

Title: Audit Committee Characteristics and Sustainable Firms' Performance: Evidence From the Financial Sector in Bangladesh

Author Names: Rejaul Karim, Md. Mustaqim Roshid, Bablu Kumar Dhar, Md. Nahiduzzaman, Bapon Chandra Kuri

Abstract: This study examines how audit committee characteristics influence sustainable firms' performance within Bangladeshi commercial banks. Using data from 26 publicly traded banks over 13 years (2011–2023), this research investigates the impact of audit committee size, independence, and meeting frequency on both financial and market-based performance metrics. Specifically, the findings reveal that larger audit committees (ACs) are associated with higher market valuation, indicating that committee size contributes to strategic oversight and governance effectiveness. Independent audit committee members also enhance both financial (Return on Assets) and market-based (Tobin's Q) performance, underscoring their role in promoting transparency, accountability, and alignment with sustainable goals. However, frequent audit committee meetings correlate with diminished performance, suggesting that overly frequent sessions may lead to inefficiencies rather than improved oversight. These results indicate that structuring ACs with balanced size and independence and avoiding excessive meetings, is essential to support sustainable growth, particularly in emerging economies such as Bangladesh. The study contributes to corporate governance and sustainability literature by providing empirical insights into audit committee practices that align governance structures with long-term corporate strategy and sustainable growth. Practical implications include the potential for regulatory reforms that enhance corporate governance, focusing on committee composition and meeting practices to foster sustainable firm performance in the financial sector.

Keywords: audit committee characteristics | emerging economies | financial institutions | generalized method of moments (GMM) | sustainability practices | sustainable firms' performance

<https://doi.org/10.1002/bsd2.70059>

<https://onlinelibrary.wiley.com/doi/full/10.1002/bsd2.70059>