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IMPACT OF AUDIT COMMITTEE MEMBERSHIP GENDER DIVERSITY ON QUALITY OF FINANCIAL REPORTING OF DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

This research ascertained the impact of audit committee membership Gender Diversity on financial reporting quality of quoted deposit money banks in Nigeria. It is an ex-post facto research by design. The population of the study is all the Fifteen (15) quoted deposit money banks on the Nigerian Stock Exchange as at 31st December, 2016 which was narrowed down through a judgmental sampling technique to ten (10). The sampling technique is based on the following criteria: (i) that a bank must be in operation during the period covered by the study that is 2006 through 2015; (ii) that a bank must not have merged or taken over by another during the period of the study; and (iii) that a bank must not have been delisted on the Nigerian Stock Exchange at one time throughout the period of the study. Data relating to financial reporting quality were sourced from the annual reports and accounts of the sampled banks. For analysis, the study adopted the Multivariate Regression Techniques (Fixed and random test regression) to establish that the independent variables (Gender Diversity) on one hand explains a proportion in the dependent variable (earning Quality) on the other hand, Pearson correlation coefficient was used to test hypothesis 1 which examined the relationship between gender diversity and financial reporting quality. The study finds that actually, gender diversity does not relate to financial reporting quality of Banks in Nigeria. it is therefore recommended that regulatory authorities' organize training and seminars for audit committee members as being practice in other developed countries and lastly, to further assist regulatory authorities, the academics should step up researches in the area in order to document more on the dynamics in audit committee membership in banking and other sectors of the economy.

Keywords: Audit Committee, Gender Diversity, Financial Reporting Quality.

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INTRODUCTION

The practice of corporate governance is a combination of a number of mechanisms, amongst which is the audit committee. The audit committee has been a focus of international corporate governance reform for some years now. The establishment of the audit committee was rooted to the reactions on the abuse of power by corporate management which led to financial scandals, financial reporting defalcations, stock valuation issues and unjustifiable manipulation of accounting policies.

Through oversight function in the financial reporting process, the Audit Committee serves as a mechanism of corporate governance that checks the quality, credibility, and objectivity of financial reporting and communicates to users through a report in the financial statement. This committee has a monitoring responsibility for Management and External Auditors alike. They are intermediaries or watch dogs. An effective Audit Committee is attributed to certain characteristics amongst which are: Audit committee size, audit committee independence, audit committee meetings, audit committee expertise, audit committee formation and audit committee gender diversity which is the main consideration in this study.

Financial reporting is a process of producing statements that disclose an organization's financial status to the users of accounting information. It is a statutory report prepared by company Board of Directors as a means of conveying both qualitative and quantitative information to users in making informed decisions. For quality decisions, the financial statements expected to be credible and relevant. For financial statements to be credible and relevant for decision-making, the Generally Accepted Accounting Principles (GAAP) must be adopted in their preparation hence, the appointment of External Auditors to ensure compliance. Furthermore, to improve the quality of financial statements, the audit committee is constituted.

Problem Statement

Although many characteristics are essential in meeting the functions of audit committee, this study considers gender diversity as a variable for audit committee in the Nigeria research environment. Review showed that only studies undertook outside the Nigerian research environment where seen to have identified gender diversity in the composition of audit committee. The introduction of gender diversity which was considered as the major gap in the research was based on result of studies on gender related issues like those of Erhardt, Werbel and Shrader (2003); Dennis & Kunke (2004) as cited in Wakaba (2011); Carter, Souza, Simkins and Simpson (2008) as cited in Ittonen, Miettinen & Vahamaa (2007), all argue that female audit committee members, in general, are more competent, active/potent, emotionally stable, rational, independent, and less hostile than their male counterparts, which gives credence to the female gender on integrity, fairness, commitment and accountability. The study introduces gender diversity of audit committee membership as one of the attributes of audit committee in order to further expand on results of studies that find that it has significant impact on financial reporting quality.

Objectives of the Study

This study is set out, to ascertain the impact of gender diversity on the quality of financial reporting of deposits money banks in Nigeria. To achieve the general objective, the specific objectives are to:

1. evaluate the relationship between audit committee members gender diversity and financial reporting quality of Deposit Money Banks in Nigeria; and
2. determine the impact of audit committee members gender diversity on the quality of financial reporting of Deposit Money Banks in Nigeria

Research Hypotheses

To achieve the objectives of this study, the following hypotheses stated in null form were tested.

H_{01} There is no significant relationship between audit committee Members' gender diversity and financial reporting quality of Deposit Money Banks in Nigeria.

H_{02} The audit committee member's gender diversity does not significantly impact on the quality of financial reporting of Deposit Money Banks in Nigeria.

CONCEPTUAL REVIEW

Audit Committee: Audit committee is an essential element of corporate governance which merely undertakes financial oversight functions in a firm with a view to ensuring integrity in the financial reports. According to Mohiuddin (2012), An audit committee, also known as a board's sub-committee, aim at guaranteeing the reliability of the accounting information provided by the management. Levitt (2000), Beasley, Carcello, Hermanson, and Neal (2009) posit that a competent, committed, and independent audit committee is one of the most reliable guardians of the public interest. The Sarbanes-Oxley Act (2002) defines audit committee as a body established by and amongst the Board of Directors of an issuer for the purpose of overseeing the accounting and financial reporting processes of the issuer and audits of the financial statements of the issuer. It is According to Habbash (2010) a committee appointed by a company as a liaison between the Board of Directors and the External Auditors. It has also been identified as one corporate governance mechanism available to the Board of Directors that is geared toward limiting conflicts of interest between managers and stockholders (Menon & William, 1994). These definitions have given a global recognition to the audit committee, hence the bridging of information asymmetry between External Auditors and the Management of firms across the world.

In Nigeria, the existence of audit committees in public companies follows the enactment of the CAMA in 1990. According to Ofo (2010), following the failures of some public quoted companies in Nigeria, it became clear that some gate-keepers (including the audit committees of such companies) were caught napping. The Audit Committees were created in Nigeria, by section 359 of the Companies and Allied Matters Decree, CAMD '90 (now CAMA 2004). According to sub-section (3) of the section, 'the audit shall in the case of a public company also make a report to an audit committee which shall be established by the public company'. Sub-section (4) of the section, states that, the makeup of the committees shall consist of an equal number of Directors and representatives of the shareholders of the company (subject to a maximum number of six members), and shall examine the auditor's report and make commendations thereon to the annual general meeting as it may think fit; Provided however, that such member of the audit committees shall not be entitled to any remuneration and shall be subject to re-election annually.

Audit Committees Characteristics: This refers to such attributes that make up the workings of the audit committee. A number of characteristics are identified, for the purpose of this work, Gender diversity was considered.

Audit Committee Members Gender Diversity: The Federal Republic of Nigeria, as a signatory to the United Nations Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), is under obligation to submit periodic reports on progress recorded in the implementation of the convention acts in the country, as stipulated in Article 18 of the Convention which summarily is to ensure the recognition of the female gender in the political, social and economic sphere. In adherence to the above, and for the fact that promoting gender equality is now globally accepted as a development strategy for reducing poverty levels among women and men, improving health and living standards and enhancing efficiency of public investments, The attainment of gender equality should not only be seen as an end in itself and human rights issue, but as a prerequisite for the achievement of sustainable economic development.

In recognition of the above, this study, therefore, identifies gender diversity in the audit committee members as an important attribute of the audit committee. Some studies have also aired their opinions to the effect; Kamarudin, Ismail and Alwi (2014) assert that different genders have different attitudes and ethical conduct in performing their duties. Bilic and Sustic (2011) found that females are more ethical in performing their duties than males. Kamarudin et al. further assert that the presence of women on the board enhances the ability of the business to run healthily and considered as a complement to the male directors. According to Halpern (2000), audit committees that have both genders represented can perform more effectively than committees that have a single gender. Because men are more likely to be overconfident than women, the tendency for them to commit fraud is greater than those in women. The presence of female board members on the audit committee positively influences the number of meetings held and enhances the reporting quality of financial statements (Schrand & Zechman, 2012).

Financial Reporting Quality: Financial information about companies is reported so as to provide an accurate and correct picture of these companies performance and financial standing. It is the composition of such processes involved in the provision of a statement of account with all honesty and objectivity. According to Brandt, Bray, Graham and Kumar (2010), when managers use two words; neutrality and objectivity to provide items in financial statements, we can say that there is financial reporting quality. As posted by Darabi, Rad and Heidaribali (2012), it is about accuracy and validity of financial reports in expressing the data regarding firm's operations particularly cash flows to notify investors. Although various authors have given their views as to the concept, there is no consensus as regards what constitutes financial reporting quality.

Umaru (2014) considers two characteristics for quality determination of financial reporting quality, which includes profitability in decision-making and the relationship between firm reporting quality and economic profit. This in order words is referred to as earnings quality, earnings quality is an honest expression of the reported profit. That is, a high firm reporting quality shows the usefulness of profit information for decision-making by the users and also it is more adjusted with economic profit (Ahmad & Ahmadi, 2008). According to Ahmad and Ahmadi, the investors' general understanding of the real profit concept is the profit that resulted from the common performances which can be repeated in the future years and can create cash flows. The work of Ahmad and Ahmadi has narrowed the features of financial reporting quality determination into earning quality.

Earnings quality: This refers to the quality of the reported earnings numbers. Ghafran (2013) as cited in Loomis (1999) posits that the worth of a company is directly related to its reported earnings figures. Although there has not been any accepted definition and approach to measuring the quality of earnings (Abdelghany, 2005), the need to understand it cannot be over emphasized (Dalhat, 2014). Though it regulates and guide in the practice of accounting and preparation of financial reporting, The Generally Accepted Accounting Principles (GAAP) has given opening through it flexibility in preparing financial statements and gives financial managers some freedom to select among accounting policies and alternatives (Abdelghany, 2005) in order to either increase or reduce earnings. Therefore, depending on the methods selected and estimates that must be made, a firm's reported earnings can vary considerably and yet be in compliance with GAAP.

Theoretical Review

A theoretical framework allows the identifying of theory or theories that guide the researcher in the study. For the purpose of this study, Agency theory will serve as a leading theory since attainment of quality financial reporting is our base however, the institutional theories were also considered.

Agency Theory: The term agency theory is a relationship that subsists when one person or group of persons called agent is acting on behalf of another called principal. Agency theory, according to Jenson and Meckling (1976), is about a contract under which one or more principals engage an agent to perform some services on the principals' behalf and delegate some decision-making authority to the agent. As such when there are conflicts between the interests of the principal and the agent, the agent action may not be protective of the best interests of the principal. The management may ensure that various means follow to indicate to others the quality of the information they will provide. To avoid or minimize such divergences from his or her interests, the principal can establish monitoring systems. The demands for the monitoring may result in external audits and audit committees (Bradbury 1990).

Institutional Theory: According to Dacin (1997), the institutional theory explains how organisational structures and practices become similar to those of other organisations owing to isomorphic pressures. The theory enables understanding of how regulatory requirements, diffusion of practices among organisations and the impact of professions shape organizational practices (Terdpaopong & Mihret, 2013). To add to the focus on agency theory, Zaman (2002) asserts that a number of researchers on audit committees have relied on an institutional perspective of the audit committee theories. By institutional theory, corporate governance mechanisms are practices or regulations resulted from coercion by regulators who impose the practices or regulations in order to improve organizational effectiveness. Organizations are usually subject to rules and regulations to which they must conform to ensure their legitimacy, have access to resources and ensure their survival. Although the rules and regulations in organisations may not necessarily serve the organization's desired purpose, others like the institutional pressures would drive organizations to adopt similar stated rules in its conduct as an organisation.

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Audit Committee Gender Diversity and Financial Reporting Quality

It is likely that audit committees with one or more female directors would function differently than audit committees with all male or all female directors. This may, therefore, impact on the effectiveness of the committee. Erhardt, Werbel and Shrader (2003) while linking gender diversity in audit committee to performance, find that diversity of the board is positively associated with profitability. Other studies who have examined the impact of gender differences on audit committee characteristics have fund as follows: Dennis and Kunke (2004) as cited in wakaba (2011), argue that female audit committee members, in general, are more competent, active/potent, emotionally stable, rational, independent, and less hostile than their male counterparts. For this reason, a female audit committee member may be more sensitive for firm's potential fraudulent financial reporting. Bernardi et al. (2005) examined various issues associated with female audit committee members and found that corporations were more likely to include pictures of the board in their annual reports when the members of their audit committee board included women. Bernardi et al., also found that corporations with higher percentages of women on their boards were more likely to be on 100 best companies to work for most ethical companies. These authors note that women were less likely to have attendance problems and that having females on audit committee boards results in better attendance by male members. Clearly, the female influence in this area is quite important; increasing attendance should result in better audit committee boardroom discussion and higher levels of effectiveness.

METHODOLOGY

Research Design

The study uses the ex-post facto research design. Documentary data were sourced from the annual reports and accounts of the sampled deposit money banks in Nigeria and some publications of the NDIC, the NSE and the CBN. The use of the ex-post facto research design was justified by the fact that the study is purely documentary. The population of the study consists of all the deposit money banks quoted on the Nigeria Stock Exchange (NSE) as at 31st December 2016. The study relied on the annual reports and accounts of these banks. Year 2016 was selected as the base year for the study because it is the most recent year for which full financial statement data was available for the banks. 10 banks where judgmentally sampled considering some conditions

Research Instruments

In determining the existence or not of audit committee characteristics among the sampled quoted Deposit Money Banks in Nigeria, the study uses content analysis technique as a means of eliciting data from the audited annual reports of the banks through which a checklist was designed and answered on the basis of whether there gender diversity on committee membership of the DBM or not. The data sourced were used to measure the variables required to test the hypotheses developed in the study. The annual report was used to gather the data in respect of the dependent variable, control variables and the independent variables.

Model Specification

Model (1) - as mentioned earlier, the earnings quality was determined using the modified Jones (1991), model. Most prior literature uses the modified Jones (1991) model because it was found to be superior to other extant methods in detecting abnormal accruals i.e. discretionary accruals (Dechow and Skinner, 2000). Soliman and Ragab (2014) define discretionary accrual as the difference between total accruals (TA) and nondiscretionary accruals (NDA). To find discretionary accruals, Collins and Hriber (2002); Shah, Nousheen and Tahir (2009) assert that the total accruals (TA) shall, first of all, be calculated as follows:

$TA_t = NI_t - CFO_t$ ……………………………..(1)

Where*:*

TA_t : is total accrual in year t.

NI_t: is Net Income in year t; and

CFO_t: is cash flows from operating activities in year t.

Secondly is the calculation of nondiscretionary accruals (NDA) as follows (Johari, Saleh, Jaffer and Hassan, 2008 and Shah *et al*., 2009) as cited in (Soliman & Ragab, 2014).

$NDAt = \alpha1(1/TLAt - 1) + \alpha2(\Delta REVt - \Delta RECt/TLAt - 1) + \alpha3(\Delta PPEt/TLAt - 1) + \varepsilon$ ….........(2)

Where*:*

ΔREV t: is revenue in year t less revenue in year t-1;

ΔRECt: is net receivable in year t less net receivable in year t-1;

ΔPPEt: is gross property plant and equipment at the end of year t;

TLAt-1: is total asset at the end of year t-1;

α1, α2, α3: are banks specific parameters; and ε: are the residuals.

Finally, is the calculation of discretionary accruals (DAC) as a proxy for earnings management as follows (Shah *et al.,* 2009):

DACt = TAt– NDAt……..……………………………………….. ………………….. (3)

Where:

DACt: is discretionary component of accruals in year t;

TAt: is total accrual in year t; and

NDAt: is nondiscretionary accrual in year t.

Model (2) – To relate financial reporting quality (earnings quality) to the attribute of Audit Committee (gender diversity), this study employed the econometric model of Miyajima, Omi, and Saito as adopted by Uwuigbe (2011), who sort to determine the relationship between corporate governance variables and the financial performance of banking sector in Nigeria. The model is as follows:

Yit = a + b1Git + b2SZEt + b3BDTt +et……………………………………………………….(4)

Where:

Yitrepresents firm performance variables which are: return on capital employed, earnings per share, return on assets and return on equity for banking firms at time t.

Git is a vector of corporate governance variables which include: Board Size (BDS), Board Composition (BDC) which is defined as the ratio of outside directors to total number of directors, a dummy variable (CEO) to capture if the board chairman is the same as the CEO or otherwise, CEO‟s tenure of office (CET).

SZEt is the size of the firm

BDTt is, the debt structure of the firm

***et**,* is the error term which accounts for other possible factors that could influence *Yit* that are not captured in the model.

This study, therefore, modifies the model to accommodate the variables of the audit committee (gender diversity), financial reporting quality variable (Earnings quality) and the control variables (Bank size and Bank market penetration) of deposit money banks in Nigeria. In doing this, therefore, two simple definitional models were developed to guide during analyses. These models are as follows:

$$\mathrm{EQLTY} = \mathrm{f}\,(\mathrm{ACMGD}, \mathrm{BNKSZ\ and\ BNKMP}) \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots . (5)$$

$$\mathrm{EQLTY}_{it} = a + b_1\mathrm{ACMGD}_{it} + b_2\mathrm{BNKSZ}_{it} + b_3\mathrm{BNKMP}_{it} + e_{it} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots .. (6)$$

Where:

a = intercept

b = Coefficient of the Independent variable

EQLTY represents financial reporting *quality* variable which is: Earnings quality for the bank at time t.

ACMGD = represents Audit committee variable which is: Audit members Gender Diversity

BNKSZ = Bank Size

BNKMP = Bank Market Penetration

ε = Error term

TECHNIQUES FOR DATA ANALYSIS

Pearson Correlation Coefficient: The Pearson correlation coefficient (r) was used to test the 1st hypotheses in order to identify the relationship between gender diversity and the quality of financial reporting.

Multivariate Regression Techniques (fixed and random effect regression models)

The study adopts the Multivariate regression analysis, in order to establish that a the independent variable (gender diversity) on one hand, explains a proportion of the variance in a dependent variable (Earnings quality) on the other hand, at a significant level (through a significance test).. The multivariate regression shall be computed using Stata software package (version 14.2).

Data Analysis

The Multivariate Regression (fixed and random effect regression models)
Table 1: Results of fixed and random effect regression models

	Dependent variable: Log of Earnings Quality (EQLTY)	
	(1)	(2)
Independent Variables	Fixed effect	Random effect
Audit Committee Gender Diversity (ACMGD)	0.4494	-0.1572
	(0.4371)	(0.2867)
Log of Bank Size (BNKSZ)	-1.6979*	-0.8548
	(0.8603)	(0.8184)
Log of Bank Market Penetration (BNKMP)	2.3460***	1.6136***
	(0.4677)	(0.5861)
Constant	2.7610	-0.1275
	(6.0255)	(3.6322)
Observations	100	100
R-squared	0.5210	0.7093
Number of banks	10	10

*Robust standard errors in parentheses ***, ** and * denote 1%, 5% and 10% level of significance respectively*
Source: Author's computation 2017 using STATA 14.2 *(see appendix 'A' for data source)*

Interpretation of regression results and test of hypothesis

Regression estimates of the coefficients of both fixed effect and random effect models for the evaluation of the impact of gender diversity on the quality of financial reporting of deposits money banks in Nigeria have presented in table 1 above.

The dependent variable is Earnings Quality (EQLTY) while the independent variable is Audit Committee Gender Diversity (ACMGD) with Log of Bank Size (BNKSZ) and Log of bank market penetration (BNKMP) as control variables. EQLTY, BNKSZ and BNKMP logged to harmonize the unit of measurement and neutralize the effect of the large values on the small values of other variables.

Columns 1 and 2 contain the fixed effect model and the random effect model respectively. The results of both models illustrate that when the standard error of the coefficient of a variable is greater than half of the coefficient, the variable is said to be statistically insignificant. Hence, other variables (ACMGD) do not have a significant impact on Earnings Quality (EQLTY) of the banks. The (ACMGD) do not have a significant impact on Earnings Quality (EQLTY) of the banks.

On the other hand, the result of random effect model contained in column 2 shows that ACMGD do not have a significant impact on Earnings Quality (EQLTY) of the banks.

Table 2: Result of Hausman test

Hausman test Chi-Statistics	P-value
4462.13	0.0000

Source: Author's computation using STATA 14.2

Interpretation of Hausman test

Both the fixed effect models and random effect models used in this study are shown to have a good fit and statistically viable. The use of Hausman test to compares the fixed and random effect models and subsequently make a choice between them becomes imperative. Regarding this, the null hypothesis for the Hausman test is that a random effect model is better than the fixed effect model, or a random effect model is consistent. If the null hypothesis is rejected, use the fixed effect model; otherwise, go for the random effect model. The null hypothesis is rejected when the P-value of the test is less than a chosen level of significance. In this study, the level of significance is 5%. The result of Hausman test conducted in this study is contained in table 2 above. The chi-square statistics of the Hausman test is 4462.13, and the p-value is 0.0000. Since the P-values are less than 5% level of significance, the null hypothesis is rejected, and the results of the fixed effect models are preferable to that of the random effect for policy recommendations.

Pearson Correlation Coefficient

A correlation analysis was performed for the test variables. Table 3 shows Pearson correlation coefficient among the audit committee variable (gender diversity) and financial reporting quality variable (earning quality). It was tested to determine whether audit committee (gender diversity relates to the quality of financial reporting (earning quality).

Table 3: Result of Pearson correlation between EQLTY and ACMGD

Variables	Earnings Quality (EQLTY)	Audit Committee Gender Diversity (ACMGD)
Earnings Quality (EQLTY)	1.0000	
Audit Committee Gender Diversity (ACMGD)	0.1429	1.0000

Source: Author's computation 2017 using STATA 14.2

To examine the relationship between Earnings Quality (EQLTY) and Audit Committee Gender Diversity (ACMGD), Pearson correlation coefficient of the two variables was estimated, and the result is presented in table 3 above. The result shows that there is a positive relationship between EQLTY and ACMGD. That is, as Audit Committee Gender Diversity (ACMGD) increases, Earnings Quality (EQLTY) also increases and vice versa. However, the correlation coefficient is 0.1429 which indicates that the relationship is weak. Therefore, there is a weak positive relationship between Earnings Quality (EQLTY) and Audit Committee Gender Diversity (ACMGD) of deposit money banks in Nigeria.

Test of Research Hypotheses

The standard error and t-test statistics contained in the regression results are employed in the test of each of the hypotheses.

Decision rule: Using the standard error test at 5% level of significance, accept the alternative hypothesis if half of the coefficient is greater than the standard error of the coefficient otherwise do not accept it. Using the t-statistics at 5% level of significance, accept the alternative hypothesis if t-statistics is greater than ±1.96 otherwise do not accept it.

H_1: There is no significant relationship between audit committee members' gender diversity and financial reporting quality Deposit Money Banks in Nigeria.

To examine the relationship between Audit Committee Members' Gender Diversity and Earnings Quality (EQLTY), Pearson correlation coefficient of the two variables was estimated, and the result is presented in table 3 above. The result shows that there is a positive relationship between ACMGD and EQLTY. That is, as Audit Committee Gender Diversity (ACMGD) increases, Earnings Quality (EQLTY) also increases and vice versa. However, the correlation coefficient is 0.1429 which indicates that the relationship is weak. Therefore, there is a weak positive relationship between Audit Committee Gender Diversity (ACMGD) and Earnings Quality (EQLTY) of deposit money banks in Nigeria. Hence the alternative hypothesis is accepted.

$H_{2:}$ The audit committee member's gender diversity does not significantly impact on the quality of financial reporting of Deposit Money Banks in Nigeria.

From the result of the random effect model, the coefficient of ACMGD and its standard error are 0.4494 and 0.4371 respectively while the t-statistics is 1.03. Half of the coefficient of ACMEPT (0.4494/2) is less than its standard error (0.4371), and t-statistics is less than ±1.96. Therefore, the null hypothesis is accepted while the alternative hypothesis is rejected. This implies that there is no significant impact of Audit Committee Member's gender diversity on financial reporting quality of Deposit Money Banks in Nigeria.

CONCLUSION AND RECOMMENDATION

Conclusion

This study lends support to previous studies by specifically examines the impact of Gender Diversity on the quality of financial reporting of deposit money banks quoted on the Nigeria Stock Exchange. The results of the test on the correspondence hypotheses agree with some studies and disagree with others. Audit committee members gender diversity has shown no significant impact on reporting quality of deposits money banks in Nigeria.

Although the CAMA 2004 as amended clearly states the minimum number of audit committee membership, the study result disproves it. It is therefore insignificant if the committee is made up of the minimum of six or more members. Going by the result of the Pearson Correlation Coefficient, gender diversity in the membership of audit committee positively, but insignificantly associate with the quality of financial reporting. This can, therefore, be concluded that, it does not matter having diversity in gender when composing membership of audit committee. In Nigeria therefore, women unlike their counterparts in the western countries, are more artificial economically and socially.

Recommendations

From the position of this study, the audit committee will effectively achieve its mandate of over sighting for financial reporting even if the issue of gender is not consider, but however, the inclusion of female gender in the committee may give certain level of credence to its function, hence a good number of studies has supported it. To further assist regulatory, academic researches the area of membership of audit committee be stepped up to ascertain its actual effect on financial reporting quality.

Regulatory authorities' should organize training and seminars for audit committee members as being practice in other developed countries.

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