MEDIATING EFFECT OF AUDIT COMMITTEE EXPERTISE ON INTEGRATED REPORTING QUALITY AND FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA

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ABSTRACT

This study examined the mediating effect of audit committee financial expertise on integrated reporting quality and the financial performance of listed consumer goods companies in Nigeria. The study employed an ex post facto research design. The population and sample comprised all 16 consumer goods companies listed on the Nigerian Exchange Group (NGX). Secondary data were collected from the annual reports and accounts of the sampled companies through content analysis. Data for the dependent variable were extracted from 2014 to 2024, while integrated reporting quality (IRQ) data were obtained from the MachameRatios Database. The data were analysed using structural equation modelling (SEM). The findings showed that integrated reporting quality (IRQ) has a significant effect on Tobin's Q (TQ) of listed consumer goods companies in Nigeria. There is also a significant mediating effect of audit committee financial expertise (ACFE) on the relationship between integrated reporting quality and Tobin's Q of listed consumer goods companies in Nigeria. The study concluded that integrated reporting quality (IRQ) significantly affects the financial performance of listed consumer goods companies in Nigeria through both direct and indirect pathways. It recommended that companies adopt integrated reporting as a mandatory practice due to its influence on financial performance, and that managers carefully monitor the costs associated with producing additional disclosures, as higher IRQ may negatively affect financial outcomes.

Keywords: Integrated Reporting Quality, Audit committee financial expertise, Tobin's Quotient, and consumer goods companies

1.0 INTRODUCTION

Globally, the financial performance is of critical interest to investors, analysts, regulators, and researchers as it forms the basis for equity valuation, portfolio allocation, and risk assessment of the consumer goods companies. Improved financial performance enhances investor trust and market liquidity and reflects the broader health of the real sector, influencing tax revenues, industrial productivity, and employment generation. In Nigeria, despite the economic importance of the consumer goods sector, its financial performance has shown inconsistent and volatile trends

over the past years (Oyong et al., 2022; Ogar-Abang et al., 2022). This often diverges from underlying financial principles, raising concerns among stakeholders about the credibility of financial disclosures and the robustness of corporate reporting practices in affecting the performance of companies in Nigeria's capital market (Ruhana & Hidayah, 2020). This volatility is exacerbated by macroeconomic shocks such as currency devaluations, inflationary surges, and COVID-19 disruptions, thus heightening the scrutiny of how reporting quality, such as integrated reporting (IR), influences company's financial performance.

IR is adopted in many countries including Nigeria and has gained prominence as a framework for improving the transparency, relevance, and comparability of financial and non-financial reporting. Consequently, some researchers (Udoh et al. (2025) and Darminto et al. (2024)) examined empirically the effect of IR on the firm performance of companies, but the empirical findings on the effect of IR on financial performance remain inconclusive, particularly in emerging markets. While some studies have explored the impact of IR on financial performance (Etibensi & Onuh, 2025; Akpan et al., 2024; Shahria, 2023; Oyong et al., 2022), few have accounted for the quality of IR (Simona et al., 2018), which is a critical determinant of its usefulness to investors and other stakeholders. Moreover, most prior research (Belhouchet & Chouaibi, 2024; Ananzeh, 2024; Qaderi et al., 2024) has been concentrated in developed economies such as the U.S., U.K., and Australia, where institutional frameworks, regulatory enforcement, and governance structures differ significantly from those in Nigeria. As a result, findings from these countries may not be directly applicable to Nigeria's capital market, which is characterized by weaker enforcement and governance challenges.

Additionally, existing studies in Nigeria, such as Kukeng et al. (2026), Akpan et al. (2024), Oyong et al. (2022), and Ogar-Abang et al. (2022), overlooked the mediating role of corporate governance variables, particularly audit committee financial expertise, in the relationship between IRQ and financial performance. The audit committees with financial expertise are instrumental in overseeing disclosure quality, internal controls, and performance monitoring. Though some studies used the audit committee's expertise as a control variable, empirical studies that examined their mediating role remain sparse in the Nigerian context.

Furthermore, most existing studies adopt broad, cross-sector analyses that overlook industry-specific dynamics (Belhouchet & Chouaibi, 2024; Qaderi et al., 2024; Akpan et al., 2022; Olayinka & Adegboye, 2020). With few on specific sectors, Akpan et al. (2024) used the industrial sector, while Oyong et al. (2022), Ogar-Abang et al. (2022), and Oyong et al. (2022) used the financial sector. In particular, the consumer goods sector in Nigeria is under examined. Meanwhile, it is characterized by high visibility, economic relevance of substantial contributions to national GDP, and unique governance challenges such as supply chain transparency, consumer protection pressures, and heightened stakeholder expectations, which require focused investigation. These underscore the need for a focused inquiry into how governance structure specifically, audit committee expertise, and IRQ specifically influence firm performance within this context.

Thus, this research fills a critical gap by examining sector-specific interactions among reporting quality, governance, and performance outcomes. Accordingly, this study addresses a critical gap in the literature by exploring the sector-specific interplay between audit committee financial expertise, integrated reporting quality, and financial performance outcomes in Nigeria's consumer goods industry. By doing so, it provides insights that are both practically relevant for policymakers and industry stakeholders and theoretically significant for advancing governance and accountability research in emerging economies.

Therefore, this study formulates the following research hypotheses in null forms.

HO1: Integrated reporting quality has no significant effect on Tobin's Quotient (TQ) of listed consumer goods companies in Nigeria.

HO2: There is no significant mediating effect of audit committee financial expertise (ACFE) on the relationship between integrated reporting quality and Tobin's Q of listed consumer goods companies in Nigeria.

2.0 REVIEW OF RELATED LITERATURE

2.2 Conceptual Framework

This part of the paper provides the conceptual framework of integrated reporting quality, audit committee financial expertise, and financial performance variables, as well as the theoretical review and review of empirical studies.
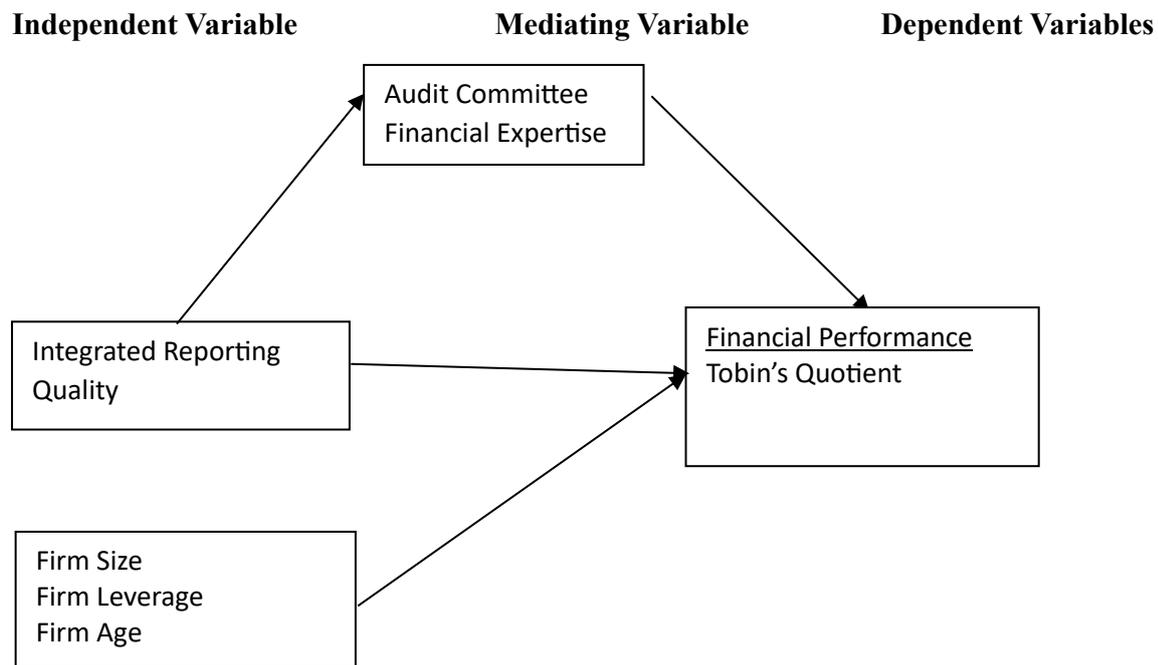
Independent Variable   **Mediating Variable**   **Dependent Variables**

Figure 1: Schema of the Study Variables

The schema presents the expected relationship between the study variables. Integrated reporting quality as an independent variable has a direct effect on financial performance metrics of TQ. But as the relationship is not expected to be very direct, a mediator variable called audit committee financial expertise is brought in to influence the nature and quality of integrated reports provided by consumer goods companies. In such a case, it is also expected that this audit committee financial expertise should also have a direct effect on financial performance to achieve mediation. The overall impact of the mediation is how the quality of integrated reporting affects financial performance through the audit committee, which has a strong level of financial expertise, as shown in the conceptual model.

2.2.1 Integrated Reporting Quality

Integrated reporting quality (IRQ) conceptually is the degree of compliance of integrated reports with the provision of relevant framework (Moloi, 2020). Integrated Reporting Quality (IRQ) refers to the extent to which an integrated report complies with the relevant Integrated Reporting framework and effectively presents cohesive, decision-useful information (Moloi, 2020; Pistoni et al., 2018; Eccles & Serafeim, 2017). It is commonly measured using the Integrated Reporting

Scoreboard (IRS), which evaluates reports across key dimensions such as background, content substance, form, assurance, and reliability (Pistoni et al., 2018; Supratiwi et al., 2022).

Although Integrated Reporting Quality (IRQ) has been widely discussed, no universally accepted definition exists, largely due to the subjective nature of "quality" and differing stakeholder expectations (Pistoni et al., 2018). Broadly, IRQ reflects the ability of integrated reporting to coherently present strategic elements that explain a firm's performance and value creation over the short, medium, and long term (Pistoni et al., 2018). Its conceptual foundations in financial, sustainability, and corporate social responsibility reporting suggest that IRQ should be assessed using qualitative characteristics and measurement indexes developed for both financial and non-financial reporting, such as those proposed by Jonas and Blanchet (2000) and Braam and van Beest (2013). Consequently, IRQ remains an evolving construct, with ongoing debate regarding its definition and optimal assessment framework (Eccles & Serafeim, 2017).

2.2.2 Financial Performance

Financial performance reflects a company's long-term financial health and its ability to enhance revenue, profitability, and shareholder value through effective management of assets, financing, equity, income, and expenditures (Velte, 2022). It provides stakeholders with reliable and timely financial information to support informed economic decision-making and enables comparison among firms within the same industry. As evidenced in financial statements, strong financial performance often incentivizes management to engage in higher-quality disclosure practices Velte, 2022). In this section, financial performance measurement is categorized into accounting-based measurements and marketing-based measurements, but since information disclosed by companies reflects on the markets for the reaction of market participants, Tobin' Q as a market-based measure is used to explain financial performance in this study. Tobin's Q is a traditional measure of expected long-run firm performance (Songini, et al. 2023). The use of the market value of equity may reflect a firm's future growth opportunities, which could arise from factors exogenous to managerial decisions, as indicated by the company's performance level. In addition, a high Q ratio signals success in that the firm has effectively leveraged its investments to enhance its value, resulting in a market value that exceeds its book value (Maama & Marimuthu, 2022).

Moreover, market-based expectations of firm performance may create incentives for management to adjust their equity holdings based on anticipated future performance. It is defined as the ratio of the market value of the company to the book value of its total assets, where the market value of the company is measured as the sum of the market value of equity and the book value of total liabilities (Ghani et al, 2023). The formula for TQ is as follows:

TQ = [(Market Value of common stock + Book Value of preference stock + Book Value of borrowings + Book Value of Current liabilities) / (Book value of Fixed Assets + Investment + Current Assets)] at the year end.

2.2.3 Audit Committee Financial Expertise

Accounting or financial expertise are attributes/qualifications or experience acquired by a person before becoming a board member of a company. Most of the global financial regulations mandate that at least one member of the audit committee should be a financial expert. And, the provision of Companies and Allied Matters Act (CAMA) Section 359 (3) and (4) required that at least one board member of the audit committee should be financially literate. The Sarbanes-Oxley Act (2002) mandates that at least one member of the audit committee must be a financial expert. In the UK, the Smith report (2003) echoes the views of the Sarbanes-Oxley Act and specifies that at least one audit committee member must have significant, recent and relevant financial expertise.

Financial expertise refers to the knowledge, qualifications, or experience an individual possesses prior to joining a company's board. Most international financial regulations require that at least one member of the audit committee have such expertise. Similarly, the Companies and Allied Matters Act (CAMA) Sections 359(3) and (4) stipulate that at least one audit committee member must be financially literate. In the United States, the Sarbanes-Oxley Act (2002) also mandates that at least one audit committee member be a financial expert. In the United Kingdom, the Smith Report (2003) reinforces this requirement, specifying that at least one member should possess substantial, recent, and relevant financial expertise (Uyar et al., 2013; CAMA, 2020; Sarbanes-Oxley Act, 2002; Smith, 2003). Financial reporting and the associated internal control processes are inherently complex, and only board members with relevant expertise in accounting, finance, or business possess the capability to fully understand and appropriately evaluate them (Mwangi, 2018).

In Nigeria, the expertise requirements for audit committees were established under the 2011 SEC Code and the 2006 Post-Consolidation CBN Code, among other regulatory frameworks. These codes mandate that at least one audit committee member must possess financial management and accounting expertise (Asiriuwa et al., 2018). Research indicates that the presence of financially knowledgeable members enhances the committee's ability to detect and prevent earnings management (Juhmani, 2017) and strengthens financial oversight, thereby improving overall firm performance (Kibiya et al., 2016). Additionally, audit committees composed of members with the requisite financial expertise are better positioned to understand the capital market implications of financial statement disclosures, which can enhance reporting quality and reduce information asymmetry (Li et al., 2012). Consequently, Nigerian corporate governance regulations require that financial statements be reviewed and interpreted by at least one competent audit committee member.

2.3 Theoretical review

This study is grounded in signaling theory, as integrated reporting is intended to convey information to the market, prompting appropriate reactions. The theory was first introduced by Spence (1973) in his foundational work on labor markets, which demonstrated how job applicants can use certain behaviors to reduce the information asymmetry that hinders employers' ability to select suitable candidates. Spence showed that high-quality candidates differentiate themselves from lower-quality ones through costly signals, such as obtaining advanced education. At its core, signaling theory addresses the reduction of information asymmetry between parties (Spence, 1973; Connelly et al., 2011).

Signaling theory suggests that firms communicate information to the market, particularly current and potential investors, to demonstrate awareness of and responsiveness to investor needs (Spence, 1973; Connelly et al., 2011). Beyond mandatory reporting, companies often provide additional disclosures to distinguish themselves as attractive investment options. Integrated reporting exemplifies such signaling by presenting balanced information on risks, opportunities, and strategies for value creation, both for the firm and its stakeholders (IIRC, 2013). High-quality integrated reports can signal a firm's strategic initiatives toward shareholder wealth maximization, potentially lowering information asymmetry and reducing the cost of equity capital (Jensen & Meckling, 1976; IIRC, 2013). In the Nigerian market, where information opacity and weak institutional frameworks heighten investor uncertainty, signalling theory positions integrated reporting as a strategic tool through which listed firms can credibly differentiate themselves by communicating governance strength, strategic clarity, and transparency to both domestic and foreign investors. Nigerian firms that voluntarily produce high-quality integrated reports signal their commitment to balanced disclosure of risks, opportunities, and value creation strategies —

qualities particularly valued in a market historically characterized by low investor confidence and limited disclosure culture.

2.4 Empirical Studies

2.4.1 Integrated Reporting Quality and Tobin's Q

Kukeng et al. (2026) examined the effect of Integrated Reporting Quality (IRQ) on financial performance of listed consumer goods companies in Nigeria over the period 2014–2024. The study sampled all 16 consumer goods companies listed on the Nigerian Exchange Group (NGX). Data were analyzed using descriptive and inferential statistics alongside Structural Equation Modeling (SEM). Findings revealed that IRQ has a significant effect on Tobin's Q (TQ), with results indicating a significant negative impact on financial performance, highlighting the importance of monitoring reporting costs.

Udoh et al. (2025) investigated the effect of integrated reporting on firm value in 15 listed consumer goods firms in Nigeria over the period 2014–2023. Using a correlational research design and panel multiple regression analysis, Tobin's Q and market prices were employed to measure firm value, while controlling firm size. The study found that integrated reporting significantly enhances firm value, with disclosures on financial, manufacturing, and social/relational capital positively affecting Tobin's Q, though human and intellectual capital disclosures had no significant impact.

Alatawi et al. (2025) conducted a quantitative analysis of 177 publicly listed firms across six Gulf Cooperation Council (GCC) countries over the period 2017–2018 to 2022–2023 to examine the relationship between integrated reporting and market-based firm value. Using advanced panel techniques (system GMM) and firm value measured by Tobin's Q, they found a positive and robust association between the quality of integrated reporting disclosures and firm value, indicating that enhanced transparency, accountability, and sustainability disclosures strengthen investor confidence and market valuation in the GCC context.

Samuel et al. (2023) conducted a literature review covering studies from 2010 to 2022 across multiple countries, including both developed and emerging markets. The review found mixed evidence on the relationship between integrated reporting and firm financial performance, with many studies showing that high-quality integrated reporting improves market-based performance (e.g., Tobin's Q), while others report inconclusive or context-dependent results.

Akpan et al. (2022) examined the impact of integrated reporting on the value of 59 listed manufacturing firms in Nigeria over the period 2011–2020, using human, manufacturing, and social/relationship capital disclosure indices as proxies for integrated reporting and Tobin's Q to measure firm value. The study employed an ex post facto research design with purposive sampling, using secondary data from annual reports and the Nigerian Exchange Group. Results indicated that disclosure of human capital information significantly enhances firm value, highlighting the importance of human capital reporting in integrated reports.

Oktorina (2021) investigated the diffusion and adoption of integrated reporting across 29 countries and 148 companies using secondary data. The study measured integrated reporting disclosure quality through content analysis based on IIRC (2013) principles and elements, and tested hypotheses using a fractional probit regression model. Results indicated that competition from new entrants and higher country-level accounting competence significantly encourage companies to adopt the International Integrated Reporting Framework.

Wiwik et al. (2022) examined the impact of textual attributes on Integrated Reporting Quality using 973 integrated reports from companies in Asia and Europe over the period 2016–2019, a transition period for voluntary IR adoption. The study focused on countries where integrated reporting was rapidly adopted but still voluntary, based on the IIRC framework (Deloitte, 2015). Findings showed that textual attributes, including readability difficulty and word length, significantly influenced the quality of integrated reporting across both regions.

Nwoye et al. (2022) examined the effect of integrated reporting on stock values in Nigeria and South Africa from 2015 to 2018, using Tobin's Q as a proxy for firm value. The study classified integrated reporting based on five capitals: financial, human, natural, social/responsibility, and intellectual, and employed panel multiple regression analysis, with the Hausman test guiding the choice between fixed and random effects. Results showed that integrated reporting significantly enhances firm value in both countries, indicating that companies adopting IR practices tend to have higher market valuations.

Nwoye et al. (2021) assessed the impact of integrated reporting on firm value in oil and gas companies in Nigeria and South Africa over the period 2015–2018, using Tobin's Q as a proxy for firm value. Integrated reporting was measured across five capitals: intellectual, human, natural, social/responsibility, and financial, with preliminary analyses including descriptive statistics and correlation matrices. Using panel multiple regression and the Hausman test to select between fixed and random effects, the study found that integrated reporting has a significant positive effect on firm value in both countries.

Dian et al. (2020) evaluated Integrated Reporting Quality (IRQ) for European firms using 126 integrated reports from 2016 and 2017 obtained from the IIRC database. The study employed content analysis based on the 2013 International Integrated Reporting Framework to assess report quality. Findings showed that European firms produced moderate-quality integrated reports, with a notable improvement in readability, clarity, and content elements from 2016 to 2017.

2.4.2 Integrated Reporting Quality and Audit Committee Financial Expertise

Belhouchet and Chouaibi (2024) examined the relationship between audit committee attributes and Integrated Reporting Quality (IRQ) using 360 European firms from the STOXX Europe 600 index over the period 2010–2021. The study applied panel multiple regression analysis with generalized least squares (GLS) estimation to test the effect of audit committee characteristics on IRQ. Results indicated that audit committee independence and frequency of meetings significantly enhance IRQ, whereas financial expertise of the committee showed no significant impact.

Qaderi et al. (2024) investigated the impact of audit committee expertise (ACE) on Integrated Reporting (IR) quality in the Malaysian market, using data from firms' annual reports and Thomson Reuters DataStream for the period 2017–2021. The study also examined the moderating role of family ownership on this relationship. Findings revealed that audit committee expertise positively enhances IR quality, promoting more transparent disclosure, while family ownership negatively moderates the ACE–IR quality relationship.

2.4.3 Audit Committee Financial Expertise and Financial Performance

Singhania and Panda (2024) investigated the effect of Audit Committee (AC) composition on firm performance, measuring AC composition (ACC) using a composite score based on the impact of individual committee characteristics. The study employed Partial Least Squares–Structural Equation Modeling (PLS-SEM) to assess the weights of ACC characteristics. Results showed that AC composition significantly enhances firm performance, with the absence of executive directors

contributing the most, followed by AC size and gender diversity, while AC independence and members' accounting and financial expertise had no significant effect.

Wandari and Utami (2024) investigated the impact of integrated reporting disclosure and foreign ownership on firm performance in Indonesia, using a sample of 428 companies selected through purposive sampling (period not explicitly stated). The study employed multiple regression analysis in SPSS, with audit committee expertise as a moderating variable. Results showed that integrated reporting positively affects financial performance both directly and indirectly through audit committee expertise, while foreign ownership, audit committee expertise alone, profitability, and firm size had no significant effect on integrated reporting.

Umoh-Daniel et al. (2021) examined the impact of audit committee (AC) characteristics on the financial performance of 18 listed consumer goods companies in Nigeria over the period 2010–2019. The study used secondary data from annual reports and applied panel regression analysis to assess the effects of AC attributes. Findings revealed that AC meeting frequency, independence, size, and expertise significantly influence financial performance, highlighting the critical role of audit committees in companies.

3.0 METHODOLOGY

This study adopted an ex post facto research design, which involves analyzing data after events have occurred, without manipulation or control of independent variables, as the situation under study has already taken place. The research focused on 16 consumer goods companies listed on the Nigerian Exchange Group as of 31st December 2024. A census sampling technique was used, as the population was small and fully manageable. Integrated reporting Quality (IRQ) as an independent variable was used wholly while financial performance as a dependent variable was represented by TQ. The mediating variable was AC financial expertise.

Table 1: Summary of Variable Definition and Measurement

Variable	Acronym	Type	Measurement	Source
Tobin's Quotient	TQ	Dependent	Market value of company divided by book value	Songini, et. al. (2023); Maama & Marimuthu (2022); Sanchez-Ballesta & Garcia-Meca (2017); Akpan et al., (2022); Nurkumalasari et al., 2019),
Audit Committee Financial Expertise	ACFE	Mediator	Number of audit committee member with accounting and finance knowledge	Li et al. (2012); Kibiya et al. (2016); Juhmani (2017); Asiriuwa et al., (2018)
Firm Size	SIZE	Control	Natural logarithm of total assets	Ariyani & Hartomo (2018); Ruhana & Hidayah (2020); Abdulsalam & Babangida (2020);
Firm Age	AGE	Control	Number of yers the company has been listed	Badulescu,et al ((2018); Okoye & Adeniyi (2018); Fahad & Nidheesh, (2020)
Firm Leverage	LEV	Control	Long term loans divided by total assets	Ariyani & Hartomo (2018);; Nguyen & Nguyen (2020); Fahad & Nidheesh, (2020);

Source: Compiled by Researcher, 2025.

Descriptive and inferential statistics were applied in the analysis of the data. In this study, structural Equations Modelling (SEM) was used to analyse the data, as it is an appropriate tool to test the theory in human behaviour contexts and is more appropriate for studies analysing both direct and indirect effects. In SEM, the goodness of fit model needs to be satisfied before doing the hypothesis testing. The models of the study were specified as follows:

FP= f(TQ)…………….. (1)

FP = f(IRQ)

where,

FP=Financial Performance represented by TQ

IRQ = Integrated Reporting Quality

f =function

With the introduction of the mediating variable, Audit Committee Financial Expertise (ACFE), the implicit model of the study becomes:

TQ = f(IRQ)

TQ =f(ACFE)

ACFE =f(IRQ)

The specific functional models which show the direct and indirect effects of IRQ, ACFE on financial performance are shown below:

$$TQ = \beta_0 + \beta_1 \, AFCE_{it} + e \, ...(2)$$

$$ACFE = \beta_0 + \beta_1 \, IRQ_{it} + e \, ...(3)$$

$$TQ = \beta_0 + \beta_1 \, IRQ_{it} + \beta_2 \, ACFE_{it} + \beta_3 SIZE_{it} + \beta_4 \, LEV_{it} + \beta_5 AGE_{it} + e \, ...(4)$$

where

ACFE = Audit Committee Financial Expertise of firm i at time t

FP=Financial Performance represented by TQ of firm i at time t

IRQ = Integrated Reporting Quality of firm i at time t

SIZE = firm size of firm i at time t

LEV = firm Leverage of firm i at time t

AGE = Firm Age of firm i at time t

β_0 =the constant of firm i at time t

$\beta_1 – \beta_4$ = the regression coefficients

it = firm i at time t

e =the error term used in the regression model.

4.0 Data presentation, Analysis and Discussion of Results

The data collected for this study were presented in the raw form in tables for analysis while the STATA output is presented in Appendix C. This section presents the descriptive statistics of the dependent and independent variables and regression result in tables as follows:

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std.dev	Min	Max
TQ	176	2.19125	1.911278	.47	9.93
IRQ	176	72.61415	13.52065	38.46	93.33
ACFE	176	.3635795	.235222	.01	.8
TA	176	8.11e+08	2.46e+09	203973	1.52e+10
LEV	176	.4211364	.2543515	.01	.99
AGE	176	53.375	21.24971	4	99

Source: STATA output, 2025.

Table 2 presents the descriptive statistics for Tobin's Q (TQ), Integrated Reporting Quality (IRQ), audit committee financial expertise (ACFE), firm size (SIZE), leverage (LEV), and firm age (AGE) for the 16 sampled consumer goods companies in Nigeria over 11 years, yielding 176 observations. The mean Tobin's Q of 2.19 indicates that, on average, these companies are capable of undertaking investments supporting both financial and non-financial reporting. Companies with TQ below 1 (minimum 0.47) may struggle to make such investments, suggesting that the sampled firms' generally high TQ values position them well to adopt integrated reporting practices and demonstrate strong corporate citizenship.

The Integrated Reporting Quality (IRQ) for the sampled companies has a mean of 72.61, indicating a generally high level of integrated reporting during the period under review. This reflects approximately 72.61% compliance with both financial and non-financial reporting, providing detailed and relevant information to investors and other stakeholders. While the minimum IRQ of 38.46% shows moderate adoption by some companies, the maximum of 93.33% demonstrates that certain firms produce high-quality integrated reports capable of addressing the information needs of diverse stakeholder groups.

For the mediating variable, audit committee financial expertise (ACFE), the mean value of 36.36% indicates that, on average, financial experts make up just over one-third of the audit committee members. This composition suggests that the audit committee, as a governance mechanism, is positioned to influence both financial and non-financial decisions of the companies. With a minimum of 0.01, maximum of 0.80, and a standard deviation of 0.2352, the data show relatively limited variation, implying that a substantial presence of financial expertise on audit committees can support thorough discussions and the preparation of high-quality integrated reports covering both financial and non-financial aspects of Nigerian consumer goods companies.

For the control variables, firm size (SIZE) has a mean of ₦811 billion with a high standard deviation of ₦2.460 billion, indicating that the sampled companies possess substantial asset bases capable of supporting both financial and social investments, consistent with their high Tobin's Q values. Leverage (LEV) shows a mean of 42.11% with a standard deviation of 25.44%, suggesting that the companies are generally lowly geared, financed more by equity than debt, though individual firms range from very low (1%) to highly leveraged (99%). Firm age (AGE) averages 52 years, implying that these established companies have sufficient experience to consolidate past gains and are

potentially more open to adopting changes such as integrated reporting and other modern operational practices.

4.2.4 Regression analysis using SEM

This section of the study analyses the multiple regression result divided into direct and indirect effects. The result is presented in table 12.

Table 3: SEM result

TQ Model	Coefficient	Robust Error	Std	z	prob>/z/
IRQ	-0.1318	0.0498		-2.64	0.008
IRQ-ACFE	0.4352	0.0473		9.20	0.000
SIZE	0.1025	0.1097		0.93	0.350
LEV	-0.007	0.1127		-0.006	0.950
AGE	0.0148	0.0289		0.51	0.610
Cons	0.8768	0.699		5.16	0.000

Source: Compiled by the researcher, 2025.

Direct Effect

Table 3 presents the Structural Equation Modeling (SEM) results for the direct effect of Integrated Reporting Quality (IRQ) on financial performance (Tobin's Q) of listed consumer goods companies in Nigeria. The results indicate that a 1% increase in IRQ reduces Tobin's Q by 0.1318, suggesting that improving integrated reporting quality can lower firm market valuation by 13.18%. This may occur because the cost of producing additional high-quality information increases total firm costs, and since TQ relies on book values, managerial discretion in earnings reporting can create information asymmetry, potentially reducing the perceived replacement value of the firm.

Indirect Effect

Table 3 also shows the indirect effect of Integrated Reporting Quality (IRQ) on Tobin's Q (TQ) through audit committee financial expertise (ACFE). When mediated by ACFE, IRQ increases TQ by 0.4352 (43.52%), reversing the direct negative effect of -0.1318 (13.18% reduction), resulting in a net increase of 56.70%. This demonstrates that audit committee financial expertise partially mediates the relationship between IRQ and financial performance, enhancing TQ while also increasing the statistical significance of IRQ's effect on TQ from 0.008 to 0.000, highlighting its relevance in improving firm valuation.

4.3 Test of Research Hypotheses

This section tests the research hypotheses that were stated in chapter one in their null forms.

HO1: IRQ has no significant effect on Tobin's Quotient (TQ) of listed consumer goods companies in Nigeria.

Table 3 contains the result for testing this hypothesis. The table shows that the prob>/z/ value of 0.008 is less than 0.05 (0.008<0.05). This means that the null hypothesis was rejected thereby concluding that IRQ has significant effect on Tobin's Quotient (TQ) of listed consumer goods companies in Nigeria.

HO2: There is no significant mediating effect of audit committee financial expertise (ACFE) on the relationship between IRQ and Tobin's Q of listed consumer goods companies in Nigeria.

Table 3 contains the result for testing this hypothesis. The table shows that the prob>/z/ value of 0.000 is less than 0.05 (0.000<0.05). This means that the null hypothesis was rejected thereby concluding that there is significant mediating effect of audit committee financial expertise (ACFE) on the relationship between IRQ and Tobin's Q of listed consumer goods companies in Nigeria.

4.4 Discussion of Findings

The discussion of the study's findings in this section is based on the study objectives as follows:

4.4.1 Integrated Reporting Quality and Tobin's Quotient

The first objective of this study was to examine the effect of Integrated Reporting Quality (IRQ) on Tobin's Q (TQ) of listed consumer goods companies in Nigeria. The results showed that IRQ has a significant negative effect on TQ, implying that improving the quality of integrated reports can reduce the replacement value of these companies. This finding aligns with Adeboyegun et al. (2020), who found a long-term significant effect of IR on bank performance in Nigeria, while other studies show mixed results: Chouaibi et al. (2022) reported a positive effect of IRQ on Islamic banks' performance in the MENA region, Oyong et al. (2022) found a positive effect of IR on Nigerian finance companies, and Nurkumalasari et al. (2019) observed no effect of IR on firm value in highly leveraged Asian firms.

4.4.2 Integrated Reporting Quality, Audit Committee Financial Expertise and Tobin's Quotient

To address whether audit committee financial expertise (ACFE) mediates the relationship between Integrated Reporting Quality (IRQ) and Tobin's Q (TQ), hypothesis two showed that ACFE has a significant partial mediating effect on this relationship for listed consumer goods companies in Nigeria. This implies that Audit committee financial expertise raises the quality bar for integrated reports, forcing disclosures to be complete, credible, connected, and unmanipulated. This, in turn, closes the information gap between management, stakeholders and the market thereby reducing adverse selection, disciplining moral hazard, and ultimately lowering the cost of capital for the firm. ACFE is therefore not merely a governance input but a market efficiency mechanism operating through the integrated reporting channel.These findings align with studies such as Yee and Lian (2021) and Qaderi et al. (2024), which highlight the positive role of AC expertise in improving IR quality and firm performance, although other studies like Singhania and Panda (2024), Belhouchet and Chouaibi (2024), and Wandari and Utami (2024) found no significant effect of audit committee financial expertise on IR, firm performance, or disclosure, reflecting mixed evidence in the literature.

5.0 CONCLUSION AND RECOMMENDATIONS

This study investigated the mediating effect of audit committee financial expertise (ACFE) on the relationship between Integrated Reporting Quality (IRQ) and financial performance of listed consumer goods companies in Nigeria. Using an ex post facto research design, the study sampled 16 companies listed on the Nigerian Exchange Group (NGX) and analyzed secondary data from annual reports via content analysis from the MachameRatios Database. The analysis, conducted using descriptive statistics and Structural Equation Modeling (SEM), revealed that IRQ has a significant negative effect on Tobin's Q, while ACFE exerts a significant positive mediating effect, indicating that it partially mediates the relationship between IRQ and financial performance measures by Tobin's Q.

Based on the findings of this study, it is recommended that managers of consumer goods companies in Nigeria closely monitor the cost-effectiveness and efficiency of integrated reporting, given the significant but negative direct effect of IRQ on market performance (Tobin's Q). Managers should leverage the financial expertise of audit committee members to enhance the quality of financial and non-financial disclosures, as this can partially reverse the negative effect of IRQ and ensure reports provide meaningful value to stakeholders. Finally, the results suggest that the Financial Reporting Council of Nigeria and other standard setters should consider making integrated reporting mandatory, enforcing comprehensive and standardized reporting practices to reduce information asymmetry and improve the credibility of corporate reports in line with global best practices.

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