

## AUDIT QUALITY AND DIRECTORS TUNNELING OF CONSUMER GOODS FIRMS IN NIGERIA

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### ABSTRACT

*This study investigates the effect of audit quality on directors tunnelling in Nigeria drawing samples from listed consumer goods firms on the floor of the Nigerian Exchange Group market. While directors tunnelling proxied by directors' remuneration is the dependent variable, the independent variables adopted for this study includes audit firm size, audit independence, and audit tenure. Furthermore, in line with related extant literature, the researchers employed the variable of firm age to control our model. Data set employed in this study spans through the periods between 2011 and 2020. In the light of this, the empirical result of this study leads to the conclusion that out of the three independent variables adopted in this study, only big4 auditors and auditors' independence significantly affect directors tunnelling. Specifically, the researchers conclude that when a big4 firm audit the accounts of the firms in our sample, directors tunnelling declines. Similarly, the researchers conclude that the independence of the auditor decreases directors tunnelling. Succinctly, the researchers recommend that firms should strive towards promoting audit independence to reduced directors tunnelling from the firms. Furthermore, the researchers recommend that indigenous audit firms should be patronized to cushion the increase in directors tunnelling when a firm chooses a big4 auditors.*

**KEYWORDS:** Cushion, Tunneling, Remuneration

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