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DOES BOARD FINANCIAL EXPERTISE INFLUENCE THE RELATIONSHIP BETWEEN FINANCIAL ATTRIBUTES AND EXTERNAL AUDITOR CHOICE?

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ABSTRACT

This study examined the moderating effects of board member accounting expertise on the relationship between financial attributes and external auditor choice among 17 listed service firms in Nigeria from 2014 to 2023. Using a longitudinal research design and correlational approach, the study investigated the influence of profitability, liquidity, and leverage on the choice of Big 4 versus non-Big 4 auditors. Board expertise, measured as the percentage of independent directors with financial expertise, was hypothesized to moderate these relationships. Data, sourced from the firms' annual reports, were analysed using descriptive statistics, correlation analysis, and logit regression. The findings revealed that higher board expertise is associated with a decreased likelihood of choosing a Big 4 auditor. In addition, the study found that board expertise moderates the relationship between profitability auditor choice. Likewise, the association between liquidity and external auditor choice, is moderated by board expertise. These results suggest that profitable firms are more likely to engage Big 4 auditors, and that board expertise plays a complex role in auditor selection, influencing and moderating the influence of key financial attributes. The study recommends that listed service firms should prioritize both strong financial performance and diverse board expertise, especially in financial reporting and risk management, for optimal auditor selection and corporate governance.

Keywords: Financial attributes, auditor choice, service companies, board expertise.

INTRODUCTION

The integrity and reliability of financial reporting are paramount to the efficient functioning of capital markets. In Nigeria, listed service companies play an important role in economic development through domestic and international investment. The quality of financial information, disseminated by these entities, is heavily reliant on robust corporate governance mechanisms, including the oversight provided by competent boards of directors and the independent assurance offered by external auditors (Abiodun et al., 2021).

External auditors serve as gatekeepers that enhance the credibility of financial statements and mitigate information asymmetry between management and stakeholders. The choice of an external auditor, particularly a reputable one, often signals a company's commitment to transparency and good governance (Spanca, & Çıtak, 2025). The auditor's work significantly impacts the business' ability to secure financing, subsequently influencing the quality of financial reporting (Kwabena, 2017). However, the major issue is connected to the trade-off that exists as the appointment of these high-quality professional firms or otherwise to advance good corporate governance (Lin & Liu, 2010). Since Nigeria's corporate governance is so far behind international standards, this accusation could have a disproportionate effect on developing economies like Nigeria's (Soyemi, 2020).

The reason these companies always handle the most audits is that they are so dominant. Naira Metrics 2024 reports that the market dominance of the Big 4 corporations remains unchanged. A rise of 46.7% from the previous year brought audit fees to 17.24 billion Naira in 2023. According to Musa (2023), the Big 4 audit firms were mostly hired by banks and insurance corporations for their auditing needs. Data shows that the Big 4 audit firms looked at 85% of banks from 2007 to 2016. This is quite concerning as it has the potential to force auditing businesses on a local and national level to go out of business. These issues call for investigation into the elements that influence the supply of audit services (Eniola and Ajayi, 2018). Therefore, examining the possible firm characteristics that may influence auditor selection in the listed service firms of Nigeria is the goal of this research.

Recent research has shown a correlation between firms' financial characteristics and the selection of auditors. While some studies have shown a positive but negligible association between auditor choice and financial characteristics (Aslan & Aslanertik, 2017), others have shown the opposite (Simunic, 2008; Dissanayake, 2019). Furthermore, Hossain et al. (2010) discovered a negative and negligible correlation between auditor selection and leverage. Azizkhani et al. (2023) discovered an inverse relationship between liquidity and auditor selection, which contradicts the previous findings. Reduced liquidity makes it less probable that a client firm would engage an auditor from the Big 4 audit firms. Consequently, while selecting auditors, a firm takes the assets and other characteristics of the business into account (Gerakos & Syverson, 2015). The employment of a moderator may help to explain the contradictory findings about the relationship between auditor selection and the financial characteristics of an organization. According to Habib et al. (2019), more investigation is required to ascertain the influence of financial competence on the choice of qualified auditors.

In fact, to the best of my knowledge, there are limited studies that have looked at how accounting expertise of board members moderates the connection between auditor selection and financial characteristics (profitability, liquidity, and leverage). Hence, this study explored the gap using the listed companies in the service sector of the Nigeria Exchange Group (NGX). The listed companies in the service sector of NGX are also contributing to the Nigeria economy and the critical role of the external auditors in ensuring financial transparency and accountability. However, there remains a gap in understanding how firms' financial attributes influence the auditor's choice of Nigerian listed service firms. This is important because external auditors play a crucial role in keeping financial openness and good governance (Spanca, & Çıtak, 2025). Stakeholders and legislators are keenly interested in enhancing the performance and sustainability of companies operating in this industry, making it imperative that they comprehend this connection. In view of the above, the study examined the moderating effect of board member accounting expertise on the relationship between financial attributes and external auditor choice among listed service companies in Nigeria.

The paper proceeds as follows. Section 2 provides the literature review. Section 3 describes the methodology of the study. The results and discussion of study is situated in section 4. While and section 5 concludes.

LITERATURE REVIEW

Moderating effect of board expertise on the relationship between firm attribute and external auditor choice

Members of a diverse board range in age, gender, education level, area of expertise, country of origin, and other demographic and cognitive characteristics (Mishra & Jhunjhunwala, 2013). It is believed that a diverse board will improve several organizational results. According to Jensen (1993), a diverse board of directors primarily benefits shareholders as they provide guidance in the form of recommendations to help businesses overcome obstacles and develop winning strategies. When it comes to corporate planning and determining what elements might impact corporate value, firms need the assistance of financial experts (Jensen, 1993).

Jeanjean and Stolowy (2009) state that the three primary responsibilities of financial expert directors are to supervise the business, counsel the CEO, and assist the business in obtaining financial resources (such as grants or loans) to improve performance. Following a string of accounting scandals, authorities have stressed the significance of boards having members with extensive financial knowledge (Güner et al., 2008). Having board members who are well-versed in financial statements and generally accepted accounting standards can enhance board supervision and benefit shareholders.

Beyond improving the accuracy of disclosures and the effectiveness of audit committees, however, financial experts may influence business practices in other ways as well (Güner et al., 2008). Keeping an eye on financial reports requires specialized and functional accounting abilities and improving knowledge (Kim et al., 2014). Idris et al. (2019) highlighted the crucial influence that financial experts have on the formulation of a company's policies. Consequently, they enhance the efficiency of corporate boards, facilitate the evaluation of a company's financial status, and provide guidance on financial matters. The selection of a director possessing significant financial expertise elicits a favourable response from the market, as evidenced by Defond et al. (2005). Research indicates that the financial acumen of board members enhances oversight and management with evidence suggesting that the presence of financial experts correlates with improved governance (Jeanjean & Stolowy, 2009; Kibiya et al., 2016).

Agency theory, developed by Jensen and Meckling in 1976, holds that the financial acumen of an outside director is essential as it enables efficient supervision of managers seeking to seize opportunities, hence lowering agency-related expenses. Contrarily, according to the resource dependence perspective, providing essential monitoring services is contingent upon directors' competence (Hillman & Dalziel, 2003). The desire to maintain one's credibility and, by extension, provide services that safeguard shareholder interests, may motivate a financial expert director, whether they are an insider or an outsider. Research shows that businesses with financially astute members on their boards and on their committees are less likely to engage in earnings' management (Cunningham, 2008) and have greater profits generally. A financial expert on a financial institution's board boosts shareholders' value and reduces the need to restate results, claimed Güner et al. (2008) and Agrawal & Chadha (2005). Defond et al. (2005) state that the stock market often responds favourably when financial specialists are added to the audit committee.

Prior studies have shown that the level of financial expertise present on a board has a substantial impact on the company's bottom line. For example, Okolie et al. (2024) and Adams and Jiang (2017) found that improved financial performance and higher audit quality reduced the costs of verifying corporate financial information. This, in turn, improved the efficiency and reliability of the external audit function (Raheja, 2005) and ensured the firm's continued viability (Custodio & Metzger, 2014). Board members' accounting knowledge may thus impact the correlation between financial characteristics and auditor choice. Based on the preceding discussion, the following hypotheses are stated below.

H_1: Board financial expertise moderates the association between firm profitability and auditor choice of listed service firms in Nigeria
H_2: Board financial expertise moderates the association between firm liquidity and auditor choice of listed service firms in Nigeria.
H_3: Board financial expertise moderates the association between firm leverage and auditor choice of listed service firms in Nigeria.

Theoretical Review

Theoretical work on auditor's choice appointment and reporting has produced several theories as to the motivation of firms to report or disclose information on their financial statement. However, this current study is anchored on the agency theory.

Agency Theory

The connection between owners (the principals) and managers (the agents) is central to agency theory. One of the main reasons why agency theory can be applied in modern corporations is because ownership and management are separated. Distributed ownership is a hallmark of modern businesses, with shareholders often abstaining from day-to-day operations. In such a case, the company's day-to-day operations are overseen by an agent. Disputes between agents and principals can arise from the difference between ownership and control, which can lead to expensive resolutions (Jensen & Meckling, 1976; Eisenhardt, 1989).

The primary means of supervising the management team is having an outside auditing firm go over the company's financial records. For this monitoring system to function, it is essential to set up the various components of the audit. Separation of duties between the agent and the monitor is an indicator that auditors should avoid conflicts of interest with management. Secondly, auditors need confidence that their standards will enable them to detect false or misleading information. The agent's credibility and the accuracy of their financial reports are the deciding factors (Culpan & Trussel, 2005). This approach proposes that auditing may lessen the impact of ownership and control not working together (Jensen & Meckling, 1976). It is challenging to maintain a wall of separation between ownership and control in an auditing environment due to features like rules and competition. Auditors face competition in the market, which limits the amount of rental revenue they may generate from their private knowledge. However, the audit business is confronted with heightened resignation risks because of alternative demand sources that the market has introduced. To ensure compliance with legislation, a minimum number of audits must be conducted in accordance with the Generally Accepted Auditing Standards (GAAS) (Antle & Demski, 1991). So, due to legislation and competition, audit firms may have to reevaluate their role in reducing the negative consequences of ownership and control separation. This agency conflict can be lessened with competent board members, especially when it comes to money matters. The intricacies of financial reporting and auditing can be better understood by a board with strong financial expertise, which enables for more informed decisions when selecting auditors. This knowledge makes it easier to link company characteristics with auditor choice. For example, unlike smaller businesses, companies with an educated board are less likely to prioritise cost-cutting measures when choosing an auditor.

METHODOLOGY

The population of the research consist of 22 service firms listed Nigerian exchange group (NGX) companies as at 31st December 2023. However, 12 firms were selected using based on the availability of information needed to analyse the data. The selection criteria include; a company must have been listed before 2014; a company must not be on technical suspension on the NGX within the study period, 2014-2023; a company must not have reported losses for three consecutive years during the study period; and a company must have been listed on the main flow of the NGX.

Furthermore, the study utilises data obtained from secondary sources, particularly the published annual reports of the chosen service firms from 2014 to 2023. A combination of descriptive statistics, correlation matrix, and pool logit regression technique of data analysis was adopted. In addition, diagnostic tests which include goodness-of-fit test, classification test, and link test were performed. According to Kennedy (2008), logit is more common and lower in computational cost than probit. Hair et al. (2010) argued that logistic regression analysis is an appropriate statistical technique if the dependent variable is categorical. The variable measurement table is presented below.

Table 1

Variable Measurement

Variable		Measurement and Source
External Auditor Choice		Dummy of 1 if a company is audited by a Big 4 auditor and 0 otherwise (Guedhami et al., 2014; Meah & Hossain, 2023; Musa, 2023; Zhou et al., 2020).
Profitability		Earnings before interest and tax divided by total assets (Alfraih, 2017; Guedhami et al., 2014; Kim et al., 2019; Mule et al., 2015).

Liquidity		Current assets divided by current liabilities (Azizkhani et al., 2023; Qin, 2023; Wijaya and Riswan, 2022).
Leverage		Total debt to equity ratio (Aerts et al., 2020; Xu et al., 2022; Zhang et al., 2020).
Board expertise		Percentage of independent board members with Financial expertise (Al-Janahi et al., 2019)
Firm Size		Natural log of total assets as used by Zhang et al. (2020).
Firm Age		Number of years from date of incorporation as used by Mule et al. (2015)

The connection between the variables of the study is examined using the model below;

$EAC = a_i + \beta_1 FPRF_i + \beta_2 FLIQ_i + \beta_3 FLEV_i + \beta_4 FPRF*BE_i + \beta_5 FLIQ*BE_i + \beta_6 FLEV*BE_i + \beta_7 FSIZE_i + \beta_8 FAGE_i + e_i$ 1

The explanatory variables of the model include FPRF (Profitability), FLIQ (Liquidity), and FLEV (Leverage), while EAC (External auditor choice) is the dependent variable, PRF*BE is the interaction term between profitability and a board's financial expertise, FLIQ*BE represents the interaction term between liquidity a board's financial expertise, while FLEV*BE represents the interaction term between leverage and board accounting expertise. FAGE and FSIZE refer to the control variables.

RESULT AND DISCUSSION

This section contains presentation and discussion of the descriptive statistic result, correlation analysis result and logistic regression analysis outcome.

Table 2

Descriptive Statistics

Variables	OBS	Mean	Std. Dev.	Min	Max
EAC	120	0.3833	0.4882	0.0000	1.0000
FPRF	120	0.0468	0.0714	-0.3353	0.3113
FLIQ	120	1.5216	0.9509	0.1784	6.1323
FLEV	120	1.6677	1.6882	0.0533	8.3090
BE	120	0.1224	0.1168	0.0000	0.4444
FSZ	120	9.8180	0.6752	8.5003	11.090
FAGE	120	33.250	14.625	5.0000	62.000

Note*:* EAC (External auditor choice), FPRF (Profitability), FLIQ (Liquidity), FLEV (Leverage),.BE (Board expertise), FSZ (Firm size), and FAGE (Firm age).

The variables that were utilised in the study are summarised in Table 2. The use of a Big 4 auditor by a company is indicated by the binary variable External auditor choice (EAC), which is proxied by 1 or 0. From the Table 2, it could be seen that listed service firms in Nigeria employed Big 4 auditors in 38.33% of cases, according to the mean value of 0.3833. this shows that the listed service firms in Nigeria exhibit a high degree of auditor choice variability, as indicated by the standard deviation of 0.4882. In addition, the listed service firms in Nigeria report an average profitability of 4.68%, measured by return on assets (ROA), (PRF) = 0.0468. However, there is a large disparity in the sample firms' profitability levels, as this value varies substantially from -0.3353 to 0.3113.

Furthermore, the liquidity of the firm as measured by the current ratio, has a mean of 1.5216. This suggests that, on average, the listed service firms in Nigeria possess sufficient current assets to cover their short-term obligations. Firm leverage, measured by the debt-to-equity ratio, has a mean of 1.6677. This suggests a moderate level of debt financing for the sample firms. The average value of a board's financial expertise of listed service firms in Nigeria is 0.1224. Boards' expertise appears to vary among the sample firms, as indicated by the range of 0 to 0.4444.

For control variable, firm size (FSZ) has a mean of 9.8180 with a minimum and maximum of 8.5003 and 11.090 respectively. Finally, firm age (FAGE) has a mean of 33.25 years. This suggests that the average age of the listed service firm in Nigeria is 33years. The range, from 5 to 62 years, indicates that the sample includes firms with a wide range of operating history.

Table 3

Correlation Result

	EAC	FPRF	FLIQ	FLEV	BE	FSZ	FAGE
EAC	1.0000						
FPRF	0.2550*	1.0000					
FLIQ	-0.0339	-0.0676	1.0000				
FLEV	-0.1203	-0.0617	-0.5011*	1.0000			
BE	-0.1534	-0.0233	-0.2370*	0.5326*	1.0000		
FSZ	0.2461*	0.1466	-0.4037*	0.1947*	0.5064*	1.0000	
FAGE	0.1854*	-0.0230	0.2266*	0.1005	-0.1600	-0.1663	1.0000

Note: EAC (External auditor choice), FPRF (Profitability), FLIQ (Liquidity), FLEV (Leverage),.BE (Board expertise), FSZ (Firm size), and FAGE (Firm age).

The correlations reported in Table 3 illustrates the nature and direction of the associations between EAC as the dependent variable, and FPRF, FLIQ, FLEV, BE, FSZ, and FAGE, the independent and control variables. EAC and FPRF are positively related with a coefficient of 0.2550. Thus, companies that employed the services of Big 4 as external auditors are more profitable than others with non-Big 4 services.

There is a negative and insignificant association between liquidity and auditor choice of listed service companies in Nigeria. Similarly, EAC and FLEV is reported to have a negative relationship as presented in Table 3 with a coefficient of -0.1203 though the association is not significant. The result of the association between EAC and BE is also insignificant with a coefficient of -0.1534.

Table 4

Multicollinearity Test

Variables	VIF	Tolerance
FPRF	1.04	0.9624
FLIQ	1.88	0.5331
FLEV	2.25	0.4443
BE	2.14	0.4676
FSZ	1.72	0.5802
FAGE	1.23	0.8113
Mean VIF	1.71	

The results of the collinearity diagnostics test are presented in Table 4. As observed, the maximum VIF value is 2.25, which is below the commonly accepted threshold of 10 (Gujarati, 2004). This suggests that multicollinearity may not affect the main result of the study.

Table 5

Logit regression (Direct relationship)

Variables	Coefficient	Z	P>(z)
FPRF	9.150722**	2.27	0.023
FLIQ	0.0130402	0.04	0.968
FLEV	-0.0763056	-0.34	0.737
BE	-7.229486**	-2.45	0.014
FSZ	1.686388***	3.36	0.001
FAGE	0.0354393**	2.25	0.024
Const	-17.83017	-3.46	0.001
LR chi2(6)			33.73
Prob > chi2			0.0000
Pseudo R2			0.2111

Note: * $p< 0.01$, ** $p<0.05$, *** $p<0.001$.

Table 5 presents the logistic regression on the association between firm financial attributes and auditor choice. The result shows that Table 4 the likelihood ratio chi-square value of 33.73 with a probability value of 0.0000 indicates that the overall model is statistically significant.

On the individual variable, the result shows that profitability (FPRF) has a positive and statistically significant relationship with auditor choice ($\beta = 9.150722$, $p = 0.023$). This indicates that more profitable firms are more likely to appoint Big 4 audit firms than less profitable firms. A plausible explanation is that profitable firms possess stronger financial capacity to bear the relatively higher fees charged by reputable auditors.

In contrast, liquidity (FLIQ) shows a positive but insignificant association with auditor choice ($\beta = 0.0130402$, $p = 0.968$). This suggests that the short-term ability of a firm to meet its current obligations does not significantly influence the decision to appoint a Big 4 auditor. One explanation is that liquidity reflects operational cash management rather than long-term governance strategy.

Similarly, leverage (FLEV) has a negative but insignificant effect on auditor choice ($\beta = -0.0763056$, $p = 0.737$). Although the negative suggests that highly leveraged firms may be less likely to appoint Big 4 auditors, the absence of significance means leverage is not a decisive factor in auditor selection within the sampled firms.

The coefficient for board expertise (BE) is negative and statistically significant ($\beta = -7.229486$, $p = 0.014$). This indicates that firms with greater board financial expertise are less likely to appoint Big 4 auditors. While this may appear counterintuitive, it can be justified on the basis that financially knowledgeable board members may possess stronger internal monitoring capacity and accounting oversight, thereby reducing perceived dependence on expensive external auditors.

Table 6

Logit regression results (moderated relationship)

Variables	Coefficient	Z	P>(z)
FPRF	1.860571	0.37	0.714
FLIQ	-1.30443*	-1.79	0.073
FLEV	-0.34132	-0.87	0.384
BE	-35.0337**	-2.56	0.011
PRFBE	77.85538*	1.85	0.064
FLIQBE	12.41125**	2.22	0.026
FLEVBE	2.295321	1.23	0.218
FSZ	1.614481***	3.09	0.002
FAGE	0.037695**	2.19	0.029
Const	-14.2359**	-2.53	0.011
LR chi2(6)			42.18
Prob > chi^2			0.0000
Pseudo R^2			0.2640

Note: * p< 0.01, ** p<0.05, *** p<0.001.

Table 6 shows the outcomes of a logistic regression study looking at how board experience moderates the link between financial characteristics and the external auditor decision. The statistical relevance of the regression model is confirmed by the outcomes showing a p-value of 0.000 and a likelihood ratio (LR) chi-square of 42.18. This implies a clear divergence from a null model inside the large model. Along with a Pseudo R-squared value of 0.2640.

As shown in the regression result in Table 6, the interaction between profitability and board expertise (PRFBE) is positive and statistically significant. ($\beta = 77.85538$, $p = 0.064$). This shows that board expertise strengthens the positive influence of profitability on the likelihood of appointing a Big 4 auditor. Consequently, the analysis supports hypothesis one that board expertise moderates the relationship between profitability and auditor choice. The significant interaction suggests that profitable firms are more likely to convert financial strength into demand for higher-quality auditors when financially knowledgeable directors are present on the board.

Probable explanation is that directors with accounting or finance expertise are better able to recognise the reputational benefits of engaging high-quality auditors, especially when the firm has sufficient earnings to absorb higher audit fees. Additionally, financial experts may also perceive Big 4 auditors as valuable monitors that reduce agency conflicts and signal reporting credibility to investors. This is consistent with agency theory, which predicts that stronger internal governance mechanisms complement external monitoring rather than substitute for it in certain contexts.

The finding of this study aligns with prior literature that board financial expertise enhances monitoring quality and strategic financial decisions. Güner et al. (2008) found that financially expert directors significantly influence corporate decisions and resource allocation. Similarly, Jeanjean and Stolowy (2009) show that financial expertise improves board effectiveness in monitoring financial matters. Therefore, the result suggests that profitability becomes more relevant to auditor choice when guided by financially competent boards.

Moreover, the interaction between liquidity and board expertise (FLIQBE) as documented in Table 6 is positive and statistically significant (β = 12.41125, p = 0.026). This implies that board expertise moderates the relationship between liquidity and auditor choice by converting liquidity into a stronger likelihood of appointing Big 4 auditors. Therefore, the study also accepts the hypothesis two that the relationship between liquidity and auditor choice is moderated by a board's financial expertise.

The finding further, suggests that boards with financial expertise are more likely to treat excess liquidity as an opportunity to invest in governance quality. Such boards may understand that strong liquidity positions should be accompanied by credible reporting systems to reassure investors, lenders, and regulators. The result is consistent with resource dependence theory, which argues that directors contribute valuable competencies and networks that improve strategic decisions. Financially skilled directors may therefore redirect available liquid resources toward assurance services that enhance stakeholder trust.

However, the interaction term between leverage and a board's expertise does not show statistical significance. The interaction between leverage and board expertise (FLEVBE) is positive but statistically insignificant (β = 2.295321, p = 0.218). This indicates that board expertise does not significantly moderate the relationship between leverage and auditor choice among the sampled firms. In practical terms, debt levels do not appear to become more influential in auditor selection simply because financially expert directors are present.

One explanation is that creditors in the Nigerian service sector may rely more heavily on collateral, lending relationships, or private contractual monitoring than on financial expert. Consequently, even financially expert boards may have limited incentive to alter auditor choice based solely on leverage conditions. Another possibility is that highly leveraged firms remain cost-sensitive and may avoid the additional fees associated with Big 4 auditors regardless of board competence. This insignificant result is not unusual in emerging-market governance studies where capital providers often depend on relationship-based monitoring rather than formal assurance mechanisms.

Taken together, the interaction findings demonstrate that board financial expertise is among the most influential when firms possess internal financial strength, particularly profitability and liquidity. Financially expert directors appear capable of translating strong firm resources into demand for higher-quality external auditors.

CONCLUSION

This study examined whether board financial expertise moderates the relationship between firm financial attributes and external auditor choice among listed service firms in Nigeria. Based on empirical evidence, the study concludes that board financial expertise is an important governance mechanism that shapes how internal financial conditions translate into auditor selection decisions. Specifically, the positive and significant interaction effect between profitability and board expertise indicates that profitable firms with financially knowledgeable boards are more likely to appoint Big 4 auditors. The findings of the study also reveal that the association between liquidity and Big 4 auditor choice, becomes positive when moderated by board expertise. This implies that liquid firms appear more willing to invest in higher-quality auditors to strengthen credibility, improve stakeholder confidence, and maintain prudent financial governance. In contrast, the interaction of leverage with board expertise were not statistically significant, suggesting that debt levels may not be a primary determinant of auditor choice in the Nigerian service sector.

Finally, from an academic perspective, this study contributes to the corporate governance and auditing literature by extending prior research on auditor choice through the introduction of board financial expertise as a moderating variable. However, for policymakers and regulators that include the Securities and Exchange Commission (SEC), Financial Reporting Council of Nigeria (FRCN), and the Nigerian Exchange Group (NGX), the findings support policies that encourage the inclusion of financially competent independent directors on boards.

Despite its contributions, this study has certain limitations. First, the sample was limited to listed service firms in Nigeria, which may restrict the generalizability of the findings to other sectors. Second, board expertise was measured quantitatively which may not fully capture differences in experience quality among others. Third, the study focused on Big 4 and non-Big 4 auditor and did not consider audit fees or auditor tenure. Therefore, future studies may expand the sample to multiple sectors or cross-country comparisons within Africa, incorporate broader governance variables such as gender diversity or board independence.

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