International Journal of Environmental Sciences
ISSN: 2229-7359
Vol. 11 No. 25s,2025
https://theaspd.com/index.php

Impact Of Audit Committee And Audit Quality On The Stock Prices Of Manufacturing Firms In The Uk As The Moderating Role Of Economic Condition

Aws AlHares
Department of Accounting and Finance, Prince Mohammad bin Fahd University, 617, Al Jawharah, Khobar 34754, Saudi Arabia. Email: aalhares@pmu.edu.sa, ORCID: 0000-0003-0052-0172

Abstract: *This paper investigates how economic conditions moderate the association of audit committee characteristics and audit quality with stock prices for UK manufacturing companies. This paper uses a quantitative research approach for analysis of financial data from 20 UK manufacturing firms over the years 2014-2023. The data has been collected from annual reports and refinitive. The study employs panel data GLS regression to evaluate how stock price movements in response to audit committee attributes and audit quality change in reaction to GDP growth. The study indicated that audit committee size and independence have insignificant impact on the stock market performance. However, higher audit quality negatively impact on the stock returns. GDP growth positively moderates the relationship between audit committee independence and stock performance, while it has insignificant impact on audit committee size or quality.*
Keywords: *Audit Committee Independence, Audit Quality, Stock Prices, Economic condition.*

1. INTRODUCTION

Corporate governance has an important impact on the financial performance, namely financial stability, investor confidence and regulatory compliance (AlHares, 2020; Bui et al., 2024). In manufacturing firms with weak governance structures operating in volatile economic environments, financial misreporting can occur, which can cause investor uncertainty and volatility of the stock price. Audit mechanism consisting of audit committee and audit quality acts as an important part amongst corporate governance in order to enhance financial credibility and stock market performance (Darmawan et al., 2023). However, attempts at regulatory improvement of audit committee effectiveness and audit quality continue to produce uneven results in terms of audit committee effectiveness and audit quality, and these inefficiencies cause investor trust and firm valuation to suffer.

Audit committees are important because they perform a critical function in the sphere of oversight of finances, and compliance, and risk management. The effectiveness of an audit committee is related to its composition in the sense of size and independence. The more experienced the members on the audit committee, the bigger the committee, the more financial oversight will be and the lower the risk of earnings manipulation (Ginesti et al., 2023). Auditing committees with independent directors also tend to have higher independence and therefore, they challenge the executive decisions more likely to ensure financial integrity (Ashraf et al., 2022). Under the UK Corporate Governance Code, regulatory bodies like the Financial Reporting Council (FRC, 2024) also promote independent audit committee in order to protect shareholder interest.

Stock market performance is also greatly affected by the quality of audit. Auditor expertise, adherence to ethical standards and abidance with IFRSs reduce the information asymmetry meanwhile ensures that financial report is reliable (Elmashtawy et al., 2024). Low capital costs and higher stock valuations are exhibited by firms with reputable auditors, which increases investor confidence (Quick et al., 2023). The empirical studies indicate a link between stock price stability and audit quality, where better financial controls lower the likelihood of its restating their financials (Saleeb et al., 2023).

Finally, economic conditions moderate the effect of audit committees and audit quality on stock prices. Thus, when the economy is expanding, investor confidence grows, making the benefits from good corporate governance even better. On the contrary, when economic downturns happen, these financial misreporting risks are positively affecting the stock performance (Bandera et al., 2024). When economic growth operates in cycles, deeper analysis of macroeconomic conditions leads to evidence about the form in which audits and governance mechanisms are effective. Governance weaknesses were exposed during the 2008 global financial

crisis, which led to changes in regulatory to improve the quality of audit and board oversight (Afonso et al., 2022). Like COVID–19 pandemic, it highlighted the urgent requirement of good financial governance to tackle the variations in market volatility and uncertainty (Ullah et al., 2023).
Given that economic conditions are likely of moderating impact on the strength of relations between audit committee effectiveness and audit quality and stock prices, this research investigates the impact of audit committee effectiveness and audit quality on stock prices of UK manufacturing firms. With a view to filling gaps in both existing literature on the role of corporate governance in childrearing financial market stability and in investor decision-making, this study fills this gap.
This study aims to examine the impact of the audit committee size, the audit committee independence, and the quality of the audit on the stock price of manufacturing firms in the UK, considering the role of the economic conditions. The results shall be of interest for the corporate governance literature and may further suggest to policymakers, regulators, and investors.

2. LITERATURE REVIEW

2.1. Theoretical Framework

The independent audit committees and the quality of the external auditor are useful in reducing information irregularity and improving investor confidence. Two key theories underpin this relationship: Agency Theory and Signaling Theory. Agency Theory, developed by Jensen and Meckling (1976), deals with conflicts of interest between shareholders (Principals) and managers (Agents). Earnings are likely to be managed, and financial reporting quality is also likely to decline as manager's performance in their self-interest. (Al-Faryan, 2024). Therefore, an effective audit committee plays the role of a monitoring mechanism that enhances financial statement quality and reduces agency costs (Ikhsan et al., 2024). According to the Signaling Theory developed by Spence in 1973, audit quality can be used as a signal of financial integrity to investors by companies. Audits from Big 4 firms signal strong financial health and thus are perceived to have low risks, hence positively impacting stock prices (Mohammadzade and Sjoo, 2024). Signaling Theory explains how Big 4 audits signal financial health, influencing stock prices based on economic conditions (Alidarous, 2024). The economic conditions also have an impact on this relationship. In economic crises, investors turn to quality audits and good governance measures for a firm that can reflect its stability and affect its stock valuation to the highest level (Malik et al., 2022). On the other hand, in a growing economy, investors pay less attention to signals of good governance because the optimistic market outlook dominates. Focusing on these theories, the following empirical research supports each of these ideas. For example, Yahaya (2024) established that firms with robust audit committees made negative inferences on financial fraud, enhancing stock market credibility. In the same regard, Abu Afifa et al. (2020) showed that audit quality helps to increase the credibility of earnings, thereby helping investors.

2.2. Audit Committee Characteristics and Stock Prices

An audit committee, which is responsible for the audit of financial reports, play a crucial role in corporate finance. Its effectiveness depends on key characteristics such as size, independence, financial expertise, and meeting frequency. These factors have a direct impact on investor confidence and stock prices. Hansen et al. (2021) present that, with a larger audit committee, there is a reduced financial misstatement because large audit committees have higher oversight capacity. Increased scrutiny from a larger committee enhances financial transparency, thereby strengthening investor confidence. The independence of the board, with a focus on nonexecutive directors, is crucial for financial reporting according to the composition of the board. The research by Iqbal et al. (2022) suggests that independent audit committees limit high levels of earnings manipulation and raise investor confidence (and consequently improve stock returns). Fariha et al. (2022) highlighted a positive relationship between audit committees and stock price stability. This is because investors define firms with informed committees as less risky and enhance the market valuation of their firms. Regular Meeting Frequency indicates the consistent monitoring. Almaqoushi and Powell (2021) conducted a study on audit committees and stated that companies with more regular meetings of audit committees were found to have better earnings quality and less stock price risk.
Existing literature reviews show audit quality and audit committees to have a positive effect on stock prices, especially in the manufacturing industry. Using the UK manufacturing industry, Sitanggang et al. (2020)

discover that audit quality involved by way of audit fees and Big Four auditors affects real earnings management. Their analysis shows that firms in their sample having high audit fees have lower abnormal operating cash flows and higher discretionary expenses, which suggests that strict audits compel the firms to look for other forms of managing their earnings. While high audit quality improves transparency and investor confidence, its influence on stock prices is complex, as firms may still manipulate financial reports through real earnings management. Similarly, Boshnak (2021) also tries to establish the relationship between audit committee characteristics and audit quality in Saudi firms listed on Saudi stock exchanges. The results give a clear indication that firms with an audit committee that possesses significant financial knowledge and firms with high institutional ownership engage qualified auditors, enhancing the quality of the audit. More importantly, more meeting frequencies of the audit committee improve the effectiveness of the oversight of financial reporting, which leads to more accurate disclosures. Nevertheless, the existence of audit committees does not necessarily mean better audit quality, as the performance relies upon the expertise and engagement in governance.

The UK manufacturing companies work under intense competition and regulations that require sound financial reporting. The audit committee play the role of an internal governance mechanism offering assurance to investors about the company's financials. Nevertheless, such characteristics must be enhanced with appropriate economic conditions when they are to have a positive or negative effect on the relevant stock prices.

H1: There is a positive relationship between audit committee characteristics (size, independence, financial expertise, and meeting frequency) and stock prices

2.3. Audit Quality and Stock Prices

The quality of audits plays a critical role in enhancing the credibility of financial statements, investments and stock prices. High-quality audits increase the reliability of earnings figures by reducing the likelihood of errors and fraud in financial reporting. The firms that are audited by the Big 4 audit firms (PwC, Deloitte, EY, and KPMG) are expected and receive better investors' confidence since it is believed that they endured more strong financial scrutiny (Holtzblatt et al., 2020). This is because associating a company with a good auditor is considered a concept of good corporate governance, hence improving its stock prices. Nonetheless, the auditors in this category may be considered to have less control, thus raising the possibility of firm-specific risk.

The length of the auditor's tenure affects the quality of the audit. Short tenure may mean that auditors may not have adequate time to develop an understanding of the financial environment of the firm, while long-term tenure may bring independence issues (Nyane, 2024). The mandatory audit report improves the independence of the process, while continuity offers a better grasp on finance and quality reporting (Prabowo and Suhartini, 2021). The stocks of firms with low audit quality are countered, and this results in declines in the prices of the stocks. Some examples of weak audit oversight include earnings restatements or audit failures, like the one seen in the Enron Corporation scandal (Rahman et al., 2020).

H2: High audit quality positively influences stock prices by increasing investor confidence.

2.4. Economic Conditions and Stock Market Performance

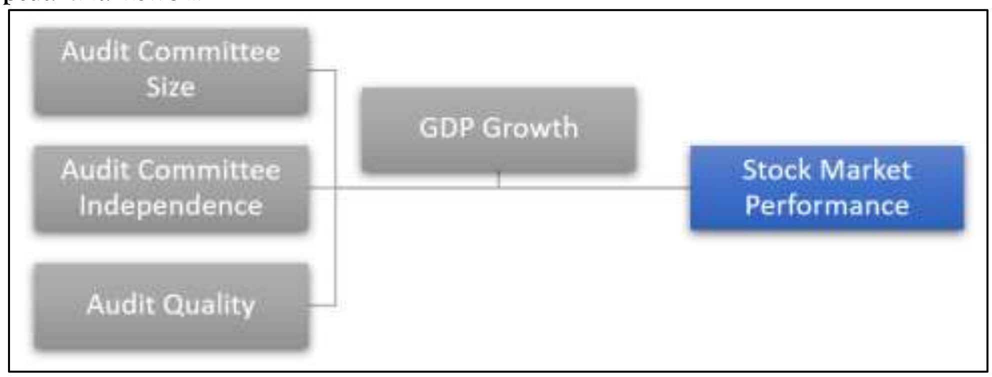
Audit quality, audit committees, and stock prices are influenced by the macroeconomic environment in a moderating manner. Economic conditions shape investor decision-making, particularly in areas such as risk perception, firm valuation, and financial report sensitivity. The Gross Domestic Product growth rate affects the performance of the stock markets. Higher GDP growth rates mean that the economy is expanding, and corporations and investors are earning higher returns and valuing stocks higher (Moradi et al., 2021). During the stages of economic growth, consumers increase their consumption, and companies experience higher revenues and better investing circumstances. Investors anticipating stronger corporate earnings tend to increase stock purchases, boosting demand and driving up stock prices (Woo et al., 2020).

On the other hand, a falling or negative GDP means business loss and economic instability, thus causing a decline in stock prices. However, during these periods of economic downturn, lower GDP tends to reduce the earnings of the corporations, discourage investment and aim at financial vulnerability (Malliet et al., 2020). This causes investors to sell their stocks, leading to market falls. Zakhidov's (2024) findings indicate that there is a positive correlation between GDP growth and stock market performance, as expansion of the economy fastens inflows of capital and market sentiment. However, stocks generally exhibit deterioration in performance with lower GDP growth due to higher unemployment, weak consumer demand and credit crunch situations.

GDP growth moderates the relationship between audit quality, audit committees, and stock performance by amplifying their impact during economic expansion and weakening it during downturns due to investor sentiment, earnings manipulation, and financial distress.

H3: GDP growth moderates the impact of audit quality and audit committees on stock prices across economic cycles.

2.5. Conceptual Framework



The conceptual framework analyses the characteristics of the audit committee, audit quality and stock market performance, and economic growth as a moderator. Auditing committee size, independence, and ability to improve financial reports presentation have a direct impact on stock performance. Economic growth (GDP growth) levels slow down this effect, enhancing or reducing its force.

3. MATERIALS AND METHODS

3.1. Data

The financial data for the years 2014-2023 were collected from Refinitiv, a well-reputed financial database, and also the financial reports of the selected firms. Data for the UK GDP growth rates were collected from the World Economic Indicators database.

3.2. Sample

The study considers the sample of 20 publicly listed UK manufacturing companies over a 10-year period, 2014 to 2023. The firms' listing on the UK stock exchange, the availability of data in Refinitiv, and relevance to the manufacturing sector were used to choose this sample. This provides a sample that facilitates an exhaustive investigation of the characteristics of audit committees and their effect on the performance of the stock market.

3.3. Variable Measurement

Variables	Variable Name	Measurement Description	Source
Independent	Audit Committee Size	Total number of members serving on the audit committee, as disclosed in material company financial disclosures.	Annual Report
Independent	Audit Committee Independence	Percentage of the audit committee comprised of independent non-executive directors, where total committee members are the denominator.	Annual Report
Independent	Audit Quality	Dummy variable where 1 indicates the auditor of Big four audit firms while 0 means otherwise.	Annual Report

Dependent	Stock Market Performance	It is evaluated using the daily stock returns (percentage change in stock prices)	Refinitive
Moderating	UK GDP Growth Rate	Annual rate of growth of UK Gross Domestic Product (GDP), the overall economic conditions that affect how stock performs.	World Economic Indicator

3.4. Data Analysis

This study uses a panel data regression model to test the hypotheses that state that audit committee size, audit committee independence, and audit quality significantly affect the UK manufacturing firms' stock market performance. The following is the statistical model used in the study.

$SP_{it} = \beta_0 + \beta_1 ACS_{it} + \beta_2 ACI_{it} + \beta_3 AQ_{it} + \beta_4 GDPG_t + \beta_5 (ACS_{it} * GDPG_{it}) + \beta_6 (ACI_{it} * GDPG_{it}) + \beta_7 (AQ_{it} * GDPG_{it}) + \varepsilon_{it}$

SP = Stock returns and their volatility in the stock market

ACS = Audit committee size

ACI = Audit committee independence

AQ = Audit quality

GDPG = Economic growth (UK GDP growth rate)

ε= Error term

All the data was analysed using software called STATA. Conventional statistics, like measures of central tendencies and variability, summaries the distribution of the variables, and the presence of multicollinearity can be performed using a correlation analysis. Heteroskedasticity tests were performed, and for autocorrelation, Durbin-Watson statistics were used to determine the validity of regression. Based on these diagnostics, GLS robust regression was used.

4. RESULTS AND DISCUSSION

4.1. Descriptive Summary

Table 1: Descriptive Summary

Variable	Obs	Mean	Std. Dev.	Min	Max
Audit committee size	200	4.32	1.073	3	8
Audit committee independence	200	0.942	0.170	0.25	1
Audit quality	200	0.955	0.230	0	2
Stock Market Performance	200	-0.028	0.279	-1.168	1.194
GDP growth rate	200	0.832	3.323	-10.29	8.575
Market Cap	200	5318.61	12048.83	0.4	69776.7

The audit committee size has an average of 4.32 members with a standard deviation of 1.073, indicating moderate variability in the number of members across firms. Audit committee independence has a high mean of 0.942, suggesting that, on average, audit committees are largely composed of independent members. The standard deviation of 0.170 indicates relatively low dispersion, implying that most firms maintain a high level of independence. Audit quality has an average of 0.955 with a standard deviation of 0.230. The variation suggests that while most firms maintain a high level of audit quality, some firms experience differences in audit standards or practices. Stock market performance has a negative mean of -0.028, indicating a slight average decline in performance. The standard deviation of 0.279 suggests considerable variability in stock returns across firms. The GDP growth rate has an average of 0.832 with a relatively high standard deviation of 3.323, indicating fluctuations in economic conditions that may have affected firms differently. Finally, market capitalization has a mean of 5,318.61 with a large standard deviation of 12,048.83, suggesting significant differences in firm sizes within the sample. This variation may reflect the presence of both smaller and larger firms in the dataset.

4.2. Correlation

Table 2: Correlation

	Stock Market Performance	Audit committee size	Audit committee independence	Audit quality	GDP growth rate	Market Cap
Stock Market Performance	1					
Audit committee size	-0.035	1				
Audit committee independence	0.104	-0.037	1			
Audit quality	-0.069	0.139	-0.066	1		
GDP growth rate	0.114	0.049	-0.101	0.080	1	
Market Cap	0.077	-0.100	0.103	0.090	0.028	1

The correlation matrix provides insights into the relationships between stock market performance, corporate governance variables, and economic factors. Stock market performance has a weak negative correlation with audit committee size (-0.035) and audit quality (-0.069), suggesting that larger audit committees and higher audit quality do not necessarily translate into better stock performance. However, audit committee independence shows a small positive correlation (0.104) with stock performance, indicating that greater independence might contribute slightly to investor confidence. Audit committee size has a slight positive correlation with audit quality (0.139), suggesting that larger audit committees might be more effective in maintaining high audit standards. However, its negative correlation with audit committee independence (-0.036) implies that larger committees may include more non-independent members, potentially reducing governance effectiveness.

The GDP growth rate has a weak positive correlation with stock market performance (0.114), indicating that economic growth slightly influences market returns. However, its negative correlation with audit committee independence (-0.101) suggests that in stronger economies, firms might not emphasize independence as much. Market capitalization has weak positive correlations with stock market performance (0.080) and audit quality (0.090), implying that larger firms tend to experience better stock returns and higher audit quality. Interestingly, its negative correlation with audit committee size (-0.100) suggests that bigger firms may have smaller audit committees, possibly due to streamlined governance structures.

4.3. Diagnostic Tests

4.3.1. Modified Wald

Table 3: Modified Wald

Modified Wald test for group-wise heteroskedasticity in regression model	
H0: sigma(i)^2 =	sigma^2 for all i
chi2 (20) =	151.95
Prob>chi2 =	0.00

The Modified Wald test indicates significant group-wise heteroskedasticity, as the chi-square statistic (151.95) and p-value (0.00) reject the null hypothesis of homoscedasticity. This suggests that error variances differ across groups, potentially affecting regression results. To correct this, robust standard errors should be used for reliable inference

4.3.2. Wooldridge Test

Table 4: Wooldridge test

Wooldridge test for autocorrelation in panel data	
H0:	no first-order autocorrelation
F (1, 19) =	0.481
Prob >F =	0.496

The Wooldridge test for autocorrelation in panel data fails to reject the null hypothesis of no first-order autocorrelation, as the F-statistic (0.481) and p-value (0.496) are not statistically significant. Since the p-value is well above 0.05, there is no strong evidence of serial correlation in the panel dataset.

4.1.5. GLS Regression

Table 5: GLS Regression

Stock Market Performance	Coef.	Std. Err.	Z	P>|z|
Audit committee size	0.006	0.011	0.55	0.583
Audit committee independence	0.070	0.086	0.8	0.422
Audit quality	-0.110	0.054	-2.01	0.044
GDP growth rate	0.005	0.044	0.13	0.898
Market cap	0.000	0.000	-0.2	0.843
ACGDP	-0.002	0.003	-0.7	0.482
ACIGDP	0.042	0.020	2.11	0.035
AQGDP	-0.021	0.036	-0.6	0.552
_cons	-0.034	0.115	-0.3	0.765

The GLS regression results provide insights into the relationship between stock market performance and various corporate governance, audit, and economic factors. Audit committee size has a positive and insignificant impact (B = 0.006, P-value = 0.583) on stock market performance, indicating no meaningful effect. Audit committee independence has a positive and insignificant impact (B = 0.070, P-value = 0.422) on stock market performance, suggesting no strong relationship. Audit quality has a negative and significant impact (B = -0.110, P-value = 0.044) on stock market performance, implying that higher audit quality is associated with lower stock returns. The GDP growth rate has a positive and insignificant impact (B = 0.005, P-value = 0.898) on stock market performance, indicating no substantial influence.

Market capitalization has a negative and insignificant impact (B = 0.000, P-value = 0.843) on stock market performance, showing no significant effect. GDP (B = -0.002, P-value = 0.482) has a negative and insignificant moderating impact on the relationship between audit committee size and stock market performance, suggesting that GDP growth does not significantly alter this relationship. GDP (B = 0.042, P-value = 0.035) has a positive and significant moderating impact on the relationship between audit committee independence and stock market performance, indicating that firms with independent audit committees perform better in strong economic conditions. GDP (B = -0.021, P-value = 0.552) has a negative and insignificant moderating impact on the relationship between audit quality and stock market performance, suggesting no meaningful effect.

4.2. DISCUSSION

This study examines how audit committee attributes and audit quality affect the stock market performance of UK manufacturing firms, conditioned on economic conditions. This gives information regarding the dynamics of corporate governance dynamics and financial performance. The study indicated that audit committee size and independence have insignificant impact on the stock market performance. However, higher audit quality negatively impact on the stock returns. GDP growth positively moderates the relationship between audit committee independence and stock performance, while it has insignificant impact on audit committee size or quality.

The coefficients of the audit committee size and independence are statistically insignificant and consistent with previous research that suggests that governance structure per se may not substantially influence the market performance (Bui and Krajcsák, 2024; Khan and Kamal, 2023). The finding further supports the idea that in determining rates, economic conditions and investor sentiment are more important than more rigid governance (Bandera and Stevens, 2024).

A negative relationship between stock market performance and audit quality is found to be very significant ($\beta = -0.1097$, $p = 0.044$). This implies that the firms are likely to obtain lower stock returns to compensate for conservative financial reporting, which aims at reducing earnings manipulation and results in the loss of short-term profits (Darmawan, 2023). This resonates with the literature that exposes a link between strict audit oversight and the presence of harder earnings oversight related to aggressive earnings management that reduces speculative skew in stock pricing (Amin et al., 2023).

The direction of the effect of GDP growth in stock performance is found to be insignificant. The GDP growth (ACIGDP) is, however, positive and significant ($\beta = 0.0425$, $p = 0.035$), whereas the interaction term between

audit committee independence and GDP growth is positive and significant (β = 0.0425, p = 0.035). Thus, during economic expansion, firms with more independent audit committees are performing better in the stock market. This is consistent with, who assert that economic growth makes investors believe that a well-governed firm has performed well. The result of the analysis shows that AQGDP (the product of economic conditions and audit quality) is not significant, implying that audit quality by itself does not modify the link between the economic trend and stock performance (Amara et al., 2025).
The Hausman test results support the robustness of the findings as the estimates of the Hausman test support the appropriateness of a random effects model. The study points out to the fact that the complex relationships among corporate governance, audit quality, and macroeconomy in the determination of stock market outcomes are manifested by the very different correlations and mixed regression results (Ashraf et al., 2022). Claims that these governance mechanisms directly result in a firm stock performance are not borne out by these findings, which add to the ongoing discussion of governance effectiveness by saying that while governance mechanisms are important for transparency and accountability, their effect is mitigated. Economic factors should be taken into account besides governance factors when policymakers and practitioners consider governance reforms. Future research can add more variables, such as investor sentiment and regulatory changes, as it is plausible that such variables could moderate the governance market dynamics actively (FRC, 2024).

5. CONCLUSION

This study aims to examine the relationship between audit committee characteristics, audit quality, and stock price performance of UK manufacturing firms while taking into account the moderation of economic conditions. The findings show that the size and independence of audit committees increase financial oversight but, in turn, have a more limited effect on stock prices. Financial transparency is improving through auditor expertise and adherence to IFRS standards, who is linked to the quality of an audit. Nevertheless, its impact on stock price fluctuations is relatively weak. However, stock market performance does not seem to be primarily determined by the specific macroeconomic factors that affect business activity, such as GDP growth, inflation and interest rates.
Investor confidence and stock valuation are affected more by governance mechanisms (audit committee and audit quality) when the economic boom is present. It seems to say that in good times, an intelligent sort of governance structure nudges and cajoles positive market sentiment and stability. On the other hand, these governance mechanisms become ineffective during economic downturns because financial misreporting risks increase as the macroeconomy becomes more volatile and investor sentiment becomes more reactive to macroeconomic volatility. This highlights how the dynamics of corporate governance is affected, yet an economy's conditions have a greater propensity to affect the performance at the market.
There are limitations to this study, and they should be acknowledged. While the broader application of the findings may be restricted due to reliance on secondary financial data and a sample size of 20 UK manufacturing firms, there existed value in testing and redefining the operation budgeting construct. Future research might extend these results by cross industry comparison, formulating event studies on the associated announcements of audit, or applying more advanced machine learning techniques to capture the relation between governance structure, audit quality and stock price behavior.
Overall, these findings point out that whilst audit committee independence and audit quality are useful in contributing to long-term financial stability, economic conditions play a more dominating role in determining the short-term stock market returns. Implications for the regulator, policymakers, and investors seeking to improve the efficiency of regulating and enhancing the resilience of the financial system in the face of market volatility are very important for these findings. Through the consideration of the interrelationship between corporate governance and macroeconomic developments, more comprehensive strategies can be framed in terms of risk control and financial stability of the manufacturing sector.

REFERENCES

1. Abu Afifa, M., Alsufy, F. and Abdallah, A., 2020. Direct and mediated associations among audit quality, earnings quality, and share price: the case of Jordan. International Journal of Economics and Business Administration. pp. 500-516.

2. Afonso, A. and Blanco-Arana, M.C., 2022. Financial and economic development in the context of the global 2008-09 financial crisis. International Economics, 169, pp.30-42.
3. Al-Faryan, M.A.S., 2024. Agency theory, corporate governance and corruption: an integrative literature review approach. Cogent social sciences, 10(1), p.2337893.
4. AlHares, A., 2020. Corporate governance mechanisms and R&D intensity in OECD courtiers. Corporate Governance: The International Journal of Business in Society, 20(5), pp.863-885.
5. Alidarous, M., 2024. Driving Venture Capital Interest: The Influence of the big 4 audit firms on ipos. Journal of Risk and Financial Management, 17(7), p.292.
6. Almaqoushi, W. and Powell, R., 2021. Audit committee quality indices, reporting quality and firm value. Journal of Business Finance & Accounting, 48(1-2), pp.185-229.
7. Amara, N., Bourouis, S., Alshdaifat, S.M., Bouzgarrou, H. and Al Amosh, H., 2025. The impact of audit quality and female audit committee characteristics on earnings management: Evidence from the UK. Journal of Risk and Financial Management, 18(3), p.136.
8. Amin, K. and Azim, A., 2023. Corporate governance and its impact on market return and market capitalization in the banking sector of pakistan. Russian Law Journal, 11(3), pp.2256-2278.
9. Ashraf, S., Félix, E.G. and Serrasqueiro, Z., 2022. Does board committee independence affect financial distress likelihood? A comparison of China with the UK. Asia Pacific Journal of Management, pp.1-39.
10. Babu, M.M., Rahman, M., Alam, A. and Dey, B.L., 2024. Exploring big data-driven innovation in the manufacturing sector: evidence from UK firms. Annals of Operations Research, 333(2), pp.689-716.
11. Bandera, N. and Stevens, J., 2024. Monetary policy consequences of financial stability interventions: assessing the UK LDI crisis and the central bank policy response. Bank of England Staff Working Paper, 1070.
12. Bawuah, I., 2024. Audit committee effectiveness, audit quality and earnings management: evidence from Ghana. Cogent Business and Management, 11(1). doi:https://doi.org/10.1080/23311975.2024.2315318.
13. Boshnak, H.A., 2021. The impact of audit committee characteristics on audit quality: Evidence from Saudi Arabia. International Review of Management and Marketing, 11(4), p.1.
14. Bui, H. and Krajcsák, Z., 2024. The impacts of corporate governance on firms' performance: from theories and approaches to empirical findings. Journal of Financial Regulation and Compliance, 32(1), pp.18-46.
15. Darmawan, A., 2023. Audit quality and its impact on financial reporting transparency. Golden Ratio of Auditing Research, 3(1), pp.32-45.
16. Dwekat, A., Meqbel, R., Seguí-Mas, E. and Tormo-Carbó, G., 2022. The role of the audit committee in enhancing the credibility of CSR disclosure: evidence from STOXX Europe 600 members. Business Ethics, the Environment and Responsibility, 31(3), pp.718-740.
17. Elmashtawy, A., Che Haat, M.H., Ismail, S. and Almaqtari, F.A., 2024. Audit committee effectiveness and audit quality: the moderating effect of joint audit. Arab Gulf Journal of Scientific Research, 42(3), pp.512-533.
18. Fariha, R., Hossain, M.M. and Ghosh, R., 2022. Board characteristics, audit committee attributes and firm performance: empirical evidence from emerging economy. Asian Journal of Accounting Research, 7(1), pp.84-96.
19. FRC. 2024. UK Corporate Governance Code. [online] FRC (Financial Reporting Council). Available at: https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/.
20. Galal, H.M., Soliman, M.M. and Bekheit, M.B., 2022. The relation between audit committee characteristics and earnings management: Evidence from firms listed on the Egyptian stock market. American Journal of Industrial and Business Management, 12(09), pp.1439–1467. doi:https://doi.org/10.4236/ajibm.2022.129080.
21. Ginesti, G., Spanò, R., Campa, D. and Macchioni, R., 2023. Board composition, audit committee characteristics, and RandD expenditure. European Management Journal.
22. Hansen, J.C., Lisic, L.L., Seidel, T.A. and Wilkins, M.S., 2021. Audit committee accounting expertise and the mitigation of strategic auditor behavior. The Accounting Review, 96(4), pp.289-314.
23. Holtzblatt, M.A., Foltin, C. and Tschakert, N., 2020. Learning from ethical violations in public accounting: A South African audit scandal and a firm's transformation. Issues in Accounting Education, 35(2), pp.37-63.
24. Ikhsan, A., Rosari, D., Pambudi, J.E., Lubis, P.K.D. and Fadillah, T.D., 2024. The effect of audit committee, internal auditor and audit quality on firm value on hotel industry in Indonesia. International Journal of Economics and Finance Studies, 16(1), pp.337-354.
25. Iqbal, A., Sharofiddin, A., Farooq, Z. and Khan, S.A., 2022. Corporate governance and earnings management practices: Moderating role of audit committees. Journal of Positive School Psychology, pp.57-72.
26. Khan, S. and Kamal, Y., 2023. Corporate board, audit committee and earnings manipulation: does the corporate regulation matter? An emerging economy perspective. Corporate Governance: The International Journal of Business in Society, 24(4), pp.831-864.
27. Khudhair, D., Al-Zubaidi, F. and Raji, A., 2019. The effect of board characteristics and audit committee characteristics on audit quality. Management Science Letters, 9(2), pp.271-282.
28. Malik, A.H., bin Md Isa, A.H., bin Jais, M., Rehman, A.U. and Khan, M.A., 2022. Financial stability of Asian Nations: Governance quality and financial inclusion. Borsa Istanbul Review, 22(2), pp.377-387.
29. Malliet, P., Reynès, F., Landa, G., Hamdi-Cherif, M. and Saussay, A., 2020. Assessing short-term and long-term economic and environmental effects of the COVID-19 crisis in France. Environmental and Resource Economics, 76(4), pp.867-883.
30. Mohammadzade, M. and Sjöö, F., 2024. Does audit quality matter to creditors? A quantitative study of audit quality´s influence on outcomes related to financing with family firms as moderator.

31. Moradi, M., Appolloni, A., Zimon, G., Tarighi, H. and Kamali, M., 2021. Macroeconomic factors and stock price crash risk: do managers withhold bad news in the crisis-ridden Iran market?. Sustainability, 13(7), p.3688.
32. Nelson, K., Julius, A. and Ariyo Gracious Kaazara., 2024. Statistical suite. [online] Available at: https://www.researchgate.net/publication/381739744_STATISTICAL_SUITE.
33. Nyane, B.M., 2024. The Effect of Auditors' Tenure on Short-Term Financial Liquidity–A Conceptual Framework. HOLISTICA Journal of Business and Public Administration, 15(2), pp.67-80.
34. Prabowo, D.D.B. and Suhartini, D., 2021. The effect of Independence and integrity on audit quality: Is there a moderating role for E-Audit. Journal of Economics, Business, & Accountancy Ventura, 23(3), pp.305-319.
35. Quick, R., Zaman, M. and Mandalawattha, G., 2023, January. Auditors' application of materiality: Insight from the UK. In Accounting Forum (Vol. 47, No. 1, pp. 24-46). Routledge.
36. Rahman, J.M., Ying, Y., Zhu, L. and Ji, P., 2020. What do we know about audit failure so far?. Accountancy Business and the Public Interest.
37. Saleeb Agaiby Bakhiet, B., 2024. Does audit quality moderate the relationship between financial statements readability and stock price crash risk?. Journal of Financial Reporting and Accounting.
38. Sitanggang, R.P., Karbhari, Y., Matemilola, B.T. and Ariff, M., 2020. Audit quality and real earnings management: evidence from the UK manufacturing sector. International Journal of Managerial Finance, 16(2), pp.165-181.
39. Ullah, S., Khan, S., Hashmi, N.I. and Alam, M.S., 2023. COVID-19 pandemic and financial market volatility: A quantile regression approach. Heliyon, 9(10).
40. Woo, K.Y., Mai, C., McAleer, M. and Wong, W.K., 2020. Review on efficiency and anomalies in stock markets. Economies, 8(1), p.20.
41. Yahaya, P.D.O.A., 2024. Do audit firms and audit committees enhance earnings quality?. Available at SSRN 5028833.
42. Zakhidov, G., 2024. Economic indicators: tools for analyzing market trends and predicting future performance. International Multidisciplinary Journal of Universal Scientific Prospectives, 2(3), pp.23-29.