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Corporate Governance And Audit Delay In Listed Non-Financial Firms In Nigeria: A Quantile Regression Approach

[1*]Josiah Mary
Department of Accounting: College of Business and Management Studies
Igbinedion University Okada

[2]Ekpe Malthus Timothy
Department of Accounting College of Business and management Studies
Igbinedion University Okada

[3*]Bosun-Fakunle Yemisi F.
Department of Accounting: College of Business and Management Studies
Igbinedion University Okada

Abstract
The broad objective of the study is to examine the impact of corporate governance on audit delay in non-financial firms listed on the Nigerian Stock Exchange. The ex-post facto research design was adopted in the study. The study utilized 75 non-financial firms. The data was retrieved from corporate annual reports of the sampled quoted companies on the Nigeria Stock Exchange for a period of 2010-2019 financial years. Quantile regression technique was used to analysis the data. The results revealed that the distributional dynamics for Audit lag (AUDL) tends to highlight that the effect of Board Size (BDS) is significant at 5% for firms at sample at average levels. The effect of Board independence (BDIND) is also significant at 5% for firms at average levels, Therefore, whether firms have relative high, average or low periods for reporting timeliness, the effect of BDS and BDIND appears to be persistent from the result. This implies that board size and board independence has strong effect on timeliness of financial reports for firms that are in the top quantile in the audit delay distribution. Finally, the study reveals an insignificant effect of board gender diversity on audit delay across the entire statistical distribution of audit delay data. This study has contribute to knowledge by making use of quantile regression analysis, this allows comparing how some percentiles of audit timeliness may be more affected by corporate governance than other percentiles. The quantile estimates are generated for different ranges for timelines structure that allows us to examine the impact of corporate governance at different points of the distribution of firm's audit report timeliness The estimations thus indicated that the insignificant effect of board gender diversity on audit delay is very evident across the entire statistical distribution of audit delay data. The study recommended the need for companies to improve both the quality of the board size and the proportion of independent directors as well as increase the number of women in the board.

Key Words: *Corporate Governance, Audit delay and Quantile Regression*

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I. GENERAL INTRODUCTION

Corporate financial reporting is a means by which management achieves their stewardship responsibility by preparing and publishing audited annual reports and accounts. Timeliness of the published audited annual reports and account is one of the essential qualitative attributes desired of any good accounting information. Timeliness of accounting information is about the availability of accounting information when it is needed and how current when it is received and used. Timeliness is a topic that has been increasingly addressed by accounting regulators, organizations and authorities around the world. For instance, the United States Securities and Exchange Commission (SEC), the New York Stock Exchange (NYSE), and NASDAQ have all established requirements and recommendations concerning the timeliness of published financial reporting (Abdelsalam & Street, 2007). Timeliness of financial reports is a significant mechanism to minimize insider trading, leaks and rumors among emerging capital markets. Timeliness is also an important characteristic of the usefulness of accounting information (Ku Ismail & Chandler, 2004) and regarded as one measure of audit quality (Leventis, Weetman, & Caramanis, 2005).

Corporate governance and the board structure in particular has received attention in recent times as a key mechanism that can impact on the timeliness of financial reporting and been recognized even at the level of policy, with codes of corporate governance giving a special attention to board issues. Empirical evidence has shown that properly constituted boards tend to contribute an unbiased sense of judgment (Bhagat & Black, 2001) and enhance the timeliness of report (John & Senbet, 1998). There are several components to look at in profiling the corporate governance structure or the board structure of a corporate entity such as the board size, the board independence, board gender diversity, audit committee, board financial expertise amongst others and these components has implications on the timeliness of financial reporting. In this regards, Oladipupo and Izedonmi (2009) posit that delay in corporate financial reporting is inevitable and delay is not only caused by the auditors but that the board and management is partly responsible. Management has a lot of discretion to exercise in corporate financial reporting process. No external audit exercise will commence until the management makes a draft copy of annual report and accounts ready.

Similarly, the board of directors has a role to play in facilitating the commencement and progress of audit exercise. Even after the end of audit exercise and the audit report is made available, it takes the corporate entity responsibility to organize for annual general meeting where the audited annual report and accounts can be presented to the stakeholders. Even in the matter of filing of copies of audited annual report and accounts with various regulatory bodies like relevant tax authorities, Security and Exchange Commission (SEC) and Corporate Affairs Commission (CAC), management has a lot of discretion to exercise, the extent guidelines and regulations notwithstanding. For example, Afify (2009) argued that a significant relationship exist between an independent board and the timeliness of audit reporting because of the monitoring role of independent boards. Independent directors are associated with high-quality auditing and that a greater proportion of independent directors on the board resulted in the use of more specialized major auditors. In relation to board size, though the optimal size for a board of directors is an issue for a company, a big-sized board facing coordination challenges and large-sized boards could result in meaningless discussions coupled with time-consuming and difficult realization of outcomes and a lack of cohesion leading to management delay which can culminate into affecting the timeliness of audit reports. On the other hand relating to board gender diversity Raweh, Kamardin and Malik (2019) could not find any evidence that board gender diversity is associated with audit report lag while at the same time Ben-Kwame (2018) using regression analysis found that financial reporting lag has a negative statistically significant relationship with board gender diversity. Given the above findings this study thus examined the impact of corporate governance on audit delay at different levels of distribution of the data using a quantile regression approach.

Statement of the Problem

Though several studies have been carried out on the determinants of timeliness of financial reporting in Nigeria (Eniola & Alo 2020; Ilaboya & Iyafekhe, 2014). These studies employed the use of Ordinary Least squares (OLS) or panel regression in the analysis of corporate governance and timeliness of financial reporting. But this study employs the use of quantile regression analysis. Unlike the OLS or panel linear regression which does not show the effect of corporate governance on different level of audit timeliness, the quantile regression parameter estimates the change in a specified quantile of the response variable. The conditional quantile regression traces the entire distribution of corporate governance, conditional on a set of audit timeliness categories. This allows comparing how some percentiles of audit timeliness may be more affected by corporate governance than other percentiles. The quantile estimates are generated for different ranges for timelines structure that allows us to examine the impact of corporate governance at different points of the distribution of firm's audit report timeliness. Following this line, the approach of this study is different from prior studies on corporate governance and financial reporting timeliness conducted in Nigeria. The gap in knowledge is essentially methodological gap.

Research Hypotheses

The hypotheses are formulated and stated in null forms as indicated below;

H_{01}. Board size has no significant impact on audit delay of listed non-financial firms in the Nigerian Stock Exchange

H_{02}: Board independence has no significant impact on audit delay of listed non-financial firms in the Nigerian Stock Exchange

H_{03}: Board gender diversity has no significant impact on audit delay of listed non-financial firms in the Nigerian Stock Exchange

II. LITERATURE REVIEW

Empirical Review

Board independence is a key dimension of corporate governance as it is concerned with the extent to which the board can be said to be objective. The independence of the board can be measured by the number of non-executive or outside directors on the board. The importance of outside directors has been recognized even at the level of policy, with codes of corporate governance giving a special attention to the need to have a reasonable proportion of them on the board of listed firms. Empirical evidence has shown that properly constituted boards with the right mix of non-executive directors tend to contribute an unbiased sense of judgment (Bhagat & Black, 2001). A board comprising reasonable proportion non-executive directors is more likely to be independent of management than one dominated by inside directors, and therefore more likely to protect the interests of other stakeholders (John & Senbet, 1998). Taking the case of Nigeria, the new code of corporate governance provides that the non-executive directors should be in the majority (Ilaboya & Iyafekhe, 2014). Afify (2009), the independence of a board of directors is related to its composition and the board is expected to be more independent as external directors increase in proportion to non independent directors.

With regards to the relationship between board independence and audit delay Afify (2009) revealed the significant relationship between an independent board and the lag in audit reporting and indicated that the monitoring role of independent board could positively influence the quality of financial disclosure and timeliness of financial reports, along with providing an effective and efficient audit, and thus, it mitigates against a large lag in an audit report. Abdelsalam and El-Masry (2008) also showed that board independence related positively to the timeliness of financial Internet reporting. Moreover, Beasley and Petroni (2001) contended that a greater proportion of independent directors on the board resulted in the use of more specialized major auditors and the implication is that having more independent members of the board results in timelier financial reporting. Wu, (2008) stated that increased independent directors on a board are linked to reduced report lag, and this result has been attributed to the time spent in confirming firm events

Ovbiebo (2021) examined the nexus between audit committee characteristics and audit report lag among Nigerian Insurance companies using panel data with information from annual reports from 2016 to 2020. The result shows that audit committee financial expertise has significant negative relationship with audit report lag, while committee independence, size and effectiveness on the average has insignificant positive relationship with audit report lag. He further recommended for companies to include in the board members with in depth knowledge of accounting and finance. Nouraldeen, Mandour and Hegazy (2021) investigated the determinants (company specific characteristics and corporate governance factors) on audit report lag in aa developing country from 2012 to 2017 using multiple regression analysis. The results show a significant relationship between audit report lag and each bank size, leverage, board independence, board diligence, audit committee independence and audit committee diligence. The regression outcomes revealed that banks with longer audit report lag are smaller, have higher leverage, their boards and audit committees are less diligence, their boards are more independent and the audit committees include less independent and non-executive members.

Chukwu and Nwabochi (2019) conducted a study on audit committee characteristics and timeliness of corporate financial reporting in the Nigerian insurance industry. The purpose of this study was to investigate the effect of the characteristics of audit committee on timeliness of corporate financial reporting in the Nigerian insurance industry. The study employed ex post facto research design, and used secondary data extracted from the annual reports of fifteen insurance firms listed on the Nigerian Stock Exchange during the period 2012 to 2015. Four hypotheses were formulated and tested using the Ordinary Least Square method of multiple regressions. They found that there was a negative but insignificant association between audit committee gender and timeliness in corporate financial reporting.

III. METHODOLOGY

Population

The population of the study comprises of all non-financial companies quoted on the floor of the Nigerian Stock Exchange. As at December 2020, there are about 75 of such companies quoted on the Nigerian Stock Exchange (NSE, 2020) now Nigerian Exchange Group Plc..

Sample Size

The sample for the study covers the entire non-financial companies. This is done in order to ensure robustness of the results and to minimize the tendency for sample selection bias. The companies selected are those with reported information within the period covered in the study.

Sources of Data

Secondary data were used for this study. The data were retrieved from corporate annual reports of the sampled quoted companies on the Nigeria Stock Exchange for the period of 10 years from 2010-2019 financial years. The researcher utilizes only corporate annual reports because they are readily available, accessible and also provide a greater potential for comparability of results.

Method of Data Analysis

The effect of corporate governance on audit delay which is the focus of this study was examined using the quantile regression estimation technique. This study employs descriptive statistical method which includes descriptive techniques such as the mean, standard deviation, range, frequency distribution.

Model Specification

The models used for the study are built on the prior studies of Koenker and Basset (1978) and Koenker and Basset (2005). The models are presented below;
The functional form is presented as;
AUDL = f (BDS, BDIND, BDG)
The econometric form is presented below;
AUDL = $\beta_0 + \beta_1 BDS_{it} + \beta_2 BDIND_{it} + \beta_3 BDG_{it} + \mu$---(ii)
Where: AUDL= Audit delay
BDS= Board size
BDIND= Board Independence
BDG= Board Gender Diversity
μ= error term
$\beta_0 - \beta_3$ = Slope coefficients

PRESENTATION AND ANALYSIS OF RESULT

The preliminary analysis is first examined and here we discuss the descriptive statistics results, the Pearson product moment correlation results and variance inflation factor test for multicollinearity is also examined. After that, the panel regression results is presented. The results are presented and analysed below; and the data is shown in appendix iv.

Table 1. Descriptive Analysis

	Mean	Max	Min	Std. Dev.	J.B	Prob
AUDL	203	224	90	88.76594	769010.1	0.000
BDS	8.958391	19	4	2.517371	55.41627	0.00
BDIND	0.657892	1	0	0.1601	73.84478	0.00
BGD	0.091012	0.44	0	0.095332	92.77069	0.00

Source: Researcher's compilation (2021) using Eview 10.

Table 1 above shows the descriptive statistics for the variables and as observed, AUDL has a mean of 203 days with maximum and minimum values of 224 days and minimum of 090 days respectively. BDS has mean of approximately nine (9) members with a standard deviation of 2.75 indicating the extent of dispersion from the mean. Though there is yet no consensus on what an optimal board size should be, the argument is that board size should reflect all stakeholder/shareholder interest. The maximum and minimum values stood at 19 and 4 respectively. BDIND has mean value of 0.66 which indicates that on the average about 66% of board members are independent members with a standard deviation of 0.16. This ratio is good and if properly engaged can improve the board objectivity, reduce agency cost and improve board and corporate reputation. This was slightly higher than some prior studies by Ajibolade and Uwuigbe (2013), Amran and Che Ahmad (2009) that each found the mean to be 0.414 and 0.548 respectively.

The mean for Board gender diversity (BGD) is 0.091 and this suggests that on the average companies in the distribution have approximately 0.09% of board members who are females. This suggests that corporate boards in Nigerian still exhibit a very poor gender representation in corporate boards and thus companies really need to begin increasing female presence and gender mix in their boards in line with global shift for gender balanced boards.

Table 2: Pearson Correlation Result

Probability	AUDL	BDIND	BDS	BGD
AUDL	1			
BDIND	-0.0564	1		
Prob	0.1309	-		
BDS	-0.0727	0.1405*	1	
Prob	0.0515	0.000		
BGD	-0.0218	-0.0233	0.076*	1
Prob	0.56	0.5321	0.041	

Source: Researcher's compilation (2021) using Eviews 10. * sig @ 5%

From table 2, the correlation coefficients of the variables are examined. As observed, BDIND is negatively correlated with AUDL(r=-0.056) though not significant at 5% (p=0.1309). BDS is negatively correlated with AUDL (r=-0.0727) and significant at 10% (p=0.052). BGD is negatively correlated with AUDL (r=-0.0515) but though not significant at 5% (p=0.56). Though providing some level of insight into the degree and direction of relationship between the variables, the correlation analysis is limited in its inferential ability mainly because it does not imply functional dependence and hence causality in a strict sense and regression analysis is better suited for this purpose.

Multicollinearity Analysis

Multicollinearity among the independent variables implies that they are perfectly correlated. If there exists perfect correlation between the independent variables, the parameter coefficients will be indeterminate. In the presence of multicollinearity, there will be large standard errors of the estimated coefficients. In this study, the variance inflation factor test is constructed to test for multicollinearity. The result is presented below;

Variance Inflation Factor Test

Variable	Centered VIF
BIND	1.07137
BDS	1.316697
BGD	1.109206

Source: Researcher's compilation (2021)

Before proceeding to conduct the regression, the test for multicollinearity between the variables is conducted using the variance inflation factor (VIF). Basically, the VIF explains how much of the variance of a coefficient estimate of a regressor has been inflated, as a result of collinearity with the other regressors. Essentially, VIFs above 10 are seen as a cause of concern as observed, none of the variables have VIF's values more than 10 and hence none gave serious indication of multicollinearity.

Table 4.3. Quantile Regression Estimates for Corporate Governance and Audit Delay

	Quantile	Coefficient	Std. Error	t-Statistic	Prob.
C	0.100	-4.171142	3.654235	-1.141454	0.2541
	0.200	-12.35340	4.703639	-2.626349	0.0088*
	0.300	-22.55272	6.441310	-3.501263	0.0005*
	0.400	-37.28340	7.727465	-4.824791	0.0000*
	0.500	-55.98262	9.933150	-5.635939	0.0000*
	0.600	-89.76468	17.17229	-5.227298	0.0000*
	0.700	-120.5384	16.96851	-7.103652	0.0000*
	0.800	-156.1496	20.75613	-7.523061	0.0000*
	0.900	-287.6430	40.70625	-7.066311	0.0000*
	0.100	0.790763	1.060416	0.745711	0.4561
BDS	0.200	2.673669	1.266307	2.111391	0.0351*
	0.300	5.498456	1.863877	2.950010	0.0033*
	0.400	7.514402	2.011697	3.735355	0.0002*
	0.500	12.85260	3.892944	3.301513	0.0010*
	0.600	20.44331	7.578078	2.697690	0.0072*
	0.700	28.95340	9.569926	3.025458	0.0026*
	0.800	31.26331	14.08529	2.219571	0.0268*
	0.900	36.84152	15.71734	2.344004	0.0194*
BGD	0.100	0.005660	0.762923	0.007418	0.9941
	0.200	-0.528997	0.992280	-0.533113	0.5941
	0.300	-0.104167	1.059326	-0.098333	0.9217
	0.400	-1.486534	1.384364	-1.073803	0.2833
	0.500	-2.736377	1.712342	-1.598032	0.1105

	0.600	-1.050323	2.362078	-0.444660	0.6567
	0.700	-0.295322	3.111706	-0.094907	0.9244
	0.800	7.637149	15.13753	0.504518	0.6141
	0.900	34.67851	13.63035	2.544213	0.0112*
BDIND	0.100	0.633505	0.563363	1.124505	0.2612
	0.200	2.271577	0.725108	3.132741	0.0018*
	0.300	4.055147	0.998349	4.061853	0.0001*
	0.400	6.596904	1.205117	5.474076	0.0000*
	0.500	9.753827	1.568201	6.219755	0.0000*
	0.600	15.28499	2.866646	5.332012	0.0000*
	0.700	20.78613	2.716496	7.651818	0.0000*
	0.800	26.25933	3.855296	6.811235	0.0000*
	0.900	45.29554	6.731320	6.729073	0.0000*

Source: Researcher's compilation (2021) using Eview 10 software* sig @ 5%, **sig@10

The usefulness of the quantile regression technique is that unlike the panel regression which does not show the effect of an independent variable on different level of the dependent but is regarded as a mean regression, the quantile regression parameter estimates the change in a specified quantile of the response variable. The conditional quantile regression traces the entire distribution of the independent variable, conditional on a set of categories for the dependent variable. As observed, the distributional dynamics for AUDL tends to highlight that the effect of BDS is significant at 5% for firms at high levels above sample average at Q[0.2], (p=0.0351), Q[0.3], (p=0.0033) and Q[0.4], (p=0.00002). The effect of BDS is also significant at 5% for firms at sample average levels, Q[0.5] and even below average levels Q[0.6], (P=0.0072), Q[0.7] (p=0.0026), Q[0.8] (p=0.0027) and Q[0.9] (p=0.0194). Therefore, whether firms have relative high, average or low periods for reporting timeliness, the effect of BDS is persistent. Consequently, the positive coefficient across all quantile suggests that increases in BDS will result in positive effects on timeliness of financial reports. Therefore, the null hypothesis that BDS has no significant effect on audit delay is rejected.

Our finding is consistent with, Ezelibe, Nwosu and Orazulike (2017) which examined the effect of corporate governance and audit delay of quoted companies in Nigeria. In order to achieve the objectives of the study, a total of fifteen firms quoted on the Nigerian stock exchange market under the consumer goods sector for the period 2012-2016. The findings revealed that board size has a significant negative relationship with audit delay of corporate firms in Nigeria. Mohammed and Che-Ahmed (2017) paper examines the effects of corporate governance characteristics on audit report lag (ARL) of listed banks in Nigeria. Fourteen banks were used in the study. The study covers a 5-year period from 2008 to 2012. Findings of the study based on robust ordinary least squares model indicate that Board size have significant positive associations with ARL. Ilaboya and Iyafekhe (2014) found that board size, had a significant effect on audit report lag. Appah, Ebimobowei Emeh, Yadirichukwu (2012) examines the impact of corporate governance on the timeliness of financial statements of quoted firms in Nigeria. The result revealed a significant relationship between board size and timeliness of financial reports. Ezat (2009) examined the key factors that affect the timeliness of corporate internet reporting by the listed Egyptian corporations in the Egyptian Exchange. The study found a significant relationship between the timeliness of corporate reporting and board size

On the contrary, our findings is in contrast with Yoke, Jiaying, Ann, Yan and Yi (2017) study investigates the effect of corporate governance variables on the audit report lag of 250 public listed companies in Malaysia. By applying multiple linear regression, the findings showed that board size have no significant association with audit report lag. Baatwah, Salleh and Ahmed (2017) study provides empirical evidence from Middle East and No rth Africa (MENA) testing of whether corporate governance mechanisms are associated with audit report timeliness. Using a panel data approach, the study document that the association between board size and audit report timeliness is insignificant. Wu, Wu and Liu (2008) investigated the effect of corporate governance on the audit report lag. The study found that there is no significant relationship between board size and timely annual reports. Ibadin, Izedonmi and Ibadin (2012) empirically examine the relationship between corporate governance variables, corporate attributes variables and timeliness in a developing country, Nigeria. Using a sample of 118 listed companies on the Nigerian Stock Exchange (NSE), the study depended on the use of descriptive statistics and the Ordinary Least Square (OLS) regression analysis. The study found that board size had no significant relationship with audit delay. Hashim and Rahman (2010) result revealed that there was no significant relationship between board size and audit report lag.

As observed, the distributional dynamics for AUDL tends to highlight that the effect of BDIND is significant at 5% for firms experiencing relatively high levels of audit delays above sample average at Q[0.2], (p=0.0018), Q[0.3], (p=0.0001) and Q[0.4], (p=0.0000). This implies that the board independence has a strong effect on timeliness of financial reports for firms that are in the top quantile in the audit delay distribution. An equally significant effect of board independence is observed for firms at sample average levels, Q[0.5] and even below average levels Q[0.6], (P=0.0072), Q[0.7] (p=0.0026), Q[0.8] (p=0.0027) and Q[0.9] (p=0.0194). the estimations thus reveled that the effect of board independence on audit delay is very evident across the entire statistical distribution of audit delay data. Hence, for firms experiencing challenges with the timeliness of their audit reports, the independence of the board is a vital factor. The positive coefficient across the distribution thus suggests that firms with more independent directors can significantly improve timeliness of financial reports. Therefore, the null hypothesis that Board independence has no significant effect on audit delay is rejected.

The finding of the study is consistent with that of Afify (2009) which revealed the significant relationship between an independent board and the lag in audit reporting and indicated that the monitoring role of independent board could positively influence the quality of financial disclosure and timeliness of financial reports, along with providing an effective and efficient audit, and thus, it mitigates against a large lag in an audit report. Abdelsalam and El-Masry (2008) also showed that board independence related positively to the timeliness of financial Internet reporting. Moreover, Beasley and Petroni (2001) contended that a greater proportion of independent directors on the board resulted in the use of more specialized major auditors and the implication is that having more independent members of the board results in timelier financial reporting. Wu (2008) stated that increased independent directors on a board are linked to reduced report lag, and this result has been attributed to the time spent in confirming firm events. Ezat (2009) found a significant relationship between the timeliness of corporate reporting and board independence.

On the other hand, Baatwah, Salleh and Ahmed (2017) study provides empirical evidence from Middle East and North Africa (MENA) testing of whether corporate governance mechanisms are associated with audit report timeliness. Using a panel data approach, the result show that the relationship between board independence and audit report timeliness is insignificant. Ilaboya and Iyafekhe (2014) investigate corporate governance in relation to Audit report lag in Nigeria. Data were analyzed using descriptive statistics correlation and Ordinary Least Square, (OLS) regression. They found that board independence had no significant effect on audit report lag. Ibadin, Izedonmi and Ibadin (2012) empirically examine the relationship between corporate governance variables, corporate attributes variables and timeliness in a developing country, Nigeria. Using a sample of 118 listed companies on the Nigerian Stock Exchange (NSE). The study found that board independence had no significant relationship with audit delay. Hashim and Rahman (2010) study revealed that there was no significant relationship between board independence and audit report lag.

As observed, the distributional dynamics for AUDL tends to highlight that the effect of Board gender diversity tends to be insignificant at 5% for firms experiencing relatively high levels of audit delays above sample average at Q[0.1], (p=0.9941), Q[0.2], (p=0.5941) and Q[0.3], (p=0.9217) and Q[0.4], (p=0.2833). This implies that the board gender diversity is weak and has no effect on timeliness of financial reports for firms that are in the top quantile in the audit delay distribution. An equally insignificant effect of board gender diversity is observed for firms at sample average levels, Q[0.5] and even below the sample average levels Q[0.6], (P=0.6567), Q[0.7] (p=0.9244), Q[0.8] (p=0.6141) except for Q[0.9] (p=0.0112). The estimations thus revealed that the insignificant effect of board gender diversity on audit delay is very evident across the entire statistical distribution of audit delay data. Hence, the presence of women on corporate boards may significantly affect other organizational outcomes but in the context of this study, no evidence is seen in terms of improving timeliness of corporate reports. Therefore, the null hypothesis that Board gender diversity has no significant effect on audit delay is accepted.

The finding of the study is consistent with that of Raweh, Kamardin and Malik (2019) who could not find any evidence that board gender diversity is associated with audit report lag. Akhor and Osaghale (2017) that gender diversity has no significant relationship with financial reporting lag. Also in tanderm is Khaldon, Ku Nor Ku and Nor Asma (2015) who found that audit report lag is not related positively to board gender diversity.

On the other hand in contrast is that of Ben-Kwame (2018) using regression analysis found that financial reporting lag has a negative statistically significant relationship with board gender diversity.

IV. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This section examines the summary of the study findings, conclusion and recommendations

Summary of findings

i. The dynamics for AUDL tends to highlight that the effect of BDS is significant at 5% for firms at high levels above sample average at Q[0.2], (p=0.0351), Q[0.3], (p=0.0033) and Q[0.4], (p=0.00002). The effect of BDS is also significant at 5% for firms at sample average levels, Q[0.5] and even below average levels Q[0.6], (P=0.0072), Q[0.7] (p=0.0026), Q[0.8] (p=0.0027) and Q[0.9] (p=0.0194).

ii. The distributional dynamics for AUDL tends to highlight that the effect of BDIND is significant at 5% for firms experiencing relatively high levels of audit delays above sample average at Q[0.2], (p=0.0018), Q[0.3], (p=0.0001) and Q[0.4], (p=0.0000). An equally significant effect of board independence is observed for firms at sample average levels, Q[0.5] and even below average levels Q[0.6], (p=0.0072), Q[0.7] (p=0.0026), Q[0.8] (p=0.0027) and Q[0.9] (p=0.0194). The estimations thus reveals that the effect of board independence on audit delay is very evident across the entire statistical distribution of audit delay data.

iii. Finally, the distributional dynamics for AUDL tends to highlight that the effect of Board gender diversity tends to be insignificant at 5% for firms experiencing relatively high levels of audit delays above sample average at Q[0.1], (p=0.9941), Q[0.2], (p=0.5941) and Q[0.3], (p=0.9217) and Q[0.4], (p=0.2833). An equally insignificant effect of board gender diversity is observed for firms at sample average levels, Q[0.5] and even below the sample average levels Q[0.6], (P=0.6567), Q[0.7] (p=0.9244), Q[0.8] (p=0.6141) except for Q[0.9] (p=0.0112). The estimations thus revealed that the insignificant effect of board gender diversity on audit delay is very evident across the entire statistical distribution of audit delay data.

V. Conclusion

The estimations thus indicates that the insignificant effect of board gender diversity on audit delay is very evident across the entire statistical distribution of audit delay data. Hence, the presence of women on corporate boards may significantly affect other organizational outcomes but in the context of this study, no evidence is seen in terms of improving timeliness of corporate reports. The study recommends the need for companies to improve both the quality of the board size and the proportion of independent directors.

VI. Recommendations

In the light of the study findings, the following recommendations are made;

Firstly, given that the independence of the board is a significant factor influencing timeliness of financial reporting, companies should look into the ratio of non-executive to executive directors and ensure that the board independence level does not come at an opportunity cost of timely financial reporting and vice-versa.

Secondly, study reveals that the size of the board is a significant factor influencing timeliness of financial reporting. Hence the recommendation is that companies must select an optimal board size between 5 to 9 members that will ensure that issues of delay in financial reporting is reduced. Though there is still no consensus regarding what is the ideal number for the board size, the study nevertheless recommends that companies should ensure that all direct stakeholders in the firm are represented adequately on the board.

Thirdly, the study reveals an insignificant effect of board gender diversity on audit delay across the entire statistical distribution of audit delay data. Hence the study recommends that there is the need for more females to be brought into corporate boards as this could make their contributions to be significant. The low proportion of females in most corporate boards is an issue that deserves attention.

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