

# INFLUENCE OF AUDITING STANDARDS ON FINANCIAL PERFORMANCE (A CASE STUDY OF SELECTED THREE QUOTED MANUFACTURING COMPANIES IN NIGERIA)

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## ABSTRACT:

This study examined auditing standards on financial performance of quoted manufacturing firms in Nigeria during the period 2003 to 2020. The aim is to ascertain the relationship between audit independence (AUIND) and financial performance of selected three quoted manufacturing companies; to analyse the relationship between audit committee financial expertise and financial performance of the selected three quoted manufacturing companies in Nigeria. The researcher used Unilever Nigeria Plc, Beta Glass Plc, and Meyer Plc. Earning Per Share (EPS) as the dependent variable, and the independent variables were auditor independence, audit firm size, audit committee membership, and audit committee financial knowledge. The researcher used time-series data acquired from the annual reports and financial statements of the analyzed companies. E-views 9 statistical software was used to assess for normality, serial correlation, and heteroskedasticity. The p-value for audit committee (AUCMT) and audit committee financial expertise (AUCFE) is less than 5%. Beta Glass Plc and Meyer Plc's p-value for the Audit Committee (AUCMT), audit independence (AUIND), and audit committee financial expertise (AUCFE) are less than 5%. These selected manufacturing companies under scrutiny have global p-values below 5%.the study concluded that audit independence and standard influence Nigerian manufacturing enterprises, there is however a need to allow appropriate remuneration for audit committee members, and the determination of appropriate membership tenure to foster their commitment.

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## Introduction

Financial performance is "a subjective measure of a firm's ability to use assets and create income" (Investopedia, 2018). This word is also used to gauge a firm's overall financial health over a certain period and to compare similar firms in the same industry or sector. "Firm performance is crucial for stakeholders and the economy," say Mirza and Javed (2018). Profitability boosts a company's employees' income and increases future investments, which creates jobs.

Ehiedu and Toria (2022) said, "Auditing is a systematic method of objectively acquiring and assessing evidence about economic acts and occurrences to ascertain their conformity with set criteria and presenting the results to interested consumers." The global financial crisis underlined the significance of credible audits. An independent quality audit boosts financial performance by boosting confidence in the authenticity and integrity of financial accounts. Auditors are exposed to a wide range of experiences from diverse companies and industries, which they can apply to the financial performance of any firm while presenting standard audits to their customers (Sergius, Enekwe and Ifeoma, 2020).

According to Generally Accepted Auditing Standards as cited in Emmanuel and Confidence (2022), 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.

Auditors need to be independent in the opinions they express, while the work they have to do to form their opinions is highly dependent on and rooted in the real world and may become challenging in some business environments. Sound audits can help reinforce strong corporate governance, risk management and internal control in firms, thus contributing to financial performance. Audit standard is one of the most important issues in audit practice today. In order to reduce the scandals observed in audited financial statements of companies, and increase the quality of audit, the professional bodies introduced some professional ethics to be followed.

Furthermore, some codes of practice were introduced, but questions arise as to the ethical limits of the professional's responsibility, and how power and authority should be used in service to the client and society. The disciplinary codes allow the profession to draw a standard of conduct

and ensure that individual practitioners meet this standard, by disciplining them from the professional body if they do not practice accordingly Ezekwesili and Fatimehin (2022). This helps to maintain public trust in the profession and guarantees continued patronage of services. 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. It was against this background that the researcher investigated the influence of auditing standards on financial performance of quoted manufacturing companies in Nigeria.

### **Statement of the Problem**

Several scandals involving auditors have eroded public confidence in their independence. These scandals have been widespread, not only in developing countries. Enron, Global Crossing, Computer Services, and others have raised concerns about audit quality. When a conflict of interest arises between the principal and the agent, the agent may not act in the principal's best interest; therefore, an external auditor is usually called to mediate. These scandals have hurt investors and ruined auditors' reputations, creating skepticism even after the financial statement is out.

These issues gave a call for auditors to improve their capability (Suyanto et al., 2021; Kustina et al., 2019). Several studies Emmanuel and Confidence (2021), Sunday (2019), Ehiedu and Toria (2022) and Sergius, Enekwe, and Ifeoma, (2020) examined in the literature on audit independence, audit quality among manufacturing firms have reported conflicting findings. For example studies by Olaoye et al. (2019); Ehiedu and Toria (2022), show a positive significant effect on the independence of statutory auditors and reliability of financial statements. Also, studies by Diab et al. (2021) showed that there is a significant and positive relationship. Against this background, this study focused on the influence of auditing standards on financial performance of quoted manufacturing companies in Nigeria.

### **Objectives of the Study**

1. To ascertain the relationship between audit independence (AUIND) and financial performance of quoted manufacturing companies in Nigeria.
2. To determine the relationship between audit firm size (AUSZ) and financial performance of quoted manufacturing companies in Nigeria.

3. To determine the relationship between the audit committee (AUCMT) and the financial performance of quoted manufacturing companies in Nigeria.
4. To ascertain the relationship between audit committee financial expertise and financial performance of quoted manufacturing companies in Nigeria.
- 5.

### **Research questions**

1. How does audit independence (AUIND) influence the financial performance of quoted manufacturing companies in Nigeria?
2. How does audit firm size (AUSZ) influence the financial performance of quoted manufacturing companies in Nigeria?
3. How does the audit committee (AUCMT) relate to the financial performance of quoted manufacturing companies in Nigeria?
4. What is the extent of the relationship between audit committee financial expertise and financial performance of quoted manufacturing companies in Nigeria?

### **Research hypotheses**

- H01: Audit independence does not have a significant influence on the financial performance of quoted manufacturing companies in Nigeria.
- H02: Audit firm size has no significant impact on the financial performance of quoted manufacturing companies in Nigeria.
- H03: Audit committee does not have a significant impact on the financial performance of quoted manufacturing companies in Nigeria.
- H04: Audit committee financial expertise does not have a significant impact on the financial performance of quoted manufacturing companies in Nigeria.

### **Review of Related Literature**

#### **Concept of Audit Report**

An audit report states the client's annual report, client accounting, and business stewardship to determine if the firm's financial statement is truthful and fair. Auditor's view is in report. The report is either unmodified "clean" text or edited. When the auditor finds irregularities, he/she issues an amended report. Medhat and Mohamed (2018) say the report communicates irregularities and it's up to the auditor to create it, but it should be according to solid auditing technique to point

out what's wrong.

The law employs express, comment, specify, and remark in conjunction with the audit report, making it difficult to discern when an audit is amended (Sergius, Enekwé and Ifeoma, 2020). The audit report reflects the quality of the audit and the auditor's independence from the firm's management and exertions. A "dirty" modified report means the auditor defied management pressure and could report on corporate shortcomings (Igbekoyi and Agbaje, 2018).

### **Auditor's independence**

The International Federation of Accountants (IFAC) Ethics code, cited in Manukaji (2018), defines auditor independence as the state that allows the expression of a conclusion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, objectivity, and professional skepticism. During and before audit engagements, auditors face independence threats. Various ways threaten audit independence. 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 an auditee's board of directors or audit committee and others among all (Oyewole and Adegoke 2018; Azazzi, 2020).

### **Audit committee**

An audit committee is a watchdog since management is responsible for internal controls and financial statements. The committee must convince itself, on behalf of the board and shareholders, that important controls are running, ethical standards are being reinforced, key accounting estimates and judgments are being made properly, and internal and external audits are effective. Sunday (2019) defines an audit committee as an organization's impartial oversight body that improves governance. In the public sector, the audit committee advises on improving accountability, enhancing the control environment, and helping the Council and Accounting Officers perform their stewardship, leadership, and control obligations.

### **Theoretical Framework**

#### **Agency theory**

The agency theory was created by Stephen Ross in 1972 according to Einhiedu and Toria (2022). As a result of information asymmetry and self-interest, principals lack reasons to trust their agents and will seek to resolve these concerns by aligning agents' interests with principals' and reducing information asymmetry. Agency theory establishes a relationship between principals

(shareholders) and agents (managers). In this relationship, the manager delegates or hires an agent to perform work in the best interest of the principal.

Consider a legal client (the principle) who wonders if their lawyer (the agent) is recommending extended legal actions for the client's well-being or to make money. The problem might develop when one party pays another to accomplish something where the agent has a tiny or non-existent share in the outcome, such as paying for domestic services or car repairs.

The problem arises when two parties have different interests and asymmetric information (the agent has more information), so the principal cannot directly ensure that the agent is always acting in their (the principal's) best interest, especially when activities that are useful to the principal are costly to the agent, and when elements of what the agent does are costly for the principal to observe, leading to moral hazard and conflict of interest. Agent "agency expenses" are deviations from principal's interest. The most essential tenet of agency theory is that managers are driven by personal gains and exploit their interests rather than maximize shareholder value.

### **Stakeholder theory**

Stakeholder theory was propounded by Edward Freeman in 1984. Sunday (2019) says stakeholder theory describes firms' external environment. Stakeholders are human agencies that can affect organizations. Stakeholders include anyone with a direct or indirect stake in an organization. Shareholders, employees, investors, customers, and suppliers are direct stakeholders. The government and competitors are indirect stakeholders. Due to stockholders' role, organizations are accountable to shareholders and stakeholders. Stakeholder theory is relevant to auditing standards and financial performance of manufacturing companies in Nigeria because it emphasizes transparency and accountability to all stakeholders, which supports accurate financial reporting and builds trust that can enhance company performance. Due to this accountable relationship, many factors and conditions exist to manage stakeholder-organization relationships.

### **Stewardship theory**

Stewardship theory was propounded by Donaldson and Davis in 1989. Stewardship theory assumes managers are good stewards and don't misappropriate corporate resources; their behavior is also conditioned by non-financial reasons such as acknowledgement of their successes and performance (Vanden and Levrau, 2016). Directors advise rather than monitor. The separation of ownership and control stimulates owners to monitor managers' activities, according to stewardship theory. An external auditor confirms the accuracy of management's financial information.



The stewardship (monitoring) hypothesis considers external auditing a method that can help control conflicts of interest among firm management, owners, and other external claim holders by strengthening publicly reported financial information. Stewardship theory considers external auditors an aid to steward CEOs, not a controlling device. It also finds management less likely to manipulate earnings. The difficulty is management's desire for strong business performance.

### **Empirical Review**

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 includes all shareholders in Nigerian listed businesses, 150 structured questionnaires were randomly dispersed from which 137 were collected from the respondents. The acquired data were examined using descriptive and inferential statistics. For unshakable quality, Cronbach alpha was utilized to assess the dependability of the gadget. The paper demonstrated that the independence of statutory auditors has a positive significant effect on the reliability of financial statements (RFS) ( $F = 9.018$ , Adj.  $R^2 = 0.191$ ,  $p < 0.05$ ). Also that Non-financial interest (NFI) had a positive insignificant influence on RFS, Adj $R^2 = 0.195$ ; F-Stat. = 9.255;  $P = 0.000$ . Audit tenure (AT) also had a positive significant effect on RFS, Adj $R^2 = 0.078$ ; F-Stat. = 3.877; P-value = 0.005. While Non-audit services (NAS) demonstrated a positive significant effect on RFS, Adj $R^2 = 0.118$ ; 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.

Diab et al. (2021), investigated the impact of client size and financial performance on audit opinion: Evidence from Manually gathered data from EGX 70 yearly financial reports from 2012 to 2016 were analyzed using binary logistic regression. The researchers identified a small, positive relationship between company size and a qualified audit opinion. The client's financial performance is inversely related to a qualified audit opinion. This study helps managers and investors in developing nations understand audit committee and manufacturing business performance audit judgments. a developing market.

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 Bourse over the period from 2012 to 2019. This study looked at audit committee size, independence, meeting frequency, and expertise. This study also considers company size and age. This study used three-panel models with different dependent variables. The study found a negative correlation between audit committee meetings and performance. Size, independence, and experience of the audit committee have little impact on the performance of Bahrain Stock Exchange insurance businesses.

### Gap in knowledge

Over time, various studies exist on audit and auditing practices but the extent of audit independence, audit quality in manufacturing firms apart from deposit money banks in Nigeria needs further research. This study will bridge the gap and also unfold the contradicting findings that existed over time for further studies.

### Methodology

The study employed an ex-post facto research strategy because it investigates after the event and establishes cause and effect. The researcher has no control over the variables of interest and cannot modify them. The analysis included all Nigerian stock exchange firms. Three manufacturing enterprises are accessible. Annual reports and market capitalisation helped choose these companies (Anantadjaya et al., 2021). Unilever Nigeria Plc, Beta Glass Plc, and Meyer Plc were used from 2003-2020. The manufacturing firms were chosen for their significant market capitalization: 210,392,230,000, 160,473,527,400.00, and 106,247,544.60. The sample was stratified because it met certain criteria. The researcher used secondary data.

### Measurement of variables

Financial Performance (Dependent Variable) and for this study financial performance of the manufacturing sector is measured using earnings per share

$$EPS = \frac{\text{Net profit or loss attributable to ordinary equity holders}}{\text{Weighted - Average number of shares outstanding during the period}}$$

Weighted – Average number of shares outstanding during the period

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

**Auditor's Independence:** Ratio of audit fee to company's revenue, (Emmanuel and Confidence, 2021). **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. (Sunday, 2019). 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 and Salami, 2021).

### Model specification

The multiple regression equation is stated as follows:

The functional form expression of the model is presented as:

$$Y = f(X_1, X_2, X_3, X_4) \dots \text{Eq. 1 Where:}$$

Y, represent the dependent variable, F is the function,

X1 – X4 represents the independent variables. The Operational function:

$$EPS = f(AUIND, AUSZ, AUCMT, AUCFE) \dots \dots \dots (2)$$

$$EPS = \beta_0 + \beta_1 AUIND + \beta_2 AUSZ + \beta_3 AUCMT + \beta_4 AUCFE \dots \dots \dots (3)$$

The econometric model is expressed as:

$$EPS = \beta_0 + \beta_1 AUIND + \beta_2 AUSZ + \beta_3 AUCMT + \beta_4 AUCFE + \mu \dots \dots \dots (4)$$

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

$\beta_0$  = Intercept of relationship in the model/ constant

$\beta_1 + \beta_4$  = coefficients of each of the independent variables.

**Decision Rule:** Reject 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.

### Analysis and Discussion of Findings

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

Dependent Variable:				
EPS Method: Least Squares				
Date: 17/11/24 Time: 13:14 Sample: 2003 2020				
Included observations: 18				
Variable	Coefficient	Std.	t-	Prob.
C	-0.575249	0.7	-	0.4613
AUIND	-0.151420	0.0	-	0.0893
AUSZ	0.450028	0.2	1.7526	0.1015
AUCMT	0.409269	0.1	3.1425	0.0072
AUCFE	0.748678	0.3	2.3346	0.0270
R <sup>2</sup>	0.539083	Mean dependent var		0.966111
Adjusted R <sup>2</sup>	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			

Source: E-view 9 Output

Table 1 (Unilever Nigeria Plc.) reveals that audit independence (AUIND) has a effect association with Unilever Plc financial's performance. Unilever Plc's financial performance increases by 0.45, 0.40, and 0.74 for each unit increase in audit size (AUSZ), audit committee (AUCMT), and audit committee financial expertise (AUCFE). Globally, R<sup>2</sup> is 0.539, which shows that 53% of the variation in Unilever Plc's earnings per share is explained by the independent variables in Nigeria. It also demonstrates that the estimated model hits the data well. Adjusted R<sup>2</sup> is 0.440; it means 44% of the variation in the dependent variable is explained by the independent variables. The p-values of AUIND and AUSZ are more than 5%, indicating that they do not have a substantial impact on Unilever Plc's financial performance. AUCMT and AUCFE, however, do have a significant impact because their p-values are less than 5%. The aggregate p-value is 0.010, indicating that independent variables affect Unilever Plc's earnings per share.

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

Dependent Variable: EPS  
Method: Least Squares  
Date: 17/11/24 Time : 09:15  
Sample: 2003 2020  
Included observations: 18

Variable	Coefficient	Std.	t-	Prob.	Source: E-view 9 Output.
C	532.7297	470.597	1.1320	0.2766	
AUIND	50.50931	19.1513	2.6373	0.0154	
AUSZ	6.068066	255.439	0.0237	0.9814	
AUCMT	19.63867	2.76829	7.0941	0.0000	
AUCFE	0.767544	0.30894	2.4843	0.0197	
R <sup>2</sup>	0.984755	Mean dependent var		36095.70	
Adjusted R-	0.981851	S.D. dependent var		17039.52	
S.E. of	2295.556	Akaike info criterion		18.48638	
Sum squared	1.11E+08	Schwarz criterion		18.72832	
Log-likelihood	-235.3229	Hannan-Quinn		18.55605	
F-statistic	339.1149	Durbin-Watson stat		2.051439	
Prob(F-statistic)	0.000000				

Table 2 (Beta Glass Plc.) shows a positive relationship in audit independence (AUIND), audit size (AUSZ), audit committee (AUCMT), and audit committee financial expertise (AUCFE). A unit increase in AUIND, AUSZ, AUCMT, and AUCFE can lead to a 50.50, 6.06, 19.63, and 76% increase in Beta Glass Plc financial.'s performance. Globally, R<sup>2</sup> is 0.984, which suggests that AUIND, AUSZ, AUCMT, and AUCFE have a 98% positive impact on Beta Glass Plc profits' per share in Nigeria. It also demonstrates that the estimated model has a strong hit on the data. Adjusted R<sup>2</sup> (AdjstR<sup>2</sup>) is 0.981, which means that 98% of the independent variables could be explained by variation in the dependent variable and the remaining 2% could not be explained owing to a financial system error. This test demonstrated no serial association and is good for prediction. AUSZ's p-value is 0.981, which is greater than a 5% significant level, indicating that it has no significant impact on Beta Glass Plc's financial performance. AUIND, AUCMT, and AUCFE have a significant impact because their p-values are 0.015, 0.000, and 0.019 respectively, which are less than 5% significant level. The aggregate p-value is 0.000, indicating that independent variables affect Beta Glass Plc's earnings per share.

### Table 3

#### Ordinary Least Square (OLS) output for Meyer plc

Dependent Variable:  
EPS Method: Least  
Squares  
Date: 17/11/22 Time :  
10:16 Sample: 2003 2020  
Included observations: 18

Variable	Coefficient	Std.	t-	Prob.
C	-15.47193	9.310	-	0.1188
AUIND	1.502952	0.632	2.375	0.0323
AUSZ	8.835663	4.335	2.038	0.0609
AUCM	0.028247	0.009	2.922	0.0111
AUCFE	0.826213	0.241	3.415	0.0051

R <sup>2</sup>	0.451017	Mean dependent var	9.3833
Adjusted R <sup>2</sup>	0.333378	S.D. dependent var	8.7418
S.E. of regression	7.137441	Akaike info criterion	6.9617
Sum squared resid	713.2029	Schwarz criterion	7.1595
Log-likelihood	-58.65544	Hannan-Quinn	6.9889
F-statistic	3.833903	Durbin-Watson stat	2.2829
Prob(F-statistic)	0.033985		

Source: E-view 9 Output.

Table 3 (Meyer Plc) shows a positive relationship in audit independence (AUIND), audit size (AUSZ), audit committee (AUCMT), and audit committee financial expertise (AUCFE). An increase in AUIND, AUSZ, AUCMT, and AUCFE can lead to a 1.50, 8.83, 0.02, and 0.826 increase in Meyer Plc's financial performance. Globally, R<sup>2</sup> is 0.451, which shows that AUIND, AUSZ, AUCMT, and AUCFE have a 45% positive impact on Meyer Plc's profits per share in Nigeria. It also demonstrates that the estimated model has a strong hit on the data. Adjusted R<sup>2</sup> (AdjstR<sup>2</sup>) is 0.33, which means that 33% of the independent variables can be explained by variation in the dependent variable and 67% cannot be explained owing to a financial system error. This test demonstrated no serial association and is good for prediction. The p-value of AUSZ is 0.060, which is greater than a 5% significant level, indicating that AUSZ has no significant impact on Meyer Plc's financial performance. AUIND, AUCMT, and AUCFE have a significant impact because their p-values are 0.32, 0.011, and 0.005, respectively, which are less than 5% significant level. The aggregate p-value is 0.033, indicating that independent variables affect Meyer Plc's earnings per share.

**Table 4 Normality test**

Firm	Normality		
	Jarque-	P-	Decision
Unilever	0.259	0.87	Normal

Beta Glass Plc.	4.412	0.11	Normal
Meyer Plc.	14.976	0.10	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 H0, 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**

Firm	Breusch Godfrey (BGS) Serial Correlation		
	F-stat	Prob	
Unilever	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 H0 that there is no presence of serial correlation and this implies that the variables are independently distributed.

**Table 6 Heteroskedasticity test**

Firm	Heteroskedasticity Test: Breusch-Pagan-		
	Obs*R-	Prob.	Decision
Unilever Nigeria	2.840	0.416	No Presence of heteroskedasticity
Beta	6.327	0.096	No Presence of heteroskedasticity
Meyer	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.

**Conclusion**

The p-value for Unilever Nigeria Plc's audit committee (AUCMT) and audit committee financial expertise (AUCFE) is below 5%. The Audit Committee (AUCMT), audit independence (AUIND), and audit committee financial expertise (AUCFE) have a substantial impact on Beta Glass Plc and Meyer Plc's earnings per share. Three manufacturing firms' global p-values are below 5%. The study rejects null hypotheses and concludes that audit independence and standard influence the selected quoted Nigerian manufacturing enterprises.

### **Recommendations**

1. Prioritizing auditor independence, forming competent audit committees, and ensuring those committees include financially literate members; manufacturing companies can improve transparency, reduce financial misstatements, and ultimately boost financial performance. These practices also enhance investor confidence and support long-term value creation.
2. Aside the fact that formation of financial expertise audit committee encourages financial performance of manufacturing companies, there is also the need to allow appropriate remuneration for audit committee members, and the determination of appropriate membership tenure will foster their commitment.



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