

**Earnings Management, Audit Quality and Firm Values for Listed Foods and Beverages
Manufacturing Companies in Nigeria (2004-2023)**

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Abstract

Financial statement quality is central to investors' valuation decisions, as corporate reports provide key signals about firm performance and reduce information asymmetry between managers and stakeholders. Anchored on Signaling Theory and Agency Theory, this study examined the influence of earnings management and audit quality on the values of listed food and beverage manufacturing companies in Nigeria. Despite the acknowledged relevance of earnings management and audit quality in financial reporting, empirical evidence in Nigeria's manufacturing sector remains inconclusive. An ex-post facto research design was adopted, covering twenty (20) companies listed on the Nigerian Exchange Group over 20 years (2004–2023). Secondary panel data were sourced from audited annual reports and analysed using descriptive statistics, correlation, and regression techniques. Model selection was guided by Chow and Hausman tests, while robustness checks included the Breusch-Pagan Lagrange Multiplier (BP-LM) test for cross-sectional dependence and Wald tests for coefficient stability. Firm value was proxied by Firm Size (FS), Profitability (PROF), Financial Leverage (LEV), Earnings per Share (EPS), and Return on Assets (ROA). Panel unit root results indicated that only PROF was integrated of order one, I(1). Results showed that the cost of goods sold (COGS) exerted a significant positive effect on profitability (PROF; $\beta = 0.063$, $p < 0.001$) and also influenced firm size ($p = 0.074$). IEX significantly predicted ROA ($p = 0.000$), while ACC affected ROA ($p = 0.015$), with DEP showing marginal significance. The EPS model remained statistically weak ($p > 0.05$). Sales activity ratio (SAR) significantly affected FS ($p = 0.001$) and PROF ($p = 0.031$) but negatively influenced ROA ($p = 0.016$). Debt financing ratio (DFR) positively affected firm size ($p = 0.021$), whereas collection period (COL) had a strong positive impact on EPS ($\beta = 0.1819$, $p = 0.000$). Regarding audit quality, audit firm size (AFS) positively influenced EPS ($p = 0.007$) and ROA ($p = 0.014$). Audit effort (AUE) exhibited a marginally significant negative association with ROA ($p = 0.061$). Overall, the study concludes that earnings management practices and audit quality significantly influence firm value among Nigeria's listed food and beverage manufacturing companies, underscoring regulatory implications for strengthening accounting standards and audit oversight.

Keywords: Earnings Management, Expense Recognition, Revenue Recognition, Audit Quality, Firm Value

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