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The KSU Research Journal of Accounting and Finance (KRJAF) is official Journal of the Department of Accounting, Kogi State University (KSU), formerly known and referred to as Kogi Journal of Accounting, founded by the Department in 2011. This specialized Journal is focusing on publishable issues on contemporary accounting and finance that will appreciably contribute and promote the accountancy and finance professions in Nigeria and beyond. The Journal is published bi-annual to meet the demand of the diverse contributors and users. The Journal shall be collaborating with the various professional bodies in Nigeria and possibly extend to other African countries for wider coverage and contributions. The KRJAF is expected to bring together scholars, researchers and other interested professionals to one interactive forum with the common objective of promoting research in accounting and finance.

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BOARD FEATURES AND FINANCIAL REPORTING TIMELINESS: EVIDENCE FROM LISTED DEPOSIT MONEY BANKS IN NIGERIA.

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ABSTRACT

Financial reporting timeliness was seen to be very crucial to the stakeholders of Deposit Money Banks (DMBs) in Nigeria as delay in the presentation of annual reports and account led to penalty/fines by regulatory bodies. In view of this, the study examines the impact of board dynamics on financial reporting timeliness of DMBs. To achieve this, two board dynamics were considered viz: board independence and board diligence. Ex-post facto research design was employed with the total population and sample size of thirteen (13). Descriptive and panel regression techniques were employed in the analysis of data extracted from annual reports and accounts of the DMBs for a period of nine (9) years (2010-2018). The study found that board independence had a negative influence on financial reporting timeliness as confirmed by the t-value of -1.33 and p-value of 0.001 while board diligence had a positive effect on early submission of annual reports (t-value of 2.21 and p-value of 0.001). The study therefore concluded that board dynamics variables have significant influence on financial reporting timeliness of listed DMBs in Nigeria. This implies that the more independent the board is, the better the company in reducing their audit business risk because of less conflict between manager and shareholders and that an increase in meeting held by the board members will increase the delay in presentation of annual report and accounts. Therefore, the study recommends that regulators should monitor the appointment of non-executive directors that will make up the board of directors by going through their list before approval and confirmation before appointment and that board should meet (4) four times in a year as recommended by CBN so as to reduce delay in the presentation of annual reports and accounts.

Keywords: Board Features, Board Independence, Board Diligence, Financial Reporting, Timeliness

1 INTRODUCTION

The crises of business failures and financial scandals have shaken the corporate world and ignited the discussion on the need for effective corporate governance around the world. The re-occurrence of high-profile corporate failures and scandals globally has eroded the confidence of investors and other users of annual reports & accounts (Owolabi, 2015).The corporate scandal took new dimension in early 2000 with the corporate failures of Enron (2001), WorldCom (2001), HIH (2001), Onetel (2001), Adelphia (2002), Cadbury (2009), Oceanic bank (2011), PHB Bank (2011), Intercontinental bank (2013), among others.

These financial scandals that have shaken users' confidence because it has resulted to loss of credibility due to delay in published accounting information as stakeholders such as investors, government, customers, community and the public at large make use of the information been publicly disclosed in the annual reports and account for economic decision making. Also, the value of information contained in annual reports and accounts cannot be made less relevant when considering the types of audit reports that are listed in the International Auditing Standards (IAS) (Zureigat, 2014) and other information contained in it. With the increasing complexity of business operations and the growth of the investment community, investors are making greater demands for more relevant and timely financial information (Vuran & Adiloglu, 2013).

Financial reporting timeliness is regarded as important qualitative characteristics of accounting as it stands out as a fundamental element of the relevance of financial report as financial information may become stale after a few months or more. The stale the financial report is, the less relevant it is to users, especially potential investors and creditors (Ohaka & Akanni, 2017). The board of directors may increase the degree of trust in the relationship between the company and its stakeholders by selecting communication channels and experts who would provide the needed information to users in a timely manner to avoid loss of relevance. Early submission of financial report alone does not make information useful but the passage of time usually diminishes the usefulness that such information would have had.

Furthermore, delay in the release of earnings information to investors decreases the value of information efficiency which is an issue of considerable concern to regulators (Singh & Sultana, 2011; Hashim & Rahman, 2010; Handayani & Yustikasari, 2017). Generally, early submission and accurate annual financial reports help to build trust, efficiency and confidence in governance (Uthman, Ajadi & Asipita, 2018; Warrad, 2018). Due to the importance of annual reports timeliness to investors and other stakeholders, the effective use of corporate governance mechanisms in avoiding future corporate scandals has become imperative (Ilaboya & Christian,2014).

The Code of Corporate Governance (2014) required that the board of directors should ensure early, accurate and continuous disclosure of information and activities of the company. Therefore, the board of directors has to take interest in early filing of their annual financial reports, as failure to do so indicate the failure of the board (Uthman *et al*, 2018; Handayani & Yustikasari 2017). The board of directors interacts with key stakeholders such as management, internal and external auditors, creditors and regulators. Jensen and Meckling (1976) argue that the adoption of effective governance such as appointing board helps users achieve their goals and maximize early submission of financial reports.

In the developed economies, the scandal surrounding Enron and Worldcom led to substantial criticism of corporate governance as it main focus is on shareholders right, equitable dealing with all financial statement users and making sure that the board performs their responsibilities. In developing economies, effective corporate governance mechanisms are presumed to reduce the problem of delay in the submission of annual reports and accounts (Garkaz, Abdollahi & Niknam, 2016).

In Nigeria, it is being mandated for banks to comply with the code of corporate governance so as to facilitate financial statements transparency, accountability and monitor the behavior of managements through the use of boards in other to prevent financial statement reports manipulation and delay (Ilaboya & Christian, 2014). Consequently, Nigeria Stock Exchange

requires that all banks must submit their audited financial statement for publication on or before 90 days (3 months) after their financial year end and compliance with various regulatory bodies such as Securities and Exchange Commission (SEC), Bank and Other Financial Institution Act (BOFIA) 2004 as amended, Companies and Allied Matters Act (CAMA), 2004 as amended and Central Bank of Nigeria (CBN) regulation is being mandatory. It is believed that compliance with the given regulations tend to reduce delay in the submission of annual reports and accounts in Nigeria.

Base on this, the study examines the effect of board features on financial reporting timeliness of listed Deposit Money Banks in Nigeria.

Early submission of financial reports will be beneficial to both international and domestic investors in understanding the causes of delays in the submission of annual reports and accounts in the context of an emerging economy (Adebayo & Adebiyi, 2016). One of the problems is the variation in financial year end of banks. This made CBN to arrive at a conclusion that all banks were expected to have the same financial year end which is December 31st. However, the problem of delay still persists.

Recently, banks in Nigeria such as: (FBN, GTB, UBA, Sterling, Zenith, Access and Fidelity) have been exposed to huge amount of fine as a result of their non-compliance in filing their financial reports before the stipulated date by the NSE (Nigeria Stock Exchange). For instance, the banks were asked to pay a huge sum of money by the Nigeria Stock Exchange (NSE) for late submission of their audited annual financial reports. This has been a serious concern to the shareholders of the affected companies. Because, the fine paid to the commission had effect on their returns.

Late submission of annual reports and accounts were seen to increase for banks awaiting necessary regulatory approvals, changes in specific internal structures, uncompleted review of financials by Central bank of Nigeria, incomplete finalization of audited account, delay in audit process among others. Delay in the submission of annual reports and accounts were seen to increase for the banks due to the aforementioned reasons. Not only that, some board with specific characteristics was seen to have contributed to lateness in submission of annual reports and accounts. In Nigeria, board features and operations were seen as the major weaknesses in its corporate governance practices (Adewuyi & Olowookere, 2013). The boards of directors were seen to be responsible for monitoring the early submission of annual reports accounts that is being communicated to financial statements users which help them in making good economic decisions (Basuony, Mohamed & Hussain, 2016). Another consequence of late submission of annual reports and accounts is that it allows a subset of investors to acquire costly information that would lead the investors in exploiting their private information at the detriment of less informed investors (Afify, 2009).

Most of the previous studies that are related to the corporate governance and early submission of financial reports focused more on the determinants, relationship and extent of association. For instance, Azubike and Aggreh (2014) affirmed a significant relationship exist between board sizes, board independence and audit report lag. Chi-Chi and Friday (2016) affirmed that board independence has a negative effect on financial reporting quality, whereas Paulinus, Oluchukwu and Samtochukwu (2017) arrived at a result that board size has a negative relationship with audit delay. Other researchers (Apadore and Noor, 2013; Hassan, 2016) find audit delay determinants to be the board size and board independence. It is clear from the review of previous studies that there has been a mixed result from studies, especially in Nigeria.

This study addressed the imbalance in the literature by examining the effects of board structure on financial reporting timeliness of listed deposit money banks in Nigeria. In view of the problem highlighted above, the following null hypotheses are thus developed

H_{01}: Board independence has no significant effect on financial reporting timeliness of listed deposit money banks in Nigeria.

H_{02}: There is no significance effect between board diligence and financial reporting timeliness of listed deposit money banks in Nigeria.

2.0 REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Board Features

In dynamic business world, the role of board of directors is under pressure as they seek to undertake challenging responsibilities. Performance of any business depends on the dynamism and composition of the board as they are close to management of any organization. In literature, various word has been used for board dynamics such as board characteristics, board features, board attributes, board structure and board peculiarities. Although, in previous studies, board characteristics involves board education, board equity, CEO duality, Board composition, board independence, board diligence and board size to mention in view. These attributes vary from one organization to another. In order to achieve the objective of this study, two board dynamism were considered I.e. board independence and board diligence.

2.1.2 Board Independence

Akpan and Amran (2014) defines board independence as corporate board with majority of outside directors. 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 as shareholders interest will be well protected by outside directors (Ilaboya & Christian, 2014). In Nigeria, the code of corporate governance (2014) provides that the non-executive directors should be in the majority, and that a non-executive director should specify audit roles, choice of audit firm in other to avoid the fulfillment of self-interest. A corporate board is generally composed of both the inside and outside independent directors (Hsu & Petchsakulwongb 2010). Non-executive directors are used as surrogate and also as an important factor in measuring an effective board for two reasons: First, non-executive directors are able to work freely and are not subjected to control or influence from major shareholders, management, or other relevant parties.

As argued by Lopes and Walker (2008), the presence of an independent board of directors can be perceived by the market as a sign that a company is committed to behaving according to the basic rules of good conduct. The non-executive directors are more likely to question and monitor management to prevent fraud, because they have no economic or psychological connection with management. Fama and Jensen (1983) suggest that non-executive directors have more motivation to build-up and also improve their reputations by providing effective monitoring control mechanisms. It follows that such directors are associated with better performance, and more independent directors on a board should mean more efficiency in monitoring management, and thus reduce the opportunity for any irregularities in audit reports.

The larger the proportion of non-executives' directors on the board are, the more effective it will be in monitoring management behavior, and thus reduce the nature of inherent risk which at the end reduce the scandal of audit report. Boards of directors dominated by outside directors are more effective in exercising their control function because they are less influenced by management (Fama & Jensen, 1983). For the directors to be able to retain their employments they keep themselves loyal to the executive director of the company, the incentive for them to monitor the quality of accounting information is therefore considerably less than for outside directors.

2.1.2 Board Diligence

Board diligence refers to the number or frequency of board meeting held in a year. Board of directors may probably be the best to monitor the production of financial reports by the management (Ebimobowei & Yadirichukwu, 2013). Bala and kumai (2015) Argued that more diligent board are likely to enhance internal governance, which will have a positive effect on early submission of annual reports and accounts. Hashim and Rahman (2014) revealed that the frequency of board meetings would facilitate reliance of auditors on a firm's strong internal controls and these strong controls would minimize the board's workload. Consequently, this would result to a decrease in delay of annual financial statements. A way to evaluate whether the board members play their roles well in representing the shareholders is by observing the activities of the board (Hashim and Rahman, 2014). The board activities will reflect through the board commitment in discharging its role as an agent in the company (Jensen& Meckling., 1976).

2.1.3 Financial Reporting Timeliness

Financial Reporting Timeliness and Early financial reporting is about reviewing the body's overall accounting, reporting arrangements and identifying new ways of working to meet early reporting deadlines. Timeliness in accounting principle refers to the need for accounting information to be presented to the users on time so as to fulfill their economic decision-making needs (Ohaka & Akanni, 2017). This can be achieved through reporting the financial performance of companies with sufficient regularity. Regulatory authorities tend to impose restrictions on the maximum number of days that listed deposit money banks may take to issue financial statements to the public e.g Nigeria Stock exchange has made it mandatory for all banks to make available their annual reports and accounts within 90 days after the financial year end.

Timeliness of financial information was also emphasized in IAS 10 which requires entities to report all significant post balance sheet events that occur up to date when the financial statement are authorized for issue. This ensures that users are made aware of any material transactions/events that occur after the reporting period when the financial statements are being issued rather than having to wait for the next set of financial statements for such information. Early submission of financial reports allows users to focus on current issues and develop future plans. It does this by improving financial systems and improving the quality of financial information. The information will be seen valuable, only if it is complete, accurate, reliable and timely (Wisna, 2013) and the sooner the information is disclosed, the more valuable it is. However, some tradeoffs such as inaccuracies are experienced in the early reporting (McGee & Yuan, 2008).

Early submission of financial statement is useful in various ways which include: usefulness to stakeholders', helps to examine and correct any weaknesses in the organization among others. The IASB framework for the Preparation and Presentation of Financial Statements requires that a set of financial statements display; the statement of financial position, statement of comprehensive income and statement of changes in entity (IASB, 2014).

Financial reporting timeliness in this study will be measured with the use of audit report lag. Audit report lag may be defined as the difference between the number of days from the accounting year end of a company and the date the audit report was signed (Ilaboya & Christian, 2014). If annual report is not delivered on time, then the financial statements are no longer relevant in the decision-making process. It is has been required that all audited financial statements must be included in the banks" annual reports and financial statement, together with other important matters (Lee & Jahng, 2008). The importance of audit report in annual financial reporting as led to different national regulatory authorizes to set a maximum time for financial reporting which will be made available to the users of financial statement in economic decision making.

An audit report is a written opinion of an auditor regarding an entity's financial statements. The International Standards of Auditing (ISA) states how audit reports should communicate auditor's work to the users of financial statements by providing a broad explanation of each kind of audit report and the reasons for auditors issuing a specific kind of report. ISA 700 which describes the sequence for an unqualified audit report, starting with an introductory paragraph which determines both the auditor's and management's responsibilities, followed by the scope, setting out the nature of the audit procedures and how the auditors performed their work, closing with a paragraph that provides the auditor's opinion and conclusion concerning the financial statement. International standards of auditing also set out the modifications that auditors should make to audit reports to communicate other issues regarding the financial statement.

2.2 Theoretical Framework

In explaining the relationship between board dynamics and financial reporting timeliness, there have been some theoretical reviews developed by previous researchers such as Agency theory, stakeholder's theory, resource dependency theory and stewardship theory.

The theory underpinning this study is agency theory which was credited to Jensen and Meckling (1976). The term agency can be defined as a relationship that exist when one person or group of people called agent is acting on behalf of another called principal (Okpala, 2012). The agency theory has been commonly adopted in literatures to examine the information asymmetry which normally occur between agents and management. The theory emanates as a result of issues between the shareholders and those in charge of the company (managerment). Agency theory addresses the problem of principal-agent relationship which is of the opinion that that having a board of directors that will monitor the decision taken for the company by its executive management is important in other to reduce the agency problem. There is need for control mechanism and one of the control mechanisms is the establishment of board of directors.

A different method of reducing the agency problem is to make the board of directors more effective at monitoring the decisions taken in the organization. Fama and Jensen (1983) argued that an effective board must consist largely of independent non-executive directors. Independent nonexecutive directors have no executive role in the company and are not fulltime employees as they are able to act in the best interests of the shareholders. They are expected to take decision where there is a conflict of interest between executive directors at the best interests of the company which will reduce delay in presentation of annual reports and accounts. It is also expected by the assumption of agency theory that number of board meetings will determine the effectiveness of their performance. This theory revealed that effective corporate governance mechanisms by its characteristics reduces the time of audit work and enhances early submission of financial reports.

Nigeria quoted firms. Secondary data pertaining to the firms were derived from their annual reports and financial statements for 12 years (2000-2011). Data were analyzed with the use of multiple regression analysis. The study found board independence to have an insignificant effect on timely financial reporting

2.3.2 Board Diligence and Financial Reporting Timeliness

Singh and Sultana (2011) examined the impact of board of director's independence, financial expertise, gender, corporate governance experience and diligence on audit report lag of Australian publicly listed firms. The study used pooled sample of 500 firm-year observations obtained from the Australian Securities Exchange for the period 2004 - 2008. The result of the OLS regression model showed that board member independence, board member financial expertise and to a lesser extent, board members with corporate governance experience are the most significant factors associated with shorter/reduced audit report lag. The result of the study clearly implied that the boards play a crucial role in reducing audit report lag.

Azubike and Aggreh (2014) investigated the determinants of audit report timeliness. Cross-sectional research design was adopted with an extensive reliance on secondary data. The data were sourced from annual reports of manufacturing companies quoted on the floor of the Nigerian stock exchange for the period 2010-2012. The ordinary least squares (OLS) regression technique was utilized as the method of data analysis. The study found a significant relationship between board size, board independence and audit report lag. Also, Al daoud, Ku Ismail and Lode (2015) explored the impact of internal corporate governance on timeliness of financial reports of Jordanian firms. The study covered 112 firms listed on the Amman Stock Exchange for the years 2011- 2012. Multiple regression analysis was used to examine the impact of internal corporate governance on timeliness of financial reports. The results of the audit report lag model indicated that companies that have members of board who are independent from management take a significantly shorter time to prepare and issue their financial reports. The result indicated that companies with greater number of board of directors are related with a higher audit report lag. Boards of directors with more meetings make the audit report lag shorter.

Warrad (2018) discussed the extent of association between corporate governance characteristics and audit report lag of listed Jordanian Banks from 2014- 2016. The study used multiple regression analysis to examine the association between corporate governance characteristics and audit report lag. The study found a significant relationship between the board size, board diligence and audit report lag. Uthman Ajadi and Asipita (2018) carried out a study on effects of board characteristics on timeliness of financial reporting of listed insurance firms in Nigeria for the period 2011-2016. Data were collected from the published annual financial reports of studies listed insurance firms in Nigeria. The population of the study comprised of the 28 listed insurance firms. The sample size was fifteen (15) listed insurance firms in Nigeria. The data collected were analyzed with the aid of GLS multiple regression technique. Random effect result showed board size had a positive and significant effect on the timeliness of financial reporting of listed insurance firms in Nigeria. Also, board meeting had a significant effect on timeliness of financial reporting.

3.0 METHODOLOGY

3.1 Research Design

The study employed *ex-post facto* research design, because it deals with the data that are already in existence which cannot be manipulated by the researcher. The data relied upon were obtained from the annual reports and accounts of listed deposit money banks in Nigeria.

3.2 Population and Sample Size of the study

The population of this study comprised of thirteen (13) listed deposit money banks on the floor of the Nigeria Stock Exchange as at December 2010. The year 2010 was the year CBN required all Nigerian banks to have a common financial year end which is 31st December, while 2018 was chosen due to the availability of data. The banking industry was selected due to the pivot role it plays in the economy. Due to the small population, all the thirteen (13) listed deposit money banks were used as the sample size of the study. The study employed census method because the total population of the study was considered altogether. The study focused on the thirteen (13) listed banks for nine (9) years from 2010-2018 making the total number of observations to be one hundred and four (117) (13 banks *9 years).

3.3 Model specification

This study adapted the model of Azubike and Aggreh, (2014) which was stated as:

ARL = f(AFT, BS, BI) 3.1

In econometric model form, the model was specified as:

$ARL = \beta_0 + \beta_1 AFT_{it} + \beta_2 BS_{it} + \beta_3 BI_{it} + \xi t$..... 3.2

Where,

ARL = Audit report lag

AFT = Audit firm type

BI = Board independence

BS = Board Size

t = Stochastic termξ

Where a = the intercept/mean of the equation

$\beta 1$- $\beta 3$ = the coefficient of the variables to be estimated.

This model was adapted for this study with more inclusion, due to the fact that this research work mainly focused on three variables- board independence, board size and audit firm type. This study further introduced board financial expertise, board diligence and added one control variable which is firm size in order to attain the objective of the study. The modified model now becomes:

$ARL = \beta_0 + \beta_1 BI_{it} + \beta_2 BDIL_{it} + \varepsilon_{it}$ 3.1

Where,

ARL = Audit report lag

BI = Board independence

BDIL = Board diligence

Where:

$\beta_1 - \beta_2$, = coefficient of explanatory variables.

ε = Stochastic term

$_i$ = Cross sectional (banks)

$_t$ = Time Series

The a- priori expectation of the study is $\beta_1 - \beta_2 < 0$

3.4 Sources and Method of Data Collection

The study utilized data from secondary source, which were the annual report of the sample listed deposit money banks in Nigeria. Quantitative data were extracted from the annual reports retrieved from the website of the thirteen (13) sampled banks. The data used in this research covered a period of 9 years (2010- 2018). The year 2010-2018 was considered based on the fact that this area of study had been neglected for some periods of time.

a. Data Analysis and Estimation Techniques

The study employed both descriptive (mean, standard deviation, minimum and maximum) and inferential statistical techniques for the analysis of the data. The descriptive statistics shows a summary of the large set of data collected during the period of the study. Normality test was conducted. Preliminary test conducted include skewness, kurtosis and jaque-bera statistics, multicollinearity test and heteroskedasticity. Hausman test was as well done so as to know the appropriate model that will be used in testing the hypotheses between the fixed effect model and random effect model. Inferential statistics used in this study is Panel regression analysis.

b. Definition and Measurement of Variables

This study examined two (2) variables which are the dependent and the independent variables. The dependent variable for this study is early submission of financial reports which was proxy with Audit report lag which is the difference between the financial year end of a company and the date the audit report was signed. The independent variable used in this study is corporate governance mechanisms which was proxy by board independence, board diligence, board financial expertise and board size.

Table 3.1 Measurement of Variables
Source: Author's Compilation (2019)

S/N	Variables	Definition	Type	Measurement	Source
1	ARL	Audit report lag	Dependent	Difference between the accounting year-end and the date financial report was published	Hassan (2016), Ahmed & Che-Ahmad (2016)
2	BI	Board independence	Independent	Proportion of non executive member on the board	Ilaboya & Christian (2014), Sakka & Jarboui (2016),
3	BDIL	Board diligence	Independent	Number of board meeting held during the financial year	Al-daoud,Ku Ismail & Lode (2015), Baatwah, Ahmad & Salleh (2015)

4.0 RESULTS AND DISCUSSION OF FINDINGS

4.1 Descriptive Statistics of Variables

This section shows the descriptive analysis and summary of the data collected through mean, standard deviation, minimum and maximum values.

Table 4.1 Descriptive statistics

Variable	Observations	Mean	Standard deviation	Minimum value	Maximum value
ARL	117	87.3675	31.1395	30.000	253.000
BI	117	0.5639	0.1200	0.2667	0.90
BDIL	117	6.4520	2.1305	3.000	13.000

Source: Author's Computation (2019)

The result in Table 4.1 shows that financial reporting timeliness measured with Audit report lag (ARL) which was measured using the difference between the accounting year-end of each banks and when the annual report was signed. Table 4.1 shows an average value of 87days, this indicates that some banks annual reports were signed and made available to users before the 90 days stipulated by Nigeria stock exchange. The minimum value of 30 days implies that some of the banks made available their annual reports within a month. The maximum value of 253 days implies that some of the banks are not complying with the given rules and regulation because the maximum day given to banks for them to submit their annual reports and accounts is a maximum of 90 days.

Similarly, board independence which is the proportion of non-executive member on total board members shows an average value of (0.5639) implying 56% are non-executive directors while 44% are executive directors. The minimum and maximum value stood at 0.2667(27%) and 0.90(90%) respectively. Average result showed that majority of the board members composed of non-executive director which is in line with the given regulation that all banks must comply with which states that non-executive directors should exceed the number of executive director members. Only few banks did not comply with the Central Bank of Nigeria (CBN) regulation. The result show that at a minimum 27% of the board composition in the banks was represented by independent directors which is less than the required number.

Table 4.1 also shows the average number of board diligence was 6%, which indicate that the board met at an average value of 6% with a maximum of 13 and a minimum of 3. As stated in the code of corporate governance guiding the activities of the banks (Board shall meet at least four (4) times in a year). The results show that the banks complied with the given rules and regulation. Thus, this means that board exercised their responsibility appropriately.

Number of banks and early submission of financial reports for the year 2010-2018

Table 4.2 Number of Banks and Early Submission of Financial Reports for the Year 2010-2018

Year	AUDIT REPORT LAG									% No of banks (1-3 months)	% No of banks (4-6 months and more)
	1 month	2 months	3 months	4 months	5 months	6 months and 9months	Total				
2010	0	0	6	6	1	0	13			46.15	53.85
2011	0	4	3	3	0	3	13			53.85	46.15
2012	0	0	8	4	0	1	13			61.54	38.46
2013	0	1	10	2	0	0	13			84.61	15.38
2014	0	2	9	2	0	0	13			84.61	15.38
2015	0	0	9	3	0	1	13			69.23	30.77
2016	0	1	9	3	0	0	13			76.92	23.08
2017	0	2	7	4	0	0	13			69.23	30.77
2018	0	0	8	4	0	0	13			80.92	19.08

Source: Author's Computation (2019).

Table 4.2 shows that in year 2010, 46.15% of listed deposit money banks in Nigeria were able to submit their financial reports. This implies that the remaining (53.85%) of DMBs annual reports were submitted late. In year 2011 there was an increase from 46.15% to 53.85%. This result indicates that 53.85% of the bank's annual reports were made available for users need between 1-3months which is the Nigeria stock exchange stipulated time for publication of annual reports. The result implies that in year 2011 53.85% of the banks complied with the given rules and regulations while the remaining 46.15% of the bank's annual reports were signed and made available late.

Furthermore, in year 2012 there was an increase in the rate of banks compliance with the stipulated 90 days from 53.85% to 61.54 %. 61.54% of the banks made available their annual reports to users of financial statements. The result shows that banks are concerned and realized that annual reports and accounts are useful for users decision making. 38.46% made available their annual reports late. More so, in the 2013, 84.61% of the banks made available their annual

reports. This shows a high rate of compliance only few (15.38%) did not comply with the given rules and regulations. So also in year 2014 there was no increase in the number of banks who were able to meet the stipulated time and those who were not able to.

Table 4.2 also shows that 2015 had a sharp decrease rate of compliance with the given result of 69.23% and the rate of those whose annual reports were made available late, increased by 61.54% with a given percentage of 30.77%. There was a 7.69% increase in year 2016 with a given percentage of 76.92 % and a decrease of 23.08%. The rate of compliance also reduced to 61.54% in year 2017 while the rate of none compliance stood at 30.77%. 2018 result showed that 61.54% of the banks complied with NSE (Nigeria Stock Exchange) regulation.

The result in Table 4.2 shows that at 2010 – 2014 there was an increase in the rate at which banks complied with early submission of annual financial reports and account although which later decreased. 2013-2014 recorded the highest rate of compliance. The Result also indicates that from 2015- 2017 there was a fluctuation in the rate of compliance but as at 2018 there was an increase in the rate of compliance.

4.3 Preliminary Analyses

4.3.1 Normality Test

In order to determine if the data collected were normally distributed, the skewness and kurtosis test was adopted. Table 4.3.1 shows the extent of deviation from the data and result of the normality test was used to determine the estimation technique used to test the four hypotheses in the study.

Variables	Skewness	Kurtosis	Jarque-bera	Probability	Observation
ARL	2.3650	2.1609	518.1865	0.0000	117
BI	0.6568	1.3724	17.5946	0.0001	117
BDIL	0.8019	1.3194	13.0356	0.0015	117

Normality Table

Source: Author's Computation (2019).

In order to determine if the data collected were normally distributed, skewness and kurtosis test was adopted. Kurtosis is a measure of combined weight of the tails relative to the rest of the distribution while Skewness is a measure of the symmetry in a distribution. Table 4.3.1 shows the extent of deviation from data and result of normality test was used to determine the estimation technique used to test the 1-4 hypotheses of this study. Skeweness of the variables shows that they are positively skewed except for AUDT (-3.1754) and FS (-1.4425). The kurtosis for ARL, BI, BDIL, BFEXP, BS, AUDT and FS variables are less than 3 which is an indication of platykurtic distribution. The Jaque-bera test in Table 4.3.1 rejects the null hypotheses of normal distribution.

4.3.2 Test for Multicollinearity

Table 4.3.2 shows the result of pair-wise correlation with the use of Variance Inflation Factor (VIF) of the independent variables in the study. The tolerance level represents the amount of predictor variable which is not explained by another predictor variable in a structural model. Variance inflation factor (VIF) is the degree to which the standard error has been inflated due to

the presence of collinearity which is a reciprocal of tolerance. The average variance inflation factor (tolerance level or 1/VIF) of 0.10 or lower and a VIF of 10 or higher suggest a multicollinearity problem (Woodridge, 2004)

Table 4.3.2 Test for Multicollinearity

Variable	VIF	1/VIF (tolerance level)
BI	1.27	0.7868
BDIL	1.28	0.7800
Mean VIF	1.22	

Source: Author's Computation (2019).

As shown in Table 4.3.2 all the tolerance levels exceeded 0.10 and the VIF values are less than 10 which is the recommended cut-off. As recommended by (Studenmund, 2000) when VIF is less than 10 there exist the absence of multicollinearity problem. The result implies that the data is free from multicollinearity problem.

4.3.3 Breusch-Pagan Test for Heteroskedasticity

The Breusch-Pagan test of heteroskedasticity was conducted in order to test the serial correlation of error term. The result of the analysis revealed that there is an absence of heteroskedasticity.

Table 4.3.3 Breusch-Pagan Test

Variable	Chi^2	P-value
Model	1.32	0.2514

Source: Author's Computation (2019).

Table 4.3.3 shows the chi^2 value to be (1.32) with the p-value of (0.2514) which is greater than 0.05. The result implies that the residual error is constant in the series (Studenmund, 2010). Heteroskedasticity shows in a model if the variances of the error- term of the different observation are different. Therefore, these models do not face any heteroskedasticity problem. This implies that the correlation coefficients between independent variables are fairly small.

4.3.4 Multivariate Analyses

The Hausman test was conducted in order to establish the appropriate model to be used between the fixed effect and the random effect.

Table 4.3.4 ***Result of Hausman Test***

Fixed and Random test- Hausman Test

Test cross-section random effects

Test summary		Chi-sq Statistic	Chi-sq. d.f	Prob
Cross-section random		2.17	6	0.0249
Variables	Fixed	Random	Var(diff)	
BI	-35.8897	34.8201	1.06959	
BDIL	2.3297	1.4966	-0.1669	

Source: Author's Computation (2019).

Table 4.3.3 shows the fixed and random effect result. The result shows the probability of huasman test done was less than 0.05 (0.0249), this indicates that the result will be interpreted using fixed effect result, therefore, random effect result is ignored (Studenmund, 2000).

4.4 Test and Restatement of Hypotheses

The regression result in Table 4.4 was used to test the two hypotheses stated in the study. The result shows the effects of board dynamics on financial reporting timeliness of listed deposit money banks in Nigeria, with the use of fixed OLS panel regression analysis.

Table 4.4FixedOLS Regression Analysis Result

Variables	Coefficient	Std error	t-value	p-value
BI	-35.8897	26.9683	-1.33	0.000**
BDIL	2.3297	1.5987	2.21	0.000**
Cons	219.4188	38.2442	2.74	0.001**
F-stat	1.81 (0.0032)**			
Adjusted R^2	0.438			
R^2	0.4803			

*,**: denotes significant at 5% and 1% level respectively.
Source: Author's Computation (2019)

The result indicates that the independent variable of the model explained around 48% changes in the dependent variables (early submission of financial reports) of listed deposit money bank in Nigeria from the coefficient of determination (R^2 value of 0.438). The remaining 52% represents the independent variables not included in the model. The table also shows that the model is fit as evidenced by the F-statistics of 1.81 with a p-value of 0.0032 which is significant at 1%.

4.4.1 Testing of Hypothesis One

H_{01}: Board independence has no significant effect on early submission of financial reports of the listed deposit money banks in Nigeria.

From the result shown in Table 4.4, the first hypothesis of the study was tested using the magnitude coefficient of variable (BI) which has a negative significant effect on early submission of financial reports of selected listed deposit money banks in Nigeria as indicated by coefficient (-35.8897) with a p-value (.001) which is greater than 1% level of significance. This result implies that the more the number of independent directors on the board the earlier the annual reports and accounts will be. The null hypothesis that states that board independence has no significant effect on early submission of financial reports of listed deposit money banks in Nigeria was rejected.

4.4.2 Testing of Hypothesis Two

H_{02}: Board diligence has no significant influence on early submission of financial reports of listed deposit money banks in Nigeria.

The output of regression analysis in Table 4.4 which shows that board diligence had a positive significant influence on early submission of financial reports of listed deposit money banks in Nigeria. The result also indicated coefficient 2.3297 with the p-value at .001 at 1% significance level. The result in Table 4.4 indicates that if the number of meetings held by the board members is increased there will be delay in early presentation of annual reports and accounts. The null hypothesis which states that board diligence has no significant influence on early submission of financial reports of listed deposit money bank in Nigeria was rejected. Therefore, the alternative

hypothesis which states that board diligence has a significant influence on early submission of financial reports of listed deposit money banks in Nigeria was accepted.

4.5 Discussion of Findings

Based on hypotheses tested above, the study shows that independent variable proxy with board independence and board diligence had positive and negative significant influence on financial reporting timeliness of listed deposit money banks in Nigeria.

4.5.1 Effect of Board Independence on Financial Reporting of Listed Deposit Money Banks in Nigeria.

Board independence as shown in Table 4.4 reflects a negative coefficient of -35.8897with a p-value of .001 which is significant at 1%. This result is supported with the assumption of agency theory which states that the board must be trustworthy and willing to put personal gains aside for the good of the organization. A large percentage of non-executive directors on the board could intensify the monitoring of managerial opportunism without seeking after their own personal interest. In so doing they succeed in reducing the chance of withholding relevant information. This is in line with *a-priori* expectation as the researcher expects an increase in board independence will lead to a decrease delay in submission of financial reports.

It was thought of that, the more independent the board is, the better the company in reducing their audit business risk because of less conflict between manager and shareholders; hence shorten the audit delay. This result is in line with the findings of (Holtz & Neto, 2014; Azubike & Aggreh, 2014; Ilaboya & Christian, 2014; Al-daoud *et al,* 2015; Bausony *et al,* 2016; Salkka & Jarboui, 2016; Alfraih, 2017; Mohamed & Elshawarby, 2018; found board independence to have a negative and significant effect on early submission of financial reports. However, this finding is contrary to the findings of (Apadore & Noor, 2013; Baatwah *et al,* 2015; Ishak, 2015; Raweh *et al,* 2017, Ohaka & Akanni, 2017; Agyei-mensah, 2018) found board independence to have a positive insignificant effect on early submission of financial reports.

4.5.2 Effect of board diligence on Financial Reporting of Listed Deposit Money Banks in Nigeria.

Table 4.4 shows the coefficient of board diligence to be 2.3297 and with a p-value of .001. Board diligence had a positive and a significant effect on early submission of financial reports of listed deposit money banks in Nigeria. Board diligence is significant at 1%. This result did not support the null hypothesis. The result implies that an increase in meeting held by the board members will increase the delay in presentation of annual report and accounts. The finding of this study is consistent with the findings of (Al-daoud *et al,* 2015; Warrad, 2018; Raweh *et al,* 2019), however, sharply deviated from the findings of (Baatwah *et al,* 2015) they submitted that board diligence does not affect early submission of financial reports. This result is supported with the assumption of the agency theory that when board meets and discuss urgent matter affecting the bank there will be reduction in the late presentation of annual reports and financial statements. Board diligence is assumed to improve the early presentation of annual reports in banks, which in turn improve the reliability and confidence of the shareholders in the organization.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

In any organization, board dynamics is very crucial in reducing delay in submission of financial reports of listed deposit money banks in Nigeria, through which investors' confidence and banks credibility can be restored.

Based on the findings of the study, the study concluded that board dynamics variables used in this study have positive and negative significant effect on financial reporting timeliness of listed deposit money banks in Nigeria. As shown in the result, board independence had a negative significant effect on early submission of financial reports while board diligence had a positive significant effect on early submission of financial reports. This implies that the total number of non-executive directors is higher than the executive directors on the board of the banks. The study therefore, conclude that for banks financial reports to be early, directors that do not sort after their own interest, and number of times the board will meet must not exceed four times so as to reduce delay. Therefore, this study concludes that board dynamics variables (board independence and board diligence) have significant effect on financial reporting affects early submission of financial reports of listed deposit money banks in Nigeria.

5.2 Recommendation

The policy recommendations which emanated from the findings of this study include:

i. In line with the findings which show that board independence significantly affects financial reporting timeliness. The study recommends that regulators should monitor the appointment of non-executive directors that will make up the board of directors by going through their list before approval and confirmation before appointment.

ii. Based on the findings of the study, which show that board diligence had a positive significant effect on early submission of financial reports. The study recommends that board should meet (4) four times in a year as recommended by CBN so as to reduce delay in the presentation of annual reports and accounts.

The findings of this study is limited to the board structure aspect of corporate governance mechanisms of listed deposit money banks in Nigeria caution should be taken so as to generalize this study findings to other corporate governance structure and as well other sectors than banking sector. However, this does not affect the quality of the study since the finding is applicable to banking sector in Nigeria. The finding of this study will not be applicable to other sectors in Nigeria. Furthermore, firms that did not have complete financial statements for the period 2010 - 2018 were excluded from the study. More so, data collected were for nine years (2010-2018). Most of the banks' annual reports for the year 2019 could not be assessed as at 2018. Despite all the limitations it has no effect on the empirical findings of this study as a result of adequate supportive and statistical evidence deployed.

In view of the above, further studies should capture other sectors listed on the floor of Nigeria Stock exchange and also further studies can increase the sample size by capturing more banks to include, merchant, developmental, microfinance among others not captured by this study.

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