

Auditee Importance, Board Gender Diversity and Audit(or) Quality: Perspectives on Achieving Sustainable Development Goals (SDGs) in Nigeria

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Abstract

The importance of audit(or) in building strong, accountable and transparent institutions, thus ensuring societal peace and justice cannot be underestimated. It is against this background that this paper examined influence of auditee importance and board gender on audit quality, proxied with discretionary accrual earnings management. Data were collected largely from annual reports and audited financial statements of fifty (50) quoted non-financial firms, for 7 years, from 2014 – 2020, aggregating into 350 data sets. Thereafter, descriptive statistics and panel OLS regression were adopted for trend analysis and estimation of model specified for this study. Overall, auditee importance, board gender, alongside auditor type, audit fees and profitability are effective factors that are capable of influencing audit quality, thereby influencing role of external auditor in contributing to the achievement of sustainable world peace, justice, as well as, ensuring creation of strong and accountable institutions. Therefore, to ensure and sustain strong, accountable and transparent institutions, it is recommended that relevant authorities should formulate policies around auditee importance and gender board diversity, in order to achieve the sustainable development goals within the time set for nations.

Keywords: Audit(or), audit quality, board, gender diversity, institutions, sustainability

JEL Codes: M42, M48, Q01

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Introduction

It is no longer news that the mandate of accounting profession, unlike in the past, goes beyond churning out figures as contained in financial reports, rather it encompasses accountants, also being partners-in-progress towards seeking growth and development of any society. Consequently, the accountant's role, especially audit sub-division, in today's paradigm shift of sustainable development cannot be overlooked. According to the World Commission on Environment and Development (1987) cited in Herghiligi, et. al., (2023), the root of sustainable development can be traced to the Brundtland report of the United Nations. The United Nation's Sustainable Development Goals (SDGs) aptly provide nexus between today's realities and future tendencies, to which no one should be left behind. Among key players needed to achieve these goals, accountants cum auditors are prominent actors. This position was resonated by the Finance Director of International Federation of Accountants (IFAC), who stated that eight (8) out of the seventeen (17) SDG goals, are assisted through accountants' roles in their various tasks. In quest to deepen this thought, auditors are directly involved in goal 16 on 'peace, justice and building strong institutions', among other goals, through their primary task of lending credibility to financial statements prepared by trusted agents, who are involved in the management of institutions. Goal 16 is one of the more innovative aspects of the development framework, focusing on advancing government accountability, building trust, and sustaining peace. It provides an insight into how we might actually hold leaders to account, and achieve all of the SDGs by 2030. Institutions are corporate citizens of any nation, whose survival and/or demise connote successful living and/or extinction respectively, to human beings (who are employees) particularly and society at large. Therefore, auditors are necessity in ensuring that institutions are strong, transparent and accountable. Evidences (Enron, General Electric, Worldcom in the United States, BT, Ted Baker, Carillon, in the United Kingdom, Saytam, IL&FS in India, among others) abound regarding corporate failure that have been related to auditors' ineptitude and inability to display due diligence during their audit engagements.

No doubt, the multiplier effects of these corporate failures are enormous, ranging from total loss of investment, mass retrenchment of employees, at micro level, to insecurity and loss of confidence in markets, at macro level. Impliedly, this creates a situation of war, injustice and existence of opaque and weak institutions. The auditor is trained to unravel breaches in financial reporting, as well as, disclosing such in audit reports. This twin outcomes gave birth to audit quality. Audit

quality, though unobservable (Knechel, 2016), but achievable through effective audit management, including planning, controlling, adequate documentation, objective gathering and evaluation of audit evidence via test and procedures, deployment of up-to-date information and communication technology tendencies, etc. Among factors that determine audit quality, over reliance on clients is prominent. This means attaching too much economic importance to an auditee, perhaps owing to its size, reputation and amount of audit fees derivable. These justifications create element of fear in the assurance provider of losing such client. The findings from previous studies, regarding auditee importance and audit quality are largely mix, with some reporting positive and significant association and a few also documenting a contrary view. There are studies who have reported a non-significant too. There are two schools of thought regarding client's importance and audit quality. One school opine that closeness between auditee and auditor may reduce independence, thereby reducing audit quality, while another believes otherwise. Besides, board gender diversity has been identified as another factor, whose impact on audit quality remains unsettled in the literature. Therefore, this present study examines the influence of audit importance and board gender on audit quality, with a view of contributing to on-going debates, especially in Nigeria, in relation to investigating auditor's role in assisting to achieving peace, justice and building strong institutions. The remaining part of this paper proceeds as follows: next section discusses related empirical studies, alongside theoretical framework. Afterwards, methodology and empirical results are presented in third and fourth sections respectively and thereafter, concluding remarks.

1. Conceptual Review

1.1 Audit Quality

Audit is *sine qua non* to ensuring effective accountability and transparency of institutions, who prepares and presents stewardship reports, in form of financial statements. It involves objective gathering and evaluating evidence, regarding economic actions (transactions) and checking for correspondence with established financial framework (Soyemi, 2014). Once the financial reporting processes and procedures end, audit is scheduled to begin. Audit adds credibility to financial statements prepared by managers, who are agents of shareholders, who are principals. The report may contain errors and/or misstatements, which auditor through audit tests and procedures, identify and demand amendments thereof or shown in the audit report.

Audit quality is described as the dual possibilities of an auditor to detect material misstatements inherent in the financial statements, as well as, report same through qualified opinions in the audit report (DeAngelo, 1981). While detection of material misstatements by auditor is a function of auditor's competence, ability to report such infractions is known as auditor's independence. Audit quality may be seen as a continuum ranging from low (where an auditor exhibits no competence and presents a false report) to high (where an auditor exhibits great competence and presents a true report). According to DeFond and Zhang (2014), high audit quality connotes 'greater assurance of high financial reporting quality'. Knechel (2016) posits that audit quality is largely unobservable. Consequently, it suffers from appropriate proxies or measures which may be used to operationalize it. Literature abound on different measures that have deployed to represent it. Among these are auditor-type, auditor independence, audit fees, etc. This paper has deployed a measurement of audit quality from audit outcome perspective, which is earnings, believing that high audit quality connotes quality earnings.

1.2 Sustainable Development Goal (SDGs)

Sustainable Development Goals (SDGs) are a set of global objectives adopted by the United Nations (UN) in 2015 as a part of the 2030 Agenda for Sustainable Development (UNDP, 2021). These goals provide a comprehensive framework to address the world's most pressing social, economic and environmental challenges, with the aim of creating a more sustainable and equitable future for all. The SDGs consist of 17 interconnected goals, each targeting a specific area of development, including poverty eradication, education, gender equality, clean energy, sustainable cities, climate action and biodiversity conservation, among others. They build upon the Millennium Development Goals (MDGs) that were in place from 2000 to 2015 and expand their scope to encompass a broader range of issues (United Nations Economic and Social Council, 2019). The studies by the duo of Kaur, et. al., (2025) and Hope (2019) affirmed that an innovation of the overall SDGs, and noted by many policy-makers and analysts, is the shift in focus away from a set of goals that only relate to developing countries to a set of goals that are global and therefore applicable to all countries, developed and developing alike. Goal 16 focuses on peace, justice, and strong institutions as essential pillars for achieving sustainable development globally. SDG 16 recognizes that peace, justice, and effective institutions are vital for creating inclusive societies, promoting human rights, and fostering sustainable development. Peace is a fundamental prerequisite for development and the well-being of individuals and communities. SDG 16

emphasizes the need to reduce violence, conflict, and insecurity in all forms, whether it be interpersonal violence, armed conflicts, or acts of terrorism. It calls for measures to promote peaceful and inclusive societies, strengthen institutions, and ensure the safety and security of people (International Peace Institute, 2020).

Justice is a core element of sustainable development (International Peace Institute, 2020). United Nations University (2018) submitted that SDG goal 16 underscores the importance of promoting the rule of law at the national and international levels, ensuring equal access to justice for all individuals, and building effective and accountable justice systems. Belloni and Tarrow (2017) confirmed that access to justice is essential for safeguarding human rights, resolving disputes, addressing grievances, combat corruption, protect the rights of marginalized groups and promote fair and impartial legal processes. Strong institutions play a critical role in achieving sustainable development and fostering peace and justice. SDG 16 highlights the need to build transparent, accountable, and inclusive institutions at all levels of governance (Mathews, 2019). These institutions should be responsive to the needs of the population, promote citizen participation, and ensure effective delivery of public services. Esquivel and Sweetman (2016) confirmed that strong institutions contribute to promoting good governance, preventing corruption and establishing mechanisms for the peaceful resolution of disputes. Therefore, SDG 16 requires collaborative efforts from governments, civil society organizations, the private sector, professional bodies and international partners to develop and implement policies and strategies that prioritize peacebuilding, conflict prevention and justice reforms. It also calls for capacity building, knowledge sharing, and resource mobilization to strengthen institutions and promote sustainable development (World Bank, 2021).

1.3 Empirical Review

1.3.1 Auditee Importance and Audit Quality

Hossain, Coulton & Wang (2023) examines influence of client's importance at three levels, namely audit partner, office and firm levels, on audit quality, proxied with going concern audit opinion and discretionary accruals, among Australian non-financial firms. The final sample size comprises of 13124 and 20022 data sets respectively for going concern audit opinion and discretionary accruals. Thereafter, panel ordinary least squares regression is adopted as estimation technique on the model specified for the study. While auditee importance at all levels exhibited positive and significant influence on going concern audit opinion, only auditee importance at partners' level

displayed negative and significant effect on discretionary accruals. Further and motivated by Indonesian government elimination of mandatory audit firm rotation, Fadilah & Fitriany (2021) investigated effect of client's importance on quality of external audit before (2012 - 2014) and after (2015 - 2018) the abolition, with times of audit firm rotation serving as moderating variable. Data were collected on 288 non-financial firms that were quoted on the Indonesian Stock Exchange for 7 years, resulting into 2016 firm/data observations. Results from model estimation using panel regression analysis indicated a negative and significant association between client's importance and discretionary accruals, implying a direct association with audit quality. Besides, there were no significance difference between years before abolition and after abolition of mandatory audit firm rotation among public accountants in audit firms. However, the study could not provide empirical evidence as to the moderating role of times of audit firm rotation.

Chen, Li & Chi (2018) also provided empirical evidence regarding the relationship between economic important audit client and audit quality, using audit adjustment, at partner level, in China. The final sample size comprises 8551 firm-year observations, gathered largely from A-Share Taiwan stock market and Taiwan economic journal database. Thereafter, panel multiple regression technique was adopted to estimate model specified for the study. Overall, the study reported a negative significant relationship between client importance and audit adjustment. This implies that the lower the incidence of earnings management, the higher is client's economic importance. Similarly, Omidfar, Golestani, Einafshar & Taheri (2017) evaluate influence of economic client's importance on audit quality, using a sample comprising of 1164 data sets gathered from Tehran Stock Exchange for 7 years, from 2005 to 2012. The results from logistic regression estimation reveal a non-significant relationship between going concern opinion (a measure of audit quality) and auditee importance. Above and beyond, control variables included in the specified model show positive and significant association with leverage and performance of previous year, but negative and significant influence with ownership concentration, auditor size, profitability and liquidity ratios. Earlier, Svanberg & Öhman (2015) also contributed to the nexus between client identification and audit quality within Sweden context. The findings emanating from the study indicated a negative and significant association, implying that external auditors has tendencies to undertake less audit quality acts having placed heavy economic importance and identity on their clients. Besides, it was also documented that these findings are irrespective of auditor-type, that is, big4 or non big4 professional audit firms.

1.3.2 Board Gender and Audit Quality

Kuang (2021) consider impact of board characteristics and audit quality among quoted non-financial firms in China. Audit quality was proxied with audit fees, while board attributes studied include board independence, board gender diversity, board diligence and board size. The final sample size consists of 5033 data sets, covering 2002 to 2006. Thereafter, panel regression was adopted to estimate study model specified. Among other findings, board gender diversity was found to have shown positive and significant influence on audit fees. Further, Saidu & Aifuwa (2020) examine influence of board characteristics, including female representation on corporate boards, and audit quality among 39 manufacturing firms quoted on the Nigeria Exchange Limited (NGX) for 6 years, between 2014 and 2019, culminating into 234 firm-year observations. In addition, the moderating role of female representation on corporate boards was also investigated. The binary logistic regression was adopted to estimate model specified, as well as, test hypotheses stated. The study reported no significant relationship between female representation on corporate boards and audit quality. Besides, there was no evidence on the moderating role of female representation on corporate boards in the relationship between board characteristics and audit quality.

Similarly, Akpotor, Osemwengie & Imuentinyan (2019) also investigate effect of corporate board diversity on audit quality in Nigeria. Among diversities on corporate boards, gender diversity was included in their study. The sample size was 50 quoted non-financial firms, while time dimensions spans across 6 years (2012-2017). Overall, the results among others, documented a positive and statistically significant influence of board gender diversity on audit quality. Similar study by Lai, Srinidhi, Gul, & Tsui (2017) evaluate effect of women representation on corporate boards and audit committees on audit quality in United States. Two proxies, including audit fees and auditor choice, were adopted in measuring audit quality. The period of study covers 11 years, from 2001 to 2011. The results from empirical analysis indicated positive and significant association between women representation on corporate boards and two measures of audit quality. By implication, firms with gender-diverse boards pay higher fees as premium and seek to engage big4 professional audit firms.

1.4 Theoretical Framework: Agency Theory and Audit Functionaries

Agency theory explains the bond which exists between the ‘master’ who is given socially acceptable authority over particular operations and the ‘servant’ that regulates the information

upon which the ‘master’ acts [Cyert & March (1992) cited in Soyemi, Olufemi & Adeyemi (2020)]. Jensen and Meckling (1976) cited in Soyemi (2023) assert that the agent usually perform a particular service on behalf of the principal which necessitates the transfer of particular decision-making duties to the agent. The theory further hypothesized that the principal and the agent are both utility maximizers but with independent goals. The theory opines that with the existence of information asymmetry, that the agent may operate divergently in respect of the principal’s expected inherent interest. The current study, however proposes that the audit function of the external auditor complemented by the auditee’s dexterity in the management of the outcomes will diffuse the suspected information asymmetry obliteration of the stakeholders’ expected interests and/or goals. This is not achieved in the sense of losing their independent status but functioning in their separate best efforts tactically channeled towards attainment of the systemic strategic goal, while intelligently avoiding atrophy. The auditors ‘fair and true’ value view, being the outcome of its retrospective scrutiny of an organization’s activities is not meant to be a mere rhetoric but a technical skillful assignment to ensure its strategic sustainability worthy of stakeholders assured confidence. The paper asserts that both the auditee and external auditor’s goal are not incongruous, if both of them exercise a common view of long-term sustainability, though, enroute through different modalities.

2. Methodology

The total population for this study is composed of 109 listed non-financial firms on the Nigerian Exchange Group (NGX) as at December, 2020. These firms were categorized into 7 sectors, namely basic materials (12), consumer goods (28), consumer services (13), healthcare (11), industrial (25), oil and gas (13) and technology (7). Of the total population, 22 firms were excluded due to missing data, culminating into a final sample size of 50 using a stratified sampling technique. Data were collected largely from annual reports and audited financial statements of these firms, for 7 years, from 2014 – 2020, aggregating into 350 data sets. Further, model for the study was adapted, to include board gender, from the scholarly work of Fadilah & Fitriany (2021). It is specified thus:

$$AQLT_{it} = \beta_0 + \beta_1 ADIM_{it} + \beta_2 GEND_{it} + \beta_3 ATYP_{it} + \beta_4 AFES_{it} + \beta_5 ROTA_{it} + \mu_{it} \text{ — — — — — (1)}$$

Where: AQLT = audit quality

ADIM = auditee importance

BGEN = board gender

ATYP = auditor type

AFES = audit fees

ROTA = return on total assets

Table 1 describes variables as used in this study, alongside their measurement, *a priori* expectations and source(s).

Table 1. Variable Description and Measurement

Variable	Symbols	Description/Measurement	Expected Sign	Source(s)
Dependent Variable				
Audit Quality	AUDQ	Discretionary Accruals	Not Applicable	Soyemi, et. al., (2025); Fatai, et. al., (2025); Abu, et. al., (2023); Fadilah & Fitriany (2021)
Independent Variables				
Auditee Importance	ADIM	Natural logarithm of total assets	-/+	Fadilah & Fitriany (2021); Abu, et. al., (2023); Soyemi, et. al., (2024)
Board gender	BGEN	Total number of female members on the board.		Soyemi, et. al., (2019); Soyemi, et. al., (2021)
Control Variables				
Auditor Type	ATYP	Binary variable: 1 if the firm has a director who is politically connected and 0 if otherwise.		Soyemi, et. al., (2020); Fadilah & Fitriany (2021)
Audit Fees	AFES	Natural logarithm of audit fees	-	Soyemi (2023); Abu, et. al., (2023)
Profitability	ROTA	Ratio of net income to total assets		Soyemi (2020); Fadilah & Fitriany (2021)

Source: Author Compilation (2025)

The data used for this study being panel, hence panel OLS is adopted to estimate model specified for the study. Among the pooled, fixed and random effects regression estimates, L-M test is used

to select the preferred estimates between pooled and random effects, while Hausman test is deployed to select unbiased estimates between fixed and random estimates.

3. Empirical Analyses and Results

This section presents results from analyses of data and estimation of model.

4.1 Descriptive Statistics

Table 2 presents descriptive statistics of variables used in this study.

Table 2. Descriptive Statistics

Variable	Mean	Std. Dev.	Min.	Max.
AUDQ (DA)	(-0.00)	0.148	-1.011	0.972
ADIM	111,000,000	260,000	564583	2,020,000,000
BGEN	1.68	1.190	0	6
AFES	42,237.34	85231.6	900	695,000
ROTA	0.033	0.109	0.054	0.540
Binary Variable				
ATYP	Frequency	Percent	Cumulative Percent	
0	146	41.71	41.71	
1	204	58.29	58.29	

Source: Authors' Computation (2025)

The mean value of audit quality, proxied with discretionary accruals was -0.00 with a standard deviation of 0.148 ranging from -1.011 (minimum) to 0.972 (maximum). The variables of interest, that is, auditee importance and board gender diversity have average values of 111000000 and 2 , standard deviation of 260000 and 1.19 respectively. The control variables, that is, audit fees and return on total assets have mean values of 42237.34 and 0.033 with standard deviation of 85231.6 and 0.109 respectively. The big4 auditor type has been engaged 204 times while non-big4 auditors were engaged 146 times.

4.2 Correlation

Further, Pearson correlation coefficients between dependent variable and independent variables, on one hand, and among independent variables, were computed and presented in table 3. In addition, both VIF and $1/VIF$ were also shown in table 3.

Table 3. Correlation Matrix

	AUDQ	ADIM	BGEN	ATYP	AFES	ROTA
AUDQ	1.000					
ADIM	-0.145	1.000				
BGEN	0.004	0.149	1.000			
ATYP	0.062	0.420	0.240	1.000		

AFES	-0.043	0.089	0.136	0.536	1.000	
ROTA	0.047	0.154	-0.043	0.184	0.158	1.000
VIF		5.35	1.08	1.54	6.15	1.05
1/VIF		0.187	0.924	0.648	0.163	0.950

Source: Authors' Computation (2025)

Aside from auditee importance and audit fees that are positively correlated to audit quality, others, including board gender diversity, auditor type, return on total assets exhibited negative relationship with audit quality. None of the correlation values shown as relationships subsisting among explanatory variables is high enough, thereby posing multicollinearity problems to estimation of model specified for the study.

4.3 Model Estimation

The regression estimates arising from model estimation is as shown in table 4. It includes estimates for pooled, fixed and random effects.

Table 4. Regression Estimates

AUDQ (DA)	Pooled		Random effects		Fixed effects	
	Coeff.	t-val.	Coeff.	t-val.	Coeff.	t-val.
ADIM	0.029	1.35	0.029	1.35	-0.023	-0.28**
BGEN	0.008	1.28	0.008	1.28	0.016	1.49*
ATYP	0.004	0.19	0.004	0.19	0.061	1.50*
AFES	-0.062	-1.83*	-0.062	-1.83***	-0.180	-2.00**
ROA	0.448	6.34***	0.448	6.34**	0.559	5.62***
Const.	0.021	0.29	0.021	0.29	0.850	1.44
Adj. R ²	0.103		0.262		0.117	
F/Wals (p-value)	9.01 (0.000)		45.03 (0.000)		7.81 (0.000)	
L-M test	0.00 (1.000)					
Hausman test			8.07 (0.002)			

***1%, **5%, *10%

Source: Stata Output (2025)

First, it is noteworthy to state that homoscedasticity condition was sustained as evidenced in the result ($\chi^2(19) = 25.04$; $p < 0.05$) of White test of heteroscedasticity. Judging from the L-M and Hausman tests, the fixed effects appear to be an unbiased estimates upon which this study was hinged. All explanatory variables (independent and control) are effective factors that are capable of influencing audit quality. On independent variables, while auditee importance (measured as size

of auditee's total assets) exhibits negative and statistically significant influence, women representation on the board display positive and statistically significant effect on audit quality. Impliedly, the higher the size of auditee, the lower is the incidence of discretionary accruals, leading to higher audit quality. On the contrary, the higher the number of women on corporate boards of quoted non-financial firms in Nigeria, the higher is the management's tendencies in manipulating earnings, leading to low audit quality.

Regarding control variables, auditor type and profitability appear positive and significantly related to audit quality, while audit fees display negative and statistically significant to audit quality. Consequently, engagement of big4 auditor type does increases the incidence of discretionary accruals, as they may not detect them, unlike non-big4, leading to low audit quality. This is similar to findings regarding auditee's profitability level. The more profitable an auditee is, the greater the occurrence of discretionary accruals, hence audit quality is deemed low. On the other hand, audit efforts, evidenced in the amount charged by external auditors has tendencies in preventing management from undertaking earnings manipulation, especially through discretionary accruals. This possibility is confirmed as audit fees maintained an inverse and significant relationship with audit quality.

4.4 Robustness and Sensitivity Analyses

This study adopts real earnings manipulations as alternative measure of earnings quality, in order to test robustness of regression estimates with respect to discretionary accruals. The results were presented in table 5.

Table 5. Regression Estimates

AUDQ (REM)	Pooled		Random effects		Fixed effects	
	Coeff.	t-val.	Coeff.	t-val.	Coeff.	t-val.
ADIM	-0.123	-4.44**	-0.111	-2.73**	-0.084	-1.00
BGEN	0.003	0.34	-0.010	-0.99	-0.021	-1.85*
ATYP	0.023	0.95	-0.038	-1.21	-0.119	-2.90**
AFES	0.134	3.04**	0.152	2.46**	0.151	1.66*
ROA	0.097	1.07	-0.020	-0.22	-0.110	-1.09
Const.	0.312	3.35	0.208	1.31	0.081	0.14

Adj. R ²	0.054	0.046	0.047
F/Wals (p-value)	4.97 (0.000)	9.99 (0.076)	2.93 (0.013)
L-M test	111.75 (0.000)		
Hausman test		15.45 (0.009)	

***1%, **5%, *10%

Source: Stata Output (2025)

Similar to the analysis under discretionary accruals, the fixed effects regression estimates was adjudged unbiased, as evidenced in the results of Hausman test ($\chi^2 = 15.45$; $p < 0.05$) being significant. With explanatory variables accounting for as low as 5% of variances in audit quality, board gender diversity and auditor type displayed negative and significant relationship, while audit fees exhibited positive and significant association with audit quality. Auditee importance, though negative, but do not reveal any significant relationship with audit quality.

4.5 Discussion of Findings

Regarding this study, auditee importance and board gender diversity are primary variables of interest, to which their influence on audit quality have been examined. Adopting discretionary accruals as measure of audit quality, auditee importance exhibited negative and statistically significant effect. This finding is consistent with previous empirical studies of Hossain, Coulton & Wang (2023), Fadilah & Fitriany (2021) and Chen, Li & Chi (2018) but contrary to studies of Omidfar, Golestani, Einafshar & Taheri (2017) and Svanberg & Öhman (2015). With respect to board gender diversity, a positive and significant association has been found to have existed between it and audit quality. The studies by Kuang (2021), Akpotor, *et. al.* (2019) and Lai, *et. al.* (2017) documented similar finding, while a few, including Saidu & Aifuwa (2020) also reported contrary results. However, these findings were direct opposite when real earnings manipulations replaced discretionary accruals, as a measure of audit quality. Only board gender diversity exhibited negative and significant association with audit quality.

4. Conclusion

This paper examined auditee importance and board gender as effective factors capable of influencing audit quality, thereby ensure enduring institutions, guaranteeing income cum welfare of shareholders, culminating into promoting sustainable world peace and justice. This is the fulcrum upon which SDG 16.5 on reducing corruption and all forms of bribery was hinged upon. While auditee importance exhibited negative and significant association, board gender diversity

shows positive and significant association with audit quality. On real earnings management, though negative, but not significant with audit quality, while board gender diversity exhibited negative and significant association. These findings provides empirical evidence to support the argument that the more importance attached to auditee by auditor, the lower the audit quality. In addition, presence of women on corporate boards reinforces incidence of discretionary accruals, thereby reducing audit quality and vice versa, for real earnings manipulations.

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