise and financial performance of manufacturing firms in Nigeria.

## Research questions

- How does audit independence (AUIND) affect the financial performance of manufacturing firms in Nigeria?
- How does audit firm size (AUSZ) affect the financial performance of manufacturing firms in Nigeria?
- How does the audit committee (AUCMT) relate to the financial performance of manufacturing firms in Nigeria?
- What is the extent of the relationship between audit committee financial expertise and financial performance of manufacturing firms in Nigeria?

### Statement of hypotheses

- **HO**<sub>1</sub>: Audit independence does not have a significant influence on the financial performance of manufacturing firms in Nigeria.
- **HO<sub>2</sub>**: Audit firm size has no significant impact on the financial performance of manufacturing firms in Nigeria
- **HO3**: Audit committee does not have a significant impact on the financial performance of manufacturing firms in Nigeria.
- **HO**<sub>4</sub>: Audit committee financial expertise does not have a significant impact on the financial performance of manufacturing firms in Nigeria.

#### **Review of Related Literature**

## Concept of audit quality

Eilifsen et al. (2014), opines that auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users. Systematic process implies that there should be a well-planned approach for conducting an audit. This plan involves objectively obtaining and evaluating evidence. The auditor must objectively search for and evaluate the relevance and validity of evidence. Audit quality is no longer a new concept under the scope of auditing. However, up till now, there still does not exist a universal definition that people can agree upon unanimously.

Woodland & Reynolds (2016), stated that audit quality can be seen as the market-assessed joint probability that a given auditor will both detect material misstatements in the client's financial statements and report the material misstatements. Farouk & Hassan (2014), stated that audit quality emphasizes on level of assurance. Since the purpose of an audit is to assure financial statements, audit quality is the probability that financial statements contain no material misstatements. This definition uses the results of the audit, that is, the reliability of audited financial statements to reflect audit quality. This definition presents actual audit quality since actual audit quality is unobservable before and when an audit is performed. A valid proxy is needed when investigating the relationships between actual audit quality and other factors.

## Audit report explained

The audit aims to ascertain if the financial statement of the firm shows a true and fair view by making statements regarding the client's annual report, the client accounting, and stewardship of the firm in an audit report (FAR Forlag, 2016). It is in the audit report the auditor expresses his/her opinion. The report comes either in an unmodified form "clean" report that comes in a standardized text, similar for all reports or it is a modified report. The auditor issues a modified report when he/she has found evidence of irregularities in his/her examination of the firm. Blume (2016), has it that the report expresses the irregularities and it is up to the auditor to formulate it in the report, but it should be according to sound auditing procedure point put clearly what is inaccurate.

It is difficult to determine when an audit is considered to be modified, this is due to the expressions of the law where the law uses express, comment specify and remark in combination with the audit report (Blume, 2016). The quality of the audit relates to the audit report because it is a measure of how well the auditor performs the audit and how independent he/she is from the management of the firm and exertions from them (Che et al., 2017). Therefore, an "unclean" modified report is a sign that the auditor withstood the pressure from the management and could report on the deficits he/she found in the firm (Che et al., 2017).

Hope & Langli further examined the auditor independence in private firms in a low litigation risk environment and also found that auditors are not willing to reduce their independence by issuing fewer going concern paragraphs or any other modified audit opinion due to large audit fees from clients and that the audit report represents quality and has high information content. Eilifsen et al. (2014), stated that 62% of the Norwegian firms that go bankrupt received a going concern paragraph before the bankruptcy, which is higher than in the US.

## Regulatory frameworks of audit quality

## International Auditing and Assurance Standards Board (IAASB) framework on audit quality

As research on audit quality is still unsatisfying, some non-academic institutions set up different frameworks. A framework (still in draft), has been conceived by the International Auditing and Assurance Standards Board (IAASB). In an overall approach, IAASB considered all possible influences of audit quality which are categorized as: (1) Inputs, (2) Outputs, (3) interactions amongst key stakeholders, and (4) contextual factors. The IAASB drafted the first version of its framework in a white paper in January 2011.

The whitepaper states that "there have been several attempts to define audit quality in the past; however, none of those definitions has achieved a universal recognition and acceptance. "Audit quality is, in essence, a complex and multifaceted concept" After several IAASB sessions, a sketch of the framework was developed capturing the relationships between the elements: context, inputs, outputs, and interactions. Inputs are categorized into three groups: "(a) the values, ethics, and attitudes of individual auditors, (b) the knowledge and experience of auditors and the time allocated for them to perform the audit; and (c) the effectiveness of the audit process and quality control procedures." Outputs are "often determined by the context, including legislative requirements" and can be influenced by stakeholders; "for some companies' stakeholders, the auditor's report is the primary output and this is relatively standardized".

## Auditing: an ethical framework

According to Eilifsen et al. (2014), ethics refers to a system or code of conduct based on moral duties and obligations that indicates how an individual should behave, professionalism refers to the conduct, aims or qualities that characterize or mark a professional or professional person. All professions establish rules or codes of conduct that define what is ethical for members of the profession. These rules are promulgated for the following reasons:

- Users of the professional services know what to expect when they purchase such services;
- Members of the profession know what is acceptable behavior;
- The profession can use the rules to monitor the actions of its members.

The accounting profession has a code of professional conduct that guides the behavior of accounting professionals and the American Institute of Certified

Public Accountants (AICPA) monitors the actions of its professional members to ensure that they comply with the code. Mintz & Miller (2020), suggested that there are three methods or theories of ethical behavior that can guide the analyses of ethical issues in accounting. These theories are:

- Utilitarianism
- A rights-based approach
- A justice-based approach.

No one approach is better than another, elements of each theory may be appropriate for resolving ethical dilemmas.

## Auditor's independence

The International Federation of Accountants (IFAC) Ethics code as cited in Farouk & Hassan (2014), defines auditor independence as Independence of mind which is the state that permits the expression of a conclusion without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity, and exercise objectivity and professional skepticism. Auditors are exposed to potential threats to independence many times during and even before the acceptance of audit engagements. These threats to independence find their way into an audit process in various ways. Examples of threats to independence include: the joint provision of audit and auditor provided non-audit services (APNAS), the hiring of former audit staff by an auditee (or vice versa), the appointment of former audit firm personnel to the board of directors of an auditee or its audit committee, the employment of close relatives of audit partners or staff by an auditee, threats issued by an auditee to terminate an audit engagement or put out for tender an auditor engagement if an auditor does not withdraw a threatened qualification and/or comply with a particularly assertive or controversial accounting policy choice. Several of these examples do not necessarily prima facie pose a threat to independence but they have the potential to become a threat in certain circumstances (Chen et al., 2015; Klein, 2002; Azazzi, 2020). That is, the existence of a threat to independence may only occur when several factors come together.

#### Audit firm size

This type of definition uses auditor's characteristics to explain what audit quality is since both size and reputation can reflect an auditor's competence and independence to some degree. Woodland & Reynolds (2016), stated that "larger auditors tend to provide higher quality audits. Further, Scott (2008), suggested that "large specialized auditors are seen as being likely to have greater insurance coverage in the event of financial statement fraud and/or other forms of proven audit failure". Firm reputation is another key firm characteristic that improves audit value. The audit is usually regarded as high quality when conducted by those Big firms, because of a higher level of available resources and a greater degree of personnel training and expertise. On the other hand, higher reputation costs will provide the incentives to convey higher audit quality firms, (Scott, 2008).

#### **Audit committee**

"An audit committee is essentially an oversight committee, for it is management who are responsible for the internal controls and the financial statements. The committee, however, has to satisfy itself, on behalf of the board and ultimately the shareholders that key controls are operating, that ethical practices are being reinforced, that key accounting estimates and judgments are being properly made, and that internal and external audits are effective." (Audit Committee Institute 2017). Blume (2016), stated that an audit committee is an independent oversight body of an organization designed to improve the organization's overall governance framework. In the public sector, the audit committee plays an advisory role and generally helps in achieving improved accountability; strengthening the control environment; assisting the Council and Accounting Officers to fulfill their stewardship, leadership, and control responsibilities. Audit committees are a result of the failure of large corporations in Europe and America since 1986. The major causes for failure were: manipulation of accounting figures; fraudulent management, failure by the external and internal audit; unethical management; incompetent senior management, etc. This led to the formation of various committees/commissions like Tread way Commission (1987), Blue Ribbon Committee (in the USA); Cadbury Committee; Macdonald Committee [in the UK], and Bosch Committee in Australia (Verschoor, 2001).

#### Theoretical Framework based on Relevance

## Agency theory

The agency theory was created by Stephen Ross as cited in Farouk & Hassan (2014), it came into existence as a result of information asymmetry and self-interest, principals lack reasons to trust their agents and will seek to resolve these concerns by putting in place mechanisms to align the interests of agents with principals and to reduce the scope for information asymmetry. Agency problems occur when one person or entity (agent) can make decisions on behalf of or, another party or entity being the "principal". This dilemma exists in circumstances where agents are motivated to act in their own best interests, and are contrary to those of their principals, and is an example of moral hazard.

Consider a legal client (the principal) wondering whether their lawyer (the agent) is recommending protracted legal proceedings because it is truly necessary for the client's well-being or because it will generate income for the lawyer. The problem can arise in almost any context where one party is being paid by another to do something where the agent has a small or non-existent share in the outcome, whether in formal employment or a negotiated deal such as paying for household jobs or car repairs (Ibrahim & Lloyd, 2011; Kanagaretnam et al., 2010).

The problem arises where the two parties have different interests and asymmetric information (the agent having more information), such that the principal cannot directly ensure that the agent is always acting in their (the principal's) best interest, particularly when activities that are useful to the principal are costly to the agent, and where elements of what the agent does are costly for the principal to observe which leads to moral hazard and conflict of interest. The deviation from

the principal's interest by the agent is called "agency costs". The most important basis of agency theory is that the managers are usually motivated by their gains and work to exploit their interests rather than considering shareholders' interests and maximizing shareholder value, (Farouk & Hassan, 2014).

## Stakeholder theory

According to Blume (2016), stakeholder theory explains the relationship between organizations and their external environment. A stakeholder is defined as a human agency that can have an impact or affect organizations Stakeholders represent the big umbrella for all individuals and parties that may have a direct or indirect interest in an organization. Direct stakeholders are shareholders, employees, investors, customers, and suppliers whose interests are aligned with the company. An example of an indirect stakeholder is the government, competitors which are indirectly affected by the company's function (Kiel & Nicholson, 2003). Due to this role of stockholders, organizations are not only accountable to shareholders only but also to stakeholders. As a result of this accountable relationship, many factors and conditions exist to maintain and manage the stakeholder-organizations relationship.

Stakeholder theory is an extension of the agency view, which is believed to better equip managers to articulate the shared purposes of their firm and board of directors to look after the interests of shareholders. However, this narrow focus on shareholders has been expanded to take into account the interests of many different stakeholder groups, including interest groups related to social, environmental, and ethical considerations (Donaldson & Preston, 1995). The linkage between stakeholder theory and earnings management is explained by Hodge (2003), who document that management may manipulate earnings to improve their private interests at the expense of shareholders and additionally the rest of stakeholders. Stakeholders' theory views external audits as effective monitoring systems that could protect all stakeholders' interests. Moreover, in terms of audit quality, Baker & Owsen (2002), suggest that the role of external auditors as monitoring mechanisms is not only directed for shareholders' benefit but also the interests of all stakeholders.

### Stewardship theory

Stewardship theory outlines a cooperative and optimistic view of relationships within the corporation by assuming that managers are good stewards and do not misappropriate corporate resources; their behavior is also conditioned by non-financial motives such as the need for recognition of their achievements and performance (Vanden & Levrau, 2016). Thus the directors' role is to counsel and advise rather than to monitor. Stewardship theory is based on agency theory, the separation of ownership and control motivates the owners to incur costs to monitor the activity of the managers. One of these controls is the hiring of an external auditor who certifies the accuracy of the financial information provided by the managers.

Vanden & Levrau (2016), had it that the stewardship (monitoring) theory considers external auditing as a mechanism that can contribute to controlling the

conflict of interests among firm managers, shareholders, and other external claim holders by enhancing the credibility of publicly reported financial information. Stewardship theory considers the external auditors as an instrument of assistance to a steward chief executive officers rather than a controlling mechanism (Hay & Davis, 2004). It also considers that management is less likely to practice earnings management. However, the problem lies in the extent to which the management aspires to attain good corporate performance.

## **Empirical Review**

## Audit independence and manufacturing firm performance

Olaoye et al. (2019), studied the independence of statutory auditors and the reliability of financial statements: Evidence of Listed Manufacturing Firms in Nigeria. The study adopted a survey research design, using data collected from structured online questionnaires administered to the shareholders of listed companies in Nigeria. The population of the study comprised all shareholders in Nigerian listed companies, 150 structured questionnaires were randomly distributed from which 137 were retrieved from the respondents. The gathered data were analyzed using descriptive and inferential statistics. For unwavering quality, Cronbach alpha was utilized to test the dependability of the instrument. The paper found that the independence of statutory auditors had a positive significant effect on the reliability of financial statements (RFS) (F= 9.018, Adj. R2 = 0.191, p < 0.05). Also that Non-financial interest (NFI) had a positive insignificant effect on RFS, AdjR2 = 0.195; F-Stat. = 9.255; P = 0.000. Audit tenure (AT) also had a positive significant effect on RFS, AdjR2 = 0.078; F-Stat. = 3.877; P-value = 0.005. While Non- audit services (NAS) exhibited a positive significant effect on RFS, AdjR2 = 0.118; F-Stat. = 5.568; P-value = 0.000. Based on the findings, the study recommended that audit firms should regulate the number and length of non-audit services rendered to companies they serve as an external auditor and also undergo a frequent review on financial statements where their clients have the interest to reduce self-review and self-interest threat (Badolato et al., 2014; Rainsbury et al., 2009).

## Audit size and manufacturing firm performance

Diab et al. (2021), investigated the impact of client size and financial performance on audit opinion: Evidence from a developing market. Data were manually collected from the annual financial reports of firms registered in the Egyptian Stock Market, focusing on a sample of EGX 70 from 2012 to 2016, and binary logistic regression is used in data analysis. We found that the company size is insignificantly, positively, related to a qualified, rather than an unqualified, type of audit opinion. In contrast, the client's financial performance has a significant but negative relationship with the qualified type of audit opinion. This study provides insights for managers and investors in developing countries to understand and perceive audit opinions in these contexts

## Audit committee and manufacturing firm performance

Aanu et al. (2014), studied the effectiveness of audit committees and firm financial performance in Nigeria: An empirical analysis. This research study explores the influence of audit committee effectiveness on a firm's performance using four characteristics: independence, financial expertise, size, and meetings of the audit committee. The performance measures were Return on Equity (ROE), Return on Asset (ROA), and Return on Capital Employed (ROCE). Twenty-five (25) manufacturing firms were selected and from which data were collected for the period (2004-2011). The empirical analysis was carried out using regression and correlation. The result of the analysis showed a positive significant relationship between independence and financial expertise of the audit committee and ROA, ROE, and ROCE. However, the size and meetings of the audit committee showed no significant relationship with all performance variables. This study, therefore, recommends that the audit committee should be made more effective by ensuring that members are made up of independent non-executive directors and also ensure that more members with financial expertise especially accounting expertise be drafted into the audit committee and lastly ensure that the audit committee meetings are tailored towards relevant issues that enhance the financial performance of the firm (Rokhmawati et al., 2015; Kroes & Manikas, 2014).

Farouk & Hassan (2014), examined the impact of audit quality and financial performance of quoted cement firms in Nigeria. Four firms were used as the study sample covering five years (2007-2011). The independent variables used are auditors' independence and audit size while the dependent variable is the net profit margin. Multiple regression analysis was adopted using SPSS version 15.0 in analyzing the data and testing the hypotheses. The result of the findings shows that auditor size and auditor independence have a significant impact on the financial performance of quoted cement firms in Nigeria.

James & Izien (2014), studied audit firm characteristics and audit quality in Nigeria using audit quality, audit tenure, auditor independence, audit firm size, company size, board independence as the variables. The multivariate regression technique was used and the findings indicate that there is a positive relationship between firm size, board independence, and audit quality whereas there is a negative relationship between auditor's independence, audit firm size, audit tenure, and audit quality and further suggests the need for the Nigerian Financial Reporting Council and other regulatory bodies in line with best practices to look critically into the three years professional requirements for auditors.

## Audit committee and manufacturing firm performance

Qeshta et al. (2021), examine the impact of the Audit Committee's characteristics on the performance of the five insurance companies listed on the Bahrain Burse over the period from 2012 to 2019. This study used four board characteristics indicators: the size of the audit committee, independence of the audit committee, frequency of meetings of the audit committee, and expertise of the audit committee. Besides, this study takes into account two control variables, such as company size and firm age. Three-panel models used with a different dependent

variable for each one were used in this study. The results of the study showed a statistically significant negative relationship between meetings of the audit committee and performance. The size of the audit committee, the independence of the audit committee, and the experience of the audit committee have no significant association with the performance of the insurance companies listed on the Bahrain Stock Exchange.

## Gap in knowledge

Over time, it was ascertained that this research on audit independence, audit quality among manufacturing firms in Nigeria has only been done by a few authors who focused on manufacturing firms, other writers focused on deposit money banks. This study will bridge the gap and also extend the time frame to a current year in a bid to unfold the contradicting findings that existed over time.

## Methodology

The study used an ex-post facto research design, it was adopted because the research deals with the investigation that starts after the facts have occurred and the study established cause and effect relationship, also the researcher has no control over the variables of interest and therefore cannot manipulate them. All firms quoted in the Nigeria stock exchange made up the population of the study. However, the accessible population consists of three (3) manufacturing firms. These firms were chosen because of the availability of annual reports and their large market capitalization (Dehning et al., 2007; Anantadjaya et al., 2021). The firms that the researcher used are Unilever Nigeria Plc., Beta Glass Plc. and Meyer Plc during the period 2003-2020 (18 years). The manufacturing firms were selected due to their large market capitalization, which are 210,392,230,000, 160, 473,527,400.00, and 106,247,544.60 respectively. The study employed the stratified sampling technique because the sample was chosen after they met certain criteria. The nature and source of the data that the researcher used is a secondary source.

## Measurement of variables

Financial Performance (Dependent Variable)

For this study financial performance of the manufacturing sector is measured using earnings per share EPS =

Net profit or loss attributable to ordinary equity holders

Weighted – Average number of shares outstanding during the period

Audit independence (AUIND), audit firm size (AUSZ), and audit committee (AUCMT) will be used as proxies to measure the independent variable.

Auditor's Independence: Ratio of audit fee to company's revenue, (Adeniyi & Mieseigha, 2016). Audit Firm Size: is measured using the Big 4 versus Non-Big 4 dichotomy, is coded 1 if the audit of the issued financial statements was

performed by a Big 4 audit firm, otherwise, is coded 0. (Farouk & Hassan, 2014). The Big 4 audit firms in Nigeria are; Akintola Williams Delloite, Price Water House Coopers, Ernst and Young, and KPMG. Audit Committee: measured by the ratio of independent directors to the total number of directors in the audit committee. Audit Committee Financial Expertise is measured by the financial expertise of audit committee members, and the minimum acceptable for this study is 20%. It is coded 1 if the financial literacy of members is 20% and above, then otherwise 0. In the course of this research work, time series data were used and the researcher obtained them from annual report and account of the firms under study. The estimation technique was Ordinary least square (OLS), normality, serial correlation, and heteroskedasticity test was carried out with the aid of E-views 9 statistical package (Clinton & Salami, 2021; Nneka et al., 2016).

## Model specification

Model specification is a process of constructing logical thinking abstraction of economic reality. Model specification entails establishing the coefficient(s) of regression for a sample and making inferences on the population. The multiple regression equation is stated as follows:

```
Y = f(X_1, X_2, X_3 X_4) .....Eq. 1
Where:
Y, represent the dependent variable,
F is the function,
X_1 - X_4 represents the independent variables.
The Operational function:
EPS = f(AUIND, AUSZ, AUCMT, AUCFE) .....(2)
EPS = \beta 0 + \beta_1 AUIND + \beta_2 AUSZ + \beta_3 AUCMT + \beta_4 AUCFE ......(3)
The econometric model is expressed as:
EPS = \beta 0 + \beta_1 AUIND + \beta_2 AUSZ + \beta_3 AUCMT + \beta_4 AUCFE + \mu \dots (4)
Where:
EPS = Earnings per Share
AUIND = Auditor's Independence
AUSZ = Audit Firm Size
AUCMT = Audit Committee
AUCFE = Audit Committee Financial Expertise
\mu = Stochastic Disturbance (Error Term)
f = Functional Relationship
Bo = Intercept of relationship in the model/ constant
B_1 - B_4 = coefficients of each of the independent variables
```

The functional form expression of the model is presented as:

## **Apriori** expectations

AUIND > 0

The expectation of the result is proposed as audit independence (AUIND) will have a positive impact on manufacturing sector firms in Nigeria.

AUSZ > 0

The expectation of the result is proposed as audit firm size (AUSZ) will have a positive impact on manufacturing sector firms in Nigeria.

AUCMT > 0

The expectation of the result is proposed as the audit committee (AUCMT) will have a positive impact on manufacturing sector firms in Nigeria.

AUCFE < 0

The expectation of the result is proposed as audit committee financial expertise (AUCFE) will hurt manufacturing sector firms in Nigeria.

## Analysis of data

Table 1
Ordinary Least Square (OLS) output for Unilever Nigeria plc

Dependent Variable: EPS Method: Least Squares

Date: 10/27/21 Time: 13:14

Sample: 2003 2020 Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	-0.575249	0.759374	-0.757530	0.4613
AUIND	-0.151420	0.082948	-1.825474	0.0893
AUSZ	0.450028	0.256765	1.752682	0.1015
AUCMT	0.409269	0.130235	3.142552	0.0072
AUCFE	0.748678	0.320682	2.334645	0.0270
R-squared	0.539083	Mean de	ependent var	0.966111
Adjusted R-squared	0.440315	S.D. dependent var		0.702149
S.E. of regression	0.525292	Akaike info criterion		1.743407
Sum squared resid	3.863049	Schwarz criterion		1.941267
Log-likelihood	-11.69066	Hannan-Quinn criteria.		1.770689
F-statistic	5.458080	Durbin-	Watson stat	2.267179
Prob(F-statistic)	0.010717			

## **Estimation Command:**

\_\_\_\_\_

LS EPS C AUIND AUSZ AUCMT AUCFE

#### Estimation Equation:

\_\_\_\_\_\_\_\_\_\_

EPS = C(1) + C(2)\*AUIND + C(3)\*AUSZ + C(4)\*AUCMT + C(5)\*AUCFE

### Substituted Coefficients:

EPS = -0.575248909475 - 0.151419888477\*AUIND + 0.45002783936\*AUSZ +

0.409269467171\*AUCMT + 0.748678467172\*AUCFE

Source: E-view 9 Output.

Table 2 Ordinary Least Square (OLS) output for beta glass plc

Dependent Variable: EPS Method: Least Squares

Date: 10/27/21 Time: 09:15

Sample: 2003 2020 Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	532.7297	470.5977	1.132028	0.2766
AUIND	50.50931	19.15132	2.637380	0.0154
AUSZ	6.068066	255.4390	0.023755	0.9814
AUCMT	19.63867	2.768297	7.094133	0.0000
AUCFE	0.767544	0.308949	2.484369	0.0197
R-squared	0.984755	Mean de	pendent var	36095.70
Adjusted R-squared	0.981851	S.D. dependent var		17039.52
S.E. of regression	2295.556	Akaike info criterion		18.48638
Sum squared resid	1.11E+08	Schwarz criterion		18.72832
Log-likelihood	-235.3229	Hannan-Quinn criteria.		18.55605
F-statistic	339.1149	Durbin-Watson stat		2.051439
Prob(F-statistic)	0.000000			

#### **Estimation Command:**

\_\_\_\_\_

LS EPS C AUIND AUSZ AUCMT AUCFE

## Estimation Equation:

EPS = C(1) + C(2)\*AUIND + C(3)\*AUSZ + C(4)\*AUCMT + C(5)\*AUCFE

## Substituted Coefficients:

\_\_\_\_\_

 ${\sf EPS} = 532.729674421 + 50.5093138599*{\sf AUIND} + 6.06806644545*{\sf AUSZ} - \\$ 

19.6386726003\*AUCMT+ 0.76754433244542\*AUCFE

Source: E-view 9 Output.

Table 3
Ordinary Least Square (OLS) output for Meyer plc

Dependent Variable: EPS Method: Least Squares

Date: 10/27/21 Time: 10:16

Sample: 2003 2020 Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	-15.47193	9.310062	-1.661850	0.1188
AUIND	1.502952	0.632589	2.375875	0.0323

AUSZ	8.835663	4.335059 2.038188	0.0609
AUCMT	0.028247	0.009666 2.922274	0.0111
AUCFE	0.826213	0.241870 3.415937	0.0051
R-squared	0.451017	Mean dependent var	9.383333
Adjusted R-squared	0.333378	S.D. dependent var	8.741837
S.E. of regression	7.137441	Akaike info criterion	6.961716
Sum squared resid	713.2029	Schwarz criterion	7.159576
Log-likelihood	-58.65544	Hannan-Quinn criteria.	6.988998
F-statistic	3.833903	Durbin-Watson stat	2.282966
Prob(F-statistic)	0.033985		

## **Estimation Command:**

\_\_\_\_\_

## LS EPS C AUIND AUSZ AUCMT AUCFE

## Estimation Equation:

\_\_\_\_\_

EPS = C(1) + C(2)\*AUIND + C(3)\*AUSZ + C(4)\*AUCMT + C(5)\*AUCFE

## Substituted Coefficients:

EPS = -15.4719281632 + 1.50295249227\*AUIND + 8.83566258238\*AUSZ + 0.0282470761905\*AUCMT+ 0.8262130761905\*AUCFE

Source: E-view 9 Output.

Table 4 Normality test

Firms	Normality Test				
	Jarque-Bera	P-Value	Decision		
Unilever Nigeria Plc.	0.259	0.878	Normal		
Beta Glass Plc.	4.412	0.110	Normal		
Meyer Plc.	14.976	0.100	Normal		

Prob. Value > 0.05, Sig. at 5% for normality, Vice versa.

Source: E-view 9 Output.

Table 4 shows the normality test for the three manufacturing firms under study, it determines the normal distribution of the variables, the normality output in table 4.2.2 above suggest that the series distribution of Unilever Nigeria Plc., Beta Glass, and Meyer Plc are normally distributed, we accept H<sub>0</sub>, it is desirable and further connote that the influence of other omitted and neglected variables is small and at best random, as the p-values are all greater than 5% significant level,

Table 5 Serial correlation test

Firms	Breusch Godfrey (BGS) Serial Correlation Test				
	F-stat	Prob	Decision		

Unilever Nigeria Plc.	0.366	0.700	Not Serially Correlated
Beta Glass Plc.	1.167	0.344	Not Serially Correlated
Meyer Plc.	3.690	0.056	Not Serially Correlated

Prob. Value > 0.05, Sig. at 5% for Serial Correlation Test, Vice versa.

Source: E-view 9 Output.

Table 5 shows the result of the serial correlation test, it was observed that the p-values of the three manufacturing firms are greater than 5% and connote that they are not serially correlated which is desirable. We conclude by accepting  $H_0$  that there is no presence of serial correlation and implies that the variables are independently distributed.

Table 6 Heteroskedasticity test

Firms	Heteroskedas	Heteroskedasticity Test: Breusch-Pagan-Godfrey			
	Obs*R-squared	Prob.	Decision		
Unilever	2.840	0.416	No Presence of		
Nigeria Plc.			heteroskedasticity		
Beta Glass Plc.	6.327	0.096	No Presence of		
			heteroskedasticity		
Meyer Plc.	2.477	0.479	No Presence of		
-			heteroskedasticity		

Prob. Value > 0.05, Sig. at 5% for Heteroskedasticity Test, Vice versa.

Table 6 unveils the result for the heteroskedasticity test, the p-value of the observed R-squared for the three manufacturing firms are all greater than the critical value of 5%, therefore we accept the null hypothesis that the residuals are not heteroscedastic meaning residuals are homoscedastic and it's desirable.

## **Results and Discussions**

## Findings from Ordinary Least Square (OLS) Test

Table 1-3 shows the OLS result for Unilever Plc., Beta glass Plc. and Meyer Plc respectively. The decision rule is stated thus:

Decision Rule: Accept the Null hypothesis  $(H_0)$  if the P-value of the t-statistics is less than P-value tabulated at 0.05 level of significance which is greater than 95% degree of confidence.

Table 1 (Unilever Nigeria Plc.) shows that there exists a negative relationship in audit independence (AUIND) as the coefficient column shows that a unit increase in AUIND can lead to a -0.151 decrease in the financial performance of Unilever Plc. while in audit size (AUSZ), audit committee (AUCMT) and audit committee financial expertise (AUCFE) there exist a positive relationship because a unit increase can lead to 0.45, 0.40, and 0.74 increase in the financial performance of Unilever Plc. Globally the coefficient of R<sup>2</sup> is 0.539 and revealed that the whole independent variables AUIND, AUSZ, AUCMT AUCFE have a 53% positive impact on earnings per share of Unilever Plc. in Nigeria, it also shows that the estimated

model has a good hit on the data. More so the coefficients of Adjusted R² (AdjstR²) is 0.440 which suggests that 44% of the independent variables could be explained by variation in the dependent variable and the remaining 66% could not be explained due to some error in the financial system. Durbin Watson test is 2.267, this revealed no presence of serial correlation and it is good for prediction. The p-value of AUIND and AUSZ are 0.089 and 0.101 respectively which are greater than a 5% significant level and connote that AUIND and AUSZ do not have a significant impact on the financial performance of Unilever Plc. while AUCMT and AUCFE have a significant impact because the p-value is 0.007 and 0.027 respectively which is less than a 5% significant level. The overall p-value is 0.010 which connotes that the whole independent variables have a significant impact on earnings per share of Unilever Plc.

Table 2 (Beta Glass Plc.) shows that there exists a positive relationship in audit independence (AUIND), audit size (AUSZ), audit committee (AUCMT), and audit committee financial expertise (AUCFE) as the coefficient column shows that a unit increase in AUIND, AUSZ, AUCMT, and AUCFE can lead to 50.50, 6.06, 19.63 and 76% increase in the financial performance of Beta Glass Plc. respectively. Globally the coefficients of R<sup>2</sup> are 0.984 and revealed that the whole independent variables AUIND, AUSZ, AUCMT, and AUCFE have a 98% positive impact on earnings per share of Beta Glass Plc. in Nigeria, it also shows that the estimated model has a good hit on the data. More so the coefficient of Adjusted R<sup>2</sup> (AdjstR<sup>2</sup>) is 0.981 which suggests that 98% of the independent variables could be explained by variation in the dependent variable and the remaining 2% could not be explained due to some error in the financial system. Durbin Watson test is 2.051, this revealed no presence of serial correlation and it is good for prediction. The pvalue of AUSZ is 0.981 which is greater than a 5% significant level and connotes that AUSZ does not have a significant impact on the financial performance of Beta Glass Plc. while AUIND, AUCMT, and AUCFE have a significant impact because the p-value is 0.015, 0.000, and 0.019 respectively which are less than 5% significant level. The overall p-value is 0.000 which connotes that the whole independent variables have a significant impact on earnings per share of Beta Glass Plc.

Table 3 (Meyer Plc) shows that there exists a positive relationship in audit independence (AUIND), audit size (AUSZ), audit committee (AUCMT) and audit committee financial expertise (AUCFE) as the coefficient column shows that a unit increase in AUIND, AUSZ, AUCMT AUCFE can lead to 1.50, 8.83, 0.02 and 0.826 increase in the financial performance of Meyer Plc respectively. Globally the coefficients of R<sup>2</sup> are 0.451 and revealed that the whole independent variables AUIND, AUSZ, AUCMT, and AUCFE have a 45% positive impact on earnings per share of Meyer Plc in Nigeria, it also shows that the estimated model has a good hit on the data. More so the coefficients of Adjusted R<sup>2</sup> (AdjstR<sup>2</sup>) is 0.33 which suggests that 33% of the independent variables could be explained by variation in the dependent variable and the remaining 67% could not be explained due to some error in the financial system. Durbin Watson test is 2.282, this revealed no presence of serial correlation and it is good for prediction. The p-value of AUSZ is 0.060 which is greater than a 5% significant level and connote that AUSZ does not have a significant impact on the financial performance of Meyer Plc while AUIND, AUCMT, and AUCFE have a significant impact because the p-value is 0.032, 0.011 and 0.005 respectively which are less than 5% significant level. The overall p-value is 0.033 which connotes that the whole independent variables have a significant impact on earnings per share of Meyer Plc.

## Conclusion

Audit committee (AUCMT) and audit committee financial expertise (AUCFE) have a significant impact on earnings per share of Unilever Nigeria Plc as the p-value t-statistics is below 5% significant level. Also, the Audit Committee (AUCMT), audit independence (AUIND) and audit committee financial expertise (AUCFE) have a significant impact on earnings per share of Beta Glass Plc and Meyer Plc as the p-value t-statistics are below 5% significant level. Globally the p-value of the three manufacturing firms understudy is below a 5% significant level. The study hereby accepts the alternate hypotheses HA and concludes that audit independence and audit quality have a significant impact among manufacturing firms in Nigeria. The study is in line with the works of (Farouk & Hassan 2014), and (James & Izien, 2014).

### Recommendations

- Management of quoted firms in Nigeria can improve the financial performance and audit independence of their firms by increasing the number of audit fees paid to the audit firm. This might seem like a profit-reducing decision in the short run, but the benefits it will bring to the firm far outweighs the cost.
- It is recommended that the management of quoted firms should employ the services of one of the Big 4 audit firms because their character and integrity are beyond question.
- There is a need to allow appropriate remuneration for audit committee members, and the determination of appropriate membership tenure will foster their commitment.

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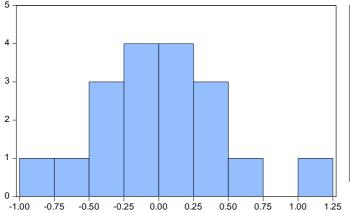
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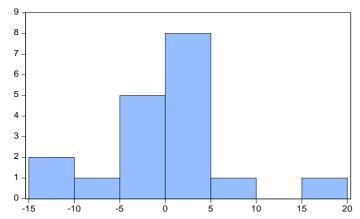
## **Appendix**

## Normality Test for Unilever Nigeria Plc.



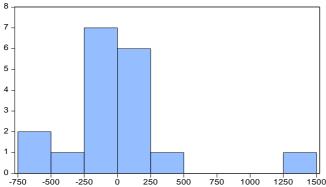
Series: Residuals Sample 2000 2017 Observations 18 -1.23e-16 Mean Median 0.040870 Maximum 1.041835 Minimum -0.882455 Std. Dev. 0.476695 Skewness 0.275681 2.794443 Kurtosis Jarque-Bera 0.259690 Probability 0.878232

## Normality Test for Beta Glass Plc.



Series: Residuals Sample 2000 2017 Observations 18 Mean 2.76e-15 Median 0.276545 Maximum 18.07996 Minimum -11.49526 Std. Dev. 6.477122 Skewness 0.667830 5.024807 Kurtosis Jarque-Bera 4.412871 **Probability** 0.110092

## Normality Test for Meyer Plc.



Series: Residuals Sample 2000 2017 Observations 18 Mean -1.74e-14 Median -7.395928 Maximum 1392.881 Minimum -732.2064 Std. Dev. 449.5856 1.404033 Skewness 6.476147 Kurtosis Jarque-Bera 14.97662 Probability 0.000560

## Serial Correlation Test for Unilever Nigeria Plc.

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.366166	Prob. F(2,12)	0.7009
Obs*R-squared	1.035315	Prob. Chi-Square(2)	0.5959

Test Equation:

Dependent Variable: RESID Method: Least Squares Date: 10/27/21 Time: 08:22 Sample: 2003 2020 Included observations: 18

Pre sample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	0.896129	1.390255	0.644578	0.5313
AUIND	-0.004121	0.087134	-0.047296	0.9631
AUSZ	-0.217100	0.378041	-0.574276	0.5764
AUCMT	-0.145003	0.234243	-0.619030	0.5475
AUCFE	-0.153210	0.321209	-0.722301	0.5839
RESID(-1)	0.436647	0.512647	0.851750	0.4110
RESID(-2)	0.190465	0.466987	0.407860	0.6906
R-squared	0.057518	Mean dependent var		-1.23E-16
Adjusted R-squared	-0.335184	S.D. dependent var		0.476695
S.E. of regression	0.550822	Akaike info criterion		1.906391
Sum squared resid	3.640856	Schwarz criterion		2.203181
Log-likelihood	-11.15752	Hannan-Quinn criteria.		1.947314
F-statistic	0.146466	Durbin-Watson stat		1.291966
Prob(F-statistic)	0.977325			

## Serial Correlation Test for Beta Glass Plc.

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.167576	Prob. F(2,12)	0.3441
Obs*R-squared	2.932145	Prob. Chi-Square(2)	0.2308

Test Equation:

Dependent Variable: RESID Method: Least Squares Date: 10/27/21 Time: 09:16 Sample: 2003 2020 Included observations: 18

Pre sample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	19.94480	479.0967	0.041630	0.9675

AUIND	-3.249003	49.46812	-0.065679	0.9487
AUSZ	-54.78287	254.9738	-0.214857	0.8335
AUCMT	16.24361	96.33427	0.168617	0.8689
AUCFE	15.34566	67.32347	0.144326	0.4543
RESID(-1)	-0.162536	0.279084	-0.582393	0.5711
RESID(-2)	-0.399578	0.276183	-1.446786	0.1736
R-squared	0.162897	Mean dependent var		-1.74E-14
Adjusted R-squared	-0.185896	S.D. dependent var		449.5856
S.E. of regression	489.5935	Akaike info criterion		15.48623
Sum squared resid	2876422.	Schwarz criterion		15.78302
Log-likelihood	-133.3761	Hannan-Quinn criteria.		15.52715
F-statistic	0.467031	Durbin-Watson stat		2.024957
Prob(F-statistic)	0.793721			

### Serial Correlation Test for Meyer Plc

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	3.690882	Prob. F(2,12)	0.0563
Obs*R-squared	6.855504	Prob. Chi-Square(2)	0.0325

Test Equation:

Dependent Variable: RESID Method: Least Squares Date: 10/27/21 Time: 10:18 Sample: 2003 2020

Included observations: 18

Pre sample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	-5.196755	8.289573	-0.626903	0.5425
AUIND	0.408932	0.564317	0.724650	0.4826
AUSZ	1.747840	3.820226	0.457523	0.6555
AUCMT	-0.003279	0.008318	-0.394171	0.7004
AUCFE	-0.004520	0.003291	-0.323199	0.6929
RESID(-1)	-0.898870	0.339928	-2.644297	0.0214
RESID(-2)	-0.605022	0.432496	-1.398908	0.1872
R-squared	0.380861	Mean dependent var		2.76E-15
Adjusted R-squared	0.122887	S.D. dependent var		6.477122
S.E. of regression	6.066104	Akaike info criterion		6.704512
Sum squared resid	441.5715	Schwarz criterion		7.001302
Log-likelihood	-54.34061	Hannan-Quinn criteria.		6.745435
F-statistic	1.476353	Durbin-Watson stat		1.943759
Prob(F-statistic)	0.268124			

## Heteroskedasticity Test for Unilever Nigeria Plc.

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.874494	Prob. F(3,14)	0.4777
Obs*R-squared	2.840720	Prob. Chi-Square(3)	0.4168
Scaled explained SS	1.541839	Prob. Chi-Square(3)	0.6726

Test Equation:

Dependent Variable: RESID^2 Method: Least Squares Date: 10/27/21 Time: 08:22

Sample: 2003 2020 Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	0.638189	0.432467	1.475696	0.1622
AUIND	-0.039541	0.047239	-0.837041	0.4166
AUSZ	-0.215853	0.146229	-1.476130	0.1620
AUCMT	0.019017	0.074169	0.256404	0.8014
AUCFE	0.016910	0.053922	0.160493	0.5773
R-squared	0.157818	Mean dependent var		0.214614
Adjusted R-squared	-0.022650	S.D. dependent var		0.295825
S.E. of regression	0.299156	Akaike info criterion		0.617427
Sum squared resid	1.252921	Schwarz criterion		0.815288
Log-likelihood	-1.556844	Hannan-Quinn criteria.		0.644709
F-statistic	0.874494	Durbin-Watson stat		1.917055
Prob(F-statistic)	0.477679			

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	2.529872	Prob. F(3,14)	0.0993
Obs*R-squared	6.327722	Prob. Chi-Square(3)	0.0967
Scaled explained SS	10.48102	Prob. Chi-Square(3)	0.0149

Test Equation:

R-squared

Dependent Variable: RESID^2 Method: Least Squares Date: 10/27/21 Time: 09:17 Sample: 2003 2020 Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	306992.4	387462.3	0.792315	0.4414
AUIND	104822.5	40984.91	2.557588	0.0228
AUSZ	-127654.7	210313.4	-0.606974	0.5536
AUCMT	-65805.54	75600.95	-0.870433	0.3987
AUCFE	-67045.54	56430.54	-0.323492	0.2346

0.351540 Mean dependent var

190897.9

Adjusted R-squared	0.212584	S.D. dependent var	459674.5
S.E. of regression	407898.8	Akaike info criterion	28.86856
Sum squared resid	2.33E+12	Schwarz criterion	29.06642
Log-likelihood	-255.8170	Hannan-Quinn criteria.	28.89584
F-statistic	2.529872	Durbin-Watson stat	1.841067
Prob(F-statistic)	0.099329		

## Heteroskedasticity Test for Meyer Plc.

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.744884	Prob. F(3.14)	0.5430
Obs*R-squared		Prob. Chi-Square(3)	0.4793
Scaled explained SS	3.016239	Prob. Chi-Square(3)	0.3891

Test Equation:

Dependent Variable: RESID^2 Method: Least Squares Date: 10/27/21 Time: 10:18 Sample: 2003 2020 Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	-100.1158	109.1787	-0.916990	0.3747
AUIND	6.128889	7.418344	0.826180	0.4226
AUSZ	68.33314	50.83704	1.344160	0.2003
AUCMT	0.037249	0.113354	0.328608	0.7473
AUCFE	0.043221	0.456154	0.214531	0.5643
R-squared	0.137647	Mean dependent var		39.62238
Adjusted R-squared	-0.047143	S.D. dependent var		81.79465
S.E. of regression	83.70046	Akaike info criterion		11.88550
Sum squared resid	98080.73	Schwarz criterion		12.08336
Log-likelihood	-102.9695	Hannan-Quinn criteria.		11.91278
F-statistic	0.744884	Durbin-Watson stat		0.738721
Prob(F-statistic)	0.543007			

## Data Data for Unilever Nigeria Plc.

Year	Dependent Variable	Inde	Independent Variables		
	Earnings per Share ₦	Audit Independence %	Audit Firm Size 1 or 2	Audit Committee	Audit Comm. Financial Expertise (1 or 0)
2003	0.16	3.10	1	4	1
2004	0.27	2.78	1	2	1
2005	0.52	3.10	1	2	1
2006	0.62	3.04	1	3	1
2007	0.72	3.37	1	2	1
2008	0.53	3.52	1	3	1

2009	-0.43	6.55	1	3	1
2010	0.28	5.47	1	4	1
2011	0.69	5.42	1	3	1
2012	1.08	4.77	1	4	0
2013	1.11	8.21	1	4	0
2014	1.46	3.87	1	4	0
2015	1.48	3.50	1	5	1
2016	1.36	2.81	1	3	1
2017	1.82	2.89	1	3	1
2018	1.73	2.62	1	5	1
2019	1.83	2.65	1	5	1
2020	2.16	2.60	1	4	1

Source: Annual report and accounts of Unilever Nigeria Plc.

Data for Beta Glass Plc.

Year	Dependent Variable	Inde			
	Earnings per Share	Audit	Audit Firm	Audit	Audit Comm.
	(Kobo)	Independence %	Size	Committee	Financial
			1 or 2		Expertise (1 or
					0)
2003	213	1.12	1	4	1
2004	240	1.32	1	2	1
2005	25	1.47	1	3	1
2006	245	1.57	1	5	1
2007	243	1.39	1	5	1
2008	240	1.23	1	6	1
2009	411	1.35	1	2	1
2010	422	1.37	1	3	1
2011	701	3.51	1	3	1
2012	11.32	7.13	1	5	1
2013	829	4.96	1	6	1
2014	829	5.82	1	4	1
2015	126	8.67	1	3	0
2016	23	1.35	1	5	1
2017	-2,076	5.91	1	3	1
2018	-423	1.06	1	3	1
2019	30	2.05	1	5	1
2020	113	3.84	1	6	1

Source: Annual report and accounts of Beta Glass Plc.

Data for Mever Plc.

			endent Variable	s	
	Variable Earnings per Share <del>N</del>	Audit Independence %	Audit Size 1 or 2	Audit Committee	Audit Comm. Financial Expertise (1 or 0)
2003	2.03	0.04	2	2	1
2004	3.84	0.02	2	3	1
2005	2.38	0.01	2	3	1
2006	4.36	7.43	2	3	1
2007	5.61	5.45	2	3	0
2008	5.08	5.99	2	4	0
2009	5.27	5.41	2	4	0
2010	7.12	4.40	2	3	1
2011	0.08	2.85	2	5	1
2012	23.00	1.07	2	3	1
2013	21	8.33	2	3	1
2014	10	8.39	2	3	1
2015	19	5.95	2	4	1
2016	4	1.11	2	4	1
2017	20	8.13	2	4	1
2018	8.85	6.24	2	4	1
2019	-0.63	5.68	2	4	1
2020	27.91	5.06	2	5	1

Source: Annual report and accounts of Meyer Plc.