BRIDGING AUDIT EXPECTATION GAP IN NIGERIAN QUOTED FIRMS: THE ROLE OF BOARD MEMBERS WITH FINANCIAL EXPERTISE

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Abstract: *The study investigated the influence of board financial expertise on the "Audit Expectation Gap" (AEG) in the Nigerian quoted firms. The AEG was measured with external auditors' independence factor. The "cross-sectional survey research design" was utilised via "online structured questionnaire" with Google form link shared among the respondents. A total of three hundred and ten (310) valid responses through the purposive sampling method were used for the analysis. Meanwhile, the validity (through independent evaluators) and reliability (Cronbach Alpha 0.83 to 0.86) of the questionnaire were earlier established. The data were later analysed using the "Partial Least Square Structural Equation Model" (PLS-SEM) at 5 percent "level of significance". The result showed that board financial expertise ($\beta = 0.419$; $t = 7.109$) has a significant positive influence on the independence factor of "external auditors". The study concluded that having board members with financial expertise is a good practice to be employed by the Nigerian quoted firms in addressing the danger of AEG in our society. Therefore, the study recommended that quoted firms should uphold the independence of "external auditors" through the engagement of board members with financial expertise to reduce the AEG.*

Keywords: *Board financial expertise, Audit expectation gap, External auditors, PLS-SEM, Nigerian quoted firms.*
JEL Classifications: *M12, M42.*

1. Introduction

The audit profession undertakes an indispensable economic activity which helps in protecting the interests of stakeholders in corporate entities by strengthening their reliance on the financial reporting processes. The perception and efficacy of auditing are impacted by the "Audit Expectation Gap" (AEG), a global problem. The disparity between what the general public and other stakeholders anticipate from auditors and what auditors believe their responsibilities involve is called the "AEG". Cultural, economic, and legislative considerations cause the AEG to vary in tenacity and nuance throughout different locations. The AEG is a multifaceted problem that differs globally. Although regulatory changes, audit education, application of good corporate governance practices/principles, and enhanced communication are some of the important channels to close the gap.

Besides, Alao et al. (2022) and more recently Alao (2024), documented that "AEG can be reduced in any society through the defensive and constructive approaches". "The defensive approach deals with the use of audit education while the constructive approach considers the adoption of corporate governance principles/practices in narrowing the AEG". Furthermore, Soyemi et al. (2021) had earlier argued that corporate governance is one of the indispensable practices that stimulate "financial reporting processes" and as well ensure the accuracy of the financial information contained therein. "Corporate governance" according to Alao et al. (2020) was described as the nexus among shareholders and those charged with the responsibility of governance along with the manner in which corporate entities are managed.

Corporate governance mechanisms/factors can be grouped into two (2) – "internal and external" (Almutairi & Quttainah, 2019; Aditya, 2020; Payne & Moore, 2022). According to Payne and Moore (2022), the internal mechanisms include board structures, ownership arrangements and managerial incentives while the external factors originate from outside forces that promote internal governance structures. Additionally, the "Association of Chartered Certified Accountants" (ACCA) documented that the internal factors of corporate governance comprise board of directors, internal controls and risk management, executive compensation, ethical standards, and corporate culture while the external mechanisms include regulatory framework, market discipline, external auditors, disclosure and transparency (ACCA, 2020). This documentation was also in line with the "Nigerian Code of Corporate Governance" (NCCG, 2018).

In support of the previous studies on the existence of the AEG all over the world, Alao (2024) further established the presence of the AEG in the Nigerian quoted firms. Consequently, the present study is premised on one of the hypothetical statements "*board financial expertise has no significant effect on the independence factor of the external auditor*" as developed in the work of Alao et al. (2023). The authors posited that the presence of board members with financial expertise in the Nigerian quoted firms can assist in upholding the independence of the external auditors thereby narrowing the AEG. Board of director is one of the internal mechanisms of corporate governance as contained in the aforementioned documentations (NCCG, 2018; ACCA, 2020; Payne & Moore, 2022). Therefore, the above hypothetical statement is validated in the present study.

Furthermore, the presence of financial experts on the board can enhance the quality of financial oversight and potentially narrow the expectation gap by improving the effectiveness and credibility of the audit process especially when such board members serve on audit committees. Board financial expertise means "the presence of board members with finance/accounting expertise" (Alao, 2024). According to DeFond et el. (2005) financially literate board members, especially those with audit and accounting expertise, are better equipped to understand complex financial issues and audit processes, hence this improved understanding allows them to provide more effective oversight of the company's financial reporting and internal controls.

There is no doubt about the fact that the literature is full regarding studies on the approaches to narrowing the AEG in our society. However, some of the studies (Fulop et al. 2018; Kumari et al. 2017; Elad 2017) focused on the role of "audit education" in narrowing the AEG, scholars like Jabbar (2018) and Albeksh (2016) examined the influence of audit quality on the AEG while Fijabi (2020); Alaraji (2017) and Shbeilat (2013) investigated the role of corporate governance principles in reducing the AEG. Therefore, adopting the constructive approach and improving on the subsisting works on the AEG, the present study considered one of the constructs of "internal corporate governance mechanisms" by investigating the effect of board financial expertise on the AEG in the Nigerian quoted firms.

In addition, the present study contributed to the literature in two (2) ways. The study examined the effect of board financial expertise on the AEG in the Nigerian quoted firms, and employed the Partial Least Square Structural Equation Model (PLS-SEM) via SmartPLS version 4.0 to test the nexus between board financial expertise and the AEG. Meanwhile, the study has five (5) sections. Section one is the introduction, section two deals with the literature review and development of hypothesis, section three covers the methodology, section four presents the results, and section five gives the conclusion and recommendations.

2. Literature Review and Development of Hypothesis

The term AEG was first conceptualised by Liggio in 1974 though, the perceptions of the general public regarding auditors' roles were first investigated in the United Kingdom by Lee in 1969 (Porter, 1990). Liggio (1974) conceptualised AEG as the difference between the perceived levels of performance anticipated by the users of financial statements and those expected by auditors. Recently, Ashibogwu et al. (2023) described AEG as the variance between users' expectations and the contents of the audit report while Alao (2024) conceptualised AEG as the variation in the opinion of the auditors and stakeholders as regards auditors' duties. According to Alao et al. (2022), the AEG was classified into four (4) factors – "going concern, independence, responsibility and reliability". Meanwhile, the present study used the independence factor as the proxy for the AEG. That is, "external auditors' independence factor".

As documented in the introductory part of this study, board structure is one of the components of internal corporate governance mechanisms. Also, "board structure and composition" is one of the corporate governance principles as contained in the NCCG (2018). Meanwhile, one of the recommended practices under the principle of "board structure and composition" in the NCCG is the ability of board members "to attain the appropriate balance of knowledge, skills, and experience that allow them to effectively discharge governance responsibilities". According to DeFond et al. (2005), the financial literacy of the board members of corporate entities allows them to ensure robust supervision of the company's "financial reporting and internal controls" processes. Recently, Alao (2024) described board financial expertise as "the presence of board members with finance/accounting expertise" in the Nigerian quoted firms.

Theoretically, this study is based on the propositions of the "theory of inspired confidence". A foundational concept in the auditing area is the "theory of inspired confidence", which was developed in 1932 by a Dutch scholar "Theodore Limperg". His in-depth observations and examination of the auditor's duties in the larger framework of stakeholder interactions and financial reporting led to the development of Limperg's thesis. This hypothesis has had a significant impact on how auditing can ensure that financial statements are credible and trustworthy, which in turn helps the capital markets operate as intended.

A pillar of auditing philosophy, the theory of inspired confidence emphasises the crucial role that auditors play in building credibility and trust in financial reporting. Auditors help close the confidence gap and bridge expectations by acting as impartial validators of financial information. Besides, findings from the present study validate Limberg's viewpoint of the "theory of inspired confidence". Therefore, the "theory of inspired confidence" is explained in this study as a theory that explains enhancing stakeholders' confidence in the audit process of the Nigerian corporate entities via upholding the independence of external auditors by having "board members with financial expertise" thereby narrowing the AEG in our society.

Empirically, Girbina et al. (2012) examined the nexus between the financial education of board members and firms' performance in Romania. Using a sample of forty (40) companies quoted on the Bucharest Stock Exchange, the authors used educational qualifications of board members as proxy for financial education. Results from the analysis revealed a positive correlation between board members with financial education and market-based performance indicator, Tobin's Q of Romanian non-financial listed companies. Sarwar et al. (2019) investigated the effect of board financial expertise on debt policy of non-financial firms in Pakistan from 2010 to 2015. The authors measured board financial expertise with financial knowledge/expertise of board members. The results showed a significant positive influence of board financial expertise on firms' leverage.

Yun et al. (2021) examined the influence of "board financial expertise" on cash holding policy of listed non-financial firms in Pakistan with the moderating role of multiple large shareholders. The authors measured "board financial expertise" with board members' degree and professional certificates. The results showed that board financial expertise has a significant negative effect on cash holdings while the moderator exhibited a significant positive effect. Recently, Nugraha (2023) investigated the effect of board of directors/executives' expertise on firms' performance. Academic degrees of directors/executives' members were used as proxies for expertise. The study's finding unlike that of Girbina et al. (2012) showed that board of directors/executives' expertise has no effect on firms' performance.

On the other hand, several other scholars have worked on the approaches for narrowing the AEG. For instance, Shbeilat (2013) worked on the influence of particular principles of the "Jordanian Corporate Governance Code" (JCGC) on the dependability of audit reports and the extent to which the JCGC assists in reducing the AEG. The results demonstrated that the JCGC's principles contributed to an enhanced perception of the audit report's dependability. Furthermore, it was reported that these principles helped in narrowing the AEG. Also, Alaraji (2017) utilised the analytical descriptive method to assess how corporate governance principles influence the reduction of the AEG between external auditors and stakeholders in Iraq. The results indicated that implementing corporate governance practices had a positive effect on narrowing the AEG within the external audit career in Iraq.

Ocheni and Adah (2018) focused on two objectives including the determination of the level of familiarity among "users of financial statements" with the responsibilities of auditors under Nigerian law and the assessment of the impact of the AEG on stakeholders' decision-making based on their perceptions. The findings showed that majority of stakeholders were not familiar with the statutory duties of auditors. Additionally, the study reported that the AEG had a lesser significance in influencing stakeholders' decision-making. Akther and Xu (2020) worked on the existence of AEG and its influence on stakeholders' confidence in Bangladesh. The results showed that the existence of AEG in Bangladesh whereas it was further reported that AEG harms stakeholders' confidence. More so, the study maintained that the phenomenon can be reduced via auditors' independence, effective communication and the presence of independent oversight functions by relevant government agencies. Fijabi (2020) examined the nexus between corporate governance and auditors' expectation with a focus on Pension Fund Administrators (PFAs) in Nigeria. Findings from the study revealed that effective accountability as a corporate governance practice has a positive contribution to the expectation gap.

Above all, as indicated in the above empirical review, studies have been conducted on "board structure and composition" on one hand, and "the nexus between corporate governance practices/principles and the AEG" on the other hand. However, as far as we know, much studies have not been conducted on the connection between board structure/composition and the AEG hence, the gap identified. Therefore, the present study improved on the previous works by examining the influence of "board financial expertise" on the AEG in Nigerian quoted firms. Arising from the above discussions, the following hypothesis was developed to guide the present study;

Ho: "Board financial expertise has no significant effect on the independence factor of the external auditor"

3. Methodology

This study employed the "survey research design" where questionnaire was designed and administered among directors, external auditors and shareholders of the "Nigerian quoted firms" using the purposive sampling technique. The use of questionnaire as a research instrument is supported by the previous of works of Akther and Xu (2020); Olojede et al. (2020); and Nguyen and Nguyen (2020). Meanwhile, a pilot test was earlier conducted physically in Abeokuta, Ogun State among twenty-three (23) respondents (directors, external auditors and shareholders) and, on that basis, some questions in the questionnaire were removed/modified (based on Cronbach Alpha results) before the final administration. Consequently, the adjusted questionnaire was shared among the respondent groups with the use Google forms.

The link was shared among the groups through various Associations' Mail and/or WhatsApp platforms. At the end of the exercise, a total of three hundred and ten (310) valid responses were used for the study. However, there was no rejection of responses as all the questions were made required for the respondents with the aid of the Google form designed questionnaire and the respondents had no chance of choosing two (2) options at the same time. The details of the responses/respondents are presented in Table 2 below. The "Partial Least Square Structural Equation Model" (PLS-SEM) was employed in testing the influence of "board financial expertise" on the AEG in "Nigerian quoted firms" via SmartPLS version 4.0. The use of PLS-SEM for this kind of study is supported by previous studies of Sarstedt at al. (2021); Akther and Xu (2020); and Adedeji (2020).

Table 1: Reliability Test

S/N	Constructs	Items	Cronbach Alpha Coefficients
1.	Board Financial Expertise (BFE)	6	0.83
2.	Independence Factor (IF)	7	0.86

Source: Authors' Computation (2024)

Table 1 showed the results from the pilot test. The test was conducted to ascertain the "reliability of the items" contained in the questionnaire. The "Cronbach Alpha coefficients" range from 0.83 to 0.86 (which is greater than 0.70) showed that it is within the acceptable range as outlined by George and Mallery (2003).

4. Results and Discussions

Table 2: Demographic Data of the Respondents

Variables	Label	Frequency	Percentage
Respondents' Group	Auditors	201	64.8
	Directors	34	11.0
	Shareholders	75	24.2
	Total	**310**	**100.0**
Gender	Female	268	86.5
	Male	42	13.5
	Total	**310**	**100.0**
Age (Years)	Less than 30	21	6.8
	30 – 39	43	13.9
	40 – 49	105	33.9
	50 – 59	104	33.5
	60 and above	37	11.9
	Total	**310**	**100.0**
Highest Educational Qualification	OND/NCE	7	2.3
	B.Sc./HND	113	36.5
	MBA/M.Sc.	148	47.7
	PhD	35	11.3
	Others	7	2.3
	Total	**310**	**100.0**
Professional Qualification	ACA/CNA/ACCA	94	30.3
	ACTI	25	8.1
	CISA/CFA	2	0.6
	FCA/FCNA/FCCA	120	38.7
	Others	69	22.3
	Total	**310**	**100.0**

Source: Authors' Computation (2024)

Table 2 displayed the "demographic pattern" of the study's respondents. The table revealed that 65% of the respondents are external auditors hence, they possess the required expertise about the subject matter; 79% of the respondents are above 40 years of age hence, majority of the respondents are adults; 37% have B.Sc./HND while 48% have MBA/M.Sc. hence, majority of the respondents possess the required educational qualifications; 39% have FCA/FCNA/FCCA hence, majority of the respondents are professionally qualified to understand the subject matter being investigated in the study.

Furthermore, the study employed SmartPLS version 4 in testing the formulated hypothesis. Consequently, the "Confirmatory Factor Analysis" (CFA) otherwise known as "measurement model" analysis was conducted on the latent variables. The process led to the deletion of certain manifest latent variables whose factor loadings are below the threshold of 0.50. This is supported by the rules governing the application of SmartPLS (Ramayah et al., 2018). Therefore, Independence Factor (IF) 1 and 2 as well as Board Financial Expertise (BFE) 1 and 3 were deleted accordingly.

Table 3: Descriptive and Normality Analysis

Name	Type	Missings	Mean	Median	Scale min	Scale max	Obs. min	Obs. max	Std dev.	Excess kurtosis	Skws	Cramér-von Mises p value
IF3	ORD	0	3.558	4	1	4	1	4	0.575	1.330	-1.099	0.000
IF4	ORD	0	3.813	4	1	4	1	4	0.422	7.005	-2.377	0.000
IF5	ORD	0	3.761	4	1	4	1	4	0.509	6.423	-2.365	0.000
BFE2	ORD	0	3.165	3	1	4	1	4	0.613	1.022	-0.449	0.000
BFE5	ORD	0	3.081	3	1	4	1	4	0.614	0.593	-0.300	0.000
BFE6	ORD	0	3.055	3	1	4	1	4	0.658	0.248	-0.332	0.000

Source: Authors' Computation (2024)

Table 3 showed the results of the descriptive and normality tests of the study's data. The result showed the least and highest values as 1 and 4 respectively. The standard deviation ranges from 0.422 to 0.658. Also, kurtosis ranges from 0.248 to 7.0 while skewness ranges from -2.365 and -0.300. These are within the acceptable range (-7 to 7 and -2 to 2 respectively) as recommended by Bryne (2010), Kline (2011), and Ryu (2011).

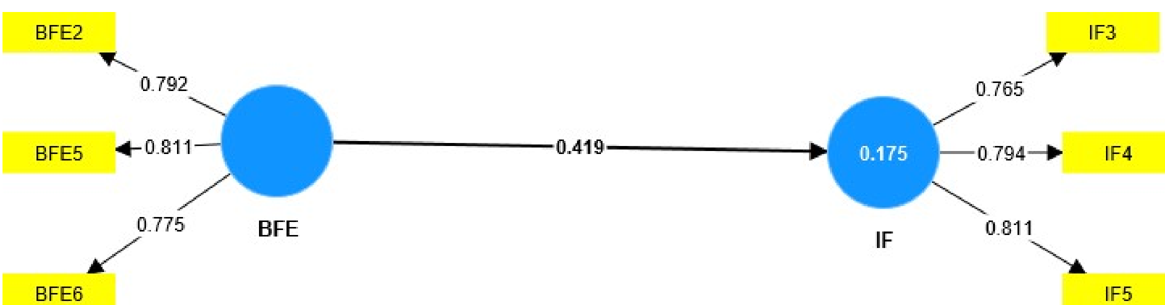

Figure 1: Measurement Model
Source: Authors' Computation (2024)

Table 4: Constructs' Convergent Validity and Reliability Tests

Constructs	**"Measurement Items"**	**"Factor Loadings"**	**"Cronbach's Alpha"**	**"Composite Reliability (rho_a)"**	**"Composite Reliability (rho_c)"**	**"Average Variance Extracted (AVE)"**
BFE	BFE2	0.792	0.707	0.712	0.835	0.628
	BFE5	0.811				
	BFE6	0.775				
IF	IF3	0.765	0.705	0.707	0.833	0.625
	IF4	0.794				
	IF5	0.811				

Source: Authors' Computation (2024)

Figure 1 showed the "measurement model" meanwhile the valuation of the "constructs' convergent validity and reliability" were further explicitly displayed in Table 4. From Table 4, the manifest variables' factor loadings values ranged from 0.765 to 0.811 which are higher than the threshold of 0.70 [Hair Jr. et al., (2010); Hair Jr. et al., (2017)]; "Cronbach Alpha and composite reliability" values ranged from 0.705 to 0.835 while "Average Variance Extracted (AVE)" values ranged from 0.625 to 0.628 which are higher than the threshold of 0.50 [Hair Jr. et al., (2017); Ramayah et al., (2018)]. In conclusion, the study has no problem of constructs' convergent validity and reliability as each of the values computed is higher than the respective threshold.

Table 5: Fornell & Larcker's Analysis Test

	BFE	IF
BFE	**0.793**	
IF	0.419	**0.790**

Source: Authors' Computation (2024)

Table 6: Heterotrait-Monotrait ratio of correlations (HTMT) Test

	BFE	IF
BFE		
IF	0.572	

Source: Authors' Computation (2024)

Tables 5 and 6 showed the results of the discriminant validity. Fornell and Larcker's test revealed that the values on the diagonal ranged from 0.790 to 0.793 and these are higher than the off-diagonal value. On the other hand, HTMT test revealed a value of 0.572 which is below the threshold of 0.90. Therefore, for each of the tests, discriminant validity is justified.

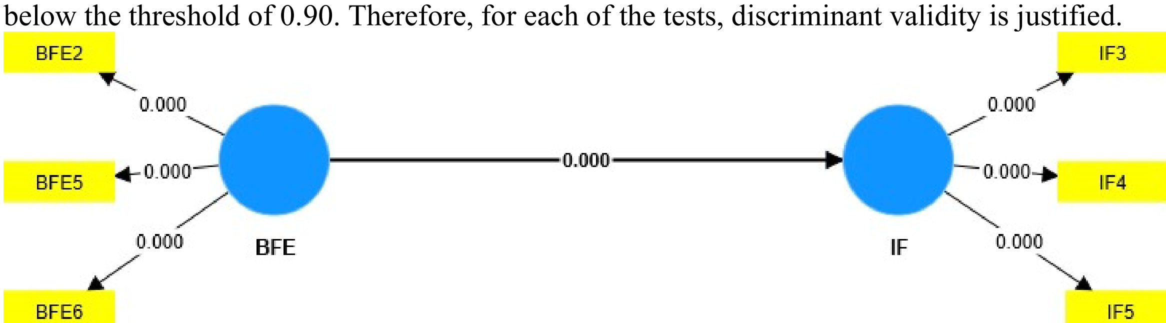

Figure 2: Structural Model
Source: Authors' Computation (2024)

Figure 2 displayed the study's structural model analysis. The bootstrapping with 5000 resamples that were introduced with "the aid of PLS-SEM" assisted in the determination of path coefficients, standard errors, t-value and significant levels to examine the relevance of the hypothesised nexus between board financial expertise and external auditors' independence factor.

Table 7: Model Fit Test

	"Saturated model"	"Estimated model"
SRMR	0.114	0.114
d_ULS	0.274	0.274
d_G	0.088	0.088
Chi-square	170.3	170.3
NFI	0.62	0.62

Source: Authors' Computation (2024)

Table 7 revealed the results of the "Goodness of Fit" (GoF). "Standardised Root Mean Square Residual" (SRMR) equals 0.114 which is a bit higher than 0.10 while Normed Fit Index (NFI) equals 0.62 which is below 1 but close to 1 hence, the model is a good fit.

Table 8: Collinearity Check Test

	VIF
BFE2	1.285
BFE5	1.457
BFE6	1.456
IF3	1.174
IF4	1.727
IF5	1.719

Source: Authors' Computation (2024)

Table 8 revealed the results of the collinearity check test. For the test, the values for the "Variance Inflation Factor" (VIF) ranged from 1.174 to 1.727 which are below 5 hence, there is no collinearity problem with the data set.

Table 9: Path Coefficients Test

	"Original sample" (O)	"Sample mean" (M)	"Standard deviation" (STDEV)	"T statistics" (|O/STDEV|)	"P values"
BFE -> IF	0.419	0.423	0.059	7.109	0.000***

Source: Authors' Computation (2024)
*Note: *** implies 1% Significance Level*

Table 9 displayed the results for the path coefficients. The coefficient value (β) equals 0.419; *t*-value equals 7.109 while the *p*-value equals 0.000. The coefficient value of 0.419 indicated a positive effect of board financial expertise on the external auditors' independence factor while the "*t*-value of 7.109" and "*p*-value of 0.000" indicated a significant effect of "board financial expertise" on the external auditors' independence factor. Meanwhile, the *p*-value of 0.000 is an indication of significance at all levels of significance (10%, 5% and 1%). Therefore, the null hypothesis which stated that "board financial expertise" has no significant effect on the external auditors' independence factor is rejected. Above all, it can be concluded that board financial expertise has a significant positive effect on the external auditors' independence factor.

Table 10: Coefficient of Determination (R^2)

	"R-square"	"R-square adjusted"
IF	0.175	0.173

Source: Authors' Computation (2024)

Table 10 showed the results for the study's coefficient of determination (R^2). The R^2 value of 0.175 revealed that eighteen (18) per cent variation in the endogenous construct (IF) is accounted for by the exogenous variable (BFE) hence, according to Cohen (1988), BFE has a moderate level of predictive accuracy on IF.

Table 11: Assessment of Effect Size (f^2)

	BFE	IF
BFE		0.213
IF		

Source: Authors' Computation (2024)

Table 11 showed the result for the effect size (f^2). From the table, BFE has a value of 0.213 hence, according to Cohen (1988), BFE has a medium effect on IF.

Table 12: Assessment of Predictive Relevance for Manifest Variable

	"Q^2predict"	"PLS-SEM_RMSE"	"PLS-SEM_MAE"	"LM_RMSE"	"LM_MAE"
IF3	0.134	0.537	0.465	0.542	0.457
IF4	0.057	0.411	0.299	0.411	0.293
IF5	0.089	0.488	0.359	0.489	0.357

Source: Authors' Computation (2024)

Table 12 showed the results for the predictive relevance of the manifest variables. The Q^2predict values ranged from 0.057 to 0.134. Each of the values is greater than zero (0) hence, the indication that the exogenous variable (BFE) has predictive relevance on the endogenous construct (IF).

The present study investigated the influence of board financial expertise on the AEG in Nigerian quoted firms. In this study, the AEG was measured via external auditors' independence factor. The results as shown in Table 9 revealed that board financial expertise has a significant positive effect on external auditors' independence factor in Nigerian quoted firms. That is, the higher the number of board members with financial expertise, the more independent the external auditors. This means that quoted firms with board members that are expert in financial matters can uphold the independence of external auditors especially with reference to ensuring that external auditors carry out their statutory duty without bias and undue influence from those saddled with governance responsibilities. Thus, upholding the external auditors' independence factor would in turn lessen the AEG in Nigerian quoted firms.

Besides, finding from this study aligned with the proposition of the theory of inspired confidence. That is, the study alluded to the fact that stakeholders' confidence in the audit process of the Nigerian corporate entities can be enhanced when the independence of external auditors is upheld via the presence of board members with financial expertise. Furthermore, the finding is in tandem with that reported in the works of Sarwar et al. (2019) and Girbina et al. (2012). The authors found a positive nexus between board financial expertise and firms' performance in Romanian quoted firms and Pakistan non-financial firms respectively. On the other hand, the finding varied from what was reported in the work of Yun et al. (2021). The author reported a significant negative effect of board financial expertise on cash holding in Pakistan non-financial firms. Recently, Nugraha (2023) reported that board financial expertise has no effect on firm' performance in Indonesian listed manufacturing firms.

5. Conclusion and Recommendations

The study concluded that board financial expertise is a good internal corporate governance practice that can be employed by corporate entities in addressing the problem of the AEG especially, in Nigerian quoted firms. According to this study, firms that put in place a good internal corporate governance practice especially, board financial expertise, are capable of improving the independence of their external auditors, particularly with reference to the maintenance of external auditors' supposed freedom to guarantee stakeholders' confidence, and auditors carrying out their work without bias and undue influence. The uphold of external auditors' independence factor via the presence of board members with financial expertise would in turn reduce the AEG. The study, therefore, recommended based on its findings that Nigerian quoted firms should have board members with financial expertise. That is, most if not all the members of the board of these firms should have the knowledge of financial matters. This would help to uphold the independence of external auditors; boost stakeholders' confidence and in turn narrow the AEG in our society.

Besides, the present study is limited to one of the approaches for narrowing the AEG. That is, the constructive approach. Furthermore, the study has only considered the influence of one of the internal corporate governance mechanisms in narrowing the AEG. That is, board composition. Lastly, the study has used only the primary source of data. Therefore, future researches are encouraged in the aspect of narrowing the AEG via the defensive approach as well as the consideration of other corporate governance mechanisms (internal or external) to further enrich the literature. Meanwhile, the study has contributed to the existing literature on the AEG from three (3) perspectives. Conceptually, the study was able to examine the effect of board financial expertise on the AEG; methodologically, it tested the nexus between board financial expertise and the AEG via PLS-SEM; and theoretically, the finding was alluded to the theory of inspired confidence.

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