

AUDIT COMMITTEE ATTRIBUTES AND INTELLECTUAL CAPITAL DISCLOSURE OF LISTED BANKS IN NIGERIA

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Abstract

The study examined the impact of Audit Committee (AC) attributes on intellectual capital disclosure of eight (8) Nigerian listed banks with international authorisation from 2014-2017 financial year. Content analysis was used to extract intellectual capital disclosure items from the annual reports of the sampled banks. The multiple regression analysis of the data revealed that AC gender diversity and firm age have significant impact on intellectual capital disclosure. AC size, AC frequency of meeting, AC independence and AC financial expertise are not significantly associated with intellectual capital disclosure. The study provided evidence to policy makers to see the need to introduce a framework that would consider gender diversity during engagement of audit committee members. The results further strengthened extant literatures on audit committee attributes and intellectual capital disclosure.

Keywords: Audit committee attributes; intellectual capital disclosure; corporate governance

Introduction

An audit committee (AC) is saddled with the task of ensuring that the accounting procedure and policies of the organisation are in tandem with statutory requirements and best practice. It is one of the committees required by the National Code of Corporate Governance (NCGC) 2016 (thereafter “the code”) issued by the Financial Reporting Council (FRC), to carryover oversight function over the management, external auditors and directors. It is believed that the attributes of the AC does have an effect on the effectiveness and overall performance of the organisation (Bedard, & Gendron, 2010; Karajeh, & Ibrahim, 2017; Li, Mangena, & Pike, 2012; Alqatamin, 2018). According to Soewignyo and Soewignyo (2018) AC is an essential committee that oversees the activities of the organisation, as it relates to corporate reporting, auditing and adherence to rules and regulations, on behalf of the owners (shareholders). Its formation helps to protect shareholder's value (Islam, Islam, Bhattacharjee & Islam, 2010) and to oversee a firm's administration, so as to guard the interest of the principals (Kallamu & Saat, 2015).

The AC is one of the closest committees or body that checkmates the activities of the board, auditors and manager. A well-constituted AC would to a large extent affect positively on the activities of management. Several researchers have carried out studies on AC attributes and performance / value

(Zábojníková, 2016; Agyemang-Mintah, & Schadewitz, 2018; Alqatamin, 2018; Al-Matari, Al-Swidi, Fadzil & Al-Matari, 2012), financial reporting quality and shareholders value (Moses, Ofurum, & Egbe, 2016; Mwangi, Oluoch, Muturi, & Florence, 2017; Karajeh, 2017; Eyenubo, Mohammed, & Ali, 2017; Jerubet, Chepng'eno, & Tenai, 2017; Soewignyo, & Soewignyo, 2018), earnings quality (Kiryanto, 2014), firm's cost of equity (Khemakhem, & Naciri, 2015), audit quality (Habbash, 2015), interaction with the internal audit department (Nasser, 2015), and corporate voluntary disclosure (Madi, Ishak, & Manaf, 2014). Few researchers in Nigeria have explored the relationship between AC attributes and Intellectual Capital Disclosure (ICD).

Intellectual Capital (IC) is a burning issue in modern-day research. It is an intangible asset of an organisation. According to Maleki and Serkani (2014) IC is a portfolio of intangible assets which may not usually reflect in the accounts of the firms. ICD in the reports of firms is essential because it mitigates information lopsidedness between the agent and principal (Farag, Meng & Mallin, 2015). Some researchers are of the opinion that the characteristics or attributes of the AC might have impact on the ICD. Liet *et al.* (2012) agree that the efficacy of the AC in reporting is hinged on certain attributes such as AC size, Deligency, independece, diversity, expertise etc

Previous investigations in this area of study centered on developed economies and there are still limited empirical literature that inquired on the impact of AC attributes on ICD. Therefore, the paper seeks to determine the relationship between AC attributes and ICD in quoted Nigerian banks. The banking industry in Nigeria is one of the sectors that demand a very high intellectual capital to function. Based on the researchers' knowledge, there is a paucity of research in this field from the Nigeria perspective.

Literature Review and Hypotheses Development

Conceptual and Empirical Review

AC Characteristics

The National Code of Corporate Governance (NCCG)(2016) states that the AC is expected to oversee the statutory compliance and ethical practices of a firm. The oversight and monitoring role of the AC cannot be overemphasized. The ability of the AC to achieve its objective of voluntary disclosure is dependent on certain AC attributes like AC size, Deligency, independece, diversity, expertise etc (Bedard *et al.*, 2010; Li, Mangena, & Pike, 2012; Madi *et al.*, 2014).

AC Size

This represents the total number of ACmembers that make up the audit committee. Multiplicity of knowledge and skills are brought to the fore when there are larger AC members available to do their duties (Karajeh *et al.*, 2017). In order to be effective and efficient in executing its duties of controlling and monitoring the behaviour of management they are expected to have enough members (Vicknair, Hickman & Carnes 1993). Though the NCCG did not specify the number of AC members that can make

up the AC, but it requires at least three members, of whom shall be non-executive directors, and a majority should be independent non-executive directors. The responsibilities of the AC is enormous, without adequate manpower and multiple experiences important issues like ICD may not be given adequate attention. Instead preference would be given to financials, thereby inadvertently neglecting voluntary disclosure matters. Jesen (1993) posit that the duties of the AC are better executed by companies with small-size AC. It is argued that large-size AC results in more hands to achieve the firm's objective. (Bédard, Chtourou & Courtea, 2004) and a greater organisational status and authority (Braiotta, 2000). Previous studies found a significant positive relationship between AC size and performance (Al-Matari *et al.*, 2012; Alqatamin, 2018; Ferchichi, & Skanji, 2017; Asiriwuwa, Aronmwan, Uwuigbe, & Uwuigbe, 2018), voluntary corporate disclosure (Madi *et al.*, 2014; **Jerubetet** *et al.*, 2017) and intellectual capital disclosure (Li *et al.*, 2012) . On the contrary, other studies reported insignificant relationship between AC size and financial reporting (Abbott, Parker & Peters, 2004) and earning management (Toh, 2013). Based on these indecisive results, we hypothesize that;

H₁: There is a significant relationship between AC size and ICD.

AC Frequency of Meeting

The NCCG (2016) requires the AC to meet at least once in every quarter. The code also expects that the number, timing and length of the meetings should be appropriate to make certain the committee achieves its objectives. Frequent meetings create avenue for deliberation of key issues that centres on adequate disclosure and other matters. Frequent meetings by members of the board will probably spur them to achieve their assignment diligently (Amina, 2018). The regularity of meetings suggests a vibrant AC (Yadirichukwu & Ebimobowei, 2013).

Previous researchers documented a relationship between AC frequency of meeting and audit quality (Asiriwuwa *et al.*, 2017; Amina, 2018), and IC (Li *et al.*, 2012). Amina (2018) believes that as AC meeting increases, there would be an upsurge in the consciousness and responsiveness to the implementation of intellectual capital disclosure

Nevertheless, these studies found an insignificant relationship between AC frequency of meetings and quality of financial reporting (Miettinen, 2008; Moses *et al.*, 2016), audit quality (Habbash, 2015; Kamardin, & Al-Rassas, 2015), value creation efficiency (Soewignyo *et al.*, 2018), performance (Al-Matari *et al.*, 2012), earnings management (Susanto, 2016), and corporate voluntary disclosure (Madi *et al.*, 2014). Based on these inconclusive results, the study hypothesizethat;

H₂: There is a significant relationship between AC frequency of meeting and ICD.

AC Independence

When the independence of the AC is compromised it becomes a toothless bull and its activities a waste of time and resources. Where AC independence is available, it could enhance the quality of voluntary disclosure (Menon, & Williams, 1994). When AC members are independent they are able to perform their statutory obligations without any influence. In the long run, the agency problem between the

executive and the owners is mitigated (Alqatamin, 2018). Lee (2014) posit that AC's responsibility agrees with the resource dependency (RD) and agency theories but disagrees with managerial hegemony theory. The RD theory focuses on the ability of the agents to provide resources (expertise, coordination, reputation etc.) for the benefit of the organisation, while the agency theory describes the contract between the agents and owners of the firm. The theory posits that managers or executives should not put their interests before that of the shareholders (owners) who provide the financial capital in which the business is being run.

Managerial hegemony theory explains the supremacy that the management is likely going to have over the board because of the in-house information in which they are privy to. A board that is majorly nonexecutive directors (NEDs) is believed to be more flaccid to the organisations deeds and activities than management (Jensen, & Meckling, 1976; Lee, 2014). Studies established a significant relationship between AC independent and corporate performance (Al-Mamun, Yasser, & Rahman, 2014; Glover-Akpey, & Azembila, 2016; Alqatamin, 2018), corporate voluntary disclosure (Madi *et al.*, 2014). While others established a negative relationship between AC independence and accounting and reporting quality (Velte, & Stiglbauer, 2011; Suárez, & García, 2012; **Jerubet**, 2017), corporate fraud (Kamarudin & Ismail, 2014), and intellectual capital disclosure (Oba, Ibikunle, & Damagum, 2013). From the studies discussed above, we assume that AC independence should influence intellectual capital disclosure. From the above discuss, we hypothesize that;

H3: There is a significant relationship between AC independence and ICD.

AC Gender Diversity

AC gender diversity refers to the proportion of female members in the audit committee to the total AC members. In recent times, researchers have been investigating the effect of board diversity and AC gender diversity on performance (Wachud & Mboya, 2012; Abdussalam & Okike, 2018) and Intellectual capital (Tejedo-Romero, Rodrigues & Craig, 2017; Nadeem, De Silva, Gan & Zaman, 2017). The NCCG 2016 did not state the composition or proportion of the gender of AC members. The diversity of the directors of a company can impact greatly on performance and reporting culture of the firm. There has been an outcry for gender diversity, which is believed would provide opportunities for more women in the board and this has led to an increase in the number of women on boards (Abdussalam & Okiki, 2018). Gul, Srinidhi and Ng (2011) as cited in Fakhari and Pitenoei (2017) believe that the presence of women in the AC reduces overambitious attitude and financial misrepresentation. Others document that women are more ethical (Levin, Taylor, & Chatters, 1993; Ittonen, Miettinen, & Vähämaa, 2011) and likely to be more environmentally conscious than men.

Nadeem, De Silva, Gan and Zaman (2019) found a significant relationship between gender diversity and intellectual capital. In a similar study, Alqatamin (2018) examined the effect of audit committee characteristics on performance. A sample of 165 non-financial companies were analysed using multiple regression analysis. The results show that gender diversity has a significant positive relationship with the firm's performance. Tejedo-Romero, Rodriguez and Craig (2017) examined women directors and disclosure of intellectual capital information of Spanish companies. They found

gender diversity has a positive significant effect on the levels of disclosure of IC information. They further posit that the presence of women on the board promotes stronger monitoring and oversight behaviour of the board.

In contrast, Abdussalm and Okike (2018) investigated board gender diversity and firm performance, evaluating the Nigeria banking industry using a sample of 11 banks. The results suggest that female board members do not have an effect on firm performance. Also in the study of Carter, D'Sourza, Sinkins and Simpson (2010) they found no relationship between the gender or ethnic diversity of board or important board committees and financial performance. Based on the inconclusive findings, we hereby hypothesize;

H₄: There is a significant relationship between AC gender diversity and ICD.

AC Financial Expertise

AC financial expertise is when at least a director of the AC possesses specialised knowledge in accounting and finance (Susanto, 2016; Madi *et al*, 2014). AC members with financial knowledge are likely to understand capital market recommendations of providing voluntary information. One of the major requirements of the NCCG is the pecuniary skill of the AC members. It is a requirement for at least one AC members to have financial mastery and the capacity to study and interpret financial information (NCGC, 2016). In addition, the code recommends that at least a member of the AC should be knowledgeable in accounting. The financial prowess of the AC member enables them to appreciate the relevance of the annual report and not seeing it as a means of just fulfilling statutory demands. Knowledge in finance, also enables them to discern any disagreement between the management and external auditors (Mangena & Pike, 2005). ACs with the requisite financial expertise are better positioned to comprehend the capital market requirement of providing quality IC disclosures (Li & Mangena, 2012). The oversight role of the AC would be undermined by the management and auditor when they (the auditors) do not have the requisite skill to comprehend corporate reporting issues (Knapp, 1987). Previous studies found a significant relationship between AC financial expertise and intellectual capital efficiency (Buallay, 2018) corporate voluntary disclosure (Akhtaruddin & Haron, 2010), and financial reporting quality (Kent, Routledge & Stewart, 2010). In contrast, these studies found a non-significant relationship between AC financial expertise and performance (Alqatamin, 2018) voluntary disclosure (Ferchichi & Skanji, 2017; Madi, Ishak & Manaf, 2014) earnings management (Susanto, 2016). From the above discussion, we suppose that AC financial expertise should have effect on ICD. Therefore, we hypothesize that:

H₅: There is a significant relationship between AC financial expertise and ICD.

Theoretical review

Agency Theory

The proponents of agency theory were Stephen Ross and Barry Mitnick in 1973. It is the interrelationship that subsists between the agent and the owner(s) (Jensen & Meckling, 1976). The

relationship is founded on existing contract (Susanto, 2016). Corporate governance mechanisms in practice have been applied to minimize information irregularity and asymmetry. Sound governance mechanisms reduce the chances of management to try to further their welfares by means of information irregularities and asymmetry (Oba, Ibikunle & Damagum, 2013). The AC is a share of the corporate governance structure that ensures that the self-interest of management does not compromise the best interest of investors. One of the ways of reducing information asymmetry that may subsist between the principal and the agent is for disclosure on issues that affect the organisation as a whole. Therefore, the paper is moored on this theory.

Methodology

Sample Selection

The population was made up of 10 listed commercial banks licenced with international authorization as at 31st December 2017. The purposive sampling techniques was employed to select 8 banks based on the accessibility of their annual reports on the internet for the relevant years. The annual reports were specifically downloaded from the websites of the selected banks for 2014-2017 financial years. Regression analysis technique was employed to ascertain the relationship between the dependent variable and the independent variables using Eviews 9 statistical package. This statistical technique was used because it reveals the strength of relationship between variables (Johnson & Kubu, 2007).

IC Disclosure Measures

The ICD score was derived using ICD checklist developed by Muttakin, Khan, and Belalp(2015). The checklist is made up of 32 items, which was categorized into: human capital category (15 items), internal capital category (7 items), and external capital category (10 items). A score of one is allocated if an item on the checklist is available on the annual report and 0 if not. The total score obtained is divided by the maximum score obtainable.

Intellectual capital disclosure checklist	
I. Internal capital category	
1. Intellectual properties	It is a term that encompasses patents, copyrights, trademarks, trade secrets, licenses, commercial rights and other related fields.
2. Management philosophy	The way leaders in the firm think about and its employees i.e. the way a firm is managed.
3. Corporate culture	Specific reference to working culture.
4. Processes	Management or technical processes implemented
5. Systems	Information systems.

6. Networking	The systems available in a firm that allows interaction of people via a broad array of communication media and devices.
7. Financial relations	Defined as a favourable relationships the firm has with investors, banks, and other financiers, financial rating, financial facilities available, and listings.
II. External capital category	
8. Brand	Description of brands owned/bought by the firm.
9. Customer satisfaction and loyalty	Reference to overall satisfaction of customers
10. Quality standards	Includes ISO accreditations, reference to quality initiatives.
11. Company image/ reputation	It refers to the perception of a firm by the stakeholders.
12. Favourable contract	Favourable contract signed.
13. Business collaborations	Reference to informal collaborations with business partners which did not lead to formal agreements.
14. Licensing agreements	Any partnership or collaborative agreements with other firms
15. Franchising agreements	Any franchise agreements signed.
16. Distribution channels	Reference to supply chain management and distribution.
17. Market share	Any mention of product/division market share or competitive Position.
III. Human capital category	
18. Number of employees	Clear detail of total number of employees.
19. Know-how	Description of knowledge, know-how, expertise or skills of directors and other employees.
20. Vocational qualifications	Additional qualification held by employees and directors.
21. Employee training	Any mention of training programme.
22. Employee education	Education of directors as well as other employees.
23. Work related knowledge	It mainly relates to knowledge that employees have related to their current job description, including employees' previous working experiences.
24. Entrepreneurial spirit, innovativeness	It refers to employee engagement, empowerment, and creativity.
25. Union activity	Trade union relations.
26. Employee thanked	Thanks given to the employee.
27. Employee involvement in the community	Company and employee involvement in community based activities
28. Employee share and option scheme	Employee share and option ownership plan
29. Employee benefits	Employee benefits such as provident fund, gratuity and group Insurance.
30 Profit sharing	Employee profit sharing.

31. Health and safety	Employee occupational health and safety.
32. Equity issues	Equity issues such as race, gender, disability and ethnic group

Source: Muttakin, Khan and Belalp (2015) Model

The following is the estimated regression model for the study:

$$ICDS = \beta_0 + \beta_1 ACSZ + \beta_2 ACFM + \beta_3 ACID + \beta_4 ACGD + \beta_5 ACFE + \beta_6 FAGE + \beta_7 FSIZ + \beta_8 PERF$$

Where:

ICDS = Intellectual capital disclosure score; β_0 = Co-efficient of the regression model

ACSZ = AC size; ACFM = AC Frequency of Meeting; ACID = AC Independence

ACGD = AC Gender Diversity; ACFE = AC Financial Expertise

Control variables:

FAGE = Firm Age; FSIZ = Firm Size; PERF = Performance

Table 3.1 Measurement of variables

Code	Variables	Measures	<i>A priori</i> expectation	Author
Dependent variable				
ICDS	Intellectual capital disclosure score	The checklist is made up of 32 items. A score of one is allocated if an item on the checklist is available and 0 if not. The total score obtained is divided by the maximum score obtainable (32).		Muttakin, Khan & Belal (2015)
Independent variables				
ACSZ	Audit Committee Size	The total number of AC members of the firm	+	Al-Matariet <i>et al.</i> (2012) Alqatamin (2018)
ACFM	AC Frequency of Meeting	The total number of AC meetings of the firm	+	Amina (2018)
ACID	AC Independence	The proportion of independent NED to the total AC members.	+	Alqatamin (2018) Lee (2014)
ACGD	AC Gender Diversity	The proportion of female members in the AC to the total AC members.	+	Kamarudin <i>et al.</i> , (2014)
ACFE	AC Financial Expertise	A dummy variable of 1 if there is at least one expert in accounting and finance on the AC and 0 if otherwise	+	Susanto (2016) Madi <i>et al.</i> , (2014)
Control variable				
FAGE	Firm Age	From Date of Incorporation	+	
FSIZ	Firm Size	Natural log of revenue/sales	+	
PERF	Firm Performance	ROA = Profit before tax/ total assets	+	

Results and Discussions

Descriptive Analysis

From the table below Table 4.1 the ICD score as a mean disclosure score of 71.15%, minimum score of 62.5%, maximum score of 81.25% and a standard deviation of 5.10, respectively.

Table 4.1 Descriptive statistics

	Mean	Minimum	Maximum	Standard deviation
Dependent variable				
Intellectual Capital Disclosure Score (ICDS)	71.15	62.50	81.25	5.10
Independent variables				
AC Size	6.11	5.00	7.00	0.43
AC Frequency of Meeting	3.88	2.00	5.00	0.82
AC Independence	0.42	0.00	0.50	0.17
AC Gender Diversity	0.16	0.00	0.43	0.14
AC Financial Expertise	0.88	0.00	1.00	0.33
Firm Age	40.88	25.00	100	25.03
Firm Size	2.62	1.10	8.87	2.35
Performance	0.05	0.00	0.08	0.02

The independent variables from Table 4.1 above, show that the AC size has a mean of 6.11 and the range is from 5 to 7 AC members. This shows that the benchmark of at least three members specified by the Financial Reporting Council (FRC) of Nigeria, National Code of Corporate Governance 2016 was met by all the sample banks. In terms of frequency of meeting, the mean of the AC frequency of meeting is 3.88 ranging from 2 to 5 meetings held annually by the sample banks. This result complies with the code that states a benchmark of at least one meeting in a year. While the maximum number of meetings held was 5 meetings in a year. With respect to AC independence, the results show a mean of 0.42, this is an indication that 42% of the AC members are independent from management. This is not encouraging as it falls short of the NCGC 2016 that requires that a majority of the AC members should be independent non-executive directors.

On AC gender diversity, the descriptive statistics had a mean of 0.16 and a minimum and maximum values of 0.00 and 0.43. The mean value of AC gender diversity indicates that on the average 16% of female members make up the AC. Finally, AC financial expertise has a mean of 0.88 respectively with standard deviations of 0.33. This indicates that 88% of the AC members are knowledgeable in accounting and finance which is one of the requirements of the Code. For the control variables, the

observed mean size of the firm is 2.62, firm age has an average years of 40.88, ranging from 25 to 100 years and the average performance is 5%.

Regression Analysis/Test of Hypotheses

The table below is the output of the regression analysis on the pooled data from the Banks using Eviews 9

Table 4. 2. Multiple regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-16.20207	46.39329	-0.349233	0.7312
AC_SIZE	0.629130	1.887678	0.333283	0.7430
AC_FREQ_OF_MEETING	0.037781	0.928163	0.040705	0.9680
AC_INDEPENDENCE	-0.037661	7.316743	-0.005147	0.9960
AC_GENDER_DIVERSITY	23.13762	6.742452	3.431633	0.0032
AC_FINANCIAL_EXPERTISE	-2.328346	2.179641	-1.068224	0.3004
FIRM_AGE	0.141226	0.049800	2.835859	0.0114
NLGF_SIZE	3.944219	2.636280	1.496131	0.1530
FIRM_PERFORMANCE_ROA	-0.222572	71.58296	-0.003109	0.9976
R-squared	0.776718	Akaike info criterion		5.250574
Adjusted R-squared	0.671644	Schwarz criterion		5.686069
F-statistic	7.392102	Hannan-Quinn criter.		5.375981
Prob(F-statistic)	0.000287	Durbin-Watson stat		1.559165

The multiple regression results reveal the effect of AC attributes and intellectual capital disclosure of listed banks in Table 2, show R-squared of 0.77 (77%) and the adjusted R2 is 0.67 (67%). This means that 67% of the systematic variations of ICDS is jointly explained by the explanatory variables. The probability of the F-Statistics is 0.000287 supports the overall significance of the model.

The AC size was found to have positive relationship with coefficient of 0.6291, t = 0.3333 and a p-value of 0.7430 at 5% level of significance. This indicates that an increase of one unit of AC size would lead to a 0.6291 increase in ICD. Although this relationship is not significant considering the p-value. Hence, AC size does not have a significant effect on ICD. We therefore, reject our H1 which states that AC size has a significant relationship with ICD. The results suggest that the number of members on the AC does not have significant impact on ICD. This result is in tandem with the studies of Bedard, Chtourou and Courteau (2004) and Mangena and Pike (2005). But inconsistent with the studies of Al-Matari et al.,

(2012); Alqatamin, (2018); Ferchichi and Skanji (2017); Asiriwa, Aronmwan, Uwuigbe and Uwuigbe (2018).

AC frequency of meeting from the regression results has a coefficient of 0.0378, $t = 0.0407$ and a prob. value of 0.9680, which is statistically insignificant. The coefficient value indicates that an increase in AC frequency of meeting would lead to 0.0378 increase in ICD. While the result of the p-value suggests that AC frequency of meeting does insignificantly affect ICD. This is in tandem with the results of Madi et al. (2014). We therefore, reject the hypothesis that states that there is a significant relationship between AC frequency of meeting and ICD. The number of times committee members meet may not be a determinant but the quality of the discussions and resolutions made at each meeting may be a likely factor that influences intellectual capital disclosure.

The regression result for AC independence and ICD show a coefficient of -0.0376. Which suggest that there is a negative relationship between the independent and the dependent variables. An increase in AC independence would lead to a decrease in ICD by 0.0376, but this effect is non-significant due to the p-value of 0.9960 at 5% level of significance. We therefore reject the hypothesis which states that there is a significant relationship between AC independence and ICD. This suggest that having more independent AC members translates into less concern about ICD, because the independent AC member may not have adequate knowledge of the intellectual capital components of the organisation as compared with their counterparts. This findings is in tandem with previous studies (see Jerubet, 2017; Li et al, 2012; Oba, Ibikunle & Damagum, 2013; Suárez and García, 2012; Velte & Stiglbauer, 2011).

The result for the test of the hypothesis that there is a significant relationship between AC gender diversity and ICD show a coefficient of a 23.14 and a p-value of 0.0032 at 0.05 (5%) level of significance. This reveals that AC gender diversity has a significant and positive relationship with ICD. From the coefficient result, an increase in female audit committee member on the board would increase ICD by 23.24. It supports the assertion that the presence of female AC member enhances the quality of reporting and ensures that the business run healthily (Kamarudin & Ismail, 2014). They are also perceived to be more ethical (Levin, Taylor & Chatters, 1993). This finding agrees with the position of Susanto, (2016) but defer from the position of Kamarudin et al, (2014).

The regression output on the hypothesis that there is a significant relationship between AC financial expertise and ICD has a p-value of 0.3004 at 0.05 (5%) level of significance and a coefficient of -2.328346. This signifies a negative and non-significant relationship between AC financial expertise and ICD. This reveals that as AC financial expertise increases there is a decrease in ICD but the effect is not significant. It suggest that there are other skills that are required by the AC member that can have influence on their ICD. We therefore reject the hypothesis that states that there is a significant relationship between AC financial expertise and ICD. The findings agree with previous studies (Li et al, 2012; Susanto, 2016).

As regards the control variables, the regression results with a p-value of 0.0114 reveal that firm age has a significant relationship on ICD, suggesting that the older a firm is, the more likely they are to disclose information about their intellectual capital. Firm size had a p-value of 0.1530, which reveals that the size of a firm has an insignificant effect on ICD. Finally, performance measured by Return on Assets has a p-value of 0.9976, this reveals an insignificant relationship between performance and ICD.

Conclusion

The AC is saddled with the responsibility of ensuring that the accounting procedures and guidelines of the firm are consistent with both statutory and ethical requirements. It is one of the committees required by the National Corporate Governance Code to carry out oversight function over the management, external auditors and directors. In order to achieve this responsibility, certain attributes such as AC size, Deligency, indepedence, diversity, expertise etc of this committee can affect the level of ICD.

The study examined the impact of AC attributes on intellectual capital disclosure of quoted banks in Nigeria. We find that the size, frequency of meeting, Independence and financial expertise of the AC do not have significant impact on ICD. But found that AC gender diversity has significant impact on ICD.

The study provides empirical evidence to policy makers to see the need to introduce framework that would put gender diversity into consideration during the nomination of AC members. The results would further strengthen extant literatures on the level of impact of AC attributes on ICD. However, the research focused on quoted banks in Nigeria, these may pose a limitation to the research. Further studies can be examined in other sectors of the economy and the consideration of other independent variables that may have impact on intellectual capital disclosure.

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