EFFECTS OF AUDIT COMMITTEE INDEPENDENCE AND GENDER DIVERSITY ON SUSTAINABILITY REPORTING DISCLOSURE OF QUOTED INDUSTRIAL GOODS COMPANIES IN NIGERIA

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Abstract

This study inspected the effects of audit committee independence and gender diversity on sustainability reporting disclosure among industrial goods quoted companies in Nigeria. The study assumed a descriptive ex-post-facto research design using secondary data obtained from the audited annual reports of selected firms. The population comprised 50 manufacturing companies listed on the Nigerian Exchange Group (NGX), from which 13 firms were purposively selected based on operational consistency between 2015 and 2024. Data were analyzed using multiple linear regression, while diagnostic tests were conducted for validity and reliability of the model. It was discovered that audit committee independence has a positive and statistically significant effect on sustainability reporting disclosure (β = 0.161, p = 0.004), indicating that independent audit committee members enhance monitoring, transparency, accountability, and reporting quality. Conversely, audit committee gender diversity recorded a negative but insignificant effect (β = -0.850, p = 0.990). it was further discovered that the regression model was statistically significant and suitable for prediction. The conclusions arrived at was that strengthening audit committee independence improves sustainability reporting practices and corporate governance quality. It recommends increased inclusion of qualified independent members in audit committees and the promotion of inclusive governance practices to enhance long-term reporting effectiveness.

Keywords: Audit Committee Independence, Gender Diversity, Sustainability Reporting Disclosure, Corporate Governance, Industrial Goods Companies, Nigeria.

1.0 Introduction

There has been a growing public concern about the environmental, social, and economic impact of corporate actions that has increased the demand for accountability and transparency beyond traditional financial reporting. Organizations are now expected to demonstrate responsible business practices through sustainability disclosures that communicate environmental, social, and governance activities to their stakeholders (Ali & Imad, 2019). Consequently, sustainability reporting has become an important aspect of corporate governance and stakeholder engagement. Stakeholders increasingly require firms to provide reliable non-financial information regarding their sustainability performance, while audit committees are expected to oversee and monitor the quality and extent of such disclosures (Arif et al., 2020).

Sustainability reporting has been associated with several organizational benefits, including enhanced corporate reputation, improved operational efficiency, stronger employee commitment, and lower cost of capital (Adegboye et al., 2020; García-Sánchez et al., 2019). In line with the Global Reporting Initiative (GRI), sustainability reporting commonly covers economic, environmental, and social dimensions. Despite these benefits, concerns remain regarding the quality and credibility of sustainability disclosures, as some managers may use such reporting strategically to improve corporate image rather than reduce information asymmetry (García-Sánchez et al., 2019; Kumar et al., 2023).

The audit committee assumes a significant role in enhancing the integrity of sustainability disclosures by strengthening monitoring, accountability, and reporting quality. Beyond its traditional responsibility of overseeing financial reporting and internal controls, the audit committee is increasingly expected to address social and environmental risks and ensure the reliability of both financial and non-financial information (Fayad et al. 2024; Adegboye et al., 2020). Audit committee independence is particularly important because independent members are more likely to promote transparency, reduce unethical practices, and improve corporate governance outcomes (Ali & Imad, 2019; Kumar et al., 2023).

Similarly, gender diversity within corporate governance structures has attracted increasing scholarly attention. Prior studies suggest that female representation on boards and audit committees can improve decision-making quality, enhance monitoring effectiveness, and strengthen sustainability initiatives (Agyemang-Mintah, & Schade-Witz 2023, García-Sánchez et al., 2019). Female directors are often associated with greater diligence and broader perspectives, which may positively influence sustainability reporting practices and corporate value (Velte, 2022).

Although several researchers have done some work relating to how audit committee characteristics and sustainability reporting in well-established economies, evidence from developing countries, particularly Nigeria, remains limited and inconsistent. Existing studies have produced mixed findings, thereby creating the need for further empirical investigation.

Therefore, this study examines the effect of audit committee independence and gender diversity on sustainability disclosure among companies in Nigeria quoted in the industrial goods sector. The study further hypothesizes that audit committee independence and gender diversity have no significant effect on sustainability disclosure.

2.0 Review of Related Literature

Concept of Audit Committee Independence

Arif et al. (2021) explained that audit committee independence reflects the capacity of committee members to carry out oversight responsibilities with fairness, neutrality and professional judgment in both financial and sustainability reporting. The study further noted that the presence of independent members within the audit committee enhances transparency, improves monitoring functions, and strengthens the credibility of corporate disclosures. Independent members are viewed as vital in ensuring that the audit committee effectively monitors, management activities and protects shareholders' interests. In similarity, Ubiomoh and Okoye (2024; and Asiriuwa et al., 2018) emphasized that independence remains a critical feature of an efficient audit committee because it strengthens the committee's ability to oversee both financial and sustainability disclosure practices.

Furthermore, Adegboye et al. (2020), noted that increasing the proportion of membership of directors who are independent within the audit committee reduces managerial influence over financial and non-financial reporting. The study further explained that independent audit committees enhance the transparency, integrity, and reliability of sustainability disclosures by limiting the occurrence of material entry errors. The usefulness of ACI is equally supported by corporate governance regulations, which require a substantial presence of non-executive and independent directors on audit committees.

In Nigeria, Principle 11.4.3 of the Nigerian Code of Corporate Governance (2018) and Section 275 of the Companies and Allied Matters Act (CAMA, 2020) mandate public companies to appoint not fewer than three independent non-executive directors with proven integrity, competence, and sound judgment. Unlike executive directors, non-executive directors are not involved in the routine management activities of the firm, while independent directors must also be free from financial or personal relationships capable of impairing their objectivity. These directors are expected to serve actively on audit committees. Consistent with this position, Fayad et al. (2024) argued that audit committees dominated by independent members are more effective in safeguarding auditor independence and strengthening reporting quality.

Audit Committee Gender Diversity

Agency theory suggests that gender differences within an audit committee may influence the committee's effectiveness. Uwuigbe et al. (2018) argued that women are more attentive, cautious, and ethically-inclined than men. The inclusion of female members on the audit committee can therefore directly or indirectly stimulate performance effectiveness of the committee. Women are generally perceived to be better financial handlers and are often considered more risk-averse in their decision-making processes. Velte. (2022)) further noted the objectivity of women in both judgment and behavior. Consequently, the gender composition of audit committees is regarded as an important factor in strengthening effective corporate governance practices. However, Pareek et al (2021) explained that differences in cognitive abilities, conservatism, and decision-making styles among genders may significantly influence the effectiveness of audit committees.

Female audit committee members are believed to assess risks and opportunities differently from their male counterparts when confronted with similar corporate issues. In addition, men and women often respond differently to auditing and forecasting matters related to business operations. Adegboye et al. (2020) and Velte. (2022) observed that women generally exhibit lower tolerance for opportunistic behavior in decision-making compared to men. Kumar er al., (2023) also found that female audit committee members and equity analysts demonstrate stronger forecasting capabilities than their male counterparts. Furthermore, female members tend to address ethical issues in auditing, reporting, and disclosure with more prescriptive reasoning approaches than males. Agyemang-Mintah & Schade-Witz, (2023), similarly suggested that gender-diverse audit committees, particularly those involving women, are more likely to encourage broader and deeper discussions from multiple perspectives compared to committees dominated by men.

Pareek et al. (2021) further argued that gender diversity within audit committees enables directors to possess a wider understanding of environmental and organizational complexities than homogeneous committees. From the agency theory perspective, gender-diverse audit committees promote greater independence and enhance the quality of monitoring activities. Likewise, the existence of independent and gender-diverse audit committee members contribute to organizational legitimacy by improving relationships with a broader range of stakeholders. The thoughtful addition of female member directors in audit committee discussions is therefore considered beneficial and likely to produce positive outcomes for firms.

Concept of Sustainability Reporting

Evidence from existing literature indicates that Sustainability Reporting has been interpreted and defined in various ways, resulting in the absence of a universally accepted definition. The concepts, theoretical perspectives, empirical focus, and interpretations of Sustainability Reporting differ across countries and regions due to variations in environmental, economic, governance, and social priorities.

United Nations Environment Programme (2016), considered sustainability reporting is a broad and flexible concept that carries different meanings for different individuals and organizations, thereby making it difficult to establish a single globally accepted definition. Uwuigbe et al. (2018) defined SR as a communication process through which organizations disclose their environmental, social, and societal activities arising from normal business operations. They further explained that SR reflects a firm's operational pattern and illustrates the relationship between organizational strategies and its determinate obligations to sustainable development. These definitions imply that Sustainability Reporting functions as a management information system that supports managerial decisions while also providing useful information to stakeholders.

In another perspective, GRI (2016) sees SR as the operation of disclosure, measurement, and accountability to both internal and external interests regarding the well-being of organizations in terms of performance toward sustainable development goals. GRI (2016) further explained that SR involves the publication of information relating to the economy, environment, and social impacts generated by an organization's routine actions. The GRI framework, posit that SR should offer an objective and fair depiction of corporation's sustainability performance, encompassing both desirable and undesirable contributions. Orazalin, and Mahmood (2019) affirms this view by stating that SR offers substantial advantage to establishments through improved measurement of social and environmental performance, enhanced corporate reputation, better regulatory compliance, effective risk management, cost reduction, long-term profitability, and increased access to capital.

Sustainability Reporting has also been viewed to be a report that evaluates an organization's performance based on ESG standards (Orazalin, & Mahmood 2019). The reporting process involves planning, stakeholder engagement, report preparation, verification, and continuous monitoring of performance. In the same vein, Global Reporting Initiative (GRI, 2019) explained that SR is the process through which firms disclose the economic, environmental, and social impacts of their commercial processes on society and the environment. Likewise, the UNEP (2016) viewed SR as an all-inclusive term used as a link to present how organizations report the performance of their environmental, social, and economic impacts. Fayad et al. (2024) also described SR as an intentional corporate action that has developed increasingly importantly amid corporations because of its ability to improve organizational reputation and attract investors.

Theoretical Review

Legitimacy Theory

Legitimacy Theory explains that organizations must operate in line with societal values, norms, and prospects to sustain public acceptance and guarantee enduring survival. The theory suggests that firms seek legitimacy by conforming their operations to community prospects and demonstrating socially responsible behaviour. Herbert and Graham (2021) applied legitimacy theory to SR in South Africa and found that companies disclose sustainability information to maintain social approval and corporate legitimacy. Similarly, Choy (2024) reported that regulatory and stakeholder pressures significantly influence ESG disclosure practices among firms in Hong Kong. Consequently, organizations voluntarily disclose environmental and social information to enhance corporate image, respond to public pressure, and demonstrate compliance with societal and legal expectations.

Stakeholder Theory

The theory's attentions is on the relationship between organizations and groups affected by corporate activities, such as shareholders, employees, customers, suppliers, regulators, and host communities. The theory argues that firms rely on stakeholder support for survival and therefore must manage these relationships effectively. Hoştut et al. (2023) found that companies use sustainability reporting to address stakeholder expectations and strengthen stakeholder relationships. Likewise, Tan and Dipendra (2024) observed that stakeholder engagement significantly influences sustainability disclosure practices and materiality assessments. The theory therefore emphasizes that transparent sustainability reporting helps organizations gain stakeholder trust, improve accountability, and demonstrate commitment to responsible corporate conduct.

Empirical Review

Nwankwo-Odil et al., (2025) investigates the effect of audit committee independence on sustainability reporting among listed oil and gas firms in Nigeria. Using panel data from 2010–2024 and fixed-effects regression analysis, it was disclosed that audit committee independence significantly improves economic sustainability disclosure but has no significant influence on environmental disclosure. The discovry suggest that independent audit committees enhance transparency, accountability, and reporting quality, particularly in economic reporting. The study therefore recommends stronger audit committee oversight and improved sustainability reporting frameworks to enhance corporate accountability and stakeholder confidence.

Fayad et al., (2024), investigates how audit committee chair characteristics influence environmental, social, and governance (ESG) disclosure among non-financial firms listed on the Saudi Stock Market between 2017 and 2022. The findings reveal that audit committee chairs with accounting expertise significantly enhance ESG disclosure quality, indicating that financial knowledge strengthens sustainable governance and transparency. A further discovery was that independent audit committee chairs positively influence ESG reporting, emphasizing the importance of autonomy in improving disclosure credibility. However, although multiple directorships among audit committee chairs showed a negative relationship with ESG disclosure, the effect was statistically insignificant. The study concludes that competent and independent audit committee leadership supports stronger sustainability reporting practices and aligns with Saudi Vision 2030 objectives for ethical and sustainable business operations.

Ubiomoh and Okoye (2024) inspected the effect of audit committee independence on environmental sustainability disclosure among listed oil and gas firms in Nigeria from 2012 to 2023. Data were sourced with panel instrument from annual financial reports of 9 selected companies, the study focused specifically on effluent disclosure. A correlational research design was preferred, while Pearson correlation and panel least squares regression techniques were used to analyze the data. The findings exposed that audit committee independence has a significant positive effect on effluent disclosure, indicating that independent audit committees improve environmental reporting practices and corporate accountability. It was concluded that audit committee independence enhances environmental sustainability disclosure and recommends granting audit committees greater independence to strengthen their oversight responsibilities and reporting effectiveness.

Pareek et al. (2021) examined how audit committee independence influences sustainability disclosure practices among 38 listed Indian companies between 2013 and 2017. Sustainability disclosure was assessed through content analysis using Global Reporting Initiative (GRI) indicators covering economic, social, and environmental dimensions. Employing panel regression analysis, the study found that ACI positively and significantly affected the economic dimension of sustainability disclosure, but no significant relationship was observed with social and environmental disclosures. However, since the study was conducted in India, its findings may not fully apply to Nigeria due to differences in institutional, legal, and corporate governance environments.

Adegboye et al. (2020) considered the effect of audit committee characteristics on sustainability disclosure among listed deposit money banks in Nigeria. Purposive sampling was adopted in extracting data from the financial reports, sustainability reports, and official URL of 10 selected banks between 2014 and 2016. The study applied pooled OLS panel regression model and submitted that ACI and gender diversity had significant positive effects on sustainability disclosure, whereas audit committee size showed a significant negative influence. Nonetheless, the study focused was the banking industry, creating a sectoral gap that the current study seeks to address within manufacturing goods companies.

Ali and Imad (2019) explored the association between audit committee characteristics and environmental as well as social disclosures among 13 banks listed on the Borsa Istanbul during the 2017 financial year. The study examined audit committee size, frequency of meetings, and committee expertise as independent variables, while disclosure practices were assessed using the Global Reporting Initiative (GRI) framework. Using multiple regression analysis, the findings revealed that audit committee characteristics did not significantly influence environmental and social disclosure practices among the sampled banks.

3.0 Methodology

This study adopted a descriptive correlational research design to explore the relationship between sustainability disclosure and the performance of listed manufacturing firms in Nigeria. The design was considered suitable because it relied on quantitative secondary data obtained from the study population without manipulating the variables under investigation. The population comprised 50 manufacturing companies listed on the Nigerian Exchange Group. Using purposive sampling, 13 firms were selected based on consistency in operations and availability of financial reports over the ten-year period from 2015 to 2024. Data for the study were sourced from audited annual reports of the selected firms. To ensure the validity and reliability of the analysis, relevant diagnostic tests were conducted. The study employed multiple linear regression techniques for data analysis, and the results formed the basis for the conclusions and recommendations of the study.

SRD = f(BID, AGD) ……………………………………..…..…………………………….(1)

This equation can be rewritten statistically as;

$SRD_{it} = B_o + \beta_1 ACI_{it} + \beta_2 AGD_{2it} + \varepsilon_{it}$…………..………………..……………………............ (2)

Where:

SRD= Sustainability Reporting Disclosure, ACI = Audit Committee Independence, AGD = Audit Committee Gender Diversity, B_0 = intercept (constant), i = cross-sectional time, t = time series, ε = Error term

Table 1 of Variables Measurement Definition.

S/N	**Variables**	**Type**	Measures	Sources

1	Sustainability-Reporting-Disclosures (SRD)	Dependent	Disclosure of sustainability reporting level by companies from 2015 - 2024 (Total volume of words count relative to matters concerning sustainability presented in firms' annual report.	Uwuigbe, et al., (2018), Ubiomoh, & Okoye, (2024).
2	Audit-Committee-Independence (ACI)	Independent	Degree of audit committee members who are independent to the overall population of audit committee members	Pareek et al., (2021), Nwankwo-Odii et al., (2025).
3	Audit-Committee-Gender-Diversity (AGD).	Independent	Percentage value of audit committee personnels that are female on overall audit committee population.	Arif et al., (2020), Adegboye et al., (2020).

Source: Researcher's collections, 2025.

4.0 Data-Analysis and Discussion of Findings

Table 2: Descriptive Statistics

Variables	OBS	Mean	STD	Min	Max
SRD	130	623.952	849.113	11	3854.000
ACI	130	.461	0.125	.000	1.000
AGD	130	0.102	0.152	0.000	0.270

Source: STATA 17.0 Computations, 2025.

The descriptive statistics explains the distribution and characteristics of the study variables across 130 observations. Sustainability Reporting Disclosure (SRD) has a mean value of 623.952, indicating that the firms sampled exhibit a relatively high level of SR. However, the large standard deviation of 849.113 suggests considerable variation in disclosure practices amongst the firms. The minimum and maximum values of 11 and 3854.000 further confirm significant differences in the SR extent across businesses.

Audit Committee Independence (ACI) records a mean of 0.461, implying that around 46.1% of audit committee members are independent directors. The standard deviation of 0.125 designates moderate disparity among firms, while the values series from 0.000 to 1.000, showing that some firms had no independent audit committee members whereas others had fully independent committees. Audit Committee

Gender Diversity (AGD) has a mean value of 0.102, signifying that female representation or gender diversity within audit committees is quite low among the sampled firms. The standard deviation of 0.152 admits that some disparity across firms, with values extending from 0.000 to 0.270. Implying that certain firms had no female representation on their audit committees during the study period.

Table 3: Correlation Matrix

VAR	SR	ACI	ACGD
SR	1.0000		
ACI	0.486	1.0000	
AGD	0.210	-0.238	1.0000

Source: STATA 17.0, 2025

The correlation matrix shows the relationship amidst the variables. The outcome indicates that ACI has a positive and moderate relationship with SRD at (r = 0.486). This is indicative of firms with more independent audit committee members being more inclined to engaging in higher sustainability reporting practices, possibly due to improved oversight, transparency, and accountability. Audit Committee Gender Diversity (AGD) also displays a positive relationship with Sustainability Reporting disclosures at (r = 0.210), though with weak relationship. This infers that enlarged gender diversity within the audit committee could contribute positively to sustainability reporting disclosures, as varied committees may encourage broader perspectives on environmental, social, and governance matters. However, the relationship between ACI and AGD is negative at (r = -0.238), representing that firms with much independent audit committees' members are disposed to have lower levels of gender diversity, even though with weak relationship. Overall, the correlation coefficients are low to moderate and well beneath the edge of 0.80, depicting no multicollinearity problems amid the descriptive variables, making the variables suitable for regression analysis.

Diagnostics Test

The diagnostic test relevant for this study are multicollinearity and heteroskedasticity tests.

Table 4: Variance Inflation Factors

Variable	VIF	1/VIF
ACI	1.05	0.9115
AGD	1.07	0.9322
Mean VIF	1.05	

Source: Authors STATA 17.0 Computations, 2025.

The VIF results were employed to scrutinize the existence or not of multicollinearity amid the independent variables in the regression model. The VIF values for ACI and AGD are 1.05 and 1.07 respectively, while the corresponding tolerance values (1/VIF) are 0.911500 and 0.932226. Since all VIF values are far beneath the recognized edge of 10 and the tolerance values are well beyond 0.10, the results indicate no serious multicollinearity problems among the explanatory variables. The Mean VIF of 1.05 further confirms lowly correlated descriptive variables with one another. Therefore, the regression model is considered reliable and suitable for further statistical analysis, as multicollinearity will not distort the estimated coefficients or invalidate the regression results.

Table 5: Heteroskedasticity

Test Statistic	Value	Probability
F-statistic	0.436784	0.1440
Obs*R-squared	8.484123	0.1443
Scaled explained SS	15.02818	0.0046

Source: STATA 17.0, Computation 2025.

The BP-Godfrey test was conducted to observe the existence of heteroskedasticity in the regression model. The null hypothesis of the test states that the error terms are homoscedastic, meaning constant residual variance availability. The tests revealed that the probability values for the F-statistic at (p = 0.1440) and Obs*R-squared at (p = 0.1443) are more than 0.05 level of significance. Therefore, the null hypothesis of homoskedasticity is not disallowed. This specifies that the regression model is not inhibited by heteroskedasticity complications and that the residuals have constant variance. Although the probability value for the Scaled Explained SS statistic at (p = 0.0046) is significant, the F-statistic and Obs*R-squared probabilities are normally relied upon in heteroskedasticity testing. Hence, the overall evidence suggests that heteroskedasticity is not a critical constraint in the model. Consequently, the regression estimates are considered reliable, efficient, and suitable for inference and hypothesis testing.

Table 6: Hausman Specification Test

Test Summary	Chi-Square Statistic	df	p-value
Period Random Effects	1.20417	4	0.030

Source: STATA 17.0, Computation 2025

The result displays a Chi-square statistic of 1.20417 with a probability value of 0.030; The P-value is seen to be less than the 0.05 level of significance (0.030 < 0.05), the null hypothesis is not accepted; meaning that the FEM becomes more fitting for the study than the REM. The implication of this result is that individual firm-specific characteristics significantly influence the dependent variable and are linked with the explanatory variables. Therefore, the Fixed Effects Model provides a more reliable, non-skewed analytical estimates for the analysis.

Table 7: Pooled OLS Regression

	Coef.	t	P>|t|
ACI	0.161	3.00	0.004

AGD	-0.850	0.03	0.990
R^2	0.202		
Ad. R^2	0.164		
F-Stat	5.170		
Prob > F	0.0001		

Source: Author's STATA 17.0 Computation, 2025.

The regression outcomes disclose that ACI has a positive and statistically significant effect on the explained variable, as disclosed by the coefficient value of 0.161 and Pvalue of 0.004, which is less than the 0.05 significance level. This infers that more member in audit committee independence contributes positively to the outcome variable, suggesting that independent audit committee members enhance monitoring, accountability, and reporting quality. Conversely, Audit Committee Gender Diversity (AGD) has a negative but non-significant effect, with a coefficient of -0.850 and a Pvalue of 0.990. as seen disclosed that the probability value is far-off more than 0.05, the outcome specifies that gender diversity within the audit committee does not influence the dependent variable significantly during the study period. The coefficient of determination ($R^2 = 0.202$) shows that approximately 20.2% of the variation in the dependent variable is explained by the independent variables included in the model. In a similar vein, the Adjusted R^2 value of 0.164 proposes that the explanatory variables mutually account for about 16.4% of the changes in the dependent variable after model complexity adjustment. Furthermore, the F-statistic of 5.170 with a Pvalue of 0.0001 specifies that the overall regression model is statistically significant. This means that the explanatory variables mutually have a significant effect on the dependent variable and that the model is suitable for analytical prediction.

Discussion of Findings

The reliability of the regression model was confirmed by the diagnostic tests and is free from heteroskedasticity problems. The Hausman specification test further displayed the appropriateness of Fixed Effects Model for the analysis, denoting that firm-specific factors significantly influence the dependent variable. The regression results revealed that Audit Committee Independence (ACI) has a positive and significant effect on the dependent variable, implying that independent audit committees improve monitoring, accountability, and reporting quality this agrees with the outcome of the study by Adegboye et al. (2019) and Pareek et al., (2021). However, Audit Committee Gender Diversity (AGD) showed a negative but insignificant effect, indicating no significant influence during the study period, this finding is in defiance to the study outcome of Bakar et al. (2019), which reported otherwise.

Furthermore, the overall regression model was statistically significant, while the explanatory variables accounted for approximately 20.2% of the difference in the explained variable

The findings align with Legitimacy Theory because the positive effect of ACI portrays the need for firms to strengthen accountability, transparency, and reporting quality in public trust and societal approval.

Similarly, the findings support Stakeholder Theory as independent audit committees improve monitoring and disclosure practices that shield the concern of shareholders, investors, regulators, and other groups' concern, thereby enhancing confidence in corporate governance and organizational performance.

5.0 Conclusion and Recommendations

This research work concludes that audit committee characteristics play a veritable role in influencing organizational outcomes. Audit committee independence unambiguously significantly enhances the explained variable by strengthening oversight functions, improving transparency, and promoting effective corporate governance practices. However, audit committee gender diversity was found to have no significant effect within the study period.

The diagnostic tests further confirmed the robustness and reliability of the regression model, while the Hausman test established the suitability of the FE-Model for the analysis. Overall, and in conclusion, strengthening audit committee independence can improve organizational performance and reporting quality, whereas gender diversity within audit committees may require additional institutional support and broader representation before its impact becomes evident.

This study recommends that:

i) Organizations should increase the level of independence within their audit committees by appointing highly skilled and qualified non-executive and independent members; because enhancing the independence of committee members will improve monitoring functions, accountability, transparency, and the overall quality of financial reporting and corporate governance practices.

ii) Firms should continue to encourage balanced representation and professional diversity within audit committees through training, competence development, and inclusive governance policies. This may strengthen the effectiveness of committee operations and enable organizations to benefit from broader perspectives and improved decision-making in the long run.

Study's Drawback

A major drawback here is the explanatory variables included in the regression model accounted for only 20.2% of the disparity in the dependent variable, signifying that there are other relevant factors not captured in the model which could also influence the outcome. In addition, the study focused primarily on audit committee independence and gender diversity, thereby limiting the scope of governance variables considered. Furthermore, the findings are restricted to the sampled firms and study period, which may not give a generalized view to other sectors, countries, or time periods.

Suggestion for further Studies

Future studies should integrate additional corporate governance variables such as audit committee expertise, board size, board independence, ownership structure, and audit quality in order to provide a broader sphere of the factors influencing organizational performance and reporting quality. Further research should broaden the scope of analysis by incorporating more industries, larger sample sizes, and longer study periods to improve the general view and robustness of findings across different sectors and economic environments.

Subsequent studies may also employ alternative econometric techniques such as Generalized Method of Moments (GMM), dynamic panel models, or comparative cross-country analysis to better address endogeneity problems and deliver deeper perspectives to how audit committee characteristics and organizational outcome are related and generalized.

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