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EFFECT OF BOARD COMMITTEE ON BANKRUPTCY RISK: A COMPARATIVE STUDY OF BANKS IN NIGERIA AND SOUTH AFRICA

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ABSTRACT

The study ascertained the effect of board committee on bankruptcy risk in deposit money banks in Nigeria and South Africa. The specific objectives are to: determine the effect of audit committee independence on bankruptcy risk of deposit money banks in Nigeria and South Africa; and ascertain the effect of board gender diversity on bankruptcy risk of deposit money banks in Nigeria and South Africa. This study adopted the ex-post facto research design. A sample of eight deposit money banks, each from the two countries was purposively selected while other banks were inevitably excluded for incomplete data. The data were extracted from the annual reports and accounts of the selected banks in Nigeria and South Africa. The panel data were analyzed with descriptive statistics, and inferential statistics using Pearson correlation, and panel regression analysis. The study showed that the audit committee independence had a positive and significant effect on bankruptcy risk for Nigeria and South Africa. The result revealed that board gender diversity had a negative and significant effect for Nigerian deposit money banks, while in South Africa revealed a positive but has no significant effect on bankruptcy risk. Based on the findings, audit independence should be encouraged hence it creates an avenue for collective deliberates on issues that are significant to the banks such that straighten their operations, as well as preventing it from going bankrupt.

Key words: *Audit Committee Independence, Bankruptcy Risk, Board Gender Diversity.*

INTRODUCTION

The issues of governance and corporate performance have received serious empirical consideration in recent times. This unending enthusiasm on governance research may have been sustained by the high-profile corporate demise, financial scandals and the global financial meltdown resulting in general loss of public confidence and investor's apathy. Corporate governance transcends the daily management of business activities (Jibril, et al., 2022). The board of directors has a part to play in corporate governance as their main duty is that of supervising the management to ensure proper accountability to shareholders and other stakeholders. Since the board of directors is vested with the responsibility of monitoring the

interest of various stakeholders. Therefore, there is a need for ensuring the sustainability of this sector through good corporate governance. Increasing interest in investigating the influence of corporate boards' characteristics on firms' performance has been largely out of necessity arising from increasing number of high profile corporate failures around the world. Companies that had become well established and respected over decades were found to have been involved in unethical practices (Securities and Exchange Commission [SEC], 2014).

In addition, prior studies have mainly utilized ordinary least square, fixed or random effects; these techniques despite offering certain advantages are weak in the presence of endogenous variables that can lead to biased and inconsistent estimates. In addition, prior studies on the bankruptcy prediction were carried out both locally and internationally using Altman Z score model. In foreign countries; Begum, Sarker and Nahar (2023); Khiem (2022); Handriani et al. (2021) and Safrida et al. (2021) tested the effect of corporate governance on bankruptcy prediction risk. In addition, none of these previous studies included remuneration committee and risk management committee in their board characteristic variable, thereby created variable gap.

Objectives

Broadly, the study sought to ascertain the effect of board committee characteristics on bankruptcy risk among Nigerian and South African banks. The specific objectives are to:

1. determine the effect of audit committee independence on bankruptcy risk of deposit money banks in Nigeria and South Africa.
2. ascertain the effect of board gender diversity deposit money banks in Nigeria and South Africa.

LITERATURE REVIEW

Board Committee Characteristics

Board committee characteristics refer to features of corporate boards that are tasked with overall management of the firms. Some other studies Marwa et al. (2017) refer or attribute these characteristics to the concept of corporate governance. The success or collapse of firms is thus associated with the role acted by the management and firm governance as a process. While studies, (Modest & Khaled, 2020) consider a broad variety of matters in corporate management, some process such as exposes, rights of voting, rules among others. Board characteristics and firm performance Sound corporate governance system can be ensured by a dynamic composition and formation of the board of directors. The board is the highest

decision-making body to run the firm profitably. However, any kind of deviation or moral hazard problem by the board or board members will cause undesirable outcome for the firm and it may instigate the business to be bankrupt in some cases. As per the corporate governance code of Bangladesh, the board size of all publicly listed companies can range from 5 to 20 (BSEC, 2018). A larger board size can bring difficulty for the companies because of lack of coordination among the members.

Audit Committee Independence

Proportion of independent board refers to the percentage of independent directors in the board. Based on Clarke (2007), the definition of independent director is: "one who has no need or inclination to stay in the good grace of management, and who will be able to speak out, inside and outside the boardroom, in the face of management's misdeeds in order to protect the interests of shareholder". Independent director has two roles inside the board, monitoring roles and provision of resources roles, according to their role, their supposed to increase the monitoring effectiveness and support the company with advices (Hillman & Dalziel, 2003). Boo and Sharma (2008) observe a negative association between audit committee independence and audit fees indicating that auditors will minimize their effort in the presence of independent audit committee. Vafeas and Waegelein (2007) also, examined the association between audit committee characteristics and audit fees shows that independent audit committee is positively associated with audit fees and further suggest that audit committee serves as a complement to external auditor in monitoring mechanism and financial reporting quality.

Ho_{1a}: Audit committee independence has no significant effect on bankruptcy risk of deposit money banks in Nigeria.

Board Gender Diversity

Studies on women on board have received attention in recent years and have contributed to legislation in some countries that made reservation for women in the board of listed companies. For instance, Norway and Sweden imposed gender quota on board of directors of listed companies (Rondoy, *et al* 2016). Most companies select women into board based on the resource to which they can provide access. They bring resources such as prestige, skills, knowledge, and connection to external resources (Dang & VO, 2016). Several studies have been conducted to establish the relationship between board women and company performance but findings of these studies are mixed. Carter et al. (2015); Luckerath-Rover (2016) found

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positive significant relationship between women directors and firm performance. Minguez-Vera & Martin (2016) found a significant negative relationship between female directors and firm performance measured by ROE using sample of small and medium Spanish enterprises from 2013 to 2020. Similar results were obtained from study of Marinova, *et al* (2019).

Ho_{2a}: Board gender diversity has no significant effect on bankruptcy risk of deposit money banks in Nigeria.

Risk Bankruptcy

Tranchard (2018) provided the following definition of risk: "Risk is the effect of uncertainty on objectives". Risk is the probability. Bankruptcy risks show the possibility of losses arising from the failure to achieve financial objectives. The financial risks related to the financial operation of a business may take many different forms: market risks determined by the changes in commodities, stocks and other financial instruments prices, foreign exchange risks, interest rate risks, credit risks, financing risks, liquidity risks, cash flow risk, and bankruptcy risk. These financial risks are not necessarily independent of each other, the interdependence being recognized when managers are designing risk management systems (Woods & Dowd 2008). The importance of these risks will vary from one firm to another, in function of the sector of activity of the firms, the firm size, development of international transactions, etc.

Bankruptcy refers to the situation in which the debtor company becomes unable to repay its debts and can be considered to be the consequence of a company's inability to survive market competition, reflected in terms of job losses, the destruction of assets, and in a low productivity (Aleksanyan and Huiban 2016). The risk of bankruptcy or insolvency risk shows the possibility that a company will be unable to meet its debt obligations, respectively the probability of a company to go bankrupt in the next few years. Assessing of bankruptcy risk is important especially for investors in making equity or bond investment decisions, but also for managers in financial decision making of funding, investments and distribution policy. Failure prediction models are important tools also for bankers, rating agencies, and even distressed firms themselves (Altman et al. 2017).

Empirical Review

Begum, Sarker and Nahar (2023) investigated the relationship between corporate governance and the likelihood of financial distress. To evaluate the impact of corporate governance on financial distress, a multiple regression model and longitudinal panel data are used. Corporate governance is determined by the board of directors, audit committee, and ownership structure,

whereas the Altman Z-score is used to indicate financial distress. The findings imply that financial distress is influenced by corporate governance variables (board independence, auditor independence, auditor opinion, sponsor directors ownership, and foreign shareholders), and firm-level variables (sales growth, performance, liquidity, firm size). Rabiu, Muhammed, Umar and Ramatu (2023) examined the influence of board characteristics on financial performance of listed consumer firms in Nigeria. The data were extracted from annual report and account of the sampled companies from 2011-2021. The sampling technique adopted for this study was census technique used and thirteen (13), firms were selected from the total of twenty (20) listed consumer firms on the floor of Nigeria stock exchange market. Correlation and regression analysis has been used in order to determine the relationship between the dependent and the independent variables. The study established that board size and experience have positively influenced financial performance while board independence and women director have negatively influenced the financial performance of listed consumer goods firms.

Alberto et al. (2022) compared the performance of corporate governance variables in predicting corporate defaults, using both the Logit and Random Forest models, which previous researchers have deemed to be the most efficient machine learning techniques. They results show that the use of corporate governance variables – especially with regards to CEO renewal and stability in the composition of the board of directors – increases the accuracy of the Random Forest technique and influences the success of the turnaround process. This paper also confirms the Random Forest technique's ability to significantly outperform the Logit model in terms of accuracy.

Okoye and Okoye (2022) investigated the effect of corporate governance on bankruptcy risk in deposit money banks in Nigeria, using board of directors' independence. Ex Post Facto research design was adopted for the study. A sample of nine deposit money banks was used for the study. Data were obtained from the annual reports and audited accounts of the banks under assessment. Altman's original model for public companies was used to extract data and the formulated hypothesis was tested with regression analysis with aid of E-View 9.0. The study showed that board of directors' independence has a positive significant effect on bankruptcy risk of deposit money banks in Nigeria.

Chairunesia and Bintra (2019) ascertained the effect of good corporate governance and financial distress on earnings management in Indonesia and Malaysia. Purposive sampling was adopted to select companies in Indonesia and Malaysia and the inclusion criteria was

three years adoption of governance scorecard. Multiple regression analysis was adopted for analysis. Study findings documented that corporate governance and financial distress has no significant effect on earnings management.

Pernamasari, *et al* (2019) studied the effect of good corporate governance practice and financial distress of listed companies. Good corporate governance was operationalized as board of commissioners, number of independent commissioners, number of business commissioners and number of audit accountants. Secondary data was retrieved from audited financial statements for period 2013 to 2017. Study findings documented that there was significant association between good corporate governance and financial distress of listed companies in Indonesia. The study findings may not be replicated in banking sector due to contextual differences. Agriculturally based companies have different sectorial risks as compared to commercial banks.

Thuranira (2019) sought to assess the effect of board structure on financial distress of non-financial listed companies in Nairobi Securities exchange. A census of 39 non-financial companies was adopted. Univariate, bivariate and multivariate data were adopted for data analysis. Study findings documented that average board members in non-financial companies were eight. At least 51% of non-financial had a third of non-executive directors and none had CEO duality. Block shareholding was practiced among non-financial listed companies with majority shares being owned by foreign shareholders and government institutions. Further, there was balanced board diversity on demographic characteristics. Board diversity had significant inverse effect on financial distress. There was a call for improved board composition and non-executive directorship to minimize the odds of financial distress. To optimize monitoring and agency costs there is need for increase in management shareholding. This would aid in management of decision making by block shareholding.

Wanjau *et al.*, (2018) evaluated the effect of corporate transparency on financial performance of listed companies in East Africa securities exchanges. Secondary data was gathered from annual financial statements. Inferential and descriptive statistics analyzed the data. Positive and significant relationship between corporate transparency and financial performance was reported. It cannot be generalized that causality between corporate transparency and financial performance may be replicated on financial distress.

Ayoola and Obokoh (2018) investigated the effect of corporate governance on financial distress in the Nigerian banking industry and examined the discriminatory power of corporate governance mechanism of the board, audit committee, executive management and auditor in one model for financial distress prediction. Secondary data obtained from annual financial statements of twenty banks between 2005 and 2015 were used for the study. The data were analyzed using descriptive statistics and generalized quantile regression model. The empirical evidence from the study suggests that financially distressed banks are characterized by large board size with members who may not be well versed in banking complexities, chairmen and CEOs with significant shareholding both individually and collectively.

Furthermore, the evidence also shows that distressed banks suffer major decline in customer deposits despite increase in size. Mwawughanga and Ochiri (2017) determined the financial health of banks listed and also not listed in the Nairobi stock Exchange, Kenya using the Altman Z score model of 2005.The CBK have the regulatory mandate to keep on check the financial health of banks considering that the Kenyan economy largely depends on banks. Data were extracted from audited annual reports and financial statements of banks' respective websites and CBK for a period from 2010 to 2015. The annual financial statements included the statement of comprehensive income and statement of financial position. In the analysis Multivariate Discriminant Statistical techniques as used by Altman 2005 was applied. Results indicated that during the period under study high percentage of Kenyan banks were on grey zone.

Rezaee, Zhang, Duo and Gao (2016) examined the effect of corporate governance practices on financial distress of Chinese companies. Panel data was gathered from annual financial statements and corporate governance index developed. Regression, correlation and descriptive statistics were used to analyze the data. It was found that governance practices had positive influence on financial distress of listed companies. It would have been more appropriate to examine conformity with regression diagnostics prior to fitting regression models.

Khabir and Vatanparast (2016) evaluated the impact of corporate governance indices on bankruptcy risk of companies listed in Tehran securities exchange. Purposive sampling was used to select 81 companies and five-year data was collated from 2009 to 2013. Univariate, bivariate and multiple regression modeling analyzed the data. Study findings documented that government ownership, majority ownership, ratio of bound and non-bound board members,

ownership structure of executive board members, and bankruptcy risk had significant impact. Institutional ownership had no significant impact on bankruptcy risk. Witiastuti and Suryandari (2016) analyzed causality of corporate governance on financial distress. Panel research design was applied. Univariate, bivariate and multivariate methods were used for data analysis. It was documented that managerial ownership, institutional ownership and independent directorship had no significant influence on possibilities of financial distress. It was proposed that there is need to consider long period observations.

Samanhyia, Oware and Yaansah (2016) ascertained prediction of bankruptcy and financial distress of listed banks in Ghana. Panel data was gathered from 2008 to 2014. Financial distress was examined using Altman's Z score and Boone Indicator. Classical modelling analyzed the data. Study findings documented that financial distress was inversely affected by board size. Financial unsound and distressed banks should be merged and acquired by others to minimize likelihood of financial distress and promote investor confidence. Central Bank of Ghana was commended for its pursuance of monitoring role and enhancement on compliance with banking regulatory framework.

MATERIALS AND METHOD

Ex-Post Facto was adopted for this study, such starts after the fact has occurred without interference from the researcher, i.e., events that have already taken place in the past (Onwumere, 2009; and Salkind, 2010). This involves use of financial accounts of the banks under assessment for the period, 2012-2024 to generate the financial ratios that discriminated the most in prediction of healthy banks using Altman Model. This study comprised listed banks in the two selected sub-Sahara Africa countries; Nigeria and South Africa. The population, consist of twenty eight (28) banks in Nigeria and nineteen (19) in South Africa. As a result, the "purposive sampling technique was applied (Non-random sample). In this method, the sample is chosen based on what the researcher thinks is appropriate for the study. Eight banks from South Africa were selected based on data availability up to 2024. For equal representative, the study employed eight Nigerian deposit money banks licence with international authorization.

Data were generated from the annual reports and accounts of the selected banks statement of financial position and comprehensive incomes of the two countries (Nigeria and South Africa) from 2013-2023. Hence, the decision to select 2012 year which is based on the most recent year of adoption as evidenced in Nigeria. The data required were those of the dependent

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variable that include: Altman prediction model (working capital, retained earnings, earnings before interest and tax, equity as well as total assets and total book debts) and independent variables: audit committee Independence and board gender diversity.

This was obtaining from the audited reports and accounts of the banks under assessment.

The study used Altman Model given as Zeta "Z"

$Z=1.2X_1 + 1.4X_{2+} 3.3X_3 + 0.6X_4 + 1.0\ X_5$, …… Eqn 1.

Where:

X_1 = Working capital to total assets

X_2 = Retained earnings to total assets

X_3 = Earnings before interest and taxes to total asset

X_4 = Value of equity to total book debt

X_5 = Gross earnings to total assets

The decision rule is that:

(i). For Z<1.81 Bankruptcy region

(ii). For 1.81<Z>2.675 High bankruptcy potential

(iii). For 2.675<Z<2.99 Low bankruptcy potential

(iv). For Z>2.99 Strong (No sign of bankruptcy at all).

The Altman Model will be modified thus to incorporate corporate governance:

$ATMN_{it} = a_0 + \beta_1 ACI + \beta_2 BGD_{it} + {}_{it\ urt}$ …… Eqn 2.

Where;

ATMN= Altman Prediction Model

ACI= Audit committee Independence

BGD = board gender diversity

Table 1: Measurement of Variables

Variables	Abbreviation	Nature	Source/justification
Altman prediction	ATMN	Dependent variable	Ezejiofor, Nzewi & Okoye (2014); Mwawughanga and Ochiri (2017).
Audit committee independence	ACI	Independent variable	No. of non-executive directors in Audit Committee divided by Total No. of directors in audit committee

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Board gender diversity	BGD	Independent variable	No of men and female of different characteristics in the board. Carter et al. (2015); Luckerath-Rover (2016)

Source: *Researchers' Compilation, 2024*

Data were analyzed with descriptive statistics, and the hypotheses will be tested with Pearson correlation, and regression analysis: Descriptive statistics employed to summarily describe the mean, median, standard deviation, kurtosis and skewness of the study variables.

Inferential statistics will also be utilized with the aid of E-Views 9 using:

i. Coefficient of correlation: which is a good measure of relationship between two variables that tell us about the strength of relationship and the direction of the relationship as well?

ii. Panel Regressions analysis: Regression analysis predicts the value the dependent variable based on the value of the independent variable and explains the impact or effect of changes in the values of the variables.

Accept the alternative hypothesis, if the Probability value (P-value) of the test is less than 0.05 (5%). Otherwise reject.

RESULT AND DISCUSSIONS

Descriptive Analysis

NIGERIA	ATMN	ACI	BGD
Mean	54.87547	4.000000	0.274615
Median	0.210044	4.000000	0.300000
Maximum	652.9549	5.000000	0.330000
Minimum	0.055106	3.000000	0.240000
Std. Dev.	174.1820	0.682656	0.033120
Skewness	3.132913	0.000000	0.041185
Kurtosis	10.90951	2.166667	1.337082
Jarque-Bera	441.2242	3.009259	12.01235
Probability	0.000000	0.222100	0.002463
Sum	5707.049	416.0000	28.56000
Sum Sq. Dev.	3124955.	48.00000	0.112985
Observations	104	104	104

SOUTH AFRICA	ATMN	ACI	BGD
Mean	2.621631	3.153846	2.461538
Median	0.313697	3.000000	2.000000
Maximum	13.71914	4.000000	3.000000
Minimum	0.049431	3.000000	2.000000
Std. Dev.	4.759249	0.362548	0.500933
Skewness	1.860766	1.918806	0.154303
Kurtosis	4.563804	4.681818	1.023810
Jarque-Bera	70.61292	76.07507	17.33579
Probability	0.000000	0.000000	0.000172

JOURNAL OF GLOBAL ACCOUNTING
11(5) October, 2025.
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https://journals.unizik.edu.ng/joga

Sum	272.6496	328.0000	256.0000
Sum Sq. Dev.	2332.996	13.53846	25.84615
Observations	104	104	104

Source: E-views 9 (2025)

From Table 2, it could be observed that the mean values of the bankruptcy risk (ATMN) stood at 54.875 and 2.622 for the Nigerian and South African samples respectively. Considering that the scientific value of Nigerian firms greater than South African firms. It implied that the Nigerian bankruptcy risk was more than their South African counterparts. Furthermore, the mean value of audit committee independence (ACI) run using the dummy value of showed an average value of 4.000 for Nigerian and 3.154 for South African respectively. It meant that the Nigerian banks had more audit independence than the South African banks. Also, the mean values of board gender diversity (BGD) showed that Nigerian BGD were jointly 0.275 while South African has average of 2.462 respectively. It showed that South African banks have higher female board than the Nigerian counterparts.

The kurtosis of 10.90951, 2.166667, 1.337082, for Nigerian banks ATMN, ACI, BGD, REC, RMN and BIND showing a distribution that is strong, suggesting a concentration of values around the mean with potential outliers, while 4.563804, 4.681818, 1.023810, for South African banks ATMN, ACI, and BGD showed similar results. The Jarque-Bera probability of 0.000000, 0.222100, and 0.002463 confirms that the ATMN, ACI and BGD data is significantly non-normally distributed showed that traditional parametric analyses may need to be approached with caution.

Table 3: Pearson Correlation Matrix

NIGERIA	**ATMN**	**ACI**	**BGD**
ATMN	**1**		
ACI	0.46432	1	
BGD	-0.33115	-0.61835	1
SOUTH AFRICA	**ATMN**	**ACI**	**BGD**
ATMN	1		
ACI	0.44532	1	
BGD	0.05102	0.46057	1

Source: E-Views 9 Correlation Output, 2025

The outcome of the correlation matrix was presented in table 3. In the first part which focused on the Nigerian banks, the measures of audit committee independence (ACI) 0.464, was positively correlated with the bankruptcy risk (ATMN) and board gender diversity (BGD) -0.331 was negatively correlated with the bankruptcy risk (ATMN). Furthermore, in the second part of the result presented in table 2 (using only the South African banks), it could be

JOURNAL OF GLOBAL ACCOUNTING
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https://journals.unizik.edu.ng/joga

observed that only the measure of audit committee independence (ACI) 0.445, board gender diversity (BGD) 0.051 were all positively correlated with the bankruptcy risk (ATMN). It could also be observed from the two parts of table 3 that there was evidence of high-correlation among the variables of South African sampled banks than that of Nigeria.

Test of Hypotheses

Hypothesis One

Ho_{1a}: Audit committee independence has no significant effect on bankruptcy risk of deposit money banks in Nigeria.

Ho_{1b}: Audit committee independence has no significant effect on bankruptcy risk of deposit money banks in South Africa.

Table 4a: Regression analysis between ACI and ATMN (Nigeria)

Dependent Variable: ATMN
Method: Panel Least Squares
Date: 06/11/25 Time: 07:47
Sample: 2012 2024
Periods included: 13
Cross-sections included: 8
Total panel (balanced) observations: 104

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-419.0138	90.78364	-4.615521	0.0000
ACI	118.4723	22.37548	5.294738	0.0000

R-squared	0.415591	Mean dependent var	54.87547
Adjusted R-squared	0.407901	S.D. dependent var	174.1820
S.E. of regression	155.0219	Akaike info criterion	12.94405
Sum squared resid	2451242.	Schwarz criterion	12.99491
Log likelihood	-671.0908	Hannan-Quinn criter.	12.96466
F-statistic	28.03425	Durbin-Watson stat	2.296975
Prob(F-statistic)	0.000001		

Source: E-views 9 Output (2025)

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Table 4b: Regression analysis between ACI and ATMN (South Africa)

Dependent Variable: ATMN
Method: Panel Least Squares
Date: 06/10/25 Time: 09:27
Sample: 2012 2024
Periods included: 13
Cross-sections included: 8
Total panel (balanced) observations: 104

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-15.81511	3.694364	-4.280875	0.0000
ACI	5.845797	1.163793	5.023055	0.0000

R-squared	0.398309	Mean dependent var	2.621631
Adjusted R-squared	0.390449	S.D. dependent var	4.759249
S.E. of regression	4.282136	Akaike info criterion	5.765824
Sum squared resid	1870.342	Schwarz criterion	5.816678
Log likelihood	-297.8229	Hannan-Quinn criter.	5.786427
F-statistic	25.23108	Durbin-Watson stat	2.328903
Prob(F-statistic)	0.000002		

Source: E-views 9 Output (2025)

In tables 4a and 4b, a simple least square regression analysis was conducted to test the effect between audit committee independence (ACI) and bankruptcy risk (ATMN) for Nigerian and South African deposit money banks respectively. The R-squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the table 3a, Nigerian value of R squared was 0.41, an indication that there was variation of 41% on ATMN due to changes in ACI. This implies that 41% changes in ATMN could be accounted for by ACI, while 59% was explained by unknown variables that were not included in the model. However, table 3b, South African value of R squared was 0.39, an indication that there was variation of 39% on ATMN due to changes in ACI. This implies that 39% changes in ATMN could be accounted for by ACI, while 61% was explained by unknown variables that were not included in the model. The Durbin-Watson Statistic of 2.30 and 2.33 for Nigeria and South Africa respectively suggests that the both model does not contain serial correlation. The F-statistic of the regression is equal to 28.034 and 25.231. The associated F-statistic probability is equal to 0.000, for both countries.

The hypothesis stated that audit committee independence has no significant effect on bankruptcy risk of deposit money banks in Nigeria ($H_{o1}a$) and South Africa ($H_{o1}b$). The evidence provided by the regression result of model 1 showed that the variable of audit committee independence had a positive coefficient of 118.4723 and a p-value of 0.000 which

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was significant at 5% level for Nigerian deposit money banks; while the outcome of model 2 showed a positive coefficient of 5.845797 (p-value 0.000) for deposit money banks in South Africa, and also has a significant effect. It meant that there was a significant effect between a and bankruptcy risk in Nigeria while there was a significant effect between audit committee independence and bankruptcy risk in South Africa, howbeit positively and positively respectively.

The result is in collaboration with Safrida et al. (2021) who demonstrated a significant positive effect of the audit committee on the prediction of bankruptcy; Maina (2020) established the relationship between audit committee and independent directorship and financial distress of commercial banks; Partha, Widanaputra, Ratnadi and Mimba (2019) found that audit committee independence had positive and significant moderating effect on the relationship between financial distress and income maximization actions.

Hypothesis Two

Ho_{2a}: Board gender diversity has no significant effect on bankruptcy risk of deposit money banks in Nigeria.

Ho_{2b}: Board gender diversity has no significant effect on bankruptcy risk of deposit money banks in South Africa.

Table 5a: Regression analysis between BGD and ATMN (Nigeria)
Dependent Variable: ATMN
Method: Panel Least Squares
Date: 06/12/25 Time: 08:31
Sample: 2012 2024
Periods included: 13
Cross-sections included: 8
Total panel (balanced) observations: 104

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	533.1327	135.9004	3.922966	0.0002
BGD	-1741.553	491.3490	-3.544432	0.0006

R-squared	0.309660	Mean dependent var	54.87547
Adjusted R-squared	0.300931	S.D. dependent var	174.1820
S.E. of regression	165.1580	Akaike info criterion	13.07073
Sum squared resid	2782272.	Schwarz criterion	13.12158
Log likelihood	-677.6778	Hannan-Quinn criter.	13.09133
F-statistic	12.56300	Durbin-Watson stat	2.498224
Prob(F-statistic)	0.000595		

Source: E-views 9 Output (2025)

JOURNAL OF GLOBAL ACCOUNTING
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https://journals.unizik.edu.ng/joga

Table 5b: Regression analysis between BGD and ATMN (South Africa)

Dependent Variable: ATMN
Method: Panel Least Squares
Date: 06/10/25 Time: 09:26
Sample: 2012 2024
Periods included: 13
Cross-sections included: 8
Total panel (balanced) observations: 104

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.428548	2.359545	0.605434	0.5462
BGD	0.484690	0.939492	0.515906	0.6070

R-squared	0.2002603	Mean dependent var	2.621631
Adjusted R-squared	0.2071769	S.D. dependent var	4.759249
S.E. of regression	4.776294	Akaike info criterion	5.984250
Sum squared resid	2326.924	Schwarz criterion	6.035104
Log likelihood	-309.1810	Hannan-Quinn criter.	6.004853
F-statistic	0.266159	Durbin-Watson stat	2.152317
Prob(F-statistic)	0.607036		

Source: E-views 9 Output (2025)

In tables 5a and 5b, a simple least square regression analysis was conducted to test the effect between board gender diversity (BGD) and bankruptcy risk (ATMN) for Nigerian and South African deposit money banks respectively. The R-squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the table 4a, Nigerian value of R squared was 0.30, an indication that there was variation of 30% on ATMN due to changes in BGD. This implies that 30% changes in ATMN could be accounted for by BGD, while 70% was explained by unknown variables that were not included in the model. However, table 4b, South African value of R squared was 0.20, an indication that there was variation of 20% on ATMN due to changes in BGD. This implies that 20% changes in ATMN could be accounted for by BGD, while 80% was explained by unknown variables that were not included in the model. The Durbin-Watson Statistic of 2.50 and 2.15 for Nigeria and South Africa respectively suggests that the both model does not contain serial correlation. The F-statistic of the regression is equal to 12.563 and 0.266. The associated F-statistic probability is 0.000, for Nigerian banks and 0.607, for South African banks.

The hypothesis stated that board gender diversity has no significant effect on bankruptcy risk of deposit money banks in Nigeria (H_{o2}a) and South Africa (H_{o2}b). The evidence provided by the regression result of model 1 showed that the variable of board gender diversity had a negative coefficient of -1741.553 and a p-value of 0.000 which was significant at 5% level

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for Nigerian deposit money banks; while the outcome of model 2 showed a positive coefficient of 0.484690 (p-value 0.607) for deposit money banks in South Africa, but has no significant effect. It meant that there was a significant effect between board gender diversity and bankruptcy risk in Nigeria while there was no significant effect between board gender diversity and bankruptcy risk in South Africa, howbeit negatively and positively respectively. This result agreed with Maier and Yurtoglu (2022) who found that presence of female directors on board reduces bankruptcy risk, also the result of Mohammed and Onipe (2023) who reported that board female gender, show negative significant effects.

CONCLUSION AND RECOMMENDATIONS

The determined the effect of board committee on bankruptcy risk in deposit money banks in Nigeria and South Africa. Data were extracted from 2012 to 2024 from the audited annual reports and accounts of the sampled deposit money banks in Nigeria and South Africa. The study showed that audit committee independence had a positive and significant effect on bankruptcy risk for Nigerian and South African deposit money banks. The regression result revealed that board gender diversity had a negative and significant effect on bankruptcy risk for Nigerian deposit money banks, while the South Africa revealed a positive but has no significant effect on bankruptcy risk. The study therefore concluded that board committee has significant effect on bankruptcy risk in deposit money banks in Nigeria than that of South Africa.

Based on these, the study recommends that:

1. The audit independence should be encouraged hence it creates an avenue for collective deliberates on issues that are significant to the banks such as straighten their operations, as well preventing it from going bankruptcy.
2. Female board having negative and insignificance for Nigerian and South African banks respectively, the presence of the female gender on the board should reflect society's structure, with appropriate representation of gender and professional backgrounds.

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