Effect of Institutional Ownership on Audit Report Lag of Listed Non-Finance Firms in Nigeria

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DOI: 10.56201/ijefm.v10.no4.2025.pg86.98

Abstract
This study investigated the effect of institutional ownership on audit report lag of listed non-finance firms in Nigeria. The population of the study consists of all the 103 (one hundred and three) drawn from all the selected non-finance firms listed on the floor of the Nigerian Exchange Group (NGX). The study employed judgmental and non-probability sampling technique and the sample size was seventy-seven (77). Both primary and secondary sources of data were explored. Based on the nature of data collected, panel generalized method of moment analytical approach was used. The results obtained from the Generalized Least Square regression analysis reveal that institutional ownership [Coef. = 0.0012214 (P-value = 0.000)] had a positive effect on audit report lag with respect to non-violator firms in Nigeria. This study concludes that timely financial reporting is essential not only for reducing uncertainties and information asymmetry but to enhance the overall efficiency of financial markets and strengthen stakeholder trust. This study recommends that stakeholders should implement targeted policies that will balance the benefits of institutional investors' scrutiny with the need for timely reporting. Regulatory bodies such as the Securities and Exchange Commission (SEC) should encourage institutional investors to adopt more streamlined governance practices, including setting clear expectations for financial reporting processes and collaborating with management to establish realistic yet efficient timelines for audit completion. These measures would maintain the high-quality reporting demanded by institutional investors while preventing unnecessary delays.

Keyword: *Institutional Ownership, Audit Reporting, Listed Non-finance firms, Nigeria.*

Introduction

The re-occurrences of the Enron saga and various related financial crises in recent times, appears to have attracted more academic and stakeholders attention, the including regulatory authorities who have put stern focus on timely availability of financial statements, without overlooking the transparency characteristic (Abbas, Hakim & Rustandi 2019; Fadrul, & Astuti 2019). In some emerging economies, timely information and reports are most critical especially as other non-financial statement outlets (media releases, press conferences, and financial analyst predictions) are not as developed as in advance economies. In Nigeria, the Securities and Exchange Commission (SEC) and Companies and Allied Matters Act (CAMA) necessitates that all listed companies must make available their audited annual reports for publication on or before ninety (90) days, after their financial year end (Ibadin & Izedonmi, 2012). However, it becomes disturbing to note that different sub-sectors of the Nigerian financial services sector have different filing dates, with the differential being as large as sixty (60) days by statutory provisions. For instance, insurance firms by virtue of the provisions of S.26 (1) of the Insurance Act, 2003 are given six (6) months filing period, while banks are required by the provisions of S.27(1) of the Banking and other Financial Institutions Act, 2004 to publish their annual financial results not later than four (4) months after the end of its financial year. Nevertheless, prior studies on audit reports lag reveal that listed firms still go beyond the prescribed time frame for releasing audited financial reports (Uthman, Ajadi & Asipita, 2018).

Many regulatory agencies and listing authorities around the world to include the US, the UK Financial Services Authority (FSA), Australia, Germany, China and Canada have requirements and recommendations regarding timely disclosure of financial statement information (Abdelsalam & Street, 2007). In Nigeria, the Securities and Exchange Commission (SEC) Securities Exchange Commission and the Companies and Allied Matters Act (CAMA) requires that all listed companies must make available their audited annual reports for publication on or before ninety (90) days, after their financial year end (Ibadin & Izedonmi, 2012). Although not peculiar to emerging economies, studies reveal that listed firms in Nigeria still lag behind the prescribed time frame for releasing audited financial reports (Uthman, Ajadi & Asipita, 2018). Different scholars to include Charumathi & Krishnan (2011); Raja-Ahmad & Kamarudin (2003); Aktas & Kargyn (2011); Al-Ghanem & Hegazy (2011); Arowoshegbe, Uniamikogbo & Adeusi (2017); Blankley, Hurtt & MacGregor (2015); Durand, (2018) have identified various internal monitoring factors that promotes audit report lag. For instance, Jensen and Meckling (1976) postulate that the structure of corporate share ownership helps financial information users achieve their goals and minimize delays associated with financial reports release. Similarly, Sepasi, Kazempour, and Mansourlakoraj, (2016) document that ownership structure and the identity of shareholders are important attributes that explains timeliness of financial reporting. Specifically, Boubakri, Cosset and Guedhami, (2005) posit that the inclusion of directors' interest (managerial shareholding) in the shareholding structure can be a great step towards timely release of financial information and this is consistent with the views of Hashim, (2017) who document that the dominance force of managers via ownership rights significantly reduces the time spent in preparing and releasing the financial reports.

Reports obtained from the Nation newspaper indicate that most companies listed on the floor of Nigerian Exchange Group were unable to meet the deadline for submission of yearly report as of December 31, 2017, and March 31, 2018. This violation led the Nigerian Exchange Group placing sanction/fines on some companies over their audited reports. The failure of these companies to submit their report resulted in the fines such as First Bank of Nigeria 2million Naira, International Breweries N100,000, Meyer Plc 2.1million Naira, Sovereign Trust Insurance 2.1million Naira, Abbey Mortgage Bank N700,000, Lafarge Africa Plc 2million Naira, Fidelity Bank Plc 2.7million Naira, Sterling Bank 2.1million Naira, Wema Bank N800,000, FCMB N100,000 all due to delay in filing of audited annual report which may have resulted in loss of shareholder' s wealth.

First, this study is motivated by the need to extend empirical evidence on corporate ownership differential effect on audit report lag knowing well that the problems associated with late release of audited financial reports deprives readers of information that would have been useful for decision making, weakens the communicative function of audit reports, promotes information imbalance, and exacerbates the information asymmetry between investors and managers. Although, there is a plethora of research on this issue in Anglo-American context (Whittred, 1980; Harjanto, 2017; Yendrawati & Mahendra 2018) and continental European (Clatworthy & Peel 2010; Adiloğlu, 2013;) countries. However, similar empirical studies from developed markets leaves behind so many uncertainties on the direction and magnitude of the effect of different ownership structure on audit report lag in a developing market such as Nigeria.

Specifically, this study endeavors to go beyond the confines of a generalized empirical perspective by delving into the intricate dynamics of corporate ownership structure impact on audit report lag. Prior studies conducted by Azuzu et al., (2021) and Ame (2021) are recognized in the field of corporate governance audit report lag nexus to provide comprehensive insights into the outcomes of the entire sample. However, this study investigates a sub-sample derived from the larger sample, focusing on ownership patterns that are found to have violated the filing requirements set forth by the Securities and Exchange Commission (SEC) and the Companies and Allied Matters Act (CAMA) of Nigeria. Of particular interest is the analysis of how different ownership patterns influence the behavior of firms that are expected to submit its audited financial statement within a 90-day window (hereafter referred to as "violators" or late filers) following the close of the financial year. The sample outcome will be compared against the sample outcome of non-finance firms (observations) that filed its annual financial report within the regulated 90-day window (hereafter referred to as "non-violators" or early filers). The motive for this idea is that corporate behaviors exhibited by shareholders (owners) who adhere to the SEC provision on the timely release of audited financial statements will differ significantly from corporate behaviors exhibited by shareholders who violate the provision. This idea is consistent with the views of Gbalam & Enwongo, (2020). Therefore, it is plausible that these variations could potentially instigate a postponement or prompt issuance of audited financial statements. Hence, this study endeavors to investigate the effect of institutional ownership on audit report lag of listed non-finance firms in Nigeria.

Institutional ownership

Institutional ownership is the total number of shares outstanding that are owned by institutions. Institutional ownership can simply be viewed as the number of shares held by institutional investors divided by the total number of shares outstanding in the firm (Ding, Zhang, & Zhang, 2007). Gordon and Edward (2006) defined institutional ownership in two ways; first as the total fraction of ownership held by all institutional investors and second as the ownership held by institutional block investors that is, the five/ten largest institutional investors. Bjuggren, Eklund, and Wiberg (2007) defined institutional owners as specialized financial institutions who manage savings collectively on behalf of other investors towards a specific objective in terms of acceptable risk, return maximization, and maturity of claims.

Sahut, and Gharbi (2010) described institutional ownership as the percentage of shares owned by the actors available at the time of publication of a complete and audited financial statement while Feng, Ghosh, He, and Sirmans (2010) viewed institutional ownership as the percentage of equity owned by the governmental institutions, financial institutions, corporate institutions, mutual funds, foreign financial institutions, foreign institutions, foreign mutual funds and other institutions. Describing institutional ownership, Demiralp, Ranjan, Frederik and Venkat (2011) posit that institutional ownership are shares held by registered institutions such as insurance firms, investment companies, pension funds, banks, and money managers. Institutions generally purchase large blocks of a company's outstanding shares which can exert considerable influence upon its management. Institutional investors which hold large blocks have more power to hold management accountable for actions that do not promote shareholder welfare. Further, the decisions of institutional investors can affect stock prices such that once an institutional investor establishes a large position in the market; its next motive is typically to find ways to drive up its value.

Institutional Ownership and Audit Report Lag

The characteristics of institutional investors such as large size, greater resources and financial expertise give the institutional owner advantages in monitoring firm's activities (Hand, 1990; Shleifer & Vishny, 1994; Jennings, 2005). Institutional investors may be viewed as potential controllers of equity agency problems as their increased shareholdings may lead them to having stronger incentive to monitor managerial behavior and firm performance (Claessens, Djankov & Lang, 2000; Denis & McConnell, 2003). Institutional investors can enforce the management to work for the benefit of the shareholders through using their voting power (Wu, 2004; Guercio, Seery & Woidtke, 2008). Lim, How and Verhoeven (2014) argue that large institutional ownership can reduce information asymmetry as the institutional owner can pressurize the management to disclose financial information in an appropriate time. Institutional investors play an active role in monitoring and disciplining of manager activities which might help in improving quality of financial reporting and reduce delay in reporting audited financial statement.

Further, in relation to the role of institutional ownership, companies that have more sophisticated investors usually provide more timely financial information simply because long-term dedicated institutional investors are more likely to demand timely dissemination of financial information than transient institutional investors, in tandem with their better shareholder activism engagement (Bamahros & Wan-Hussin, 2016). This is in line with the disclosure theory, and it enhances financial reporting timeliness. Institutional investors must comply with strict rules due to their responsibilities to the investors (Lim, 2012). They have resources, expertise and sophisticated tools to analyze financial information and may also force management to act in the best interest of shareholders (Conover et al., 2008). This implies that high level of institutional ownership positively affects the timeliness of financial reporting and decreases reporting lag since they push companies to publish their financial information fast.

Public Interest Theory of Economic Regulation

The idea of this theory can be traced back to the works of Arthur Cecil Pigou, as it is difficult to pointedly identify the origin of the theory. The theory stems from the general postulations of regulation which Hertog (2010) refers to as the use of instruments of legal nature to implement and attain social-economic policy objectives. The attribute of such legal instrument drive governmental authorities to require compliance with prescribed behavior under penalty of sanctions. Firms are, therefore, compelled to observe certain prices and practices, to supply goods of a particular nature, not play in certain markets, amongst other requirements, with sanctions ranging from fines, incarceration, an injunction against withholding certain actions to divestiture of businesses or outright closure of businesses. Kay & Vickers (1990) posit structural and conduct regulations are the two variants of economic regulations.

Public interest theories of economic regulation rest on the assumptions of full information, perfect enforcement and benevolent regulators. According to this theory, the regulation of firms or other economic actors contributes to the promotion of the public interest (Hertog, 2010). Public interest can further be described as the best possible allocation of scarce resources for individual and collective goods and services in society, geared at preventing market failures. In the views of Arrow, (1970), Arrow (1985) and Shubik (1970), one of the ways of attaining efficient allocation of resources when a market failure is identified, is government regulation. In the earlier development of the public interest theories of regulation, it was assumed that market failure is a sufficient condition to explain government regulation (Baumol, 1952). However, this theory is criticized for its Nirvana approach, implying that theoretically efficient institutions could be seen to efficiently replace or correct inefficient real-world institutions (Demsetz, 1968). This study is pinged on this theory due to its relevance that regulatory timelines for listed firms to file their financial statements is important to protect the interests of players in the capital markets. When these timelines are not adhered to, public interests of market and its participants suffer; a situation, if not well managed could trigger market failure.

Using a sample of firms from three countries (Australia, Malaysia and Pakistan) over the period 2011-2013, Yasser, Mamun, and Hook, (2017) examined the relationship between ownership structure and earnings management. The study adopted a quantitative research method employing historical data collection and descriptive analysis. The study employed data taken from the Australian Stock Exchange (ASX), the Kuala Lumpur Stock Exchange (KLSE) and the Karachi Stock Exchange (KSE) with the proportion of 25%, 37.5% and 37.5% respectively. The result reveal that individual ownership and group ownership were negatively associated with earnings management in Pakistan, however, not in Malaysia where the same were positively associated in Australia. Further, the result indicate that state ownership is negatively associated with earnings management.

Alrobai, *et al.,* (2025) analyzed the drivers of earnings quality in emerging markets, focusing on how firm-specific attributes and ownership structures influence financial reporting accuracy and reliability. The study utilized data from the Egyptian Stock Exchange covering the period 2015–2022, with a sample of 75 firms across sectors like consumer goods, healthcare, and industrials. Earnings quality, measured through persistence and consistency, served as the dependent variable, while independent variables included firm size, age, leverage, growth rate, operating cash flow, tangibility, profitability, and ownership patterns like institutional, governmental, managerial, and concentration. Using a mixed-method approach, the study employed Ordinary Least Squares regression and Generalized Least Squares models to test the hypotheses. The results revealed that ownership concentration and institutional ownership exhibited a U-shaped relationship with earnings persistence, while managerial ownership showed a negative N-shaped impact. Similarly, earnings consistency was positively influenced by institutional and governmental ownership but showed a U-shaped relation with managerial ownership. These findings underscore the critical role of corporate governance and ownership patterns in shaping financial transparency and reporting quality in emerging markets.

Fitriadi et al. (2024) investigated the impact of leverage, profitability, and company size on audit delay, with a focus on identifying how these factors influence the timeliness of audit reports. The study utilized data from companies under the Lippo Group listed on the Indonesia Stock Exchange, covering the period 2022 to 2023, specifically focusing on multiple sectors within the group. Audit delay was the dependent variable, while leverage, profitability, and company size were the independent variables. The research employed a saturated sampling technique, analyzing all 16 Lippo Group companies that met inclusion criteria. Multiple linear regression analysis was used to evaluate the hypotheses. The results showed that leverage negatively affected audit delay, while profitability also exhibited a negative and significant influence, indicating shorter delays with higher profitability. However, company size was found to have no significant impact on audit delay. These findings underscore the importance of financial attributes like debt levels and profitability in determining audit efficiency while suggesting that company size may not always play a critical role.

Sulimany, (2023) investigates the impact of ownership structure on firms' audit report lag by taking samples of 102 Saudi non-financial listed companies' data over the 2012 to 2021 fiscal period. The data was analyzed using a Generalized Method of Moments (GMM) framework. The findings significantly suggest that as managerial ownership rises, audit delay increase. However, family and institutional ownership enhances the financial reporting timeliness of the firms. Also, the results demonstrate that government ownership appears insignificant in determining the firms' audit delay ultimately implying that in the Saudi context, family and institutional monitoring seems to be an effective control mechanism that may force managers to embrace the timely disclosure of financial reports.

Sun, (2023) investigate the relationship between corporate governance, financial reporting quality, and ownership structure as a moderating factor for Chinese stock exchange-listed firms. Quantitative data of 550 listed firms from 2012 to 2022 were collected from the sampled firms' annual reports. Panel data analysis with random and fixed effect models is employed for the data analysis which show that corporate governance's different attributes such as auditor brand name, existence of an audit committee, independent board, family ownership, and profitability have a significant negative impact on audit report lag hence increases financial reporting quality in China listed firms. Auditor opinion, board diligence board size, and CEO duality have a significant positive impact on audit report lag hence decreases the financial reporting quality of China-listed firms. Further, the findings show that on the one hand ownership concentration has no moderating effect on the relationship between corporate governance attributes, and financial reporting quality but family ownership, on the other hand, has a strong moderating effect on the relationship between corporate governance characteristics and financial reporting quality.

Waris and Haji-Din, (2023) explore the relationship between corporate governance and timelines of financial reporting with ownership concentration taken as a moderating effect for firms listed on the Pakistan Stock Exchange. In the study, data of 100 listed firms during the period of 2013 to 2017 were employed and analyzed using ordinary least squares regression technique. The outcome suggest that auditor brand name decreases audit report lag thereby increasing the quality of the audit. Unqualified report increases the quality of the audit thereby decrease the lags. Similarly, increased board meeting decreases the lags and increases the audit quality while independent board decreases the lags and increases the audit quality. In the study, family ownership which appears to be the most important variable, decreases management report lag invariably increasing the audit quality.

Ishaka, Mohammed, Yahaya and Agbi (2023) examined the moderating role of ownership concentration on the relationship between audit characteristics and audit report lag of listed consumer goods firms in Nigeria. Ex-post facto research design was adopted, and secondary data was extracted from annual reports and accounts of listed consumer goods firms in Nigeria. The population of the study is twenty-one (21) and the sample size consist of fifteen (15) for ten years (2012-2021). PCSEs regression model was employed which reveal that the audit committee size and audit committee meeting have a positive significant effect on audit report lag. Further, audit committee financial expertise and audit committee independence insignificant effect on audit report lag. The study concludes that ownership concentration moderates the effect of audit committee on Audit Report Lag.

Abdulkarim et al. (2023) explored the effect of corporate governance characteristics on audit report lag in consumer goods companies, emphasizing the need for timely financial reporting to support investor confidence and decision-making. The study analyzed data from Nigeria's stock exchange, focusing on five prominent consumer goods companies from 2015 to 2021. The dependent variable was audit report lag, while the independent variables included board size, board independence, and audit committee composition. Employing an ex-post facto research design with simple random sampling, the sample consisted of companies with complete and accessible data. Data analysis utilized multiple linear regression techniques to test the hypotheses. Findings revealed that board size negatively influenced audit report lag, signifying larger boards expedited reporting. Board independence showed an insignificant negative effect, while audit committee composition positively and significantly affected audit delays. These results underscore the importance of governance structures in enhancing reporting timeliness within Nigeria's consumer goods sector.

Methodology

This study employed the *ex-post facto* research design to ascertain the effect of corporate ownership structure on audit report lag. Ex post facto design is considered a quasi-experimental type of study, which means that participants are not randomly assigned, but are grouped together based upon specific characteristics or traits they share. It focuses on how actions that have already occurred can predict certain causes. The population of the study consists of all the 103 (one hundred and three) non-finance firms listed on the floor of the Nigerian Exchange Group (NGX).

Sampling Technique

The sampling technique employed in this study was the judgmental and non-probability sampling technique because the sampled firms were subjected to certain selection criteria. Judgmental non-probability sampling technique is a non-probability sampling technique where the researcher selects units to be sampled based on his own existing knowledge, or his professional judgment. Noting that researchers can adjust their sampling approach based on evolving study requirements (Onwuegbuzie & Collins, 2007; Tie, Birks & Francis, 2019). It allows for targeting specific individuals or groups that are particularly relevant to the research question, which can be crucial for certain types of studies (Kohler, 2019). Based on this, the selection criteria are (1) Sampled firms must have been listed on the Nigerian Exchange Group for the study period ranging from year 2014 to year 2023. (2) IFRS compliant. (3) All the annual financial reports of the sampled firms must be available and accessible to the researcher.

Sample Size Representation

S/N	Sector	Population Size	Sample Size
1	Agriculture	05	04
2	Conglomerates	06	05
3	Construction	09	04
4	Consumer Goods	21	16
5	Healthcare	07	06
6	ICT	08	04
7	Industrial Goods	13	11
8	Natural Resources	04	04
9	Oil & Gas	08	08
10	Services	22	15
	Total	**103**	**77**

Source: Researcher's Compilation culled from Nigerian Exchange Group (NGX) website, 2023

Based on the sampling technique employed to select the non-finance firms of interest the researcher eliminated a total of twenty-eight (28) firms on the bases of noncompliance to the sampling technique criteria leaving a total of seventy-five (75) firms as the sample size.
In this study the researcher employed secondary data from the Nigerian Exchange Group Fact books and related companies' annual financial records for the periods under review as well as published journals, textbooks, etc.

Data Analysis Technique
The data analysis technique that was employed for this study is panel data analysis. This is because the collated data contain time and cross-sectional attributes that gives room for studying the variables employed across time as well as across the sampled firms (cross-section); panel data regression provides better results since it uses large observations and reduces the problem of degree of freedom (Muhammad, 2012); this approach helps to avoids the problem of multicollinearity and help to capture the individual cross-sectional (or firm-specific) effects that the various pools may exhibit with respect to the dependent variable in the model.

Results and discussion

	POOL LEAST SQUARE	**FIXED EFFECT MODEL**	**RANDOM EFFECT MODEL**	**GENERALISED LEAST SQUARE**
IOWN	0.132 **(0.012)	-0.001 (0.455)	-0.00005 (0.956)	0.001 ***(0.000)
LEVER	0.001 (0.953)			
SFIRM	-3.871 ***(0.000)	0.091 (0.096)	-0.013 (0.564)	-0.045 ***(0.000)
F-STAT/WALD STAT	5.59 ***(0.0000)	0.61 (0.7517)	1.81 (0.9698)	150.03 ***(0.0000)
R- SQUARED	0.0841	0.0101	0.0012	

MEAN VIF = 2.31

HAUSMAN TEST	**Test for Fixed Effects Errors**	**Test for Random Effects Errors**	**Test for Groupwise Heteroskedasticity**
CHI^2 = 16.33 PROBABILITY = (0.223)	F- test 5.59 Prob > F = 0.0000 **	chibar2 = 276.05 Prob > chibar2 (0.0000) ***	**Chi^2:** = 1520039.70 Prob. **Chi^2:** (0.0000) ***

Note: (1) bracket () are P-values; (2) **, *, implies statistical significance at 5% and 1% levels respectively**
***Source*: Researchers' Computation from Stata Version17 (2024)**

Table 1: Audit Report Lag Regression Analysis Result
Source: Author's computation.

The results obtained from the Generalized Least Square regression analysis presented in Table 1 reveal that institutional ownership [Coef. = 0.0012214 (P-value = 0.000)] has a positive effect on audit report lag with respect to non-violator firms in Nigeria. In line with the ceteris paribus axiom (all other factors being equal), the result suggests that a one-percent increase in the share ownership of institutions initiates longer audit report lag. This finding aligns with prior studies, such as that of Al-Shammari *et al.*, (2018), which reported that concentrated institutional ownership often increases the demand for more rigorous financial reporting, potentially elongating audit processes. Similarly, Karami et al. (2017) noted that institutional investors typically push for higher reporting quality, which might inadvertently delay financial reporting.

In contrast, the results presented in Table 4.4B indicate that institutional ownership [Coef. = 0.0032191 (P-value = 0.000)] also has a positive effect on audit report lag with respect to violator firms in Nigeria. However, the magnitude of this association is larger compared to non-violators, suggesting that the influence of institutional ownership on audit report lag is more pronounced in firms that fail to meet the SEC filing deadlines. This outcome could reflect the additional complexities and scrutiny that institutional investors demand from such firms, as corroborated in the findings of Ozkaya and Fafaliou (2020), who observed similar patterns in firms with institutional ownership in emerging markets.

Clearly, the outcomes across the two groups suggest that institutional ownership drives a consistent demand for thorough financial reporting, but the intensity of this demand appears higher in violator firms, potentially due to perceived governance or operational risks underscoring the dynamic role of institutional investors in influencing financial reporting timelines, particularly in varying governance contexts. Therefore, in line with the empirical outcomes presented, the null hypothesis which states that institutional ownership has no significant effect on audit report lag among listed non-finance firms in Nigeria is rejected.

Discussion of findings

The results of the regression analysis, which revealed a positive association between institutional ownership and audit report lag for both early and late filers, can be understood within the theoretical framework of corporate governance and practical realities in the Nigerian non-finance sector. Institutional ownership, representing the proportion of shares held by institutional investors such as pension funds, banks, and mutual funds, often brings increased scrutiny, demand for detailed disclosures, and heightened accountability to firms. These demands can inadvertently prolong the audit process as auditors and management work to meet the extensive reporting requirements. This outcome aligns with the resource-based view of governance, where institutional investors leverage their ownership stakes to ensure that firms provide high-quality and detailed financial disclosures, albeit at the cost of longer reporting times (Jensen & Meckling, 1976).

In the Nigerian context, institutional investors may also exert indirect pressure on firms to provide extensive disclosures due to concerns about the opacity of corporate operations in emerging markets. Given the regulatory environment and historical governance challenges in Nigeria, institutional investors likely demand rigorous audits to mitigate risks associated with financial misreporting or fraud. This increased demand for transparency can extend audit timelines, as firms must reconcile these requirements with limited internal resources, particularly in non-finance sectors where specialized audit expertise may be scarce. The observed outcome is consistent with findings by Hassan, (2013) who highlighted that increased institutional ownership in Nigerian firms often correlates with enhanced reporting standards but longer reporting periods due to compliance demands.

Practically, the positive association can also be linked to the dual role institutional investors play in Nigerian firms. While they drive transparency and robust governance practices, they may also indirectly contribute to extended audit report lag by insisting on comprehensive audits to address their specific information needs. These dynamic underscores a trade-off in governance practices: institutional ownership fosters improved audit quality but may inadvertently lead to delays in meeting regulatory deadlines. The finding is consistent with those of Yekini, Adelopo, and Raimi (2019), who identified a similar pattern among Nigerian firms, where institutional ownership correlated with prolonged audit processes due to the detailed level of disclosures demanded by these investors. These dynamics can also be understood through agency theory, where institutional investors act as external monitors, influencing the firm's operations and reporting practices to protect their investments, often at the expense of operational efficiency (Jensen & Meckling, 1976).

Conclusion and recommendation

The outcomes from this study revealed the dynamic influence of institutional ownership structures on audit report lag, emphasizing the intricate nexus between corporate governance and reporting practices. Ownership structures, such as institutional, exhibited significance relationship with audit report timeliness, reflecting the unique governance characteristics of listed non-finance firms in Nigeria. These insights highlight the importance of ownership diversity and governance mechanisms tailored to specific ownership types in addressing potential delays in financial reporting. The relationship between ownership structure and audit timeliness underscores the critical role of corporate governance in ensuring efficient and transparent financial disclosures. Ultimately, this study concludes that timely financial reporting is essential not only for reducing uncertainties and information asymmetry but also for enhancing the overall efficiency of financial markets and strengthening stakeholder trust.

This study recommends that stakeholders should implement targeted policies that balance the benefits of institutional investors' scrutiny with the need for timely reporting. For early filer firms, regulatory bodies such as the Securities and Exchange Commission (SEC) should encourage institutional investors to adopt more streamlined governance practices, including setting clear expectations for financial reporting processes and collaborating with management to establish realistic yet efficient timelines for audit completion. These measures would maintain the high-quality reporting demanded by institutional investors while preventing unnecessary delays.

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