

**EFFECT OF AUDIT COMMITTEE ATTRIBUTES ON THE MARKET VALUE
OF LISTED DEPOSIT MONEY BANKS IN NIGERIA**

AMITY AGI IJUWO

Department of Accounting,
Rev. Fr. Moses OrshioAdasu University,
Makurdi Benue State

PROF. TERUNGWA AZENDE

Department of Accounting,
Rev. Fr. Moses OrshioAdasu University,
Makurdi Benue State

PATIENCE OTE OLA

Department of Accounting,
Rev. Fr. Moses OrshioAdasu University,
Makurdi Benue State

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ABSTRACT

This study examined the effect of audit committee attributes on the market value of listed Deposit Money Banks in Nigeria. Specifically, the study investigated the effects of audit committee meetings, audit committee diversity, and audit committee size on market value, while controlling for bank size and bank age. The study was motivated by the persistent fluctuations in market valuation of Nigerian banks despite continued improvements in corporate governance practices and regulatory reforms. The study adopted an ex-post facto research design and utilized secondary data extracted from the published annual reports, audited financial statements, and corporate governance reports of selected Deposit Money Banks listed on the Nigerian Exchange Group (NGX). The population consisted of all thirteen (13) listed Deposit Money Banks in Nigeria as of 31 December 2024; however, due to data availability constraints, ten (10) banks were purposively selected. Data covering an eleven-year period from 2014 to 2024 were analyzed using descriptive statistics, correlation analysis, diagnostic tests, and panel regression estimation. The findings revealed that audit committee meetings have a positive and statistically significant effect on market value. Audit committee diversity exhibited a negative but statistically insignificant effect on market value. Audit committee size was found to have a positive and statistically significant effect on market value. The study concluded that audit

committee attributes remain important corporate governance mechanisms for enhancing market value among listed Deposit Money Banks in Nigeria. Specifically, active audit committee meetings and optimal committee size contribute significantly to improving investor confidence and shareholder value, while diversity alone may not guarantee improved market outcomes. Accordingly, the study recommended that Deposit Money Banks should strengthen the frequency and effectiveness of audit committee meetings, maintain optimal audit committee size, promote competence-driven diversity practices, and improve governance compliance to enhance market valuation and sustain long-term shareholder wealth.

KEYWORDS: - Audit committee attributes, audit committee meetings, audit committee diversity, audit committee size, market value, Tobin's Q, Deposit Money Banks, Nigeria.

1.0 INTRODUCTION

Market value represents the monetary worth assigned to a company by investors in the capital market and reflects expectations regarding future profitability, financial stability, growth opportunities, and governance effectiveness. In accounting and finance literature, market value is commonly measured using indicators such as market capitalization, Tobin's Q, and share price performance. Market capitalization refers to the aggregate value of a company's outstanding shares and serves as an important indicator of investor confidence and corporate performance (Bodie et al., 2021; Koller et al., 2020). Globally, market value has become an essential indicator for evaluating organizational success because it incorporates investors' perceptions of both financial and non-financial information. In efficient capital markets, investors rely not only on profitability indicators but also on governance structures and oversight mechanisms to determine the sustainability and credibility of corporate performance. Consequently, firms with strong governance systems often attract higher investor confidence and stronger market valuation (Brealey et al., 2022).

Within emerging economies, particularly in Sub-Saharan Africa, market valuation is frequently influenced by institutional quality, disclosure practices, and governance effectiveness. Investors operating in such markets are more sensitive to corporate governance signals because of concerns relating to information asymmetry, weak monitoring mechanisms, and regulatory uncertainty (Claessens&Yurtoglu, 2019). As a result, governance mechanisms have increasingly become important determinants of firm value. In Nigeria, market value is particularly important for listed Deposit Money Banks (DMBs) because banks play a central role in financial intermediation and economic development. The valuation of listed banks reflects market confidence in their financial strength, governance structure, risk management systems, and reporting credibility. Given the highly regulated nature of the Nigerian banking sector, investors

place considerable emphasis on governance mechanisms capable of ensuring transparency and accountability (Adeniran et al., 2023; Uwuigbe et al, 2021).

Among corporate governance mechanisms, audit committee attributes have received increasing scholarly attention due to their oversight responsibility over financial reporting, internal control systems, external audit processes, and compliance with statutory requirements. The audit committee serves as a critical monitoring mechanism established to reduce agency conflicts between management and shareholders and to improve the credibility of corporate disclosures (Jensen &Meckling, 1976). Audit committee attributes commonly examined in literature include audit committee size, meeting frequency, diversity, expertise, and independence. Audit committee size reflects the number of committee members and may influence monitoring effectiveness through diversity of knowledge and oversight capacity. Meeting frequency measures committee diligence and oversight intensity, while diversity captures the contribution of varied perspectives to decision-making quality. (Abernathy et al., 2018; Velte, 2023).

Theoretically, agency theory suggests that effective audit committee structures reduce information asymmetry and managerial opportunism, thereby enhancing investor confidence and improving firm valuation (Jensen &Meckling, 1976). Similarly, signaling theory argues that firms with strong audit committee structures send positive signals regarding governance quality and reporting credibility, which are rewarded through improved market valuation (Spence, 1973).

Empirical evidence on the relationship between audit committee attributes and market value has produced mixed findings. Studies such as Omotoye et al. (2021), Al Matari and Al Arussi (2022), Buallay (2023), Adebajo (2024), and Uwuigbe et al. (2022) reported that audit committee characteristics significantly improve market value by strengthening governance effectiveness and investor confidence. Conversely, Velte (2023), Alqatamin (2022), and Mardessi (2022) reported mixed and insignificant relationships, arguing that market value may also be influenced by macroeconomic conditions, investor sentiment, and external environmental factors.

Given these inconsistencies, there remains a need to provide further empirical evidence on how audit committee attributes affect market value within the Nigerian banking environment. Focusing on listed Deposit Money Banks for the period 2015–2024 becomes particularly important because this period captures major governance reforms including the Nigerian Code of Corporate Governance (2018), strengthened banking regulations, and improvements in financial disclosure requirements.

1.1 Statement of the Problem

Despite the strategic importance of Deposit Money Banks in Nigeria's financial system, the market value of many listed banks has continued to exhibit instability and fluctuations over time. Market value reflects investors' expectations regarding future earnings, financial strength, and governance effectiveness; however, several listed Deposit Money Banks continue to experience inconsistent stock performance and varying market capitalization levels. Existing evidence suggests that fluctuations in market value among Nigerian banks are associated not only with financial performance indicators but also with governance-related factors. Although banks continue to report improvements in regulatory compliance and operational performance, investor confidence remains sensitive to governance quality and monitoring effectiveness (Ajayi&Lawal, 2021; Ajiboye&Olagunju, 2023).

One governance mechanism that has attracted considerable attention is the audit committee due to its responsibility for overseeing financial reporting, internal control systems, and external audit activities. Effective audit committees are expected to improve transparency, reduce information asymmetry, and strengthen investor confidence. However, concerns remain regarding whether audit committee structures in Nigerian Deposit Money Banks are sufficiently effective to influence market valuation positively.

Previous empirical studies have examined the influence of audit committee attributes on financial performance, financial reporting quality, and corporate governance outcomes. Similarly, other studies have investigated determinants of market value independently. However, relatively few studies have focused specifically on how audit committee attributes influence market value within the Nigerian banking sector. Furthermore, prior findings remain inconclusive. While some studies report positive effects of audit committee size, expertise, and independence on firm valuation, others reveal insignificant or mixed outcomes. These inconsistencies create uncertainty regarding the specific audit committee attributes that contribute to improved market value among Nigerian Deposit Money Banks.

Therefore, this study seeks to address this empirical gap by investigating the effect of audit committee attributes measured through audit committee size, meeting frequency and diversity on the market value of Deposit Money Banks in Nigeria over the period 2015–2024.

1.2 Objectives of the Study

The main objective of this study is to examine the effect of audit committee attributes on the market value of Deposit Money Banks in Nigeria. The specific objectives are to:

- i. Examine the effect of audit committee size on the market value of Deposit Money Banks in Nigeria.

- ii. Determine the effect of audit committee meeting frequency on the market value of Deposit Money Banks in Nigeria.
- iii. Ascertain the effect of audit committee diversity on the market value of Deposit Money Banks in Nigeria.

2.0 REVIEW OF RELATED LITERATURE

2.1 Audit committee

Audit committee is an important corporate governance mechanism established to strengthen oversight over financial reporting processes, internal control systems, audit activities, and corporate accountability. According to the Companies and Allied Matters Act (CAMA, 2020), the audit committee is composed of shareholders and non-executive directors and serves as a link between external auditors, management, and the board of directors. Scholars have emphasized that audit committees occupy a strategic position within the governance structure because they contribute significantly to transparency, monitoring effectiveness, and organizational accountability (Zraiq&Fadzil, 2018). Oroud (2019) argued that audit committee members should possess integrity, commitment, and adequate understanding of business operations to effectively discharge their responsibilities. Similarly, Sujatha et al. (2017) viewed audit committees as committees largely composed of non-executive directors, while Zájbojníková (2016) described them as governance structures selected from the board to safeguard auditor independence and strengthen reporting credibility. Through their oversight responsibilities, audit committees review financial statements, monitor internal control mechanisms, recommend auditor appointments, and ensure compliance with statutory and regulatory requirements. These functions ultimately improve the quality of financial reporting and enhance confidence in corporate disclosures. Bhardwaj and Rao (2015) further noted that where audit committees provide reliable and objective financial information, boards and executive management are better positioned to formulate strategies that improve organizational performance and enhance shareholder value.

The increasing importance of audit committees has led to their widespread adoption across listed firms globally and within Nigeria as a mechanism for promoting sound governance and protecting investors' interests. In Nigeria, the Nigerian Code of Corporate Governance (2018) recommends that firms establish board committees responsible for audit oversight, while the Securities and Exchange Commission (SEC, 2011) mandates listed companies to maintain audit committees as part of governance compliance. Contemporary governance provisions further require that audit committees should comprise predominantly non-executive and independent members with adequate financial and accounting knowledge to ensure objective decision-making and effective monitoring. Within Deposit Money Banks, audit committees are expected to supervise financial reporting mechanisms, strengthen internal and external audit functions,

resolve disputes between management and auditors, and improve corporate disclosure practices. Qeshta et al. (2021) described audit committees as catalysts for implementing and sustaining acceptable corporate governance practices that benefit both stakeholders and management. However, evidence suggests that the mere existence of audit committees does not automatically guarantee improved reporting outcomes or firm performance unless their attributes such as size, independence, expertise, diversity, and diligence support effective oversight (Kallamu&Saat, 2015). Gurusamy (2017) further argued that effective audit committees enhance auditor independence, improve the credibility of audited accounts, strengthen internal auditing systems, increase managerial efficiency, and ultimately contribute to improved market valuation and investor confidence. Therefore, audit committee attributes remain critical governance instruments through which listed Deposit Money Banks in Nigeria can enhance market value and sustain long-term shareholder wealth.

2.1.1 Audit Committee Attributes

Audit committee attributes refer to the structural and functional characteristics that determine the effectiveness of audit committees in performing their monitoring and oversight responsibilities within corporate governance systems. These attributes commonly include audit committee size, meeting frequency, diversity, expertise, and independence, which collectively influence financial reporting quality, internal control effectiveness, and organizational performance. Spira (2003) defined audit committee attributes as specific characteristics that determine the effectiveness of committee oversight functions, while Klein (2002) emphasized composition, independence, and diligence as important elements for reducing earnings management. Similarly, Krishnan and Visvanathan (2007) viewed audit committee attributes as measurable governance characteristics that influence monitoring quality and financial reporting outcomes. Zábajňáková (2016) explained that these attributes determine the committee's ability to maintain auditor independence and strengthen financial accountability. More recently, Garcia-Sanchez et al. (2023) broadened the concept by including diversity, competence, and activity levels as mechanisms through which audit committees promote transparency, accountability, and firm value.

Within the Nigerian context, audit committee attributes have become increasingly important due to growing concerns regarding governance quality, financial reporting credibility, and investor protection. Adegbite (2012) described audit committee attributes as governance mechanisms that strengthen accountability and enhance stakeholder confidence in emerging markets. Okaro and Okafor (2013) further identified structural factors such as composition, expertise, and meeting frequency as important tools for reducing agency conflicts and improving monitoring effectiveness in Nigerian firms. More recent studies by Akintoye and Fasoranti (2023), Umar et al. (2024), and Manafa et al. (2024) emphasized that audit committee attributes particularly size,

diversity, expertise, meeting regularity, and independence remain essential governance instruments for improving reporting credibility and organizational performance in Nigeria's banking sector. The evolution of audit committee structures reflects a shift from traditional compliance-based oversight toward strategic governance functions capable of supporting market performance and shareholder wealth maximization.

Dimensions of Audit Committee Attributes

The measures of audit committee attributes considered in this study include audit committee size, audit committee meeting frequency, and audit committee diversity. These dimensions are widely recognized in corporate governance literature as important indicators of audit committee effectiveness because they influence monitoring quality, financial reporting credibility, accountability, and ultimately market value. Effective audit committee attributes enhance governance structures by strengthening oversight over management decisions and reducing information asymmetry between managers and shareholders.

a) Audit Committee Size

Audit committee size refers to the number of members serving on the audit committee and reflects the committee's capacity to discharge its oversight responsibilities effectively (Li et al., 2023). Audit committee size remains one of the most widely examined governance characteristics because the number of committee members may determine the availability of expertise, diversity of viewpoints, monitoring strength, and the quality of decisions reached during oversight activities. The committee is expected to provide supervision over financial reporting, internal control systems, compliance with regulations, and audit functions. Consequently, an appropriately constituted committee size may enhance the ability of members to evaluate financial reports critically and ensure greater accountability.

From a theoretical perspective, agency theory suggests that larger audit committees may improve monitoring effectiveness by increasing the number of independent voices available to supervise management and reduce agency conflicts (Jensen & Meckling, 1976). Similarly, resource dependence theory argues that larger committees provide access to broader knowledge, professional networks, and technical expertise that support effective governance outcomes. According to Hossain et al. (2022), audit committees with adequate membership tend to possess greater diversity in experience and professional competence, which improves oversight over financial reporting and auditing processes. Zhang et al. (2024) further argued that audit committees consisting of three to five members often achieve an effective balance between diversity and operational efficiency.

Empirical evidence on audit committee size remains inconclusive. Several studies reported that larger audit committees improve financial reporting quality, reduce opportunities for financial misstatements, and strengthen internal control mechanisms (Anderson et al., 2022; Lin et al., 2016). Bouaine and Hrichi (2019) also found that committees with stronger financial representation positively influence analysts' perception of firm value. In contrast, other studies argued that excessively large committees may suffer coordination difficulties, slower decision-making, communication barriers, and reduced accountability among members (Boo & Sharma, 2018; Hossain et al., 2023). DeZoort and Salterio (2021) maintained that larger committees are more capable of resisting managerial influence and enhancing monitoring effectiveness. Within Nigeria, regulatory frameworks including the Nigerian Code of Corporate Governance and CAMA (2020) recognize audit committee size as an important governance requirement intended to strengthen financial accountability and shareholder protection. Therefore, this study expects audit committee size to influence the market value of Deposit Money Banks in Nigeria through enhanced oversight and governance effectiveness.

b) Audit Committee Meeting Frequency

Audit committee meeting frequency refers to the number of times the audit committee convenes within a financial year to perform its governance and monitoring responsibilities. Meeting frequency is commonly used as a measure of committee diligence and reflects the degree of commitment demonstrated by members in overseeing financial reporting processes and internal controls (Bin-Ghanem&Ariff, 2016). Frequent meetings provide opportunities for committee members to review audit findings, discuss emerging financial risks, evaluate internal control deficiencies, and interact with both internal and external auditors.

The importance of meeting frequency is supported by agency theory, which suggests that regular meetings improve oversight effectiveness and reduce managerial opportunistic behaviour. Audit committees that meet more frequently are generally better positioned to monitor financial disclosures and detect irregularities before they escalate into major governance failures. Darko, Aribi, and Uzonwanne (2016) argued that frequent meetings strengthen internal auditing and improve monitoring of management decisions. Similarly, Beasley et al. (2023) observed that companies with active audit committees tend to exhibit stronger governance structures and lower tendencies toward fraudulent financial reporting.

Several empirical studies support the positive role of meeting frequency in improving organizational outcomes. Hassan et al. (2018) found that firms required to restate financial statements often had audit committees that met less frequently than expected. BCBS (2018) also emphasized that regular meetings improve committee knowledge regarding organizational operations and strengthen risk management practices. Weber (2020), using evidence from U.S.

firms, documented a positive relationship between meeting frequency and earnings quality. However, some studies reported mixed findings and argued that meeting frequency alone may not guarantee effectiveness if attendance levels are poor or meetings are not productive (Lin et al., 2016; Ambiyi, 2020). Chou and Buchdadi (2017) further argued that meeting diligence should reflect not only the number of meetings held but also active participation by members. Therefore, frequent and productive audit committee meetings are expected to improve governance quality and enhance investor confidence, thereby contributing positively to the market value of Deposit Money Banks in Nigeria.

c) Audit Committee Diversity

Audit committee diversity refers to variations in demographic and professional characteristics among committee members, particularly gender diversity, which influences oversight effectiveness, decision-making quality, and governance outcomes. Diversity has emerged as a significant corporate governance issue because heterogeneous committees are believed to generate broader perspectives, reduce groupthink, and improve monitoring effectiveness. Among various forms of diversity, gender diversity has received considerable attention in governance literature due to its potential influence on ethical behaviour, accountability, and financial reporting quality.

Studies suggest that female members often demonstrate stronger ethical standards, greater conservatism, and lower tolerance for unethical financial practices compared to male counterparts (Abbasi, Alam&Bhuiyan, 2020; Aldamen, Hollindale&Ziegelmayr, 2018). Female participation in audit committees has also been linked to improved monitoring activities and stronger oversight of financial disclosures. Nekhili et al. (2020) found that greater female representation reduces financial restatements, while Nguyen, Ntim, and Malagila (2020) reported improvements in earnings quality and profitability among firms with gender-diverse boards. Similarly, Zalata, Taurigana, and Tingbani (2018) argued that women demand greater auditing effort and contribute to producing higher-quality financial reports.

However, empirical findings on audit committee diversity remain mixed. While studies such as Farouk and Isa (2018), Mwangi et al. (2017), and Alkebsee et al. (2022) documented positive effects of diversity on governance outcomes and firm performance, others found either insignificant or negative relationships. Marinova et al. (2016) found no significant association between gender diversity and firm performance; whereas Gull et al. (2018) reported that excessive diversity may create coordination challenges and reduce decision efficiency. Harjoto et al. (2015) also argued that differences in perspectives could increase conflict and reduce cohesion among committee members. Despite these mixed findings, recent governance literature increasingly supports maintaining balanced diversity because of its ability to improve committee

deliberations, enhance monitoring quality, and strengthen stakeholder confidence. Consequently, this study considers audit committee diversity as an important governance mechanism capable of influencing the market value of Deposit Money Banks in Nigeria through improved oversight and decision-making effectiveness.

2.1.2 Market Value

Market value refers to the current price at which an asset, security, or entire company can be bought or sold in an open market. It represents the equilibrium point where buyers and sellers agree on a fair price based on supply and demand dynamics, investor sentiment, and other market factors (Haryono& Iskandar, 2015). For publicly traded companies, market value is commonly determined by multiplying the current stock price by the total number of outstanding shares, resulting in the company's market capitalization.

Market value is the company's worth based on the total value of its outstanding shares in the market, which is its market capitalization (Emeka-Nwokeji, 2019). Market value tends to be greater than a company's book value since market value captures profitability, intangibles, and future growth prospects. Market value is the price buyers are willing to pay for an asset in the marketplace. In the case of publicly-traded assets or entities, it is also known as market capitalization and is calculated by multiplying the current price by the number of outstanding units.

The market value of a firm which is equally referred to as firm value is an economic measure which reflects the market value of a business. Firm's market value is influenced by investors' perceptions of its managers' ability to anticipate and respond to future changes in the firm's economic environment. Firm value is an investor's perception of the company's level of success in managing its resources, reflected in the company's stock price, the higher the stock price, the higher the value of the company (Whetman, 2018). Company value is a certain condition that has been achieved by the company as a form of public trust in the company since the company was founded until now. The value of the company is very important because the higher the value of the company will be followed by the high prosperity of shareholders.

Market value is the price an asset fetches in the market and is commonly used to refer to market capitalization. Market values are dynamic in nature because they depend on an assortment of factors, from physical operating conditions to economic climate to the dynamics of demand and supply. According to Emeka-Nwokeji (2019) one of the main reasons why market value is important is because it provides a concrete method that eliminates ambiguity or uncertainty for determining what an asset is worth. In the marketplace, customers and sellers often have

different perceptions of the value of a product. Buyers will wish to pay less, while sellers hope to receive more.

The primary goal of determining market value is to provide a fair assessment of the worth or value of the asset (Whetman, 2018). In simple terms, it is the price at which the item would normally be sold. Buyers have the option of paying, while sellers also have the option of accepting more or less than market value. Market value is applied in different ways in different markets. In the world of business or of publicly traded companies, the market value term which is otherwise known as fair market value or market capitalization is calculated by multiplying the current share price by the number of outstanding shares. This implies that when prices are volatile, the market value is also expected to be volatile. Market value is also useful in targeting specific markets. With higher valued products, that are recognized for improved quality, the target market is likely to be customers with higher incomes (Okwy&Oluwamayowa, 2018). For products that are perceived as having a lower market value, the target market is likely to be the budget-conscious who prefer lower prices. Another strategy invoking market value is to establish a value that attracts middle-income buyers with prices that reflect a balance of affordability and acceptable quality.

Market value serves as a crucial metric for assessing company performance due to its reflection of investor sentiment and perceived worth. It provides an immediate snapshot of how the market values the company's assets, operations, and future prospects. A high market value signifies investor confidence, indicating strong financial health, growth potential, and competitive positioning. On the other hand, a low market value may signal concerns regarding performance, risk, or market perception. Moreover, market value influences various corporate actions, including mergers, acquisitions, capital rising, and shareholder returns. Thus, monitoring market value enables stakeholders to gauge the effectiveness of management decisions and strategic initiatives. On this note, the study adopts the measure of market value defined in this section.

Tobin's Q market value is often measured through several proxies, with Tobin's Q emerging as one of the most widely recognized indicators in the study of the relationship between audit committee attributes and market value. Tobin's Q is defined as the ratio of a firm's market value to the replacement cost of its assets. This measure is considered highly effective because it captures both the current performance of a firm and investors' expectations for its future, integrating internal (asset base) and external (market valuation) factors. Moreover, unlike accounting-based measures such as Return on Assets (ROA) and Earnings Per Share (EPS), Tobin's Q is less vulnerable to earnings management practices, which can distort financial reporting, especially in emerging economies like Nigeria where financial reporting quality can fluctuate.

Since its introduction in the 1960s, Tobin's Q has become a cornerstone in corporate finance, often used to assess market value and investment efficiency. Tobin theorized that firms will continue to invest as long as their market value exceeds the replacement cost of assets ($Q > 1$), as this suggests potential for further growth. Conversely, when Q is less than 1, investment tends to decline because it is more cost-effective to acquire assets in the market rather than produce them. Tobin's Q is expressed as:

$$Q = \frac{(MVE + PS + DEBT)}{TA}.$$

Where MVE represents the market value of equity, PS is the liquidation value of preferred stock, DEBT is the book value of total debt, and TA is the total assets. This equation reflects the relationship between market value and the replacement cost of assets, allowing Tobin's Q to provide a clear picture of a firm's growth potential and its operational efficiency.

Tobin's Q extends its implications beyond individual firms to the broader economy. A high Q ratio indicates an opportune time for firms to invest, potentially driving economic growth through increased capital spending. On the other hand, a low Q ratio may discourage investment, signaling potential underperformance. This dynamic illustrates the critical role of market perceptions in influencing real economic outcomes, as firms adjust their investment decisions based on Q ratios. Furthermore, Tobin's Q has been integrated into various financial theories, particularly those addressing corporate finance and investment strategies. Firms with higher Q ratios are more likely to finance new investments with equity, leveraging their favorable market valuations to issue new shares. This interaction between market conditions and financial strategies emphasizes the role of investor sentiment in shaping corporate behavior.

While Tobin's Q is widely accepted as a reliable measure of market value, its calculation has faced criticism for methodological limitations. Traditional methods for estimating Q often rely on potentially outdated or inaccurate data regarding asset replacement costs, leading to biased estimates. To address this, Chung and Pruitt (1994) proposed a simplified version of Tobin's Q, which uses readily available financial data instead of replacement costs. This approximation method calculates Tobin's Q as the ratio of market value (MVE), preferred stock (PS), and debt (DEBT) to the book value of total assets (TA):

$$Q = \frac{(MVE + PS + DEBT)}{TA}.$$

This simplified approach has become popular in empirical research due to its ease of application and reliable results. Empirical studies have shown that this version of Tobin's Q closely mirrors

the traditional calculation and has been widely adopted in studies on firm performance, investment decisions, and corporate governance.

In recent years, Tobin's Q has also been used to investigate how audit committee attributes, such as size, independence, diversity, and financial expertise, influence market value. Studies have demonstrated a positive relationship between audit committee characteristics and market value, measured using Tobin's Q, suggesting that well-structured audit committees contribute to enhanced governance, greater transparency, and, ultimately, better market performance. Thus, Tobin's Q provides valuable insights into the complex effects of audit committee attributes on the financial standing of firms, particularly in emerging economies like Nigeria, where market value is influenced by a variety of internal and external factors.

2.2 Theoretical Framework

This study is underpinned by three theories considered relevant for explaining the relationship between audit committee attributes and market value of Deposit Money Banks in Nigeria. These theories are Resource Dependency Theory, Signaling Theory, and Agency Theory. Collectively, they explain how audit committee attributes such as size, meeting frequency, diversity, expertise, and independence contribute to effective governance and influence market valuation.

2.2.1 Resource Dependency Theory (RDT)

Resource Dependency Theory (RDT) was propounded by Jeffrey Pfeffer and Gerald Salancik in 1978. The theory argues that organizations depend on resources controlled by external actors for survival and growth and must therefore establish mechanisms that enable access to these resources while minimizing uncertainty and dependence (Pfeffer&Salancik, 1978/2003). RDT views organizations as open systems whose effectiveness depends on their ability to acquire both tangible resources such as capital and expertise and intangible resources such as legitimacy, reputation, information, and stakeholder trust (Barney, 1991; Scott, 2003). According to the theory, organizational structures and governance arrangements are designed to attract and control valuable resources necessary for achieving strategic objectives. Resource dependency scholars further emphasize that organizational effectiveness improves when governance structures create stronger relationships with external stakeholders and enhance access to knowledge and decision-making capabilities (Hillman et al., 2009; Drees &Heugens, 2013).

The theory is relevant to this study because audit committee attributes can be viewed as strategic governance resources that improve organizational value creation. Audit committee size provides broader expertise and professional networks; meeting frequency enhances responsiveness to governance and reporting challenges; while diversity contributes different perspectives and improved decision quality. Similarly, committee expertise provides technical knowledge

necessary for effective financial oversight, whereas independence strengthens objective monitoring and credibility (Garcia-Sanchez et al., 2023). Through these attributes, audit committees enhance governance quality, strengthen investor confidence, improve access to capital, and ultimately increase market value. Although RDT has been criticized for emphasizing rational organizational behaviour and underestimating institutional and power dynamics (Mizruchi&Yoo, 2002; Huxham& Beech, 2010), the theory remains useful in explaining how governance mechanisms create strategic value through access to critical organizational resources.

2.2.2 Signaling Theory

Signaling Theory was developed by Michael Spence in 1973 to explain how parties possessing superior information communicate credible signals to reduce information asymmetry and influence decision-making (Spence, 1973). The theory emerged from information economics and proposes that organizations intentionally transmit signals to external stakeholders to communicate their underlying quality and reduce uncertainty (Connelly, Certo, Ireland, &Ruetzel, 2011). The major elements of signaling theory are the signaler, signal, and receiver. In corporate settings, management and governance structures act as signalers, while investors and stakeholders act as receivers. Effective signals reduce information gaps and influence stakeholder confidence, organizational legitimacy, and market responses (Spence, 2002; Stiglitz, 2002).

The application of signaling theory to this study suggests that audit committee attributes communicate governance quality to investors and influence market valuation. A larger audit committee signals commitment to stronger oversight, while frequent meetings indicate diligence and proactive governance. Diversity signals inclusiveness and broader stakeholder representation, expertise reflects competence in financial oversight, and independence signals objectivity and resistance to managerial influence (Garcia-Sanchez et al., 2023). These signals improve investor confidence, strengthen corporate reputation, and positively affect market value. However, critics argue that signaling theory oversimplifies stakeholder decision-making because signals may not always be interpreted as intended and market participants often rely on multiple information sources simultaneously (Bergh et al., 2014; Connelly et al., 2011). Despite these criticisms, the theory remains relevant because it explains how observable governance attributes shape investor perceptions and market outcomes.

2.2.3 Agency Theory

Agency Theory was initially developed by Ross (1973) and Mitnick (1974) and later popularized by Jensen and Meckling (1976). The theory explains the relationship between principals (shareholders) and agents (management), emphasizing conflicts that arise when managers pursue personal interests at the expense of owners. Agency problems emerge due to information

asymmetry, differing risk preferences, and separation between ownership and control (Jensen & Meckling, 1976). To minimize these conflicts, organizations establish governance mechanisms that align managerial actions with shareholder interests and reduce agency costs. Agency theory therefore provides the conceptual foundation for understanding monitoring structures designed to ensure accountability and efficient resource utilization (Eisenhardt, 1989; Panda & Leepsa, 2017).

Agency Theory is considered the anchor theory for this study because audit committees function primarily as monitoring mechanisms that reduce agency conflicts and improve shareholder wealth. Audit committee size strengthens monitoring capacity through broader oversight, meeting frequency increases vigilance and timely intervention, diversity reduces groupthink and improves judgment quality, expertise strengthens the review of financial disclosures, and independence ensures objective evaluation of management actions (Krishnan & Visvanathan, 2021). These attributes collectively reduce opportunistic behaviour, improve transparency, and enhance market confidence, leading to higher market value. Although critics argue that agency theory overemphasizes managerial self-interest and ignores behavioural and stewardship dimensions (Daily et al., 2003; Matinheikki et al., 2022), it remains the most suitable theory for explaining the relationship between audit committee attributes and market value because of its strong focus on governance, accountability, and shareholder protection.

2.3 Empirical Review

This section reviews empirical studies relating to audit committee attributes and market value and is organized according to the specific variables of the study namely audit committee size, audit committee meeting frequency, and audit committee diversity. The review synthesizes existing findings to identify areas of convergence, divergence, and research gaps that justify the present study.

2.3.1 Audit Committee Size and Market Value

Empirical studies have produced mixed evidence regarding the effect of audit committee size on market value and firm performance across different contexts and industries. Abu and Audu (2024), using evidence from listed industrial goods firms in Nigeria between 2013 and 2022, found that audit committee size exerted a positive but statistically insignificant influence on firm value measured by Tobin's Q, suggesting that increasing committee membership alone may not necessarily improve investor valuation. Similarly, Umar et al. (2024), in a cross-country African banking study covering 78 commercial banks, reported an insignificant positive association between audit committee size and both return on equity and Tobin's Q. Consistent findings were reported by Iheyen (2021), who observed that audit committee size negatively and insignificantly affected firm value among Nigerian insurance firms. In contrast, Ali and Amir (2023), using

Pakistani cement firms, reported that audit committee size significantly improved firm value, indicating that committee expansion may strengthen monitoring and governance outcomes. Supporting this position, Bataineh and Soumadi (2020) found that audit committee characteristics particularly size and activity positively enhanced corporate value in Jordanian industrial firms.

Other studies also provide evidence supporting the positive contribution of audit committee size to governance effectiveness and valuation outcomes. Mieseigha and Adeyemi (2021), focusing on Nigerian Deposit Money Banks, found a positive but statistically insignificant relationship between audit committee size and revenue growth, while Okoroigwe et al. (2022) showed that audit committee composition significantly enhanced firm value among Nigerian commercial banks. Similarly, Djashan and Agustinus (2020) found audit committee characteristics significantly influenced firm value among Indonesian firms, and Samasta et al. (2018) reported that audit committees had a positive and significant impact on Tobin's Q. Berkman and Zuta (2017), however, documented that larger audit committees increased exposure to negative corporate events due to coordination challenges and reduced monitoring efficiency. These inconsistent findings suggest that audit committee size may not influence value uniformly across sectors and institutional settings.

2.3.2 Audit Committee Meeting Frequency and Market Value

Existing empirical literature demonstrates that audit committee meeting frequency serves as an important indicator of committee diligence and governance effectiveness. Osevwé-Okoroyibo and Emeka-Nwokeji (2021) examined audit committee attributes among Nigerian food and beverage firms and found that meeting frequency had a positive and statistically significant influence on earnings per share. Similarly, Özcan (2021), using manufacturing firms in Turkey, reported that the effectiveness of audit committee meetings significantly influenced firm value measured by Tobin's Q. Handayani and Ibrani (2020) further documented that audit committee meeting frequency significantly reduced earnings management and improved firm value among Indonesian manufacturing firms. Supporting these findings, Eluyela et al. (2018), focusing on Nigerian Deposit Money Banks, found that frequent governance meetings improved financial performance and strengthened oversight mechanisms.

However, other studies suggest that meeting frequency alone may not guarantee higher market value unless supported by broader governance quality. Samara and Abu Nassar (2023), examining Jordanian firms, found that audit committee meetings had no significant impact on firm value. Similarly, Mili and Hashim (2023) reported that meeting frequency independently exerted insignificant effects on firm value among engineering firms in Bangladesh but became significant when combined with board independence. Yakob and Hasan (2021) also found that

governance meetings enhanced firm performance only when interacting with disclosure practices. These findings imply that meeting frequency may function more effectively when combined with complementary governance characteristics.

2.3.3 Audit Committee Diversity and Market Value

Audit committee diversity, particularly gender diversity, has increasingly attracted scholarly attention due to its potential influence on monitoring effectiveness and organizational value creation. Nuzula and Maryanti (2025), using Indonesian firms, found that gender diversity had a positive and significant effect on firm value while audit committee size remained insignificant. Similarly, Agyemang-Mintah and Schadewitz (2019), using UK financial institutions, reported that female board representation positively influenced firm value, particularly during stable economic periods. Hassan and Marimuthu (2016) also documented that board diversity improved firm value measured through ROA, ROE, and Tobin's Q among Malaysian firms. Garad et al. (2021), through meta-analysis, concluded that active and well-structured governance mechanisms including diversity positively affect financial performance and market valuation.

Contrary findings also exist in the literature. Jayanti et al. (2023) reported that gender diversity negatively affected firm value among Indonesian manufacturing firms and that age further weakened this relationship. Similarly, Fitri and Surjandari (2022) found a significant negative relationship between gender diversity and firm value, arguing that institutional and cultural factors may influence the effectiveness of diversity initiatives. Salem et al. (2019), comparing firms in Egypt and the United States, found positive effects of gender diversity but negative effects of board size, highlighting contextual differences across markets.

3.0 METHODOLOGY

This study examined the effect of audit committee attributes on the market value of listed Deposit Money Banks in Nigeria, while considering financial reporting quality within the governance framework. To achieve the study objectives, an ex-post facto research design was adopted because the study relied on historical secondary data without manipulating the variables of interest. The design was considered appropriate since audit committee attributes, financial reporting quality, and market value already existed and was observed in their natural setting, allowing for the examination of relationships and effects using historical corporate data.

The population of the study comprised all thirteen (13) Deposit Money Banks listed on the Nigerian Exchange Group (NGX) as at 31 December 2024. However, due to limitations in data availability and completeness, the study purposively selected ten (10) listed Deposit Money Banks as the sample. The selected banks were considered sufficiently representative of Nigeria's

banking sector because they operate under similar regulatory requirements and comply with established corporate governance standards.

The study utilized secondary data obtained primarily from published annual reports, audited financial statements, and corporate governance reports of the selected banks. Additional information was sourced from the Nigerian Exchange Group (NGX), Central Bank of Nigeria (CBN), and Securities and Exchange Commission (SEC) publications to ensure data validity and consistency. Data collection covered an eleven-year period (2014–2024), enabling the study to capture changes in governance practices, financial reporting environment, and market conditions affecting Deposit Money Banks in Nigeria over time. The collected data were extracted from annual reports and analyzed using appropriate statistical techniques to determine the relationship between audit committee attributes and market value.

Table 1: Measurement of Variables

S/N	Variable	Proxy	Type	Measurement	Sources
1	Market Value	TQ (Tobin's Q)	Dependent	Tobin's Q = Market Value of Equity + Total Liabilities / Total Assets.	Tobin (1969); Chung & Pruitt (1994); Al-Najjar& Abed (2020); Almaghrabi (2022)
2	Audit Committee Size	ACS	Independent	Number of members serving on the audit committee as disclosed in the corporate governance section of the annual report.	Dakhlallh et al. (2020); Dim &Onuora (2021); Manafa et al. (2024)
3	Audit Committee Meeting Frequency	ACM	Independent	Total number of audit committee meetings held during a financial year as reported in the firm's corporate governance disclosures.	Maghriby et al. (2024); Surbakti et al. (2017); Almaqoushi& Powell (2017)
7	Bank Size	BNS	Control	Natural logarithm of total assets (Log of Total Assets) as reported in the annual financial statements.	Adams & Mehran (2012); Al-Najjar& Abed (2020); Ajibola et al. (2024)

8	Bank Age	BA	Control	The year the bank was incorporated to the period of this study. Bank age is usually calculated by subtracting the year of establishment of the bank from the current year or the year under study.	Adewale et al. (2023); Ally (2025); Işık (2022); Sule (2026); Teimet and Lishenga (2019)
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Source: *Researchers' Compilation; 2026*

3.1 Techniques of data Analysis

Following the various proxy of the dependent and independent variables, both the descriptive and inferential statistical techniques were employed as a form of quantitative analysis on the data collected. The descriptive statistics employed will be mean, standard deviation, minimum and maximum values to show a snapshot of the data collected for the study. The mean will be used to show the average of the values in a set of data. Standard deviation will used to show the measure of variability while the minimum and maximum values showed the lowest and highest number of observation. The Regression was adopted to analyze the objectives of the study. The regression being an inferential statistics permits non-normal stochastic and non-linear systematic components.

3.1.1 Diagnostic Checks

Before conducting inferential statistical analysis, several diagnostic tests will be carried out to ensure the validity, reliability, and robustness of the estimated models. First, a normality test will be performed using the Shapiro–Wilk Test to determine whether the residuals are normally distributed; a p-value greater than 0.05 indicates acceptance of the null hypothesis of normality, while a value below 0.05 indicates violation of the assumption (Razali&Wah, 2011). Secondly, multicollinearity among explanatory variables will be examined using the Variance Inflation Factor (VIF), where values below 10 indicate the absence of serious multicollinearity and values above 10 suggest harmful collinearity that may distort coefficient estimates (Hair et al., 2019). Thirdly, the Hausman Specification Test will be employed to determine the most appropriate panel estimation technique between fixed effects and random effects models; a p-value less than 0.05 supports the use of fixed effects, while values above 0.05 favour random effects estimation (Hausman, 1978). In addition, the Lagrange Multiplier (LM) Test will be conducted to determine whether the random effects model is preferable to pooled Ordinary Least Squares (OLS), with significance at $p < 0.05$ indicating the suitability of random effects estimation (Breusch& Pagan,

1980). Finally, heteroskedasticity will be tested using the Breusch–Pagan–Godfrey Test to assess whether error variances remain constant across observations; a p-value greater than 0.05 indicates homoskedasticity, while values below 0.05 suggest heteroskedasticity which may require corrective measures such as robust standard errors or Generalized Least Squares (GLS) estimation (Breusch & Pagan, 1979). These diagnostic procedures are essential to ensure that the model assumptions are satisfied and that the results generated are efficient, consistent, and reliable for policy and academic conclusions.

3.2 Model Specification

Most of the effect studies seeking relationship between two or more variables apply multiple regression models. These models define the amount of variation a given change in the independent variable will affect the dependent variable. This study adapted the models used by Obafemi & Olawale (2026); Galal (2025); Aruwa et al. (2025); Onyenaju et al. (2025) as modified to suit this study and is stated as follows.

$$MV = f(ACC) \dots\dots\dots (i)$$

$$FRQ = f(ACIND, ACM, ACD, BS, BA) \dots\dots\dots (ii)$$

$$\text{Tobin's } Q_{it} = \beta_0 + \beta_1 ACIND_{it} + \beta_2 ACM_{it} + \beta_3 ACD_{it} + \beta_6 BS_{it} + \beta_7 BA_{it} e_{it} \dots\dots\dots (iii)$$

Where;

ACS = Audit Committee Size;

ACM = Audit Committee Meeting Frequency

ACD = Audit Committee Diversity

ACFE = Audit Committee Expertise

ACIND = Audit Committee Independence

BS = Bank Size

BA = Bank Age

β_0 = the constant

$\beta_1 - \beta_5$ = the regression coefficients

it = firm i at time t

e = the error term used in the regression model.

4.0 RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Table 2 presents the descriptive statistics of the study variables, namely Tobin's Q (TQ), audit committee meetings (ACM), audit committee diversity (ACD), audit committee size (ACS),

bank size (BANKSIZE), and bank age (BANKAGE), based on 110 observations. The descriptive statistics provide information regarding the central tendency, variability, and distribution of the variables included in the study.

Table 2: Result of the Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Tobin's Q	110	0.9759976	0.4973194	0.1046077	3.380952
ACM	110	4.072727	0.864266	2	7
ACD	110	1.536364	0.6306728	0	3
ACS	110	5.590909	0.6812758	3	7
Bank Size	110	9.115757	0.659731	7.880253	10.44219
Bank Age	110	50.3	29.49438	24	130

Source: Compiled by the researcher from STATA v. 17 2026

The table reveals that Tobin's Q (TQ) has a mean value of 0.976, indicating that, on average, the sampled Deposit Money Banks have a market value approximately equal to the replacement cost of their assets. This suggests moderate market valuation among the banks within the study period. The minimum value of 0.105 indicates that some banks experienced relatively low market valuation, reflecting possible investor concerns regarding future growth prospects or governance effectiveness. Conversely, the maximum value of 3.381 suggests that certain banks achieved substantially higher market valuation, indicating stronger investor confidence and growth expectations. The standard deviation of 0.497 indicates moderate dispersion around the mean, implying that differences in market value among the sampled banks are present but not excessively wide.

For audit committee meetings (ACM), the mean value of 4.073 indicates that audit committees meet approximately four times annually on average, which aligns with accepted governance practices and regulatory expectations for listed financial institutions. The minimum and maximum values of 2 and 7 respectively suggest variation in meeting frequency among the banks, indicating that while some audit committees meet less frequently, others maintain a more active oversight structure. The standard deviation of 0.864 shows relatively low variability, suggesting consistency in the frequency of audit committee meetings across the sampled banks. Regarding audit committee diversity (ACD), the mean value of 1.536 suggests a moderate level of diversity among audit committee members. The minimum value of 0 indicates that some banks may not exhibit diversity representation during certain periods, while the maximum value of 3 shows that other banks maintain relatively stronger diversity practices. The standard deviation of 0.631 indicates limited dispersion, implying that diversity levels across the sampled banks are relatively similar.

With respect to audit committee size (ACS), the mean value of 5.591 indicates that the average audit committee consists of approximately six members, suggesting compliance with corporate governance recommendations regarding committee composition. The minimum and maximum values of 3 and 7, respectively, indicate moderate differences in committee size across banks. The standard deviation of 0.681 further confirms that audit committee size remains relatively stable across the sampled institutions, reflecting uniform governance structures among listed Deposit Money Banks.

Regarding the control variables, Bank Size (BANKSIZE) records a mean value of 9.116, indicating that the sampled banks are relatively large institutions in terms of total assets measured on a logarithmic scale. The minimum value of 7.880 and maximum value of 10.442 suggest some degree of variation in asset size among the banks. The standard deviation of 0.660 indicates moderate dispersion, implying that although the banks differ in scale, the variation is not substantial. Finally, Bank Age (BANKAGE) has a mean value of 50.3 years, suggesting that the sampled banks are generally mature institutions with considerable operational experience. The minimum age of 24 years and maximum age of 130 years indicate a broad range of institutional histories among the banks. The relatively high standard deviation of 29.494 suggests significant variability in bank age, implying the coexistence of both relatively younger and older institutions within the sample.

The audit committee size (ACS) shows a mean of 5.59, indicating that most banks have audit committees consisting of about five to six members. The minimum of 3 and maximum of 7 suggest compliance with governance codes that prescribe a reasonable committee size. The low standard deviation of 0.681 indicates that audit committee size is fairly consistent across banks. For audit committee financial expertise (ACFE), the mean value of 1.82 implies that, on average, audit committees include nearly two members with financial expertise. The minimum of 1 and maximum of 3 indicate that all banks have at least one financially literate member, with some having more. The standard deviation of 0.652 suggests low variability, indicating relative uniformity in expertise across the banks.

On the control variables, bank size (Bank Size) has a mean value of 9.12, suggesting that the sampled banks are relatively large in terms of total assets (logarithmic scale). The minimum and maximum values of 7.88 and 10.44 respectively indicate some level of variation in size among the banks. The standard deviation of 0.660 shows moderate dispersion, implying that while banks differ in size, the variation is not extreme. Bank age (Bank Age) has a mean of 50.3 years, indicating that the sampled banks are relatively mature institutions. The minimum age of 24 years and maximum of 130 years reveal a wide range in operational history. The high standard

deviation of 29.49 suggests significant variability in the ages of the banks, implying the presence of both relatively young and very old banks within the sample.

4.2 Correlation Matrix

Table 3 presents the correlation matrix showing the pairwise relationships among Tobin's Q (TOBINSQ), audit committee meetings (ACM), audit committee diversity (ACD), audit committee size (ACS), and the control variables (BANKSIZE and BANKAGE). The analysis is based on 110 observations and provides preliminary evidence regarding the direction and strength of the linear relationships among the study variables.

Table 3: Correlation Matrix

	Tobins Q	ACM	ACD	ACS	Bank size	Bank age
TobinsQ	1.0					
ACM	0.0171	1.0				
ACD	0.1423	0.0624	1.0			
ACS	-0.1253	-0.136	-0.0611	1.0		
Bank size	-0.1296	-0.0006	0.0707	0.0096	1.0	
Bank age	-0.1888	-0.0887	-0.0127	-0.187	-0.2113	1.0

Source: Compiled by the researcher from STATA 17, 2026.

The result indicates that Tobin's Q (TOBINSQ) has a very weak positive relationship with audit committee meetings (ACM) ($r = 0.0171$), suggesting that the frequency of audit committee meetings has little direct linear association with market value among the sampled Deposit Money Banks. Similarly, TOBINSQ exhibits a weak positive relationship with audit committee diversity (ACD) ($r = 0.1423$), implying that greater diversity within audit committees may slightly improve market value, although the relationship remains weak. However, TOBINSQ shows weak negative relationships with audit committee size (ACS) ($r = -0.1253$), bank size (BANKSIZE) ($r = -0.1296$), and bank age (BANKAGE) ($r = -0.1888$). These results suggest that larger audit committees, bigger banks, and older banks tend to exhibit slightly lower market value, although the magnitudes of these relationships are not strong.

With respect to the relationship among the explanatory variables, audit committee meetings (ACM) exhibit weak negative relationships with audit committee size (ACS) ($r = -0.1360$), bank age (BANKAGE) ($r = -0.0887$), and an almost negligible negative relationship with bank size (BANKSIZE) ($r = -0.0006$). Conversely, ACM shows a weak positive relationship with audit committee diversity (ACD) ($r = 0.0624$), indicating that banks with more diverse audit committees may tend to hold slightly more meetings. Similarly, audit committee diversity (ACD) records weak positive relationships with bank size (BANKSIZE) ($r = 0.0707$) and weak negative

relationships with bank age (BANKAGE) ($r = -0.0127$) and audit committee size (ACS) ($r = -0.0611$), suggesting limited association among these variables.

Further analysis shows that audit committee size (ACS) has weak positive association with bank size (BANKSIZE) ($r = 0.0096$), implying that larger banks do not necessarily maintain proportionately larger audit committees. However, ACS shows weak negative relationships with bank age (BANKAGE) ($r = -0.1870$), suggesting that older banks may maintain relatively smaller audit committees. In addition, bank size (BANKSIZE) and bank age (BANKAGE) are weakly negatively correlated ($r = -0.2113$), indicating that older banks are not necessarily the largest institutions in terms of asset base.

Importantly, the highest correlation observed in the matrix is between bank size (BANKSIZE) and bank age (BANKAGE) ($r = -0.2113$), which remains substantially below the conventional multicollinearity threshold of 0.80. This suggests that multicollinearity is not a serious concern in the model. Overall, the correlation matrix reveals that the variables exhibit predominantly weak relationships with one another, indicating low redundancy among the explanatory variables and supporting the suitability of the variables for further regression analysis.

4.3 Regression Analysis

The regression analysis technique used in this study requires that residuals of data must satisfy certain assumptions such as normality of the residuals, multicollinearity, endogeneity of the regressors and to choose the right model for the study. These tests are considered before carrying out the regression by way of diagnostic tests.

4.3.1 Normality Tests

To test for normality of data, Shapiro-Wilk test was conducted.

Table 4: Shapiro-Wilk test for normal data

Variable	Obs	W	V	z	Prob>z
Tobins Q	110	0.66923	29.578	7.553	0.00000
ACM	110	0.96888	2.783	2.283	0.01123
ACD	110	0.99099	0.805	-0.483	0.68529
ACS	110	0.95177	4.313	3.259	0.00056
Bank size	110	0.95823	3.735	2.938	0.00165
Bank age	110	0.76527	20.991	6.788	0.00000

Source: Compiled by the researcher from STATA 17, 2026.

Table 4 presents the results of the Shapiro–Wilk test conducted to examine whether the variables used in the study are normally distributed. The test evaluates the null hypothesis that a variable follows a normal distribution; therefore, a probability value (Prob>z) greater than 0.05 indicates that the variable is normally distributed, while a probability value less than 0.05 suggests deviation from normality. The results reveal that Tobin's Q (TOBINSQ) has a W-statistic of 0.66923 with a probability value of 0.00000, indicating that the variable is not normally distributed. Similarly, audit committee meetings (ACM) recorded a W-statistic of 0.96888 and a p-value of 0.01123, suggesting deviation from normality. Likewise, audit committee size (ACS) with a W-statistic of 0.95177 and p-value of 0.00056 also fails the normality assumption. For the control variables, bank size (BANKSIZE) recorded a W-statistic of 0.95823 with a p-value of 0.00165, while bank age (BANKAGE) produced a W-statistic of 0.76527 and p-value of 0.00000; both results indicate that these variables are not normally distributed.

However, audit committee diversity (ACD) presents a W-statistic of 0.99099 with a probability value of 0.68529, which is greater than the 0.05 significance threshold, indicating that the variable is normally distributed. This implies that the distribution of audit committee diversity does not significantly depart from normality and therefore satisfies the normality assumption. Comparatively, ACD appears to exhibit a more stable and symmetric distribution relative to the other variables included in the study.

Overall, the findings indicate that the majority of the variables employed in the study do not satisfy the normality assumption, with the exception of audit committee diversity (ACD). The presence of non-normality suggests that the data may contain skewness, outliers, or unequal distribution patterns across observations. However, because the study utilizes panel data consisting of 110 observations, normality of individual variables is not considered a strict requirement for panel regression estimation, particularly where robust estimation procedures are applied. Furthermore, panel econometric techniques are generally considered robust to deviations from normality under sufficiently large samples due to the asymptotic properties of estimators. Consequently, rather than transforming the variables through logarithmic procedures, the study proceeded with robust estimation techniques to ensure efficient and reliable statistical inference. This approach improves the validity of the econometric results while preserving the interpretability of the original variables.

Table 5: Summary of Fixed Effect Regression Results

Tobin's Q	Coefficient	Robust Error	Std	Z	prob>/z/
ACM	0.0950	0.0063		15.05	0.000
ACD	-0.0018	0.0097		-0.19	0.851

ACS	0.0657	0.0059	11.00	0.000
Bank age	3.3501	1.5757	2.13	0.034
Bank Size	-753.9627	366.05	-2.06	0.039
R-Square	0.7867			
Prob> F	0.0000			
Mean VIF	1.39			
Heteroskedasticity Test	21.13			
Prob>Chi ²	0.7185			
Hausman Test	71.24			
Prob>Chi ²	0.000			

Source: *Compiled by the researcher, 2026*

Table 5 presents the summary of the Fixed Effect Regression Results examining the effect of audit committee attributes on the market value of listed Deposit Money Banks in Nigeria, with Tobin's Q serving as the proxy for market value. The regression output also includes the control variables of bank age and bank size. The model reports an R-square value of 0.7867, indicating that approximately 78.67% of the variation in market value of the sampled Deposit Money Banks is jointly explained by audit committee meetings (ACM), audit committee diversity (ACD), audit committee size (ACS), bank age, and bank size, while the remaining 21.33% is explained by factors outside the model. The Prob> F value of 0.0000 indicates that the overall model is statistically significant and fit for explaining variations in market value. Furthermore, the Hausman test result ($\chi^2 = 71.24$; $p = 0.000$) supports the use of the Fixed Effect Model over the Random Effect Model. The Mean VIF value of 1.39 confirms the absence of multicollinearity among the explanatory variables, as it is below the threshold value of 10. Similarly, the heteroskedasticity test result ($\chi^2 = 21.13$; $p = 0.7185$) indicates homoskedasticity, suggesting that the model does not suffer from unequal error variance and that the estimated coefficients are reliable.

In relation to the first objective, which sought to determine the effect of audit committee size (ACS) on market value, the result indicates that audit committee size has a positive and statistically significant effect on Tobin's Q ($\beta = 0.0657$; $p = 0.000$). This implies that increasing audit committee size significantly improves market value. Specifically, a one-unit increase in audit committee size is associated with an estimated 0.066 increase in Tobin's Q, holding other variables constant. This finding suggests that larger audit committees may provide broader expertise, stronger monitoring capacity, and more effective oversight of financial reporting processes, thereby improving investor confidence and market valuation. This result is consistent with studies such as Galal (2025), Ahmed & Ahmed (2022), Dakhllalh et al. (2020), Ali & Amir (2023), and Mishra & Kapil (2018) who reported a positive and significant relationship, where

larger committees were associated with improved monitoring and enhanced firm value. However, it contradicts studies such as; Efiong et al. (2022), Abu & Audu (2024), Aruwa et al. (2025), Nuzula & Maryanti (2025), Samara & Abu Nassar (2023), and Iheyen (2021) who found no significant relationship between audit committee size and firm value, suggesting that the effectiveness of governance structures depends more on quality than quantity.

In line with the second objective of the study, which sought to examine the effect of audit committee meetings (ACM) on market value, the result reveals that audit committee meetings have a positive and statistically significant effect on Tobin's Q ($\beta = 0.0950$; $p = 0.000$). This implies that an increase in audit committee meeting frequency significantly improves the market value of Deposit Money Banks in Nigeria. Specifically, holding other variables constant, a one-unit increase in audit committee meetings leads to an approximate 0.095 increase in Tobin's Q. The positive relationship suggests that more frequent audit committee meetings strengthen monitoring activities, improve oversight over financial reporting and internal controls, and increase investor confidence, which ultimately enhances market valuation. Therefore, the study concludes that audit committee meeting frequency is an important governance mechanism that contributes positively to market value. This finding aligns with studies of Maghriby et al. (2024), Ahmed & Ahmed (2022), Handayani & Ibrani (2020), Eluyela et al. (2018), and Orjinta & Ikueze (2018) who found that frequent meetings enhance monitoring effectiveness and firm performance but contrasts with those of Galal (2025), Mili & Hashim (2023), and Samara & Abu Nassar (2023) that reported no significant relationship between meeting frequency and firm value.

Regarding the third objective, which examined the effect of audit committee diversity (ACD) on market value, the regression result shows that audit committee diversity has a negative but statistically insignificant effect on Tobin's Q ($\beta = -0.0018$; $p = 0.851$). This indicates that although an increase in diversity slightly reduces market value, the effect is too small and statistically insignificant to influence investor valuation decisions. The result implies that diversity within audit committees, as measured in this study, does not significantly determine market value among listed Deposit Money Banks in Nigeria. Consequently, the study fails to reject the null hypothesis and concludes that audit committee diversity does not exert a significant influence on market value. This result is consistent with studies of Nuzula & Maryanti (2025), Amadi et al. (2024), and Chukwu & Nwabochi (2019), which found that diversity has no significant impact found no significant relationship between audit committee diversity and firm value, though it contradicts those of Jayanti et al. (2023), Hassan & Marimuthu (2016), and Jasim et al. (2021) who positive impacts due to enhanced decision-making quality.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This study examined the effect of audit committee attributes on the market value of listed Deposit Money Banks in Nigeria using audit committee meetings, audit committee diversity, and audit committee size as the explanatory variables, while controlling for bank size and bank age. Market value was measured using Tobin's Q and the analysis was conducted using the Fixed Effect Regression Model. The findings revealed that the selected audit committee attributes collectively explain a substantial proportion of variations in market value among the sampled Deposit Money Banks, indicating that audit committee structures remain important corporate governance mechanisms for enhancing shareholder value.

Specifically, the study found that audit committee meetings exert a positive and statistically significant effect on market value, suggesting that frequent audit committee activities strengthen oversight functions, improve governance effectiveness, and enhance investor confidence. The study also found that audit committee diversity has a negative but statistically insignificant effect on market value, indicating that diversity alone does not significantly determine market valuation within the Nigerian banking environment. In contrast, audit committee size was found to have a positive and statistically significant influence on market value, implying that larger audit committees may provide broader expertise and stronger monitoring capacity that contribute to improved market valuation. Furthermore, the findings revealed that older banks tend to enjoy higher market value, whereas increases in bank size may reduce market valuation due to possible operational complexity and governance challenges.

5.2 Recommendations

Based on the findings of this study, the following recommendations are made:

- i. Management and boards of listed Deposit Money Banks in Nigeria should strengthen the frequency and quality of audit committee meetings by ensuring that meetings are held regularly and focus on critical governance issues including financial reporting, internal control assessment, risk oversight, and audit monitoring. This is necessary because increased meeting frequency was found to significantly improve market value.
- ii. Deposit Money Banks should maintain an optimal audit committee size that balances diversity of expertise with operational efficiency. Banks should ensure that committee membership provides sufficient knowledge, experience, and monitoring capacity without creating coordination challenges. Since audit committee size significantly improved market value, maintaining appropriately constituted committees can enhance investor confidence.
- iii. Although audit committee diversity did not significantly influence market value, banks should continue promoting diversity in audit committee composition by encouraging balanced representation and varied professional backgrounds. Diversity initiatives should

emphasize competence, technical capability, and decision quality rather than compliance alone.

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