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Audit Committee Attributes and Financial Reporting Quality of Listed Consumer Goods Firms in Nigeria

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Rahmatu Asuku Audu
Department of Accounting, Faculty of Management Sciences, Nigerian Defence Academy, Kaduna, Nigeria.
rahsuk3@gmail.com
Onipe Adabenege Yahaya
Department of Accounting, Faculty of Management Sciences, Nigerian Defence Academy, Kaduna, Nigeria.

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Abstract

This research investigates the impact of audit committee attributes on the financial reporting quality of listed consumer goods firms in Nigeria. The study examines specific characteristics such as the size, independence, expertise, and meeting frequency of audit committees and their influence on financial reports' accuracy, reliability, and transparency. The study employs an ex-post facto research design, focusing on consumer goods companies listed on the Nigerian Exchange from 2014 to 2023, utilizing a population size of 21 consumer goods firms listed on the Nigerian Exchange, and a sample size of 12. The study employs quantitative methods to analyze the relationship between these attributes and financial reporting quality. The findings provide insights into how audit committee attributes can enhance corporate governance and improve financial disclosures, ultimately benefiting investors, regulators, and other stakeholders. The study concludes that audit committee size, independence, and meetings influence financial performance. The study recommends that companies ensure diverse and competent audit committee attributes to improve financial performance.

Keywords: audit committee expertise, audit committee independence, audit committee meetings, audit committee size. Financial reporting quality

JEL Codes: C13, C31, C58, C87, M47, M48

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Introduction

Financial performance is a broad measure that captures a company's overall financial health and its ability to generate profits and create value for its shareholders. It involves evaluating how well a company uses its resources to achieve its financial goals and sustain growth (Akpan et al. 2022). In the realm of corporate governance, audit committees play a pivotal role in ensuring the integrity and reliability of financial reporting. The relationship between audit committee attributes and financial performance is a critical aspect that influences the credibility and transparency of financial information. The effectiveness of audit committees in overseeing financial processes and safeguarding against risks has garnered significant attention in academic research and regulatory frameworks. One key area of interest is understanding how the attributes of audit committees impact the financial performance of organizations (Musa et al. 2022). It has been a custom and obligation for a corporate body to have a board of directors, from which the audit committee attributes are formed (Izevbekhai et al., 2022). The committee is a subcommittee of a company's board of directors and one of the most important committees in the organization due to its role and responsibilities in defending shareholders' interests in connection to accounting and financial irregularities and mistakes. The audit committee attributes are a board subcommittee entrusted with confirming the accuracy and dependability of management's financial report (Mollik et al. 2020). By acting as a bridge between the external auditor and the board of directors, the audit committee attributes facilitate the monitoring process by decreasing information inequalities between the external auditor and the board.

According to Setiawan et al. (2020), the audit committee attributes is also the most important governance structure when it comes to picking audit firms because it is in charge of selecting the external auditor and monitoring audit quality. An effective audit committee attribute is required to ensure auditor independence and high-quality financial reporting. The Audit Committee is a critical component of corporate governance that can improve the quality of financial reporting by communicating openly about financial and non-financial information and maintaining a good working relationship with a company's board of directors, internal auditors, and external auditors. The provision of accurate financial reporting information is the main goal of financial reporting. It is crucial to supply high-quality financial information because it will encourage investors, creditors, and other stakeholders to allocate funds in ways that will improve the market's overall efficiency, especially in consumer goods companies.

The financial reporting quality of firms is crucial for ensuring transparency, accountability, and informed decision-making by investors and other stakeholders (Healy & Wahlen, 1999; Barth, Landsman, & Lang, 2008). However, the integrity of financial reports in Nigeria has often been questioned, particularly within the consumer goods sector, which plays a significant role in the national economy (Adeyemi & Fagbemi, 2010). Despite the regulatory frameworks in place, instances of financial misstatements and corporate scandals have persisted, undermining investor confidence and market stability (Okaro, 2021). Audit committees, as an essential component of corporate governance, are charged with overseeing the financial reporting process to enhance its quality (DeZoort, Hermanson, Archambeault, & Reed, 2002). Attributes of audit committees such as size, independence, expertise, and meeting frequency are presumed to influence their effectiveness (Abbott, Parker, Peters, & Raghunandan, 2003). However, there is limited empirical evidence on how these attributes specifically impact the financial reporting quality of listed consumer goods firms in Nigeria. Therefore, this study seeks to investigate the effect of audit committee attributes on the financial reporting quality of listed consumer goods firms in Nigeria. By examining the relationship between audit committee characteristics and financial reporting outcomes, the research aims to provide insights that could inform regulatory policies and corporate governance practices, ultimately enhancing the reliability of financial disclosures in the consumer goods sector (Cohen et al., 2004; Carcello et al., 2006).

The following research hypotheses are offered in null form and tested by the objectives of the study.

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$Ho_{1:}$ Audit committee independence has no significant effect on the financial performance of listed industrial and consumer goods firms in Nigeria.

$Ho_{2:}$ Audit committee size has no significant effect on the financial performance of Nigerian listed consumer goods firms.

$Ho_{3:}$ Audit committee financial expertise does not affect the financial performance of Nigerian consumer goods firms.

$Ho_{4:}$ Audit committee gender does not affect the financial performance of Nigerian consumer goods firms.

The study has several theoretical, practical, and regulatory benefits. These will aid the management of consumer products organizations by providing information on audit committee attributes features, people who should serve on the committee, and the relationship between each characteristic on the committee and auditor size. The focus of the study is limited to the audit committee attributes and financial performance of Nigerian listed consumer goods companies from 2014 to 2023. The data was obtained from secondary sources, specifically the annual reports of Nigeria's publicly listed consumer firms.

Literature Review

This section reviews prior research on audit committee attributes and financial performance. It covers the various conceptual reviews, theoretical reviews, and empirical reviews of related literature and finally the research gap.

Financial Reporting Quality

Financial reporting quality refers to the accuracy, completeness, and reliability of financial information provided by a company in its financial statements. High-quality financial reporting ensures that the information presented is accurate: Free from material misstatements and faithfully represents the company's financial performance and position; complete: Includes all necessary information for stakeholders to make informed decisions; reliable: Consistently produced using robust and transparent processes; relevant: Contains information that is pertinent to stakeholders' decision-making needs; comparable: Allows stakeholders to compare financial statements over different periods and with other companies; understandable: Presented in a clear and concise manner, making it accessible to users with reasonable knowledge of business and economic activities; and timely: Provided in a time frame that is useful for stakeholders' decision-making processes. High-quality financial reporting is crucial for building trust with investors, creditors, regulators, and other stakeholders, as it provides a true and fair view of the company's financial health and performance.

Audit Committee

A group of directors known as the audit committee is in charge of monitoring duties to ensure moral business conduct, organizational ethical governance, a trustworthy financial reporting process, a strong internal controls system, a trustworthy audit function, and a whistle-blowers' complaint procedure. (Rezaee, 2009). According to Habbash (2012), an audit committee acts as a formal line of communication between the board and the independent auditor. It serves as a mediator for management and auditors. The audit committee, according to Abdulhakim (2018), is a board committee that is comprised of independent directors, it assists the board in carrying out its duties effectively by ensuring the truthfulness of financial statements, supervising internal audit function and external audit process.

i. Independence

According to Ibrahim (2016), independent audit committee attributes mean audit committee attributes members have no connection to business management and are not subject to any influence from the board of directors, officers, and majority shareholders of the company. The committee must attest the accuracy of financial report, which reduces the likelihood of earnings manipulation. An audit committee attributes independence is defined as the extent to which it is not subject to management pressure (Bruynseels & Cardinals, 2014).

According to Galal et al. (2022), prior research on the connection between financial performance and the audit committee attributes independence yields contradictory results. For instance, financial performance and audit committee attributes independence have a favorable strong relationship. Kusnadi et al. (2016) provided evidence that audit committee attributes independence does not increase financial performance because the majority of its members are already self-sufficient, Juhmani (2017) discovered that committees' independence and financial performance have no relationship.

ii. Size

An operating committee of the board of directors tasked with overseeing financial reporting and disclosure is the audit committee attributes. Members of the committee are chosen from the board of directors of the corporation, and a chairperson is chosen from among the committee members. Depending on the number of directors chosen to serve on the audit committee attributes, there may be large, small, and medium committees. According to CAMA 1990 S. 359 (4), an audit committee attributes must be established for a public limited company with a maximum of six members represented by the management, directors, and shareholders who are knowledgeable in basic financial statements. The committee's goals are to increase the public's trust in the accuracy of financial figures, help directors in carrying out their financial reporting duties, particularly the non-executive directors, and strengthening the independence of an organization's external auditors by establishing a second point of communication. A large audit committee's attributes can be essential for decreasing the likelihood of income management.

iii. Financial expertise

The capacity to analyze and evaluate a whole set of financial statements in conformity with generally accepted accounting standards is referred to as financial expertise. The financial knowledge of the audit committee attributes will enhance the quality of financial reporting while making it more challenging for management to engage in financial performance, which explains the inclusion of members with experience in management and financial accounting. The majority of international financial standards mandate that the audit committee attributes have at least one person who is a financial specialist with the necessary years of expertise in audit, accounting, and finance. Moreover, CAMA 2004 Section 359 (3) and (4) stipulated that the audit committee attributes must include at least one financially knowledgeable person. The audit committee attributes members' expertise in finance can keep the company from engaging in undesirable behaviors such as financial performance. Numerous studies have shown a connection between the audit committee attributes financial expertise and financial performance to be unfavorable. Juhmani (2017), and Fali (2019) discovered a financial knowledge of the audit committee attributes has no positive link with financial performance. The association between committee expertise and financial performance was not only adverse but substantial at the 5% level, according to ThankGod & Onukogu's (2018) research. Agwor and Osinachi (2018) discovered that the audit committee attributes financial competence play a significant role in vetting the managers' financial reports, lowering the possibility of earnings manipulation.

iv Gender

The socially constructed qualities of men, women, girls, and boys are referred to as gender. This covers interpersonal connections as well as the standards, mannerisms, and roles that come with being a woman, man, girl, or boy. Gender is a social concept that differs from culture to culture and can evolve. Understanding motivations and the level of participation in accounting fraud can be improved by gender perspectives. According to this point of view, gender has implications for participating in particular activities, and gender-based explanations will clarify the socio-cultural context that underpins corporate decision-making.

Gull et al.'s (2018) additional research demonstrates that female audit committee attribute directors tend to minimize the level of corporate financial performance, which is more successful when matched with business experience in audit committee attributes membership. The fact that there have been prior studies with contradictory findings indicates that gender inequalities on the audit committee attributes are a variable that should still be researched. In this instance, the gender literature demonstrates that men and women take different risks and make different decisions. Financial performance is typically viewed by managers and accountants as an ethical challenge, according to research on gender and corporate ethics (Gull et al., 2018). Women are typically more ethical than men in attitudes and actions. Researchers are thus driven to investigate the connection between the gender of the audit committee attributes and its relationship with financial performance.

Theoretical Review

This section covers theory that explains how the audit committee attributes functions as a corporate tool in conjunction with financial performance. The study is, however, anchored on agency theory which will serve as the theoretical framework for this study to provide an understanding of the audit committee attributes and its role in creating organizational value.

Agency Theory

Agency theory first surfaced in the debate over ownership separation and control, which Jensen and Meckling began in 1976. Jensen and Meckling (1976) assert that managers who protect people's money are not required to take the same precautions and keep an eye on it as one would expect of the owners. They stated that until appropriate governance measures are put in place to safeguard the interests of shareholders, managers will not take independent action to boost returns to shareholders. Additionally, they described the partnership between the principal and the agents (Jensen & Meckling, 1976). The agency theory explains the relationship between the owners of the company and the managers. Modern firms employ managers to monitor operations on their behalf owing to the organization's size, the nature of the business, and the distribution of ownership caused by a large number of shareholders which requires professionalism. This is because the owners are incapable of managing the operations. Even though managers are supposed to act in the owners' interests, they sometimes do the opposite, which causes primary agent problems leading to asymmetry in the information. Stakeholders may make poor decisions if a financial report does not accurately reflect a company's success. To enhance the quality of company financial reporting, it is therefore vital for the audit committee attributes to monitor the process. Each committee member must possess a thorough understanding of finance to be able to evaluate financial reports and supervise a corporate financial reporting process (Dhaliwal et al., 2010).

Empirical Review

The characteristics of the audit committee have been examined in several studies as one of the governance practice tools, with a variety of influences including regulating financial performance. Herranz et al. (2022) examined audit committee attributes competence and financial performance in Europe using a population of 245 and a sample of 142 non-financial companies from France (26), Germany (24), Italy (16), Spain (20), and the UK (56) between 2006 and 2013. Members' competence was evaluated based on their dedication and understanding of many fields of expertise, including financial accounting, supervisory expertise, general accounting, and specialized audit, as shown in the annual reports of the sample firms. To analyze the data, descriptive statistics, and correlation matrices were used. The results indicate that only specialized audit competence can effectively lower financial performance and that committees with more audit experience have a negative relationship with financial performance. Also, the requirement for audit committee attributes to have at least one accounting and/or audit specialist is insufficient to eliminate financial performance.

Much of the existing literature on audit committee attributes and financial reporting quality has been conducted in developed economies, such as the United States and Europe (DeZoort, Hermanson, Archambeault, & Reed, 2002; Abbott, Parker, Peters, & Raghunandan, 2003). These studies often fail to account for the unique economic, regulatory, and cultural environments of emerging markets like Nigeria. Consequently, the findings and recommendations from these studies may not be directly applicable or effective in the Nigerian context. Inconsistent Findings Research on the influence of audit committee attributes on financial reporting quality has yielded inconsistent results. For instance, while some studies suggest that audit committee independence positively impacts financial reporting quality (Klein, 2002; Bedard, Chtourou, & Courteau, 2004), others find no significant relationship (Raghunandan, Rama, & Read, 2001). These discrepancies highlight the need for further investigation to clarify the nature and strength of these relationships, especially within specific industries and regions. Limited Focus on Emerging MarketsThere is a paucity of research specifically focusing on the consumer goods sector in emerging markets like Nigeria. Most studies tend to adopt a broad, cross-industry approach, which may overlook sector-specific dynamics and challenges (Carcello, Hollingsworth, Klein, & Neal, 2006). This gap in the literature necessitates targeted research that considers the unique characteristics of the consumer goods sector, such as its regulatory environment, competitive landscape, and operational complexities. Methodological Limitations Several studies on audit committee attributes and financial reporting quality rely heavily on archival data and quantitative methods, which may not capture the full complexity of audit committee functions and their impact on financial reporting (Cohen, Krishnamoorthy, & Wright, 2004). There is a need for more qualitative research, including interviews and case studies, to provide deeper insights into the mechanisms through which audit committees influence financial reporting quality. Many studies do not sufficiently consider external factors that can influence financial reporting quality, such as regulatory changes, economic conditions, and corporate governance practices at the national level (Adeyemi & Fagbemi, 2010). Future research should adopt a more holistic approach, incorporating these external variables to better understand their interplay with audit committee attributes and financial reporting outcomes. Existing literature tends to emphasize certain audit committee attributes, such as independence and financial expertise, while underexploring others like committee size and meeting frequency (DeZoort et al., 2002). There is a need for more comprehensive studies that examine a broader range of attributes and their potential interactions, providing a more nuanced understanding of how different audit committee characteristics collectively impact financial reporting quality.

Galal et al. (2022) examined the relation between audit committee attributes characteristics and financial performance Egyptian. The study focuses on secondary data, which is represented numerically using the reports gathered from Egyptian companies listed on the Egyptian Exchange (EGX) over the eight years between 2012 and 2019. The population of the study comprised of 100 companies with a sample of 80 firms from 15 sectors, including Contracting & Construction Engineering, Basic Resources, Food & Beverages, Paper & Packaging, IT, Media & Communication Services, Building Materials, Textile & Durables, Real Estate, Energy & Support Services, Travel & Leisure, Health Care & Pharmaceuticals, Industrial Goods, Services & Automobiles, Shipping & Transportation Services, Trade & Distributors, and Utilities. To gather the information needed for the research variables, data was taken from the official website of the Egyptian stock market. A multivariate regression model was used in this study to examine the relationship between the variables. Generalized Least Squares (GLS) regression was employed to address the research hypotheses. The results indicate that audit committee attributes gender, size, independence, expertise and frequency of meetings have a significant negative relationship with financial performance result indicate that audit committee attributes gender, size, independence, expertise and frequency of meetings have a significant negative relationship with financial performance

Hamdan et al. (2013) examined the effect of audit committee attribute characteristics on earnings quality. The study's population is made up of all Jordanian industrial corporations registered on Amman Stock Exchange (ASE) 94, while the sample is made up of 50 firms industrial corporations listed on the ASE that matched the criteria of having all relevant data accessible from 2004 to 2009. The data was analyzed using a pooled data regression, and the results show that the size of the audit committee attributes is inversely related to earnings quality, the number of meetings improves earnings quality, stock ownership limits their ability to improve earnings quality, and that independence and financial expertise have no relationship with earnings quality.

Abu-Siam and Laili (2022) examined the impact of external Auditors size on financial performance in Jordan. The sample includes all industrial firms that have data related to external audit and financial performance, out of a total of 71 industrial firms, 64 are used in the study, and 7 firms are omitted due to data unavailability regarding external audit and financial performance information and/or financial information for the test. The population of this study consists of industrial firms listed on the Amman Stock Exchange (ASE) from 2017 to 2021. Descriptive and regression analysis were used to analyze the data. The result shows a strong negative correlation between the size of the audit firm and financial performance.

Fali et al. (2019) examined audit committee attributes and financial performance of listed deposit Money Banks in Nigeria. The discretionary loan loss provision model created by Chang et al.

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(2008) was used to evaluate financial performance in the study. The study employs a correlational research method with a sample of 13 selected deposit money institutions out of a population of 14 banks listed on the NGX for the period 2008-2017. The study's data were evaluated using the random effects model (REM). The findings showed that audit committee attributes tenure has a negative insignificant impact on financial performance, audit committee attributes busyness and financial expertise have negative significant impacts on financial performance, meetings of the audit committee attributes have an insignificant positive impact on financial performance, and committee share ownership has an insignificant positive impact.

Handayani and Ibrani (2020) examined the effects of audit committee attribute features on financial performance and firm value. This study employs a quantitative approach with a sample of manufacturing firms listed on the Indonesia Stock Exchange from 2016 to 2018. The Statistical Package for Social Science (SPSS), descriptive statistics, and regression were used to analyze the data. The results reveal that the audit committee attributes's expertise in accounting and industry, expertise, financial supervisors, number of audit committee attributes meetings, and independent audit committee attributes have no effect on financial performance. Financial performance, on the other hand, has a significant negative impact on business value.

Abubakar et al. (2021) examined the audit committee attributes and financial performance in Nigeria. A sample of 72 non-financial companies with 360 firm-year observations across five years (2014-2018) was used in quantitative analysis. Data was retrieved from Thompson Reuters and Bloomberg databases in addition to the annual reports of these companies. The model was tested using the panel-corrected standard error, and Stata 16 was used to analyze the data. The results demonstrate that the size of the audit committee attributes deters managers from engaging in earnings manipulation. The outcome also shows that the audit committee attributes's independence was present in its oversight of managers' opportunistic behavior.

The existing literature on the effect of audit committee attributes on financial reporting quality provides valuable insights but also reveals significant gaps and limitations. Addressing these shortcomings through context-specific, comprehensive, and methodologically diverse research will enhance our understanding of how audit committees can effectively improve financial reporting quality, particularly in emerging markets like Nigeria.

Methodology

The study will use an ex post facto research design. The population of the study covers all 21 consumer goods companies listed on the Nigerian Exchange. Sample selection was based on firms that have been listed before 2014, and may not have been delisted during the study period (2014 to 2023). Census sampling technique was used to filter out some of the consumer companies to a sample size of 12 based on the following criteria: (i) all the consumer companies listed after 2014 will be excluded because of the period of study; (ii) consumer companies that have been delisted before the end of the period will be excluded; (iii) consumer companies that the researcher would be able to gather all information for the period of study (2014 to 2023) would be picked.

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Table 1: ***Population and sample size***

S/N	Consumer Goods Companies	Sample	Date of Incorporation	Date of Listing
1	Pz Cussons Nig. Plc	✓	1948	1974
2	Bua Foods Plc		2005	2022
3	Northern Nigeria Flour Mills		1971	1978
4	Nascon Allied Industries Plc	✓	1973	1992
5	Vitaform Nig. Plc	✓	1962	1978
6	Champion Breweries Plc	✓	1974	1983
7	Dangote Sugar Refinery	✓	2005	2007
8	DN Tyre & Rubber Plc		1961	2001
9	Honeywell Flour Mill Plc	✓	1985	2009
10	Nestle Nigeria Plc	✓	1969	1979
11	Union Dicon Salt Plc		1991	1993
12	Nigerian Breweries Plc	✓	1946	1973
13	Golden Guinea Breweries Plc		1962	1979
14	Mc Nichols Plc		2004	2009
15	Flour Mills Nig. Plc	✓	1960	1979
16	Multi-Trex Integrated Foods Plc		1999	2010
17	Guinness Nig. Plc	✓	1950	1965
18	Cadbury Plc	✓	1965	1979
19	International Breweries Plc		1971	1995
20	Unilever Nig. Plc	✓	1923	1973
21	Nigeria Enamelware Plc		1960	1979

Source: Compiled from NGX Website 2021.

Model Specification

Multiple regression modeling was employed in the study to analyze the hypotheses and determine the influence of the predictor's variable on the dependent variable. The first assumption was tested using the following model:

Model 1

$ROE_{it} = \beta_0 + \beta_1 ACIN_{it} + \beta_2 ACSZ_{it} + \beta_3 ACFE_{it} + \beta_4 ACGN_{it} + \beta_5 FS_{it} + e_{it}$ ………………(1)

Where:

β0 = constant term
β1 - β9 = Unknown parameter to be estimated
it = time/ for intercepts
ROE = Return on Equity
ACIN = Audit committee attributes Independence
ACSZ = Audit committee attributes Size
ACFE = Audit committee attributes Expertise
ACGN = Audit committee attributes Gender
FSIZ = Firms Size
e = error term

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The size, independence, financial expertise, and gender of audit committee attributes were used as independent variables in this study. ROE was employed as the dependent variable to define the effectiveness of financial performance. Firm size is added to the regression model as a control variable.

Table 2: Variables, Definitions, Measurements and Sources

Variable	Name	Type	Measurement	Sources
ROE	Return on equity	Dependent	Profit after tax divide by total equity	Abbas (2020), Ali (2022), Jayeola et al (2022).
ACIN	Audit committee attributes Independence	Independent	Ratio of non-executive members to total of Members.	Ali, S.A.H. M. (2022).
ACSZ	Audit committee attributes Size	Independent	Measured as the total number of members in the audit committee attributes	Bala & Gugong (2015)
ACFEX	Audit committee attributes Financial Expertise	Independent	Proportion of audit committee attributes members with accounting qualification.	Madawaki & Amran (2017).
ACG	Audit committee attributes Gender	Independent	Ratio of females in the firms' audit committee attributes membership	Abdullahi & Yunusa (2016)
FZ	Company Size	Control	Natural log of company total assets.	Richard et al. (2019), Hamdan (2020)

Source: Compiled by author 2024

Results and Discussions

This section presents and discusses results from the analysis of data collected for the sampled firms' annual reports during the period under review. The section begins with descriptive

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statistics, diagnostics, The descriptive statistics such as the mean, standard deviation, minimum and maximum values utilized in this study are presented in Table 3.

Table 3: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROE	120	0.186	0.067	-0.046	0.217
ACIN	120	0.1284	0.048	0.333	0.1967
ACSZ	120	5.650	0.1969	4	6
ACFE	120	0.232	0.171	0	0.1967
ACGN	120	0.163	0.151	0	0.19

Source: Stata 13 Outputs 2024

Table 3 begins with the sample observations of 120. The study sampled twelve consumer good firms for a period of ten years leading to 120 observations. The table indicates that financial performance as measured by (ROE) has a minimum value of -0.046 and a maximum value of 0.217 signifying the lowest and highest amount that was used to make accounting adjustment by management of the sampled consumer good firm. The table also indicates that ROE had an average value of 0.186 and a standard deviation of 0.067. The Audit committee attributes independence (ACIN) has a mean 0.1284 higher than its standard deviation (0.048). This suggests the nary need for autoregressive conditional heteroskedasticity. The maximum ACIN recorded was 0.1967 while the minimum was 0.333. This means that the maximum independent directors in the audit committee attributes of all the 12 companies across the ten years was four (4) directors while the minimum reckoned was 2. The Audit committee attributes size (ACSZ) has a maximum of 6 and the minimum of 4 total directors. This indicates the compliance of the companies to the provision of section 359(4) of CAMA Act 1990. The average ACSZ recorded was 5.650 and the standard deviation was 0.1969. The maximum (ACFE) reckoned was 0.1967 which was reported by Cardbury Plc.in the financial year 2012-2015 and a minimum was 0.000 reported by Vitafoam Nigeria Plc in the financial year 2012-2016. The average for ACFE was 0.232 and the standard deviation was 0.171. The audit committee attributes gender (ACGN) has a mean of 0.163 and a standard deviation of 0.151. All values range between a maximum of 0.1900 and a minimum of 0.000.

Table 4: Shapiro-Wilk W' test for Normal Data

Variable	Obs	W	V	z	Prob >z
ROE	120	0.1486	1.350	0.1972	0.251
ACIN	120	0.1490	0.1460	-0.092	0.1537
ACSZ	120	0.1416	8.115	4.691	0.000
ACFE	120	0.1461	3.778	2.978	0.001
ACGN	120	0.1441	5.712	3.904	0.000

Source: Stata 13 Outputs 2024

Table 4 shows that the p-value of ACSZ, ACFE, ACGN and AUSZ are less than 0.05 which gives substantial evidence to conclude that the ACSZ, ACFE, ACGN and AUSZ datasets are not normally distributed. Hence, we reject the null hypothesis. On the other hand, ROE and ACIN have p-values greater than 0.05. This does not give sufficient evidence to conclude that the variables ROE and ACIN are not normally distributed. The result of multicollinearity is further presented below:

Table 5: Correlation Matrix

	ROE	ACIN	ACSZ	ACFE	ACGN	AUSZ	FSIZ
ROE	1.000						
ACIN	0.001	1.000					
ACSZ	-0.280	0.194	1.000				
ACFE	0.064	0.046	-0.225	1.000			
ACGN	-0.233	0.041	0.189	0.166	1.000		
FSIZ	0.020	-0.090	0.1203	-0.163	0.040	-0.058	1.000

Source: Stata 13 Outputs 2024

Table 5 shows that all the correlation values are less than the threshold of 0.2. This indicates the absence of multicollinearity among the independent variables. To verify this result, variance inflation factor was carried out for the data set which is presented in table 6.

Table 6: Variance Inflation Factor

Variable	VIF	1/VIF
ACSZ	1.17	0.25792
ACFE	1.12	0.29602
ACGN	1.09	0.141848
ACIN	1.05	0.145354
Mean VIF	1.1	

Source: Stata 13 Outputs 2024

As shown in table 6, it can be observed that the vif of all the variables are low as they are all less than 4 which is within the range acceptable. The mean VIF is 1.1 which is also less than 5. This suggests the absence of multicollinearity among the independent variables. Furthermore, the result of Cameron & Trivedi heteroskedasticity test is presented in table 7.

Table 6: Heteroskedasticity Test

Variable	ROE
chi2(1)	43.52
Prob > chi2	0.0087

Source: Stata 13 Outputs 2024

As a result of the failed normality test, the heteroskedasticity test was carried out using Cameroon Trivedi Imtest to account for the outliers in the data set. The p-value of the model is significant as it is less than 0.005. This indicates the presence of heteroskedasticity which suggests that robust standard error be used when carrying out the regression analysis. The result of serial autocorrelation is further presented below in table 7

Table 7: Lagrangian Multiplier Test for Random Effects

Model	ROE
chibar2(01)	0.000
Prob > chibar2	1.000

Source: Stata 13 Output 2024

Table 7 shows that the p-value of ROE is insignificant therefore the study has no sufficient evidence to conclude that there is panel effect in the model. Hence the researcher concludes that there is no panel effect in the model. Furthermore, the result of linear regression, correlated panel corrected standard errors (PCSEs) is presented in table 8.

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Table 8: Regression Result

ROE	Coeff.	Std. Err.	z	P>|z|
ACIN	0.215	0.354	3.255	0.000
ACSZ	-0.304	0.065	-4.670	0.000
ACFE	8.388	1.518	5.530	0.000
ACGN	4.563	0.263	5.290	0.1575
FSIZ	0.086	0.049	1.750	0.081
_cons	0.1501	0.1243	1.130	0.258

Number of obs = 120
R-squared = **0.219**
F. Statistics = **0.000**
Wald chi2(8) = 64.17

Source: Stata 13 Output 2024

Table 8 shows that the overall regression model is statistically significant as the F.statistics gives 0.000 value. The R^2 is 0.219 which means that the independent variables combined explain 21.9% of the dependent variable (ROE). The panel regression revealed a regression coefficient of 0.215 and p-value of 0.000 when null hypothesis 1 was tested. This indicate that the financial performance of the Nigerian listed consumer goods firms is positively and significantly affected by the audit committee attributes of independence. Hence, this study fails to reject the null hypothesis 1. In an effort to test hypothesis 2, the panel regression gives a coefficient of -0.304 and p-value of 0.000 which is lower than the level of significance. Therefore, the null hypothesis 2 which state that audit committee attributes size has no significant effect on the financial performance of listed consumer goods companies in Nigeria is hereby rejected.

The regression coefficient of audit committee financial expertise revealed a positive (8.388) and significant (p-value of 0.000) effect of audit committee size on financial performance of listed consumer goods firms in Nigeria which is sufficient evidence to reject the null hypothesis 3. In testing hypothesis 4, the regression coefficient of 4.563 and p-value of 0.1575 was discovered. This suggests a positive and insignificant relationship between financial performance and audit committee gender of listed consumer goods firms in Nigeria. Hence this study fails to reject the null hypothesis.

Conclusion and Recommendations

The regression results provide insights into the effect of audit committee attributes and financial performance of consumer goods companies in Nigeria. The study concludes that having a higher proportion of non-executive members on the audit committee enhances the committee's ability to effectively monitor management and improve financial reporting quality, ultimately leading to better financial performance. The proportion of audit committee members with accounting and financial expertise has a positive and significant impact on ROE. This finding highlights the importance of having financially literate members on the audit committee to ensure effective monitoring of the financial reporting process and financial performance. While the coefficient is positive, suggesting that gender diversity on the audit committee may contribute to improved financial performance, the insignificant p-value indicates that this relationship is not statistically robust.

Based on the regression results, this study recommends that companies should carefully consider the size of their audit committees. Maintaining an optimal size that allows for effective coordination and communication without becoming unwieldy is crucial for maximizing financial performance. Companies should ensure that their audit committees include individuals with the necessary financial knowledge to effectively evaluate financial reports and oversee the financial reporting process.

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