
Audit Committee Attributes and Financial Performance of Listed Consumer Goods Companies in Nigeria Exchange Group

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Abstract

Audit committee is one of the corporate governance engines that play a vital role in safeguarding the affairs of organizations. However, Audit committee has received some criticism from the failures in corporate governance around the world in the early 1990s and early 2000s resulted in the collapse of high-profile companies. This study examines the impact of audit committee attributes on financial performance of listed consumer goods companies in the NGX. Explanatory research design was used and the population of the study comprised of all the consumer goods companies listed on the Nigerian Exchange Group for the period of 2013-2022. Data for the study was obtained from the annual reports' and accounts of all listed consumer goods companies for the period under review. Multiple regression analysis technique was used in analyzing the data. The findings reveals that Audit committee gender diversity (ACGND) and Audit committee meetings attendance (ACMAT) has a significant negative impact on financial performance as measured by both return on assets (ROA) and Tobin's Q (TQ) of listed consumer goods companies in Nigeria, while Audit committee financial expertise (ACFEX) and Audit committee share ownership has a significant positive impact on the financial performance (ROA and TBQ) of listed consumer goods companies in Nigeria. The study recommends that the management of listed consumer goods companies in Nigeria should keep an optimal number of women in their audit committee as their presence has a significant negative impact on their financial performances as reveals by the regression results in this study. Secondly, the fact that audit committee financial expertise has a significant positive impact on the financial performance (ROA and TBQ) of the sampled firms in this study, the management of consumer goods companies in Nigeria should continue to maintain number of audit committee members that acquired financial expertise this will go a long way in improving their financial performances.

Keywords: AC Financial Expertise, AC Gender Diversity, AC Meetings Attendance, AC Share Ownership, Return on Assets and Tobin's Q

1. Introduction

Financial performance affects an organization's health and, eventually, its existence. The firm's high financial performance demonstrates the effective and efficient administration of its resources, thereby making a significant contribution to the overall economy of the country. The success of a company holds significant importance for management and other stakeholders, including shareholders, debt holders, and the government. Firm performance refers to the quantification of the results of a company's strategies and operations in terms

of monetary value. These outcomes are reflected in the company's financial metrics, such as return on investment, return on assets, net profit after tax, and other relevant indicators.

The audit committee is a crucial component of corporate governance that plays a pivotal role in protecting the interests of organizations. The Audit Committee (AC) is an essential element of financial performance improvement reforms. It achieves this by promoting transparent and honest communication and establishing a constructive working relationship with a company's board of directors, internal auditors, and external auditors (Shamsuddeen, 2021). The audit committee has faced criticism due to failures in corporate governance that occurred in the early 1990s and early 2000s. These failures led to the collapse of prominent companies worldwide, including the Cadbury report in the United Kingdom, the Satyam Scandal in India, Enron in the United States, the Houston Texas Energy giant, Worldcom in the United States, the telecom behemoth, Parmalat in Italy, the Maxwell saga in the United Kingdom, Daewoo in Korea, Leisurennet, Regal Bank in South Africa, and more recently, the Wirecard banking (money transfer) case in Germany in June 2020, as well as the cases of Silicon Valley, Signature, and First Republic Banks in the United States in March and May 2023. It is worth emphasizing that Nigeria is not immune to this worldwide calamity, as countless financial scandals involving corporate governance failure are steadily being recorded and publicized, nearly on a regular basis. Cases include Unilever Plc, Cadbury Nigeria Plc, a Nigerian bank credit scam, and African Petroleum Plc (Forte Oil plc). These scandals had emerged to a major destructive effect on stakeholders in terms of losses in their investments which have a serious influence on the financial performance which lead to the collapse of many companies concerned. The controversies have aroused worry among researchers, governments, regulators and investors which could be connected directly to weak corporate governance (CG) (Kurawa & Shuaibu, 2022).

Furthermore, previous studies on the relationship between audit committee attributes and financial performance, such as Alqatamin (2018), Dakhlalh, Rashid, Abdullah, and Al Shehab (2020), Nse Umoh, Beauty, and Best-Okwu (2021), Johnson, Olabode, and Lamidi (2021), Kurawa and Shuaibu (2022), and Amanuddin and Alshahri (2022), have primarily focused on audit committee attributes such as audit committee independence, size, meetings, and financial expertise. However, they have overlooked other crucial aspects of audit committee attributes, including audit committee gender diversity, share ownership, meeting attendance, legal expertise, and related party transactions. These factors can also significantly impact the financial performance of organizations. Despite the relevance of these concerns, there has been little empirical research on the relative influence of audit committee financial expertise, gender diversity, meeting attendance, related party transactions, and stock ownership on financial performance.

In addition, the importance of time seems to be overlooked in existing literature as most of the studies on audit committee attributes and financial performance are mainly cross-sectional in nature, investigating only the relationship over two years, as in the study of Ashari and Krismiaji (2019). Except for some research that concentrated on a five-year period, these include Ehab et al. (2021), Omotoye et al. (2021), Andreas and Michail (2019), and Yazan (2019). Therefore, a longitudinal study that can trace the impact of audit committee attributes on financial performance over multiple years may aid in offering insight.

Similarly, consumer goods companies play a significant role in the growth of every economy. They deliver crucial items for individuals and the manufacturing industry while also producing income for shareholders and other stakeholders. This sector or firms are critical to the economies of nations and individuals because they help to stimulate the manufacturing sector, reduce unemployment, create wealth and exports, and provide consumer happiness, all of which contribute to the economy's Gross Domestic Product (GDP) (Dioha, Mohammed, & Okpanachi 2018). Corporate governance systems are particularly crucial in this sector of the economy to guarantee that these firms are efficiently formed in order to maximize revenue by serving client demand without infringing the law. The board of directors, external owners, and what that comprises about them (characteristics) imply a lot in organizational administration. As a result, these attributes should be examined to identify which are more vital and significant in terms of contributing value to the firm's financial success.

It is against this background that the study intends to assess the relationship between audit committee attributes (audit committee financial expertise, gender diversity, meeting attendance, and stock ownership of the committee members) and the financial performance measured using both accounting-based measures and market-based measures (return on assets and Tobin's Q) of listed consumer goods companies on the Nigerian exchange group (NGX) for a period of ten years (2013–2022). Therefore, the main purpose of this study is to analyze the impact of audit committee attributes on the financial performance of listed consumer goods companies in Nigeria. However, the objectives and hypothesis of the study are formulated as follows:

To determine the impact of gender diversity of audit committee members (ACGND) on the financial performance of listed consumer goods companies on the Nigerian exchange group; H01: Gender diversity of audit committee members (ACGND) has no significant impact on the financial performance of listed consumer goods companies on the Nigerian exchange group.

To determine the impact of the financial expertise of audit committee members (ACFEX) on the financial performance of listed consumer goods companies on the Nigerian exchange group; H02: The financial expertise of audit committee members (ACFEX) has no significant impact on the financial performance of listed consumer goods companies on the Nigerian exchange group.

To determine the impact of meeting attendance by audit committee members (ACMAT) on the financial performance of listed consumer goods companies on the Nigerian exchange group; and H03 meeting attendance by audit committee members (ACMAT) has no significant impact on the financial performance of listed consumer goods companies on the Nigerian exchange group. iv. To examine the influence of share ownership by audit committee members (ACSTO) on the financial performance of listed consumer goods companies on the Nigerian exchange group. H04 Share ownership of Audit Committee Members (ACSTO) has no impact on the financial performance of listed consumer goods businesses on the Nigerian exchange group.

2. Literature Review

2.1 Concept of Audit Committee

An audit committee is a committee of an organization's board of directors which is responsible for the oversight of the financial reporting process, selection of the independent auditor, and the reception of audit results, both internal and external. Deloitte

(2013) describes the audit committee as one of the primary pillars of the corporate governance framework in public firms, responsible for the principal oversight of financial reporting and transparency. The audit committee attempts to strengthen confidence in the integrity of the company's financial reports and announcements, the internal control processes and procedures, and the risk management systems. Fekadu (2015) describes the audit committee as a body created to help ensure that accounting policies are solid and financial statements are appropriately prepared and audited. Kamolsakulchai (2015) defines the audit committee as a subcommittee of the board of directors, which is charged with the roles of operating financial reporting, internal control, auditing, and supervising other proceedings, as well as expediting communication between the Board of Directors and the external auditors.

2.2 The Concept of Financial Performance

Emeka et al. (2021) describe financial performance, rather than the accounting benefit distributed to shareholders, as the overall wealth produced by the company before allocation to its various stakeholders. Financial performance can be measured in different ways. This can be grouped into accounting-based measures and market-based measures. Ibida and Emeka-Nwokeji (2019) noted that firm performance can be viewed in seven ways: growth, profitability, market value, customer satisfaction, employee satisfaction, social performance, and environmental performance. The performance of companies is viewed differently by various parties. Some view corporate performance as a way of proactively using the available resources to attain the set aims and goals of a company (Marn & Romauld, 2012; Omotoye, Adeyemo, Tumininu, Okeme, Leigh, 2021); others view performance in the context of maximizing shareholder wealth (Berger & Patti, 2002; Omotoye et al., 2021). Consequently, the performance of a firm can be analyzed when, at the close of a financial year, the shareholder achieves satisfaction compared with the start of a financial year. Similarly, Kurawa and Shuaibu (2022) and Wakaba (2014) opines that the concept of corporate financial performance entails measuring the results of a corporation's policies and operations in monetary terms. Therefore, this paper focused on both accounting and market based measures of financial performance using ROA and Tobin's Q to capture the impact of AC on both operating performance (ROA) and future performance (TQ) of listed consumer goods companies on the Nigerian exchange group.

2.3 Empirical Review

Many Studies have been carried out over the years on audit committee attributes and financial performance for instance; Ismaila, Ibrahim, Onipe (2023) investigates the association between audit committee attributes (size, independence, meeting, and financial expertise) on financial performance (return on investment and return on equity) of listed companies on the Nigerian Exchange Group for the years 2012 to 2021. The study was founded on the agency theory and the data were extracted from the annual reports of 116 listed firms. The data were analyzed using panel data techniques. Furthermore, the study used firm size and financial leverage as control variables. Based on the results, it shows that audit committee has a significant effect on financial performance of the firms.

Ayman (2022) investigates the impact of the audit committee attributes in determining the financial performance of Saudi non-financial firms. The research sampled the data of 100 companies spanning from 2010 to 2019 obtained from the firms' financial statements. The independent variables in the study is audit committee attributes proxy by audit committee independence, audit committee meetings, audit committee size, audit

committee financial expertise , whereas the dependent variable is financial performance proxy by return on assets and return on equity. The data generated were analyzed using different panel data techniques. The study reveals that audit committee size and meetings negatively influence firms' performance. However, audit committee independence and financial expertise indicate a strong and positive relationship with financial performance.

Kurawa and Shuaibu, (2022), examines the impact of audit committee characteristics (AC) on financial performance of listed non-financial companies in Nigeria from 2013-2020. A sample of seventy six (76) companies listed as non-financial were drawn from the population of one hundred and thirteen (113) companies. Audited annual reports and accounts were used for data extraction. The analysis was done using descriptive statistics and multiple regressions. Explanatory research designed was adopted for the study. Variables used include AC proxy by ACIND, ACS and ACM as the proxies for independent variable and financial performances' accounting and market based measures proxy by EPS and Tobin's Q was used as the dependent variable, furthermore, control variables for the study were leverage, board size and firm size. Robustness tests such as multicollinearity test, heteroscedasticity test, normality test and hausman specification test were conducted to validate the results. The study reveals that there is negative significant relationship ACIND and EPS, TQ and ACS has a significant relationship with EPS positively while a negative with TQ and lastly, ACM reported a positive significant relationship with EPS and a positive but not significant with TQ of listed Non-financial companies in Nigeria during the study period.

Ehab et al. (2021), investigate the association between bank performance and audit committee characteristics for 68 banks in Gulf Cooperation Council (GCC) over the period from 2013 to 2017. Regression of ordinary least squares quantile (OLS) and regression of quantile data are used to test the relationship between bank performance as a dependent variable proxy by return on equity and independent variables proxy by Ac meeting, Ac size, Ac gender, Ac financial expertise and Ac independence. The results revealed that committee size has a significant impact on banks' performance but the presence of women members, independent members, committee meetings, and the existence of qualified members (Financial Expertise) do not.

Emeka-Nwokeji and Osewwe-Okoroyibo (2021), Examines the effect of different audit committee attributes on performance of firms listed food and beverage industries in Nigeria Stock Exchange. Audit committee independence, audit committee financial expertise and audit committee meetings are used as proxy for measuring audit committee attributes while Earning per Share (EPS) was used as the proxy for financial performance. Ex-post facto research design was adopted and secondary data were collected from annual reports of selected firms spanning eight years from 2011 to 2018. The population of this study constitutes of all firms listed under the food and beverages sector in Nigeria stock exchange which are twenty one (21) firms. The study purposively selected fourteen (14) firms. Data were analyzed using descriptive and inferential statistics. Descriptive statistics and inferential statistics were conducted. Analyses reveals that: audit committee independence and audit committee expertise reveals insignificant effect on firm performance measured with EPS, while audit committee meeting exhibit significant effect on EPS of listed food and beverages firms in Nigerian Stock Exchange (NSE).

Also, Henry and Ofurum (2021), examines the impact of audit committee features on the financial performance of listed Deposit Money Banks (DMBs) in Nigeria between 2009 and 2018. Thirteen (13) banks were used over 10 years making a total of 130 firm year observation. The independent variable was audit committee size, financial expertise and meeting frequency while the dependent variable was DMB financial performance measured by return on capital employed (ROCE). The study used an ex-post factor

research approach to address the research questions and the nature of the study data. The study used the panel fixed effect approach (and the estimates were obtained using E-views 9). The results show that audit committee size does not significantly predict ROCE nor does audit committee financial skill and frequency of audit committee meetings. None of the independent variables have significant predictive power on the performance of Deposit Money Banks in Nigeria.

Omotoye et al (2021) determines the influence of audit committee size, gender diversity, expertise, board size and board shareholding on market performance (measured by Tobin Q). Panel data was gathered from twelve (12) banks listed on the Nigerian Stock Exchange from 2013 to 2017. The study used multiple regression analysis for data analysis. The results concluded that there was a positively significant impact of audit committee gender diversity and audit committee expertise on Tobin Q. The results imply that weakness in governance structures might lead to lower market performance. Oscar et al (2020) considers the effect of female representation and the proportion of female representation on corporate boards and audit committees on financial performance which was measured by return on assets and tobin's Q in African (specifically Nigerian) context where institutions are weak. Employing a panel of 77 firms, the results showed that female board representation exerts a positive and significant influence on firms financial performance. The study also found that the performance effect of gender diversity is stronger for firms with two or more female directors, suggesting that building a critical mass of female representation enhances firms financial performance. Further analysis indicated that the inclusion of females on the audit committee appears to have a positive impact on firms financial performance. The results are robust after controlling for endogeneity and the use of alternative measures of board gender diversity.

Consequently, Kasthry and Anandasayanan (2020), aimed to evaluate how the audit committee attributes affects the entities' financial performance using a sample of companies from the material industry, out of 20 GICS industries listed in CSE. Earnings Per Share was used as a dependent variable and the audit committee size, audit committee independence, audit committee financial expertise, audit committee meetings were considered as independent variables, furthermore firm size as control variables were utilized for the study. Only 14 companies were chosen out of the 23 companies in the material sector using the random sampling method for the period from 2012 to 2019. The statistical techniques of Descriptive Statistics and Regression Analysis were utilized for analyzing the data. The findings revealed that the audit committee meetings and audit committee financial expertise have a significantly positive impact on earnings per share, whereas all the audit committee attributes excluding audit committee independence showed a positive influence over earnings per share. In addition, Mustafa et al, (2020) provide empirical evidence of the effect of the audit committee attribute (AC) that is; size, independence, financial expertise, and stock owned by audit committee members on firm performance measured by Tobin's Q among Jordanian companies. The study was underpin by agency theory and resource dependence theory to achieve its aim, whereas, the sample was 180 firms from the financial, industrial and service companies listed on ASE during the period from 2009 to 2017. The study used the panel data method and the results reveals that, the size of the audit committee, the independence of the audit committee, and the financial expertise of the audit committee have a positive and significant relationship with firm performance. While the relationship between stocks owned by the audit committee and firm performance is significantly negative.

Moreover, Ashari and Krismiaji, (2019), investigates the effect of audit committee characteristics, which includes independence (ACIN), size (ACSIZE), competence (ACCO), and frequency of meetings (ACMT) on the financial performance (PERF) of

manufacturing firms listed on the Indonesian Stock Exchange for the year of 2016 and 2017. PERF is measured and proxy with the return on assets (ROA). The study used a sample of 466 observations of publicly listed companies on the Indonesian Stock Exchange for the fiscal year that ends on December 31, 2016 through 2017. The study finds that all of the characteristics of audit committee positively affect the company's performance. The study by Andreas and Michail (2019), who examines the impact of Audit Committee attributes (Staffing, Independence, Background and Skills (Financial Expertise), Size and Operation based on the number of committee meetings) on the performance measured by return on asset of listed companies from Greece and Italy. The study used research data derived from the stock market, while the analysis was based on a static panel model. The statistical analysis has shown that the Audit Committee Independence and the Number of Audit Committee meetings have a negative impact on the corporate performance. Regarding the Audit Committee Background and Skills (Financial Expertise), there are no results indicating the existence of a statistically significant relationship with performance.

Additionally, Yazan, (2019) investigates the relationship between audit committee characteristics (size, independence, meeting and financial expertise) and the profitability measured by return on investment (ROI) and return on equity (ROE) of industrial companies listed on the Amman Stock Exchange (ASE) for the years 2013 to 2017. The model of this study is theoretically founded on both the agency theory and the resource dependence theory. To examine the developed model, the data were gathered from the annual reports of 51 listed industrial firms. The study utilized the panel data methodology on 51 companies with 255 observations. Moreover, the study used company size and leverage as control variables. Based on the panel data results, the results showed that the audit committee characteristics have a significant effect on profitability of the industrial companies listed on the ASE. Alqatamin (2018) investigates the effect of audit committee characteristics (AC gender, AC experience, AC frequency of meetings) on the company's performance (ROA). The sample consists of 165 non-financial companies listed on the Amman Stock Exchange (ASE) over the period 2014-2016. The results of the study shows that the audit committee gender diversity have a significant positive relationship with firm's performance, whereas experience and frequency of meetings has an insignificant association.

Zubair (2015) assesses the effect of audit committee characteristics on the financial performance of deposit money banks in Nigeria. Robust Ordinary Least Squares (OLS) multiple regression technique of data analysis was used in the sample of 7 banks for a period of 10 years (2004-2013), using secondary data. The study after controlling for firm size found a significant positive relationship between financial performance (ROA) and the characteristics of the audit committee. That is, the attributes of the audit committee of the deposit money banks (especially, independence and financial expertise) have significantly improved the financial performance of the banks during the period of the study. Furthermore, Aanu et al (2014) explores the influence of audit committee effectiveness on firm's performance using four characteristics: independence, financial expertise, size, and meetings of the audit committee. The performance measures were Return on Equity (ROE), Return on Asset (ROA) and Return on Capital Employed (ROCE). Twenty-five (25) manufacturing firms were selected and from which data were collected for the period (2004-2011). Empirical analysis was carried out using regression and correlation. The result of the analysis showed a positive significant relationship between independence and financial expertise of the audit committee and ROA, ROE and ROCE. However, the size and meetings of audit committee showed no significant relationship with all performance variables.

Wakaba (2014), in a study that aimed to establish the effect of audit committee characteristics on firm performance among listed firms in Nairobi securities exchange, Kenya. The study adopted an explanatory design for the period ranging from 2006 to 2011. The study thus utilized data from 46 companies as the other 14 companies had either been recently listed or had inconsistently traded in the NSE. The independent variable for study audit committee characteristics (i.e audit committee gender diversity, size, independence and experience) and the dependent variable financial performance proxy by return on assets. Descriptive statistics such as means, standard deviation, frequencies and percentage were used to analyze the data. In addition, Multiple Regressions was used because of its ability to use multiple independent variables to estimate their effect on a single dependent variable. The study used the agency theory and institutional theory as underpinning theories. Findings showed that audit committee experience, committee gender diversity, audit committee size and number of independent auditors have a significant effect on firm performance. Bolton (2012) documented a positive relationship between audit committee stock ownership and firm performance in large U.S. firms from 1998-2008. The study also found a positive relationship between changes in ownership and performance. These results persist throughout the sample period, do not weaken after Sarbanes-Oxley and are robust to controlling for endogeneity between ownership and performance. After testing showed that there is no relationship between audit committee independence and firm performance, these findings suggest that audit committee stock ownership is an important corporate governance mechanism and potentially a more relevant variable than audit committee independence from a policy perspective.

From the foregoing literatures reviewed, it can be deduced that most of the previous studies on Audit committee attributes and financial performance proxy Audit committee attributes by Audit committee independence, size, meetings and financial expertise of the audit committee neglecting other important aspects of audit committee attributes such as Audit committee gender diversity, stock ownership, meetings attendance, legal expertise and related party transactions e.t.c which can play a significant role in determining the financial performance of organizations. Despite the relevance of these concerns, there has been little empirical research on the relative influence of audit committee financial expertise, gender diversity, meetings attendance, related party transactions, and stock ownership on financial performance. Similarly, financial performance can be measured in different ways. This can be categorized into accounting-based measures (that is, ROA, ROE ROCE e.t.c) and market-based measures (Tobin's Q, EPS, DPS etc). Almost all the studies centered on the use of accounting based measures, except for few studies that uses market based measures. To measure financial performance, the study used both accounting and market-based measures of performance, namely, return on asset (ROA) and Tobin's Q. ROA captures the efficient use of a firm's asset. However, as an accounting measure, ROA can be affected by accounting conventions and manipulated by management. Tobin's Q, on the other hand, captures the market expectations of the future profitability of the firm and is not easily manipulated.

2.4 Theoretical Review

This study has reviewed the impact of audit committee attributes on financial Performance from different perspectives. The Agency Theory, Stakeholder Theory, Stewardship Theory and Resource Dependence Theory are theories that have been identified by this study in order to get insight and better understanding on audit committee attributes and financial performance. However, most corporate governance studies exploited the agency and resource dependency frameworks as the theoretical base to view the nexus between audit committee attributes and firm performance. In

particular, the agency theory focused on the board of directors’ monitoring capacity to reduce the possible conflicts of interests between shareholders and managers (Jensen & Meckling, 1976). According to this perspective, managers who are the custodians of firm resources are incentivized to pursue their personal goals at the expense of maximizing the shareholders’ wealth. In this way, corporate boards are set up to monitor managers’ self-interest behavior (Fama & Jensen, 1983). Within the agency theory framework, several studies pointed out the audit committee’s role in protecting shareholders’ goals. The audit committee is primarily constituted to strengthen firms’ financial reporting system, thereby monitoring the actions of top managers (Ayman, 2022). Also, it is established that an audit committee with a substantial number of independent directors and a higher proportion of financial experts enhances financial performance (Ayman, 2022, Buallay & Al-Ajmi, 2019). In sum, the agency theory served as a framework to unveil the board of directors’ role in minimizing agency conflicts between managers and shareholders. Therefore, based on the above this current study is anchored on agency theory.

3. Methodology

The study uses historical data covering a period of ten (10) years (2013 to 2022). In addition, explanatory research design is considered to explain the relationship between the dependent and independent variables of the study. However, the panel data analysis is employed on annual reports and accounts of the Nigerian consumer goods companies as area of study. The population of the study consist of twenty (21) companies, A sample of (10) companies were selected using census techniques after applying two filters, the first criterion is that a company must be listed on the Nigerian Exchange Group (NGX) as at 31st December 2011 since it was the year when the Code of Corporate Governance issued by the Securities and Exchange Commission (SEC) was revised. In consideration to this, only one company is excluded (BUA Foods Plc) that was listed on the NGX on January 5th 2022. Second, the accounting year-end of a company must be 31st December. The use of 31st December for selecting a company to be part of the sample in this study was based on the claim made by Kakanda *et al.* (2016) and San and Heng (2011) that different accounting policies and period for an annual account will influence the accuracy of results. Therefore, for better and accuracy of results, the same accounting year-end was used to select the samples. Descriptive statistics, Pearson Moment Correlation and Multivariate Regression were used as a tool of analysis.

Variables of the Study and their Measurement

The means by which the various variables adopted in this study are measured or computed are shown in Table 3.1

Table 3.1 Variables of the Study and Their Measurement

Variables	Measurement	Source
Dependent variables		
Return on Assets	Profit After Tax/Total Assets	Zubair (2015) and Best-Okwu et al (2021).
Tobin’s Q	Aggregate market value of firm / aggregate asset value of firm	Aftab <i>et al.</i> (2019), Joshi <i>et al.</i> (2010), Noradiva <i>et al.</i> (2016) and Zahid (2021)
Independent variables		
AC Gender Diversity	Ratio of female in AC over the total AC members.	Manon et al (2019)
AC Financial Expertise	Number of AC members with accounting knowledge over total AC members.	Emeke & Osewwe (2021) and Yazan (2019)

AC Meetings Attendance	The number of audit committee members who were present at the meeting over total members,	Ahmed & Ahmed, (2022)
AC Stockownership	Number of shares owned by AC members to total shares	Mustapha et al (2020)
Control variables		
Firm Size	Log of total assets	Johnson et al (2021)
Firm growth	Current sales or Revenue –previous sales or revenue /previous sales or revenue	Bala et al (2018)
Leverage	Ratio of total debt to total shareholders' equity	Ahmed & Ahmed (2022)

Source: Author’s compilation, 2023

Model specification

To assess the effect of audit committee attributes on the financial performance of listed consumer goods companies in Nigeria, the following models were developed to test the hypotheses of this study. The regression models are specified thus:

$$ROA_{it} = \beta_0 + \beta_1 ACGND_{it} + \beta_2 ACFEX_{it} + \beta_3 ACMAT_{it} + \beta_4 ACSTO_{it} + \beta_5 FSIZE_{it} + \beta_6 FGWTH_{it} + \beta_7 FLEV_{it} + \epsilon_{it} \dots \dots \dots I$$

$$TQ_{it} = \beta_0 + \beta_1 ACGND_{it} + \beta_2 ACFEX_{it} + \beta_3 ACMAT_{it} + \beta_4 ACSTO_{it} + \beta_5 FSIZE_{it} + \beta_6 FGWTH_{it} + \beta_7 FLEV_{it} + \epsilon_{it} \dots \dots \dots II$$

Where:

- ROA= Return on Assets,
- TQ= Tobin’s Q,
- ACGND = Audit Committee Gender Diversity,
- ACFEX = Audit Committee Financial Expertise,
- ACMAT= Audit Committee Meetings Attendance,
- ACSTO= Audit Committee Share Ownership,
- FSIZE= Firm size,
- FGWTH= Firm Growth,
- FLEV= Leverage,
- β₀ = Intercept,
- β₁ – β₄ =Coefficients,
- = error term

4. Results and Discussions

This section presents the results of the analysis of the collected data from the annual report and accounts of the sampled non-financial listed companies in Nigeria. The descriptive statistics, correlation and regression analysis are presented below.

Descriptive Statistics Result

Table 4.1 Descriptive statistics

Variables	Obs.	Mean	Std. Dev.	Min.	Max.	Skewness	Kurtosis
ROA	100	0.232	0.057	0.092	0.360	-0.393	2.762
TQ	100	0.391	0.111	0.117	0.627	-0.358	2.734
ACGND	100	0.306	0.031	0.239	0.368	-0.260	2.286
ACFEX	100	0.765	0.081	0.556	0.934	-0.498	3.364
ACMAT	100	4.200	1.054	1.000	9.000	1.414	6.668
ACSTO	100	0.148	0.174	0.000	0.660	1.270	3.686
FSIZE	100	22.599	2.895	17.131	26.579	-0.473	1.955
FGWTH	100	0.098	0.029	0.034	0.173	0.357	2.912
FLEV	100	0.566	0.098	0.325	0.756	-0.231	2.399

Note: ROA=return on asset, TQ= TobinsQ, ACGND= audit committee gender diversity, ACFEX = audit committee financial expertise, ACMAT = audit committee meeting attendance, ACSTO = audit committee stock ownership, FSIZE = firm size, FGWTH = firm growth, FLEV = firm leverage.

Based on the descriptive statistics analysis as presented in Table 4.1, it can be seen that the mean value for return on asset (ROA) is 0.232 (23.2%), a minimum value of 0.092 (9.2%) and a maximum value of 0.36 (36%), while the standard deviation stood at 0.057 (lower than the mean of 0.232), indicating a narrow variation between the listed consumer companies in Nigeria in terms of return on assets. In consideration to Tobin's Q (TQ), the average value is 0.391(39.10%) within the listed consumer goods companies in Nigeria during the period under study. The TQ has a minimum value of 0.117 (11.7%), a maximum value of 0.627 (62.7%) and a standard deviation of 0.111 (lower than the mean value of 0.117) indicating that there is narrow variation between the sampled firms in this study with regards to TQ.

Moreover, the mean value for audit committee gender diversity (ACGND) is 0.306, portraying that 30.6% of the audit committee members of the board of listed consumer goods companies in Nigeria are female. In addition, ACGND has a minimum value of 0.239 (23.9%), and a maximum score of 0.368 (36.8%), while the standard deviation is 0.305 which implies that there is no wide dispersion of the data from the mean because the standard deviation is less than the mean value. Considering audit committee financial expertise, (ACFEX), the mean value is 0.765, minimum value is 0.556, maximum value is 0.934, and the standard deviation stood at 0.081. The mean figure 0.765 implies that on the average, 76.5% of the audit committee members of listed consumer goods companies in Nigeria have financial expertise. Moreover, the standard deviation of 0.081 which is less than the mean value of 0.765 indicates that the data deviate from the mean value from both sides by 8.1% which implies that there is no wide dispersion of the data from the mean because the standard deviation is less than the mean value with regards to ACFEX. Regarding audit committee meetings attendance (ACMAT), the descriptive results from Table 4 shows that the average value for ACMAT is 4.2 times; minimum and maximum meetings attendances are 1 and 9 times respectively, while the standard deviation is 1.054. The mean figure implies that on the average, the attendance to meetings by audit committee members of listed consumer goods companies in Nigeria is 4 times during the period under review by this study. Again, the standard deviation of 1.054 which is less than the mean value of 4.2 portrays that there is narrow variation between the sampled firms in this study regarding audit committee meetings attendance. The next independent variable is audit committee stock ownership (ACSTO), the mean value is 0.148 (14.8% of the stocks), minimum is 0.00, maximum is 0.66, and the standard deviation stood at 0.174, indicating that there is a wider variation between the sampled firms under study regarding the stockownership of audit committee members. Regarding the control variables, the descriptive statistics shows that firm size (FSIZE) has a mean value of 22.599, a minimum of 17.131, a maximum of 26.579, and a standard deviation of 2.895. For firm growth (FGWTH), the average is 0.098 (9.8%), minimum of 0.034 (3.4%), maximum of 0.173 (17.3%), and a standard deviation of 0.029. considering leverage (FLEV), the mean value is 0.566, minimum value is 0.325, maximum value is 0.756, while standard deviation is 0.098.

Another important thing to consider is the statistics for Skewness and Kurtosis for the purpose of testing normality of the data distribution. According to West, Finch, and Curran (1995), skewness and kurtosis values should be less than two (2) and less than seven (7) respectively. Therefore, all the variables in this study are assumed to be normally

distributed since the values of skewness ranges -0.498 to 1.414, while kurtosis value ranges from 1.955 to 6.668 as shown in Table 4.2.

Correlation Result

The result of Pearson correlation is presented in Table 4.2 thus:

Table 4.2 Results of Pearson Correlation (N = 121)

Variables	ROA	TBQ	GND	FEX	MAT	SHT	SIZ	FGW	LEV
ROA	1								
TBQ	.994	1							
GND	-.343 **	-.058	1						
FEX	-.164	.166 *	.773 ***	1					
MAT	-.248 **	-.249 **	.104	.104	1				
SHO	.350 ***	.327 ***	-.159	- .146	-.131	1			
SIZ	.134	.140	.050	.044	.146	.160	1		
FGW	.010	.116	.038	.094	-.088	- .028	- .082	1	
LEV	-.347 **	.368 ***	-.051	- .201 **	.151	- .078	.146	.122	1

Notes:ROA = return on asset, TQ= Tobins Q, ACGND= audit committee gender diversity, ACFEX = audit committee financial expertise, ACMAT = audit committee meeting attendance, ACSTO = audit committee stock ownership, FSIZE = firm size, FGWTH = firm growth, FLEV = firm leverage.

*** Correlation is significant at the 0.01 level, ** Correlation is significant at the 0.05 level, * Correlation is significant at the 0.1 level

Correlation analysis is used to describe the strength and direction of the linear relationship between two variables (Pallant, 2005). In this study, Pearson correlation analysis was carried out to determine the extent and direction of the relationship between the study variables as provided in Table 4.2 The strength of the relationship among variables is usually ascertained by the correlation co-efficient donated by (r) of the variables. Considering return on assets (ROA), the Pearson correlation result from Table 4.2 shows that audit committee stockownership (ACSTO) has a significant positive relationship with ROA at 1% statistical significance level with a correlation coefficient of 0.350. Whereas, audit committee meeting attendance (ACMAT) has a significant negative relationship with ROA at the 0.05 level of significant with a coefficient value of -0.248. On the other hand, audit committee gender diversity (ACGND) is negative and insignificantly related with ROA ($r=-0.051$), while audit committee stockownership (ACSTO) has an insignificant positive correlation with ROA ($r=0.350$). For the control variables, firm size (FSIZE) and firm growth (FGWTH) have insignificant positive relationship with ROA having correlation coefficients of 0.134 and 0.010 for FSIZE and FGWTH respectively. However, firm leverage (FLEV) has a significant negative correlation with ROA at 1% statistical significance with a correlation coefficient of -0.347.

In regards to Tobin’s Q (TQ), the Pearson correlation result from Table 5 demonstrations that audit committee stockownership (ACSTO) and audit committee financial expertise (ACFEX) have a significant positive relationship with TQ at 1% and 10% statistical significance levels with correlation coefficients of 0.327and 0.166 respectively. Where audit committee meeting attendance (ACMAT) has a significant negative relationship with TQ at 5%statistical significance level having a correlation coefficient value of -0.249. However, audit committee gender diversity (ACGND) has an insignificant negative correlation with TBQ ($r=-0.058$).

For the control variables, firm leverage (FLEV) has a significant negative association with TQ at 1% statistical significance having a correlation coefficient of -0.368. However, firm size (FSIZE) and firm growth (FGWTH) have insignificant positive relationship with TQ having correlation coefficients of 0.140 and 0.116 for FSIZE and FGWTH respectively.

Moreover, none of the correlation coefficient of the independent variables is above 0.80, as such the data is free from multicollinearity (Gujarati, 2009).

Diagnostic Tests for Multiple Regression Assumptions

Prior to execution of multiple regression analysis, it is of paramount importance to check whether the regression assumptions are fulfilled. The assumptions include; normality, linearity, multicollinearity, and absence of heteroskedasticity (Hair *et al.*, 2014). Therefore, all the aforementioned regression assumptions were tested in this study and provided in the subsequent table.

Table 4.3 Diagnostic test

Model	Multicol. Test	Linearity Test	Hett. Test	Hausman	LM Test
I	1.55	0.057	0.2851	0.403	0.470
II	1.55	0.111	0.2883	0.529	0.484

Source: Generated by the researcher from the Annual Reports and Account of the sampled companies using STATA 14.0

The result in Table 4.3 shows the absence of multicollinearity as the variance inflation factor (VIF), test value is less than 5 in all the model of the study. The mean of the entire VIF test in all the model ranges from 1.55 to 1.55 which proved that is less than 10 and there is absence of multicollinearity. The table also reveals the absence of heteroskedasticity in the ordinary least squares regression results of the models 1 and 2 (0.2851 and 0.2883) respectively and this indicates that the variability of error terms is constant and this cannot affect inferences in respect of beta coefficient, coefficient of determination (R²), t-statistics and F-statistics of the study. Furthermore, the table reveals p-value of 0.403 and 0.529 for model 1 and 2 respectively. This means that random effect is more efficient as the p-value of the model (1 and 2) in the study is insignificant i.e greater than 5% and the heteroskedasticity shows that coefficient of the error term is constant for the explanatory variables. Consequently, based on the Breusch-Pagan LM test performed in this study, the result obtained for both the ROA and TQ models show that the pooled OLS is more appropriate against the random effects model because the p-values obtained are greater than 0.05. For this reason, the OLS regression results for both ROA and TQ models are desirable for inferences in this study. Similarly, based on the results of the link tests for model specification, the null hypotheses which assume that the models are correctly specified were not rejected because all the p-values of $\hat{\mu}^2$ for both the ROA and TQ models are not significant ($p > 0.05$), hence, the regression models are said to be correctly specified.

Regression Results

For the purpose of this study, pooled OLS regression is utilized for both model 1 and model 2 because the model selection tests favoured the use of pooled OLS regression as presented earlier. The regression results are presented in 4.4 as follows:

Table 4.4 Result of Pooled OLS Regression for Model I and Model II

Variable	Model I			Model II		
	Coef.	T	p>t	Coef.	T	p>t
Constant	0.2223	3.21	0.002***	0.3869	2.89	0.005*** 0.012**
ACGND	-0.6058	-2.42	0.018**	-1.2462	-2.58	
ACFEX	0.2872	2.93	0.004***	0.5641	2.58	0.004***
ACMAT	-0.0104	-2.20	0.030**	-0.0202	-2.22	0.029**
ACSTO	0.094	3.30	0.001***	0.1649	2.99	0.004***

						0.042**
Fsize	0.0003	1.86	0.065*	0.0069	2.08	
FGWTH	0.2147	1.29	0.200	0.4976	1.55	0.125
FLEV	-0.1557	3.21	0.002***	-0.3362	-3.30	0.001***
Obs.		100			100	
R ²		0.358			0.370	
Adj. R ²		10.309			0.322	
F(7, 92)		7.32			7.72	
Prob > F		0.000***			0.000***	

Source: STATA 14 output

Note: ***, **, and * represent significant at 1%, 5%, and 10% levels respectively.

The pooled OLS regression result for ROA model as presented in Table 4.4 shows that ROA model has an R² value of 0.3576. This indicates that all the explanatory variables in the model accounted for 35.76% of variations in the dependent variable (ROA). Moreover, the model as a whole is also found to be significant ($F(7, 92) = 7.32: p < 0.000$), indicating a goodness of fit and validity of the model. With regards to Tobin's Q (TQ), the regression result for the TQ model as presented in above Table 4.4 displays that the model (TQ) has an R² value of 0.3701. This indicates that all the explanatory variables in the model accounted for 37.01% of variations in the dependent variable (TQ). Furthermore, the model as a whole is also found to be significant ($F(7, 92) = 7.72: p < 0.000$), indicating a goodness of fit and validity of the model utilised for Tobin's Q.

Moreover, the result from Table 4.4 shows that audit committee gender diversity (ACGND) has a negative and significant impact on financial performance of listed consumer goods companies in Nigeria measured by return on assets (ROA) and Tobin's Q (TQ). This implies that the higher the proportion of women in the audit committee, the lower the financial performance of listed consumer goods companies. The likely reason for recording such findings could be the inclusion high number female directors on the audit committee because of the believe that their ethical values in terms of honesty, transparency, feminine experience and expertise which could enhance wealth maximization and in turn enhances firm financial performance. Therefore, reducing the number of female in their audit committee to the optimal number as their presence has a negative and significant impact on the companies would go a long way in enhancing the financial performance. The result is also inconsistent with the findings of Omotoye et al, (2021), Oscar, (2020) and Alqatamin, (2018) who found that audit committee gender diversity has a positive and significant impact on financial performance of firms, but the result is consistent with that of Ehab et al, (2021) who also documented an negative and significant impact of audit committee gender diversity and firms' performance.

In addition, the result of pooled OLS regression from Table 4.4 shows that audit committee financial expertise (ACFEX) has a positive and significant positive impact on the financial performance of listed consumer goods companies in Nigeria measured by return on asset (ROA) and tobin's Q (TQ). This suggests that the higher the presence of members of audit committee with financial expertise, the higher the financial performance of listed consumer goods companies, the likely reason for documenting such findings is that companies with such expertise on their audit committee are better positioned to mitigate risks, reduce the likelihood of misstatements or fraudulent activities in financial reporting and this can enhance financial performance. This can also enhance the perceived quality of financial statement and can boost performance. This findings is consistent with Kasthry and Anandasayanan (2020) and Omotoye et al (2021) who documented that audit committee financial expertise has a positive and significant impact on financial performance and disagree with the findings of Henry and Ofurum (2021), Emeka-Nwekeji and Osewwe-Okoroyibo (2021), Oudat, Ali and Qeshta, (2021) and Alqatamin, (2018) who

finds that audit committee financial expertise has an insignificant impact on financial performance.

Also, the result from Table 4.4 shows that audit committee meetings attendance (ACMAT) has a negative and significant impact on the financial performance of listed consumer goods companies measured by return on asset (ROA) and tobin's Q (TQ). This signifies that the proportion of the members of audit committee in attendance of meetings does not impact on the financial performance of listed consumer goods companies. The likely reason for documenting such findings could be as a result of poor number of audit committee members in attendance or discussions are made outside the agenda of the meetings which makes the committee members not to have focus and concentration on important and relevant issues that may improve the financial performance of the companies. Therefore, the audit committee members as a matter of need should ensure they are punctual during meetings and discussions are objective in line with organisational goal-driven and not self-interest-driving, firm may benefit from the diverse skill and experience on the part of the AC members and will leads to more commitment and monitoring on the part of the of the committee, thereby decreasing the possibility of an organization to incur losses through non adherence to accounting principles and unnecessary waste of funds by management and thereby this can enhances financial performance positively. This result is consistent with Ashari and Krismiaji, (2019) who found that audit committee meetings attendance has a negative and significant impact on company's performance. However, the findings is not line with that of Andreas and Michail (2019), Musa et al. (2017), Ormin (2015), who documented that audit committee meetings attendance has a positive and significant impact on the financial performance.

Lastly, Table 4.4 discloses that audit committee shares ownership (ACSTO) has a positive and significant impact on the financial performance of listed consumer goods companies in Nigeria measured by both return on assets (ROA) and Tobin's Q (TQ). This suggests that the higher the percentage shares holding by the members of audit committee, the higher the financial performance of listed consumer goods companies. The likely reason for documenting such findings could be as a result of the companies allow the possession of shares ownership by committee members in the framework of the audit committee has the probability of diminishing the issue connected with the collusion of management with managers to manipulate income to their benefit or inflate executive pay which, in turn, hampered their personal interest and will eventually enhance financial performance. Shares ownership can also plays a vital role in aligning the interest of board though it should not be much which will enhance their interest to work hard to guard their stake and with those of the owners (shareholders) and at the same enhance financial performance. The findings is line with that of Bolton (2012), who found that audit committee shares ownership has a positive and significant impact on the financial performance. However, disagrees with the findings of Mustafa *et al.*, (2020), and Mangena & Pike (2005) who found that audit committee shares ownership has a negative and significant impact on the firm's performance. With regards to the control variables in this study, the regression result in Table 4.4 portrays that firm size (FSIZE) and firm growth (FGWTH) have a positive impact on the financial performance measured by both return on assets (ROA) and tobin's Q (TQ). on the other hand, firm Leverage (FLEV) has a negative and significant impact on the financial performance measured by both return on assets (ROA) and Tobin's Q (TQ) of listed consumer goods companies in Nigeria.

Test of Hypotheses

Hypothesis 1 stated that "audit committee gender diversity (ACGND) has no significant impact on ROA of listed consumer goods companies in Nigeria". Finding from table 4.4

revealed that ACGND has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of -0.6058 and the p/value of 0.018. The findings indicate a basis for rejecting the stated null hypothesis.

Hypothesis 2 stated that “audit committee gender diversity (ACGND) has no significant impact on Tobin’s Q (TQ) of listed consumer goods companies in Nigeria”. Finding from table 4.4 revealed that ACGND has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of -1.2462 and the p/value of 0.012. The findings indicate a basis for rejecting the stated null hypothesis.

Hypothesis 3 stated that “audit committee financial expertise (ACFEX) has no significant impact on ROA of listed consumer goods companies in Nigeria”. Finding from table 4.4 revealed that ACFEX has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of 0.2872 and the p/value of 0.004. The findings indicate a basis for rejecting the stated null hypothesis.

Hypothesis 4 stated that “audit committee financial expertise (ACFEX) has no significant impact on TQ of listed consumer goods companies in Nigeria”. Finding from table 4.4 revealed that ACFEX has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of 0.5641 and the p/value of 0.004. The findings indicate a basis for rejecting the stated null hypothesis.

Hypothesis 5 stated that “audit committee meetings attendance (ACMAT) has no significant impact on ROA of listed consumer goods companies in Nigeria”. Finding from table 4.4 revealed that ACMAT has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of -0.0104 and the p/value of 0.030. The findings indicate a basis for rejecting the stated null hypothesis.

Hypothesis 6 stated that “audit committee meetings attendance (ACMAT) has no significant impact on TQ of listed consumer goods companies in Nigeria”. Finding from table 4.4 revealed that ACMAT has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of -0.0202 and the p/value of 0.029. The findings indicate a basis for rejecting the stated null hypothesis.

Hypothesis 7 stated that “audit committee shares ownership (ACSTO) has no significant impact on ROA of listed consumer goods companies in Nigeria”. Finding from table 4.4 revealed that ACSTO has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of 0.094 and the p/value of 0.0001. The findings indicate a basis for rejecting the stated null hypothesis.

Hypothesis 8 stated that “audit committee shares ownership (ACSTO) has no significant impact on TQ of listed consumer goods companies in Nigeria”. Finding from table 4.4 revealed that ACSTO has a significant impact on ROA of listed consumer goods companies in Nigeria. This is evidenced from the coefficient of 0.1649 and the p/value of 0.004. The findings indicate a basis for rejecting the stated null hypothesis.

5. Conclusion and Recommendations

The study reached out the following conclusions:

Audit committee gender diversity has a significant effect on financial performance (return on asset and Tobin’s Q) of listed consumer goods companies in Nigeria.

Audit committee financial expertise has a significant effect on financial performance (return on asset and Tobin’s Q) of listed consumer goods companies in Nigeria.

Audit committee meetings attendance has a significant effect on financial performance (return on asset and Tobin’s Q) of listed consumer goods companies in Nigeria.

Audit committee stockownership has a significant effect on financial performance (return on asset and Tobin’s Q) of listed consumer goods companies in Nigeria.

6. Recommendations

Based on the results and conclusions in this study, the following recommendations were made:

The management of listed consumer goods companies in Nigeria should reduce the number of women in their audit committee as their presence has a significant negative effect on their financial performances as revealed by the regression results in this study.

The fact that audit committee financial expertise has a significant positive effect on the financial performance (return on asset and tobin's q) of the sampled firms in this study, the management of consumer goods companies in Nigeria should maintain an audit committee with more members that acquired financial expertise this will go a long way in improving their financial performances.

Consumer goods companies in Nigeria should as a matter of need, ensure that members of audit committee are punctual during meetings and discussions are objective in nature and organizational goal-driven and not self-interest-driven. Because, the regression results in this study revealed that audit committee meetings attendance has a significant negative effect on financial performance of the sampled companies utilized in this study. Avoiding discussions of personal issues during meetings of audit committee members will make the committee members to have focus and concentrate on important and relevant issues that may improve the financial performance of the companies.

Consumer goods companies should increase the stockownership proportions of the audit committee members so as to align their interests with that of the company so that they work for the overall interest of the company and not self-interest, thereby enhance financial performance.

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