

Interplay Of Audit Quality And Firm's Performance Of Listed Consumer Goods Companies In Nigeria

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ABSTRACT: *This study investigates the relationship between audit quality and the performance of listed consumer goods firms in Nigeria, employing both Agency Theory and Lending Credibility Theory as the theoretical frameworks. The data were extracted from secondary sources, specifically the annual reports and accounts of 16 listed consumer goods firms in Nigeria, covering a period of ten years (2012–2021). A multiple linear regression technique was employed to analyze the data, utilizing descriptive statistics and Pearson correlation with STATA as the statistical tool. Return on Equity (ROE) and Economic Value Added (EVA) were used as proxies for firm performance. The findings reveal that audit firm independence, joint audit, audit firm experience, and audit partner tenure all have a positive and significant impact on the performance of listed consumer goods firms in Nigeria. However, audit firm reputation was found to have a negative impact on firm performance. Based on these results, the study concluded that audit quality dimensions are a key element that influences the performance of listed consumer goods firms in Nigeria. Specifically, factors such as audit firm independence, joint audits, audit firm experience, and audit partner tenure were shown to positively influence firm performance, with a stronger presence of these factors correlating with improved profitability and overall performance. The researcher recommended that shareholders ensure their firms are audited by reputable audit firms that offer independent, accurate, and efficient audit services, as these factors are crucial for enhancing firm performance.*

Keywords: Audit, Quality, Firm, performance, ROE and EVA

INTRODUCTION

Strong firm performance is frequently indicative of effective and efficient management in utilizing organizational resources, ultimately contributing to both corporate success and broader economic development (Kwaltommai *et al.*, 2019). Firms that consistently perform well are likely to have earned the confidence of investors and capital market stakeholders. Consequently, these stakeholders heavily rely on the company's audited financial statements to make informed judgments regarding the firm's operational soundness. High-quality financial reporting has been shown to have a positive influence on a firm's financial outcomes (Ado *et al.*, 2020). Nevertheless, the necessity of external audits remains critical, as independent and high-standard audits provide the foundational assurance regarding the accuracy and reliability of financial disclosures (Ado *et al.*, 2020). The rising incidence of corporate fraud in global capital markets has significantly eroded investor confidence. In particular, corporate failures stemming from regulatory lapses and poor audit quality have contributed to the weakening of investor trust, especially within Nigeria (Ado *et al.*, 2020). A notable example is the case of Cadbury Nigeria Plc., which was audited by Akintola Williams Deloitte (AWD), one of Nigeria's Big Four auditing firms. The company was involved in an accounting fraud involving the overstatement of earnings by over ₦13 billion between 2003 and 2006, with the intent of misleading investors (Okaro *et al.*, 2013).

The consumer goods sector is a crucial component of Nigeria's economy and warrants close attention. In recent years, however, many high-performing firms within this sector have experienced a significant downturn, leading to delistings from the Nigerian Capital Market. For instance, Seven-Up Bottling Company saw its profit margin of ₦6.16 million in 2014 decline into a substantial loss of ₦10.56 million by 2017, prompting the Nigerian Stock Exchange to revoke its listing (Seven-Up Bottling Company, 2017). Similarly, Honeywell Flour Mills Plc recorded a profit of ₦426.98 million in 2018, but this dropped drastically to a loss of ₦983.81 million by 2022 (Honeywell Flour Mills Plc, 2022). Even companies that did not report outright losses experienced declining profitability. For example, Flour Mills of Nigeria Plc. posted a profit of ₦13.62 billion in 2018, which dropped to ₦4 billion in 2019, before a partial recovery to ₦11.38 billion in 2020 (Flour Mills of Nigeria Plc, 2020). These trends have created uncertainty in returns and heightened investor risk.

This situation may reflect the presence of an "expectation gap" concerning audit quality gap that requires critical examination. A review of existing literature reveals that most studies addressing audit quality have been conducted outside Nigeria. For instance, Blandon *et al.* (2021) focused on Europe; Bouaziz (2012) on Tunisia; Sayyar *et al.* (2015) on Malaysia; and Matoke and Omwenga (2016) on Nairobi. Few studies have centered on Nigeria, and even fewer have comprehensively addressed the consumer goods sector or incorporated recent financial crises. Additionally, previous research has largely assessed audit quality solely in relation to financial performance an approach that may not fully reflect a firm's actual condition. This study instead employs Economic Value Added (EVA) as a more objective performance metric, as it accounts for both the cost of equity and cost of debt, unlike traditional accounting metrics that consider only debt costs.

Furthermore, the study is grounded in the **lending credibility theory**, which posits that the primary purpose of auditing is to enhance the credibility of financial statements, especially when joint audits are employed. Based on this theoretical framework, the study examines variables such as audit firm independence, joint audit practices, and audit firm experience. The theory supports the notion that firms are motivated to switch to higher-quality auditors to achieve greater audit credibility. Consequently, the study advocates for the adoption of joint audits as a means to address poor audit quality, improve audit independence and objectivity, and ultimately enhance firm performance

Statement of the problem

Despite the rapid advancement and adoption of modern auditing tools aimed at enhancing audit quality in Nigeria, particularly in relation to firm performance, there appears to be a significant gap in empirical research within the context of the consumer goods sector. Specifically, existing studies have not adequately examined the individual and combined effects of key audit quality determinants: audit firm independence, joint audit engagement, audit firm experience, audit firm reputation, and audit partner tenure on the performance of listed consumer goods companies in Nigeria. It is against this backdrop that the present study was conceived, aiming to address this gap and contribute to the literature on audit quality and firm performance in the Nigerian context.

Objectives of the study

The primary objective of this study is to examine the influence of audit quality on the performance of listed consumer goods companies in Nigeria. The specific objectives were as follow:

- i. Determine the relationship between audit firm independence and firm performance of consumer goods in Nigeria.
- ii. Examine the relationship between joint audit engagement and firm performance of consumer goods in Nigeria.
- iii. Examine the relationship between audit firm experience and firm performance of consumer goods in Nigeria.
- iv. Examine the relationship between audit firm reputation and firm performance of consumer goods in Nigeria.
- v. Examine the relationship between audit partner tenure and firm performance of consumer goods in Nigeria.

Research Hypotheses

In line with the research objectives, the following research hypotheses were formulated:

H₀₁: There is no significant relationship between audit firm independence and firm performance of consumer goods in Nigeria.

H₀₂: There is no significant relationship between joint audit engagement and firm performance of consumer goods in Nigeria.

H₀₃: There is no significant relationship between audit firm experience and firm performance of consumer goods in Nigeria.

H₀₄: There is no significant relationship between audit firm reputation and firm performance of consumer goods in Nigeria.

H₀₄: There is no significant relationship between audit partner tenure and firm performance of consumer goods in Nigeria.

Literature Review

Concept of Audit Quality

Audit quality plays a vital role in ensuring the reliability, transparency, and accountability of financial reporting. It is commonly defined as the likelihood that an auditor will detect and report material misstatements within a client's financial records (DeAngelo, 1981). As a cornerstone of financial integrity, audit quality influences the trustworthiness of financial statements and the perceived credibility of the assurance offered by auditors (Flint, 1988; Porter et al., 2014). According to Adeyemi and Fagbemi (2010) and Chan and Wong (2002), audit quality encompasses both the accuracy of audit findings and the extent of assurance provided to financial statement users. High-quality audits not only bolster the reliability of financial information but also serve to protect the interests of investors, creditors, and other stakeholders who depend on audited reports (Clark et al., 2007; IAASB, 2014).

Previous research has explored multiple dimensions of audit quality, including the auditor's conservatism, capacity to identify material misstatements, recognition of uncertainties, adherence to auditing standards, adequacy of disclosures, and promptness in reporting (Tepalagul & Lin, 2015). Among these, auditor independence and objectivity are widely acknowledged as fundamental components of audit quality (Anto & Yusran, 2023; Bamber & Iyer, 2007; Public Company Accounting Oversight Board, 2008). Nonetheless, maintaining independence can be challenging in practice, particularly due to factors such as extended auditor tenure, the provision of non-audit services, and pressures from clients (Al Nawaiseh & Alnawaiseh, 2015; Gul et al., 2007). Additionally, the size of the audit firm is often considered a key determinant of audit quality, with larger firms typically associated

with higher-quality audits due to their superior resources, professional expertise, and robust internal quality control systems (DeAngelo, 1981; Dehkordi & Makarem, 2011).

Firm Performance

Thriving firms are essential to the growth of developing nations, often regarded by economists as the driving force behind economic, social, and political advancement. In today's highly competitive business environment, firms must consistently perform well to sustain their operations. As such, firm performance has become a central concept in strategic management research and is frequently employed as a key dependent variable. Despite its widespread use in academic literature, there remains a lack of consensus regarding its precise definition and the most appropriate methods for its measurement. Etuk *et al.* (2021) conceptualize performance as the attainment of specific outputs, such as profitability or measurable objectives. This perspective implies that firm performance encompasses both actions (behavior) and outcomes (results). It reflects not only the achievement of expected goals but also the processes involved in setting and evaluating those goals. According to this view, effective managerial behavior directly contributes to meeting performance targets, whereas poor management practices lead to underperformance. Eke (2022) further supports this by emphasizing that when management adopts sound marketing strategies, it positively affects the performance of firms.

Theoretical Framework

Agency Theory

Agency theory, initially proposed by Jensen and Meckling (1976), is grounded in the notion that when a company is newly established, its owners typically serve as its managers. However, as the company expands, ownership and management functions often become separated, leading to the appointment of professional managers. This separation gives rise to an agency relationship—a contractual arrangement between the principal (owners or shareholders) and the agent (managers). According to Jensen and Meckling (1976), this relationship can lead to information asymmetry, where agents possess more information than principals. Such imbalance may result in moral hazard, where managers may act in their own interest rather than in the best interest of the shareholders. Within this context, agency theory provides a theoretical foundation for variables such as audit firm reputation and audit partner tenure, which serve as mechanisms to mitigate agency conflicts and ensure better monitoring of managerial actions.

Empirical Review

A range of empirical studies has investigated the relationship between various audit quality attributes and their impact on financial reporting and firm performance. For instance, Ashari *et al.* (2020), in a study conducted in Indonesia, found that auditor independence has a positive influence on audit quality. Conversely, Lassaad and Fax (2020), employing a multinomial logistic regression model, reported that the effect of auditor independence was statistically insignificant in the context of achieving effective **joint** audit quality. Similarly, Matoke and Omwenga (2016) established a positive and significant relationship between audit quality and firm financial performance in their study.

Marnet and Gwilliam (2019), through a review of both theoretical and empirical literature, concluded that joint audits in the United Kingdom positively contribute to audit quality. However, contrasting evidence was found by Khersiat (2020), who reported that joint audits in Jordan had no significant impact on the disclosure of financial misconduct. Supporting this view, Jinadu *et al.* (2015), in a Nigerian context, found that while joint audits do not enhance audit quality, they tend to increase audit costs without adding value.

Regarding auditor experience, Pitkänen (2016) found that prior experience significantly enhances audit quality, particularly during the early years of a new engagement. This is reinforced by Chariri and Diponegoro (2017), whose findings indicate that experienced auditors contribute positively to audit quality, which in turn enhances firm performance.

In terms of audit firm reputation, Sayyar *et al.* (2015) demonstrated that larger audit firms with established reputations are associated with higher-quality audits due to their resource advantages and brand recognition. Similarly, Pham, Duong, and Quang (2017), using cross-sectional data and OLS regression in E-Views 7, observed a positive relationship between audit firm reputation and audit quality.

Methodology

Research Design

This study adopts a correlational and ex-post facto research design. This approach is appropriate because the data used for analysis were derived from historical records of the firms under investigation—data that were not originally collected for the purpose of this research. The design enables the examination of the relationships between audit quality attributes and firm performance without manipulating the variables, consistent with the nature of secondary data analysis.

Population and Sample of the Study

The population of the study comprises all consumer goods firms listed on the Nigerian Stock Exchange (NSE) as of December 31, 2021. A non-probability sampling technique was applied based on specific inclusion criteria. To qualify for inclusion in the sample, a firm must (i) have been listed during the entire study period (2012–2021), and (ii) have published annual financial reports consistently throughout that period. Applying these filters, the final sample consisted of 16 firms out of the 21 listed consumer goods firms, representing approximately 76% of the target population. This sampling approach aligns with the precedent set by Ahmed et al. (2016).

Sources and Methods of Data Collection

Data for the study were obtained from secondary sources, specifically from the audited annual financial reports of the sampled firms. Additional data were sourced from the Fact Book of the Nigerian Stock Exchange, which was used to verify firm listings and ensure consistency across the study period (2012–2021).

Techniques of Data Analysis

The study employed a panel multiple regression analysis to examine the relationship between audit quality variables and firm performance. Two dependent variables Return on Equity (ROE) and Economic Value Added (EVA) were used to measure firm performance. Data analysis was conducted using STATA statistical software. In addition to estimating the regression models, appropriate **post**-estimation diagnostic tests were performed to validate the robustness and reliability of the findings.

Model specification

The linear multiple regression equation model is as follows:

$$ROE_{it} = \beta_0 + \beta_1 AI_{it} + \beta_2 JA_{it} + \beta_3 AE_{it} + \beta_4 AP_{it} + \beta_5 AT_{it} + e_{it} \dots\dots\dots (1)$$

$$EVA_{it} = \beta_0 + \beta_1 AI_{it} + \beta_2 JA_{it} + \beta_3 AE_{it} + \beta_4 AP_{it} + \beta_5 AT_{it} + e_{it} \dots\dots\dots (2)$$

ROE=return on equity

EVA=economic value added

AI=audit firm's independence

JA = Joint audit

AE=audit firm's experience

AP = audit firm's reputation

AT = audit partner's tenure

E=error term

It=panel data

Table 1

Measurement of Variables

Acronyms	Variables	Measurement	Source
(R.O.E):	Return on equity	Is thus calculated as: profit after tax divide by sales for a firm at a given point in time.	(Matoke & Omwenga, 2016)
	Economic value added	Is thus calculated as net profit after tax- (equity+total liability)*cost of capital	(Zahia&Reda,2012)
(AI):	Audit firm's Independence	This is calculated by using the average audit fees of the sector, compared with the audit firm fee for a particular year. AI is coded '1' if the audit fee is above the industrial sector's audit fee otherwise coded '0'	(Hassan & Farouk, 2014)

(JA):	Joint Audit		JA is measured as, “Dummy variable; value 1 if the client firm employs a joint audit, otherwise zero” meaning, if the audit firm is audited by 2 or more external auditors at the same time =1, if otherwise JA is coded 0	(Ekwueme, & Olufemi 2020).
(AE):	Audit Experience	Firms	AE is measured as, when an auditor has continuously conducted an audit for over 5years in that particular firm. which makes him have a prior experience in the firm, hence is coded '1' if otherwise is coded '0,'	(Pitkanen, 2016)
(AP):	Audit reputation	firms'	AP is measured as big 4 dichotomy VS non big 4 dichotomy, is coded '1' if the audit of the issued financial statement was performed by one of the big 4 audit firms if otherwise is coded '0'	(Beatty 1989)
(AT)	Audit Tenure	partner	AT is defined as the length of relationship in between Audit partner and client company, if the relationship is greater or equals 10years, we assign one, but if otherwise we assign 0.	(Chi&Huang,2005)

Source: Researcher's compilation, (2025).

Data analysis/Result presentation

Descriptive Statistics for Economic value added and return on equity Table 2

Descriptive statistics

	ROEEVA	AI	JA	AE	AP	AT
Mean	0.88.23	.84	.131	0.04	.73	.79
Standard Deviation	0.69.21	.36	.34	0.19	.44	.41
Kurtosis	8.48 5.03	4.59	5.77	24.70	2.09	2.98
Skewness	2.17 1.05	-1.89	2.18	4.87	-1.04	-1.41
Minimum	-.07-.22	0.00	0.00	0.00	0.00	0.00
Maximum	.37 1.08	1.00	1.00	1.00	1.00	1.00

Source: Extracted from STATA output,(2025)

Table 2 above, indicates the minimum and maximum values of return on equity at -.07 and .37 respectively. This indicates that consumer goods firms with high return on equity perform more than the one with low return on equity. The ROE has an average value of returns as 0.88 together with its minimum & maximum value of -.07 & .37 respectively, which describes, the ROE to be increasing gradually. Likewise, EVA has an average value of returns as .23 together with its minimum & maximum value of -.22&1.08 respectively, this implies that the consumer goods firms with high returns on EVA perform more than the one with low returns. However, AI has a mean value of .84 and a minimum and maximum value of 0.00 and 1.00 respectively, thereby describing an upward increase in AI, with a standard deviation of .36 that suggested that the data has deviated from the mean value by 36%.

However, JA, reveals an average value of .131, and a minimum and maximum value of 0.00 and 1.00 respectively, which shows the JA to be increasing gradually this shows an upward increase. The standard deviation is .34, thus suggested the data to deviate from the mean value by 34%. Likewise, AE has an average mean value of 0.04, with a minimum and maximum value of 0.00, 0.00 and 1.00 which indicates an upward increase of values and a standard deviation is 0.19, which suggested that the data deviate from mean value by 19%. However, it is observed that AP has a mean value of 0.73 and a minimum and maximum value of 0.00 and 1.00 respectively which shows an upward increase. The standard deviation is .44, hence indicated the data has deviated from the mean value by 44%. AT has an average mean of .79 and a minimum and maximum value of 0.00 and 1.00 respectively, thereby describing an upward increase of AT. The standard deviation is .41, which suggested that the data deviate from mean value by 41%. The highest standard deviation of

0.69% in ROE implies that ROE shows high volatility and inconsistency of returns and thus has a lesser contribution than that of EVA, with a standard deviation value of 0.21%. However, among the independent variables AP has the highest standard deviation of .44 signifying its low contribution in enhancing financial performance of consumer goods firms in Nigeria. While AE has the lowest standard deviation of 0.19 among the independent variables. Which indicates its highest contribution in enhancing the performance of consumer goods companies in Nigeria.

Correlation Matrix For ROE Table3

Correlation Matrix(ROE)

	ROE	AI	JA	AE	AP	AT
ROE	1					
AI	0.1344	1				
JA	-0.0664	-0.1386	1			
AE	0.0105	-0.1869	0.0207	1		
AP	-0.0175	0.2051	-0.0149	-0.2514	1	
AT	-0.0327	0.0710	-0.6125	-0.1387	0.0297	1

Source: Extracted from STATA output, (2025).

From table 3 above, the values give the significance level for multi-collinearity and the results reveals that none of the variables has high correlation with the other, given that one of the variables with highest value is 0.2051 for audit firm reputation. However, the relationship between joint audit, audit firm reputation, and audit partner tenure with that of return on equity happens to be negative with -0.664, -0.0175 and -0.0327 respectively. While that of audit firm independence and audit firm experience appears to be positive 0.1344 and 0.0105.

Summary of regression results (ROE)

This presents and discusses the regression results in the study. However, pooled OLS regression technique appears to be more appropriate for the study's model, from hausman specification test and the Breusch and pagan lagrangian multiplier test for random effects regression.

Table 4

Pooled OLS regression results (ROE)

Variables	Co-efficient	T-value	P-value	Tolerance/VIF
Constants	-.1031866	-3.63	0.002	
AI	.137576	3.79	0.002	0.698075
JA	.0312852	0.81	0.431	0.606332
AE	.1733692	9.65	0.000	0.814737
AP	.06917	3.29	0.005	0.876021
AT	.0200214	0.95	0.359	0.782203
R ²		0.3753		
F-Statistics		63.37		
F-Significance		0.0000		

Source: Extracted from STATA output, (2025).

The table above indicates Prob>f: test of overall model fitness at 5% significance level. It must be ≤ 0.05 (5%). The above signifies the overall fitness of the model at 0.0000 significance level.

Indicates that audit firm independence has a significant and positive relationship with return on equity, at t-value of

3.79. With coefficient of .137576 with the $p > t$ value of 0.002. However, this indicates positive significant relationship at ≤ 0.05 significance level. This implies that a 1% increase in audit firm independence will thus have positive and serious effect on the profitability of listed consumer goods firms in Nigeria. Furthermore, Table 4.3 above, indicates joint audit to have an insignificant positive relationship with return on equity, att-value of 0.81 and coefficient of .0312852 with the $p > t$ value of 0.431, this however indicates positive but insignificant relationship at ≤ 0.05 significance level. This implies that a 1% increase in the rate of joint audit in a firm will neither nor increase the profitability of listed consumer goods firms in Nigeria. Again table 4 above indicates that audit firm experience has a very strong significant and positive relationship with return on equity. Att-value of 9.65 with a positive coefficient of .1733692 with the $p > t$ value of 0.000, this however indicates a positive and very significant relationship at ≤ 0.05 significance level. This implies that, a 1% increase in audit firm experience by the auditors will lead to an increase in audit quality and thus firm's performance.

Furthermore, table 4 above, indicates audit firm reputation to have a significant and positive relationship with return on equity, at t-value of 3.29 with a positive coefficient of .06917 with the $p > t$ value of 0.005. This however indicates a positive and significant relationship at ≤ 0.05 significance level. This implies that for every 1% additional effort of increasing the rate at which the big 4 audit firms are given the opportunity to audit the company, the higher the rate at which audit quality increases. Finally, table above, indicates that audit partner tenure has an insignificant positive relationship with return on equity, att-value of 0.95 with coefficient of .200214 with the $p > t$ value of 0.359. This however indicates insignificant relationship at ≤ 0.05 significance level. This implies that a 1% increase in audit partner tenure will thus have no effect on the audit quality.

Audit quality and Economic Value Added (Model2) Table 5
Correlation Matrix (EVA)

	EVA	AI	JA	AE	AP	AT
EVA	1					
AI	0.1512	1				
JA	0.0062	-0.1386	1			
AE	0.1027	-0.1869	0.0207	1		
AP	0.0851	0.2051	-0.0149	-0.2514	1	
AT	-0.0680	0.0710	-0.6125	-0.1387	0.0297	1

Source: Extracted from STATA¹³ output (2025).

From the results above, table 5 reveals that none of the variables has high correlation with the other given that the variable with the highest value is 0.2051 for audit firm reputation. However, the relationship between audit partner tenure and economic value added is negative at -0.0680. This shows that a 1% increase in audit partner tenure will lead to a reduction in audit quality. While that of joint audit, audit firm independence, audit firm reputation and audit firm experience indicate 0.0062, 0.1512, 0.0851, and 0.1027 respectively, and a 1% increase in any of them would automatically leads to increase in audit quality. The variance inflation factor (VIF) and tolerance value (TV) reveals the absence of multicollinearity as all factors are below 10 and tolerance value are below 1.0.

Summary of Regression Results (EVA)

This constitutes the summary of multiple regression results obtained from the model using random effect regression. A Hausman specification test was conducted and as a result of an insignificant value of 0.9931 for the probability of chi2. A further test of Breusch and Pagan Lagrangian Multiplier Test for Random Effects was conducted. Andap-value of 0.000 proved to be significant in the test result, which suggests that the random effect model is the most appropriate.

Table 6

Pooled OLS Regression Results (EVA)

Variables	Co-efficient	T-value	P-value	Tolerance/VIF
Constants	-.0926844	-1.28	0.201	

AI	.2245196	4.77	0.000	0.633876
JA	.1632176	3.58	0.000	0.391413
AE	.5829934	10.02	0.000	0.411302
AP	.0372111	0.76	0.444	0.920741
AT	.0849285	2.09	0.036	0.733590
R ²		0.7420		
F-Statistics		10		
F-Significance		0.0000		

Source: Extracted from STATA output (2024).

F (5, 179): degree of freedom, prob> f: test of overall model fitness at 5% significance level. It must be ≤ 0.05 (5%). Table 5 above signifies the overall fitness of the model at 0.0000 significance value. Table 5. indicates that the model explains 74% of the variability in the dependent variable. Table 5 above, indicates that audit firm independence has a significant positive relationship with EVA, att-value of 4.77 with coefficient of .2245196 and p>t value of 0.000, this however indicates a significant positive relationship at ≤ 0.05 significance level. This implies that a 1% increase in audit firm independence will thus have positive effect on the profitability of listed consumer goods firms in Nigeria. Again, table 4.5 above, indicates that joint audit has a significant and positive relationship with EVA, att-value of 3.58 and coefficient of .1632176 with the p>t value of 0.000, this however indicates positive and significant relationship at ≤ 0.05 significance level. This implies that a 1% increase in the rate of joint audit leads to an increase in the profitability of listed consumer goods firms in Nigeria.

Again, table 5 above, indicates that audit firm experience has a positive relationship with EVA, with a value of 10.02, coefficient of .5829934 and p>t value of 0.000. This however indicates a positive and significant relationship at ≤ 0.05 significance level. This implies that, a 1% increase in audit firm experience leads to an increase in audit quality and thus firm's performance. In addition, table 5 above, indicates audit firm reputation to have a negative in significant relationship with EVA, at t-value of 0.76 and a positive coefficient of .0372111 With p>t value of 0.444, this however indicates a positive and insignificant relationship at ≤ 0.05 significance level. Finally, table 5 above, indicates that audit partner tenure has a significant positive relationship with EVA, at t-value of 2.09 with coefficient of .0849285 and p>t value of 0.036, this however indicates a significant positive relationship at ≤ 0.05 significance level. This implies that a 1% increase in audit partner tenure will thus have positive effect on the audit quality.

Hypotheses Testing

However, based on the above results on return on equity and that of economic value added, it is clearly indicated that the result of EVA's r^2 which is 74% proves to be better than that of ROE's 38% as so, the study adopted EVA's result. Thus, hypothesis is tested on EVA's result and conclusion drawn from the results.

Audit Firm Independence and Firm Performance of Consumer Goods Firms in Nigeria:

Hypothesis one (H01): Audit firm independence has no significant impact on firm performance of listed consumer goods firms in Nigeria. As shown in table 5 audit firm independence has t-value of 4.77 with coefficient of .2245196 with the p>t value of 0.000, this indicates a significant positive relationship at ≤ 0.05 significance level with EVA. The result is not surprising, as it is in line with prior expectation. In addition, it is also close to reality, as the higher the level of audit firm independence so too does audit quality increases. It is also consistent with credibility theory, which believes, company stakeholders often seek the services of good quality auditors, to make it easier and more effective to monitor the management stewardship. This provided evidence of rejecting our first null hypothesis one (H01). Therefore, the null hypothesis one is here by rejected. The result is in consistence with findings of (Ashari & Krismiaji, 2020) & (Matoke & Omwenge, 2016).

Joint Audit and Performance of Consumer Goods Firms in Nigeria

Hypothesis Two (H02) indicated that: joint audit has no significant impact on the firm performance of listed consumer goods firms in Nigeria. The result as shown in table 5, joint audit has t-value of 3.58 and coefficient of .1632176 with the p>t value of 0.000, this however indicates a positive and significant relationship at ≤ 0.05 significance level with EVA. The result is not surprising as it is in line with prior expectation of the researcher, since firms with

joint audit policy are often linked with high audit quality, the result is also not far away from reality. Again, the result is in line with credibility theory, which assumes auditing to add more credence to financial statements and reduces information asymmetry, generated by the separation of ownership and management. This provided evidence of rejecting our second null hypothesis two (H02). Therefore, the null hypothesis two is hereby rejected. The result is inconsistent with findings of (Marnet, Barone, & Gwillian, 2019), but contrary to the findings of (Khersiat, 2020).

Audit Firm Experience and Performance of Consumer Goods Firms in Nigeria

Hypothesis three (H03), indicates that: audit firm experience has no significant impact on the performance of listed consumer goods firms in Nigeria. As shown in table 5 audit firm experience has at-value of 10.02 with a positive coefficient of .5829934 and $p > t$ value of 0.000, this however indicates a positive and strong significant relationship at ≤ 0.05 significance level with EVA. The result is quite surprising, as it is not in line with prior expectation of the researcher. Since firms with high reputational status known as big 4, are always expected to produce high quality audit report. In addition, the result is not far away from reality, as the general perception before is that, audit firms with high reputational status known as big 4 are usually expected to produce high quality audit report but not anymore. As shareholders confidence has started fading on such audit firms. It is however, in line with agency theory. This result provided evidence of rejecting our third null hypothesis (H03). Therefore, the null hypothesis three is hereby rejected. The result is inconsistent with that of (Pitkanen, 2016) and (Elewa, 2019).

Audit Firm Reputation and Performance of Consumer Goods Firms in Nigeria

Hypothesis four (H04), indicates that: audit firm reputation has insignificant impact on the performance of listed consumer goods firms in Nigeria. As shown in table 5, audit firm reputation has a t-value of 0.76 & a positive coefficient of .372111 with $p > t$ value of 0.444, it however indicates a positive and insignificant relationship at ≤ 0.05 significance level with EVA. The result is quite surprising, as it is not in line with prior expectation of the researcher. Since firms with high reputational status known as big 4, are always expected to produce high quality audit report. In addition, the result is not far away from reality, as the general perception before is that, audit firms with high reputational status known as big 4 are usually expected to produce high quality audit report but not anymore. As shareholders confidence has started fading on such audit firms. It is however, inline with agency theory. Therefore, the null hypothesis four is hereby not rejected. This is inconsistent with the findings of (Beatty, 1989) contrary to the findings of (Sayyar, H., Basiruddin, R., Zaleha, S., & Rashid, A., 2015).

Audit partner tenure and performance of consumer goods firms in Nigeria

Hypothesis five (H05), states that: audit firm partner tenure has no significant impact on performance of listed consumer goods firms in Nigeria. As shown in table 5 audit partner tenure has at-value of 2.09 with coefficient of 0.849285 and $p > t$ value of 0.036. This however indicates significant positive relationship at ≤ 0.05 significance level with EVA. The result is surprising as it is not in line with prior expectation of the researcher. In addition, it is also far away from reality, again the result is in line with agency theory. This result provided evidence of rejecting our null hypothesis five (H05). Therefore, the null hypothesis five is hereby rejected. The result is in consistence with findings of (Summer, 1998) but contrary to the findings of Junaidi, *et al.* (2012).

Findings and Discussions

The test result in the study revealed audit quality to have a positive and significant impact on firm's performance of listed consumer goods firms in Nigeria. However, the greater the degree of audit firm independence, joint audit, audit firm experience and audit firm reputation, then the greater the propensity of the firm making substantial net profit margins, and hence increase in firm's performance. While, audit firm reputation has an insignificant positive impact on firm's performance. Likewise, the study discovered economic value added to be a more appropriate proxy to represent firm's performance than financial measure of performance. This is because the study's hypotheses result gotten from EVA reveals four independent variables to have positive and significant impact on firm's performance of listed consumer goods firms in Nigeria, only on independent variable has a negative impact.

Conclusions and Recommendations

The following conclusions are however drawn:

The study found that audit quality has a positive and significant impact on the performance of listed consumer goods firms in Nigeria. Specifically, factors such as audit firm independence, joint audits, audit firm experience, and audit partner tenure were shown to positively influence firm performance, with a stronger presence of these factors correlating with improved profitability and overall performance. On the other hand, audit firm reputation was found to have an insignificant positive effect on firm performance. Based on these findings, the researcher recommends that shareholders should ensure that their firms are audited by reputable audit firms that emphasize independence, accuracy,

and efficiency in their auditing practices, as these qualities are crucial for enhancing firm performance.

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