Designing an Audit Committee Identity Model Based on Grounded Theory Data and Structural Equation Modeling

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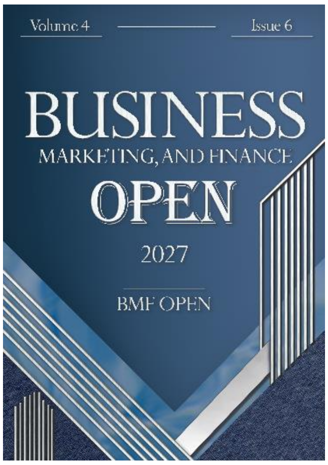

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Abstract: The purpose of this study was to design a model of audit committee identity in the business environment. The study employed an exploratory mixed-methods approach with a developmental objective. The research process was designed and implemented in two qualitative and quantitative phases. In the qualitative phase, data were collected through semi-structured interviews with 14 experts in the research domain, including audit committee members and university faculty members. Sampling in this phase was conducted using theoretical sampling and the snowball technique and continued until theoretical saturation was reached. Subsequently, in the quantitative phase, research hypotheses were formulated based on the findings of the preceding phase, and a questionnaire was developed. Quantitative data were collected from a sample of 30 financial experts and managers who had not participated in the qualitative phase. Data analysis and hypothesis testing were performed using structural equation modeling (SEM) with Partial Least Squares (PLS) software. The qualitative findings resulted in the identification of 10 main categories, 26 subcategories, and 53 final codes within a paradigmatic model derived through three stages of coding based on grounded theory analysis. The quantitative findings further demonstrated that institutional pressures had a significant effect on audit committee identity. In addition, institutional pressures influenced the outcomes, and audit committee identity ultimately affected the implementation of structure-building strategies. The findings indicate that strengthening audit committee identity can provide an appropriate foundation for implementing strategies such as global benchmarking. Moreover, the operational independence of the committee can facilitate the implementation of annual performance evaluations.

Keywords: identity, audit committee, grounded theory, structural equation modeling.

1. Introduction

The audit committee has become one of the most consequential mechanisms of contemporary corporate governance because it occupies a critical position at the intersection of the board of directors, executive management, internal audit, external audit, financial reporting, and regulatory oversight. As corporate structures become more complex and stakeholders demand greater accountability, transparency, and reliability of financial information, the responsibilities assigned to audit committees have expanded beyond the conventional supervision of financial statements. Audit committees are increasingly expected to safeguard auditor independence, challenge managerial judgments, oversee internal control and risk-related processes, facilitate high-quality communication between auditors and governing bodies, and contribute to the credibility of corporate reporting. Empirical research has consequently devoted substantial attention to the association between audit committee characteristics and financial reporting outcomes. Evidence concerning the quality of financial information, for example, indicates that audit committee characteristics can meaningfully shape the effectiveness of financial reporting oversight [1]. Similarly, studies of audit quality, internal control systems, and audit committees have reinforced the importance of audit committees for the quality and credibility of corporate financial reports [2]. These developments suggest that the audit committee should be viewed not merely as a formally established governance mechanism but as an organizational actor whose effectiveness depends on how its role, responsibilities, authority, and professional standing are understood and enacted.

The growing importance of the audit committee is particularly visible in research examining the integrity of financial statements. Financial reporting quality is not determined solely by accounting standards and external audit procedures; it is also affected by governance arrangements that monitor managerial discretion and promote accountability. Research on financial statement restatements has highlighted the role of the audit committee in improving the quality of reporting and mitigating information asymmetry [3]. Likewise, evidence from the banking sector indicates that specific audit committee attributes may be relevant to reducing the risk of financial statement fraud [4]. Other studies have considered the audit committee as a moderating governance mechanism within fraud-related frameworks, demonstrating its potential importance in constraining conditions associated with fraudulent reporting [5]. More recent research has similarly examined financial statement fraud through the Hexagon Fraud Model while emphasizing the moderating role of the audit committee [6]. Collectively, these studies portray the audit committee as an important protective structure against reporting manipulation, fraud, and weaknesses in financial accountability. Nevertheless, they generally conceptualize the committee through observable structural characteristics or measurable governance outcomes rather than investigating how the committee develops a distinctive institutional and professional identity within the organization.

A substantial stream of research has therefore focused on the attributes and competencies of audit committee members. Expertise, independence, diversity, experience, and other personal or professional characteristics are frequently regarded as determinants of the committee's capacity to perform its monitoring responsibilities. For instance, audit committee expertise has been examined as a factor that may influence the relationship between board independence and earnings management, emphasizing the importance of specialized knowledge in strengthening governance mechanisms [7]. In a similar vein, recent research on corporate governance implementation has emphasized the role of governance committees and the competencies of their members, suggesting that the effectiveness of committee-based governance depends considerably on the capabilities brought by individual members [8]. Research concerning audit committee heterogeneity has further demonstrated that differences among committee members may be relevant to decisions such as auditor selection [9]. Such findings imply that audit committees are shaped not only by formal mandates but also by the knowledge, orientations, professional experiences, and interpersonal capacities of their members. These attributes may contribute to the formation of a collective understanding of what the committee represents, what its responsibilities are, and how it should act when confronted with organizational and institutional pressures.

The literature on audit committee diversity adds another important dimension to this argument. Gender diversity, for example, has increasingly been investigated as a characteristic capable of influencing audit-related and reporting outcomes. The moderating role of audit committee gender diversity has been examined in the relationship between audit quality and the timeliness of financial reporting, indicating that committee composition may affect the way audit quality translates into reporting performance [10]. Audit committees have also been considered in the broader relationship between board gender diversity and environmental, social, and governance disclosure, illustrating the potential of the audit committee to influence corporate transparency beyond conventional financial statements [11]. These studies extend the significance of audit committees into wider domains of governance and stakeholder accountability. At the same time, they raise an important conceptual issue: member diversity and competence may influence committee outcomes because they affect not only technical capacity but also how committee members perceive their collective purpose, legitimacy, authority, and boundaries. Accordingly, a deeper understanding of audit committee effectiveness requires attention to the identity through which individual attributes are integrated into a coherent collective role.

The monitoring function of the audit committee is also closely related to managerial discretion and the quality of corporate earnings. Research on Islamic banks has examined the relationship between audit committee attributes and real earnings management, reinforcing the view that committee characteristics can influence managerial reporting behavior [12]. The capacity of audit committees to counteract opportunistic managerial behavior is especially important because the committee operates in a setting characterized by information asymmetry between management, boards, auditors, investors, and other stakeholders. Yet the committee's ability to challenge management may depend on more than formal independence. It may also depend on whether its members understand their collective role as an autonomous monitoring body, whether they possess sufficient legitimacy to question executive decisions, and whether organizational structures support rather than constrain such behavior. The managerial educational role of internal audit and its relationship with the audit committee further demonstrates that interactions between the two governance mechanisms can affect internal audit independence and objectivity [13]. Consequently, the audit committee exists within an interconnected governance environment in which its identity is continuously reinforced, negotiated, or weakened through interaction with management, internal auditors, external auditors, and other institutional actors.

Communication processes represent another essential aspect of this governance environment. Audit committee meetings are not merely administrative events; they are arenas in which information is shared, professional judgments are challenged, and the boundaries between management and oversight are enacted. Experimental evidence concerning audit committee chairs suggests that the behavior and openness of the chair can influence auditors' willingness to share information, particularly when management is present during audit committee meetings [14]. This is especially important because high-quality oversight requires auditors to communicate concerns without fear of managerial retaliation or suppression. The audit committee's identity as an independent and credible recipient of audit information may therefore directly affect the quality of these interactions. Research on accounting preferences has similarly shown that audit committee members' judgments can be influenced by contextual factors such as key audit matters and stock ownership [15]. Moreover, the financial and industry expertise of audit committee members has been associated with the readability of key audit matters, suggesting that expertise can shape the interpretation and communication of complex audit information [16]. These findings reinforce the need to understand audit committees not only through their structural design but also through the cognitive, relational, and professional processes that shape their behavior.

The role of the audit committee also extends to the relationship between the firm and the external auditor. Auditor selection, auditor switching, audit fees, audit report timeliness, and audit risk are all areas in which audit committees may exert direct or indirect influence. The heterogeneity of audit committee membership has been linked to auditor selection decisions, indicating that the internal composition of the committee can affect external assurance arrangements [9]. Research on auditor switching likewise identifies the audit committee as one of the factors potentially associated with changes in external auditors, alongside firm size, audit fees, financial distress, and audit quality [17]. The relationship between governance mechanisms and audit report lag has also received considerable attention. A meta-analytic investigation of corporate governance characteristics, audit committees, and audit report lag points to the broader importance of governance structures in determining the timeliness of audited reporting [18]. Furthermore, evidence concerning audit committee attributes and firm value suggests that audit report lag can play a moderating role in this relationship, thereby linking committee effectiveness to market-relevant organizational outcomes [19]. These findings demonstrate that the audit committee's role extends across several organizational boundaries, making the question of how the committee defines and maintains its institutional position increasingly important.

Audit committees must also operate under significant institutional and political pressures. Although formal regulations generally emphasize independence, expertise, and objectivity, committees exist within organizational environments characterized by power relations, executive influence, ownership structures, regulatory expectations, and stakeholder demands. Politically connected audit committees, for example, have been studied in relation to audit risk, illustrating how broader political and institutional relationships can affect the governance implications of committee composition [20]. The existence of such pressures suggests that formal committee structures cannot automatically ensure effective oversight. Audit committee members may face competing expectations originating from management, shareholders, regulators, auditors, and other stakeholders. These pressures can influence the way members interpret their responsibilities and can create tensions between formal professional obligations and organizational realities. Such tensions are particularly relevant to the development of audit committee identity because collective identity provides a basis for determining which expectations are legitimate, which responsibilities should receive priority, and how the committee should respond to conflicts among different institutional demands.

Institutional pressures are also increasingly linked to broader issues of risk management and governance architecture. Contemporary companies commonly establish several specialized board committees whose duties may overlap or interact. The role of the risk committee in financial reporting quality and audit fees, for example, demonstrates that governance outcomes may emerge from the interaction of multiple oversight structures rather than from the audit committee alone [21]. The audit committee must therefore maintain a sufficiently distinctive role while coordinating with other governance actors. A clearly developed identity may help determine the committee's jurisdiction, decision-making authority, accountability mechanisms, and relationship with other committees. In this respect, audit committee identity can be conceptualized as the collective understanding of the committee's mission, distinctive characteristics, legitimacy, authority, and expected patterns of behavior within the organization's governance system. This conception moves beyond conventional measures of committee existence or composition by emphasizing how governance structures become meaningful and operational in practice.

The consequences of audit committee functioning are also evident in areas extending beyond immediate financial reporting quality. Audit committees have been considered among the organizational factors potentially associated with sustainability-related outcomes, indicating their relevance to an expanding corporate accountability agenda [22]. Similarly, research on tax avoidance has examined audit committee involvement alongside gender diversity, capital intensity, and board size, reflecting the committee's possible relevance to corporate tax behavior and governance oversight [23]. These studies suggest that the audit committee increasingly participates in governance issues that extend into regulatory compliance, sustainability, ethical conduct, and stakeholder relations. As the scope of responsibility expands, the committee requires a coherent identity that clarifies its priorities and ensures that additional responsibilities do not undermine its core monitoring mission. Identity may thus function as an organizing mechanism that enables members to interpret emerging expectations while maintaining consistency in professional conduct.

The dynamic character of audit committee identity becomes particularly important during periods of organizational crisis or financial reporting failure. Audit committee members may respond proactively when they anticipate reputational, professional, or legal consequences associated with financial misstatements. Research concerning audit committee director departures suggests that such departures may represent anticipatory rather than exclusively reactive responses to financial misstatements [24]. This finding points to the sensitivity of audit committee membership to organizational risk and indicates that committee behavior can reflect assessments of legitimacy, professional reputation, and institutional exposure. In this sense, audit committee identity is not static. It may evolve in response to crises, regulatory changes, organizational restructuring, technological developments, changes in ownership, or shifts in stakeholder expectations. A committee capable of learning from crises and adapting its practices while maintaining its core principles may be better positioned to preserve both its effectiveness and legitimacy.

The increasing complexity of audit committee responsibilities therefore creates a need to move from a predominantly attribute-based perspective toward a more integrative understanding of the committee as a collective governance actor. Existing studies have generated valuable evidence regarding financial reporting quality [1], fraud risk [4], earnings management [7, 12], auditor selection and switching [9, 17], audit report timeliness [10, 18], internal audit independence [13], key audit matters [15, 16], governance and ESG disclosure [11], sustainability [22], tax behavior [23], and fraud prevention [5, 6]. However, the predominance of such outcome-oriented and variable-centered approaches leaves comparatively limited insight into how the committee's collective identity is formed and how that identity connects individual characteristics, institutional structures, organizational conditions, intervention mechanisms, strategic responses, and governance consequences.

This limitation is theoretically important because a committee may satisfy formal governance requirements while still lacking a sufficiently strong professional identity to exercise effective oversight. Formal independence does not necessarily produce behavioral independence; technical expertise does not automatically result in active challenge; access to information does not inevitably generate effective monitoring; and regulatory authority does not always translate into organizational influence. The practical effectiveness of these attributes depends on how committee members collectively interpret their mission and enact their authority. A strong audit committee identity may encourage members to perceive safeguarding audit independence, improving financial reporting quality, challenging management, and maintaining accountability as central features of their collective role. Conversely, an ambiguous or weak identity may expose the committee to managerial influence, conflicting institutional pressures, reduced information access, and symbolic rather than substantive compliance. This perspective is consistent with the growing emphasis on committee competencies and effective corporate governance implementation [8], while extending the discussion toward the processes through which these competencies and formal structures become integrated into a meaningful governance role.

Methodologically, understanding audit committee identity requires an approach capable of capturing both the lived interpretations of knowledgeable participants and the empirical relationships among the resulting conceptual dimensions. Much of the existing literature relies on archival financial data and predetermined quantitative proxies for audit committee attributes, which are highly valuable for testing associations but are less suitable for identifying the deeper conceptual structure of an insufficiently theorized phenomenon. An exploratory grounded theory approach offers the possibility of deriving relevant categories directly from the experiences and perceptions of audit committee members, managers, auditors, and academic experts. Such an approach can identify the causal conditions contributing to identity formation, the contextual and intervening conditions shaping its development, the strategies through which it is reinforced, and the consequences associated with its effective enactment. Subsequently, structural equation modeling can provide a complementary quantitative assessment of relationships among the constructs emerging from the qualitative phase. This integration is particularly valuable when the objective is not merely to identify isolated determinants but to develop and empirically examine a coherent explanatory model.

Accordingly, the conceptualization of audit committee identity provides an opportunity to connect previously fragmented streams of corporate governance and auditing research. Findings regarding the financial reporting role of the audit committee [2, 3], its contribution to fraud prevention [4, 6], its influence on assurance and reporting processes [10, 19], its interaction with auditors and management [13, 14], and its exposure to political and institutional influences [20] can be interpreted as different manifestations of a broader issue: the extent to which the audit committee has established a coherent and legitimate identity as an independent governance institution. Examining this identity may therefore explain why similarly structured audit committees do not necessarily demonstrate similar levels of effectiveness and why formal governance arrangements may produce different outcomes across organizational environments.

Therefore, the aim of this study was to develop and empirically evaluate a comprehensive model of audit committee identity by integrating grounded theory analysis with structural equation modeling.

2. Methodology

The present study employed an exploratory mixed-methods approach. In the qualitative phase, the concept of audit committee identity and its conceptual model were explained using the grounded theory framework. This method was selected primarily for the following reasons: first, when the existing body of knowledge concerning the research topic is limited and insufficient; second, when the researcher seeks an in-depth understanding of participants' experiences, perceptions, and interpretations of a particular phenomenon; and third, when the primary objective is to develop and propose a new theory (Abu al-Ma'ali, 2012, p. 375). As noted in the preceding section, existing studies on audit committee identity have primarily been conducted within a positivist paradigm, thereby providing a limited and insufficient perspective on this concept. Accordingly, in the first stage of the present study, grounded theory was employed to develop an in-depth and comprehensive understanding of the perceptions and insights of audit committee experts regarding audit committee identity. These perspectives were organized and presented within a paradigmatic model. By following an inductive approach and employing a systematic process, this methodology enables the development and formulation of an original theory concerning the phenomenon under investigation.

Data for this phase were collected through semi-structured interviews with 14 board members, chief executive officers, senior executives, internal audit managers, managers of the Audit Organization, and university faculty members. Sampling was conducted using both snowball and theoretical sampling methods and continued until theoretical saturation was reached in the collected data. The data analysis process employed the staged approach and analytical techniques proposed by Strauss and Corbin. The units of analysis in this study were concepts examined at different levels, including the full interview text, paragraphs, phrases, and sentences. Accordingly, the interview transcripts were divided into meaning-bearing units in the form of phrases or paragraphs, from which open codes were extracted. The initial concepts were subsequently classified into broader conceptual categories and ultimately organized into 26 categories. In the final stage, through the classification of the subcategories, these concepts were organized into 10 main categories representing the major dimensions of audit committee identity. In the quantitative phase of the study, a questionnaire was developed, and data were collected from a sample of 30 participants comprising corporate financial managers, managers affiliated with the Iranian Association of Certified Public Accountants, and board members. Based on the analyses conducted, all categories of the grounded theory paradigmatic model demonstrated satisfactory reliability, as confirmed by a Cronbach's alpha coefficient of 0.70. In the quantitative phase, structural equation modeling was employed to test the extracted theoretical model. To measure and quantify the research variables, a researcher-developed questionnaire was used. Its items were formulated based on the theoretical model derived from the qualitative phase, a review of the theoretical foundations and previous research, and the opinions of experts in the relevant field. Respondents expressed their views using a five-point Likert scale ranging from "strongly agree" (score 1) to "strongly disagree" (score 5). The questionnaire consisted of two main sections: the first section addressed demographic information, including gender, educational level, and work experience, while the second section contained items related to the principal research constructs. The statistical population for this phase consisted of internal auditors, financial managers of companies listed on the stock exchange, and board members and, based on the available information, comprised 65 individuals. Based on Cochran's formula for finite populations, with a confidence level of 0.90 and an estimation error of 0.011, 30 questionnaires were collected from the statistical population of 65 individuals, representing approximately 46% of the total population.

3. Findings and Results

Through the open coding process, 53 initial codes were extracted. Following their analysis and classification, 26 subcategories were identified. During axial coding, these subcategories were organized around 10 main categories. Accordingly, the relationships among the categories were mapped, and the paradigmatic model of audit committee identity was developed.

Ultimately, based on the relationships among them, the identified categories were classified within the six dimensions of the paradigmatic model as causal conditions (1 category), the core category (audit committee identity), contextual conditions (2 categories), intervening conditions (2 categories), strategies (2 categories), and consequences (2 categories). The response to the first research question is presented below.

Research Question 1: What are the components constituting audit committee identity from the perspective of scholars and experts in this field?

To answer this question, the data collected through the interviews were analyzed using the grounded theory analytical process.

Open coding is an analytical process through which the researcher continuously examines and compares data in order to extract, label, classify, and explain the properties and dimensions of the concepts contained therein. In this study, the interview transcripts were analyzed using content analysis and a line-by-line procedure. Following conceptualization, the initial codes were grouped into broader categories based on conceptual similarities and commonalities. Ultimately, 53 initial codes were extracted through this process. In response to the first research question, the final categories are presented in terms of causal conditions, the core phenomenon, contextual conditions, intervening conditions, strategies, and consequences.

Causal conditions: These refer to the set of factors that function as underlying conditions or primary drivers leading to the formation and emergence of the core phenomenon in the study. In other words, these conditions constitute the causes or causal situations that make the occurrence of a problem, event, or key concept possible within the research context.

Table 1. Open Codes and Extracted Categories Related to Causal Conditions

Level of Analysis	Category	Subcategory	Final Code
Causal conditions	Individual characteristics of members	Personality dimensions	Accountability orientation, self-esteem, independence, creativity
		Attitude	Receptiveness to criticism, transformational orientation, inquiry-oriented attitude
		Individual skills	Problem-solving, critical thinking, communication and leadership skills

Core phenomenon: As the central focus of the study, the core phenomenon represents the principal event, occurrence, or concept in response to which other actions, interactions, and strategies are formed and around whose management, control, or administration they are organized. In this study, "audit committee identity" was considered the core phenomenon. Accordingly, all identified processes, challenges, and solutions focus on defining, strengthening, and institutionalizing the identity and position of this professional body.

Table 2. Open Codes and Extracted Categories Related to the Core Phenomenon

Level of Analysis	Category	Subcategory	Final Code
Core phenomenon	Audit committee identity	Perceived mission	Safeguarding audit independence, enhancing financial reporting quality
		Distinctive characteristics	Member expertise, structural independence, active challenge and scrutiny
		External legitimacy	Regulatory credibility, capital market reliability
		Identity dynamics	Environmental adaptability, learning from crises

Contextual conditions: Contextual conditions refer to a set of distinctive and specific characteristics that directly influence the phenomenon under investigation. These conditions describe the context or environment in which events associated with the phenomenon occur and in which interactions intended to control, manage, and respond to the phenomenon are formed. In other words, they constitute the contextual framework that, along a particular dimension, facilitates an understanding of how stakeholders interact with the phenomenon.

Table 3. Open Codes and Extracted Categories Related to Contextual Conditions

Level of Analysis	Category	Subcategory	Final Code
Contextual conditions	Institutional structures	Complexity of organizational structure	Number of subsidiary units, multinational status
		Industry characteristics	Regulatory sensitivity, rate of technological change
	Organizational pressures and capacity	Prevailing organizational culture	Management risk-taking, information transparency
		Committee resources and authority	Access to information, training budget

Intervening conditions: These refer to a set of broad and dynamic factors that influence the processes and strategies associated with the core phenomenon. Such conditions often operate as external or internal factors capable of modifying the implementation, direction, or intensity of strategies and may either intensify or weaken the phenomenon under investigation. In effect, these conditions function as intervening variables that may complicate or facilitate the context within which actions are implemented.

Table 4. Open Codes and Extracted Categories Related to Intervening Conditions

Level of Analysis	Category	Subcategory	Final Code
Intervening conditions	Institutional barriers and conflicts	Power dynamics within the committee	Disproportionate influence of the committee chair
		Interaction with management	Manipulation of information by management
		Conflicting institutional pressures	Conflict between professional duties and organizational conflicts
		External institutional pressures	Stringent regulations, shareholder pressure
	Facilitators and supportive mechanisms	Institutional support	Effectiveness of internal auditing

Strategies refer to a set of deliberate actions and solutions designed to address, manage, and respond to the phenomenon under investigation. These strategies are developed with the aim of effectively managing the phenomenon, addressing its associated challenges, and increasing responsiveness to contextual changes. In contrast, consequences are the objective or subjective outcomes arising from the implementation of these strategies and interactions within the existing conditions and may manifest as either anticipated or unexpected results.

Table 5. Open Codes and Extracted Categories Related to Strategies and Consequences

Level of Analysis	Category	Subcategory	Final Code
Strategies	Structural-institutional strategies	Institutionalization	Developing a formal charter with clearly defined authority, establishing an independent budget
		Enhancing independence	Selecting independent members, holding confidential meetings
		Enhancing dynamism	Continuous monitoring of changes, benchmarking against leading structures
	Interactive-influence strategies	Strategic interaction	Requiring management information transparency, establishing accountability mechanisms
		Pressure mitigation	Assessing the priorities of conflicting stakeholders, publishing public performance reports
Consequences	Functional-institutional consequences	Enhanced financial reporting quality	Reduction in accounting errors, greater transparency of financial statements
		Improved effective oversight	Timely detection of fraud, enhanced effectiveness of internal controls
		Institutional independence	Reduced managerial influence, increased constructive challenge in audit-related discussions
		Dynamic adaptability	Rapid adaptation to new regulations, reduced institutional risks
	Reputational-governance consequences	Strengthened corporate governance	Increased trust among minority shareholders, reduced risk of financial misconduct

Axial coding comprises a set of systematic procedures through which conceptual relationships are established between the main categories and subcategories, and the data are organized into a network of interrelationships. In this process, the researcher applies the paradigmatic framework to elaborate and structure the categories in order to reveal the relationships among them.

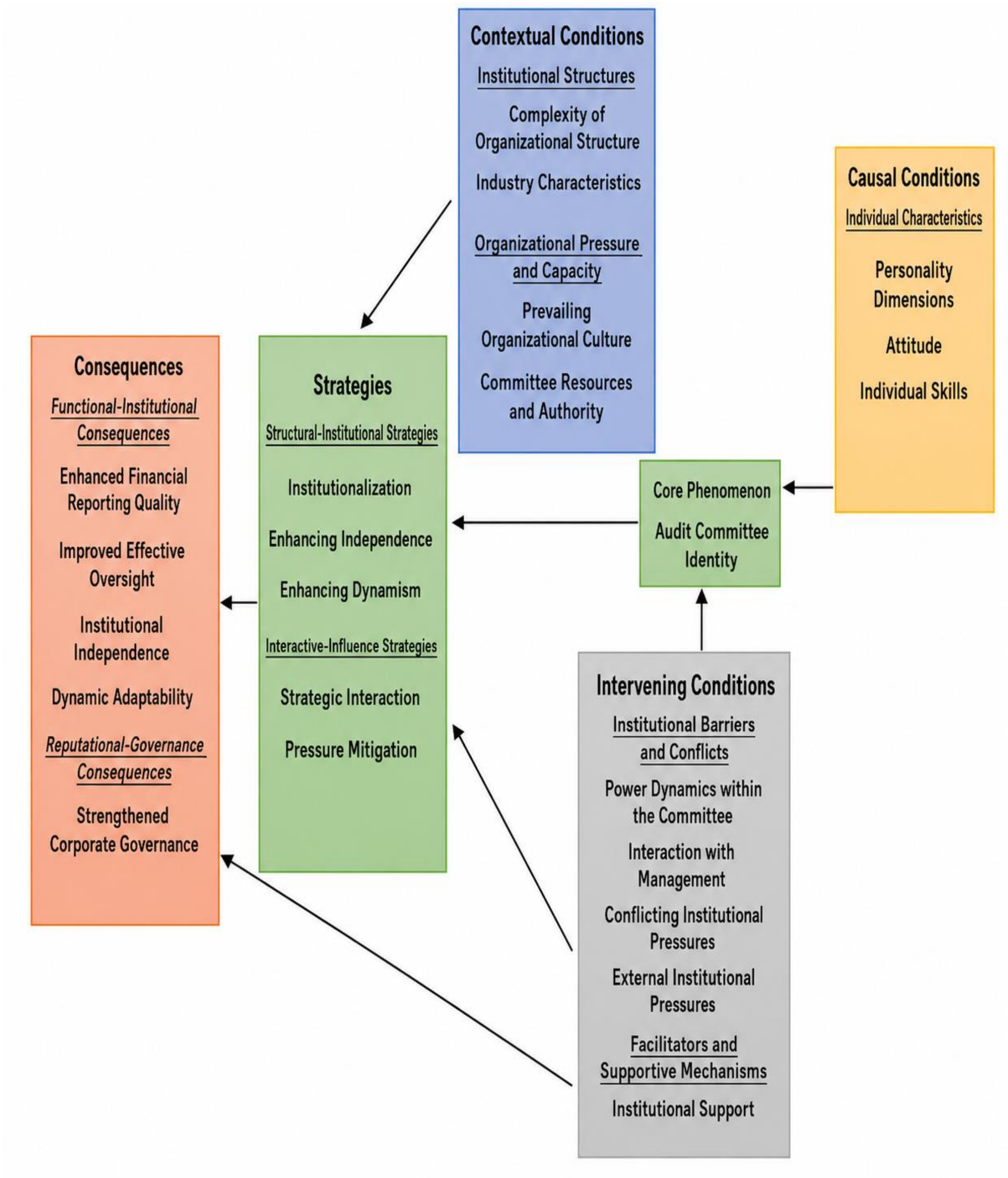

Figure 1. Axial Coding of the Audit Committee Identity Model

Factor loadings, which are obtained by calculating the correlation between each indicator and its corresponding construct, should be greater than or equal to 0.70. According to Davari and Rezazadeh (2014), values below 0.40 should be removed from the model. As shown in Table 6, all factor loadings calculated in this study exceeded the threshold of 0.70. Therefore, the measurement model demonstrated satisfactory construct reliability.

Table 6. Factor Loading Values

Item	Implementation of Structure-Building Strategies	Favorable Organizational Context	Institutional Pressures	Audit Committee Identity	Individual Characteristics	Outcomes
Item 1					0.952	
Item 2					0.915	
Item 3			0.912			
Item 4			0.948			
Item 5			0.931			
Item 6		0.961				
Item 7		0.943				
Item 8				0.930		
Item 9				0.942		
Item 10				0.938		
Item 11	0.930					
Item 12	0.943					
Item 13	0.925					
Item 14						0.923
Item 15						0.959
Item 16						0.925

The first row of the table, which represents the constructs, indicates the core categories of the paradigmatic model developed through the grounded theory approach. The questionnaire items are associated with these constructs as follows: Items 1 and 2 relate to individual characteristics; Items 3–5 relate to institutional pressures; Items 6 and 7 relate to the favorable organizational context; Items 8–10 measure audit committee identity; Items 11–13 relate to the implementation of structure-building strategies; and Items 14–16 measure the outcomes specified in the grounded theory model. Moreover, according to the results presented in Table 6, all factor loadings exceeded 0.70, indicating the adequacy of this criterion.

Cronbach's alpha and composite reliability are among the indicators commonly used to assess reliability in quantitative research. Cronbach's alpha, as a conventional reliability measure, evaluates the internal consistency of a measurement instrument. In structural equation modeling, internal consistency is one of the methods used to assess reliability. Based on Cronbach (1951), values greater than 0.70 indicate acceptable reliability.

Because Cronbach's alpha represents a traditional approach to construct reliability assessment, structural equation modeling also employs a more advanced criterion known as composite reliability. This index, first introduced by Werts et al. (1974), has an important advantage over Cronbach's alpha: the reliability of each construct is calculated not solely on the basis of observed scores but by taking into account the relationships among the model constructs. Accordingly, in structural equation modeling, particularly the partial least squares (PLS) approach, the simultaneous use of both criteria is recommended.

According to generally accepted standards, when the composite reliability value for each construct exceeds 0.70, the measurement model demonstrates satisfactory internal consistency reliability, whereas values below this threshold indicate inadequate reliability (Davari & Rezazadeh, 2014). The results for Cronbach’s alpha and composite reliability are presented in the following table.

Table 7. Cronbach’s Alpha and Composite Reliability Coefficients

Construct	Cronbach’s Alpha	Composite Reliability	Critical Value	Result
Implementation of Structure-Building Strategies	0.925	0.953	0.70	Confirmed
Favorable Organizational Context	0.898	0.951	0.70	Confirmed
Institutional Pressures	0.922	0.951	0.70	Confirmed
Audit Committee Identity	0.930	0.955	0.70	Confirmed
Individual Characteristics	0.856	0.932	0.70	Confirmed
Outcomes	0.929	0.955	0.70	Confirmed

Based on the results presented in Table 7, all Cronbach’s alpha and composite reliability values obtained in this study exceeded 0.70. This indicates that both indices were at satisfactory levels and that the reliability criteria of the study were met. Accordingly, it can be concluded that the measurement model demonstrates adequate fit and possesses the reliability required for subsequent analyses.

In measurement models, convergent validity assesses the extent to which each construct is correlated with the items or indicators assigned to it. This form of validity is primarily assessed using the average variance extracted (AVE). The AVE value indicates the extent to which a construct, as a latent variable, is able to explain the variance of its indicators. According to the accepted criterion, the AVE value should exceed 0.50, indicating that at least 50% of the variance in the indicators is explained by the corresponding construct (Davari & Rezazadeh, 2014).

Table 8. Convergent Validity Results (AVE) for the Latent Variables

Construct	AVE	Critical Value	Result
Implementation of Structure-Building Strategies	0.870	0.50	Confirmed
Favorable Organizational Context	0.907	0.50	Confirmed
Institutional Pressures	0.865	0.50	Confirmed
Audit Committee Identity	0.877	0.50	Confirmed
Individual Characteristics	0.872	0.50	Confirmed
Outcomes	0.876	0.50	Confirmed

As shown in Table 8, the average variance extracted values for all research constructs exceeded the threshold of 0.50. This finding indicates satisfactory convergent validity for the measurement model used in this study.

To complete the assessment of measurement model fit, discriminant validity, which constitutes the third key criterion in the partial least squares (PLS) approach, must also be evaluated. The Fornell–Larcker criterion was used to assess the discriminant validity of the measurement model in the present study. According to this criterion, acceptable discriminant validity means that each construct in the model is more strongly associated with its own indicators than with other constructs. In other words, Fornell and Larcker (1981) proposed that discriminant validity is satisfactory when the square root of the average variance extracted (AVE) for each construct is greater than the highest correlation between that construct and any other construct in the model.

Table 9. Discriminant Validity Results Based on the Fornell–Larcker Criterion

Variable	Implementation of Structure-Building Strategies	Favorable Organizational Context	Institutional Pressures	Audit Committee Identity	Individual Characteristics	Outcomes
Implementation of Structure-Building Strategies	0.933					
Favorable Organizational Context	0.541	0.952				
Institutional Pressures	-0.609	-0.635	0.930			
Audit Committee Identity	0.689	0.646	-0.591	0.936		
Individual Characteristics	0.650	0.647	-0.576	0.510	0.934	
Outcomes	0.647	0.590	-0.644	0.557	0.629	0.936

The results of this assessment are presented in Table 9. As shown in the matrix, the square root of the AVE for each construct is greater than its highest correlation with any other construct. This finding demonstrates satisfactory discriminant validity and indicates an adequate fit of the measurement models in the present study. In other words, the results confirm that each construct shares a greater proportion of variance with its own indicators than with the other constructs included in the research model.

Unlike measurement models, the structural model does not examine observed variables; rather, it exclusively analyzes the relationships among latent variables (Davari & Rezazadeh, 2014).

In studies employing structural equation modeling, several indices are used to assess model fit, one of which is the R^2 value of the endogenous (dependent) latent variables. According to Chin (1998), as also cited by Davari and Rezazadeh (2014), this index reflects the model's predictive power for endogenous constructs. Higher R^2 values indicate that a greater proportion of the variance in the dependent variable is explained by the independent variables and, consequently, indicate stronger explanatory performance of the model. Chin (1998) proposed the following benchmark values for interpreting R^2:

A value of 0.19 is considered weak, 0.33 moderate, and 0.67 substantial. Accordingly, researchers can evaluate the predictive explanatory power of their model by comparing the calculated R^2 values with these benchmark values.

Table 10. R^2 Results for the Endogenous Latent Variables

Variable	R Square	Adjusted R Square	Interpretation
Implementation of Structure-Building Strategies	0.538	0.486	Moderate
Audit Committee Identity	0.392	0.349	Moderate
Outcomes	0.510	0.483	Moderate

Based on the results presented in Table 10, the R^2 coefficients for the constructs of implementation of structure-building strategies, audit committee identity, and outcomes were 0.538, 0.392, and 0.518, respectively. However, for the final interpretation and assessment of the model's explanatory power, the adjusted coefficient of determination (Adjusted R^2) was considered the primary criterion, with respective values of 0.486, 0.349, and 0.483. Accordingly, the constructs of implementation of structure-building strategies and outcomes approach the substantial level, whereas audit committee identity is evaluated at a moderate level. Overall, these results confirm the satisfactory fit of the structural model.

The Stone–Geisser Q^2 criterion is used to assess the predictive relevance of structural equation models. According to Henseler et al. (2009), values of 0.02, 0.15, and 0.35 indicate weak, moderate, and strong predictive relevance, respectively (Davari & Rezazadeh, 2014).

Table 11. Q^2 Criterion Results

Variable	Q^2	Interpretation
Implementation of Structure-Building Strategies	0.417	Strong
Audit Committee Identity	0.320	Strong
Outcomes	0.418	Strong

According to the results presented in Table 11, the Q^2 values for all constructs in the research model exceeded the threshold of 0.15. This indicates strong predictive relevance of the model and supports its structural validity.

In structural equation modeling research, the overall model consists of two components: the measurement model and the structural model. Establishing an adequate overall model fit is a prerequisite for validating the findings derived from the analyses. In partial least squares structural equation modeling, one of the comprehensive indices traditionally used to evaluate model performance is the global goodness-of-fit (GoF) index. To assess the overall model, Tenenhaus proposed the goodness-of-fit (GoF) index. Accordingly, a GoF value greater than or equal to 0.36 indicates very good model fit. Values between 0.10 and 0.25 indicate moderate fit, whereas values below 0.10 indicate poor overall model fit (Davari & Rezazadeh, 2014).

Table 12. Overall Model Fit Results

Communality	R^2	GoF
0.877	0.482	0.650

Given that the calculated GoF value in the present study was 0.65, as shown in Table 12, it can be concluded that the overall fit of the research model is highly satisfactory.

This section examines the research hypotheses and reports the results of testing each hypothesis. The test statistic used in this study is the *t*-statistic for assessing the significance of the path coefficients. Based on its value, the null hypothesis is either rejected or retained. When the absolute value of the *t*-statistic exceeds 1.96, the null hypothesis is rejected at the 0.05 significance level. Table 13 presents the results of hypothesis testing within the structural equation model.

As shown in Figures 2 and 3, the PLS results for the research model indicate that the path coefficient between individual characteristics and audit committee identity was 0.245. The corresponding *t*-value was 1.282, which is below the critical absolute value of 1.96, indicating that the relationship between these two variables was not statistically significant. Accordingly, the findings indicate that individual characteristics do not have a significant effect on audit committee identity. This result was obtained from a questionnaire completed by internal auditors and financial managers of companies listed on the stock exchange and, as with any questionnaire-based research method, is subject to inherent methodological limitations. Regarding the second hypothesis, the path coefficient between institutional pressures and audit committee identity was -0.445, and the corresponding *t*-value was 2.255, exceeding the critical absolute value of 1.96 and indicating a statistically significant negative relationship between the two variables. According to the model, approximately 39.2% of the variance in audit committee identity is explained by individual characteristics and institutional pressures, while the remaining variance is attributable to other factors. For the third hypothesis, the path coefficient from institutional pressures to the implementation of structure-building strategies was -0.296, and the corresponding *t*-value was 1.164, below the critical absolute value of 1.96, indicating that the relationship was not statistically significant. For the fourth hypothesis, the path coefficient between institutional pressures and outcomes was -0.398, and the corresponding *t*-value was 2.010, exceeding the critical absolute value of 1.96 and indicating a statistically significant negative relationship. Examination of the fifth hypothesis showed that the path coefficient between a favorable organizational context and the implementation of structure-building strategies was 0.036, with a *t*-value of 0.162, below the critical absolute value of 1.96, indicating a nonsignificant relationship. For the sixth hypothesis, the path coefficient from audit committee identity to the implementation of structure-building strategies was 0.490, and the corresponding *t*-value was 2.076, exceeding the critical absolute value of 1.96 and indicating a statistically significant positive relationship. Furthermore, 53.8% of the variance in the implementation of structure-building strategies was explained by the favorable organizational context, institutional pressures, and audit committee identity, while the remainder was attributable to other factors. Regarding the seventh hypothesis, the path coefficient between the implementation of structure-building strategies and outcomes was 0.404, and the corresponding *t*-value was 1.865, below the critical absolute value of 1.96, indicating that this relationship was not statistically significant. In addition, 51.8% of the variance in outcomes was explained by institutional pressures and the implementation of structure-building strategies, with the remaining variance attributable to other factors.

As shown in the model output presented in Figure 2, the *t*-values associated with the first, third, fifth, and seventh hypotheses were below the critical value of 1.96. Therefore, these hypotheses were not statistically significant at the 95% confidence level ($p < .05$) and were not supported. In contrast, the second, fourth, and sixth hypotheses had *t*-values greater than 1.96 and were therefore statistically significant at the 95% confidence level and supported.

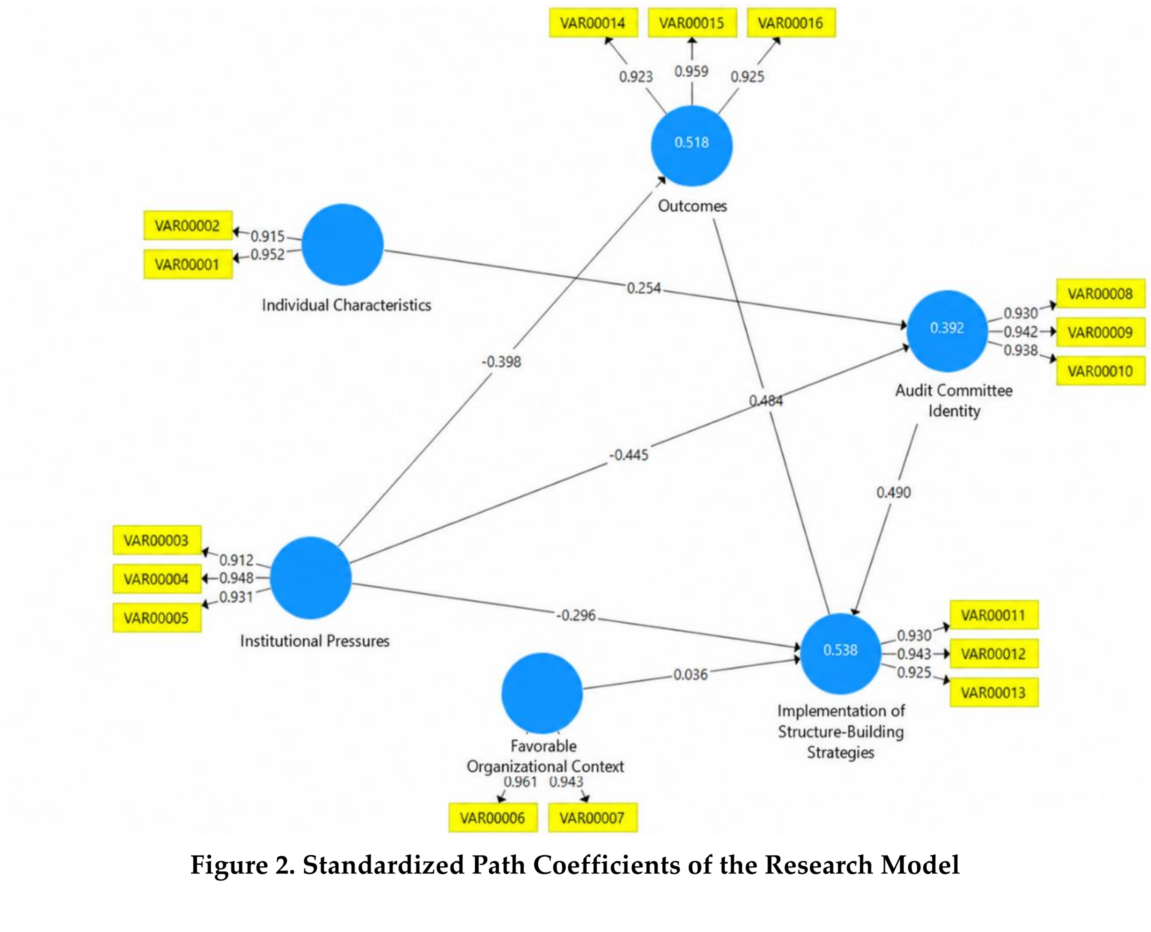

Figure 2. Standardized Path Coefficients of the Research Model

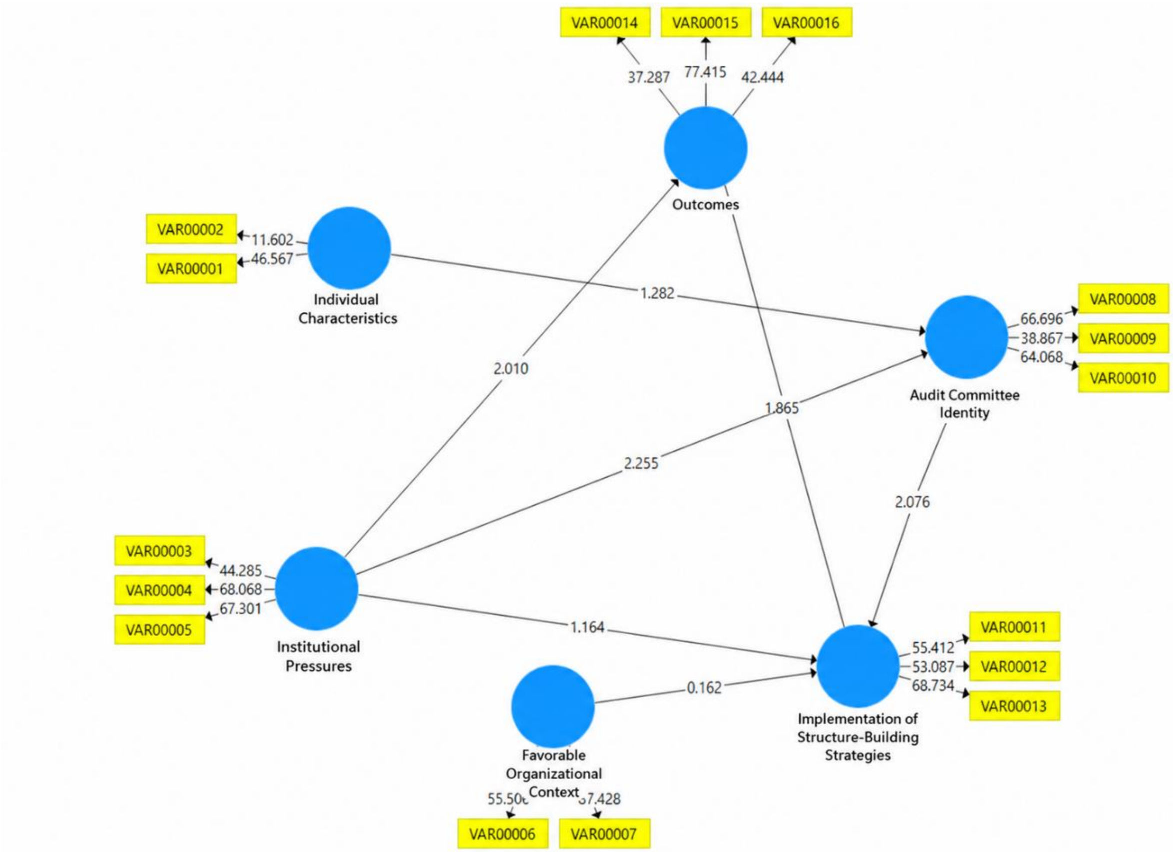

Figure 3. *t*-Values in the Research Model

Table 13 presents a summary of the results of the research hypotheses.

Table 13. Summary of Research Hypothesis Testing Results

Path	Path Coefficient	*t*-Statistic	Hypothesis Result
Individual Characteristics → Audit Committee Identity	0.254	1.282	Rejected
Institutional Pressures → Audit Committee Identity	-0.445	2.255	Supported
Institutional Pressures → Implementation of Structure-Building Strategies	-0.296	1.164	Rejected
Institutional Pressures → Outcomes	-0.398	2.010	Supported
Favorable Organizational Context → Implementation of Structure-Building Strategies	0.036	0.162	Rejected
Audit Committee Identity → Implementation of Structure-Building Strategies	0.490	2.076	Supported
Implementation of Structure-Building Strategies → Outcomes	0.404	1.865	Rejected

4. Discussion and Conclusion

The present study aimed to develop and empirically evaluate a comprehensive model of audit committee identity by integrating grounded theory with structural equation modeling. The qualitative phase resulted in the identification of 53 final codes, 26 subcategories, and 10 main categories organized within the six dimensions of the grounded theory paradigmatic model: causal conditions, the core phenomenon, contextual conditions, intervening conditions, strategies, and consequences. Individual characteristics emerged as the principal causal condition; audit committee identity constituted the core phenomenon; institutional structures and organizational pressures and capacity represented the contextual conditions; institutional barriers and conflicts and supportive mechanisms constituted the intervening conditions; structural-institutional and interactive-influence strategies formed the strategic dimension; and functional-institutional and reputational-governance outcomes represented the consequences. The quantitative analysis further demonstrated adequate reliability and validity of the measurement model. Factor loadings exceeded 0.70, Cronbach’s alpha and composite reliability coefficients were above the acceptable threshold, and both convergent and discriminant validity were established. The structural model also demonstrated satisfactory explanatory and predictive capacity. Approximately 39.2% of the variance in audit committee identity, 53.8% of the variance in the implementation of structure-building strategies, and approximately 51.8% of the variance in outcomes were explained by the predictors incorporated into the model. Moreover, the Q^2 values indicated substantial predictive relevance, while the overall goodness-of-fit index of 0.65 suggested a satisfactory overall model fit.

One of the central findings of the qualitative phase was that audit committee identity is a multidimensional phenomenon encompassing perceived mission, distinctive characteristics, external legitimacy, and identity dynamics. The perceived mission dimension included safeguarding audit independence and enhancing financial reporting quality, whereas distinctive characteristics comprised member expertise, structural independence, and active challenge. External legitimacy reflected regulatory credibility and capital-market reliability, and identity dynamics incorporated environmental adaptability and learning from crises. This conceptualization is consistent with prior research emphasizing that audit committees contribute to the credibility, transparency, and quality of financial information. Algrady et al. demonstrated that audit committee characteristics are associated with the quality of financial information, while Sem and Hastuti highlighted the joint role of audit committees, audit quality, and internal control systems in financial reporting quality [1, 2]. Similarly, Farshad et al. emphasized the relevance of audit committees in improving the quality of financial statement restatements and reducing information asymmetry [3]. Taken together, these findings support the interpretation that financial reporting oversight is not simply one task among many but constitutes a fundamental component of the audit committee's institutional identity.

The qualitative results also identified individual characteristics—including personality dimensions, attitudes, and individual skills—as causal conditions associated with the formation of audit committee identity. However, the quantitative analysis showed that the direct effect of individual characteristics on audit committee identity was not statistically significant ($\beta = 0.254$, $t = 1.282$). This finding suggests that personal competence and individual-level characteristics, although conceptually important, may not be sufficient by themselves to create a strong collective audit committee identity. In other words, the transition from individual competence to collective institutional identity may depend on organizational structures, formal authority, collective norms, regulatory expectations, and interactions with other governance actors. Previous research has nevertheless established that individual competencies remain important for audit committee effectiveness. Aslani et al. highlighted the importance of committee members' competencies for effective implementation of corporate governance, while Gao et al. demonstrated that audit committee heterogeneity can influence auditor selection decisions [8, 9]. Audit committee expertise has also been found to condition governance outcomes involving board independence and earnings management [7]. Thus, the nonsignificant direct relationship identified in the present study does not necessarily diminish the importance of individual characteristics; rather, it suggests that their effects may be indirect, conditional, or translated through collective processes that establish the committee's identity.

This interpretation is also supported by research examining diversity and professional judgment within audit committees. Audit committee gender diversity has been shown to influence the relationship between audit quality and financial reporting timeliness [10], while audit committee involvement can also shape the relationship between board gender diversity and ESG disclosure [11]. In addition, the accounting preferences of audit committee members may be affected by contextual features such as key audit matters and stock ownership [15]. Rainsbury et al. further demonstrated that financial and industry expertise among audit committee members is relevant to the readability of key audit matters [16]. These studies imply that individual attributes become consequential when activated within specific organizational, informational, and governance contexts. Therefore, the lack of a significant direct path from individual characteristics to audit committee identity in the present study may indicate that identity is fundamentally a collective and institutionalized construct rather than merely an aggregation of members' personal attributes.

A particularly important quantitative finding was the significant negative effect of institutional pressures on audit committee identity (β = -0.445, t = 2.255). This result indicates that increasing institutional pressures may undermine the distinctiveness, independence, or stability of audit committee identity. The qualitative findings provide a useful explanation for this relationship because institutional pressures included conflicting professional and organizational expectations, strict regulations, shareholder pressure, power asymmetries within the committee, and managerial influence. When audit committee members encounter competing demands from management, shareholders, regulators, and other organizational actors, their capacity to sustain an autonomous monitoring identity may be weakened. The finding is consistent with evidence that audit committees operate within complex political and institutional environments. Perry et al., for example, showed that political connections within audit committees are relevant to audit risk, indicating that the institutional environment can materially affect audit committee functioning [20]. Likewise, Helikum et al. demonstrated that management's presence during audit committee meetings can suppress auditors' willingness to share information, whereas an open audit committee chair can alleviate this effect [14]. Such evidence supports the proposition that audit committee identity depends not only on formal structures but also on the committee's ability to resist pressures that interfere with independent oversight.

The significant negative relationship between institutional pressures and outcomes (β = -0.398, t = 2.010) further emphasizes the governance consequences of such pressures. The identified outcomes included enhanced financial reporting quality, improved effective oversight, institutional independence, dynamic adaptability, and strengthened corporate governance. Institutional pressures may weaken these outcomes when they constrain the committee's access to information, reduce its willingness to challenge management, or shift its behavior toward ceremonial compliance rather than substantive oversight. Previous studies indicate that effective audit committees can reduce financial statement fraud risk [4], moderate conditions associated with fraudulent financial reporting [5], and contribute to fraud-risk mitigation when integrated into broader fraud assessment frameworks [6]. Similarly, audit committee attributes have been associated with real earnings management in Islamic banks [12]. The negative effect identified in the present study therefore implies that institutional constraints can compromise precisely those monitoring functions through which audit committees are expected to constrain opportunistic reporting behavior.

In contrast, the direct path from institutional pressures to implementation of structure-building strategies was negative but statistically nonsignificant (β = -0.296, t = 1.164). This finding suggests that institutional pressure does not automatically translate into changes in formal structural responses such as institutionalization, strengthening independence, enhancing committee dynamism, strategic interaction, or pressure mitigation. One possible explanation is that structural strategies require deliberate governance decisions and formal organizational authority rather than emerging as immediate responses to pressure. Audit committees may recognize external and internal pressures without having sufficient authority, resources, or board support to modify their institutional architecture. Research on auditor switching illustrates that audit committee effects operate alongside firm size, audit fees, financial distress, and audit quality rather than in isolation [17]. Similarly, the consequences of audit committee attributes for firm value can depend on reporting-related contingencies such as audit report lag [19]. These findings reinforce the view that audit committee actions are embedded in broader organizational systems and that institutional pressure alone may be insufficient to trigger structural change.

The favorable organizational context likewise had no statistically significant direct effect on implementation of structure-building strategies (β = 0.036, *t* = 0.162). The qualitative model defined this context through institutional structures, organizational complexity, industry characteristics, prevailing organizational culture, information transparency, committee resources, and authority. Although these conditions appear theoretically conducive to effective governance, the quantitative findings imply that favorable contextual conditions alone do not guarantee strategic action. Resources and formal opportunities may remain dormant unless the audit committee possesses a sufficiently strong identity to mobilize them. This interpretation is important because it distinguishes between having supportive conditions and actively converting those conditions into governance practices. Omidi Kordeshouli and Pazhouhi showed that specialized governance committees can affect financial reporting quality and audit fees, suggesting that governance effectiveness emerges through the actual functioning of formal structures rather than their mere existence [21]. Likewise, Mehryabzadeh highlighted the significance of relationships between the audit committee and internal audit for internal audit independence and objectivity [13]. Accordingly, supportive structures may become effective only when accompanied by clear role perceptions, interaction mechanisms, and institutional commitment.

The strongest substantive finding of the structural model was the positive and statistically significant effect of audit committee identity on implementation of structure-building strategies (β = 0.490, *t* = 2.076). This result supports the central theoretical argument of the study: a well-developed audit committee identity provides a foundation for translating governance expectations into deliberate structural and interactive strategies. When committee members share a clear understanding of their mission, distinctive competencies, external legitimacy, and adaptive role, they may be more likely to institutionalize formal charters, establish clear authority, support independent membership, hold confidential meetings when required, monitor environmental changes, benchmark against leading governance structures, demand information transparency, and establish accountability mechanisms. This result also helps explain why formal characteristics alone may not generate effective governance. Identity appears to operate as an organizing mechanism that transforms structural possibilities into coordinated action.

Previous studies provide indirect support for this interpretation. Audit committee attributes have been associated with financial reporting quality [1], auditor selection [9], earnings management [12], audit report timeliness [18], and the broader credibility of financial reporting [2]. Research has also shown that audit committee members may undertake anticipatory actions in response to financial misstatements, suggesting that committee behavior reflects assessments of professional responsibility, reputational exposure, and governance risk [24]. From the perspective developed in the present study, these behavioral responses can be interpreted as manifestations of audit committee identity. When members perceive the committee as an independent governance institution with a distinctive professional mission, they may become more willing to initiate structural reforms and strategic responses before governance failures intensify.

The path from implementation of structure-building strategies to outcomes was positive but did not reach statistical significance (β = 0.404, *t* = 1.865). Although the direction of the relationship was consistent with theoretical expectations, the finding suggests that structural and interactive strategies may require time, complementary governance mechanisms, or favorable organizational conditions before generating observable consequences. Strategies such as institutionalizing formal charters, selecting independent members, enhancing information transparency, conducting benchmarking, and publishing performance reports may not immediately improve financial reporting quality or corporate governance outcomes. Their effects may instead accumulate over time or operate through intermediate mechanisms. This explanation is compatible with research demonstrating that governance outcomes often depend on interacting organizational characteristics. For example, audit committee attributes may influence reporting and firm outcomes through audit report lag [19], while the effectiveness of committee oversight can depend on the quality of auditor–committee communication [14]. Therefore, the nonsignificant direct path should not necessarily be interpreted as evidence that structure-building strategies are ineffective; rather, it indicates the need to examine their temporal and mediated consequences.

The broader consequences identified in the qualitative model also extend beyond traditional financial reporting. Audit committees are increasingly associated with sustainability, ESG disclosure, taxation, and wider accountability functions. Dindar Farkouchi considered the audit committee among the organizational determinants potentially relevant to sustainability outcomes [22], while Dobij and Rahmawati examined audit committee characteristics in relation to tax avoidance alongside gender diversity, capital intensity, and board size [23]. Gamble and Tollerson further identified the audit committee as relevant to the relationship between board gender diversity and ESG disclosure [11]. These findings align with the present study's identification of reputational-governance consequences and dynamic adaptability, indicating that audit committee identity may increasingly be shaped by responsibilities that go beyond financial statement oversight and encompass wider expectations of corporate accountability.

Overall, the findings suggest that audit committee identity provides an integrative mechanism through which individual competencies, institutional pressures, organizational conditions, governance strategies, and consequences can be theoretically connected. The results indicate that institutional pressures are particularly consequential because they negatively influence both audit committee identity and governance outcomes, while audit committee identity itself positively promotes the implementation of structure-building strategies. At the same time, the nonsignificant relationships involving individual characteristics, favorable organizational context, and direct strategic effects imply that audit committee effectiveness cannot be explained through isolated attributes or structural features alone. Rather, the committee must develop a coherent collective identity capable of converting expertise, authority, resources, and institutional expectations into meaningful governance action. This interpretation extends existing research that has largely concentrated on observable audit committee characteristics by proposing identity as a deeper organizational construct that may help explain variation in committee effectiveness across firms and institutional environments.

Several limitations should be considered when interpreting the findings of this study. First, the qualitative phase was based on interviews with a relatively small group of experts, and although theoretical saturation was achieved, the resulting categories may still reflect the institutional and professional characteristics of the particular research setting. Second, the quantitative phase involved a limited sample of 30 respondents, which restricts statistical power and may partly explain why several theoretically plausible relationships did not reach statistical significance. Third, the study relied on self-reported questionnaire data, which may be affected by social desirability, perceptual bias, and common-method variance. Fourth, the cross-sectional design does not permit definitive conclusions regarding causality or the evolution of audit committee identity over time. Finally, the proposed model focuses on selected organizational and institutional dimensions and may not capture other potentially relevant factors, including ownership structure, board dynamics, regulatory changes, firm performance, organizational lifecycle, and differences across industries.

Future studies should test the proposed audit committee identity model using larger and more diverse samples across industries, organizational sizes, and institutional environments. Longitudinal designs would be particularly valuable for examining how audit committee identity develops, stabilizes, or changes in response to regulatory reforms, financial crises, changes in committee membership, and organizational restructuring. Researchers could also examine mediating and moderating mechanisms that may explain the nonsignificant direct relationships identified in the present study, particularly the relationship between individual characteristics and audit committee identity and the relationship between structure-building strategies and governance outcomes. Comparative research across countries could determine whether regulatory systems, cultural characteristics, capital-market development, and governance traditions influence the formation of audit committee identity. Future qualitative studies may additionally explore the perspectives of external auditors, shareholders, regulators, and internal audit personnel to provide a more comprehensive understanding of how different stakeholder groups construct and evaluate audit committee identity.

Organizations should treat the development of audit committee identity as an active governance process rather than assuming that formal establishment of the committee automatically produces effective oversight. Boards of directors should clearly define the committee's mission, authority, reporting relationships, and independence through formal charters and periodically evaluate whether these arrangements function effectively in practice. Audit committee members should receive continuing professional development in financial reporting, auditing, risk oversight, communication, critical inquiry, and regulatory developments, while organizations should ensure unrestricted access to relevant information and adequate independent resources. Confidential communication channels between the audit committee, internal auditors, and external auditors should be strengthened to reduce inappropriate managerial influence. Organizations should also conduct regular evaluations of audit committee performance, benchmark committee structures and practices against leading governance models, periodically review stakeholder pressures and potential conflicts, and encourage a culture in which constructive challenge, professional skepticism, transparency, and independent judgment are recognized as central components of the audit committee's institutional role.

Authors' Contributions

Authors equally contributed to this article.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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