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Audit Committee Attributes and Financial Performance: Evidence from Selected Deposit Money Banks in Nigeria

Aloysius E. Agada
Department of Business Administration, Cosmopolitan International Business School, Abuja, Nigeria
Mary S. Lazarus
Department of Accounting, Federal University Wukari, Nigeria

E-mail for correspondence: aloy.agada62@gmail.com

ABSTRACT:

This study examined the effect of Audit Committee Attributes on Financial Performance listed deposit money banks in Nigeria. Audit committee size, gender diversity and audit committee meeting were proxy for audit committee attributes while financial performance was measured with return on asset.Ex-post facto research design was adopted and secondary data were collected from annual reports and accounts of selected deposit money banks covering ten years from 2014 to 2023. The population of the study comprised of the 15 deposit money banks listed on Nigerian Exchange Group (NGX) as at 31st December, 2023. The study purposively selected ten (10) banks based on the availability of their annual reports. The data collected were analyzed using descriptive statistics, and multiple regressions. The findings revealed that audit committee size has a negative and insignificant effect on return on asset, gender diversity has positive and significant effect on firm performance measured with return on asset, while audit committee meeting exhibit negative and significant effect on return on asset of selected listed deposit money banks. Based on the findings, this study therefore recommended that firm should sustain frequencies of audit committee meetings, so as to ensure that the committee has enough time to take decisions that will enhance financial performance.

KEYWORDS:

Audit Committee Size, Audit Committee Gender Diversity, Audit Committee Meeting, Financial Performance

Background to the Study

The financial crisis and the globalization of business practices propelled corporate governance to the forefront of academic inquiry. The demise of massive firms like WorldCom and Enron has spurred a greater focus on corporate governance. Poor corporate governance practices, corruption, and a lack of transparency were the main causes of the financial institutions in Nigeria collapsing. Weak corporate governance practices caused investors to completely lose faith in both public and private companies in the nation. The Security and Exchange Commission developed the Code of Best Practice in an effort to regain trust. It offers instructions on the fundamentals of Nigerian corporate governance.

Due to persistent material misstatements in financial statements and the ensuing loss of stakeholder confidence in the veracity of reported information, most countries, including Nigeria, were forced by their corporate governance guidelines to establish statutory audit committees (Osevwe-Okoroyibo & Emeka-Nwokeji, 2021). Contessotto and Moroney (2014) contend that the audit committee, which supports management practice control, is one of the most crucial components of corporate governance. Auditing committees also assist in lowering the risk of an audit and improving the accuracy of the data in financial statements.

Audit committees are crucial to the monitoring, control, and management of the business because they protect the rights of shareholders (Kallamu&Saat, 2015). Herdjiono and Sari (2017) concurred that, especially in a changing market environment, the audit committee's productivity and efficiency can be measured in a way that is outside the company's purview. An audit committee that is successful is supposed to put shareholder capital optimization first and dissuade managers from pursuing their own self-serving interests (Bansal & Sharma, 2016).

The audit committee is an independent body established to protect investors' interests in a company. Auditor independence involves the fair representation of non-executive directors in the organization's control processes, leading to effective monitoring, better decision-making, and improved strategic actions to enhance company performance (Babatunde et al., 2022). According to Ibrahim et al. (2019), having more independent directors on the audit committee boosts firm performance. Financial expertise is essential for the audit committee to perform its duties effectively. Corporate scandals often result from negligent board members who lack the necessary expertise to grasp business complexities. Zraiq et al. (2018) emphasize that financial expertise is crucial for the smooth operation of a business. The two main objectives of a business are to maximize shareholder wealth and to maximize profit.

Given the prevalence of financial statement fraud and the high rate of corporate failures in both developed and developing economies, interest in the function of audit committees has grown. This may result in decreased investment from both domestic and foreign sources, impeding the nation's economic growth (Dakhlallh et al, 2020). According to Emeka-Nwokeji and Agubata (2019), the constant global corporate scandals have drawn more attention to the necessity of enhancing financial reporting in order to reform the global economy and restore public confidence in information provided by businesses.

There is evidence that the audit committee, whose main responsibility is to oversee the preparation of financial reports and the efficacy of internal control procedures, enhances the credibility of financial information (Bouaine&Hrichi, 2019). Qeshta et al. (2021) contend that the audit committee is essential to corporate oversight because it keeps an eye on businesses to make sure their financial data is trustworthy, open, and held to the highest standards of accountability. According to Chukwuand Nwabochi (2019), research indicates that the size of the audit committee affects how well it performs its oversight duties in corporate entities in terms of efficacy and efficiency.

In the accounting literature, there has been a lot of empirical discussion on the relationship between audit committee characteristics and financial performance. The few earlier studies, such as those by Nnubia (2015), Asiriuwa et al. (2018), Nnubia and Kornom-Gbaraba (2018), and Umobong and Ibanichuka (2017), have offered conflicting evidence regarding the relationship between the financial performance of the firm and the attributes of the audit committee. Thus, the purpose of this study is to assess the degree to which certain deposit money banks listed on the Nigeria Exchange Group's financial performance are impacted by attributes of their audit committees.

This study aims to expand the existing literature on audit committee attributes to include various sectors of the economy. It specifically investigates how audit committee attributes impact a firm's financial performance, focusing on the influence of audit committee meetings, audit committee expertise, and audit committee size on the financial performance of firms.

Conceptual Framework

Financial performance

According to Osevwe-Okoroyibo and Emeka-Nwokeji (2021), financial performance can be understood as the measurement of a firm's competence and effectiveness in both internal and external operations. The success of a business entity is highly valued in today's world, as strong performance can significantly enhance its growth. A company's excellence is reflected in its financial statements. Research indicates that stakeholders are more likely to support an organization with good performance. To foster the organization's development, it is crucial to assess its current performance, as this will reveal the gap needed to reach the organization's goals.

A company's progress is gauged by its results, which are assessed through various methods and strategies. Corporate governance practices significantly impact a firm's performance, as the success or failure of any company relies on efficient resource management. Implementing robust corporate governance practices, including the audit committee, enables firms to enhance their performance, allocate resources efficiently, and ensure better management (Osevwe-Okoroyibo&Emeka-Nwokeji, 2021).

Abeygunasekera et al. (2021) define performance as the total wealth generated by a company before distribution to its various stakeholders. Financial performance can be measured in various ways, which can be categorized into accounting-based measures and market-based measures. Ibidaand Emeka-Nwokeji (2019) identified seven features to view firm performance: growth, profitability, market value, customer satisfaction, employee satisfaction, social performance, and environmental performance. Although researchers use multiple financial performance assessment tools, most investors rely on accounting ratios such as earnings per share, return on equity, and return on assets to evaluate a company's financial performance.

Concept of Audit Committee

Many listed companies worldwide have embraced the idea of establishing audit committees. The purpose of this development is to create a separation between the external auditors and the company's directors. According to the Nigerian Code of Corporate Governance (2018), it is recommended that every company have a board committee responsible for audits. Additionally, the Securities and Exchange Commission mandated that firms listed on the Nigeria Exchange Group (NGX) establish an audit committee (SEC, 2003). The widespread adoption of audit committees underscores their importance as a corporate governance mechanism. Qeshta et al. (2021) view audit committees as catalysts for implementing, observing, and maintaining acceptable corporate governance practices to benefit all stakeholders and management.

The primary function of an audit committee is to oversee the mechanisms of financial statements, the audit process, the management control structure, and compliance with legislative requirements. Additionally, the committee regularly reviews financial results prepared by management, makes recommendations to the board for improving management controls, and ensures that financial disclosures provide a true and fair view for the benefit of all users. An audit committee acts as a working group selected by a firm to serve as a link between the managers and external evaluators.Okaro and Okafor (2013) identified several advantages of an effective audit committee: enhancing the discretion of the external auditor, increasing the integrity of audited accounts, and ensuring the best interests of shareholders and society are upheld through corporate policies. Additionally, an effective audit committee improves internal auditing, boosts senior management's efficiency by raising their awareness, helps resolve disputes between auditors and management, and fosters better collaboration between managers and independent auditors.

Audit Committee Attributes

Numerous studies have suggested that the effectiveness of an audit committee largely depends on its characteristics. It has been argued that committees that are more independent, have greater expertise, are more vigilant and involved, and have a larger number of members tend to perform their duties more effectively (Mohiuddin&Karbhari, 2010). These attributes are used to describe a firm's audit committee. Therefore, audit committee characteristics encompass the right blend of skills and experience, which is crucial for helping the committee fulfill its responsibilities commendably. Studies have also explored the relationship between various audit committee features; such as independence, tenure, size, directorship, financial expertise, and frequency of meetings; and audit quality, firm performance, and financial reporting quality. This study specifically examines the relationship between three of these attributes (audit committee independence, audit committee financial expertise, and audit committee meetings) and the performance of selected food and beverage industries in Nigeria.

Theoretical Framework

Stewardship Theory

Donaldson and Davis (1991) developed the stewardship theory based on their seminal work. In this theory, managers act as stewards when their actions and commitment align with the goals and missions of the owners. Stewards are individuals who voluntarily undertake responsibility or control over a corporation's resources or assets. The stewardship theory emerged as an alternative to traditional organizational behavior theories in management, emphasizing balanced action. According to this perspective, managers and shareholders share common interests, leading to the corporate objective of establishing structures that facilitate effective collaboration between them. Under this theory, organizational leaders typically act with integrity, suggesting that management control inherently poses no significant challenges.

The stewardship theory is relevant for this study. Its central premise is that managers in businesses engage in a network of interactions with various groups that both influence and are influenced by the firm's actions, moving away from the traditional objective of solely maximizing shareholder value. This concept has gained recent prominence by emphasizing the importance of considering all stakeholders—both internal and external—when making decisions. According to this theory, corporate governance activities should aim to satisfy not only owners but also other relevant stakeholders. Therefore, it is incumbent upon auditors to produce high-quality reports for stakeholders for investment decision-making purposes. Auditors also have an initial responsibility to promptly report any misstatement or error in the company's financial statements to stakeholders, as any attempt to conceal such information would constitute an offense and a breach of the contract between the auditor, management, and stakeholders.

Agency Theory

According to Jensen and Meckling (1976), the agency theory focuses on the relationship between owners (principals) and managers (agents). It explores how effective monitoring of management can potentially enhance firm value and mitigate the costs associated with dysfunctional behavior (Jensen &Meckling, 1976), thereby possibly leading to improved performance. Agency problems and costs arise due to conflicts of interest between owners and managers. Principals can mitigate these issues by providing incentives to agents and incurring expenses to monitor and constrain the self-interested actions of the agents (Jensen &Meckling, 1976).

According to the Sarbanes-Oxley Act of 2002, audit committees play a crucial role in safeguarding investors through effective corporate governance. Audit committees are recognized as a mechanism that can help manage corporate governance to mitigate agency costs (Chung et al., 2004). They serve as a tool to reduce agency costs, enhance internal controls, and act as an effective monitoring mechanism to strengthen agency relationships (Chung et al., 2004). Additionally, audit committees facilitate the reduction of information asymmetry. Governance mechanisms such as board subcommittees, comprising directors with attributes like independence, financial expertise, and experience, are necessary to prevent or minimize agents' self-serving interests (Kallamu&Saat, 2015).

Empirical Review

Babatunde, Ikubo, and Udobi-Owoloja (2022) investigated the impact of audit committees on firm performance in Nigeria. They employed a cross-sectional survey design involving a sample of fifty-one (51) listed companies on the Nigerian Exchange Group. None of the tested attributes significantly affected firms' performance at the 0.05 level of significance, with gender diversity showing the least favorable results among the criteria examined. The linear regression analysis indicated that despite adherence to corporate governance codes, firms reported negative performance. The findings suggest that corporate governance, particularly concerning audit committee independence and effectiveness, is not achieving its intended objectives. Gender similarity among committee members appears to contribute to firms' underperformance. To mitigate corporate failures, there is a need to reassess corporate governance attributes related to audit committees, focusing on directors' dedication to enhancing firm performance beyond routine accounting practices.

Shamsuddin and Alshahri (2022) investigated the impact of audit committee characteristics on firm performance in non-financial sectors in Oman. The study aimed to assess how audit committee (AC) characteristics—specifically AC size (ACS), AC independence (ACI), and AC meetings (ACM)—influence two financial performance indicators: return on assets (ROA) and Tobin's Q. The research covered 63 non-financial firms listed on the Muscat Securities Market (MSM) in Oman from 2016 to 2019. Multiple regression techniques were employed to analyze the data and derive empirical findings.The results indicated that two out of the three independent variables had no significant effect on financial performance, and ACI showed a notably negative impact on Tobin's Q. These findings suggest that corporate governance mechanisms and the structure of audit committees in Omani firms may require enhancement. Strengthened regulatory oversight may be necessary to ensure that firms appoint AC members capable of improving firm performance and contributing to the country's economic growth.

Eseoghene and Oghenevwogaga (2021) conducted a study to evaluate whether audit committee characteristics influence the financial performance of publicly traded service firms in Nigeria. They measured audit committee characteristics using audit committee size and independence, and assessed financial performance using return on equity and earnings per share, with the natural logarithm of total assets as a control variable. Data were gathered from the annual reports and accounts of sixteen (16) publicly quoted service firms spanning from 2012 to 2019. The study employed multivariate estimation techniques to analyze the data, revealing that audit committee characteristics significantly and positively impact financial performance.Furthermore, the study found that while return on equity negatively influences firm size, earnings per share do not. Based on these findings, it is recommended that audit committee members be empowered to enhance their independence, thereby ensuring rigorous audits that can bolster financial performance. This, in turn, would contribute to improving the financial performance of publicly traded companies.

Okeke (2021) conducted a study to explore the link between audit committee attributes and the performance of manufacturing firms in Nigeria. The research employed an ex post facto research design, utilizing secondary data from the period 2012-2019. Fifteen (15) manufacturing firms were selected using a judgmental sampling method from those listed in Nigeria. The collected data were analyzed, and hypotheses were tested using a Pearson correlation matrix.The findings indicated that audit committee size and the frequency of audit committee meetings are positively correlated with the performance of manufacturing firms in Nigeria. Conversely, audit committee independence showed a negative correlation with firm performance. Based on these results, the study recommends that corporate governance discussions should shift emphasis from independence to the size and frequency of audit committee meetings. It suggests establishing a minimum number of meetings that audit committee members must attend annually to ensure effective governance oversight.

Amahalu et al. (2020) investigated the impact of audit committee size, independence, and financial expertise on return on assets. The study utilized panel data collected from the annual reports and accounts of six (6) sampled conglomerates over the period 2010-2019. An ex-post facto research design was employed for the study. Inferential statistics, including the Pearson correlation coefficient and panel least squares regression analysis, were used to test the study hypotheses.The findings revealed that audit committee size, independence, and financial expertise each have a significant positive influence on return on assets at a 5% level of significance. Among other recommendations, the study suggested that conglomerates in Nigeria should ensure strict adherence to the provisions of the Companies and Allied Matters Act (CAMA), which mandates audit committees to consist of six members with equal representation; three shareholders and three directors.

Dakhlallh et al. (2020) studied the relationship between the Audit Committee and Tobin's Q using a sample of 180 Jordanian companies. They found that there is a positive and significant correlation between audit committee size, audit committee independence, and audit committee financial expertise with Tobin's Q. Their findings supported both the agency theory and resource dependence theory, indicating that audit committee independence positively influences firm performance. They demonstrated that enhancing the financial knowledge and capabilities of the audit committee can improve firm performance.

Bouaine and Hrichi (2019) examined the impact of legally mandated creation of audit committees on the financial performance of firms. The study specifically investigated whether the establishment of audit committees affects the market performance of financial companies. It analyzed whether audit committee attributes such as members' discretion, size and responsibilities of committee members, audit committee financial expertise, and the frequency of audit committee meetings influence financial performance. The study used two performance measures, namely Return on Equity (ROE) and Return on Assets (ROA), and conducted panel analysis.The findings indicated that the introduction of a legal requirement for audit committees leads to their establishment but has limited significant impact on company performance. The study also explored the relationship between audit committee characteristics (size, independence, financial expertise, and meeting frequency) and firm performance.

Olayinka (2019) investigated the impact of audit committee effectiveness on the growth of firm performance in Nigeria. The study focused on eight selected deposit money banks listed on the Nigerian Stock Exchange from 2011 to 2015. Data analysis was conducted using ordinary least squares (OLS) regression, with the E-views software package employed for analysis.The study concluded that audit committee size, frequency of audit committee meetings, and financial literacy of audit committee members do not exert a significant effect on firm performance in Nigeria.

Rateb (2018) examined the impact of audit committee characteristics on company performance within non-financial Jordanian companies from 2014 to 2016, driven by existing literature suggesting that effective audit committees enhance company outcomes. The study found that audit committee size, independence, and gender diversity significantly and positively influence performance. However, the regression analysis did not find any significant association between experience or the frequency of meetings of the audit committee and company performance. Additionally, the study revealed a negative correlation between a firm's performance and its industry type. Moreover, the regression results indicated no significant relationships between audit committee characteristics and company size, leverage ratio, or dividends ratio.

Dissanayake and Bandara (2018) conducted a study to explore the influence of audit committee characteristics on the financial performance of 20 listed finance companies in Sri Lanka from 2012 to 2016. The analysis revealed that audit committee independence and financial literacy showed a statistically significant positive correlation with the financial performance of the firms. Moreover, the frequency of audit committee meetings significantly affected the return on equity. However, the study found that audit committee size did not have a significant impact on firm performance.

Sujatha et al. (2017) examined the relationship between audit committee expertise and firm performance. They emphasized that the audit committee (AC) has evolved into a significant component of corporate governance worldwide and has gained widespread attention. Government officials, regulators, and international organizations have advocated for the audit committee as a potentially effective mechanism to enhance financial information security and accountability. Mandatory under SEBI Clause 49 of the listing agreement, they concluded that an audit committee provides valuable support to the board in enhancing organizational performance through effective execution, oversight, and promotion of good corporate governance practices for the benefit of the company and all stakeholders.

Ida and Asunka (2016) investigated the impact of audit committees on the performance of publicly traded stocks on the Ghana Stock Exchange. They collected data from a sample of 36 traded stocks for the 2015 financial year. The analysis revealed a connection between audit committee attributes and organizational outcomes. Specifically, the number of independent members on the audit committee showed minimal impact on company performance. Conversely, having a higher number of independent audit committee members with finance degrees had a negative effect on company outcomes.

The results of this literature clearly imply that audit committee attributes may also be significant. Though some studies found a significant effect, its exact magnitude is still unknown. This work has been included in a series of studies examining how audit committee attributes affects firm’s financial performance of selected deposit money banks in Nigeria in an effort to shed light on related topics and close some research gaps.

Methodology:

This study employed correlational and ex-post facto research designs to examine the link between audit committee attributes and firm’s financial performance of listed deposit money banks in Nigeria. These research designs were chosen to objectively evaluate financial data and establish statistical relationships between audit committee attributes variables and indicators of firm’s financial performance. The primary aim of using these designs is to gain insights and generate new ideas regarding the relationship under study. The study utilized the multiple regression technique for its analysis, which is considered appropriate for predicting the impact of multiple independent variables on a single dependent variable. Specifically, Ordinary Least Squares (OLS) regression was employed, a parametric statistical test that operates under certain assumptions. Adherence to these assumptions is crucial as deviations could potentially affect the reliability of the study's findings. The regression model was selected for its assumption of linearity and normality in assessing the impact of independent variables on the dependent variable. Secondary data were collected from the selected deposit money banks listed on the NGX over a ten-year period (2014-2023). Annual data were extracted from the Audited Annual Reports of these banks during the specified timeframe. Return on asset (ROA) was utilized as a proxy for firm’s financial performance, serving as the dependent variable, while Audit committee size (ACSZ), Audit committee gender diversity (ACGD) and Audit committee meeting (ACMT) were used as proxies for audit committee attributes, serving as the independent variables. Firm size (FSIZ) was also used as a control variable.

The model is therefore, specified as:

$ROA_{it} = \beta_0 + \beta_1 ACSZ_{it} + \beta_2 ACGD_{it} + \beta_3 ACMT_{it} + \beta_4 FSIZ_{it} + \varepsilon$ ………………….. 1

Where;

ROA = Return of asset

ACSZ = Audit Committee Size

ACGD = Audit committee gender diversity

ACMT = Audit committee meeting

FSZ = Firm size

β_0 = constant of regression equation

β_1, β_2, β_3 = Beta coefficients of the regression equation

it = time for intercepts

ε_{it} = the disturbance or error term for firm i in the year t.

i: Firm 1 to 10

t: Year 1 to 10

Results:

Table 1 Descriptive statistics

Variables	Observation	Mean	Standard deviation	Min	Max
ROA	100	0.1229	0.6471	-3.25	1.97
ACSZ	100	5.5	0.8932	4	5
ACGD	100	0.0877	0.1076	0	0.333
ACMT	100	3.98	0.8759	2	7
FSIZ	100	6.886	0.6481	5.5	8

Source: *STATA 13.0 Outputs, (2024)*

From table 1, the mean value of return on asset for the sampled firms during the period was 0.1229 with a standard deviation of 0.6471. The mean value indicates that on average, 12.9% of the sampled firms revenue generated translated into profit while the remaining 87.1% was used to cover operating expenses. However, a high standard deviation value suggests a wide spread of return on asset values from the mean. The minimum value of ROA is -325% and maximum value 197% indicating highest loss suffered and returns during the study period respectively.

The mean value of audit committee size from the table above is 5.5, which means about (6) members. This show the average of the size of audit committee, this indicates that the sampled firm complied with the statutory number of members in an audit committee which is 6. The Standard deviation value of 0.8932 signifies a low dispersion of audit committee size of sample companies from the mean signifying that companies under observation had similar audit committee size. The minimum and maximum value for ACSZis 4 and 5 respectively.

The table also shows the mean value of audit committee gender diversity of sampled firms is 0.0877 indicating that 8.8% of the audit committee members were female otherwise meaning that one out of six audit committee member is a female. A standard deviation of 0.1184 signifies high variability of ACGD value of sampled companies from the mean. The minimum and maximum is 0 and 0.5 respectively.

Also, the result above indicates that the mean of Audit committee meeting is 3.98; which is about 4 times. This shows the average number of times the committee held their meeting in a year. The standard deviation value of 0.8759 denotes a low dispersion of ACMT from the mean. The maximum and minimum values are 2 and 7 respectively.

Lastly, the result from indicates that the mean of FSIZE is 6.889 showing on average the firm size under observation. While the standard deviation value of 0.6481 denotes that sampled companies have similar size. The maximum and minimum firm size is 5.5 and 8 respectively.

Table 2 Correlation Analysis

	NOM	**ACSIZE**	**GIV**	**ACM**	**FSIZE**
ROA	1.0000				
ACSZ	-0.0312	1.0000			
ACGD	0.1811	-0.0232	1.0000		
ACMT	-0.1401	0.2711*	0.2362*	1.0000	
FSIZ	0.2335*	0.3875*	-0.1174	0.2706*	1.0000

Source: *STATA Outputs, 2024*

The above result shows that there is positive and moderate association between audit committee gender diversity and return of asset; and firm size and return of asset. This positive relationship shows that there is a direct relationship between audit committee gender diversity, firm size and return of asset. An increase in audit committee gender diversity and firm sizevariable would lead to similar increase in return on asset. On the other hand, there exist negative relationships between audit committee size and return of asset; and audit committee meeting and return of asset. A negative relationship means that a movement in audit committee size and audit committee meeting would result to an adverse movement in return on asset.

Table 3: Summary of Regression Result

NOM	Coefficient	Robust Std. error	Z	P> Z
CONST	-1.3644	0.8965	-1.52	0.128
ACSZ	-0.0559	0.0312	-1.79	0.073
ACGD	1.2713	0.5167	2.46	0.014
ACMT	-0.1650	0.0748	-2.21	0.027
FSIZ	0.3397	0.1730	1.96	0.050
R^2	0.1836			
Wald Chi^2	44.73			
Prob	0.0000			

Source: *STATA 13.0 Outputs, (2024)*

The table shows coefficient of determination R^2 has a value of 0.1836, which indicates that the explanatory variables of the study; audit committee size, audit committee gender diversity, audit committee meeting and firm size explained 18.4% of the total variations in the return on asset of the selected deposit money banks during the period, while the remaining variation (81.4%) are caused by factors not captured by the model. Similarly, the results from the table show that the model is fit as indicated by the Wald Chi^2 of 44.73 which is statistically significant at 5% significance level with P-value of 0.0000.

It results also show that audit committee size has a coefficient value of -0.0559 with a p-value of 0.073 which indicates that audit committee size is negatively and insignificantly related to return on asset within the period of study. Furthermore, the results also show that audit committee gender diversity has a coefficient value of 1.2713 with a p-value of 0.014 which indicates that audit committee gender diversity has a positive and significant relationship with return on asset within the period of study.

Additionally, from the results above, it show that audit committee meeting has a coefficient value of -0.1650 with a p-value of 0.027 which indicates that audit committee meeting is negatively and insignificantly related to return on asset within the period of study.

Finally, from the regression result above, firm size being the control variable has a coefficient value of 0.3397 with a p-value of 0.050, indicating that firm size has a positive and significant effect on return on asset. It shows that larger firms may possess inherent advantages or efficiencies that contribute to improved financial performance. These advantages could stem from economies of scale, greater market power, increased access to resources, or other factors.

Discussions:

Audit committee Size and Return on Asset

The regression analysis shows that audit committee size has a negative and insignificant effect on return on asset of listed deposit money banks in Nigeria. From the coefficient value of -0.0559 it means one-unit increase in audit committee size will lead to decrease in return on asset by -0.559 (5.59%). Having a large audit committee size may potentially reduce financial performance due to challenges in decision-making efficiency, coordination, and communication, dilution of responsibility, increased resource demands, and potential negative group dynamicsRamadhan (2014). This result is in harmony with the findings of Narwal and Jindal (2015) and Ijeka and Iyoha (2014), but contrary to that of Rateb (2017) and Olayinka (2019).

Gender Diversity and Return on Asset

The regression analysis shows that gender diversity has a positive and significant effect on return on asset of listed deposit money banks in Nigeria. From the coefficient value of 1.2713, it means one-unit increase in gender diversity will lead to decrease in return on asset by 1.2713 (127.13%). By bringing a range of viewpoints to discussions and challenging groupthink, gender-diverse audit committees may foster greater innovation, better problem-solving, and increased accountability, ultimately benefiting the organization's bottom line. This result is tandem with Rateb (2017) but in contrary to Carter et al. (2010) who found no relationship between the proportion of females on the board and company performance.

Audit committee Meeting and Return on Asset

From the regression result above, audit committee meeting has a negative and significant effect on return on asset of listed deposit money banks in Nigeria. From the coefficient value of -0.1649 it means one-unit increase in audit committee meeting will lead to decrease in return on asset by -0.1649 (16.5%). Frequent audit committee meetings can lead to increased administrative costs due to various factors such as the allocation of time and resources, additional professional fees for external support and also increase in administrative cost which in turn will raise operating expenses thereby depleting operating income .his result is tandem with Ojeka and Iyoha (2014)) but in contrary toAmahalu*et a*l. (2020) whose study detected a positive relationship between audit committee meeting and financial performance.

Conclusion:

Ex-post facto research design was used in measuring the relationship among the variables of the study. Data was collected from secondary source through the annual reports of the companies under study. Multiple regression was used to test the three hypotheses formulated for the study. The findings of the study show an insignificant negative relationship between audit committee size and return on asset while gender diversity has a significant positive impact on return on asset of listed deposit money banks in Nigeria. Also, the study revealed that audit committee meeting has a negative but significant impact on return on asset of listed deposit money banks in Nigeria. In line with the findings of the study, the study therefore recommends that firms should sustain frequencies of audit committee meetings, so as to ensure that the committee has enough time to take decisions that will enhance better firm performance.

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