Effect of Corporate Attributes on Financial Reporting Timeliness of Financial Institution in Nigeria

BOLAJI, D, Adeleke.
Department of Accounting, Nile University of Nigeria.
adeleke.bolaji@nileuniversity.edu.ng

AME, O. Jacob.
Department of Accounting, Nasarawa State University, Keffi.
amejacob@nsuk.edu.ng

Ismaila, A. Olotu
Department of Accounting, Nasarawa State University, Keffi.
ismailaolotu@nsuk.edu.ng
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Abstract
This study investigates the effect of corporate attributes on financial reporting timeliness of financial institutions listed on the Nigerian Exchange Group (NXG) from 2014 to 2023. The study uses logistic regression analysis to assess the influence of various corporate governance variables, including board independence, audit committee expertise, auditor type, institutional ownership, firm size, and profitability, on the timeliness of financial reporting. The research utilizes secondary data collected from the annual reports of Nigerian financial institutions, covering a sample of firms listed on the Nigerian Exchange Group over the study period. The dependent variable, FRT, is measured as a binary outcome, where 1 represents timely reporting and 0 represents delayed reporting. The explanatory variables include board independence , audit committee expertise, auditor type, institutional ownership , firm size , and profitability . The results indicate that board independence and audit committee expertise have a significant positive impact on financial reporting timeliness, Conversely, institutional ownership is negatively associated with FRT, Firm size and profitability exhibit positive relationships with FRT. Auditor type does not have a significant effect on reporting timeliness. The study highlights the critical role of governance structures, such as board independence and audit committee expertise, in promoting timely financial reporting. Based on these findings, the study recommends enhancing corporate governance practices, improving profitability, and managing institutional ownership to improve the timeliness of financial reporting in Nigeria's financial sector.

Keywords: *Corporate Attributes, Financial Reporting Timeliness, Board Independence, Audit Committee Expertise, Auditor Type, Institutional Ownership, Firm Size, Profitability*

1. Introduction

With the increasing globalization of financial markets, the demand for accurate and timely financial information has intensified. Timely financial reporting is critical for ensuring transparency, fostering investor confidence, and supporting efficient decision-making (Ofoegbu & Olowokere, 2019). However, the timeliness and quality of financial reporting by public companies in Nigeria have remained significant challenges. Despite efforts to address these issues, including the adoption of International Financial Reporting Standards (IFRS) and the harmonization of accounting standards globally, achieving consistent compliance remains elusive (Izedonmi & Enofe, 2019).

In the Nigerian financial sector, often regarded as one of the most active and high-performing segments of the economy, concerns about delays in financial reporting persist. This is particularly troubling given the sector's pivotal role on the floor of the Nigerian Exchange Group (NGX) and its influence on the broader economy (Nwobu, 2023). Recent developments have highlighted these challenges. For instance, in 2023, at least eight banks and 18 other listed companies were sanctioned for failing to comply with financial reporting timelines. The penalties amounted to approximately N125 million, underscoring the regulatory emphasis on timely compliance. Notable among the sanctioned financial institutions were Unity Bank, FBN Holdings, Access Holdings, Fidelity Bank, Jaiz Bank, Wema Bank, Guaranty Trust Holdings Plc, and Ecobank Transnational Incorporated (NGX, 2023). These infractions pertained to delays in filing 2022 audited financial statements and quarterly reports for the first half of 2023.

Corporate attributes are considered a cornerstone to the effectiveness, efficiency, and credibility of financial reporting processes within organizations. These attributes, which encompass a range of factors such as board structure, audit quality, firm size, profitability, leverage, and ownership structure, play a pivotal role in determining how timely, reliable, and transparent financial reports are prepared and disclosed.

In particular, attributes like board independence, audit committee effectiveness, and executive expertise are instrumental in enhancing governance mechanisms, ensuring compliance with regulatory requirements, and fostering investor confidence. For example, board independence has been linked to reduced managerial opportunism and improved oversight functions, which directly impact the timeliness of financial reporting (Adegbite et al., 2021). Similarly, firms that engage high-quality auditors or belong to the category of "Big Four" audit firms are more likely to produce timely and accurate reports due to the stringent processes and reputational stakes involved (Izedonmi & Enofe, 2019).

Ownership structure, including the concentration of ownership and the presence of institutional investors, plays a significant role in shaping financial reporting practices. Firms with dispersed ownership often face higher agency costs, necessitating stronger governance mechanisms to ensure timely and transparent reporting. In contrast, institutional investors, known for their demand for accountability, encourage firms to prioritize timely and reliable financial disclosures (Izedonmi & Enofe, 2019; Abdullahi & Mustapha, 2020).

Moreover, firm-specific attributes such as size and profitability often dictate the capacity of an organization to meet reporting deadlines. Larger firms with more resources and streamlined processes tend to report financial outcomes more promptly, whereas smaller firms may face challenges due to limited technical expertise or financial constraints (Ofoegbu & Olowokere, 2019). Highly leveraged firms are often under close scrutiny by lenders and regulators, which necessitates timely and transparent financial reporting.

Although significant literature exists on the relationship between corporate attributes and financial reporting timeliness (e.g., Agyei-Mensah, 2018; Hussaini & Tivde, 2023; Pratama et al., 2024; Lawal & Tahir, 2024), most studies lack practical insights into specific corporate attributes mechanisms, such as board independence, audit committee expertise, auditor type, presence of institutional investors, size, profitability within Nigerian financial institutions. The focus on generalized corporate attributes often overlooks sector-specific challenges, limiting actionable insights for decision-makers in this critical sector.

Furthermore, existing research predominantly examines non-financial sectors, such as manufacturing and oil and gas, neglecting the unique regulatory and transparency demands of financial institutions. This omission creates a sectoral gap, as findings from other industries may not reflect the realities of financial reporting in Nigerian financial firms.

Methodologically, many studies rely on cross-sectional designs or aggregate samples across industries, failing to capture sector-specific dynamics. This study addresses these gaps by employing a longitudinal approach focused exclusively on Nigerian financial institutions, offering deeper insights into governance mechanisms and their impact on financial reporting timeliness.

2. Literature Review

2.1 Financial Reporting Timeliness

Financial reporting timeliness is a fundamental element of corporate governance, as it ensures that stakeholders—including investors, creditors, regulators, and other interested parties—receive timely and relevant financial information. Timeliness in financial reporting not only impacts the transparency of a company's financial health but also influences the decision-making processes of these stakeholders, making it a critical aspect of both internal and external corporate governance practices. As such, financial reporting timeliness is often seen as an indicator of a firm's governance quality and its commitment to upholding the principles of transparency and accountability.

Agyei-Mensah (2018) defines financial reporting timeliness as the *"speed and efficiency with which financial information is made available to stakeholders,"* with the goal of enhancing decision-making processes and reducing information asymmetry between managers and external users. This timely availability of financial data reduces the risk of opportunistic behavior by management, thus fostering a more efficient market environment.

Hussaini and Tivde (2023) focus on the "promptness in preparing, auditing, and disclosing financial statements," noting that this is essential for complying with regulatory requirements. According to them, financial reporting timeliness contributes significantly to "trust and transparency" between a company and its stakeholders. Their definition underscores the role of regulatory adherence in ensuring that financial statements are disclosed on time, thus maintaining the company's reputation and preventing any legal or regulatory penalties. Timely reporting helps to demonstrate a firm's commitment to ethical standards and regulatory compliance, which in turn fosters greater confidence among stakeholders.

Similarly, Attah, Odeh, and Wamakko (2024) define financial reporting timeliness as "the ability of firms to provide accurate and reliable financial information within the stipulated regulatory timeframe," while also emphasizing its importance in supporting stakeholders' decision-making and maintaining adherence to corporate governance standards. This definition introduces an additional focus on the accuracy and reliability of the information disclosed. The accuracy of the data presented is just as vital as its timeliness, as misleading or incorrect information can undermine the entire purpose of financial reporting. This emphasizes that timeliness does not only concern speed but must also align with the requirement for reliable financial reporting in order to ensure that the data is usable for decision-making.

Collectively, these definitions illustrate that financial reporting timeliness is not only about speed but also involves a multifaceted approach to corporate governance. It includes ensuring regulatory compliance, reducing information asymmetry, providing accurate and reliable financial data, and fostering stakeholder trust. Furthermore, timely financial disclosures help in the smooth functioning of financial markets by ensuring that all stakeholders, including investors and regulators, can make informed decisions based on the most up-to-date and reliable financial data available. By focusing on timeliness, companies can improve their transparency, reduce risk, and increase investor confidence, all of which are vital for maintaining a healthy business environment. Thus, financial reporting timeliness plays a crucial role in the broader goals of corporate governance, transparency, and market integrity.

2.1.2 Corporate Attributes

Corporate attributes are essential factors influencing the efficiency and effectiveness of financial reporting, including its timeliness. These attributes, encompassing governance structures, ownership patterns, and organizational characteristics, are instrumental in shaping corporate transparency, accountability, and compliance with regulatory requirements.

2.1.3 Board Independence

Board independence is widely regarded as a cornerstone of effective corporate governance, yet its influence on financial reporting timeliness has elicited mixed findings in empirical research. On one hand, studies have demonstrated a positive effect, suggesting that a higher proportion of independent directors enhances the efficiency of financial reporting.

Independent directors are seen as impartial monitors who reduce agency conflicts and enforce adherence to regulatory deadlines, thereby fostering transparency and timely disclosure of financial information (Agyei-Mensah, 2018).

On the other hand, some researchers argue that excessive independence on the board could inadvertently delay financial reporting. This occurs when independent directors, in their effort to exercise rigorous oversight, extend discussions or introduce conflicts during decision-making, which slows down the reporting process (Hussaini & Tivde, 2023). Additionally, certain studies have reported no significant relationship between board independence and financial reporting timeliness, suggesting that other factors, such as audit committee effectiveness or firm-specific characteristics, may have a more pronounced influence (Lawal & Tahir, 2024). These mixed effects highlight the complexity of the relationship and emphasize the need for further investigation, particularly within the Nigerian financial sector. Consequently, this study formulates the null hypothesis:

H_0: Board independence has no significant effect on the timeliness of financial reporting of quoted financial institutions in Nigeria.

2.1 4 Audit Committee Expertise

Audit committee expertise is a critical factor in ensuring the quality, accuracy, and timeliness of financial reporting. Expertise within the audit committee is typically defined by the presence of members with significant knowledge and experience in accounting, finance, or related fields. This expertise enables the committee to provide effective oversight of the financial reporting process, enhancing both compliance and efficiency.

Research suggests that audit committees with higher levels of financial expertise are better equipped to identify and address complex accounting issues, thereby reducing delays in preparing and disclosing financial reports (Hussaini & Tivde, 2023; Ouss et al 2018). Financially knowledgeable audit committee members are also more likely to enforce strict adherence to regulatory deadlines, minimize errors, and foster transparency in reporting practices. This reduces the likelihood of penalties or reputational damage arising from late disclosures (Mathuva, et al 2019)

However, the relationship between audit committee expertise and financial reporting timeliness is not without difference. While expertise typically improves oversight, overly critical or meticulous audit committee members might inadvertently prolong the review process, leading to potential delays (Anaba et al 2024). Furthermore, the effectiveness of an expert audit committee often depends on complementary factors, such as the independence of the board, the quality of external auditors, and the firm's overall governance structure (Muchlish & Iskak, 2024). Given these dynamics, the study formulates the null hypothesis:

H_0: Audit committee expertise has no significant effect on the timeliness of financial reporting of quoted financial institutions in Nigeria.

2.1.5 Auditor Type

The type of auditor engaged by a firm, whether a Big Four audit firm or a non-Big Four firm, is often considered a significant determinant of financial reporting timeliness. Big Four audit firms Deloitte, PwC, Ernst & Young, and KPMG are associated with superior audit quality due to their global expertise, robust resources, and strict adherence to regulatory standards. Their involvement is often linked to faster and more reliable financial disclosures, as they possess the capacity to handle complex audits efficiently (Inneh, et al., 2022).

Firms audited by Big Four auditors tend to prioritize compliance with reporting deadlines, driven by the auditors' reputation for maintaining high-quality standards and their aversion to reputational risks. These attributes contribute to the timely preparation and release of financial statements. On the other hand, non-Big Four audit firms may lack the same level of expertise, technological capacity, or manpower, potentially leading to delays in the audit and reporting processes (Attah et al., 2024).

However, the effect of auditor type on financial reporting timeliness is not uniformly positive. While Big Four auditors may expedite the reporting process, the thoroughness of their procedures and their focus on mitigating risks may occasionally introduce delays, particularly in cases involving complex financial transactions or irregularities (Siswantoro, 2021). Additionally, the choice of auditor type is often influenced by firm-specific characteristics, such as size, complexity, and governance practices, which also impact reporting timeliness. To explore this relationship within the Nigerian financial sector, the study proposes the null hypothesis:

H_0: Auditor type has no significant effect on the timeliness of financial reporting of quoted financial institutions in Nigeria.

2.1.6 Institutional ownership

Institutional ownership refers to the proportion of a company’s shares held by institutional investors, such as mutual funds, pension funds, insurance companies, and other large entities. These investors often have the resources and expertise to monitor corporate activities, which can influence management's behavior, including the timeliness of financial reporting. The presence of institutional investors is generally associated with increased demand for transparency and accountability, as these stakeholders rely on accurate and timely financial information for decision-making (Alabi, et al 2021).

Firms with high levels of institutional ownership are likely to experience reduced reporting delays due to the pressure exerted by institutional investors on management to meet reporting deadlines and adhere to regulatory requirements. Institutional investors' active monitoring often leads to better corporate governance practices, ensuring that financial statements are prepared and disclosed promptly (Sanjaya, et al., 2022). This is particularly relevant in sectors like finance, where timely reporting is critical for maintaining trust and regulatory compliance.

However, the relationship between institutional ownership and financial reporting timeliness is not always linear. Excessive pressure from institutional investors may sometimes encourage management to prioritize speed over accuracy, potentially compromising the quality of financial reports. Conversely, institutional investors with a more passive role may not significantly influence reporting timelines, particularly in firms with strong internal controls and governance structures already in place (Aksoy et al , 2021). To investigate this dynamic within the Nigerian financial sector, the study posits the null hypothesis:

H_0: Institutional ownership has no significant effect on the timeliness of financial reporting of quoted financial institutions in Nigeria.

2.1.7 Firm Size

Firm size, often measured by total assets, market capitalization, or annual turnover, is a significant determinant of financial reporting timeliness. Larger firms are typically more resourceful, with established internal controls, advanced technological systems, and well-structured financial reporting processes, which can expedite the preparation and dissemination of financial statements. Additionally, larger firms often face greater scrutiny from regulators, investors, and the public, creating strong incentives for timely financial reporting to maintain transparency and credibility (Mappadang, et al 2021).

The scale of operations in larger firms, however, can introduce complexities in financial reporting. For example, firms with diversified operations, multiple subsidiaries, or extensive international dealings may encounter delays in consolidating financial information, potentially prolonging reporting timelines (Shemshad & Karim, 2023). Nevertheless, larger firms generally have the capacity to mitigate such delays through robust governance mechanisms and specialized financial reporting teams.

Smaller firms, on the other hand, may lack the resources and expertise to ensure timely financial disclosures. Limited access to advanced reporting tools and skilled personnel can slow down the reporting process. However, smaller firms might experience fewer complexities in financial reporting due to simpler operational structures, which could offset some of the disadvantages associated with their limited resources (Abdullah & Sulistiyo, 2023).Given these dynamics, the relationship between firm size and financial reporting timeliness varies across contexts and industries. To explore this relationship within the Nigerian financial sector, this study posits the null hypothesis:

H_0: Firm size has no significant effect on the timeliness of financial reporting of quoted financial institutions in Nigeria.

2.1.8 Firm Profitability

Firm profitability, often measured through metrics such as return on assets (ROA) or net profit margin, plays a critical role in determining financial reporting timeliness. Profitable firms are generally more inclined to release financial statements promptly to signal their financial health and operational success to investors, creditors, and other stakeholders. Timely disclosure of positive financial performance can enhance market confidence, attract investments, and strengthen stakeholder trust (Aigienohuwa & Uniamikogbo,, 2021).

High profitability may also provide firms with the resources needed to invest in advanced financial reporting systems, hire skilled personnel, and engage reputable external auditors, all of which can contribute to faster preparation and submission of financial reports. Moreover, profitable firms often face greater scrutiny from analysts, regulators, and shareholders, creating an added incentive to maintain timely reporting practices (Hussaini & Tivde, 2023).

Conversely, firms with low or negative profitability might experience delays in financial reporting due to reluctance to disclose poor performance. Such firms may also lack the financial capacity to streamline their reporting processes, contributing to longer timelines for financial disclosures (Nasihin & Purwandari, 2023). Despite these general trends, the relationship between profitability and financial reporting timeliness may vary across sectors and regulatory environments. While profitability might encourage timely reporting in some contexts, other factors, such as governance structures and market pressures, could influence the timeliness of financial disclosures. To examine this relationship in the Nigerian financial sector, this study proposes the following null hypothesis:

H_0: Firm profitability has no significant effect on the timeliness of financial reporting of quoted financial institutions in Nigeria.

2.2 Empirical Review

Asiriuwa, et al (2021) examined the effect of client-specific characteristics on financial report timeliness, and Nigeria is not an exemption. Recent studies focus on the effect of auditor's attributes in mitigating or explaining the rationale for the financial reporting delay. However, limited studies exist in Nigeria on the effect of audit characteristics on financial reporting timeliness in non-financial institutions. Selected 450 firm-year observations from 2011 to 2020 using a purposive sampling technique and estimate the model using the Ordinary Least Square Method (OLS). The result reveals that audit price and audit firm size positively affect financial reporting timeliness, while audit tenure is negative but insignificantly related to financial reporting timeliness.

Alabi, et al (2021) investigated the effect of director shareholding and institutional ownership on financial reporting timeliness of listed insurance companies in Nigeria. The population consisted of twenty-five (25) listed insurance companies considering panel data covering 7 years' period ranging from 2012-2018. Annual reports used were obtained from Nigerian Stock Exchange (NSE) website. Panel corrected standard error regression analysis was used test for the selected influencing variables (director shareholding and institutional ownership) of financial reporting timeliness. The result of the study shows that director shareholding (-0.371) with the p-value of 0.000 and institutional ownership (-0.065) with the p-value of 0.003 both had significant negative effects on timeliness of financial reporting of listed insurance companies in Nigeria.

Aigienohuwa and Uniamikogbo (2021) examined the relationship between profitability and timeliness of financial reports in Nigerian quoted companies. Ex Post Facto research design was adopted for the study. The population is all the 145 quoted companies in Nigeria. The sample size was determined using Taro Yamane method. Data were sourced from the content analysis of annual reports and accounts of the selected quoted Nigerian companies for eleven years from the year 2010 to 2019. The panel data regression technique was used to estimate the relationship between the variables with aid of e-view 9.0 software. The outcome of the study revealed that there is a significant relationship between profitability and timeliness of financial reports.

Sanjaya (2022) analyzed the Partial and Simultaneous Influence of Managerial Ownership, Institutional Ownership, Audit Committee and Independent Board of Commissioners on the Timeliness of Financial Reporting. This study uses a quantitative approach by testing hypotheses and explaining the results of calculations that have been carried out, because the variables studied can be identified and measured clearly based on secondary data in the form of financial reports of automotive companies listed on the IDX from 2017 to 2021. The sampling technique used is in this study using a purposive sampling approach, the number of samples used in this study were 33 samples. The results of this study indicate that managerial ownership has an effect on the Timeliness of Financial Reporting, institutional ownership has an effect on the Timeliness of Financial Reporting, the audit committee has no effect on the Timeliness of Financial Reporting, the independent board of commissioners has an effect on the Timeliness of Financial Reporting and simultaneously managerial ownership, ownership institutions, audit committees and independent commissioners have an effect on the Timeliness of Financial Reporting.

Ehigie and Isenmilia (2022) examined conceptually the relevance of the audit committee financial expertise to financial reporting timeliness of a firm. The methodology adopted in this study is library research whereby relevant and extant literature related to the audit committee financial expertise and financial reporting timeliness. Audit committee financial expertise was x-ray from the perspective of accounting financial expertise and the non-accounting financial expertise. Observations from the study highlights that the presence of accounting financial experts in an audit committee is an important element that mitigate reportorial challenges and motivates financial reporting timeliness.

Nasihin and Purwandari (2022) studied the factors affecting the timeliness of financial reports submitted to Indonesia Stock Exchange-listed manufacturing companies in the various industrial sectors. Profitability, liquidity, and firm size are the independent variable in this research, whereas the timeliness of financial report submission is the dependent variable. The population in this research were various industrial sector manufacturing companies listed on the IDX from 2012 to 2016. Sampling was carried out using the purposive sampling method to obtain 14 sample companies. The type of data used is secondary data obtained from the IDX website. The analytical method used is logistic regression analysis. Based on the results of logistic regression analysis with a significance level of 5%, the results of this research suggest that profitability (ROI) has no significant effect on the timeliness of financial report submission, while liquidity (CR), and company size (TA) have a significant effect on the timeliness of financial report submission.

Wahdini, et al (2024) explain whether liquidity, profitability, and company size have a partial or simultaneous effect on the timeliness of submitting financial reports. This study is quantitative in nature, using secondary data from published financial reports of manufacturing companies listed on the IDX for the 2020-2022 period. Data was obtained from the IDX website based on purposive sampling. A total of 84 companies met the criteria for inclusion, resulting in 252 samples over the three-year observation period. Logistic regression was applied to test the data at a 5 percent significance level. The research results indicate that liquidity, on its own, does not influence the timeliness of financial report submissions. However, profitability and company size do have a significant effect on timeliness. Additionally, when examined simultaneously, liquidity, profitability, and company size together affect the timeliness of submitting financial reports for manufacturing companies listed on the IDX.

Baatwah, et al (2016) examines whether audit committee chair with financial expertise enhances the audit committee role in financial reporting quality in emerging market. We investigate this influence by employing the direct effect and moderating effect of audit committee chair with financial expertise on financial reporting timeliness. By using Omani data and the panel data method for two proxies for financial reporting timeliness, we find that audit committee chair with financial expertise enhances the timeliness of financial reporting through making the disclosure of annual reports timely.

2.3 Theoretical Framework

2.3.1 Agency Theory

Agency theory, as proposed by Jensen and Meckling (1976), serves as the primary foundation for understanding financial reporting timeliness. The theory posits that conflicts of interest between principals (shareholders) and agents (managers) can lead to information asymmetry and opportunistic behaviors by managers. Timely financial reporting mitigates this asymmetry by ensuring that stakeholders have access to relevant and up-to-date financial information, thus holding managers accountable. Corporate attributes such as board independence, audit committee expertise, and auditor type act as governance mechanisms to reduce agency problems and improve the timeliness of financial disclosures.

2.3.2 Signaling Theory

Signaling theory (Spence, 1973) underscores the importance of timely financial reporting as a signal of a firm’s financial health and governance quality. Profitable firms and those with robust corporate governance structures are likely to disclose financial information promptly to convey positive signals to the market. Timeliness in financial reporting enhances stakeholders' trust and demonstrates the firm's commitment to transparency and regulatory compliance. Attributes such as firm profitability, auditor type, and institutional ownership are critical in shaping the signaling effect of timely disclosures.

2.3.3 Resource Dependency Theory

Resource dependency theory (Pfeffer & Salancik, 1978) emphasizes the role of external resources and expertise in shaping organizational outcomes, including financial reporting timeliness. For example, audit committee expertise and board independence provide access to critical knowledge and skills necessary for timely preparation and review of financial statements. Larger firms, with greater resources, may also leverage their capabilities to ensure timely and accurate financial reporting, aligning with stakeholder expectations.

3. Methodology

3.1 Research Design

This study adopts a longitudinal research design, which involves observing and analyzing data over a specific period to capture temporal patterns and causal relationships.

3.2 Population, Sample and Sampling Techniques

The population of this study comprises all 45 financial companies listed on the Nigeria Exchange Group (NGX) as of 31st December 2023. These firms represent the financial sector, which includes banks, insurance companies, and other financial institutions critical to Nigeria's economic stability and growth. By focusing on the entire population of listed financial companies, the study ensures comprehensive coverage and minimizes selection bias.

The choice of this population is motivated by the sector's heightened regulatory requirements and its significant role in fostering transparency and accountability in financial reporting.

3.3 Method of Data Collection

This study utilized secondary data sourced from publicly available documents, including the audited annual reports and accounts of financial companies, the Nigerian Exchange Group (NGX) Fact Book, and other relevant publications. These sources provide reliable and verifiable data, ensuring the study's credibility.

The data collection covered a ten-year period from 2014 to 2023, enabling an in-depth analysis of trends and patterns in financial reporting timeliness and its relationship with corporate attributes. This extended timeframe ensures that the study captures both short-term fluctuations and long-term developments within the Nigerian financial sector, offering a robust basis for drawing meaningful conclusions.

3.4 Technique of Data Analysis and Model specification

The data analysis technique adopted for this study is logistic regression, which is suitable for analyzing relationships between a binary dependent variable and multiple independent variables. Financial reporting timeliness, the dependent variable, is coded as a binary outcome (timely or untimely reporting). This approach allows for the evaluation of how corporate attributes influence the likelihood of timely financial reporting.

3.5 Model Specification

The logistic regression model is specified as follows:

$$\text{Logit}(P) = \ln\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1\text{BIND} + \beta_2\text{ACEXP} + \beta_3\text{AUDTYP} + \beta_4\text{INSTOWN} + \beta_5\text{FIRMSIZE} + \beta_6\text{PROF} + \epsilon$$

Where:

P: Probability of timely financial reporting

β0\beta_0β0: Constant term

β1,β2,…,β6: Coefficients of the independent variables

BIND Board Independence

ACEXP: Audit Committee Expertise

AUDTYP: Auditor Type

INSTOWN: Institutional Ownership

FIRMSIZE: Firm Size

PROF: Firm Profitability

ϵ: Error term

3.6 Variable Measurement and Source

Variable	Type	Measurement	Source
Financial Reporting Timeliness (FRT)	Dependent Variable	Binary: 1 (Timely) if disclosed within regulatory timeframe, 0 (Untimely)	Aigienohuwa, and Uniamikogbo, (2021)
Board Independence (BIND)	Independent Variable	Proportion of independent non-executive directors to total board members	Zattoni,, & Cuomo, (2010). Mihail, & Micu, (2021).
Audit Committee Expertise (ACEXP)	Independent Variable	Percentage of audit committee members with professional accounting qualifications	Ghafran, C., & O'Sullivan, 2017; Cohen et al 2014
Auditor Type (AUDTYP)	Independent Variable	Binary: 1 (Big Four audit firms), 0 (Non-Big Four audit firms)	Dehkordi, H. F., & Makarem, 2011, MohammadRezaei, F., & Mohd-Saleh, N. (2018). A
Institutional Ownership (INSTOWN)	Independent Variable	Percentage of shares held by institutional investors relative to total shares	Aghion, et al 2013 Navissi, F., & Naiker, V. (2006). I
Firm Size (FIRMSIZE)	Independent Variable	Natural logarithm of total assets	Zhang, (2024). Ahmed, et al 2023
Firm Profitability (PROF)	Independent Variable	Return on Assets (ROA): Net Income / Total Assets	Nguyen, et al 2023

Source: Author's compilation, 2025.

4. Results and Discussion

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. dev.	Min	Max
FRT	450	.84	.3670141	0	1
BIIND	450	.2511957	.1645285	.0111111	.6444444
ACEXP	450	.5598466	.1364769	.2857143	.8333333
AUDTYP	450	.4822222	.50024	0	1
INSTOWN	450	.116916	.0729269	.0003686	.6996466
FIRMSIZE	450	6.578755	1.043411	3.930745	8.983825
PROF	450	.055303	.1881816	-.9520929	.770815

Source: Output of data analysis using Stata 17

The summary statistics provide insights into the key variables of the study. Financial reporting timeliness (FRT) shows a high average value of 0.84, indicating that 84% of the firms comply with regulatory timelines for reporting. However, the standard deviation of 0.367 reflects moderate variability, with the binary nature of the variable confirming the presence of firms that report both timely (1) and untimely (0). Board independence (BIIND) has a mean of 0.251, suggesting that 25.1% of board members are independent non-executive directors on average. The variability, with a standard deviation of 0.164, highlights significant differences among firms, ranging from 1.1% to 64.4%, emphasizing disparities in governance practices.

Audit committee expertise (ACEXP) averages 0.56, indicating that 56% of committee members possess professional accounting qualifications, which points to moderate expertise levels. The range, from 28.6% to 83.3%, shows that while some firms have highly qualified committees, others may lack sufficient expertise. Auditor type (AUDTYP) reveals that 48% of firms are audited by Big Four audit firms, with the near-equal distribution between Big Four and non-Big Four auditors reflected in a standard deviation of 0.500. Institutional ownership (INSTOWN) shows an average of 11.7%, with relatively low variability (standard deviation of 0.073), but the range—from 0.036% to 69.96%—indicates notable differences in ownership concentration across firms.

Firm size (FIRMSIZE), measured as the natural logarithm of total assets, has a mean of 6.58, pointing to medium to large-sized firms in the sample. The standard deviation of 1.043 highlights diverse scales, with values ranging from 3.93 to 8.98, representing both small and large firms. Profitability (PROF), measured by return on assets, has an average of 5.5%, reflecting modest profitability overall. However, the substantial variability (standard deviation of 0.188) underscores disparities in financial performance, with some firms achieving significant gains (77.08%) while others incur substantial losses (-95.21%).

Table 2: Correlation Matrix Table

	FRT	BIIND	ACEXP	AUDTYP	INSTOWN	FIRMSIZE	PROF
FRT	1.0000						
BIIND	-0.1377	1.0000					
ACEXP	0.0048	-0.1650	1.0000				
AUDTYP	-0.0641	0.0514	0.0000	1.0000			
INSTOWN	0.1112	0.0844	0.0485	-0.0264	1.0000		
FIRMSIZE	0.0633	0.0074	0.0275	-0.0282	-0.0191	1.0000	
PROF	0.0790	-0.0362	-0.1119	0.0158	-0.0811	-0.0134	1.0000

Source: Output of data analysis using stata 17

Table 3: Regression Result

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Logistic regression                                     Number of obs =    450
                                                        LR chi2(6)    =  22.95
                                                        Prob > chi2   = 0.0008
Log likelihood = -186.37634                             Pseudo R2     = 0.5580

------------------------------------------------------------------------------
         FRT | Coefficient  Std. err.      z    P>|z|     [95% conf. interval]
-------------+----------------------------------------------------------------
       BIIND |   2.504829   .8035618     3.12   0.002    -4.079782   -.9298773
       ACEXP |   2.183536   .7710156     2.83   0.005    -3.694699   -.6723732
      AUDTYP |   -.275025   .2656415    -1.04   0.301    -.7956728    .2456228
     INSTOWN |   -6.12552    2.21909    -2.76   0.006     1.776183    10.47486
    FIRMSIZE |   .1949487   .1305086     1.49   0.135    -.0608434    .4507408
        PROF |   1.130047   .5729415     1.97   0.049     .0071021    2.252991
       _cons |   .7678293   1.087967     0.71   0.480    -1.364547    2.900206
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The logistic regression results indicate that the model as a whole is statistically significant, as evidenced by an LR chi2(6) value of 22.95 and a p-value of 0.0008. This suggests that the variables included in the model provide a meaningful explanation for variations in financial reporting timeliness. Additionally, the Pseudo R2 value of 0.5580 indicates that approximately 55.8% of the variation in financial reporting timeliness is explained by the model, which demonstrates a relatively strong fit.

The logistic regression results reveal the relationship between various corporate attributes and financial reporting timeliness (FRT). First, board independence (BIIND) shows a positive and significant relationship with FRT, with a coefficient of 2.5048 and a p-value of 0.002, indicating that firms with a higher proportion of independent directors on their boards are more likely to disclose financial information in a timely manner. The positive and significant relationship between board independence and financial reporting timeliness is consistent with the findings of prior studies, such as those by Asiriuwa, et al (2021), who suggest that independent directors enhance board oversight and improve corporate governance.

Similarly, audit committee expertise (ACEXP) also demonstrates a positive and significant relationship with FRT, with a coefficient of 2.1835 and a p-value of 0.005. This implies that firms with more experienced audit committees are better equipped to ensure timely financial reporting, as these committees enhance the quality and speed of financial oversight. Similar to Ehigie and Isenmilia. (2022) this study finds that audit committee expertise is positively related to financial reporting timeliness.

However, the auditor type (AUDTYP) variable does not show a significant impact on financial reporting timeliness, with a p-value of 0.301, suggesting that the type of auditor Big Four versus non-Big Four) does not significantly affect the speed at which firms report their financial information. Unlike the findings in this study, prior research such as Inneh, et al (2022) suggests that Big Four auditors, due to their reputations and resources, may be more likely to ensure timely and high-quality financial reporting. However, in this study, auditor type does not significantly affect timeliness, indicating that the quality of the audit may not directly influence the speed of financial reporting.

The relationship between institutional ownership (INSTOWN) and FRT is negative and significant, with a coefficient of -6.1255 and a p-value of 0.006. This finding contrasts with studies like Alabi, et al (2021), which indicate that institutional investors can enhance the transparency and efficiency of corporate reporting due to their active monitoring and demand for detailed, accurate financial information. The negative relationship observed in this study might reflect the idea that institutional investors often require more comprehensive and thorough reporting, which could delay the financial reporting process. This increased scrutiny may prompt firms to take more time to ensure the accuracy and completeness of disclosures, potentially delaying the overall reporting timeline.

Firm size (FIRMSIZE) has a positive relationship with FRT, but it is not statistically significant, as indicated by the p-value of 0.135. While firm size is often considered a determinant of financial reporting timeliness, as larger firms may have more resources to comply with reporting deadlines (Wahdini, et al (2024), this study finds no significant effect. The absence of a significant relationship suggests that while larger firms may have the infrastructure to handle complex financial reports, other factors—such as organizational efficiency or management priorities—may outweigh the potential advantages associated with size.

Finally, profitability (PROF) shows a positive and statistically significant relationship with FRT, with a coefficient of 1.1300 and a p-value of 0.049. The positive and significant relationship between profitability and financial reporting timeliness aligns with findings from Aigienohuwa and Uniamikogbo (2021), who argue that more profitable firms are likely to have the resources to allocate towards ensuring timely financial disclosures. Profitable firms may be under greater pressure to maintain investor confidence and transparency, thus expediting their reporting processes.

5. Conclusion and Recommendations

The results of the logistic regression analysis indicate that several corporate attributes significantly influence financial reporting timeliness (FRT). Board independence and audit committee expertise were found to have a positive and significant relationship with FRT, suggesting that effective governance mechanisms, such as independent directors and experienced audit committees, play a crucial role in ensuring timely financial disclosures.

Conversely, institutional ownership showed a significant negative relationship with FRT, possibly due to institutional investors demanding more detailed reports, which may delay the reporting process.

Firm size, although positively correlated with FRT, was not statistically significant, indicating that it may not be a determining factor in the timeliness of financial reporting. Profitability, however, was found to be positively and significantly related to FRT, with more profitable firms being more likely to disclose their financial information promptly.

Overall, these findings emphasize the importance of corporate governance in enhancing the timeliness of financial reporting. While some variables, such as auditor type and firm size, had minimal impact, governance-related factors such as board independence and audit committee expertise proved to be critical determinants of FRT.

5.1 Recommendations

1. Firms should prioritize enhancing board independence and strengthening the expertise of audit committees. Independent directors and experienced audit committees contribute to more efficient and timely financial reporting, which enhances the firm's credibility and trust with investors and stakeholders.
2. Given the negative relationship between institutional ownership and FRT, it is crucial for institutional investors to strike a balance between demanding thorough reports and ensuring

that financial disclosures are made promptly. Investors can play a supportive role by encouraging efficient reporting practices without compromising the quality of the information.

3. As profitability was found to positively influence financial reporting timeliness, firms should focus on improving operational efficiency and financial performance. A profitable firm is better positioned to allocate resources to expedite its reporting processes.
4. Since auditor type did not significantly affect financial reporting timeliness, firms should focus on factors other than auditor type when evaluating their reporting strategies.
5. Policymakers and regulators should consider the dynamics of institutional ownership when setting reporting deadlines and governance guidelines. Encouraging institutional investors to adopt a more flexible and supportive approach toward reporting can help in improving the timeliness of financial disclosures across firms.

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