

Audit Committee Structure and Shareholders' Wealth of Listed Manufacturing Companies in Nigeria

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ABSTRACT: The global demand for accountability, transparency and credibility in the financial reporting of corporate firms has not been sufficiently addressed in literature. This insufficiency and inconsistency of findings inform a motivation for this thesis to embark on the audit committee structure and shareholders' wealth.

This study employed secondary data from financial reports of sampled manufacturing companies in Nigeria from 2021 to 2025. A total of 30 manufacturing companies were selected out of the 54 listed manufacturing companies on Nigeria Exchange Group. The panel data were analyzed by fixed effects regression model.

It was found that in model one, audit committee meeting had a positive and significant effect on earnings per share ($t = 4.216$; $p < 0.05$), audit committee size had a positive and significant effect on earnings per share ($t = 7.113$; $p < 0.05$), audit gender diversity had a positive but insignificant effect on earnings per share ($t = 0.801$; $p > 0.05$), number of employees had a positive and significant effect on earnings per share ($t = 4.919$; $p < 0.05$). Also, in the model two, audit committee meeting had a positive and significant effect on return on equity ($t = 4.220$; $p < 0.05$), audit committee size had a positive and significant effect on return on equity ($t = 5.625$; $p < 0.05$), audit gender diversity had a positive but insignificant effect on return on equity ($t = 0.981$, $p > 0.05$), number of employees had a positive and significant effect on return on equity ($t = 4.770$, $p < 0.05$).

In conclusion, audit committee structure affected shareholders' wealth significantly. Consequently, board of directors should be concerned with the structure of audit committee as it enhances the shareholders' wealth.

KEYWORDS: Audit committee structure, Board of directors, Management, Shareholders' wealth, Stakeholders.

1.0 INTRODUCTION

The shareholders' wealth as a corporate objective is a long-run objective that encompasses all the needs of shareholders in terms of returns on equity, the position of earnings per share, return on equity and revenue growth. The achievement of the corporate objective is the driving factor for both the management and board of directors of manufacturing companies (Fariha, et al., 2022). The achievement of shareholders' wealth as a corporate goal puts smile on the faces of the owners as well as other stakeholders, then, the ordinary shareholders of manufacturing companies as the only statutorily recognized owners gain sustainable going concern (Shandiz, et al., 2022). Good corporate governance has emphasized sustainable going concern. In view of this, corporate governance underscores the essence of audit committee so that the value can be created for the shareholders.

Effective audit committee structure plays a vital role in protecting the interests of shareholders within a company (Al-Absy, 2023). Furthermore, it contributes to the development of perfect and equitable markets which is required for promoting healthy competition and economic improvements. Almost all the business entities and manufacturing companies acknowledge the need for an effective audit committee structure as the internal institution influencing the the financial reporting quality to increase the credibility of the financial statements (Al-ahdal & Hashim, 2021).

Recent research shows that most of the manufacturing companies from the emerging economies are also giving greater attention and importance to value creation (Alhababsah & Yekini, 2021). Despite the growing significance of audit committee activities, particularly in the manufacturing firms, the questions of how audit committee structure creates value for shareholders are still subject of arguments. Audit committee through its structure ensures that companies attain quality in their financial reporting to the best interest of the owners and other beneficiaries of value created, i.e maximization of shareholders' wealth.

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For many reasons, the manufacturing companies stand out above other business firms in developed nations, such as America, Europe, China, Japan, etc (Flayyih, *et al.*, 2023). Aside from creating employment and increasing per capital income, which lead to distinct consumption patterns, it is also a means of improving productivity in the areas of import discouragement and export patronage, likewise the strength to earn foreign income. In addition to promoting more extensive and efficient nexuses across other economic areas, the manufacturing sector yields investment capital at a pace unequalled by any other sector (Alhababsah, 2022).

There are a lot of contentions as to how the economic welfare of shareholders can be maximized. Consequently, its maximization has become an area of concern to the management and board of directors of listed manufacturing companies in Nigeria. Agency theory argued that the economic welfare of the shareholders is best maximized when the market value of the companies' equity, that is shareholders' wealth, is maximized (Arif *et al.* 2021). Above all, there is need to investigate the audit committee structure and shareholders' wealth so as to have an empirical backing for all the hypothesized statements formulated in this study.

2.0 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Conceptual Review

2.1.1 Shareholders' Wealth

The shareholder wealth maximization (SWM) principle is defined as the primary objective of publicly quoted firms to enhance shareholders' wealth through the maximization of share value, provided that such actions remain within the confines of the law (Al-Absy, 2023). However, this perspective has attracted criticism on the grounds that it may incentivize corporate behavior that is legally permissible but socially undesirable. Examples include environmental degradation, outsourcing practices that displace local employment, pricing strategies that limit access to essential medicines, and sourcing from suppliers associated with unethical labour practices. Within the SWM framework, firms are generally discouraged from allocating resources to non-profit-maximizing activities such as philanthropy, environmental sustainability initiatives, or broader stakeholder welfare enhancement. Where socially detrimental actions yield financial gains, SWM implies that firms are obliged to pursue such actions in the interest of shareholders (Al-Ahdal & Hashim, 2021).

2.1.1.1 Earnings per Share

Earnings per share (EPS) is a widely used financial performance indicator that measures the portion of a company's profit attributable to each outstanding ordinary share. It is computed by dividing profit after tax by the total number of issued shares. EPS therefore reflects the earnings available to shareholders on a per-share basis (Velayutham & Ratnam, 2021).

2.1.1.2 Return on Equity

Return on equity (ROE) is a fundamental financial performance metric that evaluates a firm's profitability in relation to the equity invested by shareholders. It captures the rate at which ordinary shareholders earn returns on their invested capital and indicates the efficiency with which a company deploys equity resources to generate profits. Due to its comprehensive reflection of financial performance, ROE is widely recognized as one of the most significant indicators of corporate profitability (Alhababsah, 2022).

2.1.2 Audit Committee Structure

Audit committees play a central role in enhancing the reliability and credibility of corporate financial reporting. By serving as an intermediary between management and shareholders, they help mitigate information asymmetry, strengthen monitoring mechanisms, and influence the quality of financial disclosures (Sulaiman & Yasin, 2021). However, following major corporate failures such as Enron and the collapse of Arthur Andersen, concerns have been raised regarding the effectiveness of audit committees in safeguarding shareholders' interests. This has led to extensive research focusing on three major areas: financial reporting irregularities (including fraud, misstatements, and restatements), earnings quality and accrual reliability, and the extent of corporate disclosure practices. Structurally, the audit committee functions as a subcommittee of the board of directors, primarily responsible for overseeing financial reporting processes. Its responsibilities include reviewing financial statements before publication, evaluating internal control systems, and supervising both internal and external audit processes. Within this framework, scholars have examined whether the establishment of audit committees improves financial reporting quality. Guided by agency theory, studies such as Alia and Mardawi (2021) demonstrate that firms with voluntarily established audit committees tend to exhibit lower levels of earnings management compared to firms without such governance structures.

2.1.2.1 Audit Committee Meetings

Audit committee meetings constitute an essential element of corporate governance, as they facilitate structured oversight, informed decision-making, and performance evaluation, particularly in manufacturing firms. The frequency and effectiveness of such meetings influence shareholder wealth by strengthening internal control systems, enhancing risk management practices, and improving supervisory functions. The inclusion of independent directors in these meetings enhances objectivity and reduces managerial bias, thereby reinforcing governance quality (Shandiz *et al.*, 2022).

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2.1.2.2 Audit Committee Size

The effectiveness of an audit committee is partly influenced by its size. The number of members varies across firms depending on the committee's scope of responsibility, level of authority, and the overall structure of the board. Larger audit committees are generally considered more effective due to their broader expertise, enhanced monitoring capacity, and diversity of perspectives. Such attributes enable them to identify weaknesses in internal control systems and governance processes, thereby supporting improved oversight of shareholder wealth objectives (Alzeban, 2020).

2.1.2.3 Audit Gender Diversity

Gender diversity within audit committees is widely recognized as an important governance attribute that can enhance decision-making quality and, in turn, contribute to shareholder wealth creation, particularly in manufacturing firms. The inclusion of female directors introduces a broader range of perspectives, which can foster innovation, improve oversight mechanisms, and strengthen stakeholder confidence. Audit committees with gender diversity are also associated with improved corporate reputation and, in some cases, enhanced shareholders' wealth (Nguyen & Dang, 2020; Arif et al., 2021).

2.1.3 Number of Employees

Employees constitute a fundamental resource in organizational performance, growth, and long-term sustainability. Their contribution is central to operational efficiency, productivity enhancement, and value creation. Without an adequate and skilled workforce, firms may struggle to maintain production levels, meet market demand, and sustain profitability, thereby threatening their continuity. Just as organizational survival depends on financial capital, shareholder wealth is largely driven by the effective utilization of human capital within the firm (Inkpen & Sundaram, 2022).

2.2 Theoretical Framework

This study was grounded in agency theory, which was popularized by Jensen and Meckling (1976). Agency theory views shareholders or firm owners as principals who delegate decision-making authority to managers, referred to as agents, to operate the firm in the best interests of the owners. Under this framework, directors are expected to make decisions that enhance shareholders' value.

However, conflicts of interest may arise, particularly in relation to executive compensation. Such conflicts occur when executive directors set remuneration levels that do not align with shareholders' interests (Boateng et al., 2022). Agency theory highlights problems of information asymmetry, where managers may exploit their positions and access to information to influence compensation decisions for personal benefit, often at the expense of shareholders.

2.3 Empirical Review

Sulaiman and Yasin (2021) reported that audit committee meeting significantly affected earnings per share. Al-Ahdal and Hashim (2021), using data from 302 firms listed on the Pakistan Stock Exchange, argued that audit committee meeting had no significant effect on earnings per share. Teschner and Paul, (2021) carried out a research and found that audit committee size had a positive and significant effect on return on equity. In a different view, Yahaya, (2026) submitted in his study that audit committee size had an inverse relationship with return on equity. Parikh et al., (2023) concluded in his study that audit committee size positively related with return on equity while Shandiz, (2022) found that audit committee size did not have an effect on return on equity. Although previous studies report mixed findings, much of the empirical evidence suggested that gender diversity contribute to shareholders' wealth maximization by improving the effectiveness of audit committees. Many studies such as Zadeh et al., (2023) found that audit gender diversity significantly impacted on earnings per share. The presence of women with accounting expertise on audit committees enhances the quality of financial reporting. Their findings further indicate that female audit committee members contribute positively to corporate governance practices and the effectiveness of internal control systems. Contrarily, Liu, (2025) embarked on a research which revealed that inclusion of a female director in the audit committee had no effect on return on equity.

2.4 Hypotheses Development

Based on the empirical review, the following hypotheses were formulated for testing:

H₀₁: Audit committee structure has no significant effect on earnings per share of manufacturing companies in Nigeria;

H₀₂: Audit committee structure has no significant influence on return on equity of manufacturing companies in Nigeria; and

3.0 METHODOLOGY

3.1 Research Design

This research adopted an *ex post facto* research design. This design was considered appropriate because the research relied on historical financial data extracted from the published annual reports of selected manufacturing firms.

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3.2 Method of Data Collection

The study relied exclusively on secondary data obtained from the audited annual financial statements of selected manufacturing companies listed on the Nigerian Exchange Group.

3.3 Measurement of Variables

The dependent variable in this study is shareholders' wealth, which is operationalized using two proxy measures: earnings per share (EPS) and return on equity (ROE).

The independent variable is audit committee structure, which is measured using three proxies: audit committee meeting frequency (ACM), audit committee size (ACS), and audit gender diversity (AGD). In addition, the model incorporates a control variable, namely the number of employees (NE), to account for firm-level operational differences that may influence the relationship between audit committee structure and shareholders' wealth.

Table 1: Descriptions of the Variables

Table 1: represents the descriptions of the variables that are embedded in the title topic. These variables were included in the subsequent models.

S/N	Variables	Category	Proxies	Measurement	Source	Symbol
1	Shareholders' wealth	Dependent	Earnings per share	$\frac{\text{Profit After Tax}}{\text{Number of ordinary shares}}$	Fich et al., (2021)	EPS
			Return on equity	$\frac{\text{Profit after Tax}}{\text{Equity}} \times 100$	Fich et al., (2021)	ROE
2	Audit committee Structure	Independent	Audit Committee Meeting	Frequency in meeting	Ha, (2022)	ACM
			Audit Committee size	Number of committee members	Nguyen, (2021a)	ACS
			Audit Gender diversity	Representation of female in committee	Ha, (2022)	AGD
3	Number of employees	Control	Natural log of number of employees	Total figure of employees	Nguyen, (2021a)	INNE

Source: Researcher's computation 2026

3.4 Model Specification

Model 1

General form; $y = f(x)$ (3.4.1)

Now, $y = \lambda_0 + \lambda_1 x_1 + \lambda_2 x_2 + \lambda_3 x_3 + \lambda_4 z_4 + \varepsilon$ (3.4.2)

y = dependent variable (Shareholders' wealth)

Shareholders wealth (EPS)

x = independent variable (Audit committee structure)

Audit committee structure (ACM, ACS, AGD)

z = Control variable (Number of employees)

$EPS_{it} = \lambda_{0it} + \lambda_1 ACM_{it} + \lambda_2 ACS_{it} + \lambda_3 AGD_{it} + \lambda_4 InNE_{it} + \varepsilon_{it}$ (3.6.3)

Model 2

General form; $y = f(x)$ (3.4.4)

Now, $y = \lambda_0 + \lambda_1 x_1 + \lambda_2 x_2 + \lambda_3 x_3 + \lambda_4 z_4 + \varepsilon$ (3.4.5)

y = dependent variable (Shareholders' wealth)

Shareholders' wealth (ROE)

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x = independent variable (Audit committee structure)

Audit committee structure (ACM, ACS, AGD)

z = Control variable (NE)

$$ROE_{it} = \lambda_{0it} + \lambda_1 ACM_{it} + \lambda_2 ACS_{it} + \lambda_3 AGD_{it} + \lambda_4 \ln NE_{it} + \varepsilon_{it} \quad (3.4.6)$$

A Priori Expectation

The *a priori* expectation in this research described the likely outcome expected of each slope captured in the model. The directions were expected to be positive as shown in Table 3.

Table 2: Expected Outcomes

MODELS	Expectations	Signs
$EPS_{it} = \lambda_{0it} + \lambda_1 ACM_{it} + \lambda_2 ACS_{it} + \lambda_3 AGD_{it} + \lambda_4 \ln NE_{it} + \varepsilon_{it}; \lambda_1, \lambda_2, \lambda_3, \lambda_4 > 0.$		+ve
$ROE_{it} = \lambda_{0it} + \lambda_1 ACM_{it} + \lambda_2 ACS_{it} + \lambda_3 AGD_{it} + \lambda_4 \ln NE_{it} + \varepsilon_{it}; \lambda_1, \lambda_2, \lambda_3, \lambda_4 > 0.$		+ve

Source: Researcher's computation, 2026

3.5 Method of Analyzing Data

The data collected for this study were analysed using both descriptive and inferential statistical techniques, complemented by relevant diagnostic (robustness) tests. The descriptive analysis involved the computation of summary statistics such as the mean, median, standard deviation, minimum and maximum values, as well as measures of distributional characteristics including skewness, kurtosis, and the Jarque–Bera normality test.

4.0 RESULTS AND DISCUSSION

4.1 Descriptive Statistics

This section provides a summary of the characteristics of the variables employed in this study. Table 3 presents the descriptive statistics of these variables by generating their mean, median, maximum, minimum, standard deviation, skewness, kurtosis, and Jarque–Bera statistic of each variable. Audit Gender Diversity (AGD) was excluded from the descriptive and correlation analyses because it is a dummy variable which assumes 0 or 1.

The results indicate that the average Earnings per Share (EPS) of the sampled manufacturing firms during the study period was 12.560. This suggests that, on average, shareholders earned approximately ₦12.56 for every ₦1 ordinary share held. Such disclosures may influence investors' perceptions and consequently affect market valuation and share prices.

The mean of Return on Equity (ROE) was 22.967%, indicating that shareholders earned an average return of approximately 22.97% on their equity investments. In practical terms, every ₦1 invested by shareholders generated an average return of about 22.97 kobo during the period under review.

With respect to audit committee activities, the average number of audit committee meetings (ACM) held annually was four. This suggests that audit committees typically convened on a quarterly basis to deliberate on matters relating to financial reporting, internal controls, and audit-related issues.

The average value of audit committee size (ACS) was approximately eight members. This composition reflects the governance structure responsible for overseeing audit processes, reviewing financial reports, and ensuring compliance with regulatory requirements.

Furthermore, the mean value of the natural logarithm of the number of employees (INNE) was 6.749. This indicates that the firms maintained a relatively substantial workforce, which plays a critical role in transforming raw materials into finished products. A larger and more skilled labour force is often associated with enhanced productivity and stronger competitive positioning.

The maximum EPS reported during the study period was ₦20, while the minimum was ₦5. Similarly, the highest and lowest ROE values recorded were 32% and 15%, respectively. Regarding audit committee meetings, the maximum number held within a year was six, whereas the minimum was one meeting. Audit committee size varied between five and eleven members. These figures are consistent with corporate governance provisions that recommend an odd number of committee membership to facilitate effective decision-making and voting processes.

The natural logarithm of the number of employees ranged from a minimum value of 6.33 to a maximum value of 6.98, reflecting differences in workforce capacity among the firms included in the sample.

The Jarque–Bera statistic was employed to assess the normality of the distribution of the study variables. Based on the results presented in Table 3, EPS, ROE and ACS exhibited normal distributions, as evidenced by probability values greater than 0.05. In contrast, ACM and INNE did not satisfy the normality criterion.

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Skewness and kurtosis statistics further provide insights into the distributional properties of the variables. The results reveal that EPS, ROE and ACM were positively skewed, whereas ACS and INNE exhibited negative skewness. The results show that EPS, ROE ACM, and ACS had kurtosis values below three, indicating platykurtic distributions characterized by relatively flatter peaks. Conversely, INNE recorded a kurtosis value greater than three, suggesting a leptokurtic distribution with a higher concentration of observations around the mean and heavier tails.

Table 3: Measuring the Descriptive Attributes of the Variables

	EPS	ROE	ACM	ACS	INNE
Mean	12.560	22.967	4.013	7.987	6.749
Median	12.500	23.000	4.000	9.000	6.799
Max.	20.000	32.000	6.000	11.000	6.984
Min.	5.000	15.000	1.000	5.000	6.328
Std.Dev	3.652	3.733	1.465	1.746	0.176
Skew	0.027	0.074	0.118	-0.101	-1.124
Kurt.	2.157	2.185	1.994	2.318	3.257
Jar-Bera	4.457	4.289	6.679	3.160	32.004
Prob.	0.108	0.117	0.035	0.206	0.000

Source: Autor's computation, 2026

4.2 Correlation Matrix

The results presented in Table 5 reveal a positive and strong association between EPS and ROE, indicating that increases in shareholders' returns are accompanied by higher earnings attributable to each share. In contrast, EPS demonstrated weak positive correlations with both ACM and ACS. However, a moderate positive relationship was observed between EPS and INNE.

Furthermore, the relationships between ROE and ACM, ACS, and INNE were all positive but weak in magnitude. The relationship between ACM and ACS, INNE was weak. ACS also maintained a weak correlation with INNE.

Table 4: Relationship between One Variable and the Other

	EPS	ROE	ACM	ACS	INNE
EPS	1.000				
ROE	0.726	1.000			
ACM	0.370	0.272	1.000		
ACS	0.357	0.266	0.257	1.000	
INNE	0.482	0.277	0.219	0.321	1.000

Source: Author's computation, 2026

4.3 Regression Analysis

Results of Model 1

The estimated intercept coefficient was -49.679. This indicates that, holding all explanatory and control variables constant at zero, the expected value of EPS would be -49.679. Notably, all slope coefficients were positive, indicating that the explanatory and control variables exhibited direct relationships with EPS. This outcome is consistent with the study's a priori expectations, which proposed positive coefficients for all explanatory variables ($\lambda_1, \lambda_2, \lambda_3, \lambda_4 > 0$).

The results further reveal that ACM was positively associated with EPS. Specifically, a one-unit increase in the number of audit committee meetings was associated with an increase of approximately 0.73 units in earnings per share, suggesting a direct relationship between audit committee activity and firm performance. Similarly, ACS exhibited a positive coefficient, indicating that a one-member increase in audit committee size would lead to an estimated increase of 1.18 units in EPS. Audit Gender Diversity (AGD) also displayed a positive relationship with EPS. The coefficient implies that the inclusion of an additional female member on the audit committee would increase earnings per share by approximately 0.27 units. Likewise, the control variable, INNE, was positively related to EPS. The estimated coefficient indicates that a per cent increase in the natural logarithm of the number of employees would result in a corresponding increase of about 7.37 units in earnings per share.

Audit Committee Meetings (ACM) exerted a statistically significant positive effect on EPS ($t = 4.22, p < 0.05$). Similarly, Audit Committee Size (ACS) demonstrated a significant positive influence on EPS ($t = 7.11, p < 0.05$). In contrast, Audit Gender Diversity (AGD) did not exhibit a statistically significant effect on EPS ($t = 0.80, p > 0.05$), indicating that variations in gender diversity within

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the audit committee were not significantly associated with changes in earnings per share during the study period. The control variable, INNE, also showed a statistically significant positive impact on EPS ($t = 4.92$, $p < 0.05$).

The results indicated that approximately 78% of the variation in EPS can be explained jointly by ACM, ACS, AGD, and INNE.

Although the Durbin–Watson statistic indicates the presence of autocorrelation in the model, the overall significance of the regression remains robust. The F-statistic and its associated probability value ($p < 0.05$) confirm that the model is statistically significant and provides a good fit to the data.

Table 5: Dependent Variable, EPS

Variables	Fixed Effects	Random Effects
C	(-49.679)*** -5.281	(-51.218)** -6.004
ACM	(0.732)*** 4.216	(0.695)*** 4.419
ACS	(1.184)*** 7.113	(0.893)*** 6.134
AGD	(0.270) 0.801	(0.388) 1.164
INNE	(7.366)*** 4.919	(7.952)*** 5.922
R-squared	0.78	0.57
Adjusted R-squared	0.71	0.56
Durbin-Watson stat	1.20	0.814
F-statistic	(12.231)***	(48.463)***

Source: Author's computation, 2026

Notes: figures in rounded brackets are the parameters of the variables while those under them without brackets are the t-statistic.

*** asterics denote probability at 1% level of significance, ** means probability at 5% level of significance and * signifies probability at 10% level of significance.

Results of Model 2

The estimated intercept coefficient was -44.019, indicating that when all explanatory and control variables are hypothetically held constant at zero, the expected value of ROE would be -44.019. The positive signs of all slope coefficients indicate direct relationships between the explanatory variables and ROE, which is consistent with the study's a priori expectations that λ_1 , λ_2 , λ_3 , and λ_4 would be positive.

The coefficient of ACM was positive, suggesting that an increase in the frequency of audit committee meetings contributes positively to shareholders' returns. Specifically, a one-unit increase in ACM was associated with an estimated increase of 0.83 units in ROE, indicating a direct relationship between audit committee activity and firm profitability. Similarly, ACS exhibited a positive coefficient, implying that a one-member increase in audit committee size would increase ROE by approximately 1.07 units. Audit Gender Diversity (AGD) also displayed a positive association with ROE. The estimated coefficient indicates that the inclusion of an additional female member on the audit committee would increase ROE by approximately 0.38 units. Furthermore, the control variable, INNE, was positively related to ROE. The results show that one per cent increase in the natural logarithm of the number of employees would lead to an estimated increase of 8.14 units in return on equity, highlighting the potential contribution of workforce capacity to firm performance.

The findings reveal that ACM had a significant positive effect on ROE ($t = 4.22$, $p < 0.05$). ACS exerted a statistically significant influence on ROE ($t = 5.63$, $p < 0.05$). In contrast, AGD was not statistically significant ($t = 0.98$, $p > 0.05$), indicating that audit committee gender diversity did not significantly explain variations in return on equity among the sampled firms. The control variable, INNE, recorded a statistically significant positive effect on ROE ($t = 4.77$, $p < 0.05$).

The results indicate that approximately 72% of the variation in ROE is jointly explained by ACM, ACS, AGD, and INNE. This finding is further supported by the adjusted R^2 value of 64%, which confirms that a substantial proportion of the variation in the dependent variable is accounted for by the model after adjusting for the number of predictors included.

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Although the Durbin–Watson statistic suggests the presence of autocorrelation among the residuals, the overall model remains statistically significant. The F-statistic and its corresponding probability value ($p < 0.05$) confirm the overall goodness-of-fit of the model.

Table 6: Dependent Variable, ROE

Variables	Fixed Effects	Random Effects
C	(-44.019)*** -4.107	(-29.459)*** -3.271
ACM	(0.834)*** 4.220	(0.667)*** 4.031
ACS	(1.067)*** 5.625	(0.660)*** 4.399
AGD	(0.376) 0.981	(0.719) 1.908
INNE	(8.139)*** 4.770	(6.539)*** 4.643
R-squared	0.72	0.38
Adjusted R-squared	0.64	0.37
Durbin-Watson stat	0.998	0.528
F-statistic	(9.161)***	(22.602)***

Source: Author's computation, 2026

Notes: figures in rounded brackets are the parameters of the variables while those under them without brackets are the t-statistic. *** asterics denote probability at 1% level of significance, ** means probability at 5% level of significance and * signifies probability at 10% level of significance.

4.4 Hausman Test

In panel data analysis, the two commonly adopted estimation approaches are the Fixed Effects Model (FEM) and the Random Effects Model (REM). To determine the most suitable estimation method, the Hausman post-estimation specification test was conducted.

The results of the Hausman tests for Models One, and Two, were presented in Tables 7 and 8 respectively. The test outcomes revealed that the probability values associated with the Hausman statistics were less than the conventional significance level of 0.05. Consequently, the null hypothesis, which assumes that the random effects estimator is appropriate, was rejected in favour of the alternative hypothesis.

Model 1

Table 7: Correlation Random Effects: Hausman Test

Test Summary	Chi-Sq Statistic	Chi-Sq d.f	Prob
Cross-section random	22.222	4	0.0002

Source: Author's computation, 2026

Model 2

In line with the model 1, the alternate hypothesis was accepted, $p < 0.05$, as depicted by the results of the Hausman Test contained in Table 8. Consequently, the fixed effects regression model was estimated.

Table 8: Correlation Random Effects: Hausman Test

Test Summary	Chi-Sq Statistic	Chi-Sq d.f	Prob
Cross-section random	70.397	4	0.0000

Source: Author's computation, 2026

4.5 Hypotheses Testing

This section focuses on the evaluation of the hypotheses formulated in 2.4.

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Hypothesis One

At degree of freedom(df) of 3 and 5% level of significance, F-statistic probability in Table 5 was less than 5%. Therefore, the decision rule was to reject the null hypothesis while the alternate hypothesis was accepted. Invariably, audit committee structure has significant effect on earnings per share of manufacturing companies in Nigeria.

Hypothesis Two

At degree of freedom(df) of 3 and 5% level of significance, F-statistic probability in Table 6 was less than 5%. Therefore, the decision rule was to reject the null hypothesis while the alternate hypothesis was accepted. In other words, audit committee structure has significant influence on return on equity of manufacturing companies in Nigeria.

4.6 Discussion of Findings

4.6.1 Effect of Audit Committee Structure on Earnings per Share

ACM, ACS, and INNE were found to exert statistically significant effects on EPS, whereas AGD was not statistically significant. This implies that ACM, ACS, and INNE are relevant determinants of earnings performance and possess explanatory power in accounting for variations in EPS among the sampled firms. Earnings per share is a key indicator frequently used by both current and prospective investors in evaluating shareholder returns. In accordance with IAS 33, firms are expected to disclose this measure in their financial statements to enhance transparency and decision usefulness.

In a nutshell, this finding aligns with previous empirical studies such as Ahmed et al. (2024), Al Lawati and Kuruppu (2023), Alshdaifat et al. (2024), Jamal and Ashfaq (2023), while contrasting with studies by Alodat et al. (2023), El-Deeb and Mohammed (2024), Kalia et al. (2023), and Yahaya (2025).

4.6.2 Influence of Audit Committee Structure on Return on Equity

In addition, the results demonstrate that ACM, ACS, and INNE significantly influence ROE, whereas AGD is statistically insignificant. This suggests that audit committee meetings, committee size, and firm workforce capacity are key determinants of shareholders' wealth as measured by ROE, while gender diversity within the audit committee does not significantly contribute to variations in ROE.

Return on equity is widely recognized as a core performance metric used by investors in assessing the profitability and efficiency of firms. In line with IAS 1 requirements, firms are expected to provide comprehensive disclosures that facilitate the computation of such financial indicators.

This finding is consistent with studies such as Elmashtawy et al. (2024), Frances and Nworie (2025), Otuonye et al. (2026), and Yahaya (2026a), but contradicts the findings of Liu (2025), Satapathy et al. (2025), and Zhang et al. (2025).

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This study concluded that audit committee meeting could determine the value of earnings per share and return on equity. Likewise, the audit committee size could predict the value of earnings per share and return on equity. In contrast, the study concluded that audit gender diversity didn't have the power of predicting the value of earnings per share as well as return on equity. Above all, the study concluded that audit committee structure has a statistically significant effect on shareholders' wealth of Nigerian manufacturing firms.

5.2 Recommendations

Based on the empirical findings, the following recommendations are proposed:

- i. The board of directors of manufacturing firms should strengthen audit committee governance practices as a mechanism for enhancing earnings performance. Improvements in EPS may positively influence market valuation and investors' confidence.
- ii. Audit committee structure significantly affects Return on Equity, therefore, audit committee leadership should ensure effective execution of oversight responsibilities. Strengthening committee diligence is essential for improving the value accruing to the shareholders and enhancing overall wealth.

5.3 Contributions to Knowledge

This study makes the following contributions to existing literature:

It expands the body of empirical literature through a systematic and updated review of prior studies on audit committee structure and shareholders' wealth.

It addresses the scarcity of Nigeria-specific empirical evidence on the subject, thereby enriching contextual understanding.

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It introduces the number of employees as a control variable, demonstrating its relevance in explaining variations in shareholders' wealth compared to commonly used proxies such as total assets and firm size.

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