Examining the Effect of Audit Committee Attributes on Firm Financial Performance with The Moderating Role of Audit Quality

Applied Study on the Egyptian listed Companies of Food and Beverage Sector

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ABSTRACT

Purpose – The study aims to examine the impact of audit committee attributes on financial performance through audit quality as a moderator. Audit committee attributes are measured by its size, independence, financial expertise. Financial performance is measured by return on assets, return on equity, return on sales, earnings per share, and Tobin's Q, while audit quality is measured by audit fees.

Design/methodology/approach – The study utilizes a deductive approach to test hypotheses derived from financial theories using empirical data from 28 companies listed on the Egyptian Exchange between 2016 and 2022. Correlation and GLS regression analyses were conducted as well as fixed versus random effects were tested using Hausman test.

Findings – The results indicated that audit quality has a significant role in enhancing the relationship between audit committee attributes and financial performance, as many results converted from partially supported to fully supported after adding the moderating effect of audit quality.

Practical implications – The main implication of this research is showing the impact that could be played by audit quality in the relationship between audit committee attributes and financial performance.

Research limitations–limitations related to the time frame, and the sample.

Keywords – Audit Committee Attributes, Financial Performance, Audit Quality.

1. INTRODUCTION

In today's intricate financial landscape, the importance of robust corporate governance mechanisms cannot be overstated. Among these mechanisms, the audit committee stands as a critical pillar, tasked with safeguarding the interests of shareholders by ensuring the integrity and transparency of financial reporting (Alhababsah and Azzam, 2024). Over the years, significant scholarly attention has

been directed towards understanding the determinants of audit quality and its implications for firm financial performance. However, the precise mechanisms through which the audit committee attributes influence firm financial performance via audit quality remain a subject of ongoing debate and exploration (Iliemena and Okolocha, 2019).

Audit committee attributes play a crucial role in ensuring the transparency and integrity of a firm's financial reporting processes (Leng, 2023). These attributes encompass various factors such as the independence, expertise, and diligence of committee members, as well as the effectiveness of their communication with management and external auditors (Syofyan et al., 2021). A well-structured and proficient audit committee can enhance the quality of financial reporting, mitigate the risks of financial misstatements or fraud, and ultimately bolster investor confidence (Oudat et al., 2021). Studies have shown that firms with strong audit committees tend to exhibit better financial performance, as they are better equipped to identify and address potential issues in a timely manner, thereby minimizing the likelihood of adverse financial outcomes. Additionally, such committees contribute to improved corporate governance practices, fostering trust among stakeholders, and creating a more conducive environment for sustainable growth and value creation (Aanu et al., 2014).

An audit committee composed of independent directors who are not affiliated with the company's management or major shareholders ensures impartial oversight of financial reporting (Ojuwa and Mwangi, 2023). This independence reduces the likelihood of conflicts of interest and enhances the committee's ability to scrutinize financial information objectively. As a result, investors perceive the firm as more trustworthy and are more likely to invest, leading to improved access to capital and potentially lower cost of capital, thus positively impacting financial performance (Aldamen et al., 2012). A diverse audit committee with members possessing relevant financial, accounting, and industry expertise can provide valuable insights into complex financial matters (Alhababsah and Yekini, 2021). Their understanding of industry-specific risks and accounting principles enables them to ask pertinent questions and challenge management's assumptions, leading to more accurate financial reporting. Additionally, knowledgeable committee members can better evaluate the effectiveness of internal controls and risk management practices, reducing the likelihood of material misstatements or fraudulent activities that could harm financial performance (Fariha et al., 2022).

An effective audit committee demonstrates diligence in its oversight responsibilities by conducting regular meetings, thoroughly reviewing financial reports, and actively engaging with management and external auditors (Cohen et al., 2017; Oussii et al., 2019). Through meticulous review processes, the committee can identify potential red flags or areas of concern in a timely manner, allowing for prompt corrective action to be taken. This proactive approach helps mitigate risks and ensures the accuracy and reliability of financial information, which in turn enhances investor confidence and positively influences firm financial performance (Abeygunasekera et al., 2021). Clear and open communication between the audit committee, management, external auditors, and other stakeholders is essential for effective oversight of financial reporting. Regular communication channels facilitate the exchange of information, concerns, and feedback, enabling the committee to stay informed about key developments and emerging risks. Effective communication also fosters a culture of transparency and accountability within the organization, which is critical for maintaining investor trust and confidence in the firm's financial performance (Kallamu and Saat, 2015).

In summary, audit committee attributes such as independence, expertise, diligence, and communication are fundamental to ensuring the integrity of financial reporting processes and enhancing investor confidence. Firms with strong audit committees are better positioned to identify and mitigate risks, thereby improving financial performance and creating long-term value for shareholders (Odjaremu and Jeroh, 2019). Therefore, this research endeavors to contribute to this discourse by undertaking a comprehensive examination of the impact of audit committee attributes on firm financial performance, moderated by the lens of audit quality. By delving into this nuanced relationship, this study seeks to provide valuable insights for regulators, policymakers, auditors, investors, and corporate stakeholders alike.

In recent decades, corporate scandals and financial irregularities have underscored the indispensable role of audit committees in corporate governance. These scandals, including Enron, WorldCom, and more recently, cases like Satyam Computers in India and Toshiba in Japan, have highlighted the significance of audit committee oversight in ensuring the reliability and accuracy of financial reporting. Consequently, regulators worldwide have instituted reforms aimed at enhancing audit committee effectiveness and independence to bolster investor confidence and mitigate financial risks (Singhania and Panda, 2023).

Amidst this backdrop, academic inquiry has increasingly focused on understanding the factors that influence audit quality and its implications for firm performance. Audit quality, characterized by the competence, objectivity, and independence of auditors, serves as a fundamental determinant of the reliability of financial statements. Scholars have identified various factors that contribute to audit quality, including audit committee characteristics such as independence, expertise, size, and diligence. However, the precise mechanisms through which these attributes affect firm financial performance remain elusive and warrant further investigation (Ibrahim et al., 2015). The primary objective of this research is to examine the relationship between audit committee attributes and firm financial performance, and the moderation role of audit quality.

Specifically, the study aims to analyze the impact of audit committee independence on audit quality and firm financial performance, to assess the influence of audit committee expertise and diligence on audit quality and firm financial performance. Moreover, the research aims to explore the moderating effects of firm-specific characteristics, such as industry type, firm size, and financial leverage, on the relationship between audit committee attributes, audit quality, and firm financial performance and to provide empirical evidence and theoretical insights that contribute to the existing body of knowledge on corporate governance, audit quality, and firm performance.

This research adopts a theoretical framework grounded in agency theory and stewardship theory to elucidate the relationship between audit committee attributes, audit quality, and firm financial performance. According to agency theory, conflicts of interest arise between principals (shareholders) and agents (managers) due to information asymmetry and misaligned incentives. Audit committees, as representatives of shareholders, serve to mitigate these conflicts by overseeing financial reporting and ensuring the accountability and transparency of managerial actions. Stewardship theory, on the other hand, posits that managers act as stewards, prioritizing the long-term interests of the firm and its stakeholders. In this context, effective audit committees act as facilitators of stewardship behavior, enhancing managerial accountability and preserving firm value.

In conclusion, this research aims to shed light on the intricate moderation role of audit quality on relationship between audit committee attributes and firm financial performance. By undertaking a comprehensive examination of this relationship, this study seeks to contribute to both academic scholarship and practical endeavors aimed at enhancing corporate governance practices and safeguarding shareholder interests in an increasingly complex and dynamic business environment.

2. THEORETICAL BACKGROUND

In this section, audit committee attributes, firm financial performance, and audit quality will be discussed in terms of their definitions and measurement as they appeared in previous studies. This section is divided into three sub-sections, the first sub-section consists of audit committee attributes, the second sub-section consists of financial performance, its definition and methods of calculation, and the third section includes audit quality, its definition and methods of measurement.

Audit Committee Attributes

Audit committee attributes encompass a spectrum of characteristics that define the composition, responsibilities, and effectiveness of the audit committee within an organization's corporate governance framework (Wu et al., 2018). These attributes typically include the size of the audit committee, which determines the breadth of expertise and diversity of perspectives available for financial oversight. A larger committee often allows for more comprehensive scrutiny of financial reporting processes and reduces the risk of oversight gaps (Garad et al., 2021). Moreover, the independence of audit committee members is paramount to ensuring impartial judgment and effective oversight. Independence safeguards against conflicts of interest and promotes objective decision-making, enhancing the credibility and integrity of the audit function (Asiriuwa et al., 2018).

Audit committee attributes are commonly measured by key indicators such as audit committee size, audit committee independence, and audit committee financial expertise (Endrawes et al., 2020). The size of the audit committee influences its ability to fulfill its oversight responsibilities effectively, with larger committees generally better equipped to handle the complexities of financial reporting and auditing processes (Shepardson, 2019). Independence, on the other hand, ensures that committee members are free from any undue influence or conflicts of interest that may compromise their ability to act in the best interests of shareholders and stakeholders. Furthermore, the presence of financial expertise within the audit committee is crucial for interpreting complex financial information, assessing audit quality, and engaging in meaningful dialogue with external auditors to enhance transparency and accountability in financial reporting practices. These attributes collectively contribute to the robustness of corporate governance structures and the reliability of financial information provided to investors and other stakeholders (Ahmed Haji, 2015).

Audit Quality

Audit quality refers to the degree of assurance provided by an audit process regarding the accuracy, completeness, and reliability of financial statements and disclosures (AL-Qatamin and Salleh, 2020). It encompasses the thoroughness of audit procedures, the competence and independence of auditors, and the effectiveness of audit oversight mechanisms. A high-quality audit not only detects material misstatements and errors in financial reporting but also enhances investor confidence by providing credible and transparent information about the financial health and performance of an organization (Al-Dmour, 2018). Additionally, audit quality extends beyond mere compliance with regulatory requirements to encompass the ability of auditors to exercise professional judgment, identify and address risks, and communicate effectively with stakeholders (Tepalagul and Lin, 2015).

Audit quality is often measured by various indicators, one of which is the audit fee. The audit fee represents the compensation paid by a company to its external auditors for conducting the audit and providing related assurance services (Mansur et al., 2022). While audit fees alone do not determine audit quality, they can serve as a proxy for the resources allocated to the audit engagement and the level of scrutiny applied to financial statements. Higher audit fees may indicate greater complexity in the audit process, increased scope of work, or heightened regulatory scrutiny, all of which can contribute to enhanced audit quality. However, it is essential to recognize that audit quality is a multifaceted concept influenced by factors such as auditor independence, expertise, and the adequacy of audit procedures, with audit fees serving as one of several measures used to assess the overall effectiveness of the audit process (Hribar et al., 2014).

Financial Performance

Financial Performance refers to the assessment of a company's ability to generate profits and create value for its shareholders over a specific period. It encompasses various financial metrics and indicators that gauge the efficiency, profitability, and sustainability of a company's operations and investments (Fatihudin, 2018). Key components of financial performance analysis include revenue growth, profitability ratios, liquidity, solvency, and efficiency ratios (Rashid, 2021). By analyzing financial performance, stakeholders can evaluate the effectiveness of management strategies, assess the company's competitive position within its industry, and make informed decisions regarding investment, lending, or partnership opportunities (Matar and Eneizan, 2018).

Financial Performance is commonly measured by a range of quantitative indicators, each offering unique insights into different aspects of a company's operations and profitability. Return on Assets (ROA) evaluates how effectively a company utilizes its assets to generate profits, indicating its efficiency in asset management. Return on Equity (ROE) measures the profitability of shareholder equity, reflecting the company's ability to generate returns for its investors. Return on Sales (ROS) assesses the profitability of sales revenue, providing insights into the company's pricing strategy and cost management (Abd Rahman and Mohamad, 2021). Earnings Per Share (EPS) calculates the portion of a company's profit allocated to each outstanding share of its common stock, serving as a key indicator of profitability for shareholders (Olatunji and Buyide, 2020). Tobin's Q, named after economist James Tobin, compares the market value of a company to the replacement cost of its assets, offering insights into the efficiency of investment in assets and the company's growth prospects. These metrics collectively provide a comprehensive understanding of a company's financial health and performance, enabling stakeholders to make informed decisions and assess its long-term sustainability (Abd Rahman and Mohamad, 2021).

3. LITERATURE REVIEW

Relationship between Audit Committee Attributes and Financial Performance

The current section discusses the relationship between audit committee attributes and financial performance through presenting the previous studies that had investigated this relationship before. Amahalu (2020) looked at the impact of audit quality on the financial performance of Nigerian listed conglomerates between 2010 and 2019. This study examined the impact of audit committee size, independence, and financial expertise on return on assets. This study uses panel data derived from the annual reports and accounts of 6 selected quoted conglomerates from 2010 to 2019. Ex-post facto research design was used. The study's hypotheses were tested using inferential statistics, namely the Pearson correlation coefficient and Panel least square regression analysis. The findings revealed that audit committee size, independence, and financial expertise have a substantial beneficial influence on return on assets at the 5% level of significance.

Abeygunasekera et al. (2021) investigated how the performance of listed Sri Lankan firms was affected by several audit committee attributes, including size, independence, finance expertise, and frequency of meetings. The study was conducted between 2014 and 2018. Using a random effects model, audited financial statements of 196 firms and secondary data from the Colombo Stock Exchange website were examined. The study's conclusions showed that three audit committee characteristics—size, independence, and frequency of meetings—had a significantly positive impact on firm performance. However, there was no statistically significant correlation found between the audit committee's independence and the performance of the businesses that were chosen for the study.

Bazhair (2022) examined the role that audit committee attributes play in influencing the financial performance of non-financial firms in Saudi Arabia. The research sample consisted of 100 companies' financial statements from 2010 to 2019, and the data generated was analyzed using various panel data techniques (pooled OLS, fixed and random effects). The results highlighted the negative relationship between audit committee size and meetings and firms' performance, while audit committee independence and financial expertise showed a strong and positive relationship with financial performance. Consequently, the study offered valuable insights into the ways in which the audit committee attributes affected profitability. Finally, the research may assist top management in reorganizing the audit committee.

Fariha et al. (2022) examined how the qualities of the audit committee and the board of directors affect the business performance of Bangladesh's publicly traded commercial banks. The business performance was measured through financial performance. For this study, a sample of thirty publicly traded commercial banks from the Dhaka Stock Exchange (DSE) has been selected. Data were gathered from the evaluated banks' annual reports from 2011 to 2017. The regression model for this investigation was done using a pooled OLS model. ROA and Tobin's Q are negatively and significantly correlated with board independence. Nonetheless, there was a strong and favorable correlation between stock return and board independence. However, in the case of Bangladesh, board diversity is negatively and significantly correlated with ROA and ROE, suggesting that varied board members are ineffective. Family dualism had a substantial and positive correlation with return on assets (ROA) and a strong and negative correlation with stock return. ROA and board meetings had a strong and favorable link. The size of the audit committee was negatively and

significantly correlated with Tobins' Q. The chairman of the audit committee's independence and Tobin's Q and stock returns were negatively and significantly correlated. The quantity of audit meetings and the presence of non-executive directors did not significantly correlate with any of the expected factors.

De Silva and Hewage (2022) identified the impact of board size (BS) and audit committee (AC) characteristics; size, meeting frequency, and expertise, on firm performance using data from Licensed Commercial Banks (LCB) in Sri Lanka. The study used secondary data acquired from 24 LCB's published annual reports, as well as 96 observations on the Colombo Stock Exchange (CSE) between 2016 and 2019. The findings revealed a substantial negative association between BS and business performance as evaluated by both ROA and ROE. Furthermore, the AC data indicate that the size and frequency of AC meetings have no meaningful link with business performance as evaluated by ROA and ROE. However, AC competence had a strong positive link with company performance as evaluated by ROE but was insignificantly related to ROA.

Eniola and Adebiyi (2023) investigated the relationship between audit committee characteristics and firm financial performance. An ex-post facto research design was used in the study. After reviewing the body of research on the relationship between the financial success of the company and the qualities of the audit committee, secondary data gathered from the firm's annual reports. The study's population consisted of all Nigeria Exchange Group (NEG) listed food and beverage companies, which totaled twenty-one companies. A sample of fourteen businesses was purposefully chosen in accordance with the availability of their annual reports covering the years 2015 through 2022. Descriptive statistics and inferential statistics were carried out. The results of the analyses revealed that while audit committee meetings had a positive and significant relationship with the earnings per share (EPS) of listed companies on the Nigeria Exchange Group (NEG), proxies of audit committee characteristics used in this study, such as audit committee independence and audit committee expertise, exhibit a positive but insignificant relationship with EPS of listed companies on the NEG. Even though audit committee meetings significantly and favorably impacted a firm's performance. According to the study's findings, the financial performance of Nigerian firms was not significantly impacted by the audit committee's features.

Ahmed et al. (2024) aimed to explore the potential correlation between the financial performance of Egyptian banks and the attributes of audit committees, namely the size, activity, and gender diversity of the committees. The second goal was to investigate how board gender diversity influences the association between audit committee attributes and financial performance. The moderating effect of board gender diversity on the association between audit committee features and the financial performance of a sample of Egyptian banks from 2018 to 2022 was estimated using a multiple regression analysis. The findings indicated that return on equity (ROE) and return on assets (ROA) were negatively and negligibly impacted by audit committee size, respectively. The findings also showed that ROA and ROE, respectively, were significantly improved by the gender diversity of the audit committee. The quantity of board meetings had a negative and negligible impact on ROA and ROE, respectively, with regard to audit committee activities. When it comes to gender diversity as a moderating element, the link between audit committee features and financial performance was often positively impacted by gender diversity.

Bahari (2024) The purpose of this study is to evaluate the impact of board size and audit committee attributes, namely audit committee size, frequency of audit committee meetings, and audit committee expertise, as fundamental components of corporate governance, on financial performance. This is a descriptive qualitative study that used data from the Financial Services Authority's (OJK) annual reports and the websites of 38 Indonesian foreign exchange institutions between 2007 and 2021. The findings showed that board size had a non-significant negative link with ROA and ROE. Furthermore, the data demonstrated that audit committee size and meeting frequency had no meaningful link with ROA and ROE-proxied financial performance. However, audit committee expertise had a strong negative link with financial success as assessed by ROE, but not with ROA.

Abu (2024) looked at how Nigerian listed industrial products companies' financial performance is affected by the qualities of their audit committees. This study employed an ex-post factor research methodology and made use of secondary data that was gathered over a ten-year period (2013–2022) from the annual reports and accounts of thirteen sampled industrial products enterprises. Purposive sampling was used to choose the sample of businesses. With the use of Stata 13, data were examined using regression analysis (GLS Random Effect), correlation, and

descriptive statistics. The results showed that the size of the audit committee had a negligible positive relationship with financial performance (ROA and ROE), that audit committee independence had a significant negative relationship with ROA and a negative insignificant relationship with ROE, and that audit committee meetings had a positive significant relationship with ROA and a positive insignificant relationship with ROE.

Audit Quality as a Moderator between Audit Committee Attributes and Financial Performance

This section discusses the moderating role that could be played by audit quality in the relationship between audit committee attributes and financial performance through presenting the previous studies that had investigated this role earlier. Khudhair et al. (2019) set the major goal of this research on investigating the influence of audit committee independence, audit committee expertise, and audit committee meetings on audit quality in chosen organizations. The study was conducted on a sample of Iraqi non-financial enterprises. The dependent variable was audit quality, which was assessed as a dummy variable and receives 1 if a business obtains audit services from the major five auditing companies and 0 otherwise. The findings showed that there was a favorable association between audit quality and the proportion of non-executive directors on the audit committee.

Ado et al. (2020) provided evidence of audit quality's direct effect on the financial performance of Nigerian listed firms. Data included 84 NSE-listed businesses and 756 samples across a nine-year period (2010-2018) using a panel data technique. Furthermore, the research employed a secondary strategy to obtain data from Thomson Reuters DataStream as well as the financial statements of the listed firms. The findings indicated that audit fees had a positive and insignificant connection with ROA. This means that if auditors' fees were reduced, the financial performance of Nigerian listed businesses will improve. Consistent with the agency hypothesis, auditor size has a considerable positive association with ROA. This positive statistic means that as the percentage of enterprises audited by the Big 4 increases, so will ROA. Auditor independence is also seen to be beneficial and statistically significant in relation to the ROA. Finally, auditor independence outperforms auditor size in terms of financial performance. From these studies, it can be indicated that audit quality can moderate the relationship between the audit committee and financial performance.

Dare et al. (2021) looked at the impact of audit committee characteristics on audit quality. In particular, the impact of audit committee meetings and size on audit quality in the oil and gas industry were both evaluated in this research. The population of the study included all 12 specified sectors of the oil and gas industry, where 10 companies were chosen. The study made use of secondary data that was obtained from the sampled businesses' publicly available financial reports for the years 2009–2018. Using logistic regression, it was found that the size of the audit committee had a positive, significant impact on the audit quality of companies in Nigeria's oil and gas industry, and that the audit committee meeting had a positive, but small, impact on the audit quality of companies in the same industry. The audit committee's statistically significant impact on the quality of audits in Nigeria was determined.

In addition, Ogbodo and Akabuogu (2018) proposed to analyze the impact of audit quality on the corporate performance of selected Nigerian banks. The study specifically looked at the influence of audit firm size on Nigerian bank ROA, the extent to which audit committee independence affects Nigerian bank ROE, and the effect of audit committees on Nigerian bank profit margins. The study's population comprises 16 banks that trade on the Nigerian Stock Exchange. Data for the study were taken from the banks' financial statements from 2008 to 2017. Based on the data reviewed, the study discovered that business size has a substantial influence on the ROA of listed Nigerian banks, as does the independence of audit committees. Another result is that the size of the audit committee has a considerable impact on the profit margins of listed Nigerian banks. From the above two studies, it is noticed that audit quality can moderate the relationship between audit committee attributes and financial performance.

Boshnak (2021) investigated the influence of audit committee attributes on audit quality. The data come from secondary sources, including annual reports of a sample of 210 enterprises listed on the Saudi Stock Exchange between 2017 and 2019. The analysis demonstrated that businesses with audit committee educational backgrounds in accounting and finance, as well as bigger enterprises with higher state and institutional ownership, are more likely to choose a big four audit firm, indicating higher audit quality. Firms with more professionals on the audit committee and stronger leverage are more likely to choose the non-big four auditing firms with cheaper audit fees. However, the audit committee's size, frequency of meetings, and

degree of independence have no meaningful impact on audit quality. Furthermore, a combined audit committee effectiveness score is discovered to have a negative but negligible influence on audit quality, confounding governance law and theory assumptions that effective audit committees should increase audit quality.

Enekwe et al. (2020) looked at the impact of audit quality on the financial performance of listed manufacturing firms in Nigeria between 2006 and 2016, with a focus on the effects of the auditor's independence, the audit committee, and the audit fee on the return on assets of these firms. The study used an ex-post facto research design, stratified purposive sampling to choose 24 firms out of the 80 listed manufacturing firms in Nigeria, and secondary data was collected from the companies' published annual financial statements. Among other things, the study found that the financial performance of listed manufacturing firms is positive and significantly impacted by the attributes of audit quality. From these two studies, it can be noted that audit quality can play a significant role between audit committee attributes and financial performance.

Al-ahdal and Hashim (2022) aimed to analyze the relationship between audit committee characteristics, external audit quality, and the financial performance of non-financial public limited companies. These companies are listed on the National Stock Exchange 100. Seventy-four non-financial companies in the Nifty 100 were targeted and the one-way random effect panel data regression was subjected between 2014 and 2019. To determine how the new Indian Companies Act, 2013 will affect company financial performance, a review of the literature and the new Act itself served as the foundation for the construction of the external audit index and overall audit committee index. According to the study's findings, there is insufficient data to support the claim that the performance of the top non-financial listed companies in India is enhanced by audit committee characteristics. On the other hand, it was discovered that firm size and leverage had a major influence on the financial performance of firms as measured by return on assets and return on equity, whereas external audit quality had significant beneficial effects on firms' financial performance as measured by Tobin's Q.

Bako (2024) looked at the financial performance of Nigerian listed oil and gas businesses as well as the qualities of the audit committee and audit quality. The size, independence, and financial expertise of the audit committee were used to gauge its qualities, and the audit fees collected by an outside auditor were used to gauge the

quality of the audit. Earnings per share were used to gauge financial performance. Panel Least Square was used to examine the accounts. The researcher employed secondary data that was taken from the annual reports of the 10 listed oil and gas companies. The results of this study showed a statistically significant and favorable correlation between earnings per share and audit committee independence. It also demonstrated how audit quality improves business performance and considerably modifies audit committee attributes. This study suggested that a company that wants to provide investors and stakeholders with greater confidence about the accuracy and reliability of its financial statements must maintain high audit quality within the audit committee.

4. METHODOLOGY

This research aims to analyze the financial performance of companies operating in the food, beverage, and tobacco sectors listed on the Egyptian Exchange. By employing a deductive approach, this study seeks to test hypotheses derived from existing financial theories and models against the empirical data collected from the financial statements of these companies over the period 2016 to 2022. The deductive approach is chosen for this study as it allows for the testing of pre-existing theories and hypotheses against observed data. By starting with a theoretical framework and deducing specific hypotheses, this approach enables a systematic examination of the relationships between variables and provides a structured method for data analysis. A total of 28 companies operating in the food, beverage, and tobacco sectors listed on the Egyptian Exchange have been selected for this study. These companies were chosen based on their significance within their respective sectors and their availability of financial data for the specified time period. Table 1 Shows the 28 companies listed in the Egyptian Exchange that were included in this research.

Table 1: Listed Companies in Egyptian Exchange

Number	Company Name
1	Ismailia National Food Industries
2	Obour Land for Food Industries
3	Cairo Poultry
4	Egypt for Poultry
5	El Nasr for Manufacturing Agricultural Crops
6	North Cairo Mills
7	Alexandria Flour Mills
8	Upper Egypt Flour Mills
9	Middle & West Delta Flour Mills
10	South Cairo & Giza Mills & Bakeries
11	Cairo Oils & Soap
12	Misr Oils & Soap
13	AJWA for Food Industries Company Egypt
14	Sharkia National Food
15	Arabian Food Industries DOMTY
16	The Arab Dairy Products Co. Arab Dairy - Panda
17	Northern Upper Egypt Development & Agricultural Production
18	Juhayna Food Industries
19	Al Khair River for Development Agricultural Investment & Envir.
20	Mansourah Poultry
21	Eastern Company
22	Extracted Oils
23	East Delta Flour Mills
24	General Silos & Storage
25	Middle Egypt Flour Mills
26	Delta Sugar
27	Edita Food Industries S.A. E
28	Ismailia Misr Poultry

Secondary data was collected from the financial statements of the selected companies for the years 2016 to 2022. The financial statements were obtained from reputable sources such as company websites, financial databases, and regulatory filings. Care was taken to ensure the accuracy and reliability of the collected data through verification and validation procedures. The collected financial data was analyzed using statistical methods and econometric techniques to test the formulated hypotheses. Regression analysis, correlation analysis, and other quantitative methods were employed to examine the relationships between variables and evaluate their significance. Table 2 shows the measurements through which the independent and dependent variables, as well as the moderator for this research are calculated.

Table 2: Research Variables Measurement

Variables	Measurement
Audit Committee Attributes	
Audit Committee Size	Number of audit committee members
Audit Committee Independence	Proportion of independent directors to audit committee size
Audit Committee Financial Expertise	Proportion of audit committee members with financial expertise to the total number of audit committee members
Audit Quality	
Audit Fee	Natural logarithms of audit fees as charged by external auditor
Financial Performance	
ROA	ROA = Net Income/Total Assets
ROE	ROE = Net Income/Total Equity
ROS	ROS= (Current Period Sales − Prior Period Sales)/ Prior Period Sales
EPS	Net income divided by the number of outstanding shares
Tobin's Q	Tobin's Q= (market value of equity + book value of debt) / total assets

Based on existing financial theories and literature, hypotheses will be developed to test specific relationships between key variables such as audit committee attributes, financial performance, audit quality. These hypotheses will serve as the foundation for the deductive analysis of the financial data collected from the selected companies. Figure 1 shows the theoretical framework that was obtained from literature.

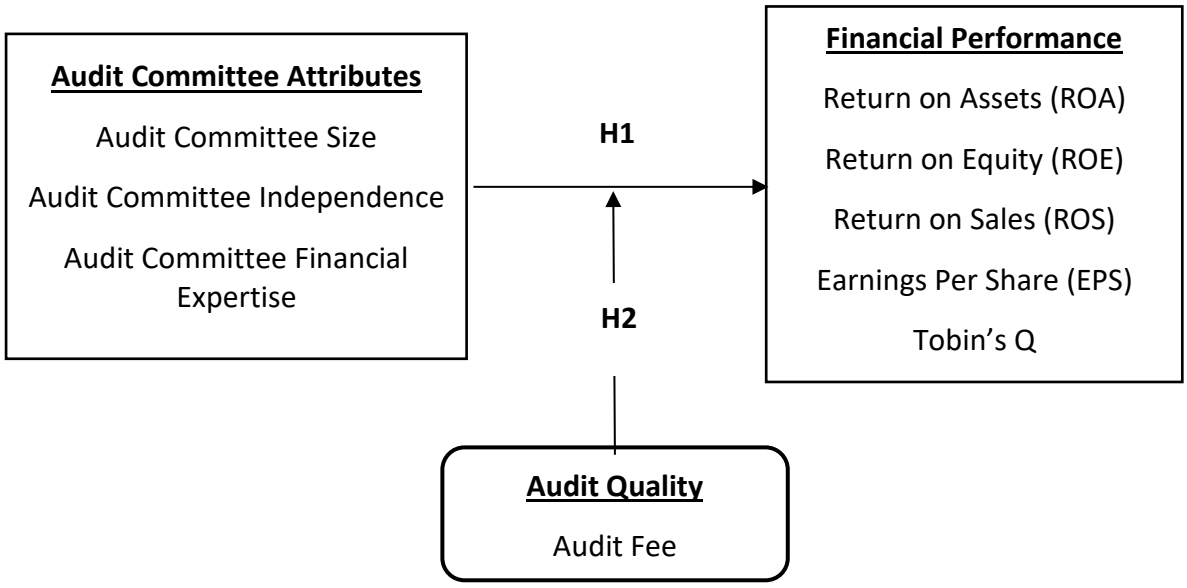

Figure 1: Theoretical Framework

Based on the theoretical framework explained above, the following hypotheses for this research emerge:

H_1: there is a significant impact of audit committee attributes on financial performance.

$H_{1.1}$: there is a significant impact of audit committee attributes on ROA.

$H_{1.2}$: there is a significant impact of audit committee attributes on ROE.

$H_{1.3}$: there is a significant impact of audit committee attributes on ROS.

$H_{1.4}$: there is a significant impact of audit committee attributes on EPS.

$H_{1.5}$: there is a significant impact of audit committee attributes on Tobin's Q.

H_2: the effect of audit committee attributes on financial performance varies with the moderator variable of audit quality.

$H_{2.1}$: the effect of audit committee attributes on ROA varies with the moderator variable of audit quality.

$H_{2.2}$: the effect of audit committee attributes on ROE varies with the moderator variable of audit quality.

$H_{2.3}$: the effect of audit committee attributes on ROS varies with the moderator variable of audit quality.

$H_{2.4}$: the effect of audit committee attributes on EPS varies with moderator variable of audit quality

$H_{2.5}$: the effect of audit committee attributes on Tobin's Q varies with the moderator variable of audit quality.

5. Testing the hypotheses

This section presents the main findings and results using SPSS and EViews. Regression analysis using the Generalized Least Squares (GLS) approach was performed on the panel data included in this study. The Hausman test was utilized to determine which approach of fixed versus random models was most appropriate after the fixed versus random effect models had been fitted. Once the data set for the Ordinary Least Squares (OLS) approach was tested, the use of GLS was decided.

Descriptive Analysis for the Research Variables

Descriptive statistics explain how different variables in a sample or population relate to one another. Table 3 shows mean, median, and mode, the ways that descriptive statistics summarize data.

It was found that the mean value of audit committee size is 4.107 and the standard deviation value is 1.570. In addition, the mean value of audit committee independence is 2 and the standard deviation value is .888. Moreover, the mean value of audit committee financial expertise is 2.092 and the standard deviation value is 1.110. Also, the mean value of audit fees is 5.509 and the standard deviation value is 1.110.

It was also found that the mean value of ROA is 30.589 and the standard deviation value is 233.103. In addition, the mean value of ROE is 107.241 and the standard deviation value is 987.591. Moreover, the mean value of ROS is 13.992 and the standard deviation value is 134.268. Furthermore, the mean value of EPS is 469.418 and the standard deviation value is 3757.485. Finally, the mean value of Tobin's Q is .272 and the standard deviation value is .492.

Table 3: Descriptive Analysis of the Research Variables

	Minimum	Maximum	Mean	Std. Deviation
Audit Committee Size	2.0	8.0	4.107	1.570
Audit committee Independence	.0	4.0	2	.888
Audit Committee Financial Expertise	.0	4.0	2.092	1.110
Audit Fees	3.161	8.912	5.509	.916
ROA	.0002	2326.460	30.589	233.103
ROE	.0003	9805.506	107.241	987.591
ROS	.0002	1664.449	13.992	134.268
EPS	.0001	36935.761	469.418	3757.485
Tobin's Q	.003	4.551	.272	.492

Testing Regression Assumption

Regression assumptions that the model has no multicollinearity must be verified before any regression is conducted. Regression analyses should be done after resolving any issues that may have arisen to produce accurate and trustworthy results.

Testing Multicollinearity

Multicollinearity in multiple regression analysis refers to the linear relationships between the independent variables. The variance inflation factor quantifies the extent to which the estimated regression coefficient's variance is inflated in the presence of a correlation between the independent variables. According to Table 4, the researcher found that the VIF of all independent variables is less than 5 which means there is no multicollinearity problem.

Table 4: VIF values for Research Variables

Variables	VIF
Audit Committee Size	1.382
Audit Committee Independence	1.277
Audit Committee Financial Expertise	1.388
Audit Fees	1.099

Normality Testing for the Research Variables

For the OLS regression analysis, one assumption that needs to be confirmed is the normality test. Kolmogorov-Smirnov and Shapiro-Wilk tests could be used in a formal test to verify the exact normalcy assumption and if the P-value is higher than 0.05, the data is assumed to be normal. When data does not follow a normal distribution and variables are ordinal or ranked, Spearman's rank correlation coefficient (ρ) is often used instead of Pearson's correlation coefficient (r). Spearman's correlation assesses monotonic relationships between variables without assuming normality. According to Table 5, p-values are less than 0.05 which means that the data is not normally distributed.

Table 5: Formal Normality Testing for the Research Variables

	Kolmogorov-Smirnov[a]		Shapiro-Wilk	
	Statistic	**Sig.**	**Statistic**	**Sig.**
Audit Committee Size	.241	.000	.847	.000
Audit committee Independence	.289	.000	.861	.000
Audit Committee Financial Expertise	.202	.000	.889	.000
Audit Fees	.122	.000	.873	.000
ROA	.512	.000	.113	.000
ROE	.506	.000	.084	.000
ROS	.483	.000	.080	.000
EPS	.488	.000	.104	.000

Therefore, the informal test of normality is employed to assess the approximate normality of the data distribution because the study data set did not exhibit an exact normal distribution. The findings demonstrate the non-formal testing of the normality assumption for the research variables, and they suggest that the data under investigation are not normally distributed because none of the skewness or kurtosis values are at the acceptable threshold of ±1 as shown in Table 6.

Table 6: Informal Normality Testing for the Research Variables

	Skewness		Kurtosis	
	Statistic	**Std. Error**	**Statistic**	**Std. Error**
Audit Committee Size	1.001	.174	.062	.346
Audit committee Independence	-.310	.174	.396	.346
Audit Committee Financial Expertise	.271	.174	-.918	.346
Audit Fees	1.491	.174	4.526	.347
ROA	9.080	.174	84.652	.346
ROE	9.761	.174	94.609	.346
ROS	11.029	.174	126.990	.346
EPS	9.440	.174	89.977	.346
Tobin's Q	5.764	.174	41.443	.346

Testing Research Hypotheses

This section shows the results for the impact of audit committee attributes (audit committee size, audit committee independence, and audit committee financial Expertise) on financial performance (ROA, ROE, ROS, EPS, and Tobin's Q).

Correlation Test for Research Variables

Correlation is a statistical method used to assess a possible linear association between two continuous variables. Table 7 shows the correlation analysis obtained, where it can be observed that there is a negative insignificant relationship between audit committee size and ROA, as the value of the P-value is more than 0.05 (P-value = 0.707) and the correlation coefficient is less than zero (r= -0.027). Also, there is a positive insignificant relationship between audit committee independence and ROA, as the value of the P-value is more than 0.05 (P-value = 0.215) and the correlation coefficient is more than zero (r=0.089). In addition, there is a positive significant relationship between audit committee financial expertise and ROA, as the value of the P-value is less than 0.05 (P-value = 0.000) and the correlation coefficient is more than zero (r=0.370). Moreover, there is a positive significant relationship between audit fees and ROA, as the value of the P-value is less than 0.05 (P-value = 0.000) and the correlation coefficient is more than zero (r=0.262).

There is a negative insignificant relationship between audit committee size and ROE, as the value of the P-value is more than 0.05 (P-value = 0.897) and the correlation coefficient is less than zero (r= -0.009). Also, there is a positive significant relationship between audit committee independence and ROE, as the value of the P-value is less than 0.05 (P-value = 0.046) and the correlation coefficient is more than zero (r=0.310). In addition, there is a positive significant relationship between audit committee financial expertise and ROE, as the value of the P-value is less than 0.05

(P-value = 0.000) and the correlation coefficient is more than zero (r=0.310). Moreover, there is a positive significant relationship between audit fees and ROE, as the value of the P-value is less than 0.05 (P-value = 0.051) and the correlation coefficient is more than zero (r=0.141).

There is a negative insignificant relationship between audit committee size and ROS, as the value of the P-value is more than 0.05 (P-value = 0.505) and the correlation coefficient is less than zero (r= -0.048). Also, there is a negative insignificant relationship between audit committee independence and ROS, as the value of the P-value is more than 0.05 (P-value = 0.165) and the correlation coefficient is less than zero (r= -0.100). In addition, there is a negative significant relationship between audit committee financial expertise and ROS, as the value of the P-value is less than 0.05 (P-value = 0.012) and the correlation coefficient is less than zero (r= -0.179). Moreover, there is a positive insignificant relationship between audit fees and ROS, as the value of the P-value is more than 0.05 (P-value = 0.715) and the correlation coefficient is more than zero (r=0.026).

There is a negative insignificant relationship between audit committee size and EPS, as the value of the P-value is more than 0.05 (P-value = 0.741) and the correlation coefficient is less than zero (r= -0.024). Also, there is a positive insignificant relationship between audit committee independence and EPS, as the value of the P-value is more than 0.05 (P-value = 0.111) and the correlation coefficient is less than zero (r= -0.114). In addition, there is a positive significant relationship between audit committee financial expertise and EPS, as the value of the P-value is less than 0.05 (P-value = 0.003) and the correlation coefficient is more than zero (r= 0.214). Moreover, there is a positive significant relationship between audit fees and EPS, as the value of the P-value is less than 0.05 (P-value = 0.000) and the correlation coefficient is more than zero (r=0.568).

There is a positive insignificant relationship between audit committee size and Tobin's Q, as the value of the P-value is more than 0.05 (P-value = 0.717) and the correlation coefficient is more than zero (r= -0.026). However, there is a negative insignificant relationship between audit committee independence and Tobin's Q, as the value of the P-value is more than 0.05 (P-value = 0.583) and the correlation coefficient is less than zero (r= -0.039). Unlikely, there is a positive insignificant relationship between audit committee financial expertise and Tobin's Q, as the value of the P-value is more than 0.05 (P-value = 0.113) and the correlation coefficient is more than zero (r= 0.114). On the other hand, there is a negative insignificant relationship between audit fees and Tobin's Q, as the value of the P-value is more than 0.05 (P-value = 0.845) and the correlation coefficient is less than zero (r= -0.014).

Table 7: Correlation Matrix for the Research Variables

		1	2	3	4	5	6	7	8	9
1. Audit Committee Size	R	1.000								
	Sig.	.								
	N	196								
2. Audit committee Independence	R	.411**	1.000							
	Sig.	.000	.							
	N	196	196							
3. Audit Committee Financial Expertise	R	.438**	.308**	1.000						
	Sig.	.000	.000	.						
	N	196	196	196						
4. Audit Fees	R	-.227**	-.071	-.047	1.000					
	Sig.	.001	.325	.514	.					
	N	194	194	194	194					
5. ROA	R	-.027	.089	.370**	.262**	1.000				
	Sig.	.707	.215	.000	.000	.				
	N	196	196	196	194	196				
6. ROE	R	-.009	.143*	.310**	.141	.785**	1.000			
	Sig.	.897	.046	.000	.051	.000	.			
	N	196	196	196	194	196	196			
7. ROS	R	-.048	-.100	-.179*	.026	-.092	-.101	1.000		
	Sig.	.505	.165	.012	.715	.198	.158	.		
	N	196	196	196	194	196	196	196		
8. EPS	R	-.024	.114	.214**	.568**	.612**	.539**	-.111		
	Sig.	.741	.111	.003	.000	.000	.000	.122		
	N	196	196	196	194	196	196	196		
9. Tobin's Q	R	.026	-.039	.113	-.014	.300**	.335**	-.231**	.121	1.000
	Sig.	.717	.583	.114	.845	.000	.000	.001	.090	.
	N	196	196	196	194	196	196	196	196	196

Regression Analysis for Research Hypotheses

The GLS regression was employed to assess the impact of various research variables, and the findings are outlined as follows:

According to the first hypothesis: ***"there is a significant impact of audit committee attributes on financial performance"*** that comprises the fifth sub-hypotheses with the following results:

The first sub-hypothesis of the first hypothesis, **"*there is a significant impact of audit committee attributes on ROA*"**,

Table 8 shows that there is a significant impact of audit committee independence on ROA as the p-value is less than 0.05 (p-value= 0.0002). It is found that there is an insignificant impact of audit committee size and audit committee financial expertise on ROA as the p-value is more than 0.05 (p-value= 0.7684 and 0.7917 respectively). Furthermore, the R^2 is 0.0871, which means that 8.71% of the variation of the ROA can be explained by the independent variables. The regression equation is estimated as follows:

$$ROA = 179.9763 + 3.485571 * ACZ - 77.14303 * ACI - 4.501628 * ACFE$$

Table 8: GLS Pooled Regression

Dependent Variable: ROA				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	179.9763	50.69955	3.549861	0.0005
Audit Committee Size	3.485571	11.82111	0.294860	0.7684
Audit Committee Independence	-77.14303	20.21203	-3.816689	0.0002
Audit Committee Financial Expertise	-4.501628	17.01908	-0.264505	0.7917
R-squared	0.087112			
Adjusted R-squared	0.072848			
F-statistic	6.107169			
Prob(F-statistic)	0.000546			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is more than 0.05 (p-value= 0.999) implying that the random effect is the significant effect in the data understudy rather than the fixed effect. It could be observed that there is a significant impact of audit committee independence on ROA using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 9.

Table 9: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	180.1327	0.0005	179.9763	0.0005	
Audit Committee Size	3.597878	0.7624	3.485571	0.7696	
Audit Committee Independence	-76.99710	0.0002	-77.14303	0.0002	0.9999
Audit Committee Financial Expertise	-4.936410	0.7734	-4.501628	0.7927	

The second sub-hypothesis of the first hypothesis, **"*there is a significant impact of audit committee attributes on ROE*"**,

Table 10 shows that there is a significant impact of audit committee independence on ROE as the p-value is less than 0.05 (p-value= 0.0022). It is found that there is an insignificant impact of audit committee size and audit committee financial expertise on ROE as the p-value is more than 0.05 (p-value= 0.8130 and 0.8327 respectively). Furthermore, the R^2 is 0.0594, which means that 5.94% of the variation of the ROE can be explained by the independent variables. The regression equation is estimated as follows:

$$ROE = 630.2813 + 12.03989 * ACS - 270.0495 * ACI - 15.48396 + ACFE$$

Table 10: GLS Pooled Regression

Dependent Variable: ROE				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	630.2813	218.0292	2.890811	0.0043
Audit Committee Size	12.03989	50.83571	0.236839	0.8130
Audit Committee Independence	-270.0495	86.92015	-3.106869	0.0022
Audit Committee Financial Expertise	-15.48396	73.18912	-0.211561	0.8327
R-squared	0.059446			
Adjusted R-squared	0.044750			
F-statistic	4.045029			
Prob(F-statistic)	0.008110			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is more than 0.05 (p-value= 0.999) implying that the random effect is the significant effect in the data understudy rather than the fixed effect. It could be observed that there is a significant impact of audit committee independence on ROE using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 11.

Table 11: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	630.9048	0.0044	630.2813	0.0044	
Audit Committee Size	12.48766	0.8067	12.03989	0.8135	
Audit Committee Independence	-269.4677	0.0023	-270.0495	0.0022	0.9999
Audit Committee Financial Expertise	-17.21745	0.8149	-15.48396	0.8331	

The third sub-hypothesis of the first hypothesis, **"*there is a significant impact of audit committee attributes on ROS*"**,

Table 12 shows that there is an insignificant impact of audit committee size, audit committee independence, and audit committee financial expertise on ROS as the p-value is more than 0.05 (p-value= 0.6169, 0.01937, and 0.8211 respectively). Furthermore, the R^2 is 0.0137, which means that 1.37% of the variation of the ROS can be explained by the independent variables. The regression equation is estimated as follows:

$$ROS = 55.29289 - 3.545630 * ACS - 15.78255 * ACI + 2.307809 * ACFE$$

Table 12: GLS Pooled Regression

Dependent Variable: ROS				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	55.29289	30.35332	1.821642	0.0701
Audit Committee Size	-3.545630	7.077184	-0.500995	0.6169
Audit Committee Independence	-15.78255	12.10074	-1.304262	0.1937
Audit Committee Financial Expertise	2.307809	10.18915	0.226497	0.8211
R-squared	0.013788			
Adjusted R-squared	0.016210			
F-statistic	0.894774			
Prob(F-statistic)	0.444895			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is more than 0.05 (p-value= 0.999) implying that the random effect is the significant effect in the data understudy rather than the fixed effect as shown in Table 13.

Table 13: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	55.16742	0.0713	55.29289	0.0706	
Audit Committee Size	-3.635729	0.6088	-3.545630	0.6176	
Audit Committee Independence	-15.89961	0.1914	-15.78255	0.1946	0.9999
Audit Committee Financial Expertise	2.656615	0.7951	2.307809	0.8214	

The fourth sub-hypothesis of the first hypothesis, **"*there is a significant impact of audit committee attributes on EPS*"**,

Table 14 shows that there is a significant impact of audit committee independence on EPS as the p-value is less than 0.05 (p-value= 0.0007). It is found that there is an insignificant impact of audit committee size and audit committee financial expertise on EPS as the p-value is more than 0.05 (p-value= 0.8125 and 0.8270 respectively). Furthermore, the R^2 is 0.0594, which means that 5.94% of the variation of the EPS can be explained by the independent variables. The regression equation is estimated as follows:

$$EPS = 2678.026 + 45.62115 * ACS - 1134.691 * ACI - 60.52025 * ACFE$$

Table 14: GLS Pooled Regression

Dependent Variable: EPS				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	2678.026	823.7395	3.251059	0.0014
Audit Committee Size	45.62115	192.0632	0.237532	0.8125
Audit Committee Independence	-1134.691	328.3944	-3.455269	0.0007
Audit Committee Financial Expertise	-60.52025	276.5170	-0.218866	0.8270
R-squared	0.072543			
Adjusted R-squared	0.058051			
F-statistic	5.005895			
Prob(F-statistic)	0.002301			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is more than 0.05 (p-value= 0.999) implying that the random effect is the significant effect in the data understudy rather than the fixed effect. It could be observed that there is a significant impact of audit committee independence on EPS using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 15.

Table 15: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	2680.550	0.0014	2678.026	0.0014	0.999
Audit Committee Size	47.43358	0.8060	45.62115	0.8132	
Audit Committee Independence	-1132.336	0.0007	-1134.691	0.0007	
Audit Committee Financial Expertise	-67.53689	0.8082	-60.52025	0.8276	

The fifth sub-hypothesis of the first hypothesis, **"*there is a significant impact of audit committee attributes on Tobin's Q*"**,

Table 16 shows that there is an insignificant impact of audit committee size, audit committee independence, and audit committee financial expertise on Tobin's Q as the p-value is more than 0.05 (p-value= 0.9040, 0.3548, and 0.6556 respectively). Furthermore, the R^2 is 0.0137, which means that 1.37% of the variation of Tobin's Q can be explained by the independent variables. The regression equation is estimated as follows:

$$Tobin's\ Q = 0.333348 - 0.003149 * ACS - 0.041353 * ACI + 0.016771 * ACFE$$

Table 16: GLS Pooled Regression

Dependent Variable: Tobin's Q				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.333348	0.111837	2.980652	0.0032
Audit Committee Size	-0.003149	0.026076	-0.120769	0.9040
Audit Committee Independence	-0.041353	0.044585	-0.927503	0.3548
Audit Committee Financial Expertise	0.016771	0.037542	0.446738	0.6556
R-squared	0.005028			
Adjusted R-squared	0.010518			
F-statistic	0.323421			
Prob(F-statistic)	0.808430			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is more than 0.05 (p-value= 0.999) implying that the random effect is the significant effect in the data understudy rather than the fixed effect as shown in Table 17.

Table 17: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	0.333551	0.0033	0.333370	0.0035	
Audit Committee Size	-0.003003	0.9085	-0.003133	0.9045	
Audit Committee Independence	-0.041163	0.3574	-0.041332	0.3354	0.9999
Audit Committee Financial Expertise	0.016206	0.6669	0.016709	0.6570	

Therefore, the first hypothesis claiming that **there is a significant impact of audit committee attributes on financial performance** is partially supported.

According to the second hypothesis: "**the effect of audit committee attributes on financial performance varies with moderator variable audit quality**" which comprises the fifth sub-hypotheses with the following results:

The first sub-hypothesis of the second hypothesis, **"the effect of audit committee attributes on ROA varies with moderator variable audit quality"**,

Table 18 shows the effect of the moderator variable (audit fees) on the relationship between audit committee attributes and ROA. It was found that there is a positive significant effect of the moderator variable (audit fees) on the relationship between audit committee attributes and ROA as the p-values are less than 0.05 (p-value= 0.0393, 0.000 and 0.0256 respectively). Furthermore, the R^2 is 0.6076, which means that 60.76% of the variation of ROA can be explained by the independent variables and the moderator variable. The regression equation is estimated as follows:

$$ROA = 1094.493 + 74.62040 * ACS + 419.3569 * ACI + 126.7768 * ACFE + 197.2649 * AF + 15.88275 * ACS.AF + 77.921129 * ACI.AF + 23.45410 * ACFE.AF$$

Table 18: GLS Pooled Regression

Dependent Variable: ROA				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	1094.493	288.1227	3.798705	0.0002
Audit Committee Size	74.62040	95.62776	3.780322	0.0436
Audit Committee Independence	419.3569	104.3848	4.017413	0.0001
Audit Committee Financial Expertise	126.7768	108.8158	3.165059	0.0245
Audit Fees	197.2649	52.39736	3.764786	0.0002
Audit Committee Size * Audit Fees	15.88275	18.56987	3.855297	0.0393
Audit Committee Independence * Audit Fees	77.921129	18.14101	4.295311	0.0000
Audit Committee Financial Expertise * Audit Fees	23.45410	20.67648	3.138739	0.0256
R-squared	0.607645			
Adjusted R-squared	0.605352			
F-statistic	118.28585			
Prob(F-statistic)	0.0000			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is less than 0.05 (p-value= 0.000) implying that the fixed effect is the significant effect in the data understudy rather than the random effect. It could be observed that there is a significant impact of audit committee size, audit committee independence, audit committee financial expertise and audit fees on ROA using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 19.

Table 19: Hausman Test for Fixed versus Random Effect

Variable	**Fixed Effect**		**Random Effect**		**Hausman Test**
	Coefficient	**Prob.**	**Coefficient**	**Prob.**	
C	1156.893	0.0001	1156.893	0.0001	
Audit Committee Size	61.43096	0.5227	61.43096	0.5227	
Audit Committee Independence	397.7129	0.0002	397.7129	0.0002	
Audit Committee Financial Expertise	142.0427	0.0138	142.0427	0.0138	
Audit Fees	208.8968	0.0001	208.8968	0.0001	0.0000
Audit Committee Size * Audit Fees	13.40439	0.0472	13.40439	0.0472	
Audit Committee Independence * Audit Fees	73.80817	0.0001	73.80817	0.0001	
Audit Committee Financial Expertise * Audit Fees	26.52222	0.0201	26.52222	0.0201	

The second sub-hypothesis of the second hypothesis, **"the effect of audit committee attributes on ROE varies with moderator variable audit quality"**,

Table 20 shows the effect of the moderator variable (audit fees) on the relationship between audit committee attributes and ROE. It was found that there is a positive significant effect of the moderator variable (audit fees) on the relationship between audit committee attributes and ROE as the p-values are less than 0.05 (p-value= 0.0257, 0.0016 and 0.0400 respectively). Furthermore, the R^2 is 0.7763, which means that 77.63% of the variation of ROE can be explained by the independent variables and the moderator variable. The regression equation is estimated as follows:

$$ROE = 3831.644 + 258.5157 * ACS + 1459.765 * ACI + 439.9040 * ACFE + 687.9706 * AF + 55.03281 * ACS.AF + 271.4846 * ACI.AF + 81.64849 * ACFE.AF$$

Table 20: GLS Pooled Regression

Dependent Variable: ROE				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	3813.644	1349.279	2.826431	0.0052
Audit Committee Size	258.5157	447.8250	2.577269	0.0464
Audit Committee Independence	1459.765	488.8343	2.986217	0.0032
Audit Committee Financial Expertise	439.9040	509.5849	2.803729	0.0389
Audit Fees	687.9706	245.3770	2.803729	0.0056
Audit Committee Size * Audit Fees	55.03281	86.96274	3.632832	0.0257
Audit Committee Independence * Audit Fees	271.4846	84.95441	3.195650	0.0016
Audit Committee Financial Expertise * Audit Fees	81.64849	96.82799	2.843232	0.0400
R-squared	0.776312			
Adjusted R-squared	0.769076			
F-statistic	100.14525			
Prob(F-statistic)	0.0000			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is less than 0.05 (p-value= 0.000) implying that the fixed effect is the significant effect in the data understudy rather than the random effect. It could be observed that there is a significant impact of audit committee size, audit committee independence, audit committee financial expertise and audit fees on ROE using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 21.

Table 21: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	4164.586	0.0025	4164.586	0.0025	
Audit Committee Size	181.3052	0.0068	181.3052	0.0068	
Audit Committee Independence	1336.186	0.0076	1336.186	0.0076	
Audit Committee Financial Expertise	526.5817	0.0303	526.5817	0.0303	
Audit Fees	753.7871	0.0027	753.7871	0.0027	0.0000
Audit Committee Size * Audit Fees	40.39212	0.0438	40.39212	0.0438	
Audit Committee Independence * Audit Fees	248.1310	0.0045	248.1310	0.0045	
Audit Committee Financial Expertise * Audit Fees	98.34015	0.0311	98.34015	0.0311	

The third sub-hypothesis of the second hypothesis, **"the effect of audit committee attributes on ROS varies with moderator variable audit quality"**,

Table 22 shows the effect of the moderator variable (audit fees) on the relationship between audit committee attributes and ROS. It was found that there is a positive significant effect of the moderator variable (audit fees) on the relationship between audit committee attributes and ROE as the p-values are less than 0.05 (p-value= 0.0411, 0.0268 and 0.0431 respectively). Furthermore, the R^2 is 0.7498, which means that 74.98% of the variation of ROS can be explained by the independent variables and the moderator variable. The regression equation is estimated as follows:

$$ROS = 209.9484 + 1.375701 * ACS + 24.90586 * ACI + 61.87017 * ACFE + 25.44396 * AF + 1.025217 * ACS.AF + 0.237348 * ACI.AF + 12.15776 * ACFE.AF$$

Table 22: GLS Pooled Regression

Dependent Variable: ROS				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	209.9484	216.0243	2.971874	0.0324
Audit Committee Size	1.375701	71.39341	2.019269	0.0046
Audit Committee Independence	24.90586	78.62408	2.316771	0.0185
Audit Committee Financial Expertise	61.87017	81.05650	2.763297	0.0463
Audit Fees	25.44396	39.32629	2.646996	0.0185
Audit Committee Size * Audit Fees	1.025217	13.85935	2.073973	0.0411
Audit Committee Independence * Audit Fees	0.237348	13.69208	2.017335	0.0268
Audit Committee Financial Expertise * Audit Fees	12.15776	15.40374	2.789273	0.0431

R-squared	0.7498
Adjusted R-squared	0.7487
F-statistic	122.72673
Prob(F-statistic)	0.0000

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is less than 0.05 (p-value= 0.000) implying that the fixed effect is the significant effect in the data understudy rather than the random effect. It could be observed that there is a significant impact of audit committee size, audit committee independence, audit committee financial expertise and audit fees on ROS using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 23.

Table 23: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	209.9484	0.0324	209.9484	0.0324	
Audit Committee Size	1.375701	0.0046	1.375701	0.0046	
Audit Committee Independence	24.90586	0.0185	24.90586	0.0185	
Audit Committee Financial Expertise	61.87017	0.0463	61.87017	0.0463	
Audit Fees	25.44396	0.0185	25.44396	0.0185	0.0000
Audit Committee Size * Audit Fees	1.025217	0.0411	1.025217	0.0411	
Audit Committee Independence * Audit Fees	0.237348	0.0268	0.237348	0.0268	
Audit Committee Financial Expertise * Audit Fees	12.15776	0.0431	12.15776	0.0431	

The fourth sub-hypothesis of the second hypothesis, **"the effect of audit committee attributes on EPS varies with moderator variable audit quality"**,

Table 24 shows the effect of the moderator variable (audit fees) on the relationship between audit committee attributes and EPS. It was found that there is a positive significant effect of the moderator variable (audit fees) on the relationship between audit committee attributes and EPS as the p-values are less than 0.05 (p-value= 0.0456, 0.0002 and 0.0317 respectively). Furthermore, the R^2 is 0.7341, which means that 73.41% of the variation of EPS can be explained by the independent variables and the moderator variable. The regression equation is estimated as follows:

$$EPS = 16370.02 + 1107.481 * ACS + 6262.860 * ACI + 1895.723 * ACFE + 2949.586 * AF + 234.6062 * ACS.AF + 1160.724 * ACI.AF + 350.8093 * ACFE.AF$$

Table 24: GLS Pooled Regression

Dependent Variable: EPS				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	16370.02	4875.967	3.357287	0.0010
Audit Committee Size	1107.481	1618.331	3.684335	0.0494
Audit Committee Independence	6262.860	1766.528	3.545298	0.0005
Audit Committee Financial Expertise	1895.723	1841.516	3.029436	0.0304
Audit Fees	2949.586	886.7327	3.326353	0.0011
Audit Committee Size * Audit Fees	234.6062	314.2622	3.746530	0.0456
Audit Committee Independence * Audit Fees	1160.724	307.0046	3.780803	0.0002
Audit Committee Financial Expertise * Audit Fees	350.8093	349.9128	3.002562	0.0317
R-squared	0.734100			
Adjusted R-squared	0.732529			
F-statistic	114.12614			
Prob(F-statistic)	0.0000			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is less than 0.05 (p-value= 0.000) implying that the fixed effect is the significant effect in the data understudy rather than the random effect. It could be observed that there is a significant impact of audit committee size, audit committee independence, audit committee financial expertise and audit fees on EPS using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 25.

Table 25: Hausman Test for Fixed versus Random Effect

Variable	**Fixed Effect**		**Random Effect**		**Hausman Test**
	Coefficient	**Prob.**	**Coefficient**	**Prob.**	
C	17706.66	0.0004	17706.66	0.0004	
Audit Committee Size	805.2017	0.0205	805.2017	0.0205	
Audit Committee Independence	5789.021	0.0014	5789.021	0.0014	
Audit Committee Financial Expertise	2212.176	0.0231	2212.176	0.0231	
Audit Fees	3200.472	0.0004	3200.472	0.0004	0.0000
Audit Committee Size * Audit Fees	177.3173	0.0474	177.3173	0.0474	
Audit Committee Independence * Audit Fees	1071.193	0.0007	1071.193	0.0007	
Audit Committee Financial Expertise * Audit Fees	411.9493	0.0241	411.9493	0.0241	

The fifth sub-hypothesis of the second hypothesis, **"the effect of audit committee attributes on Tobin's Q varies with moderator variable audit quality"**,

Table 26 shows the effect of the moderator variable (audit fees) on the relationship between audit committee attributes and Tobin's Q. It was found that there is a positive significant effect of the moderator variable (audit fees) on the relationship between audit committee attributes and Tobin's Q as the p-values are less than 0.05 (p-value= 0.0385, 0.0008 and 0.0247 respectively). Furthermore, the R^2 is 0.6101, which means that 61.01% of the variation of Tobin's Q can be explained by the independent variables and the moderator variable. The regression equation is estimated as follows:

$$Tobin's\ Q = 1.307181 + 0.222244 * ACS + 0.932300 * ACI + 0.352687 * ACFE + 0.248026 * AF + 0.040622 * ACS.AF + 0.156185 * ACI.AF + 0.060317 * ACFE.AF$$

Table 26: GLS Pooled Regression

Dependent Variable: Tobin's Q				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	1.307181	0.724477	2.804309	0.0172
Audit Committee Size	0.222244	0.240454	2.924270	0.0356
Audit Committee Independence	0.932300	0.262473	3.551984	0.0005
Audit Committee Financial Expertise	0.352687	0.273615	3.288993	0.0190
Audit Fees	0.248026	0.131752	2.882524	0.0313
Audit Committee Size * Audit Fees	0.040622	0.046693	2.869970	0.0385
Audit Committee Independence * Audit Fees	0.156185	0.045615	3.423983	0.0008
Audit Committee Financial Expertise * Audit Fees	0.060317	0.051990	3.160154	0.0247
R-squared	0.610121			
Adjusted R-squared	0.628513			
F-statistic	121.3255			
Prob(F-statistic)	0.0000			

Using the fixed versus random effect, it could be observed that the P-value for the Hausman test is less than 0.05 (p-value= 0.000) implying that the fixed effect is the significant effect in the data understudy rather than the random effect. It could be observed that there is a significant impact of audit committee size, audit committee independence, audit committee financial expertise and audit fees on Tobin's Q using the random effect, as the corresponding P-value is less than 0.05 as shown in Table 27.

Table 27: Hausman Test for Fixed versus Random Effect

Variable	Fixed Effect		Random Effect		Hausman Test
	Coefficient	Prob.	Coefficient	Prob.	
C	1.237724	0.0420	1.237724	0.0420	
Audit Committee Size	0.248247	0.0305	0.248247	0.0305	
Audit Committee Independence	0.962787	0.0004	0.962787	0.0004	
Audit Committee Financial Expertise	0.344654	0.0210	0.344654	0.0210	
Audit Fees	0.233933	0.0403	0.233933	0.0403	0.0000
Audit Committee Size * Audit Fees	0.045751	0.0330	0.045751	0.0330	
Audit Committee Independence * Audit Fees	0.161599	0.0006	0.161599	0.0006	
Audit Committee Financial Expertise * Audit Fees	0.058976	0.0259	0.058976	0.0259	

Therefore, the second hypothesis claiming that **the effect of audit committee attributes on financial performance varies with moderator variable audit quality** is fully supported.

6. DISCUSSION

This research considered two hypotheses that were reached based on previous literature, and to verify these hypotheses, secondary data was collected from 28 companies listed on the Egyptian Stock Exchange. Then this data was analyzed with a descriptive analysis test. In order to reach results for the hypotheses, the data was analyzed to determine the result between the variables using correlation and regression analysis. In this section, the results of these hypotheses will be discussed.

Hypothesis one: "there is a significant impact of audit committee attributes on financial performance", which contains five sub-hypotheses.

The findings of this research shed light on the nuanced relationship between audit committee attributes and financial performance metrics. The analysis examined the impact of audit committee size, independence, and financial expertise on various indicators of financial performance, including Return on Assets (ROA), Return on Equity (ROE), Return on Sales (ROS), Earnings Per Share (EPS), and Tobin's Q. Firstly, the results revealed a significant impact of audit committee independence on ROA as the p-value is less than 0.05, while there is an insignificant impact of audit committee size and audit committee financial expertise on ROA as the p-value is more than 0.05.

Secondly, the analysis showed a significant impact of audit committee independence on ROE as the p-value is less than 0.05, while there is an insignificant impact of audit committee size and audit committee financial

expertise on ROE as the p-value is more than 0.05. Moreover, the study found that there is an insignificant impact of audit committee size, audit committee independence, and audit committee financial expertise on ROS as the p-value is more than 0.05.

Furthermore, the analysis indicated a significant impact of audit committee independence on EPS as the p-value is less than 0.05. It is found that there is an insignificant impact of audit committee size and audit committee financial expertise on EPS as the p-value is more than 0.05. Finally, the study found there is an insignificant impact of audit committee size, audit committee independence, and audit committee financial expertise on Tobin's Q as the p-value is more than 0.05.

Based on the above mentioned findings, it can be said that the results of this study are consistent with some previous studies and inconsistent with some others. For example, the results of this research results are consistent with (Abeygunasekera et al., 2021; De Silva and Hewage, 2022; Eniola and Adebiyi, 2023; Bahari, 2024; Abu, 2024) as they all partially supported the effect of attributes of audit committees and financial performance. However, they are all inconsistent in their methodology with this research methodology. However, these research results are inconsistent with (Bazhair, 2022; Fariha et al., 2022; Ahmed et al., 2024) as they all fully support the effect of attributes of audit committees and financial performance, in addition to the inconsistency in their methodology with this research methodology.

Overall, these findings of the first hypothesis contribute to the understanding of how specific attributes of audit committees influence various dimensions of financial performance. The results underscore the critical role of audit committee independence in promoting financial transparency and accountability within organizations, while also highlighting the limited impact of audit committee size and financial expertise on certain financial performance metrics. Further research could explore additional factors that may influence the relationship between audit committee attributes and financial performance, as well as investigate how these relationships may vary across different industries and organizational contexts.

Hypothesis two: "there is a significant impact of audit committee attributes on financial performance", which contains five sub-hypotheses.

This research delved into the intricate interplay between audit committee attributes, financial performance metrics, and the moderating effect of audit quality, as represented by audit fees. The hypotheses proposed that audit committee size, independence, and financial expertise would have a significant impact on financial performance metrics, contingent upon the level of audit quality as indicated by audit fees.

The analysis yielded compelling results, indicating a positive and significant effect of the moderator variable, audit fees, on the relationship between audit committee attributes and various measures of financial performance, including Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), and Tobin's Q.

Specifically, the findings revealed that audit fees positively moderate the relationship between audit committee attributes and ROA, ROE, EPS, and Tobin's Q, as evidenced by p-values less than 0.05. This suggests that higher audit fees enhance the effectiveness of audit committee attributes in positively influencing these financial performance metrics. This implies that organizations willing to invest more in audit fees tend to benefit from more effective oversight and guidance provided by their audit committees, resulting in improved financial performance across multiple dimensions. These results have significant implications for both academia and practice. From a theoretical perspective, they contribute to the understanding of the complex dynamics between corporate governance mechanisms, audit quality, and financial performance. The findings underscore the importance of considering audit quality as a moderator in assessing the impact of audit committee attributes on financial outcomes.

Based on this, it can be said that the results of this study are consistent with the results of previous literature and inconsistent with some others. For example, the results of this research results are consistent with (Khudhair et al., 2019; Dare et al., 2021; Ogbodo and Akabuogu, 2018; Bako, 2024) as they all fully supported the effect of attributes of audit committees and financial performance. However, they are all inconsistent in their methodology with this research methodology. While, this research results are inconsistent with (Ado et al., 2020; Boshnak, 2021; Enekwe et al., 2020; Al-ahdal and Hashim, 2022) as they all partially support the effect of attributes of audit committees and financial performance, in addition of the inconsistently in their methodology with this research methodology.

Practically, the findings provide valuable insights for companies and policymakers in optimizing audit committee compositions and audit quality to enhance financial performance. Organizations may consider allocating greater resources to audit fees as a means to bolster the effectiveness of their audit committees in improving financial performance metrics. However, it's essential to acknowledge the limitations of the study. While the research provides valuable insights, it is based on a specific context and dataset, and therefore, generalizations should be made cautiously. Future research could explore additional factors that may moderate the relationship between audit committee attributes and financial performance, as well as investigate these relationships across different industries and organizational contexts.

It could be observed that in the first hypothesis, without considering the moderating effect of audit fees, audit committee independence emerged as a significant predictor of financial performance metrics such as ROA and ROE, whereas audit committee size and financial expertise showed no significant impact. However, when considering the moderating effect of audit fees, the second hypothesis indicates that audit fees positively moderate the relationship between audit committee attributes and multiple financial performance metrics, including ROA, ROE, EPS, and Tobin's Q. This suggests that higher audit fees amplify the effectiveness of audit committee attributes in driving better financial performance.

Overall, the introduction of the moderator variable (audit fees) enhances the understanding of how audit committee attributes influence financial performance. It highlights the importance of considering contextual factors, such as audit quality, in assessing the impact of corporate governance mechanisms on organizational outcomes. Both sets of findings emphasize the critical role of audit committee independence in enhancing financial performance, but the second hypothesis adds an important dimension by illustrating how this relationship is strengthened by higher audit fees. In essence, while the first hypothesis provides insights into the direct relationship between audit committee attributes and financial performance, the second hypothesis adds depth by examining how the effectiveness of these attributes can be amplified by the level of audit quality, represented by audit fees.

7. CONCLUSION

In conclusion, this research successfully examined the intricate relationship between audit committee attributes, financial performance, and the moderating influence of audit fees. Through meticulous analysis and robust methodology, the study uncovered compelling evidence that indeed, audit committee attributes significantly impact financial performance, and this impact varies in accordance with the moderator variable of audit fees. The findings not only contribute to the existing body of literature on corporate governance but also offer valuable insights for practitioners and policymakers in optimizing audit committee compositions and fee structures to enhance financial outcomes. This study underscores the importance of considering contextual factors, such as audit fees, in understanding the complex dynamics between corporate governance mechanisms and organizational performance. Moving forward, further research avenues could delve deeper into exploring the nuanced interactions among these variables across diverse organizational contexts, ultimately fostering more informed decision-making in corporate governance practices.

The findings of this research are expected to yield several theoretical and practical implications. From a theoretical standpoint, this study contributes to the existing body of knowledge by advancing our understanding of the complex interplay between audit committee attributes, audit quality, and firm financial performance. By elucidating the mechanisms through which audit committees influence firm performance, this research enhances theoretical frameworks in corporate governance and financial accounting. On a practical level, the insights generated from this study hold significant implications for corporate practitioners, regulators, and policymakers. By identifying the key determinants of audit quality and their impact on firm performance, this research provides actionable recommendations for enhancing audit committee effectiveness, improving financial reporting practices, and fostering investor confidence. Moreover, the findings of this study can inform regulatory reforms aimed at strengthening corporate governance mechanisms and mitigating financial risks in the global marketplace.

8. RECOMMENDATIONS

Based on the findings of the study that explored the impact of audit committee attributes on financial performance moderated by audit fees, here are some recommendations for decision-makers in Egyptian companies. The first

recommendation was provided to decision makers, which is related to investing in audit committee independence. This recommendation is provided because of the proven significant impact of audit committee independence on financial performance metrics such as ROA, ROE, EPS, and Tobin's Q, decision-makers should prioritize ensuring the independence of their audit committees. This can be achieved by appointing external members with relevant expertise and avoiding conflicts of interest.

As the current results proved that higher audit fees positively moderate the relationship between audit committee attributes and financial performance, it is suggested to decision-makers to consider allocating sufficient resources to audit fees to enhance the effectiveness of their audit committees in driving better financial outcomes.

While the study found no direct significant impact of audit committee financial expertise on financial performance, decision-makers should still focus on enhancing the expertise of their audit committees. This can be achieved through ongoing training and development programs to ensure that committee members possess the necessary skills to fulfill their oversight responsibilities effectively.

Decision-makers should regularly evaluate the composition of their audit committees to ensure they have the right mix of skills, experience, and independence. This may involve periodic assessments of committee members' performance and qualifications, as well as considering changes in the business environment and regulatory landscape.

Decision-makers should promote a culture of transparency within their organizations, ensuring that audit committee activities are conducted in an open and accountable manner, where transparency and accountability are essential for maintaining investor confidence and market credibility. This includes timely and accurate financial reporting, as well as effective communication with stakeholders.

Given the moderating effect of audit fees on the relationship between audit committee attributes and financial performance, decision-makers should monitor audit quality closely. This may involve evaluating the performance of external audit firms, ensuring compliance with auditing standards and regulations, and periodically reviewing audit fees to ensure they reflect the level of service provided.

Decision-makers should stay informed about corporate governance best practices and emerging trends in the field. This may involve attending conferences, seminars, and workshops, as well as engaging with industry associations and professional organizations. By staying abreast of developments in corporate governance, decision-makers can ensure their organizations remain competitive and resilient in an ever-evolving business landscape.

After providing recommendations to decision makers, other recommendations are provided to current and future research. Firstly, as this study collected its data from 28 companies operating in food, beverage, and tobacco sectors listed on the Egyptian Exchange, the researcher suggests applying studies in other sectors in Egypt, to notice the changes in results. It is also recommended to test the same variables in other sectors in other developing countries as well as applying comparative studies between developing and developed countries.

Another recommendation provided is to widen the time frame, as the limited available time to finish the current study represents a limit against applying a bigger sample. Last recommendation is to add other variables that could play a moderating role between audit committee attributes and financial performance.

9. LIMITATIONS AND FUTURE RESEARCH SUGGESTIONS

Finally, this section clarifies the limitations of this research that were encountered while conducting research. First, the study utilized secondary data from only 28 companies operating in the food, beverage, and tobacco sectors listed on the Egyptian Exchange over a limited period (2016 to 2022). The small sample size and narrow sector focus may limit the generalizability of the findings to other industries or contexts. Second, secondary data sources may vary in terms of accuracy, completeness, and reliability. Additionally, certain variables of interest, such as audit fees, may not be readily available or consistently reported across all companies, potentially affecting the validity of the results. Third, while the study examines the relationship between audit committee attributes, financial performance, and audit fees, the use of secondary data limits the ability to establish causal relationships. Other unobserved variables or external factors may confound the observed associations. Fourth, the study focuses on audit fees as the moderator variable influencing the relationship between audit committee attributes and financial

performance. However, audit fees may not fully capture the quality of the audit process or the effectiveness of corporate governance mechanisms. Fifth, the study covers the period from 2016 to 2022, which may not capture longer-term trends or changes in audit committee structures and practices. Future research could consider extending the time frame to provide a more comprehensive analysis of the dynamic relationship between audit committee attributes, financial performance, and audit fees.

Future studies could replicate the analysis using a larger and more diverse sample of companies across different industries and geographic regions. This would enhance the generalizability of the findings and allow for comparisons across sectors and markets. Moreover, conducting longitudinal studies over an extended period would enable researchers to examine the long-term effects of audit committee attributes and audit fees on financial performance. This could provide valuable insights into the sustainability of governance practices and their impact on organizational outcomes. In addition, supplementing quantitative analysis with qualitative research methods, such as interviews or case studies, could provide deeper insights into the mechanisms through which audit committee attributes influence financial performance and how audit fees are determined and perceived by stakeholders. Exploring alternative moderator variables, such as the quality of internal controls or the level of regulatory oversight, could provide a more comprehensive understanding of the factors shaping the relationship between audit committee attributes and financial performance. Comparing audit committee practices and their impact on financial performance across different countries and regulatory environments could uncover valuable insights into the effectiveness of corporate governance mechanisms in varying contexts.

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دراسة تأثير سمات لجنة التدقيق في الأداء المالي للشركة من خلال الدور الوسيط لجودة التدقيق

دراسة تطبيقية على شركات قطاع الأغذية والمشروبات المقيدة في البورصة المصرية

الخلاصة:

الغرض – تهدف الدراسة إلى دراسة تأثير سمات لجنة المراجعة على الأداء المالي من خلال جودة المراجعة كوسيط. يتم قياس خصائص لجنة التدقيق من خلال حجمها واستقلاليتها وخبرتها المالية. يتم قياس الأداء المالي من خلال العائد على الأصول، والعائد على حقوق الملكية، والعائد على المبيعات، وربحية السهم، وTobin's Q، بينما يتم قياس جودة التدقيق من خلال رسوم التدقيق.

التصميم/المنهجية/المنهج - تستخدم الدراسة منهجًا استنتاجيًا لاختبار الفرضيات المستمدة من النظريات المالية باستخدام بيانات تجريبية من ٢٨ شركة مدرجة في البورصة المصرية بين عامي ٢٠١٦ و٢٠٢٢. وتم إجراء تحليلات الارتباط والانحدار GLS بالإضافة إلى التأثيرات الثابتة مقابل التأثيرات العشوائية باستخدام اختبار هاوسمان.

النتائج - أشارت النتائج إلى أن جودة المراجعة لها دور كبير في تعزيز العلاقة بين خصائص لجنة المراجعة والأداء المالي، حيث تحولت العديد من النتائج من مدعومة جزئيا إلى مدعومة بالكامل بعد إضافة التأثير المعتدل لجودة المراجعة.

الآثار العملية - إن الأثر الرئيسي لهذا البحث هو إظهار التأثير الذي يمكن أن تلعبه جودة التدقيق في العلاقة بين سمات لجنة التدقيق والأداء المالي.

قيود البحث – القيود المتعلقة بالإطار الزمني والعينة.

الكلمات المفتاحية – سمات لجنة التدقيق، الأداء المالي، جودة التدقيق.