Governance Mechanism and Financial Reporting Timeliness of Listed Firms on The Nigeria Stock Exchange

Abstract - The issue of financial reporting timeliness is central for the quality of the financial report that influences the decisions of investors on committing to their resources. There is a regulatory requirement on when financial reports should be made available; however, firms tend to disregard the regulations. Investors anticipate the release of the financial report to invest in a firm, and the delay of the report can lead to investment in alternative firms. Hence, this study examined the effect of corporate governance mechanisms on the financial reporting timeliness of the listed firms in Nigeria. The study used a sample of 65 firms from the listed firms in the Nigeria stock exchange. The study analysed the data collected using descriptive statistics and correlation analysis, whereas the hypotheses were tested using Poisson regression analysis. On average, firms need an average of three months after 31st December to provide their financial statement. The study found that board independence and managerial shareholding significantly reduce the number of days taken to provide their financial report. Also, the board size and board independence decrease the lag of financial reporting without statistical significance. On the other hand, the signs of the variables change when considering individual sectors. For the market as a whole, it is recommended that the Securities and Exchange Commission (SEC) should continue to enforce compliance with the governance mechanisms to aid the reporting timeliness. This strategy provides the basis for investors to make their investment decision in the market. Specifically, firms in the industrial goods, corporation, banking sector, and consumer goods sector should be closely monitored by the SEC to avoid any delay for the governance variables. Besides, the capability of the board members should be improved since the relationship between board size and reporting timeliness is direct (moving in the same direction). The management of sectors should consider reducing their board size since a decrease in board size will decrease the number of days to provide their financial report.

Keywords: Corporate governance, Poisson Regression, Financial reporting Timeliness
1. Introduction

The timeliness of corporate financial reports has been an issue among stakeholders that use financial reports for several decades. The information failed to come in time will have little or no use to the users. Timeliness is considered an important qualitative characteristic of financial information. It is believed that timeliness affects the value of accounting information. Besides, timeliness is an important component of transparency, and transparency consists of the following components: accuracy, appropriateness, consistency, completeness, clarity, convenience, governance, timeliness, and enforcement (Zaitul, 2010). Among the publicly quoted corporate bodies, the focus of transparency is the pursuit and promotion of good corporate governance (Organisation for Economic Co-operation and Development, 2000). Transparent and timely financial reporting is extremely important in ensuring that the relevant information transcends to the potential investors and other stakeholders in ensuring that they make rightful and informed decisions (Ahmad, Mohamed & Nelson, 2016).

The issue of timeliness has been highlighted in literature over the years. The research on timeliness lag has been conducted since the 1970s but with only little efforts in Nigeria. Several approaches have been employed in addressing the timeliness of financial reporting. Most studies used audit lag or audit delay (Courtis, 1976), management lag (Al-Ajmi, 2008), and total lag (Dyer & McHugh, 1975). Gilling (1977) used timely reporting for proxy timeliness. There are some studies in the United States (USA) and Europe on this area. However, the Nigerian experience was not empirically and convincingly concluded. There is a gap in the literature due to the lack of studies. Several studies focused on timeliness lag in Nigeria (Ibadin, 2012; Modugu, Erhagbe & Ikhatua, 2012; Abdullahi, Musa & Sani, 2017).

Several studies on the timeliness of financial reporting focused on company attributes, audit-related factors, and environmental factors with not much attention on corporate mechanisms. The empirical evidence on the determinants of audit timeliness are considered at the extreme ends and largely inconclusive. The polarity in empirical findings is a common denominator for both studies on developed economies and emerging markets. For example, Afify (2009) revealed that board independence and audit committee have a significant effect on audit report lag. Ibadin, Izedonmi, and Ibadin (2012) found that board independence and board size were not statistically significant in Nigeria. A few studies examined how corporate governance affects financial reporting timeliness, which created a gap in knowledge. Hence, there is the need to support the centrality of corporate governance attributes or variables for the timeliness of financial reporting, especially for the application in Nigeria.

The major weakness observed in most studies is the use of the wrong tool of analysis. The proxy for financial reporting timeliness is the number of days to provide a financial statement. The dependent variable is a count data, and it is expected to follow a Poisson distribution, which means Poisson regression should be used. Previous studies used ordinary least square regression (OLS), which can affect the results. The model adopted in this study was used by Lee and Jahng (2008), Guilherme, João and Paulo (2012). This study used the Poisson regression technique to examine the effect of corporate governance mechanisms on financial reporting timeliness for the listed firms in the Nigeria stock exchange. The remaining parts of this study are literature review, methodology of the study, results and discussions, and conclusion.
2. Empirical Review

A number of empirical studies have been undertaken with respect to the link between corporate governance and timeliness of financial reports. From the methodological point of view, most of the prior studies relied on cross-sectional data that use the ordinary least square (OLS) regression (Cohen & Leventis, 2013), which fails to cater for consistent estimates over time. The method is used to control the hidden heterogeneity of the cross-sections. Some studies used panel data, which provide more informative data, more variability, less collinearity among the variables, more degree of freedom, and more efficiency (Ahn, Lee & Schmidt, 2013). However, the studies did not consider another tool of analysis like Poisson regression. Poisson regression is the most appropriate for the dependent variables, but most studies did not use this method. Below are some of the empirical works of literature that are reviewed.

Afify (2009) investigated the effects of corporate mechanisms on audit report lag in Egypt. The study sampled 85 firms and adopted regression for data estimation. Following the study’s analysis, the ARL is within the range of 19-115 days interval. The Egyptian listed firms took approximately two months on average. From the estimations, company attributes such as the duality of the CEO and the presence of an audit committee significantly affect ARL, whereas ownership concentration has no significant effect on ARL. Control variables like company size, industry, and profitability significantly affect ARL. The adjusted R2 indicates that 57.10 per cent of the variation in the dependent variable of the regression model is explained by variations in the independent variables. The study is limited to Egypt.

Hashim and Rahman (2011) examined the connection between audit committee characteristics and audit report lag among 288 organisations quoted at Bursa Malaysia for a three-year time span from 2007 to 2009. The examined attributes of the audit committee are audit committee independence, audit committee diligence, and audit committee expertise. The findings revealed that audit report lag for the listed organisations in Malaysia ranges from 36 days to 184 days for the three-year timeframe. It is believed that audit committee independence and audit committee expertise can reduce audit report lag among the Malaysian organisations. However, the examination failed to make a clear connection between audit committee diligence and the lag in reportage.

Another study by Ibadin, Izedonmi, and Ibadin (2012) on the timeliness of financial reports in a developing nation studied the association among corporate governance variables, corporate attributes variables, and financial report timeliness. The study adopted the descriptive approach and ordinary least square on 118 listed firms in the Nigerian stock exchange. Other tested variables were board independence, board size, firm size, leverage, profitability, audit firm size, and audit delay. The investigation gave an impression of an unusually prolonged time lag by the Nigerian listed firms. The typical aggregate lag between the end of the year and the AGM is 193 days which likens to more than a half year for the Nigerian organisations. The analysed variables reveal that no variable was statistically significant besides audit delay.

Ilaboya and Iyafekhe (2014) investigated the effect of corporate governance on audit report lag among Nigerian firms. The study examined the effect of board size, board independence, audit firm type, audit committee size, audit committee independence, and firm size on audit report
lag. Their study employed time series and cross-sectional survey data that covered a five-year period (2007-2011). A total of 120 listed corporate organisations in the manufacturing sector of the Nigerian stock exchange constituted the population in which a sample of 40 firms was selected. The data were analysed using descriptive statistics correlation and OLS regression. The study used OLS regression in analysing data, and this current study used Poisson panel regression analysis.

Ahmed and Che-Ahmad (2016) examined the effect of corporate governance characteristics on audit report lag (ARL) of the listed banks in Nigeria. This study used 14 banks and covered a five-year period from 2008 to 2012. The findings of the study were based on robust ordinary least squares model, and the audit quality represented by the Big 4 firms has a significant impact on ARL. Board meetings, board size, total assets, and board gender have significant positive associations with ARL. However, the study did not find a significant relationship between board expertise, risk committee size, and audit committee size on ARL.

Hashim (2017) examined the link between corporate governance mechanisms and audit report lag (ARL) among 288 companies listed on Bursa Malaysia for a three-year period from 2007 to 2009. They focused on corporate governance mechanisms, namely ownership structure, which has four corporate governance characteristics on ownership, such as managerial ownership, dedicated ownership, transient ownership, and foreign ownership. The results revealed significant relationships between managerial ownership, dedicated ownership, transient ownership, and audit report lag. However, foreign ownership did not show any relation with audit report lag.

Ezelibe, Nwosu, and orazuilike (2017) examined the association between corporate governance and financial reporting quality for the listed firms in Nigeria. The study focused on the annual reports of 15 listed firms in the Nigeria stock exchange, specifically on consumer good segment from 2012-2016. In measuring the corporate governance and audit delay, the study used notes from the annual reports on board size, audit committee independence, and financial reporting quality. The analysis revealed that audit committee independence has no significant impact on audit delay of firms, whereas board size shows a significant negative association. This examination suggested that corporate policies should reflect on organisation variables like board size that could affect the quality of financial reporting. The result was due to the negative connection between board size and audit delay.

3. Methodology of Study

The research design adopted for this study is the ex-post facto research design. The choice of the design is anchored on the premises that the event of the study has already taken place. The population of the study is 189 firms listed on the floor of the Nigeria stock exchange. This study only selected five firms from the population after removing all firms listed before 2007. The study covered the period from 2007 to 2017. Also, the firms with inconsistent financial reporting were excluded from the sample selection. The data collected were analysed using descriptive statistic and regression analysis, and the hypotheses were tested using Poisson regression analysis. The Poisson regression was selected because the dependent variable in the study is a count data (number of days). The regression model is presented below.
The Poisson regression model is based on the assumption that the dependent variable follows a Poisson distribution, which is usually obtained from count data. In this study, the dependent variable is financial reporting timeliness, which is Audit Delay (AD). It represents the number of days to provide the financial report. It is believed that AD has a Poisson distribution that takes the integer values of $AD = 0,1,2,3,...$

The general model is the Poisson distribution function that can be expressed in this form:

$$f(AD) = \frac{\mu^{AD} e^{-\mu}}{AD!} \quad \text{where } AD = 0,1,2,...N$$

Where $f(AD)$ denotes the probability that the variable Audit Delay (AD) that takes non-negative integer values and $AD!$ stands for $AD! = AD \times (AD - 1) \times (AD - 2) \times 2 \times 1$. As noted in Gujarati and Porter (2009), the following is used to prove:

$$E(AD) = \mu$$
$$\text{var}(Y) = \mu$$

This equation proves that the variance of a Poisson distribution is equal to its mean.

The general form of the regression model takes the following form:

$$AD! = E(AD) + \mu_i$$

Since $E(AD)$ in Model 1 is the same as $\mu$, Model 3 can be expressed as follows:

$$AD! = E(AD_i) + \mu_i = \mu_i + \mu_i$$

The dependent variable AD is independently distributed as Poisson random variable with mean $\mu_i$ for each individual:

$$\mu_i = E(AD_i) = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{1it} + \ldots + \beta_n X_{nit}$$

From the general form of the model in Model 5, the various models for the test of various hypotheses are presented below:

$$E(AD_{it}) = \alpha + \beta_1 BS_{1it} + \beta_2 BI_{2it} + \beta_3 ACIND_{1it} + \beta_4 BSH_{4it}$$

Where: $AD$ = Audit Delay, $BI$ = Board Independence, $BS$ = Board Size, $BSH$ = Board Shareholding, $ACIND$ = Audit Committee Independence

### 4.0 Results and Discussion

This section presents the results of the data analysis and interpretations of the results. The results are in the form of descriptive statistics, correlation, and regression results.

#### Table 4.1: Descriptive Statistics of the Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>OBS</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD</td>
<td>715</td>
<td>94.20</td>
<td>37.41</td>
<td>17.00</td>
<td>343.00</td>
</tr>
<tr>
<td>BI</td>
<td>715</td>
<td>0.19</td>
<td>0.10</td>
<td>0.06</td>
<td>0.67</td>
</tr>
<tr>
<td>BS</td>
<td>715</td>
<td>9.69</td>
<td>3.56</td>
<td>4.00</td>
<td>22.00</td>
</tr>
<tr>
<td>ACID</td>
<td>715</td>
<td>0.30</td>
<td>0.17</td>
<td>0.14</td>
<td>0.53</td>
</tr>
<tr>
<td>BSH</td>
<td>715</td>
<td>0.003</td>
<td>0.001</td>
<td>0.00</td>
<td>0.004</td>
</tr>
</tbody>
</table>

Table 4.1 shows the descriptive statistics of the variables in this study. The result shows that it takes about 94 days (three months) on average from the statutory requirement day of 31st
December for the firms to submit their financial reports. The minimum period is 17 days, which implies that no firm was able to meet the deadline of 31st December. On the other hand, the maximum period is 343 day, which is too long. Some firms took almost a year after the deadline to file their financial reports. The average delay is higher in the consumer goods section of the listed firms with a mean value of 113 days delay, followed by the oil and gas sector with a mean of 106 days. These two sectors have diverse business operations and complicated transactions, which cause substantial delays in their financial reporting.

Regarding the board independence, the mean of the proportion of non-executive directors to board size is 0.19, which represents only 19% of the board. A further breakdown shows that the conglomerate sector has the highest level of independence with a mean value of 31% (Appendix: Table A5), followed by the agricultural sector with 24%. The sector with the lowest level of board independence is the insurance sector with 14%. Table 4.1 shows the minimum level of board independence with the value of 0.06; the maximum value by a firm in the market is 0.67, which comes from a firm in the agriculture sector. The mean of the aggregate firms in the agricultural sector is 24%. Hence, the deviation from the mean of board independence for all the firms is 10%.

Regarding the audit committee independence, the descriptive statistics in Table 4.1 show a mean value of 0.30. The proportion of independent non-executive directors in audit committee is 30%. The sector that has the highest level of audit committee independence is the conglomerate sector, which has 53% of the independent non-executive, whereas the sector with the lowest level of independence of audit committee is the insurance sector. Considering the fact that the independent non-executive directors are not usually large in the organisation, 30% of representation in the audit committee is considered sufficient.

Regarding the board size, the lowest value is 4 and the highest number of board members is 22. At a point, firms have a small number of members, which can affect their decision due to the enormous responsibilities. However, the change in the size of the board has a standard deviation value of 3.5, and the maximum value of 22 implies that the minimum size is rare. The average value for the board size is 9.69, which is greater than the standard deviation value; thus, it removes the outliers in the variable. The result for the board shareholding shows that the board of directors have no significant value of shares as represented by its mean value of 0.003. The value of the mean is greater than the standard deviation, which implies that there is no serious case of outlier, and the speed of adjustment is low as represented by the standard deviation value of 0.001. The maximum proportion of board shareholding to the outstanding share is 0.004.

Table 4.2 Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>AD</th>
<th>BI</th>
<th>BS</th>
<th>ACIND</th>
<th>BSH</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BI</td>
<td>-0.09</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BS</td>
<td>0.01</td>
<td>-0.43</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACIND</td>
<td>-0.07</td>
<td>0.81</td>
<td>0.02</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>BSH</td>
<td>-0.10</td>
<td>-0.02</td>
<td>-0.17</td>
<td>-0.06</td>
<td>1</td>
</tr>
</tbody>
</table>
Table 4.2 shows the correlations between the variables of the study. The result shows a negative relationship between audit delay and board independence. The value of the correlation is 0.09, which represents only 9%. This result implies that the increase in board size can decrease audit delay. This relationship is negative for all the sectors except for the conglomerate sector. For the conglomerate sector, the increase in the number of the proportion of non-executive directors can increase audit delay as they are not addressing the issue of audit delay.

The correlation between board size and audit delay is 0.01. This result implies that the movement of board size and audit delay is on the same size. Thus, the increase in board size would increase the delay in the audit report. The implication for the combined firms in the Nigeria Stock that increases the board size does not lead to reducing audit delay.

Audit committee independence and board shareholding have a negative relationship with audit delay. The results imply that an increase in the unit for any variables will result in the drop in the number of days to provide a financial statement. On the other hand, most of the relationships between the explanatory variables are low except for BI and BSH, which have a high correlation value of 81% but did not pose any serious threat to the results.

Table 4.3 shows the panel for the result of Poisson regression based on the random effect model as suggested by the Hausman test.
<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>(TOT) Ad</th>
<th>(IND) Ad</th>
<th>(CON) Ad</th>
<th>(BNK) Ad</th>
<th>(COM) ad</th>
<th>(AGC) ad</th>
<th>(OG) ad</th>
<th>(INS) Ad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bi</td>
<td>-0.506**</td>
<td>0.95</td>
<td>2.347***</td>
<td>-0.688</td>
<td>0.869</td>
<td>-0.317</td>
<td>2.583***</td>
<td>-2.741***</td>
</tr>
<tr>
<td></td>
<td>-0.208</td>
<td>-0.798</td>
<td>-0.629</td>
<td>-0.452</td>
<td>-0.704</td>
<td>-0.788</td>
<td>-0.963</td>
<td>-0.723</td>
</tr>
<tr>
<td>Bs</td>
<td>-0.00565</td>
<td>0.00485</td>
<td>0.00158</td>
<td>0.0257</td>
<td>0.0174</td>
<td>0.0664***</td>
<td>-0.0695***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.00434</td>
<td>-0.0179</td>
<td>-0.00796</td>
<td>-0.0193</td>
<td>-0.0222</td>
<td>-0.0203</td>
<td>-0.0112</td>
<td></td>
</tr>
<tr>
<td>Bsh</td>
<td>-0.00167***</td>
<td>-0.00152*</td>
<td>-0.00951***</td>
<td>-0.00218*</td>
<td>-0.0137***</td>
<td>-0.00221</td>
<td>0.0154***</td>
<td>0.00123</td>
</tr>
<tr>
<td></td>
<td>-0.000505</td>
<td>-0.000873</td>
<td>-0.00222</td>
<td>-0.00125</td>
<td>-0.00374</td>
<td>-0.00178</td>
<td>-0.00426</td>
<td>-0.00112</td>
</tr>
<tr>
<td>Acind</td>
<td>-0.0328</td>
<td>-1.311**</td>
<td>-2.088***</td>
<td>0.285</td>
<td>-1.648***</td>
<td>0.105</td>
<td>-1.971***</td>
<td>0.664</td>
</tr>
<tr>
<td></td>
<td>-0.128</td>
<td>-0.568</td>
<td>-0.406</td>
<td>-0.235</td>
<td>-0.551</td>
<td>-0.473</td>
<td>-0.697</td>
<td>-0.683</td>
</tr>
<tr>
<td></td>
<td>-0.0547</td>
<td>-0.305</td>
<td>-0.195</td>
<td>-0.12</td>
<td>-0.19</td>
<td>-0.23</td>
<td>-0.209</td>
<td>-0.199</td>
</tr>
<tr>
<td>Wald Chi2</td>
<td>64.9</td>
<td>11.67</td>
<td>60.38</td>
<td>15.1</td>
<td>58.49</td>
<td>5.13</td>
<td>43.8</td>
<td>40.03</td>
</tr>
<tr>
<td>Prob &gt; Chi2</td>
<td>0</td>
<td>-0.0199</td>
<td>0</td>
<td>-0.0045</td>
<td>0</td>
<td>-0.274</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Observations</td>
<td>715</td>
<td>143</td>
<td>55</td>
<td>142</td>
<td>77</td>
<td>55</td>
<td>88</td>
<td>154</td>
</tr>
<tr>
<td>Number of id</td>
<td>65</td>
<td>13</td>
<td>5</td>
<td>13</td>
<td>7</td>
<td>5</td>
<td>8</td>
<td>14</td>
</tr>
</tbody>
</table>

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: TOT-Total of all Firms; IND-Industrial goods sector, CON-Consumer goods firms, BNK-Banking Sector, COM -Conglomerate firms, AGC-Agricultural produce firms, OG-Oil and Gas firms and INS-Insurance firms
Table 4.3 shows the result of the hypothesis test regarding the effect of governance mechanism on audit delay for the listed firms in the Nigeria stock exchange. The result refers to each industry and its aggregate. The result shows that the absence of corporate governance in the industrial goods firms can increase the audit delay with a constant rate of 4.631 with a statistically significant at 1%. This implies that the absence of corporate governance can lead to an increase in audit delay in the industrial goods sector of the listed firms in the Nigeria stock exchange. On the other hand, a unit increase in the level of board independence will lead to a 0.950 increase in audit delay in the industrial sector of the market. However, the increase has no statistical significance at the 5% test criteria. The result also shows that a unit increase in the level of board size can lead to a 0.0048 increase in the level of audit delay. This result has no statistical significance at the test criteria. Besides, a unit increase in board shareholding can lead to a 0.0015 decrease in the level of audit delay, but it is only significant at 10% and not the 5% test criteria. The result also shows that when the audit committee independence is increased by a level, it reduces the level of audit delay by 1.311 with a statistical significance at 5%. The result implies that audit committee independence has a tendency to reduce audit delay. The results show that board independence and board size increase delay without any statistical significance. Board shareholding and audit committee independence reduce audit delay for the industrial goods sector.

The results for the conglomerate sector of the listed firms in the Nigeria stock exchange show that when corporate governance is not considered; the level of audit delay in the sector increases at a constant rate of 5.156 with a statistical significance. When board independence is increased by a level, it leads to a 2.347 increase in the level of audit delay. The result has a statistical significance implication at both 1% and 5% signifying that the level of significance is strong. Similar to the case of the industrial goods sector, BI increases the level of delay in the audit report. When board shareholding level is increased by a level, it leads to a 0.0095 decrease in the delay of the audit. The result has a statistical significance, unlike the industrial goods sector, which decreases delay but without a statistical significance. The result shows that an increase in the level of audit committee independence can lead to a 2.088 decrease in the level of audit delay. The result indicates a significant statistical implication, like the case of the industrial goods firms.

For the banking industry sector, the result indicates that when corporate governance is not regulating the activities of the banks, there is a constant growth of 4.432 in audit delay. The constant-coefficient is significant at 1% and 5%. When corporate governance is considered, the result shows that a unit increase in the level of board independence can lead to a 0.688 decrease in audit delay. This result is different from the industrial goods and conglomerate firms that have a positive effect. For significance, it has no significant effect. The result of board size shows that a level increase in board size will result in a 0.00158 increase in audit delay. This result has no statistical significance. Like other results in the previous sectors, board size for the banking sector increases audit delay. Board shareholding has a coefficient value of -0.0021, which reduces the level of audit delay in the banking sector. The result shows a statistical significance in which board shareholding has a significant statistical influence in reducing the level of audit delay in the banking sector. The result for the banking sector shows that a level increase in audit committee independence can result in a 0.285 increase in audit delay. However, the result does not have any statistical significance.

The result of the consumer goods sector in the Nigeria stock exchange reveals the absence of corporate governance variables in the audit of the financial report with the delay at a constant rate of 0.869. The result has a statistical significance at 1% and 5%. The result also reveals that a unit increase in the value of board independence of the consumer goods firms can lead to a 0.869 increase in audit delay. The result has no statistical significance. This result implies that the level
of board independence does not increase the timeliness of audit report. Besides, the increase in the size of the board can lead to a 0.0257 increase in the level of audit delay. For the board size, previous studies revealed that conglomerate firms have positive without a statistical significance. A unit increase in the level of board shareholding can lead to a decrease in the audit delay of the consumer firms listed in the Nigeria stock exchange. The result shows a coefficient value of -0.0037 with a statistical significance in the industrial goods, conglomerate rate firms, and the banking sector. The audit committee independence has a negative and significant effect on the audit delay of listed consumer goods firms. The result implies that a unit increase in the level of audit committee independence can lead to a -1.648 decrease in audit delay.

The result from the agricultural sector shows that a unit increase in the level of board independence can lead to a 0.317 decrease in the level of audit delay; however, it has no statistical significance. When the board size is increased by a unit, it leads to a 0.0174 increase in the delay of the audit report of the listed agricultural firms in the Nigeria stock exchange. The result of board size influence has no statistical significance. Board share ownership decreases the delay of the audit report of the sector by 0.00221 when it is increased by a unit, and there is no statistical significance. Audit committee independence has a positive link with audit delay. The result implies that the increase in a unit in the level audit committee independence can result in a 0.105 increase in the level of audit delay. The general comment on the result from the agricultural sector is that no variable shows a statistical influence on the dependent variable.

The result from the oil and gas sector shows that when corporate governance is not considered, the rate of audit delay grows at a constant value of 4.027 with a statistical significance. For the level of the individual variable, the results show that a unit increase in the value of board independence can lead to a 2.583 increase in the days of audit delay with the statistical significance at 1% and 5%. The result shows that a unit increase in the level of board size can lead to a 0.0664 increase in the days of audit delay. The result has a statistical significance at both 1% and 5%. The result of the board shareholding shows that a unit increase in the level of board ownership can lead to a 0.0154 increase in the days of audit delay with the statistical significance at both 1% and 5%. However, the result of audit committee independence shows that a unit increase in audit independence will result in a 1.971 decrease in the number of days to delay the audit report. The result of audit committee independence has statistical relevance at 1% at 5%. The general result for the oil and gas sector reveals that all the variables show a significant result with all the variables in increasing audit delay, except for audit committee independence.

The result of the insurance sector shows that the absence of corporate governance can increase the delay in the audit report at a constant rate of 5.498 with a statistical significance. The various results show that a unit increase in the level of board independence can result in a 2.741 decrease in audit delay with a statistical significance. The result for the board size shows a negative relationship; a unit increase in the value of firm size can lead to a 0.0695 decrease in the number of days to prepare the audit report of insurance firms. The result is significant at 1% and 5%. For board shareholding, the result shows a coefficient value of 0.00123, which implies that board shareholding can lead to an increase in audit delay without statistical significance. Regarding the audit committee independence for the insurance sector, the result shows a coefficient value of 0.664, which implies a positive effect of audit committee independence on audit delay. Thus, a unit increase in audit committee independence for the insurance sector can lead to an increase in the number of days to report financial statement. The result of the insurance sector shows that board size and board independence have a negative and significant effect on audit delay. It is the only sector in which two variables have the same sign and significance. Overall, none of the board shareholding and audit committee independence has a negative sign.
For the overall result on how corporate governance affects audit delay in the Nigeria stock market, the result shows that when corporate governance is not considered, the rate of audit delay is at a constant rate of 4.722. The result with respect to board independence shows that a level increase in BI can lead to a 0.506 decrease in the number of days of delaying the audit report for all the listed firms. The result shows a statistical significance at 5%. For the board size, the result shows that a unit increase in the size of the board can result in a 0.00565 decrease in the number of days to file the audit report. However, the result has no statistical significance. On the other hand, a unit increase in board shareholding can lead to a 0.00167 decrease in audit delay with the statistical significance at 1% and 5%. Lastly, audit committee independence has a coefficient of -0.0328, which indicates a negative effect. The result means that an increase in the level of audit committee independence can lead to a 0.0328 decrease in the number of days for the delay of the financial report. The general observation reveals that all the sectors are jointly considered, and all the variables reduce the number of days in delaying the financial report. However, only two variables have a statistical significance: board independence and board shareholding.

The results on corporate governance and how it affects the timeliness of audit report show that all the sectors at an individual level have a significant effect of corporate governance on audit timeliness. However, the results of the individual variables vary across the firms. For board independence, the overall result shows that board independence reduces audit delay with the statistical significance, which is in line with Ilaboya and Iyafekhe (2014). The result from the insurance sector showed that board independence in the sector reduced the audit delay with significance. The result from the banking sector and the agricultural sector show that board independence reduced audit delay with no statistical significance. This result implies that when the board is given independence to operate freely, the management of an organisation can prepare a financial report on time and audit it on time. However, the independence of the board for the conglomerate and the oil and gas sectors does not reduce the delay of the audit report with statistical significance. The result is the opposite, although the conglomerate sector has a higher proportion of independence (see descriptive statistic in the appendix). Hashim and Rahman (2010) found no statistical effect on audit delay in Malaysia. Thus, having a higher level of independence is insufficient as the efficiency of the board plays a greater role in ensuring timely reporting.

The outcomes for the board size shows that the insurance sector and the aggregate firms have negative effects on audit delay. It was found that insurance firms have a significant link. The finding for the insurance sector is similar to the finding of Ahmed and Che-Ahmad (2016) that board size has a significant effect in reducing audit delay. The implication of the result for the different sectors is that the size of the board does not play a serious role in reducing audit delay. Most of the cases show the increase in delay by the individual sectorial results. Although the finding for the overall result is in line with the prior expectation, considering individual sectors show otherwise.

Board shareholding, conglomerate sector, consumer goods sector, and overall result show that board shareholding reduces audit delay with a statistical significance. Sectors like industrial goods, banking, and agriculture have negative effects. On the other hand, the board shareholding for oil and gas and insurance sectors are positive. Generally, board shareholding reduces audit delay (Hashim, 2017).

For audit committee independence and how it affects audit delay, the result shows that most of the sectors have negative effects, which reduce audit delay as most of the coefficients are
negative and have statistical significance. This type of relationship is expected as the committee perform a good job that reduces the delay in providing and auditing the financial report. The finding in this study is different from Ezelibe, Nwosu, and orazulike (2017), and it is similar to Rediyanto, Sutrisno, and Endang (2017).

For the overall determining role of corporate governance on financial reporting timeliness, the outcome shows that it has a negative effect. Thus, corporate governance reduces audit delay for all the listed firms.

5.0 Conclusion and Recommendations

The findings reveal that most firms require an average of three months to provide financial reports after the required due date. This situation is serious because the investors’ decisions will be pending due to the delayed financial report. Hence, investors might look for other firms or delay their decisions that can limit the circulation of funds. Some firms require almost one year after the deadline to file their financial reports. The average delay is higher in consumer goods section of the listed firms, followed by the oil and gas sector. These two sectors have diverse business operations and complicated transactions, which can cause substantial delays in their financial reporting. Timeliness is one of the requirements for good financial reporting. It can be concluded that the delay in reporting timeliness can send bad signals to both local and foreign investors in the stock market.

For the effect of corporate governance on the financial reporting timeliness, the aggregate evidence reveals that governance mechanism significantly reduces the delay in the financial report. For the market as a whole, it is recommended that the Securities and Exchange Commission (SEC) should continue to enforce compliance with the governance mechanisms to aid reporting timeliness, which provides the basis for investors in making their decision. Firms in the industrial goods, conglomerate, banking, and consumer goods sectors should be closely monitored by the SEC since most of the governance variables can increase the delay. The effectiveness of the board should be improved in terms of the capability of board members. Since the relationship between board size and reporting timeliness is direct (moving in the same direction), the management of these sectors should reduce their board size to decrease the number of days to provide the financial report. It is necessary because large size can lead to debate, which is time-consuming. It is also recommended that sectors such as industrial goods and banking sector should encourage board shareholding to reduce audit delay but not to a significant level for the sectors, which would then make it significant. For the insurance and oil and gas sectors, they can consider reducing the board shareholding level since it is at a saturation level that can increase the days taken to provide financial reports.

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