Effect of corporate governance attributes on audit quality of listed insurance companies in Nigeria

Yunana, Titus Wuyah

Department of Economics, Nigeria Police Academy, Wudil-Kano, Nigeria.

titusyunana@polac.edu.ng

Abstract

The study examines the effect of corporate governance attributes on audit quality of listed insurance companies in Nigeria spanning the period 2018-2022. The study obtained it data from the 22 insurance companies listed in the Nigerian Exchange Group (NGX), covering a five-year period 2018-2022. Multiple regression was used in analyzing the data of the study. The findings revealed that board size and board financial expertise are not significantly related to audit quality. However, board independence and board gender diversity are significantly influencing audit quality of the listed insurance companies in Nigeria. The study concluded that, corporate governance is significantly influencing audit quality. Therefore, the study recommends that other factors such as financial reporting regulatory enforcement mechanisms are strengthened to ensure that companies achieve a high level of financial reporting quality. Also, more board members with accounting expertise should be included on the audit committee to make it competent with regards to financial reporting.

Keywords: Corporate Governance, Boards Size, Audit Quality, Insurance Companies

1. Introduction

The prevalence of fraud, excessive earnings management and other financial crimes in the country has to a great extent placed doubt in the financial statements, as well as the ability of these statements to perform their requisite functions (Ogoun & Perelayefa, 2020). Financial reporting is one of the most crucial components of an accounting system which aims at giving information to guide and assist various stakeholders' in decision making (Farouk, 2014). However, collapse of firms around the globe as a result of the manipulations of figures in the financial statement has reduced public confidence in the figures in financial reports in making various investment decisions. This is evidenced from the collapse of big firms in the world such as SunEdison in 2016, MF Global-filed for bankruptcy, losing $1.6 billion in 2011, and Dewey and LeBoeuf-law firm filed for bankruptcy in 2012. Nigeria has also had her bitter experience in various accounting scandals such as the cases of Cadbury Nigeria Plc. in 2006, Afribank Plc., in 2011, Oceanic Bank Plc. in 2010 and acquisition of defunct Intercontinental Bank Plc. by Access Bank Plc. in 2013. This raised questions on the credibility and fairness in the quality of financial reporting around the world as well the functions of the corporate governance mechanisms (Mohammed, Joshua & Aniette, 2017).

The main objective of financial reporting is to provide high quality financial information about economic entities that is useful for economic decision making. According to International Accounting Standard Board, (2008), high quality financial reporting is critical to investors and other stakeholders in making investment, credit and similar decision. An important variable of financial reporting that is usually used as a yardstick of financial reporting quality is accounting earnings, as it is reported in the published financial report of firms is expected to provide a timely and reliable input to potential investors, shareholders, creditors, employees, management, financial analysts, regulators and other stakeholders for efficient economic decisions. The issue of financial reporting quality is of tremendous concern not only for the final users, but the entire economy as it affects economic decisions which may have significant impact. However, managerial opportunistic behaviors as well as unethical accounting practices are identified as major challenge to the quality of accounting earnings and financial reporting quality (Shen & Hsiang-Lin, 2007).

Notwithstanding the institutional setting and strong enforcement mechanisms, the quality of financial information will depend on the behavior of company management towards financial reporting quality. However, agency theory postulates that the agent (i.e. management) is likely to behave in an opportunistic manner in order to maximize their self-utility and may only disclose information beneficial to them (Panda & Leepsa, 2017). Consequently, this may contribute to information asymmetry which can be severe in a developing country due to limited source of information and, financial reporting is the main source of information. This has the potential to put the primary users of financial information at risk of making unsound economic decisions. Ultimately, corporate governance may play a key role in determining the quality of corporate financial information since it is a system put in place to monitor the behavior of manages and reduce the agency problem (Eisenhardt, 1989).

Corporate governance problem has been highlighted as significant contributory factor in previous corporate failure. Financial crises and corporate failure of many financial institutions is attributed to weakness and failures in corporate governance and poor audit quality. The corporate scandals such as Enron, WorldCom, Marconi, Parmalat etc. necessitated empirical studies on the relationship between corporate governance attributes and audit quality (Klai & Omri, 2011). Mbir et al. (2020) argue that in as much as IFRS compliance influences audit quality, higher levels of financial reporting quality could be effectively achieved with strong corporate governance mechanisms. However, the prior studies have produced conflicting empirical evidence (Myring & Shortridge, 2010). For instance, Shazly et al. (2022), Erasmus (2022), Khan, Din and Joseph (2022) found that corporate governance attributes have affected positively and strongly the audit quality. Contrarily, Kabwe (2023) and Megeid (2022) found that corporate governance does not influence audit quality of firms. On the hand, Yilmaz et al. (2021) conjecture that board culture and gender diversity are among the key strategic human capital resources that would enhance the productivity, effectiveness and efficiency in an organization. This would ultimately affect positively financial reporting quality which depends on the competency and behavior of management. However, Chalaki et al. (2012) found that there is no relationship between corporate governance attributes including board size, board independence, ownership concentration, institutional ownership, and financial reporting quality. The contradictory results from prior studies could be possibly because of differences in the effectiveness of the governance system (Mbir et al., 2020; Dhu & Hbp, 2019; Pascan, 2015).

Furthermore, to the best of the researcher’s knowledge, most of the studies conducted to measure corporate governance and audit quality of insurance companies were carried out in developed economies where the socio-cultural differences between developed and other developing countries like Nigeria, limit the applicability of findings of these studies to developing countries as recommended by Li and Liu

(2014) that, differences in economies is a significant gap in the literature. Therefore, this constitutes an environmental gap this study will address. Although, studies in Nigeria have been conducted on this topic, these studies did not jointly consider the proxies of CG as an integral approach in relation to AQ of insurance companies. Thus, the literature stream remains fragmented and there is need to conduct this study in order to fill the gap in the literature. Hence, this study will fill the literature gaps identified in the literatures. Furthermore, on methodological gap, some studies had a different time scope to the current study. This study covered the period of 2018-222.
Therefore, this study seeks to examine the effect of corporate governance on audit of listed insurance companies in Nigeria using Board size, Board independence, Board financial expertise and Board gender diversity as proxies for the independent variable (corporate governance) while the dependent variable (audit quality) is proxy by the Big4 (Deloitte, PWC, Ernst & Young and KPMG) audit firms.

2. Literature Review

2.1. Conceptual Definitions

2.1.1 Concept of Corporate Governance

The term corporate governance was first used more commonly in the North America legal literature of the 1970s. Adam Smith pointed out in 1776 that "the directors of such companies, however, being the manager rather of other people's money than of their own (Smerdon 2004).

2.1.2 Concept of Audit Quality

It connotes the quality of audit report from an auditor. Audit itself is an independent examination of an expression of opinion on the financial statement of an enterprise by an appointed auditor, in pursuance of that appointment and in compliance with any relevant statutory obligation (Onaolapo, Ajulo & Onifade, 2017).

2.1.3 Concept of Board Size

The definition of board size is the total number of directors on a board (Panasian et al., 2003; Levrau & Van den Berghe, 2007). An optimal board size should include both the executive and non-executive directors (Goshi et al., 2002).

2.1.4 Board Independence

Board independence refers to percentage of the total number of independent non-executive directors to the total number of directors (Prabowo & Simpson, 2011). It was also defined as level of presence of independent directors or presence of non-executive directors in the board (Abdullah & Nasir, 2004)

2.1.5 Board Financial Expertise

Board Financial experts, being knowledgeable about the financial market, help firms borrow and acquire financing (Booth & Deli, 1999), play a significant role in alleviating agency problems by monitoring TMTs

2.1.6 Board Gender Diversity

A balanced board is provided by representations from various groups to ensure that domination of decision making does not arise from an individual or a group of individuals in the board (Erhardt et al., 2003).

2.2. Empirical Review

Relationship between Audit Quality and Financial Expertise

Kabwe (2023) analyses the relationship between corporate governance attributes and financial reporting quality of listed companies in Zambia. The data was collected through quantitative content analysis from the annual reports and audited financial statements for the periods 2012 to 2018 of 20 Zambian listed companies. Panel regression analysis was used as a data analysis technique. The results show that board size and financial reporting quality are statistically positive and significant. A positive but statistically insignificant relationship existed between board accounting expertise, board gender diversity, audit committee independence and financial reporting quality. A negative but insignificant relationship existed between board independence and financial reporting quality.

Bako (2018) examine the impact of corporate governance on the quality of financial reporting in the Nigerian Chemical and paint Industry. The sample size of the study is four (4) companies selected for a period of five (5) years (2009-2013). The data used were obtained through secondary source and analyzed using correlation and regression. The study concluded that Board size as well as Board Independence has insignificant effect on the quality of financial reporting in the Nigerian Chemical and paint Industry. It was also concluded that the presence of non-executive directors in the audit committee of firms have an insignificant effect on financial reporting quality.

Relationship between Audit Quality and Board Size

Erasmus (2022) investigated the relationship between corporate governance practices and audit quality of quoted banks in Nigeria. The population of the study consists of fourteen (14) quoted banks in Nigeria. Judgmental sampling technique was used to select twelve (12) quoted banks as sampled size for the study. The study adopts the use of descriptive statistics for univariate analysis while hypotheses formulated were tested using ordinary least square regression. Finding shows that board size, board composition and ownership concentration jointly have significant impact on audit tenure of quoted bank in Nigeria. Evidence shows that board size, board composition and ownership concentration jointly have significant impact on audit fees of quoted bank in Nigeria. Evidence revealed that board size, board composition and ownership concentration have insignificant impact on audit firm size of quoted bank in Nigeria.

Khan, Din and Joseph (2022) investigated impact of corporate governance and audit quality on firms' financial information. The Sample Size of 363 observations was taken from the Karachi Stock Exchange enlisted companies for the period of 2005 to 2015. The outcome of the testing model showed that corporate governance and audit quality have normal effect on the firm's financial information jointly. It was found that mediation effect exists between the relationship of corporate governance, audit quality and financial information as the p-value is significant which means that corporate governance and audit quality can minimize or control the effect of financial market crises risk on the dependent variable financial information through the mediator financial leverage.

Shazly et al. (2022) study the impact of corporate governance and audit quality on the investment decision. This research used survey method on the construction sector in Egypt. The research found a significant positive impact of corporate governance on the audit quality and investment decision which means investors will depend on the corporate governance when they make their investment decision. In addition, investors will depend on the audit quality (the ability of an auditor to detect a breach (auditor competence) and the willingness to report such a breach (auditor independence) when they make their investment decision.

Widani and Bernawati (2020) examined the effect of corporate governance and audit quality: moderated by ownership concentration. The sample size of the study is the 129 companies out of the population of 330 manufacturing firms in Indonesia. Secondary data was collected from the period 2017-2018. The study used regression analysis. The results of the study revealed that corporate governance insignificantly influenced audit quality, and the moderating role of ownership concentration significantly influenced the relationship between corporate governance and audit quality.

Relationship between Audit Quality and Board Independence

Megeid (2022) investigate the impact of corporate governance and audit quality on profitability using earnings quality as a moderator variable. The study used a sample size of 56 companies during the period 2015-2020. Data analysis method used multiple regression analysis to examine the interrelation between the research variables. The results showed that board independence, large board size, large audit committee, audit committee independence and Big 4 audit firms have a positive insignificant impact on the firm' profitability, while financial leverage and CEO duality are found to have a negative relationship with firm' profitability. In addition, the results show that board independence, large board size, large audit committee, audit committee independence, Big 4 audit firms, financial leverage and firm size have a positive impact on the earnings quality, while CEO duality is found to have a negative relationship with earnings quality.

Owolabi and Babarinde (2020) examined the effect of corporate governance on audit quality in deposit money banks (DMBs) in Nigeria. Secondary data were gathered from fifteen (15) listed banks covered the duration of twelve years (2007 - 2018). The data were processed using panel data estimator which was based on pooled regression model, fixed effect model and random effect model. The result showed that gender diversity ethnic diversity, board composition and board size are significant with audit quality of the deposit money banks in Nigeria, but foreign diversity insignificantly related to audit quality.

Soliman (2020) investigate the effect of corporate governance and audit quality on investment efficiency. The study focuses on non-financial listed firms in the Egypt, especially firms recorded in EGX 100 for four years' period (2013-2018), for 103 firms and 412 completed observations. The researcher uses Structural Equation Modeling (SEM) through Smart PLS software. Improving AQ lowering IA, which increases the trust of investors in management decisions, this leads to reduce pressure on management and improve efficiency of investment decisions. Having good CG mechanisms provides management with a good atmosphere to make right investment decisions, and having good CG mechanisms increases AQ, which helps management to have a good environment to make investment decisions with higher efficiency, or in other words, there is a significant and positive effect of integration between CG and AQ on investment efficiency

Ogoun and Perelayefa (2020) examine the role of corporate governance in determining the audit quality of firms. The study used 71 non-financial firms for the periods 2008 to 2015. Audit quality was measured using a dummy variable of "1" and "0", with 1 representing the use of a big four auditor by the firm and 0 otherwise. Corporate governance was proxy with board independence measured using the ratio of non-executive directors to total directors. The data collected was analyzed using the binary regression analysis. The findings reveal that board independence is negatively related to audit quality. The study highlights the importance of having proper mix of competences on the board.

Relationship between Audit Quality and Board Gender Diversity

Mustapha, Rashid, Lateef and Ado (2019) investigate the effect of corporate governance attributes on audit quality for the Nigerian listed companies. The population of the study includes all the companies in the eleven sectors of the economy, excluding the financial sector from 2012-2017. The study used only sixty-three companies as a sample after filtration and screening. The data was obtained from the annual reports and accounts of the selected companies. Multiple regression was carried out in testing the relationships between the dependent and independent variables. The result indicated an insignificant negative relationship for board independence and positive significant and negative significant for meetings and gender of the audit committee, respectively.

The following are hypotheses developed to be tested in this study:

Hypothesis 1: There is a relationship between board size and audit quality.

Hypothesis 2: There is a relationship between board independence and audit quality.

Hypothesis 3: There is a relationship between board financial expertise and audit quality.

Hypothesis 4: There is a relationship between board gender diversity and audit quality.

2.3 Theoretical Framework

Stakeholder Theory

The stakeholder theory was propounded by Freeman (1984) asserting that stakeholder theory focuses on the idea that companies exist to serve the interest of those with a stake in the future of a firm and not the interest of the shareholder. Phillips et al. (2003) posit that stakeholder theory addresses morals and values explicitly as a central feature of managing organizations, and that attention to the interests and well-being of those who can assist or hinder the achievement of the organization's objectives is the central admonition of the theory (Phillips et al., 2003). Stakeholder theory takes account of a wider group of constituents rather than focusing on shareholders. A consequence of focusing on shareholders is that the maintenance or enhancement of shareholder value is paramount, whereas when a wider stakeholder group-such as employees, provides of credit, customers, suppliers, government and the local community is taken into account, the overriding focus on shareholder value whilst at the same time trying to take into account the interests of the wider stakeholder group. Consequently, the stakeholder theory is an organizational management's theory that emphasizes the morals and values in the business organization, as well as the responsibilities of company management to balance the shareholders financial interest against the interest of stakeholders. This study is anchored on the stakeholder theory because management and board of directors will be able to learn from the ideology and philosophy of stakeholder theory to ensure that all interested parties and stakeholders in the organizations are managed equitable and fairly to avoid corporate failure and collapse.

3. Methodology

3.1 Research Design

The study adopted the correlation and ex-post facto research design was used for this study. The correlation research design enables the researcher examine the association of the variables (dependent and independent variables) while, the ex-post facto ensures the predictability of independent variables on dependent variables.

3.2 Population and Sample Size of the Study

The population of the study consists of the twenty-two (22) insurance firms listed in Nigeria Exchange Group (NXG) as at 31st December, 2022. And census sampling technique is considered suitable for the study where all the population will be considered to provide adequate observations for generalization of the study findings.

3.3 Data and Sources

The study used secondary data which was extracted from the audited financial reports of the sample insurance firms listed on the NGX for the periods of five years (2018-2022). The data was extracted based on the parameters of the variables and the respective ratios taken from the sampled banks in order to test the hypothesis of the study.

3.4 Method of Data Analysis

The study employed a multiple regression technique to analyze the data and to establish the relationship between the dependent and independent variables. Multiple regression model is considered appropriate in view of the fact that it helps in establishing relationship between variables and also the effect cause and relationship between the variables.

3.5 Variable Measurements and Model Specification

Table 1: Variable Measurements

Variables	Measurements	Sources
Dependent Variable		
Audit Quality **(AQ)**	Measured using dummy '1' if audited by any of the big4 (Deloitte, PWC, Ernst & Young and KPMG) audit firm and '0' if otherwise. (Measured in Unit)	Widani and Bernawati (2020)
	Independent Variable	
Board Size **(BSZ)**	Measured as number of directors on the board. (Measured in Unit)	Shazly et al. (2022)
Board Independence **(BIND)**	The proportion of non-executive directors to total number of board members. (Measured in Unit)	Khan, Din and Joseph (2022)
Board Financial Expertise **(BFXP)**	The proportional of board members with financial reporting experience and expertise and total number of directors on the board. (Measured in Unit)	Erasmus (2022)
Board Gender Diversity **(BGD)**	The proportion of number of women board members to the total number of board members. (Measured in Unit)	Kabwe (2023)

Source: Researcher's Compilation, 2023

To test the hypotheses (HO_1 to HO_4), the study adopt the model of Khan, Din and Joseph (2022) and used corporate governance attributes as independent variables and audit quality as dependent variable respectively. The Multiple linear regression model took the following form:

$$AQ_{it} = \beta_0 + \beta_1 BSZ_{it} + \beta_2 BIND_{it} + \beta_3 BFXP_{it} + \beta_4 BGD_{it} + \varepsilon_{it} \quad (1)$$

Where:

AQ = Audit Quality
BSZ = Board Size
BIND = Board Independence
BFXP = Board Financial Expertise
BGD = Board Gender Diversity
β_0 = Constant Coefficient
β_1- β_4 = Coefficients of the Independent Variables
ε = Error Term
i = Firms
t = Period

4. Results and Discussion

4.1 Descriptive Statistics

Table 2 below revealed the average descriptive values of the dependent variable audit quality as 16.503%. Hence, the table agreed that the minimum amount of the audit quality is 13.710% and maximum of 19.536% for the listed insurance companies in Nigeria. However, for the independent variables, the size of the board of directors has a minimum of 11% representation of the independent directors and a maximum of 92% approximately.

Table 2: Descriptive Statistics

Variable	Mean	Min	Max	Std. Dev.
AQ	16.503	13.710	19.536	1.013
BSZ	0.640	0.111	0.917	0.161
BIND	3.992	1.000	9.000	0.924
BFXP	0.373	0.007	1.000	0.226
BGD	0.158	0.000	0.200	0.144

Source: STATA 13 Output, 2023

Thus, the average value of the board independence is 3.992. It implies that the number of non-executive directors dominate the board of Nigerian insurance companies. BSZ minimum is 0.111 and maximum is 0.917 signifies that some companies have a minimum of 11 board members while others has up to 91 board members. On average, the number of board of directors with financial knowledge is 4 times per year and a maximum number of 1 as well as a minimum of 0.007 respectably. Similarly, for the proportion of gender diversity, the minimum proportion of female member is 0% whine the maximum proportion is 20%, and the average proportion is 16%. Therefore, it is indicating that the engagement of women in corporate governance is low compared to their counterpart in the Nigerian listed insurance companies.

4.2 Correlation Matrix

The result of the correlation matrix as indicated in table 3 below shows that only board independence among the independent variables is correlated to the audit quality, it correlated at 10% significant level. That signifies the relationships of the variable in the regression model. However, all other related variables are not correlated to the audit quality of the listed insurance companies in Nigerian.

Table 3: Correlation Matrix Result

Variable	AQ	BSZ	BIND	BFXP	BGD
AQ	1.000				
BSZ	-0.066	1.000			
BIND	0.241***	-0.057	1.000		
BFXP	-0.026	-0.044	0.095	1.000	
BGD	-0.036	-0.005	0.033	0.060	1.000

Source: STATA 13 Output, 2023. * $p<0.01$, ** $p<0.05$, *** $p<0.0$ = significant at 1%, 5% and 10% respectively.

4.3 Unit Root Stationarity Test

The result of the unit root test reported in the table above indicated that AQ, BSZ, BFXP and BGD are stationary at first level 1(1) differencing, while BIND are stationary at level1(0) differencing, showing that the variables have mixed order of integration. Since the variables were found to be stationary at level and first level differencing, justify the need to examine the long-run relationship among the variables. Therefore, the variables under the study were suitable for the application of regression model.

Table 4: Unit Root Test Result via Augmented Dickey-Fuller (ADF)

Unit Root at Level				
Variables	Critical T-Statistics	ADF T-Statistics	P-Values	Order of Integration
AQ	-3.458738	-8.543633	0.0001	I(1)
BSZ	-3.421745	-5.105356	0.0011	I(1)
BIND	-3.485262	-3.092152	0.0000	I(0)
BFXP	-3.422632	-5.109427	0.0000	I(1)
BGD	-3.401742	-6.673983	0.0000	I(1)

Source: E-view 12.0 version; NOTE: Test was conducted at 5% Level of Significance

4.4 Regression Result

From the table 5 below, the R^2 which is the combine influence of the corporate governance variables on audit quality has 37.6% influences on audit quality of the listed insurance companies in Nigeria for the period. However, the f-stats (0.444) show that the model was correctly chosen as supported by the significant value of the f-sig (0.000) of the study.

Table 5: Regression Result

Variables	Coefficient	Std. Error	t-value	p-value
BSZ	-0.320	0.249	-1.280	0.201
BIND	0.112	0.045	2.510**	0.013
BFXP	0.143	0.180	0.790	0.428
BGD	-0.499	0.291	-1.720**	0.047
Cons	10.562	0.541	19.51**	0.000
R^2		**0.376**		
F-Stats.		**0.444**		
F-Sig.		**0.000**		

Source: STATA 13 Output, 2023. * p<0.01, ** p<0.05, *** p<0.0 = significant at 1%, 5% and 10% respectively.

From the regression result, board size (BSZ) has a negative and insignificant relationship with audit quality as indicated by a coefficient value of -0.320 and a p-value of 0.201 respectively. This signifies that, 1% increase in board size (BSZ) will lead to a decrease in audit quality by 32%. This result also means that board size is statistically insignificance in influencing audit quality during the period under investigation. This finding is in line with the previous study of Kabwe (2023). However, board independent (BIND) has a significant positive relationship with audit quality (coefficient 0.112 and p-value 0.013). This implies that a percentage increase in board independence (BIND) will result to 11% increase in audit quality (AQ). The result also indicates that board independence (BIND) is statistically significance in influencing audit quality of the listed insurance companies in Nigeria as showed by p-value of (0.013). The results of board financial expertise (BFXP) indicate positive coefficient of (0.143) and a p-value of (0.428). This means that 1% increase of board financial expertise (BFXP) will lead to increase in audit quality of listed insurance companies by 14%. The p-value indicates an insignificant influence of board financial expertise (BFXP) on audit quality of listed insurance companies. This means that, not all directors have a financial knowledge to review the audit report of the Big4s, this confirmed by the statistical insignificant p-value of 0.428 and a positive coefficient value of 0.143. This finding is contrary to the works of Bako (2018) and Mustapha, Rashid, Lateef and Ado (2019) who finds that board independent (BIND) has an insignificant positive relationship with audit quality.

The board gender (BGD) diversity in the Nigerian listed insurance companies was found to be negative but significant as indicated by coefficient of (-0.499) and p-value of (0.047). This means that 1% increase in board gender diversity (BGD) will result to a decrease in audit quality of listed insurance companies by 49% but board gender (BGD) diversity can statistically influence audit quality of listed insurance companies as displayed by the p-value of (0.047). Therefore, the result rejected the third hypothesis of the study. The explanation for this could be that female member is more conservative for a better consultation than the men. This study is in line with the previous study of Kabwe (2023).

The R-squared (R^2) which measure the overall performance of the model is (0.376). This means that 38% of the behavior of audit quality of listed insurance companies was explained by all the explanatory variables while 62% were explained by variables not included in the model.

5. Conclusion and Recommendations

The study investigates the effect of corporate governance attributes on audit quality of listed insurance companies in Nigeria. The study analyses the data using multiple regression model after conducting unit root stationarity test of all the variables. The study looks at the vital role of external auditors in corporate governance, which serves as a complementary mechanism for enhancing the legal protection of outside shareholders. It will, in turn, reduce the agency complicity between the company's insiders and outside shareholders. This study examined the effect of corporate governance attributes on audit quality of listed insurance companies in Nigerian. The corporate governance attributes used was board size, board independence, board financial expertise and board gender diversity. The result highlighted an insignificant negative relationship in board size and positive significant in board independence, while an insignificant positive but insignificant relationship was documented in board financial expertise and audit quality. It is concluded that a high number of female members in the board of directors negatively influence audit quality. The implication of this study is that corporate governance system alone cannot guarantee the provision of quality financial information by reporting entities in a developing country. This could be related to lack of effectiveness in the corporate governance system. The study therefore recommends that other factors such as financial reporting regulatory enforcement mechanisms are strengthened to ensure that companies achieve a high level of financial reporting quality. Also, more board members with accounting expertise should be included on the audit committee to make it competent with regards to financial reporting.

References

Abdullah, S. N., Nasir, M. N., 2004. Accrual Management and the Independence of the board of Directors and Audit Committees. *IIUM Journal of Economics and Management 12(1), 49-80*

Aribaba, F. O. & Ahmodu, L. O. (2017). Corporate governance and audit quality of quoted non-financial firms in Nigeria. *International Journal of Social Sciences and*

Conflict Management, 2(4), 30-47.

Arrunda, B. (1999). *The economics of Audit Quality: Private Incentives and the regulation of Audit and non-audit services.* Norwell, MA: Kluwer Academic Publishers.

Baah, G. K. & Fogarty, T. J. (2018). What auditors think about audit quality - a new perspective on an old issue. *Journal of Managerial Issues, 30*(4), 404–504.

Bako, M. A. (2018). The impact of corporate governance on the quality of financial reporting in the Nigerian chemical and paint industry. *Research Journal of Finance and Accounting, 9*(7), 42-59.

Chalaki, P., Didar, H., & Riahinezhad, M. (2012). Corporate governance attributes and financial reporting quality: empirical evidence from Iran. *International Journal of Business and Social Science, 3*(15), 223-229.

Dhu, H., & Hbp, C. (2019). Corporate governance and earnings management: a review. *Iconic Research and Engineering journals, 2*(12), 212-214.

Eisenhardt, M. K. (1989). Agency Theory: An Assessment and Review. *Academy of Management Review, 14*(I), S7-7i.

Erhardt, N. L., Werbel, J. D., & Shrader, C. B. (2003). Board of directors' diversity and firm's financial performance. Corporate Governance: *An International Review, 11(2), 102-111.*

Erasmus, E. G. (2022). Corporate governance practices and audit quality of quoted banks in Nigeria. *International Journal of Economics and Financial Management, 7*(1), 1-21.

Farouk, M. A. & Hassan, S. U. (2014). Impact of audit quality and financial performance of quoted cement firms in Nigeria. *International Journal of Accounting and Taxation, 2*(2), 1-22.

Goshi, et al., 2002. Board structure, executive compensation and firm performance. Evidence from India. Mumbai, India. Indra Ghandi Institute of Development Research

Kabwe, M. (2023). Corporate governance attributes and financial reporting quality: An evidence from a developing country in Africa. *International Journal of Research in Business & Social Science 12*(1) (2023), 179-191.

Khan, S. A., Din, S. & Joseph, V. (2022). Impact of corporate governance and audit quality on firm's financial information. *Journal of Contemporary Issues in Business and Government, 28*(1), 335-352.

Levrau, A., Van den Berghe, L. A. A., (2007). Corporate Governance and Board Effectiveness: Beyond Formalism. *ICFAI Journal of Corporate Governance 6(4), 58-85*

Martin, R. D. (2013). Audit quality indicators: Audit practice meets audit research. *Current Issues in Auditing, 7*(2).

Mbir, E.D., Agyemang, S.O., Tackie, G., & Abeka, J.M. (2020). IFRS compliance, corporate governance and financial reporting quality of GSE-listed non-financial firms. *Cogent Business & Management, 7*:1, 1.

Megeid, N. S. A. (2022). Impact of corporate governance, audit quality and firm characteristics on firm profitability using earnings quality as a moderating variable. *Scientific Journal for AccountingThinking,* 13-62.

Mustapha, U. A., Rashid, N. N. M., Lateef, S. A. & Ado, A. B. (2019). The effect of corporate governance attributes on audit quality in Nigeria. *International Journal of Recent Technology and Engineering, 8*(4), 482-4886.

Ogoun, S., & Perelayefa, O. G. (2020). Corporate governance and audit quality in Nigeria. *American Journal of Industrial and Business Management, 10*, 250-261.

Onaolapo, A. A., Ajulo, O. B. & Onifade, H. O. (2017). Effect of audit fees on audit quality: Evidence from cement manufacturing companies in Nigeria. *European Journal of Accounting, Auditing and Finance Research, 5(1)*, 6-17.

Owolabi, S. A. & Babarinde, T. A. (2020). Effect of corporate governance on audit quality in Nigerian banks. *International Journal of Multidisciplinary and Current Educational Research, 2*(5), 290-296.

Panasian, C., Prevost, A. K., Bhabra, H. S., 2003. Board composition and firm performance: The case of the dey report and publicly listed Canadian firms

Panda, B., & Leepsa, M.N. (2017). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance, 10*(1), 74–95.

Pascan, I. D. (2015). Measuring the effects of IFRS adoption on accounting quality: *A Review. Procedia Economics and Finance, 3*(2), 580 – 587.

Phillips, E., Freeman T. O., & Wicks K. (2003). Earnings management: The effect of ex ante earnings expectations. *Journal of Accounting, Auditing and Finance, 15*(4), 371-392.

Prabowo, M., Simpson, J., 2011. Independent Directors and Firm Performance in Family Controlled Firms: Evidence from Indonesia. Asian-Pasific Economic Literature 25(1), 121-132

Preston, L.E., & Sachs, S. (2002). *Redefining the corporation: Stakeholder management and organizational wealth*. Stanford, CA: Stanford University Press

Shazly, M. A., AbdElAlim, K., Mortaky, A. N. & Sayed, M. N. (2022). The impact of corporate governance and audit quality on the investment decision. *Financial Markets, Institutions and Risks, 6*(3), 5-12.

Soliman, W. S. M. K. (2020). Investigating the effect of corporate governance on audit quality and its impact on investment efficiency. *Investment Management and Financial Innovations, 17*(3), 175-188.

Widani, N. A., & Bernawati, Y. (2020). Competitive Strategy Analysis to Increase Consumer Purchasing Decisions on Minimarket Business. *Jurnal Ekonomi, 19*(1), 131-140.

Yilmaz, M. K., Hacioglu, U., Nantembelele, F. A., & Sowe, S. (2021). Corporate board diversity and its impact on the social performance of companies from emerging economies. *Global Business and Organizational Excellence, 41*(1), 6-20.