EFFECT OF CORPORATE GOVERNANCE ATTRIBUTES ON FINANCIAL REPORTING TIMELINESS OF LISTED COMPANIES IN NIGERIA

BY

HUSSAINI Dahiru1 and TIVDE Kanyi Joel,[2]
[1]Department of Accounting, University of Maiduguri, Nigeria
[2]Department of Accounting, University of Mkar, Nigeria
Correspondence author: dhussaini1985@gmail.com; +2347061378290

Abstract

The objective of a corporate report is to provide information useful for predicting, comparing, and evaluating firms earning power and growth. A delay in publication of the report can reduce its value. Investors are skeptical about the authenticity of financial reports of firms that waste more than the expected time in publishing their audited financial reports. This study examined the effects of corporate governance attributes on the financial reporting timeliness of listed companies in Nigeria. Specifically, the study examined the governance attributes (board independence, board size, and board gender diversity) on financial reporting timeliness. The study adopted the ex post facto research design. The population of the study consisted of all the consolidated companies listed on the Nigerian stock exchange within the period 2012-2021. However, only 64 firms were sampled. Balanced panel data were extracted from the financial statements of 64 companies in Nigeria for the period 2012-2021. The financial reporting timeliness was measured using audit report lag. The logistics regression result revealed that board independence and board size have significant effects on timeliness while board gender diversity has no significant effect on the financial reporting timeliness of listed companies in Nigeria. The study concluded that corporate governance is a determinant of financial reporting timeliness among listed companies in Nigeria. This study recommended that the board of the listed companies should continually ensure a financial report is prepared timely so as to attract both current investors and potential investors to continue to invest in their organisations. Also, the Financial Reporting Council should encourage firms that disclose accounting information timely through incentives and impose penalties through rebuttal on firms that fail to provide timely financial reports.

Keywords: Timeliness, Board Size, Board Independence and Gender Diversity.

Introduction

An organization’s financial statement represents one of the important factors that affect the decision-making processes of the users of accounting information especially shareholders and potential investors. A timely issue of financial statements enhances the decision-making

abilities of existing and potential investors. A financial statement is said to be timely when it is prepared and presented as and when due to the users and is otherwise when it is delayed for whatever reason beyond the stipulated period of three months as demanded under the Companies and Allied Matters Act (CAMA, 2020). Also, timeliness is described by the International Accounting Standards Board (IASB) as having information available to decision-makers before it loses its capacity to influence decisions (IASB, 2008). Hence, timeliness is among the qualitative characteristics of reliable and valuable information that can advance the performance and growth of every organization by encouraging and developing investors' trust in the management (Bengü & Burcu, 2013).

Timeliness is important and can affect information usefulness to the users of financial statements (Ekienabor & Oluwole 2019). The timeliness of financial reporting according to Adebayo and Adebiyi (2016) involves making the information on the financial accounting available as and when due. Because information becomes valueless if it cannot be presented when is needed.

Accounting information should be reported promptly as it directly affects the relevance and reliability of accounting information. Thus, when the company delays releasing its annual financial report, the information contained becomes less important. Timeliness is directly related to the degree of relevance. Particularly, the point of timeliness indicates the rate at which the current financial information is recognized in the current financial report. The management of companies, having inside information, in many cases can predict increases/decreases in future cash flows. In a situation where these expectations are reflected in the financial report, there is a high level of timeliness, while in the opposite case where expectations are reflected either late or when the future cash flows occur, there tends to be a low degree of timeliness. On the other hand, the timely presentation of accounting information may also conflict with producing reliable information. Because presenting accurate and reliable information may consume time, accounting information delay could make it less important to users. Hence, a balance is necessary between the reliability and timeliness of accounting information.

Rahmawati (2018) identified several factors responsible for the delay of a firm’s presentation and preparation of financial reports. Corporate governance variables (board independence, board size, and board gender diversity) (Ohaka & Akani, 2017). The presence of such attributes in various organizations could account for undue delay in the preparation, auditing, and presentation of firms’ annual financial statements. These factors need to be considered by

firms to overcome the trends of delay in issuing financial statements hence the need to carry out a study that covers consolidated companies in Nigeria.

Financial reporting timeliness is an important characteristic of sound corporate governance as identified by the World Bank and Organization for Economic Cooperation and Development (OECD, 1999) due to the timely demand for financial information from the shareholders. The financial information loses its value when the time between the financial year's end and the disclosure period is long. Despite the assertion that financial reporting timeliness is an important characteristic of sound corporate governance, corporate governance attributes (board independence, board size, and board gender diversity) could be a challenge to timely financial reporting among companies. The timeliness of information becomes lower and affects the decision-making of the user when there is a conflict between managers and the owners. The implementation of good governance such as choosing a Board of Directors can reduce information asymmetry and support shareholders in attaining their objectives. Additionally, board size can affect the level of timeliness of financial reports. Nevertheless, low financial information quality is related to high management ownership in contrast with companies having foreign ownership. In line with agency theory, evidence shows that high managerial ownership in a company is related to managers' opportunistic behavior. This led to the manipulation of information in the financial statement by the managers to achieve their benefit. Thereby, delaying the financial statement publication and information disclosure.

Additionally, CAMA (2020) provided a maximum of three (3) months period in which companies are expected to complete and make public their financial report. However, some of the companies still delay releasing their financial statements as and when due (Bakare et al., 2018), this affects shareholders' investment decisions by making improper verification or obtaining information from an informal channel that could give incorrect information or wrong interpretation and that could misinform decision makers and decision-making processes. This delay in reporting may be interpreted as an effort to hide information thus negatively affecting the firm's value (Azubike & Aggreh, 2014). Contrarily, firms enjoy an incentive from timely reporting by avoiding speculative trading on their shares in the stock market (Ohaka & Akani, 2017).

Therefore, a study on the present level of timeliness of audit reports and relating it to corporate governance attributes is in the right direction and this gap motivates this study. In addition, the fact that the consolidated companies are required to consolidate their reports with subsidiaries before releasing them to the public. This study, therefore, seeks to contribute

to this research gap in academic research by empirically examining the effect of corporate governance on the financial reporting timeliness of listed consolidated companies in Nigeria.

Objectives of the Study

The main objective of this study is to examine the effect of corporate governance on financial reporting timeliness of listed companies in Nigeria and specifically to:

i. examine the effect of corporate governance attributes (board independence, board size and board gender diversity) on financial reporting timeliness of listed companies in Nigeria.

Hence, the below hypothesis was formulated:

HO: Corporate governance attributes (board independence, board size and board gender diversity) have no significant effect on financial reporting timeliness of listed companies in Nigeria.

Literature Review

Concept of Timeliness

Timeliness is defined by McGee (2007) as the period between the company's year-end and the date that the financial report was presented to the public. Also, Karim et al. (2006) explained timeliness of financial reports includes audit delay, which is the number of days between the balance sheet date and the date the report was signed by an external auditor; delay in issuing a financial statement, means the number of days between the balance sheet date and the date of announcing the annual general meeting (AGM) notice; and the delay in AGM, means number of days between the date of the financial year end and the AGM. Each country has a different timeliness of financial reports. Siti and Md (2012) reported that it takes between 81 to 181 days (an average of 148.7 days) for the Russian public sector to release their financial reports. It takes an average of 92 days, with a minimum of 24 days and a maximum of 181 days for Chinese companies (McGee & Yuan, 2008; Siti & Md, 2012).

The concept of timelines in accounting is very important because it stresses the need to make financial information available at the right time to decision-makers. In other words, financial information is said to be stale after a few months and as such tend to be rendered useless. Timeliness is considered a relevant component of financial information. Also, when information becomes unavailable at the time it is needed the most or arrives after the reported event and cannot be used for future decision-making, such information is irrelevant.

The International Accounting Standard Board (2010) conceptual framework identified timeliness among the four attributes of valuable information as "having information available to decision makers before it loses its capacity to influence decisions" (IASB, 2008). Timely information is the most vital information which is based on the most current information (Liu, et al., 2009). Thus, financial reporting timeliness aims to guarantee that users get the financial information when needed. Timely reporting according to Owusu-Ansah (2000), involves audit-related factors combination and a firm's specific characteristics. The target of financial statement users promptly is to provide relevant and useful information for decision-making processes.

Audit Report Lag (ARL)

Audit Report Lag (ARL) is defined as the number of days between the date of fiscal year-end and the date of presenting the audited report (Carslaw & Kaplan, 1991). Prior studies have indicated that external auditors put more effort and time into audit processes when the audit risk is high. This condition can result in longer ARL than when audit risk is low. Accounting information is more reliable when ARL is long because auditors spend a lot of time and effort in concluding audit procedures than when ARL is short. Analysts in this condition consider long ARL as a sign of accounting information reliability supplied by the company.

Concept of Corporate Governance Attributes

Anandarajah (2004) explained that there is no generally accepted definition of corporate governance, several definitions and concepts have developed based on multi-dimensional nature. Therefore, Anandarajah (2004) explained the corporate governance concept as holding a balance between individual and communal goals and between economic and social goals. The framework governance encourages the use of resources effectively and needs accountability for the stewardship of the resources. The objective is to support the interests of corporations, individuals, and society. The Central Bank of Nigeria (2003) issued a Code of Corporate Governance that defined the concept of corporate governance as a system by which corporations are governed and controlled to increase shareholder value and meet the expectations of the other stakeholders.

Most corporate governance definitions imply a tool aimed at reducing problems that occur due to the separation of ownership and control (Wells, 2010). Also, Wells (2010) was of the view that corporate governance has the role of investigating which economic, legal, and social mechanisms help in compelling managers to protect shareholders' interests.

Board Size

Board size refers to the number of directors or members that make up the board of directors or board of trustees for a company or organization. The board of directors is responsible for making strategic decisions, providing oversight, and representing the interests of shareholders or stakeholders in a corporation (Westphal & Bednar, 2005).

Studies have shown that the board is one of the vital corporate governance instruments (Zahra & Pearce, 1989). Directors can protect shareholders' interests by controlling the actions of management, and through rendering useful services which would form the strategic posture of the firm. In corporate governance reform boards are key in solving issues related to conflicts of interest; composition, executive compensation, function, and efficacy of board committees, promulgation of ethical conduct; and so forth. The responsibilities of the board of directors were characterized by Fama and Jensen (1983) based on the management ratification decisions and management performance monitoring. The managerial collusion can be decreased and boards to be an additional way of corporate control.

Board Independence

Board independence in corporate entities refers to the composition of a company's board of directors in such a way that a significant portion of its members are independent, meaning they have no significant ties or conflicts of interest with the company. Board independence is a fundamental aspect of corporate governance and is intended to ensure that the board can provide objective oversight and make decisions in the best interests of shareholders or stakeholders, rather than being influenced by personal or business relationships (Enofe, et al., 2013).

The presence of a large number of non-executive directors sitting on the board is recognized as a good pointer to the independence of the board from management. Independent directors provide effective monitoring by scrutinizing the managers and aim to protect their reputations (Fama & Jensen, 1983). The banking sector directorship market competition results in independent directors being focused on their reputation (Pathan, 2009). Independent directors tend to discipline management by preventing opportunistic behavior, thus decreasing possible agency conflicts.

Board Diversity

Board gender diversity in corporate entities refers to the composition of a company's board of directors concerning the representation of individuals from different genders, particularly

increasing the number of women on corporate boards. This is an important aspect of corporate governance and diversity and is aimed at achieving greater gender equity and inclusivity in the decision-making processes of organizations (Srinidhi et al., 2011).

Gender diversity is part of the wider concept of board diversity. Prior findings on gender diversity in sociology and psychology research have documented that females are more risk antagonists, careful, and decent than men. A greater proportion of female representation on boards gives extra skills and perceptions that can be more with all-male boards (Boyle & Jane, 2011). Monitoring and problem-solving are more effective with a board diversity. There has been an increase in Female's representation on boards. Evidence from recent studies indicated an increase in female participation on the board. For example, in 2012, women retained only 16.6% of board seats in Fortune 500 firms in the US, contrary to 16.1%, 15.7%, 15.2%, 15.2% and 14.8% in 2011, 2010, 2009, 2008 and 2007 respectively (Catalyst, 2012, 2011, 2010, 2009, 2008 and 2007). It was found by Abdullahi (2015) that in Nigerian cement firms, women director representative has a negative but insignificant impact on earnings management.

Empirical Review

Adediran et al. (2019) examined the internal control system for fraud detection, in Nigeria experience they specifically examined the influence of corporate characteristics on the timeliness of financial reporting among insurance firms in Nigeria from 2008 to 2017. Ex-post facto research design was employed by the study and sample firm financial report was used for the data collection. STATA version 12 was used in analyzing the data. The findings revealed a significant negative impact of board size on audit report delay. This study collected data up to 2017 and given that the Code of Corporate Governance 2018 brought several modifications in the governance architecture, a more current study is imperative.

Mathuva, et al. (2019) examined whether the corporate governance (CG) attributes influence audited annual report timeliness. Also, 543 observations were utilized from 2007 – 2016. Both granular and aggregated approaches were employed in analyzing the data. The main result of the study indicated longer ARDs are influenced by board meetings, board independence, audit committee financial expertise, and board size. Also, board diversity (i.e. women and diverse nationalities on the board) is related to improvement in annual report timeliness. More so, results show that shorter ARD leads to a longer tenure for independent directors on the board. Generally, they found a positive effect of composite CG score on the

annual report timeliness. This research was done in Kenya, a smaller economy than Nigeria with differences in corporate governance codes while the current study was done using a combination of both corporate governance and firm characteristics. This study was restricted to firms with consolidated financial statements.

Jordan et al. (2019) examined the effect of audit committee gender characteristics of members on financial reporting quality among commercial banks in Jordan. The annual report was used to extract the 9 indicators of voluntary disclosure to measure the quality of the financial reports from 2013-2017. The data was analyzed using STATA. The findings indicated that the presence of a female on the board positively impacts financial reporting quality. This study was conducted in another country and used data from the perspective of banks while this current study used data from all consolidated companies listed on the Nigeria stock exchange from 2012 to 2021.

Similarly, in Nigeria, Bakare, et al. (2018) investigated the influence of board attributes on listed insurance firms' financial reporting timeliness from 2011-2016. The financial report of the fifteen (15) sample listed insurance firms was used to obtain the data. GLS multiple regression technique was used for the data analysis. The result presented that there is a positive significant effect of board size on the timeliness of financial reporting insurance companies in Nigeria. Hence, it was suggested shareholders need to confirm a reasonable number of board members. This is in line with prior studies that a larger board is likely to decrease the delay in presenting the financial reports. The study is different concerning timing (2011-2016) sectorial (insurance companies) and tool of analysis (GLS). The current study covered the period 2012-2021, only consolidated financial statements were used and logistic regression was used.

In Nigeria, Ohaka and Akani (2017) studied the association between board independence and firm size in the financial reporting timeliness of listed firms. The NSE Fact Book and firms' annual reports were used to obtain the data from 2000-2011. Data was analyzed using tests of multicollinearity, autocorrelation, and heteroscedasticity while the multiple regression technique was utilized to test research hypotheses. The result showed a significant association between firm size and timeliness of financial reporting and board independence has no significant association. Although done in Nigeria, the studies differ in timing as the current study data were obtained from 2012 to 2021. The previous study may not have captured data necessary to rely on to make current decisions.

A similar study by Ahmed and Che-Ahmad (2016) investigated how corporate governance attributes influence Audit Report Lags in Nigeria. The study analyzed 14 banks from 2008 to 2012. Panel data technique of analysis was employed and it was found that there is a positive significant influence of board size on audit report lag. The study used data from the perspective of banks while this current study used data from all consolidated companies listed on the Nigeria stock exchange from 2012-2021. Also, Sakka and Jarboui (2016) researched audit reports timeliness among 28 firms listed on the Tunisia stock exchange from 2006-2013. Agency theory was used to underpin the study. The result revealed that the size of the board significantly affects the timeliness of audit reports. This finding shows that good corporate governance is important in improving financial reporting timeliness quality. The study also considered board attributes as a determinant of financial reporting timeliness without recourse to other determinants such as firm attributes which are considered in this research. The study also examined the effect of external auditor's characteristics index, and corporate governance on timeliness focusing on Financial Security amendments in Tunisia. They indicated the importance of a good corporate governance structure in improving financial reporting timeliness quality. Thus, empirical tests showed that the external auditor's characteristics index is high when the audit report publication date is short. The study suffers from the problem of external validity as findings from it may not be considered valid for policy and economic decisions in Nigeria.

Theoretical Framework

Agency Theory

The philosophy of agency was exposited by Alchian and Demsetz (1972) and later developed further by (Jensen & Meckling, 1976). Agency theory has been identified as the overall theory that dominated the current research on the association between insiders (management) and shareholders (owners) in the firm (Jensen & Meckling, 1976). In modern-day organisation, shareholders are unable to control the affairs of their companies due to the growth nature of the firm. As a result, the owners delegate another party agent (agent) to directly handle the affairs on their behalf. Agency costs include expenditures monitored by the principal such as budgeting, control, auditing, and compensation systems, agent bonding expenditures, and residual loss because of different interests between the agent and the principal. Agency cost is reflected by the amount of share price paid by shareholders (principal). To enhance firm value, agency costs need to be reduced.

Jensen and Meckling (1976) described the agency theory as an agreement between two parties the principal and agent; where the former entrusts the control of his firm to the latter, including the making decisions. In the event that both factions are maximising value, it will be presumed that the agent possibly did not act in the interest of the principal. The principal may, however, reduce the deviations of the agent's interest by granting incentives and instituting monitoring controls; this strategy will, in turn, reduce the unethical activities of the agent. The check of agency issues in the decision-making procedure is essential when the managers in charge who start and actualize vital decisions are not the significant residual claimants and in this way do not enjoy an outstanding share of the financial impacts of their choices. Without efficient control methods, such decision managers will probably take activities that veer off from the benefits of residual claimants. Each agent's decision can be engaged with the administration of a few controls and the decisions of others.

However, separation in this context implies that each agent does not exert sole administration and control rights over similar decisions (Fama & Jensen, 1983). As indicated by Agency theory, the agent endeavours to accomplish his objectives to the detriment of the Principals. Generally, Managers are propelled by their interests and advantages, and they work to boost their benefits as opposed to thinking about investors' interests and creating shareholders' wealth.

In this study agency theory is considered important due to the relationship between managers, auditors, and other stakeholders which can be described as a principal-agent relationship. The monitoring capacity would be strengthened when the board has a high proportion of independent directors. In this manner, they assist in reducing management's chance of withholding timely financial information. Consequently, independent non-executive directors tend to improve a firm's disclosure and compliance leading to financial reporting timeliness in organizations (Kelton & Yang, 2008).

Methodology

The ex post facto research design was used in this study to examine possible causes and effects between the variables. Ex post facto research design was adopted by the study based on the nature of the data collected and the research paradigm employed which is the positivism approach. The other justification that a researcher would choose to use ex-post factor design is that the statistical relationship of interest is thought to be causal, but the independent variable cannot be manipulated by the researcher because it is impossible, impractical, and unethical.

Since the study is quantitative in nature, it is aligned with the positivist philosophy. The design is informed by the research paradigm which is the positivist approach. Positivism is built on facts not impressions, which are in line with the idea of observable social reality.

The study's population is made up of 66 companies listed on the Nigerian Stock Exchange (NSE) as of 31st December 2020 that produced consolidated financial reports during the period (2012-2021). These comprised of 5 Conglomerate companies, 6 Consumer goods companies, 39 Financial Services firms, 2 Healthcare firms, 9 Oil and Gas companies, and 5 Services companies. Sixty-four (64) listed companies were selected after applying a filtering process where 2 companies were filtered out for incomplete information.

Secondary data in the form of published annual reports of the selected companies were obtained from the Nigerian Stock Exchange (NSE) for the study. The necessary data were extracted from the annual reports of the selected listed companies for the period 2012-2021 financial years. Only companies having consolidated corporate annual reports were utilized since they are promptly accessible, and available and provide a greater platform for results comparability. Furthermore, data obtained from annual reports through the NSE are reliable and valid as they are being authenticated before being published and made available to users.

Logistic regression was used to test the relationship between financial reporting timeliness (explained by audit reporting lag) and corporate governance attributes. Logistic regression was used in testing the formulated hypothesis. This is because when a dependent variable is dichotomous (binary), a Logistic regression is the suitable regression analysis to be conducted (Gujarati, 2004).

The panel data approach was used by the study to examine the effect of corporate governance attributes on the financial reporting timeliness of the listed firms in Nigeria from 2012 through 2021, the regression models are presented below:

The following equation is represented as follows:

$FRT = F(BS + BI + BGEN)$ but econometrically represented as:

$FRT_{it} = \beta0 + \beta1BS_{it} + \beta2BI_{it} + \beta3BGEN_{it} + \mu_{it}$.

Where: FRT=Financial Reporting Timeliness, BS=Board size, BI=Board independence, BGEN= Board gender diversity, i=ith firm, t= Time period, μ_{it} = Model disturbance term.

Diagnostic tests were carried out using STATA to test for multicollinearity and Log likelihood. Multicollinearity occurs when the explanatory variables are not independent of each other. The tolerance value and variance inflation factor (VIF) values results shows absence of multicollinearity. Also, a Loglikelihood Ratio test was done and the model shows

that the model is fit. These are the diagnostic tests required under logistic regression model (Gujarati, 2004).

Measurement of Variables:

Table 1. Variables, Definition, Measurement and Source

Variable	Definition	Measurement	Source	Aprori sign
FRT	Financial Reporting Timeliness	Audit Report lag measured by dichotomous variable 1 when financial statement is published within the stipulated 3 months "otherwise'' 0.	Iyoha (2012).	
BS	Board size	Number of individuals on the board.	Akhidime (2015).	_
BI	Board independence	Number of independent non-executive directors on the board divided by total board members.	Krishnan and Visvanathan (2008).	+
BGEN	Board gender diversity	No. of Female on the board divided by the total board members.	Krishnan and Visvanathan (2008).	+

Source: Researcher's compilation (2022)

Results and Discussion

Descriptive Statistics

This section contains a description of the properties of the variables ranging from the mean of each variable to minimum, maximum, and standard deviation. The summary of the descriptive statistics of the variables is presented in Table 2. The full result is contained in Appendix B.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
frt |	640	.546875	.4981872	0	1
bs |	640	9.478125	2.119178	6	19
bi |	640	.2381165	.0996936	0	.571429
bgen |	640	.0841972	.1007061	0	.428571

Source: STATA OUTPUT, 2021.

The descriptive statistics in Table 2 indicate that the measure of financial reporting timeliness, which is the inverse of the variance of audit report lag of listed companies in Nigeria has an average value of .546875 and a corresponding standard deviation of .4981872. This is an indication that there are differences in the timing of the release of financial information by the listed companies sampled for the study. Also, the minimum and maximum values stood at 0 and 1 respectively.

Table 2 shows that the mean board size of all sampled listed companies in Nigeria during the period of the study stood at 9 with a corresponding standard deviation of 2. This suggests that on average the size of the board is 11. However, the value of the standard deviation shows a certain level of disagreement because of its low value. The result further, shows that the minimum and maximum number of directors stands at 6 and 19 respectively.

Table 2 also indicates that the sampled listed companies in Nigeria have an average of .2381 independent directors on the board during the period of the study, with a standard deviation of .0996. This suggests that an average of 23% of the directors have independent status. This claim contradicts the value of the standard deviation which is small and indicates the proportion of non-executive directors to the total directors differ significantly among the sampled firms. This is confirmed by the value of minimum and maximum which stands at 0% and 57% respectively.

The descriptive statistics in Table 2 show that on average, 8% of the board members in the sampled listed companies are women. This is evidenced by the mean value of .0841 and the standard deviation of .1007. The value of the standard deviation which is higher than that of the mean significantly refutes this claim. Meanwhile, the value of board gender diversity for minimum and maximum is 0 and .4285. This means the highest number of directors who are women on the board of the sampled firms stands at 42%.

Correlation Matrix

Table 3: Correlation for Corporate Governance Attributes and Financial Reporting Timeliness

	frt	bs	bi	bgen
frt	1.0000			
bs	-0.0598	1.0000		
bi	0.0409	-0.3068	1.0000	
bgen	-0.0535	-0.1008	0.0681	1.0000

Source: STATA 16, 2021.

The Pearson correlation analysis matrix shows the relationship between the explanatory and the explained variable and also the relationship among all pairs of independent variables themselves. It is useful in discerning the degree or extent of the relationship among all independent variables as excessive correlation could lead to multicollinearity, which could consequently lead to misleading findings and conclusions. The correlation matrix does not lend itself to statistical inference but it is relevant in deducing the direction and extent of association between the variables. This section shows the correlation between the dependent variable financial reporting timeliness and the independent variables board size, board independence, and board gender diversity on one hand, and among the independent variables themselves on the other hand. Generally, a high correlation is expected between dependent and independent variables while a low correlation is expected among independent variables. According to Gujarati (2004), a correlation coefficient between two independent variables 0.80 is considered excessive and thus certain measures are required to correct that anomaly in the data.

Table 4 Logistics Regression Result

Logistic regression	Number of obs	=	640
	LR $chi^2(3)$	=	45.03
	Prob > chi^2	=	0.0009
Log likelihood = -438.28454	Pseudo R^2	=	0.4117

frt	Odds Ratio	Std. Err.	z	P>|z|	[95% Conf. Interval]	
bs	-.0459029	.0188068	-2.44	0.015	.0090423	.0827635
bi	.0735317	.026548	2.77	0.006	.0214986	.1255648
bgen	.2934817	.2335393	-1.54	0.123	.0616927	1.396137
_cons	1.972228	.9689471	1.38	0.167	.7529491	5.165933

Source: STATA, 2021.

Model three is stated as: frt=1.9722cons-0.04590bs+0.0735bi+0.2935bgen+2.0642µ. This implies that a 4% decrease in the board size will significantly affect the timeliness of financial reporting at 1% and a 7% increase in independent board members will lead to a 1% increase in timeliness of financial reporting of listed companies. However, an increase in board gender

diversity though positive does not affect the timeliness of financial reporting of listed companies.

Table 4 indicates that the aggregate influence of the explanatory variables included in the model are able to explain the financial reporting timeliness of listed companies in Nigeria up to about 41% as indicated by the Pseudo R2 while the remaining 59% are controlled by other factors that are not included in the model. The F-Statistics value of 45.03, which is significant at 5% shows that the model is fit and therefore provides substantial evidence that Corporate Governance attributes have a significant impact on the financial reporting timeliness of listed companies in Nigeria.

Given the individual explanatory variables, the result from Table 4 clearly shows that board size has a negative influence on the financial reporting timeliness of listed companies in Nigeria. The evidence from the result showed a coefficient of -.0459 and a p-value of 0.015 indicating a statistically significant relationship. Hence, the study fails to align with the hypothesis which states that board size has no significant effect on the financial reporting timeliness of listed companies in Nigeria.

The summary of the logistics results in Table 4 shows that board independence has a significant effect on the financial reporting timeliness of listed companies in Nigeria. This claim is substantiated by the p-value of 0.006 which is considered to be significant at a 5% level of confidence. Hence, the study rejects the hypothesis which states that board independence has no significant effect on the financial reporting timeliness of listed companies in Nigeria.

The study also, looked at the extent to which board gender diversity can influence the financial reporting timeliness of listed companies in Nigeria. The output in Table 4 showed that a positive and insignificant relationship exists between board gender diversity and the financial reporting timeliness of listed companies in Nigeria. This is evidenced by the value of coefficient and probability which stand at .2934 and 0.123 respectively. This shows that the board composed of both males and females does not necessarily determine the extent of financial reporting timeliness. Based on this the study accepts the hypothesis which states that gender diversity has no significant effect on the financial reporting timeliness of listed companies in Nigeria.

The concept of the board is derived from the attributes that play a significant role in monitoring managers and can be described as a bridge between company management and shareholders. To understand the role of the board, it should be recognized that boards consist

of a team of individuals, who combine their competencies and capabilities that collectively represent the pool of social capital for their firm that contributes towards executing the governance function. Given the level of importance of boards to company management and control, the third objective of this study examines the effect of corporate governance attributes on the financial reporting timeliness of listed companies in Nigeria. Under this section board independence, board size, and board gender diversity were used as predictor variables. The overall regression result judging from the R-squared shows that corporate governance attributes can be used to predict the behaviour of financial reporting timeliness of listed companies in Nigeria.

Based on the individual explanatory variables, board independence was found to have a significant influence on the financial reporting timeliness of quoted companies in Nigeria. This result implies, that the more independent directors on the board the more the possibility of timely financial reporting. Hence, the study finds evidence to suggest that board independence is a predictor of audit report lag in the area covered by the study. Board independence can be a principal factor in the timeliness of financial statements. Kelton and Yang (2008) thought that a large number of independent directors would improve management opportunism and minimize the risk of hiding information from management. Board independence relates to the participation of external directors on issues relating to the corporate and strategic direction of a company. A mixed outcome has arisen from the effect of board independence on the timeliness of financial statements. This study's findings are in tandem with Ohaka and Akani (2017).

Again, this study explores the influence of board size as a corporate governance mechanism on the financial reporting timeliness of listed companies in Nigeria. The finding of the study reveals that board size has a significant influence on the financial reporting timeliness of companies covered by the study. This implies that board size is a determinant of financial reporting timeliness. It also, means that a percentage increase in the number of board members will affect the intensity of timeliness of information release. In the oversight and operational decision-making of the management, the directors of the company would perform a vital role. A communication or coordination challenge that represents a huge board less effective to manage than a small board is one of the drawbacks of a big board (Ibrahim & Al harasees, 2019)

Some works of literature claim that a larger board size encourages further oversight, provides businesses with the variety that assists them in delivering essential resources and reducing

ecological risks, alleviates the CEO's dominance, and improves the pool of knowledge that derives from the board's diversity (Bakare et al., 2018). Prior empirical review shows that a big board is expected to improve related knowledge, may lead to greater influence, provide more vital resources, aid significantly to prevent uncertainty, and secure a competitive field for skills and competencies enhancement. Ezat and El-Masry (2008) concluded that a firm with a large board proves to be more informative concerning websites. Consequently, the composition of the board is considered a deciding issue in the timeliness of the financial statements.

Furthermore, this study examines whether board diversity is likely to influence the financial reporting timeliness of quoted companies in Nigeria. The result of the study using the regression analysis technique reveals that board gender diversity has a positive and insignificant effect on the financial reporting timeliness of quoted companies in Nigeria. This study considers board gender diversity not a good predictor of variation in audit report lag. Females are becoming increasingly represented on boards. Gender diversity is part of the broader concept of board diversity. Boards are concerned with having the right composition to provide diverse perspectives as greater female representation on boards provides some additional skills and perspectives that may not be possible with all-male boards.

This study's finding is in line with that of Mathuva et al. (2019). The board of the studied listed companies as a matter of policy should consider increasing the number of independent non-executive directors since the study reveals a significant effect of board independence on the timeliness of financial reporting.

Conclusion and Recommendations

Board independence has a significant influence on financial reporting timeliness and as such the study has evidence to conclude that it is a determinant of financial reporting timeliness in the area covered by the study. Board independence can be a principal factor in the timeliness of financial statements. It is thought that a large number of independent directors would improve management opportunism and minimize the risk of hiding information from management. Board independence relates to the participation of external directors on issues relating to the corporate and strategic direction of a company. Accordingly, the study also concludes that board size is a determinant of the financial reporting timeliness of listed companies in Nigeria.

However, the study has no statistical evidence to conclude that board gender diversity influences the financial reporting timeliness of consolidated companies quoted on the Nigerian stock exchange.

The study offers the following recommendations based on a variety of firms that are involved directly or indirectly with corporate governance attributes and financial reporting timeliness in Nigeria:

1. That the board of the listed companies should continually ensure a financial report is prepared timely to attract both current investors and potential investors to continue to invest in their organisations.
2. Also, the Board of consolidated companies should increase their monitoring capacity towards discretionary behavior of management activities by increasing the number of independent non-executive directors and increasing the size of the board to include a mix of competencies. This is in an attempt to improve monitoring activities that will curb the individual behavior of management and lead to better and timelier financial reporting.
3. The Financial Reporting Council and other regulating agencies should provide incentives, in the form of commendations, to firms that disclose accounting information timely and necessary for assessment of the quality of their profitability and earnings as well as enforce penalties through rebuttal on firms that do not make full and timely disclosure. This is based on the fact that delay in reporting sends a poor signal to investors, analysts and other stakeholders regarding the competence of management.

References

Abdullahi, M. (2015). Firm characteristics, governance mechanisms and financial performance of listed building materials firms in Nigeria. *Unpublished M.Sc. Accounting and Finance Thesis, Ahmadu Bello University, Zaria, Nigeria.*

Adebayo, P. A., & Adebiyi, W. K. (2016). Effect of firm characteristics on the timeliness of corporate financial reporting: evidence from Nigerian deposit money banks. *International Journal of Economics, Commerce and Management,* 4(3), 369-381.

Adediran, I., Adejoh, A., & Oyewole, A. T. (2019). Internal control system on fraud detection: Nigeria experience. *Journal of Accounting and Finance*, 13 (5), 141–152.

Ahmed, M. I., & Che-ahmad, A. (2016). Effects of corporate governance characteristics on audit report lags. *International Journals of Economics and Financial Issues*, 6(S7), 159-164.

Akhidime, A. (2015). Board structure, corporate characteristics and audit quality of Nigerian banks. *International Journal of Economics, Commerce and Management,* United Kingdom, 3(6), 12-31.

Alchian, A. A., & Demsetz, H. (1972). Vertical integration, appropriable rents, and the competitive contracting process. *Journal of Law and Economics,* 21, 297-326.

Anandarajah, K. (2004). *Corporate Governance in Asia in a Post-Enron World* in *The Practitioner's Guide to Corporate Governance in Asia*, ISI Publications Limited, Hong Kong.

Azubike, J. U. B., & Aggreh, M. (2014). Corporate governance and audit delay in Nigerian quoted companies. *European Journal of Accounting Auditing and Finance Research*. 2(10), 22-33.

Bakare, O. U., Taofiq, A. & Jimoh, J. A. (2018), Effect of board characteristics on timeliness of financial reporting of listed insurance firms in Nigeria. *Online Journal of Arts, Management and Social Sciences (OJAMSS),* 3(1), 126 –136.

Bengü, V., & Burcu, A. (2013). Is timeliness of corporate financial reporting related to accounting variables? Evidence from Istanbul stock exchange. *International Journal of Business and Social Science,* 4(6), 58-70.

Boyle, G., & Jane, J. (2011). New Zeland corporate boards in transition: Composition, activity and Incentives Between 1995 and 2010. Working paper No. 36.

CAMA (2020). Companies and Allied Matters Act as amended.

Carslaw, C. A. P. N., & Kaplan, S. E. (1991). An examination of audit delay: Further evidence from New Zealand. *Accounting & Business Research,* 22(85), 21-32.

Ekienabor, E., & Oluwole, O. S. (2019). Reliability of timeliness in financial reporting in Nigeria. *International Journal of Research Publications,* 1-15.

Enofe, A. O., Okunega, N. C., & Ediae, O. O. (2013). Audit quality and auditor's independence in Nigeria: An empirical evaluation. *Research Journal of finance and Accounting,* (4)11.

Ezat, A. N., & El-masry. A. A. (2008). The impact of corporate governance on the timeliness of corporate internet reporting by Egyptian listed companies. *Managerial Finance,* 34(12), 848-867.

Fama, E. F., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics,* 26(2), 301–325.

Gujarati, D.N. (2004). Basic Econometrics. 4th Edition, McGraw-Hill Companies.

Ibrahim, A. E., & Al harasees, M. N. (2019). Gender attributes of audit committee members and the quality of financial reports. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 9(3). 24-37.

International Accounting Standards Board (2008). Exposure Draft on an Improved Conceptual Framework for Financial Reporting: The Objective of Financial Reporting and Qualitative Characteristics of Decision-Useful Financial Reporting Information. London: IASB, 1-64.

International Accounting Standards Board (IASB). (2010). *The Conceptual Framework for Financial Reporting* 2010.

Iyoha, F.O. (2012). Company attributes and the timeliness of financial reporting in Nigeria. *Business Intelligence Journal,* 5(1), 41-49.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics,* 20(2).

Karim, S., Ahmad, K., & Islam, A. (2006). Financial reporting in Bangladesh: The regulatory framework. *Journal of Business Administration,* 24(1 & 2), 57-88.

Kelton, A. S., & Yang, Y. (2008). The impact of corporate governance on internet financial reporting. *Journal of Accounting and Public Policy*, 27(1), 62-87.

Krishnan, J., & Visvanathan, J. S. (2008). Auditor industry specialization and earnings quality. *Auditing: A Journal of Practice & Theory,* 22(2), 71–97.

Liu, J., Jaikaeo, W., Sheng, K., & Hwang, M. I. (2009). Audit quality, corporate governance and earnings management: A meta-analysis. *International Journal of Auditing*, 14, 57-77.

Mathuva, D., Tauringana, V., & Oteino, J. (2019). Corporate governance and the timeliness of audited financial statements: The case of Kenyan listed firms. *Journal of Accounting in Emerging Economies.* ahead-of-print. 10.1108/JAEE-05-2018-0053.

McGee, R. (2007). The impact of transparency and accountability initiatives. *Development Policy Review,* 31(1), 3-28.

McGee, R., Robert W., & Yuan, N. (2008). The timeliness of financial reporting: A comparative study of selected EU and transition economy countries in: McGee R.W. (eds) *Corporate Governance in Transition Economies*. Springer, Boston, MA.

OECD (1999). *OECD Principles of Corporate Governance*, Organization for Economic Cooperation and Development, Paris.

Ohaka, K., & Akani, D. (2017). IFRS adoption and accounting quality of quoted manufacturing firms in Nigeria: A cross sectional study of brewery and cement manufacturing firms. *International journal of business management review,* 3(6), 61-77.

Owusu-Ansah, S. (2000). Timeliness of corporate financial reporting in emerging capital markets: Empirical evidence from the Zimbabwe stock exchange. *Accounting & Business Research,* 30(2), 241-254.

Pathan, S. (2009). Strong boards, CEO power and bank risk-taking. *Journal of Banking & Finance*, 33(7), 1340-1350.

Rahmawati, E. (2018). Information content and determinants of timeliness financial reporting: Evidence from an emerging market. *Academy of Accounting and Financial Studies Journal*, 22(4), 1-15.

Siti N. S. and Md. A. I. (2012). The determinants of audit timeliness: Evidence from Malaysia. *Journal of Applied Sciences Research,* 8(7), 3314-3322.

Srinidhi, B. I. N., Gul, F. A., & Tsui, J. (2011). Female directors and earnings quality. *Contemporary Accounting Research,* 28(5), 1610-1644.

Wells, P. (2010). Earnings management surrounding CEO changes. *Accounting and Finance,* 2(1).

Westphal, J. D., & Bednar, H. (2005). The strategic context of external network ties: competencies and capabilities that collectively represent the pool of social capital for their firm that is contributed towards executing the governance function. *Academy of Management Journal*, 44(4), 339-360.

Zahra, S. A., & Pearce, J. A. (1989). Boards of directors and corporate financial performance: A review and integrative model. *Journal of Management,* 15, 291–334.