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# Audit Committee Attributes and Financial Performance of Listed Industrial Goods Companies in Nigeria

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## ABSTRACTS

The study examined the impact of audit committee attributes on financial performance of listed industrial goods companies in Nigeria to the period of 2013-2022. This study adopted an ex post facto research design. Secondary data was extracted from the sample companies' annual reports and financial statements. Multiple regression analysis (GLS) was used as the technique of data analysis. The results showed that out of all the measures of audit committee attributes studied, only AC size and AC meetings have positive coefficients and significantly influence listed industrial firms' financial performance. AC size found to be an effective corporate governance mechanism that could improve the financial performance of the listed industrial firms. The study therefore recommends a more robust regulation on audit committee attributes and ensures that the size of the audit committee is an important consideration in ensuring effective governance and oversight, ensure that the audit committee is composed of independent members who are not directly involved in the day-to-day operations of the company it is generally recommended that audit committees meet regularly to fulfil their oversight responsibilities effectively.



## Introduction

Financial performance is crucial for the survival of a company. Financial performance has implications for the company's future. The effectiveness and efficiency of management in using corporate resources are reflected by high financial performance and in turn contributes to the economy of a company. Most of the research results show that the characteristics of the audit committee are crucial to the company's performance (Ibrahim & Ombaba, 2019).

Furthermore, financial performance of a firm remains one of the major routes of assessing its wellbeing and to know whether it will be able to meet financial obligation of all interested parties. It is also an indication for possible payment of dividend. Firms owe commitment to their principal, which is maximization of wealth, and to other stakeholders who are also concerned with the financial health of firms (Faruk, 2019). The objective of financial statements is to provide useful and reliable financial information for different stakeholders and users to make quality decisions. Quality financial reporting is the result of a reliable corporate governance system that can guide creditors and investors to make investment decisions with minimal risk (Olayinka, 2019).

However, the audit committee (AC) is an efficient monitoring mechanism that increases the corporate governance (CG) standards. The role of the AC is centred on supervising and monitoring financial reporting integrity, which, as a result, enhances the overall value of the

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firm (Shatnawi et al., 2022). A great deal of attention has been directed towards the fact that the role of the AC is to ensure fraud is completely eradicated with the purpose to monitor the financial reporting process of the firm, as well as reviewing its financial reports, the risk management practices, and its internal accounting controls. Additionally, there is an indication that an active AC has the capability to impact management decisions (Shatnawi et al., 2022). In Nigeria, the cases of insider trading, massive and prevalent frauds, mandatory retirement of CEOs of some companies, due to corrupt practices and inefficient rubber-stamped boards, have combined to signal the absence of, or failure of existing corporate governance structure (Quadri, 2010). Therefore, the trust which investors had on the credibility and the quality of financial report presented by the management of companies could no longer be sustained as they were reported to be misleading. Hence, a higher need to protect stakeholders' interest so as not to have another overwhelming shock becomes imperative. The responsibilities bestowed on them due to information asymmetry between the management and the owners of the business was expected to ease the agency problems which would invariably lead to the reduction of agency cost when the substantial interests of the management are aligned with the company's interests (Yayah et al., 2012). However, this objective seems not to have been realized in Nigeria.

Furthermore, many regulatory bodies have made regulations on the compositions and operations of the audit committee. Such regulatory framework includes CAMA 2020 and Nigeria Code of Corporate Governance 2018. These frame work provided that at least one member of the audit committee should be financial expert. The framework also highlighted those members of the audit committee should be of non-executive directors and would meet at least once quarterly. Prior studies purport that certain attributes of the audit committee like independence, size, diversity in gender and number of meetings and financial expertise would determine how the existence of audit committee could improve firm performance (Yahaya et al., 2023; Lanka, 2023). The regulatory frameworks as highlighted have empowered audit committee to monitor business operation processes and internal control systems of the organisation, and to ensure that financial statements maintain credibility for both internal and external users. Notwithstanding these statutory supervisory roles, , Odudu, A.S., et al (2019) reported that some firms like Unilever Plc, Cadbury Nigeria Plc, still collapsed and that raised lots of concerns on the reliability and proficiency of audit committee in organisations. Hence it becomes even more imperative to determine if the audit committee attributes have strong influence on the performance of firms in Nigeria. Thus, this research contributes to knowledge as it focused specifically on the impact of audit committee's effectiveness on financial performance of listed industrial goods firms in Nigeria. The selected companies' financial reports and accounts were consistently available for the period covered. The audit committee characteristics are decomposed into: size; independence, financial expertise; and meetings while performance is captured by return on asset (ROA). The study covers a period of ten (10) years spanning 2013 to 2022.

The industrial goods sector plays a significant role in the Nigerian economy, contributing to economic growth, employment, and the development of infrastructure. This sector encompasses various industries involved in the production of manufactured goods, building materials, and other industrial products. The industrial goods sector contributes to economic growth by producing a wide range of goods, including machinery, equipment, construction materials, and consumer products. This production adds value to the economy and helps diversify it beyond its reliance on oil exports. The industrial goods sector provides employment opportunities to a large number of Nigerians. This includes both skilled and unskilled labour, supporting livelihoods and reducing unemployment. The sector is closely linked to infrastructure development, as it produces materials like cement, steel, and construction equipment, which are essential for building roads, bridges, housing, and other infrastructure projects. Nigeria can earn foreign exchange through the export of industrial goods such as cement, steel products, and machinery to other countries in the region. This can help stabilize the balance of trade. Reducing dependence on oil exports is a crucial goal for the Nigerian economy. The industrial goods sector contributes to diversification by manufacturing a variety of products that are consumed both domestically and internationally. The sector adds value to raw materials and resources by transforming them into finished goods. This not only boosts economic productivity but also reduces the need for imports of these finished products (National Bureau of Statistics, 2020).

It's important to note that the industrial goods sector in Nigeria faces challenges such as infrastructure deficiencies, inadequate power supply, and regulatory hurdles. Addressing these challenges and promoting policies that support the growth of the sector is essential to fully realize its potential contribution to the Nigerian economy (Waziri & Yusuf, 2019).
The main objective of the study is to examine the impact of audit committee attributes on financial performance of listed industrial goods companies in Nigeria.

The rest of this paper is organized as follows: Section 2 reviewed elated literature and highlight the theoretical postulate for the study. Section 3 presents the methodology and variables of the study. The empirical results and discussions of the major findings are presented in section 4, while section 5 provides conclude and recommendation the study.

## Literature Review

### Conceptual Review

### Financial performance

Financial performance is a measure of a company's policies and operations in monetary terms. It is a general measure of a firm's overall financial health over a given period and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Additionally, analysts and investors use financial performance to compare similar firms across the same industry or to compare industries or sectors in aggregate (Rabiu, J.S., & Aminu, 2023).

There are many stakeholders in a company, including trade creditors, bondholders, investors, employees, and management. Each group has an interest in tracking the financial performance of a company. The financial performance identifies how well a company generates revenues and manages its assets, liabilities, and the financial interests of its stakeholders and stockholders. However, there are many ways to measure financial performance, but all measures should be taken in aggregate. Line items, such as revenue from operations, operating income, or cash flow from operations, return on asset (ROA), return on equity (ROE), and return on capital employed (Rabiu, J.S., & Aminu, 2023).

Financial performance is the determination of certain sizes that can measure the success of a company in generating profits (Ashari et al., 2020). The company's performance demonstrated by its financial statements as a display state of the company during a certain period called the company's financial performance and it can be said that the financial performance is total shareholder returns.

Performance measurement is the process of recording and measuring the achievement of the implementation of the activities under the direction of achieving the mission accomplishment by the results displayed in the form of corporate profitability, the development of products, services or processes (Chinedu, 2023). Return on assets (ROA) focuses the company's ability to obtain earnings in the company's operations, while return on equity (ROE) only measures the return earned on an investment in the company owner of the business. ROA was used to measure the effectiveness of the company in generating profits by exploiting its assets. The greater the ROA shows that the better financial performance, due to the greater rate of return. If the ROA increased, meaning the company's profitability increased, so that the eventual impact is an increase in profitability enjoyed by shareholders.

**Audit Committee**

The Companies and Allied Matters Act (2020) made provision for a public limited liability company to have an audit committee in place. The members are expected to be conversant with basic financial statements. The committee has the following objectives as provided according to CAMA (2020), to increase public confidence in the credibility and objectivity of published financial statements; assisting the directors, especially the non- executive directors, in meeting their responsibilities of financial reporting; Strengthening the independent position of a firm's external auditors by providing an additional channel of communication (CAMA, 2020). Prior studies had established relationship between some attribute of audit committee attributes and emphasize that they can improve performance of firms. Such audit committee attribute are audit committee independence, audit committee size, audit committee meetings and audit committee gender diversity and firm performance (Rabiu & Aminu, 2023; Yahaya et al., 2023; Fakile & Osemene, 2019)

**Audit Committee Size**

Audit committee size is a measure of how many persons that should constitute the audit committee. Some school of thought is of the opinion that large audit committee size would be difficult to coordinate and would easily form factions which would result to decreased performance of the firm (Emmanuel & Peter, 2023). The implication of their assertion is that firms should consider constituting small number of audit committee size. Lanka, (2023) contrary holds that large audit committee size is more preferable as they difficult to be influenced by management.

**Audit Committee Independence**

Independence of audit committee represents the absence of any relationship between AC members and the management. An independent AC is crucial to be demonstrated by the stakeholders to increase their trust in the credibility of the financial reporting; thus, it is called an effective AC. This is asserted by (Al-hadrami, A. et al., (2020) that the independence of AC improves the credibility of the financial information. Therefore, some studies indicated that more qualitative audit services are requested by a more independent AC (Al-hadrami, et al., 2020), (Agyemang, 2020a).

**Audit committee financial expertise**

The attributes of financial experts as defined by the US Securities and Exchange Commission (SEC) are to be attained through education and experience as (a) public accountant or auditor, (b) a principal financial officer, controller or principal accounting officer of an issuer, or (c) from a position involving the performance of similar functions (Metawee, 2013). This definition was later broadened to include CEO or president. Following comments received by the SEC that the characteristics to be considered as financial experts are too restrictive, hence firms may not able to find a qualified one (Agyemang, 2020a). Knowledge in accounting and finance provides a good basis for audit committee members to examine and analyse financial information. The educational background and additional qualification in accounting and finance profession becomes an important characteristic that ensure audit committees performance (Metawee, 2013).

### Audit committee meeting

Audit Committee Meeting Agendas suggest the timing, objectives, specific actions to be performed, and communications to be made to the board for certain audit committee meetings. The agendas were prepared assuming a two-or three-meeting schedule, and are not intended to be all-inclusive. Rather, meetings should reflect the organization's specific circumstances and the audit committee's particular concerns. Meetings typically begin with a discussion of matters of mutual interest among the audit committee, management, and external and internal auditors, if applicable. The audit committee may then meet privately with each to candidly discuss sensitive or confidential matters. It may also be appropriate for organization counsel and/or outside counsel to attend certain meetings (Rabiu & Aminu 2023).

## Empirical Review and Hypotheses Development

### Audit committee size and financial performance

The concept of the size of the audit committee has to do with the degree of the smallness and largeness of the membership of an audit committee. Committee size has been debated in regulations (FRCON, 2016; CAMA, 1990) and concerning countries' jurisdiction to comprise three to a maximum of seven members.
Research on committee size and financial performance have been evaluated by different authors and thus presented diverse result. One of such is Zubair (2019) who examined the impact of Audit Committees size (AC) on the performance of listed Deposit Money Banks (DMBs) in Nigeria. The result revealed a significant positive relationship between audit committee size and financial performance of deposit money banks in Nigeria. Similarly researches by (Olaoye et al,. (2020) and (Kipkoech, 2018) found a positive and significant relationship between audit committee size and financial performance. More so, Mohammad and Faudziah (2019) found a positive but insignificant relationship between audit committee size and financial performance. On the contrary, Agyemang (2020) studied the effect of audit committee characteristics and ownership structure on financial performance of listed oil and gas firms in Nigeria and found a negative relationship between audit committee size and financial performance. Olayinka (2019) found an insignificant relationship between the audit committee size and financial performance.

**$H_{O1:}$ AC size has no significant impact on the financial performance of listed industrial goods firms in Nigeria**

### Audit committee independence and financial performance

(Haddad et al., (2021) assess influence of Audit Committee Quality on the Financial Performance of Conventional and Islamic Banks globally. Using sample of 112 banks from 20102019, the study run generalized Least Squares analysis to establish the relationship. The study result indicates audit committee had a positive impact on the conventional banks' liquidity, while the same effect was apparently ambiguous for the Islamic banks' liquidity.

According to Agyemang (2020) studied the relationship between characteristics and financial performance of listed banks in Ghana. Using a sample of 8 banks, 2015 - 2020, the study result find that, Audit committee independence and gender diversity had a negative correlation with return on asset. This means in response to the hypothesis; ROE is positively related to audit size and the audit members' expertise and experience but negatively related to audit committee independence and gender diversity of the audit committee. Similarly, ROA is positively related to audit size and the audit members' expertise and experience but negatively related to audit committee independence and gender diversity of the audit committee.

Additionally, in Bahrain (Al-hadrami et al., (2020) investigate the Impact of audit committee's independence and competence on investment decision-making in 2020 using 36 manufacturing company, the study uses a stratified random sample technique to sample out data and consequently find that AC independence and AC competence have a positive and significant influence on investment decision-making.

**$H_{O2:}$ AC independence has no significant impact on the financial performance of listed industrial goods firms in Nigeria**

**Audit committee financial expertise and financial performance**

The issue of financial expertise for at-least one audit committee member was first recognized under Section 359 (3) and (4) of the CAMA. This was further re-echoed in the SEC code of 2011. Audit Committee expertise as used in the study connotes the skills and knowledge of accounting principles, accounting practice, internal control and or of law acquired through learning and practices. Generally, findings revealed that there is a positive relationship between the presence of an audit committee and the firm's financial reporting quality. Bouaziz and Triki (2020) found that audit committee financial expertise has a significant impact on returns on equity and return on asset. Cheah et al,. (2019) found that financial expertise of committee members is significantly related to performance. Similarly Gabriela (2020) found that audit committee financial expertise significantly impact firm performance. On the other hand, Glover-Akpey and Azembila (2019) found a negative association between audit committee financial expertise and frim performance.

**$H_{O3:}$ AC financial expertise has no significant impact on the financial performance of listed industrial goods firms in Nigeria**

**Audit committee Meeting and financial performance**

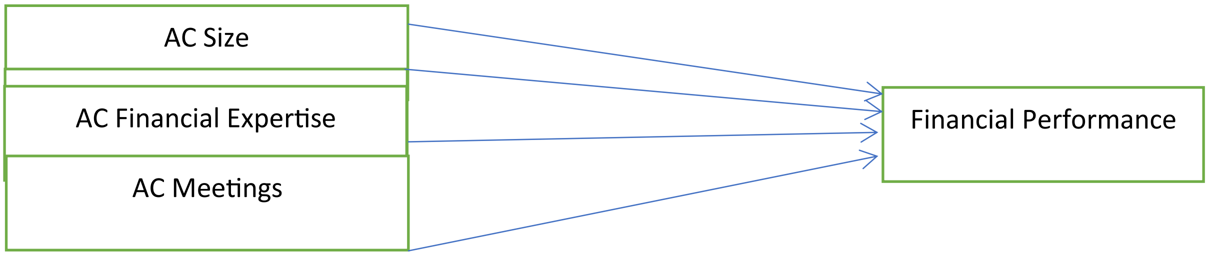
The meetings of the audit committee in public and private organization are generally timed to match the regulatory reporting. Typically, audit committees, are expected to meet three or four times a year (Hua-Wei, & Thiruvadi, 2021). However, there exists a view that the number of meetings of the audit committee members and the duration varies depending on the range and complexity of the committee's responsibilities. Regular meetings of audit committee could help reduce agency problems and information asymmetry of a firm by providing fair and timely information to investors. If the audit committee is independent, and work of the committee fair, then frauds occurring in firms could be curbed (Al-Mamun et al., 2019). (Mohammad and Faudziah (2019) found a positive and significant direction between audit committee meeting and financial performance. Gabriela (2020), also found that audit committee meeting is positive and significantly impact on firm performance. (Aanu et al., 2020) and Zubair (2019), found no significant relationship between audit committee meeting with performance variable.

**$H_{O4:}$ AC meetings has no significant impact on the financial performance of listed industrial goods firms in Nigeria**

**Theoretical framework**

This study adopts agency theory due to its relevance in resolving conflict that may arise between managers (agent) and shareholders (principal) of the companies, its empirical evidence by the study conducted by several scholars on Corporate Governance and firm performance in developed countries, will link the variables concern in the Nigerian situation. The Agency theory view directors as the agent of the shareholders and therefore there is a need for them to act in the best interest of the shareholders. In this situation, sometimes the agent may not act in the best interest of the shareholders which result in an agency loss situation. The agency theory stresses the separation of ownership (principal) and managers (agent) in an organization, therefore it is believed that managers may sometimes pursue opportunistic behavior which may conflict with the goal of the owners (principals) and therefore destroy the wealth of the shareholders. Advocates of the agency approach view the manager (directors) as an economic institution that will mitigate the problems and serves as the guardian to shareholders (Fama & Jensen 1983).

**Conceptual Frame Work**




**Methodology**

The expo-facto research design was adopted by this study because the study was aimed at obtaining important information on specific phenomena after their natural occurrence without manipulating the situation. The study population includes thirteen (13) listed industrial companies in Nigeria, of which 10 companies were used as the sample size between 2013 and 2022. Secondary data was extracted from annual reports and financial statements of the sample companies. Multiple regression analysis (GLS) was used as the technique of data analysis. The choice of multiple regression focuses on its ability to predict empirical relationships.

The dependent variable of this study is financial performance proxy by return on assets (ROA), which is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings (Rabiu & Aminu, 2023). The independent variables are audit committee attributes (size, independent, financial expertise and meeting) which will be controlled by firm size and age of the firms and audit quality as moderator.

**Table 1**

*Variable of the study and their measurement*

| Variable | Label | Measurement | Source |
|---|---|---|---|
| Financial Performance | ROA | The ratio of net income to total assets. ROA profit after taxation divided by total assets | Zubair (2019); Emmanuel and Peter, (2023); Chinedu (2023) |
| Audit committee Size | ACSI ZE | Total Numbers of Audit committee members | Emmanuel and Peter (2023); Rabiu and Aminu (2023) |
| Audit committee Independent | ACIN DP | Proportion of independent non-executive directors on the committee | Chinedu (2023); Fakile and Osemene (2019) |
| Audit committee financial expertise | ACFE | Proportion of audit committee members that has financial expertise (accounting and professional knowledge) | Emmanuel and Peter (2023) and Chinedu (2023) |
| Audit committee Meeting | ACM | Total number of meetings held by Audit Committee members in a year | Rabiu and Aminu (2023) and Emmanuel and Peter (2023) |
| Audit Quality | AQ | (Proxied with Big 4) | Thamer et al., (2018) |
| Firm Size | FSize | Natural log of total assets | Zubair (2019) and Rabiu and Aminu (2023) |
| Firm Age | FAGE | Number of years | Rabiu and Aminu (2023); Faruk (2019) |

**Model specification**

The study adopted and modifies the model of (Cheah et al., (2019) in their study of the relationship between Audit Committee characteristics and firm performance of publicly listed companies in Malaysia.

$FP = \beta0 + \beta1ACIND + \beta2ACSIZE + \beta3ACEXP + \beta4ACBUSY + \varepsilon$
The model is modified thus:
$ROA= \beta0 + \beta_1 ACSIZEit + \beta_2 ACINDPit + \beta_3 ACFEit + \beta_4 ACMit + \beta_5 FSIZEit + \beta_6 FAGEit + \mathcal{E}it$
Where:
ROA = Return on Asset
$\beta0$ = Constant
ACSIZE = Audit committee Size
ACINDP = Audit committee independence
ACFE = Audit committee financial expertise
ACM = Audit committee meeting
FSIZE = Firm size
FAGE = Firm age
$\beta1 = \beta$ are the coefficient of the parameter estimate
$\mathcal{E}$ = Error term

**Results and Discussions**

**Table 4.1**
*Descriptive statistics*

| Variable | Obs | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| Roa | 100 | 0.084401 | 0.362658 | -1.79917 | 2.55662 |
| Acsize | 100 | 5.54 | 0.730573 | 4 | 7 |
| Acindp | 100 | 3.09 | 0.621094 | 2 | 5 |
| Acfe | 100 | 1.07 | 0.742028 | 0 | 2 |
| Acm | 100 | 3.73 | 0.664466 | 2 | 6 |
| Fsize | 100 | 6.617771 | 0.967661 | 4.855228 | 8.983825 |
| Fage | 100 | 46 | 15.10569 | 21 | 82 |

The table 4.1 presents the descriptive statistics from the data on the explanatory variables and the dependent variable of the study. The summary statistics include measures of central tendency such as mean as well as the measures of dispersion such as the standard deviation, minimum and maximum values of explanatory variables, and the dependent variable. The mean return on asset of 8.44% indicates that the average profit earned by the sampled companies is 8.44% of the total assets with a minimum loss of 1.7991 and maximum of about 2.5566% of total assets. The standard deviation of 0.3627 indicates no significant dispersion among the sampled companies with regard to return on assets.

In analyzing the audit committee attributes, the audit committee size, the committee comprises a minimum of 4 and maximum of 7 members in most of the firms listed in the study, and average of 5.54 members, this is inline the statutory requirement of CAMA (2020), section 404, that the size of the Audit Committee comprises three non-executive directors and three shareholders 'representatives. The audit independence has a minimum and maximum value of 2 and 5 independent non- executive members respectively; the mean value of 3.09, this indicates that majority of these listed firms has at least 3 members of the audit committee are independent non-executive directors. With regards to Audit committee that is financial literate stood at has a minimum of 0 and maximum of 2 and a mean of 1.07 which also indicates that on average the firms has at least 1 member that is financially literate. On the average, the number of meetings held by the committee was about four (4) times, implying that, most of the committee sat not less than four times in a year.

**Table 4.2**
*Correlation of the Study Variables*

| Variable | roa | acsize | acindp | acfe | acm | fsize | fage |
|---|---|---|---|---|---|---|---|
| roa | 1.0000 | | | | | | |
| acsize | -0.0288 | 1.0000 | | | | | |
| acindp | 0.1193 | 0.6042 | 1.0000 | | | | |
| acfe | 0.0690 | 0.1532 | 0.2930 | 1.0000 | | | |
| acm | 0.3772 | 0.1369 | 0.3777 | 0.1207 | 1.0000 | | |
| fsize | 0.1493 | 0.1176 | 0.1660 | -0.0017 | 0.4487 | 1.0000 | |
| fage | 0.0105 | 0.0851 | 0.3542 | 0.3442 | 0.1620 | 0.0576 | 1.0000 |

The table 4.2 shows the correlation coefficients between the dependent and independent variables as well as among the explanatory variables. Table 2 shows that the relationship between audit committee size and return on asset is weak and negatively correlated with coefficient of -0.0288 this implies that as audit committee size increases, return on assets also decrease since they are going in opposite direction. On the contrary, the table show the relationship between audit committee independence, audit committee meetings and return on assets is perfectly and positively correlated with coefficient of 0.1193 and 0.3772 respectively. This indicates that they are moving in the same direction. On the other hand, audit committee financial expertise is weak and pensively correlated with return on assets with coefficient of 0.0690. This also indicates that audit committee financial expertise and return on assets move in the same direction. The results show that there is no evidence of multicollinearity between the explanatory variables since none of the explanatory variables have a relationship with each other at 0.8 (Gujarati, 2009). This result is supported by Variance Inflation Factors (VIF) in Table 4.3 below.

**Table 4.3**
*Variance Inflation Factors (VIF)*

| Variable | VIF |
|---|---|
| Acsize | 1.66 |
| Acindp | 2.13 |
| Acfe | 1.18 |
| Acm | 1.45 |
| Fsize | 1.27 |
| Fage | 1.27 |
| Mean VIF | 1.49 |

**Table 4.4**
*Summary of Multiple regression Results*

| Variable | Coefficient | T | P>t |
|---|---|---|---|
| Constant | -0.3856892 | -2.27 | 0.023 |
| Acsize | -0.0584488 | -1.72 | 0.086 |
| Acindp | 0.0359922 | 0.65 | 0.519 |
| Acfe | 0.0245397 | 0.86 | 0.389 |
| Acm | 0.2092378 | 2.13 | 0.033 |
| fsize | -0.0054079 | -0.17 | 0.864 |
| Fage | -0.0019184 | -2.48 | 0.013 |
| R-Square: | 0.1558 | | |
| Prob > F | 0.0000 | | |

Table 4.4 presents the regression result of the dependent variable (ROA) and the independent variables of the study (Audit committee size, audit committee independence, audit committee financial expertise, audit committee meetings, in addition to the control variable firm size and firm age). The results show that the R2 is about 0.1558 for the model which expresses the proportion or percentage of the total variation in the dependent variable explained by the explanatory variables jointly. This indicates that Audit committee size, audit committee independence, audit committee financial expertise, audit committee meetings, in addition to the control variable firm size and firm age constitute about 15.58% variation in return on assets of listed Nigerian industrial firms while the remaining 84.42% are factors not included in this study model. The probability of F-values is 0.0000 indicates that the model is of good fit and the explanatory variables have the explanatory power on return on assets and are properly selected.

**Test of Hypothesis**

**Audit committee size and financial performance**

Based on the regression result in Table 4.4, AC size has a coefficient value of -0.0584488 and a significant p-value of 0.086 at 10%. This implies that AC size is negatively and significantly influencing the financial performance of listed industrial firms in Nigeria, hence the hypothesis is rejected. The finding is in line with Zubair, 2019; Agyemang, 2020) But a contrary result was found with that of (Olaoye et al,. 2020; Kipkoech, 2018) which found a positive and significant relationship between audit committee size and financial performance.

**Audit committee independence and financial performance**

Furthermore, AC independence found a statistical positive and insignificant impact on financial performance of listed industrial firms in Nigeria, with coefficient value of 0.0359922 and a p-value of 0.519 respectively. This signifies that AC independence is statistically positive and insignificantly influencing the financial performance of listed industrial firms in Nigeria. Thus the hypothesis is accepted. The study finding is in line with study of (Rabiu, & Aminu, 2023).

**Audit committee financial expertise and financial performance**

The result also reveals a statistical positive and insignificant impact between AC financial expertise and financial performance of listed industrial firms in Nigeria, with coefficient value of 0.0245397 and a p-value of 0.389 respectively. This signifies that AC financial expertise is statistically positive and insignificantly influencing the financial performance of listed industrial firms in Nigeria. Therefore, the hypothesis is accepted. The study also aligned with the finding of (Glover-Akpey & Azembila 2019). However, the finding is not in line with the findings of (Gabriela 2020; Cheah et al,. 2019) who documented a positive and significant relationship between AC financial expertise and financial performance.

**Audit committee Meeting and financial performance**

The study further revealed statistical positive impact between AC meeting and financial performance of listed industrial firms in Nigeria with coefficient value of 0.2092378 and a significant p-value of 0.033 at 5% respectively. This signifies that AC meeting is statistically positive and significantly influencing the financial performance of listed industrial firms in Nigeria. Therefore, the hypothesis is rejected. The study also aligned with the finding of (Gabriela, 2020; Aanu et al., 2020; Mohammad & Faudziah, 2019).

## Conclusion and Recommendation

The objective of the study is to examine the impact of audit committee attributes on financial performance of listed industrial goods companies in Nigeria. The results showed that out of all the measures of audit committee attributes studied, only AC size and AC meetings have positive coefficients and significantly influence listed industrial firms' financial performance. AC size found to be an effective corporate governance mechanism that could improve the financial performance of the listed industrial firms. This can encourage potential investors and other stakeholders to invest in the company. Set up the minimum number of members of the audit committee is necessary to ensure the efficiency and the validity of the decision of the Committee. In addition, frequency of meetings of audit committee members should be improved by ensuring that adequate and sufficient time is dedicated to pressing and current issues as it relates to each deposit money bank.

The study therefore recommends a more robust regulation on audit committee and ensures that the size of the audit committee is an important consideration in ensuring effective governance and oversight. In practice, audit committee size typically ranges from three to seven members, with six being a common number. The exact number will depend on the specific needs and circumstances of the organization. The key is to strike a balance between having a sufficiently diverse and knowledgeable committee without making it overly large and cumbersome. Ensure that the audit committee is composed of independent members who are not directly involved in the day-to-day operations of the company. Independence helps in unbiased oversight and ensures that the committee can objectively evaluate financial statements and internal controls. At least one member of the audit committee should possess financial expertise, such as a background in accounting, finance, or auditing. Financial expertise is essential for understanding complex financial matters and making informed decisions. The frequency of audit committee meetings can vary depending on the needs and size of the organization. However, it is generally recommended that audit committees meet regularly to fulfil their oversight responsibilities effectively.

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