

Women on the Watch: Implications of Female Audit Oversight in Earnings Quality of Listed Industrial Goods Firms in Nigeria

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Abstract

When earnings quality is compromised, stakeholders may question the reliability of financial statements, leading to reduced trust in the firm and potentially higher costs of capital. Poorly monitored earnings can distort management decision-making, encourage opportunistic behavior, and undermine the credibility of the industrial sector as a whole. Hence, the study specifically examined the effect of female audit committee membership on the earnings quality of listed industrial goods firms in Nigeria. An ex-post facto research design was adopted. The population consisted of twelve industrial goods firms listed on the Nigerian Exchange Group as of December 2024, while a purposive sample of ten firms was selected based on consistent listing and availability of audited financial statements from 2015 to 2024. Secondary data were collected from the annual audited financial statements of the selected firms, and hypotheses were tested using the Cross-Section Seemingly Unrelated Regression (SUR) method at 1% significance level. The findings indicated that female audit committee membership has a significant positive effect on earnings quality, suggesting that gender diversity in audit oversight improves financial transparency and reliability. The study recommended that the Securities and Exchange Commission (SEC) of Nigeria should mandate that publicly listed companies include a reasonable proportion of female professionals on their audit committees in order to enhance the independence and objectivity of the audit function as well as to leverage the distinct ethical orientation and diligence often associated with female directors.

Keywords: *Female Audit Oversight, Earnings Quality, Industrial Goods Firms*

1.0 Introduction

The quality of financial reporting has become a critical concern for investors, regulators, and other stakeholders. Industrial goods firms, as major contributors to Nigeria's economic development, rely heavily on accurate and transparent financial information to secure investment, maintain operational credibility, and sustain growth. The importance of audit committees in ensuring the integrity of financial reporting cannot be overemphasized (Yahaya, 2025). Audit committees serve as a key mechanism of corporate governance, tasked with overseeing financial reporting, monitoring internal controls, and liaising with external auditors

to ensure compliance with regulatory standards (Ola & Ijwo, 2023). In emerging economies such as Nigeria, where corporate governance structures are still evolving, the effectiveness of audit committees can significantly influence investor confidence and market stability. Over the years, the integration of women into boardrooms and, in particular, into audit committees, has become a subject of increasing attention (Naila et al., 2025). This interest is driven not only by the broader agenda of gender equality but also by empirical evidence suggesting that gender diversity can impact board behavior and decision-making quality. Female directors are perceived to bring distinct perspectives, increased diligence, and different ethical approaches to corporate oversight. These contributions are particularly relevant in contexts where the quality of financial reporting has historically been questioned due to instances of earnings management, inadequate disclosure, or weak monitoring mechanisms. The dynamics of corporate boards in industrial firms, coupled with the evolving role of women in governance, create a compelling backdrop for exploring how female participation in audit committees may influence the quality of earnings reported by these firms.

The inclusion of women in audit committees carries substantial relevance in the modern business environment (Bansal, 2024). Corporate governance research increasingly emphasizes diversity as a factor that can enhance board performance. Ud Din et al. (2021) noted that female directors are more likely to challenge management assumptions, seek clarity in financial reporting, and ensure compliance with established accounting standards. In the context of industrial goods firms in Nigeria, where organizational complexity and financial transactions are often substantial, having women on audit committees could potentially improve monitoring effectiveness and reduce instances of earnings manipulation. Earnings quality, which measures the reliability and sustainability of reported profits, is a critical indicator for investors and other stakeholders (Alipour et al., 2019). High-quality earnings signal transparency, financial discipline, and sound management practices, whereas poor earnings quality may suggest earnings management, overstated profits, or inadequate control systems. Female directors, through their oversight role in audit committees, can influence earnings quality by actively engaging in audit processes, questioning discretionary accounting practices, and ensuring that internal controls are effective (Tang & Suwarsini, 2021). In today's increasingly competitive and scrutinized business environment, stakeholders are no longer content with compliance alone; they seek assurance that reported financial results accurately reflect the firm's operational performance. This demand amplifies the importance of gender-inclusive audit committees, as their contribution may extend beyond fulfilling regulatory requirements to actively enhancing the credibility and reliability of financial statements.

Empirical studies suggest that female oversight on audit committees can positively influence earnings quality (Olowookere et al., 2021; Oradi & Izadi, 2020). Female directors are often associated with higher levels of vigilance, ethical sensitivity, and risk awareness, which are critical attributes for monitoring financial reporting. In practice, women on audit committees may dedicate more time to reviewing financial statements, scrutinize the assumptions underlying management estimates, and ensure that cash flows and net income are consistently aligned. This level of engagement can reduce the likelihood of earnings manipulation, improve transparency, and strengthen investor confidence (Kazemi & Abdi, 2019). In the Nigerian context, where the industrial sector faces challenges such as fluctuating market conditions, regulatory scrutiny, and corporate governance gaps, the presence of female audit committee members could act as a stabilizing factor for financial reporting quality. Their oversight helps in detecting irregularities, ensuring adherence to accounting standards, and promoting a culture of accountability. Furthermore, gender-diverse audit committees may influence not only the monitoring of financial results but also the broader decision-making culture within the board. By contributing alternative perspectives and advocating for stringent control practices, female directors can encourage management to maintain disciplined financial reporting processes.

Corporate governance practices are intended to ensure that financial reporting is accurate, transparent, and reliable (Nwafor & Nworie, 2025; Ikelegbe et al., 2025). Within this framework, audit committees play a crucial role in monitoring the preparation of financial statements, supervising internal controls, and liaising with external auditors. When audit committees operate effectively, they provide assurance to investors, regulators, and other stakeholders that the reported earnings reflect the true financial performance of the firm. In practice, however, the participation of women on audit committees in Nigerian industrial goods firms remains limited (Anaike & Okegbe, 2023). Boardrooms continue to be predominantly male, and female directors are often underrepresented in key oversight positions. This situation raises concerns about whether the perspectives, diligence, and ethical sensitivity that women can bring to audit committees are fully leveraged. Evidence suggests that earnings management is a prevalent challenge in the industrial sector (Ogiriki & Michael, 2025). Weak monitoring mechanisms, coupled with low gender diversity on audit committees, may reduce the effectiveness of oversight. The consequences of limited female oversight in audit committees are significant for corporate performance and investor confidence. When earnings quality is compromised, stakeholders may question the reliability of financial statements, leading to reduced trust in the firm and potentially higher costs of capital. Poorly monitored earnings can distort management decision-making, encourage opportunistic behavior, and undermine the credibility of the industrial sector as a whole. Investors may become hesitant to commit resources, and regulators may face increased pressure to enforce stricter oversight measures. Additionally, the underutilization of female directors in audit committees represents a missed opportunity for boards to enhance monitoring effectiveness and ensure that financial reports accurately reflect operational realities. Without adequate gender representation in oversight roles, the potential for stronger governance and higher earnings quality remains largely untapped (Garcia-Sanchez et al., 2017), creating an environment in which financial reporting deficiencies may persist and stakeholder confidence may be weakened.

Despite the growing body of research on female participation in audit committees and its influence on earnings quality, several gaps remain in the literature, particularly within the Nigerian industrial goods sector. Yahaya et al. (2025), Naila et al. (2025), and Bansal (2024) established that gender-diverse audit committees can reduce discretionary accruals and earnings manipulation, highlighting the potential of female oversight in enhancing financial reporting quality. Similarly, Ud Din et al. (2021), Tang and Suwarsini (2021), Olowookere et al. (2021), and Oradi and Izadi (2020) found that female audit committee members, particularly those with financial expertise, strengthen monitoring mechanisms, improve earnings quality, and reduce the likelihood of restatements. Kazemi and Abdi (2019) and Garcia-Sanchez et al. (2017) further demonstrated that female representation in audit committees positively affects accounting conservatism and financial reporting quality, though board-level gender diversity alone may be insufficient. Conversely, Ola and Ijwo (2023) reported that the impact of audit committee characteristics, including gender diversity, was not statistically significant in selected Nigerian cement firms, suggesting contextual differences across sectors and firm sizes. Most of these studies relied on broad samples, multinational contexts, or firms outside the industrial goods sector, leaving limited evidence on the Nigerian industrial goods firms where audit oversight practices and governance structures may differ. Furthermore, few studies have employed advanced econometric techniques like Cross-Section Seemingly Unrelated Regression (SUR) to account for contemporaneous correlations across firms, which could provide more precise estimates of female audit committee effects on earnings quality. Therefore, this study addresses these gaps by examining the effect of female audit committee membership on the earnings quality of listed industrial goods firms in Nigeria.

2.0 Literature Review

2.1 Related Empirical Findings

Empirical evidence consistently underscores the role of female representation on audit committees in enhancing earnings quality, though the magnitude and significance vary across contexts. Yahaya (2025) found that higher female representation on Nigerian audit committees significantly reduced discretionary accruals, reflecting improved financial reporting quality, consistent with agency and resource dependence theories. Similarly, Olowookere et al. (2021) reported that gender-diverse audit committees among Nigerian consumer goods firms significantly enhanced reporting performance. These findings align with Kazemi and Abdi (2019), who noted that female participation on audit committees in Iranian firms positively affected earnings quality, while board-level gender diversity alone was not sufficient to produce similar outcomes. The Nigerian evidence, therefore, suggests that targeted inclusion of women within audit oversight functions, rather than broader board representation, can strengthen monitoring and improve the credibility of financial statements.

However, cross-country and sectoral studies reveal nuanced effects depending on institutional and individual factors. Naila et al. (2025) observed that in UK-listed firms, the presence of women on audit committees alone did not significantly influence earnings management; rather, nationality played a moderating role, with non-foreign female members contributing to lower earnings manipulation. Ud Din et al. (2021) similarly emphasized the importance of female audit committee chairs' accounting expertise in Pakistan, highlighting that expertise amplifies the positive impact of gender diversity on reporting quality. Tang and Suwarsini (2021), examining Indonesian firms, found that while general female presence on boards and audit committees had limited effects, female audit committee membership specifically contributed positively to earnings management outcomes. These studies collectively suggest that mere representation is insufficient; characteristics such as expertise, nationality, and functional positioning critically condition the effectiveness of female oversight.

Regulatory interventions and contextual factors further shape the influence of female audit oversight on financial reporting quality. Bansal (2024) demonstrated that the Indian Companies Act mandate for female directors led to decreased discretionary accruals, indicating improved earnings quality, particularly when coupled with audit committee participation and financial expertise. Oradi and Izadi (2020) reinforced these findings in Iranian firms, showing that independent and financially expert female members reduced financial restatements and increased the likelihood of engaging high-quality auditors. Conversely, Ola and Ijwo (2023) reported that in a limited sample of Nigerian cement firms, audit committee gender diversity had no statistically significant effect on earnings management, illustrating that sector-specific dynamics and small sample sizes can moderate observed outcomes. Collectively, these studies highlight that gender-diverse audit oversight, when combined with expertise and institutional support, contributes meaningfully to earnings quality, while isolated representation or minimal diversity may yield limited benefits.

2.2 Theoretical Framework and Development of Research Hypothesis

The study was underpinned by Social Role Theory which was propounded by Alice Eagly in 1987 as a way to explain how societal expectations shape the behavior and roles of men and women (Eagly & Wood, 2012). The theory emerged from research in social psychology and sociology, aiming to understand why men and women tend to occupy different positions in society and organizations. The main postulations of Social Role Theory suggest that individuals' behavior is guided by the roles that society assigns to them based on their gender (Koenig & Eagly, 2014). Women are generally socialized to be more nurturing, collaborative, and risk-averse, while men are encouraged to be assertive, competitive, and dominant. These roles influence expectations about how women and men perform in professional settings,

including decision-making, ethical judgment, and oversight responsibilities. The theory also posits that when individuals occupy roles that align with societal expectations, their behavior tends to conform to those expectations (Kaur et al., 2023), which can have both positive and negative implications for organizational performance.

The theory is particularly relevant to this study because it provides a framework for understanding how female members of audit committees may influence earnings quality in industrial goods firms. Social Role Theory suggests that women on audit committees are likely to demonstrate careful oversight, ethical vigilance, and attention to detail due to societal norms shaping their behavior. These attributes can reduce the likelihood of earnings manipulation and improve the alignment between reported profits and actual cash flows. By applying Social Role Theory, this study can explain the potential mechanisms through which female participation in audit oversight contributes to higher financial reporting quality and strengthens corporate governance practices in Nigerian firms. The study hypothesised that:

H_a: Female audit committee membership has a positive effect on the earnings quality of listed industrial goods firms in Nigeria.

3.0 Methodology

This study adopted an ex-post facto research design to examine the effect of female audit committee membership on the earnings quality of listed industrial goods firms in Nigeria. The ex-post facto design is suitable because the variables of interest (female representation on audit committees and earning quality) have already occurred and cannot be manipulated by the researcher (Ikwuo et al., 2025; Muojekwu et al., 2025).

The population consisted of all industrial goods firms listed on the Nigerian Exchange Group as of December 2024. These firms are considered because they provide consistent audited financial statements and have established corporate governance structures, including audit committees. The total population included twelve firms, representing the active industrial goods sector on the NGX.

Table 3.1: Population of the Study

S/N	Firm Name
1	Austin Laz & Company Plc
2	Berger Paints Plc
3	Beta Glass Plc
4	Bua Cement Plc
5	Cap Plc
6	Cutix Plc
7	Dangote Cement Plc
8	Greif Nigeria Plc
9	Lafarge Africa Plc
10	Meyer Plc
11	Premier Paints Plc
12	Tripple Gee and Company Plc

Source: Nigerian Exchange Group (2024)

A purposive sampling technique was employed to select ten firms from the population. The selection criteria required that firms be consistently listed on the NGX from 2015 to 2024 and provide comprehensive financial statements for the entire study period. This approach ensured that the data used is consistent and reliable, allowing for accurate analysis of the relationship between female audit committee membership and earnings quality.

Table 3.2: Sample Size

S/N	Firm Name
1	Austin Laz & Company Plc
2	Berger Paints Plc
3	Beta Glass Plc
4	Cap Plc
5	Cutix Plc
6	Dangote Cement Plc
7	Lafarge Africa Plc
8	Meyer Plc
9	Tripple Gee and Company Plc
10	Bua Cement Plc

Source: Researcher's Compilation (2025)

The study relied exclusively on secondary data obtained from the annual audited financial statements of the selected firms. These documents provided reliable information on earnings, cash flows, and board composition, including the presence of female directors on audit committees. Using secondary data ensured objectivity and eliminates biases that may arise from survey or interview responses. All relevant data were extracted systematically to allow calculation of the earnings quality metric and the identification of female audit committee membership over the study period. The study uses the following variables:

Dependent Variable

- **Earnings Quality (EQ):** Measured as the ratio of cash from operations to net income, this reflects the extent to which reported earnings are supported by actual cash flows from operations.

Independent Variable

- **Female Audit Committee Membership (FACM):** The proportion of female directors on the audit committee of each firm during the study period.

To examine the effect of female audit committee membership on earnings quality, the study specifies the following model:

$$EQ_{it} = \beta_0 + \beta_1 FACM_{it} + \epsilon_{it} \quad eqi$$

Where:

EQ_{it} = Earnings quality for firm i at time t

$FACM_{it}$ = Female audit committee membership for firm i at time t

β_0 = Intercept term

β_1 = Coefficient representing the effect of female audit committee membership on earnings quality

ϵ_{it} = Error term for firm i at time t

Data were analyzed using descriptive statistics to summarize key characteristics of earnings quality and female audit committee membership across firms and over time. Hypothesis testing was conducted using the Cross-Section Seemingly Unrelated Regression (SUR) method at 1% significance level. This approach is appropriate for the study because it allows simultaneous estimation of multiple equations, accounts for potential contemporaneous correlation across firms, and produces more efficient estimates than ordinary least squares when cross-sectional error terms are correlated.

4.0 Data Analysis

4.1 Descriptive Analysis

Table 4.1 Descriptive Statistics

	EQ	FACM
Mean	23.39898	0.267222
Median	0.973512	0.250000
Maximum	2044.330	1.800000
Minimum	-144.5121	0.000000
Std. Dev.	216.2041	0.241459
Skewness	9.221734	2.945424
Kurtosis	86.74298	19.44169
Jarque-Bera	27573.93	1143.867
Probability	0.000000	0.000000
Sum	2105.908	24.05000
Sum Sq. Dev.	4160237.	5.188923
Observations	90	90

Source: EvIEWS 10 Output (2025)

Table 4.1 shows that the mean earnings quality (EQ) for the sampled firms is 23.40, indicating that on average, cash from operations constitutes about 23 times the net income. The maximum value of 2044.33 and the minimum of -144.51 reveal a wide variation in EQ across firms, suggesting that some firms generate substantially more cash relative to reported earnings, while a few report negative cash flows relative to net income. The standard deviation of 216.20 confirms this high level of dispersion, indicating substantial differences in earnings quality among the firms. The skewness of 9.22 indicates that the distribution of EQ is highly positively skewed, meaning most firms have lower EQ values while a few have extremely high values. The kurtosis of 86.74 shows that the distribution is highly peaked with extreme outliers. The Jarque-Bera probability of 0.0000 confirms that EQ is not normally distributed. A total of 90 observations were analyzed for this variable.

For female audit committee membership (FACM), Table 4.1 shows a mean value of 0.267, indicating that, on average, about 27% of audit committee members across the sampled firms are female. The maximum of 1.80 and minimum of 0.00 suggest that some firms had no female members on their audit committees, while a few had a high proportion of women. The standard deviation of 0.241 indicates moderate variability in female representation across firms. The skewness of 2.95 shows that the distribution is positively skewed, meaning that most firms have low female representation with a few having higher proportions. The kurtosis of 19.44 implies the presence of extreme values in the data, indicating that a small number of firms have significantly higher female participation. The Jarque-Bera probability of 0.0000 confirms that FACM is not normally distributed. The variable is based on 90 observations.

Table 4.2 Model Diagnostics

Test	Statistic / Value	Probability
Pesaran Residual Cross-Section Dependence Test	3.777268	0.0002
Panel Cross-Section Heteroskedasticity LR Test	711.0146	0.0000

Source: EvIEWS 10 Output (2025)

Table 4.2 presents the model diagnostics for the study. The Pesaran Residual Cross-Section Dependence Test shows a value of 3.777 with a probability of 0.0002, indicating the presence of significant cross-sectional dependence among the sampled firms. This suggests that the

earnings quality and audit committee characteristics of one firm may be influenced by those of other firms in the sample. Additionally, the Panel Cross-Section Heteroskedasticity LR Test reports a value of 711.01 with a probability of 0.0000, indicating the presence of heteroskedasticity across the panel data. This confirms that the variance of the residuals is not constant, justifying the use of robust estimation techniques to obtain reliable parameter estimates.

4.2 Test of Hypothesis

H_a: Female audit committee membership has a positive effect on the earnings quality of listed industrial goods firms in Nigeria.

Table 4.3 Test of Hypothesis

Dependent Variable: EQ

Method: Panel EGLS (Cross-section SUR)

Date: 07/12/25 Time: 22:34

Sample: 2015 2024

Periods included: 10

Cross-sections included: 9

Total panel (balanced) observations: 90

Linear estimation after one-step weighting matrix

Cross-section SUR (PCSE) standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FACM	48.28394	5.832939	8.277807	0.0000
C	0.835548	1.203486	0.694273	0.4893
Weighted Statistics				
R-squared	0.486029	Mean dependent var		0.140245
Adjusted R-squared	0.480188	S.D. dependent var		1.213607
S.E. of regression	0.863009	Sum squared resid		65.54103
F-statistic	83.21574	Durbin-Watson stat		1.946554
Prob(F-statistic)	0.000000			

Source: Eviews 10 Output (2025)

Table 4.3 presents the results of the Cross-Section Seemingly Unrelated Regression (SUR) analysis examining the effect of female audit committee membership on earnings quality. The model demonstrates a satisfactory level of explanatory power, with an R-squared of 0.486, indicating that approximately 48.6% of the variations in earnings quality are explained by female audit committee membership. The Durbin-Watson statistic of 1.947 suggests that there is no significant autocorrelation in the residuals, supporting the reliability of the regression estimates. The F-statistic is highly significant (Prob(F) = 0.0000), confirming that the overall model is statistically valid at the 1% significance level. The constant term (C = 0.836; p = 0.4893) is not significant at 1%, which indicates that when female audit committee membership is zero, the baseline earnings quality is not statistically different from zero. This implies that the primary explanatory power in the model comes from the FACM variable rather than the intercept.

The coefficient for female audit committee membership is positive and statistically significant ($\beta = 48.284$, $p = 0.0000$). This means that for every one-unit increase in the proportion of

female members on the audit committee, earnings quality increases by approximately 48.28 units, holding other factors constant. The effect is significant at the 1% level, suggesting a strong and meaningful influence of female audit oversight on the ability of firms to generate cash relative to reported earnings. In practical terms, higher female representation on audit committees enhances monitoring, reduces earnings manipulation, and promotes the reliability of financial reports among listed industrial goods firms in Nigeria. Thus, female audit committee membership positively affects earnings quality, with a coefficient of 48.284 and a p-value of 0.0000, indicating a statistically significant effect at the 1% level.

4.3 Discussion of Finding

The positive effect of female audit committee membership on earnings quality in listed industrial goods firms in Nigeria can be explained by the enhanced monitoring and oversight that women bring to corporate governance structures. The finding aligns with the work of Yahaya et al. (2025), who reported that higher female representation on audit committees significantly reduces discretionary accruals and improves the credibility of financial statements in Nigerian firms. Similarly, Bansal (2024) found that regulatory mandates requiring female participation in audit committees led to lower earnings manipulation in Indian firms, suggesting that women's involvement contributes to more disciplined reporting practices. Tang and Suwarsini (2021) also observed that female audit committee members in Indonesian firms positively influence earnings management, reflecting stronger oversight and adherence to accounting standards. Olowookere et al. (2021) supported this notion by showing that gender-diverse audit committees enhance financial reporting performance in Nigerian consumer goods firms, highlighting the practical effect of women in improving earnings quality.

The positive outcome of female membership on audit committees may also be tied to the specialized skills and ethical vigilance that women often bring to financial oversight roles. Ud Din et al. (2021) found that female audit committee chairs with accounting expertise contributed more effectively to financial reporting quality than their male counterparts, reinforcing the idea that professional competence combined with gender diversity enhances governance outcomes. Oradi and Izadi (2020) similarly reported that the presence of female members on audit committees significantly reduced financial restatements in Iranian firms, demonstrating that women's participation mitigates risky or misleading reporting practices. Kazemi and Abdi (2019) further emphasized that female participation specifically on audit committees, rather than general board membership, is critical for translating gender diversity into better earnings quality, reflecting a targeted mechanism through which oversight is strengthened. Institutional and contextual factors may also explain why female audit committee membership has a meaningful effect on earnings quality. Garcia-Sanchez et al. (2017) found that the benefits of female audit committee members and financial experts are amplified in environments with stronger regulations and investor protection, suggesting that the Nigerian industrial goods sector's regulatory framework may create conditions that allow women to exercise effective oversight. Naila et al. (2025) showed that controlling for demographic factors such as nationality and experience strengthens the effect of women on earnings management, highlighting that not just presence but the competence and integration of female member's matter. While Ola and Ijwo (2023) reported that gender diversity was not significant in selected Nigerian cement firms, this discrepancy underlines that firm-specific governance practices, sector characteristics, and audit committee composition influence the degree to which female oversight translates into improved earnings quality, further explaining the positive results observed in this study.

5.0 Conclusion and Recommendation

5.1 Conclusion and Recommendation

The positive effect of female audit committee membership on earnings quality in listed industrial goods firms in Nigeria highlights the important role that gender diversity plays in strengthening financial reporting and corporate governance. This finding suggests that the inclusion of women in audit oversight contributes to more transparent, reliable, and credible financial statements, reflecting a higher alignment between reported earnings and actual cash flows. By promoting rigorous monitoring and ethical vigilance, female members help reduce the potential for earnings manipulation, which can enhance investor confidence and foster trust among stakeholders. The result also highlights the value of diverse perspectives in decision-making processes, as women may bring different approaches to risk assessment, attention to detail, and compliance with regulatory standards. This enhanced oversight is particularly relevant in contexts where firms face complex operational and financial challenges, as it supports more disciplined financial management and accountability. Moreover, the effect on earnings quality indicates that female participation in audit committees is not merely symbolic but translates into tangible improvements in the integrity of financial reporting. Such outcomes contribute to the overall stability and credibility of the capital market by ensuring that information disseminated to investors and regulators accurately reflects corporate performance. In addition, this effect aligns with theories of social roles, suggesting that women may adopt careful, risk-averse strategies that prevent aggressive or misleading accounting practices. The finding therefore emphasizes the broader significance of board composition in shaping the quality of corporate governance practices and maintaining the health of financial systems, demonstrating that gender diversity within key oversight functions is a critical component in promoting sound corporate reporting and supporting long-term organizational sustainability. The Securities and Exchange Commission (SEC) of Nigeria should mandate that publicly listed companies include a reasonable proportion of female professionals on their audit committees in order to enhance the independence and objectivity of the audit function as well as to leverage the distinct ethical orientation and diligence often associated with female directors. Implementing this measure would promote transparency, reduce the incidence of earnings manipulation, and ultimately strengthen public trust in corporate financial reporting across Nigeria's capital market.

5.2 Contribution to Knowledge

This study makes a significant contribution to the literature by examining the effect of female audit committee membership on the earnings quality of listed industrial goods firms in Nigeria, an area that has received limited attention. While previous studies, such as those by Yahaya et al. (2025), Naila et al. (2025), and Bansal (2024), demonstrated the positive role of gender-diverse audit committees in reducing earnings manipulation, and Ud Din et al. (2021), Tang and Suwarsini (2021), Olowookere et al. (2021), and Oradi and Izadi (2020) highlighted the importance of female financial expertise in strengthening oversight, there remains a lack of focused evidence on the Nigerian industrial goods sector. Kazemi and Abdi (2019) and Garcia-Sanchez et al. (2017) emphasized the benefits of female audit committee participation for accounting conservatism and earnings quality, yet sectoral differences and firm-specific governance structures were not adequately explored. Additionally, findings by Ola and Ijwo (2023) suggest that the effects of audit committee characteristics may vary across contexts, highlighting the need for more precise analysis. By employing secondary data from 2015 to 2024 and using the Cross-Section Seemingly Unrelated Regression (SUR) method, this study provides empirical evidence specific to Nigerian industrial goods firms, offering more hints into how female audit oversight influences the quality of reported earnings and filling a critical gap in the existing literature.

5.3 Limitations of the Study and Suggestion for Further Studies

This study was limited to ten listed industrial goods firms in Nigeria, which may not represent all sectors or firms in the country. The focus on secondary data from audited financial statements also restricted the analysis to reported information, which may not capture informal governance practices or internal decision-making processes. Additionally, the study examined only one measure of earnings quality and one aspect of female participation, making it difficult to generalize the findings to all dimensions of corporate governance or other financial indicators. Time and data availability further constrained the scope of the analysis.

Future research could expand the study to include more firms across different sectors to improve generalizability. Researchers could also explore other measures of earnings quality and consider multiple dimensions of gender diversity, such as the role of female executives or board chairs. Combining secondary data with interviews or surveys could provide deeper understanding of how female audit committee members influence decision-making and reporting practices. Longitudinal studies covering longer periods could also examine how changes in female participation affect earnings quality over time.

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