

**THE EFFECT OF AUDIT FIRM SIZE, TENURE, AND COMMITTEE SIZE ON REGULATORY FILING TIMELINESS OF NIGERIA LISTED FIRMS**

**Maarufah Abdulmalik Mohammed, PhD**

Department of Accounting,  
ABU Business School  
Ahmadu Bello University, Zaria  
maarufaharuna@gmail.com/ +2348087101074

**Samira Mohammed Adimoha, PhD**

Department of Business Administration,  
Faculty of Management Sciences,  
Nile University of Nigeria  
samiraksz111@gmail.com/ +2348036567457

**Abdulkarim, Musa Mohammed, PhD**

Department of Local Government and Development Studies,  
Faculty of Administration,  
Ahmadu Bello University, Zaria  
mmbdulkarim@abu.edu.ng  
mmusaq@gmail.com/ +23407062021860  
<https://doi.org/10.57233/gujaf.v46i21.26>

**Abstract**

The study investigates the effect of audit firm size, tenure, and committee size on regulatory filing timeliness of Nigeria Listed Firms. Regulatory Filing Timeliness is represented with 'the difference between the financial end to the date in which the auditor signs the financial statements' while Audit Firm Size, Tenure, and Committee Size are represented with audit firm size, audit tenure and audit committee. Using 42 firms-years longitudinal paneled of 420 observations. Descriptive and correlational research design is used. Based on the data's availability at the time of the inquiry, the study used a convenient sampling strategy to gather secondary data. These data cover the years 2012 through 2021 and were compiled from the annual financial reports of these selected companies. Descriptive statistics and panel regression analysis were used to analyze the data. The analysis findings shows that audit firm size, audit tenure and audit committee all has a positive and statistically significant effect on the Regulatory Filing Timeliness of some listed companies in Nigeria. According to the findings, managers should keep in mind that larger audit firms tend to have more resources, expertise and experience will contribute to efficient and timely financial reporting. Similarly, longer audit tenure enhances familiarity, knowledge, and the ability to streamline the audit process, results to more timely reporting and lastly the committee should compose of individuals with diverse expertise and knowledge which will enable them with the necessary resources and support to fulfill their responsibilities effectively.

**Keywords:** Audit firm size, tenure, and committee size, regulatory filing timeliness

## **1.0 Introduction**

Regulatory Filing Timeliness, within the realm of accounting, pertains to the speed at which financial information is disclosed. It is a significant qualitative factor that impacts the effectiveness of financial accounting. Even if the financial statements contain high-quality information, their relevance for stakeholders' decision-making diminishes if not delivered in a timely manner (IASB, 2018). Generating valuable financial information holds societal significance as it affects the efficiency of capital markets and the allocation of resources are consequently influencing the potential for economic growth. The timeliness of financial reporting is a crucial qualitative characteristic that determines the relevance of information presented in financial reports. As time passes, the information becomes less relevant for decision-making (Efobi & Okougbo, 2015). This implies that for a financial report to be very relevant and useful, its timeliness is very critical.

Financial reports serve as the primary means for investors and other market participants to assess a firm's activities before making investment decisions (Li, Zhang & Wang, 2014). Therefore, financial reports must be released in a timely manner. In a developing economy like Nigeria, the timely release of audited financial reports is crucial for making informed investment decisions (Al-Muzaiqer, Al dehayyat & Al-Taani, 2016). This delay hinders shareholders and stakeholders from evaluating a firm's past performance, while potential investors face uncertainty in their decision-making process (Komolafe, 2016; Gbadeyanka, 2018).

The Securities and Exchange Commission (SEC), which is the regulator of the Nigerian stock market, has established a deadline of March 31 for listed firms to submit their audited financial reports for the previous year ending on December 31. Additionally, the Companies and Allied Matters Act (CAMA) of 1990 has amended and mandates that all listed firms should have their audited financial reports ready for users within three months after the end of their financial year. The Central Bank of Nigeria (CBN) has even issued threats about removing the chairmen and chief executives of most financial firms that fail to publish their accounts within the specified timeframe (Komolafe, 2016; Gbadeyanka, 2018). These delays result in regulatory sanctions such as penalties, fines, and delisting and send negative signals to both local and foreign investors (Salako, 2018).

Though, despite the presence of a robust regulatory framework and corporate governance code, some of the firms in Nigeria continue to face challenges of delay in submitting audited financial statements (Terkende & Karim, 2022). It has been observed that many firms consistently exceed these timeframes for presenting their financial reports (Azubike & Aggreh, 2014). Some businesses struggle to meet these deadlines, resulting in non-compliance and sanctions imposed by the NSE. For instance, penalties totalling N64.9 million, N26.3 million, N10.5 million, and N148.3 million were imposed on companies for late filing of audited reports in 2013, 2014, 2015, and 2017, respectively (SEC compliance reports 2013; 2014; 2015; 2017). In 2018, the NSE further penalized 38 companies with N429.5 million for failing to file their annual reports, impacting their ability to distribute dividends or bonuses to shareholders (Asiriwa, Adeyemi & Uwuigbe, 2021).

As Nigerian corporate entities engage more with global financial markets, the demand for high-quality and timely accounting reporting rises, necessitating compliance with foreign investor disclosure regulations (Bakare, Alabi, Adegbite and Ogundipe, 2018) Stakeholders, including those with institutional interests, now expect accurate and yearly financial reports to gain

comprehensive insights (Bakare et al., 2018). In line with the Companies and Allied Matters Act (CAMA, 2020), businesses and incorporated trustees must submit annual returns to the Corporate Affairs Commission (CAC), which should contribute to transparency and informed decision-making (Guardian, 2021).

Recognizing the importance of timely financial reporting, professional accountants, auditors, and regulators have identified timeliness as a key attribute of financial reporting quality (McGee & Tarangelo, 2008). Users of financial information require timely access to it to make informed decisions (Appah & Emeh, 2013). To provide stakeholders, with the information they need in order to make informed decisions, financial reports must be consistently and timely (Ahmad, Mohamed & Nelson, 2016). Some studies opined that Big 4 audit companies and their tenure are more dependable and much more competent to reduce tardiness (Afify, 2009; Lee & Jahng, 2008; Modugu, Eragbhe, & Ikhatua, 2012; Mohamad-Nor, Shafie, & Wan-Hussin, 2010; Mohamad-Nor, Shafie, & Wan-Hussin, 2010). In addition, research by Hashim & Rahman (2010), Mohamad (2010), and Sun, Liu & Lan (2011) highlight the impact of audit committee size on financial report timeliness.

Previous research has primarily focused on Audit Firm Size, Tenure, and Committee Size when examining the timeliness of financial reporting in both developed and developing countries (Adebayo & Adebisi, 2016; Akingunola, Soyemi, & Okunuga, 2018; Al-tahat, 2015; Aziz, Isa, & Abu, 2014; Hapsari, Putri, & Arofah, 2016). However, there is a dearth of research that thoroughly explores the impact of corporate governance attributes, particularly Audit Firm Size, Tenure, and Committee Size, on the timeliness of audited financial reports. Recent studies have started to investigate the influence of audit committee attributes on timely financial reporting (Ahmed & Che-Ahmad, 2016; Akhor & Osegbale, 2017; Al Daoud, Ismail, & Lode, 2015; Azubike & Aggreh, 2014; Ram & Hassan, 2017). However, most of these studies have primarily focused on board characteristics, overlooking specific attributes such as audit tenure. Additionally, they have often overlooked the average companies on concentrate mostly on the bigger companies which are mostly the financial banks (Ocak & Ozden, 2018). According to Abdullahi and Suleiman (2015), these selected companies make up approximately 97% of all enterprises in Nigeria. They also account for 50% of employment and contribute 50% to the country's industrial output. When owners and managers of these selected companies prioritize delivering high-quality services to their customers, it propels the growth and expansion of their businesses. Consequently, this contributes to the overall development of the country, with these companies playing a crucial role (OECD, 2017). Hence, timely financial reporting is very important to the investors of these selected companies.

To fill this gap, it's imperative to investigate the effect of audit firm size, audit tenure and audit committee on the Regulatory Filing Timeliness of Nigeria Listed Firms. The remaining part of this paper is structure as follows: section 2 presents relevant extant studies. Section 3 discusses the methodology employed for the study. In section 4, the results of the data analysis are presented and discussed. Section 5 concludes the study by highlighting the finding and its policy implications.

## **2.0 Literature Review**

This section reviewed relevant studies on Audit Firm Size, Audit Tenure and Audit Committee on Regulatory Filing Timeliness

### **Audit Firm Size and Regulatory Filing Timeliness**

Prior studies have provided different definitions of Regulatory Filing Timeliness based on their perspectives. Mohammed, Alrub and Ntim (2013) define Regulatory Filing Timeliness as the time difference between a firm's financial year end and the completion of audit work by the independent auditor. Ashton, Graul and Newton (1987) describe audit delay as the duration it takes to complete an audit from the firm's financial year end to the date of the external auditor's report.

According to Modugu, Eragbhe, and Ikhatua (2012), it has been suggested that Big 4 audit firms and their longer tenure are considered more reliable and capable of reducing delays or tardiness. A study by Pratama (2018), where the effects of numerous factors on timeliness were considered on companies listed in the LQ45 index between 2012 and 2014 was examined. A sample of 69 observations from 23 consistently listed firms were analyzed to investigate the effects of profitability, company size, solvency, operational complexity, and audit firm size on reporting timeliness. According to the study's findings, profitability, operational complexity, and audit firm size, all had a statistically significant impact on how quickly financial statement reporting was completed. This implies that companies with more complex operations, higher profitability, and larger audit firms tend to report their financial statements in a timelier manner. However, the study did not find a statistically significant relationship between company size and solvency with reporting timelines.

Hartwig, Hansson, Nielson and Sorqvist (2023) investigated the correlation between auditing/non-auditing and the timeliness of accounting practices in Swedish private firms. The research methodology involves regression analysis to analyze the relationship between auditing and two measures of timeliness: lead time and late filing. The sample comprises private firms in Sweden. The population comprised 447,361 Swedish private limited liability firms. A stratified sampling method was employed to obtain a representative sample of 1,000 firms, categorized into four strata based on size. The sample represented all types of Swedish private limited liability firms, irrespective of mandatory or voluntary audits. The investigation focused on the correlation between audits and timeliness. The findings of this study indicate that audited firms when compared to unaudited firms, exhibit significantly lower levels of timeliness. Additionally, it was observed that higher profitability is linked to increased timeliness, but only in the case of audited firms. The results also reveal that firms audited by one of the "Big 4" auditors demonstrate significantly higher levels of timeliness compared to those audited by non-"Big 4" auditors.

### **Audit Tenure and Regulatory Filing Timeliness**

The timeliness of financial reporting plays a crucial role in the decision-making process of financial statement users, as it impacts their economic decisions based on historical information. (Yuliastuty, Asmara and Situant, 2018) examine the influence of audit tenure and firm size on audit delay and its subsequent impact on timeliness. The population for this research comprises consumer goods companies listed on the Indonesia Stock Exchange (IDX) from 2014 to 2016. Purposive sampling was employed, resulting in a sample of 30 companies with a total of 90 observations over three years. The data collected consists of audited financial statements obtained from the Indonesia Stock Exchange. The analysis utilized both the outer model and inner model through the SmartPls 3.0 software. The findings indicate that neither audit tenure nor firm size significantly affects audit delay and timeliness, but audit delay does have a significant influence on timeliness.

Singer and Zhang (2018) investigated the relationship between audit firm tenure and audit quality, using the promptness of misstatement discovery as an indicator. They address the issue of endogeneity and find that longer audit firm tenure is associated with delayed detection and rectification of misstatements, suggesting a negative impact of extended auditor tenure on audit quality. They employ the non-voluntary auditor change after the demise of Arthur Andersen in 2002 as a natural experiment and compare the discovery time of misstatements between companies that switched auditors during that period and those that retained their auditors. Interestingly, they observe that companies undergoing an auditor change had faster misstatement detection, highlighting the benefits of a fresh perspective from a new auditor. Their analysis also reveals that longer auditor tenure is linked to more significant misstatements, and although the Sarbanes-Oxley Act has somewhat alleviated the negative effect, it hasn't completely eliminated it. Additionally, they find that the negative association between auditor tenure and timely misstatement discovery is mainly prevalent in the first ten years of an audit engagement.

#### **Audit Committee Size and Regulatory Filing Timeliness**

Syofyan, Septiari, Dwita and Rashmi (2021) investigated the relationship between the audit committee (AC) and reporting quality, specifically focusing on reporting timeliness in the Indonesian context. The effectiveness of the AC is measured based on factors such as committee size, expertise or competence of its members, and meeting frequency. The researchers analyzed data from 240 observations spanning 48 manufacturing companies listed on the Indonesian Stock Exchange (IDX) from 2014 to 2019. They employ a logit regression analysis to test their hypotheses. The findings suggest that AC size and financial expertise do not have a significant association with audit report timeliness, whereas meeting frequency does. This highlights that the effectiveness of the AC depends on effective communication among its members, and more frequent meetings contribute to better communication. The study also emphasizes the importance of the number of AC meetings in fulfilling their oversight role, leading to the timely submission of audited financial statements.

In addition, Odjaremu and Jeroh, (2019) assessed the impact of audit committee attributes on the reporting timeliness of listed firms in Nigeria. The researchers collected firm-level secondary data from the financial statements of 21 randomly selected firms over six years (2012-2017). They employed an ex-post facto research design and used descriptive and inferential statistical techniques, including regression analysis, to analyze the data. The study aimed to empirically examine the relationship between audit committee attributes (such as size, independence, and diligence) and the timeliness of financial reporting in Nigerian corporate entities. The findings revealed a significant association between audit committee attributes and Regulatory Filing Timeliness in Nigerian firms. Based on these results, the researchers recommend that firms adhere strictly to guidelines and thresholds when constituting their audit committees. They also suggest that regulatory bodies should actively monitor firms' compliance levels, particularly regarding the independence and diligence of audit committees.

#### **Theoretical Framework**

Managerial ability, as affirmed by resource-based theory, serves as a valuable resource that enhances firms' competitive advantages through the efficient utilization of resources (Holcomb, Halmes & Connelly, 2009). According to the efficiency hypothesis, higher-ability managers possess superior knowledge, experience, and performance compared to their counterparts (Coff, 1999; Holcomb et al., 2009). This superior ability enables them to achieve investment efficiency (Garcia Sanchez and Garcia Meca, 2018), innovation success, and higher growth rates

(Holbrook, Hounshell & Klepper, 2000; Chen, Cumming, Hou & Lee, 2016). Consequently, it is anticipated that managers with higher ability possess substantial human capital, enabling them to establish effective internal control systems and deliver higher earnings quality. Consistent with the efficiency hypothesis, it is further suggested that higher-ability managers are more likely to establish and maintain effective internal controls, thereby enhancing their capacity to monitor the quality of financial reporting (Lee, 2015).

Regulatory Filing Timeliness is a critical qualitative characteristic of financial statements, involving the provision of information within the timeframe prescribed by regulatory bodies, facilitating informed economic decision-making (FASB, 1980). Timely disclosure, as argued by Owusu-Ansah (2000), serves as an important tool for curbing insider trading, reducing information asymmetry, and limiting the spread of leaks and rumours regarding firms' financial performance, particularly in emerging markets. The issue of Regulatory Filing Timeliness garners attention from managers, researchers, regulators, and auditors (Abernathy, Bayer, Masli, & Stefaniak, 2017). Investors, in particular, prefer shorter reporting periods as it enables them to adjust their investment decisions promptly and efficiently (Habib and Bhuiyan, 2011). Hence, investigating the relationship between managerial ability and Regulatory Filing Timeliness is of significant interest and holds implications for various stakeholders involved in the financial reporting process.

According to the theory, audit firm size, audit tenure, and audit committee size can significantly impact Regulatory Filing Timeliness. Larger audit firms, equipped with extensive resources and experience, tend to conduct audits more efficiently, resulting in shorter reporting periods and enhanced timeliness. Longer audit tenure can foster auditor familiarity with client operations and financial reporting processes, leading to increased efficiency and potentially faster financial reporting. Moreover, a well-functioning and proactive audit committee, responsible for overseeing financial reporting and audit processes, plays a vital role in ensuring effective communication and can contribute to more efficient and timely financial reporting. Understanding the relationships between these factors and their combined effects alongside managerial ability is crucial for assessing and improving financial reporting practices, benefiting managers, auditors, regulators, and investors alike.

To achieve the objective of the study, the following hypotheses are tested.

H<sub>1</sub>: Audit Firm size does not significantly influence Regulatory Filing Timeliness

H<sub>2</sub>: Audit tenure does not significantly influence Regulatory Filing Timeliness

H<sub>3</sub>: Audit Committee size does not significantly influence Regulatory Filing Timeliness

### **3.0 Methodology**

Research design is a crucial aspect of a study, serving as a master plan that outlines the collection and analysis of data. In this study, a descriptive and correlational research design was adopted to examine the relationship between Audit Firm Size, Tenure, and Committee Size and Regulatory Filing Timeliness. The panel data analysis approach was employed, utilizing annual reports and accounts as the main data source. The choice of this design was justified by the study's objective and the availability of secondary data. Following a deductive approach within the positivism paradigm, quantitative method was used to test the relationship between the variables. The study focuses on some selected companies listed on the Nigeria Stock Exchange (now Nigerian Exchange Group as of 2022) as at December 31, 2022. Out of the 160 Companies in the

population, 42 was used in representing the adjusted population from 2012 to 2021 considering certain criteria such as the availability of audited financial reports, complete information for the study period, and non-delisting from the Nigeria Exchange Group. A mix of stratified sampling techniques with convenience selection within the strata was deployed to select the companies for the study. The samples were from 10 different sectors, namely: Agricultural, Conglomerates, Construction and Real Estate, Consumer Goods, Healthcare, ICT, Industrial Goods, Oil & Gas, Service and Natural Resources. The panel multiple regression was employed to test the research hypotheses, given the panel nature of the data and consistency with previous empirical studies. The data was analyzed using the STATA package, and various diagnostic tests were conducted, including tests for normality, multicollinearity and heteroscedasticity, to ensure the result is BLUE.

**Table 1**  
**Variables Measurement and Model Specifications**

Variable Measurement	Type	Acronym	Measurement Sign
Regulatory Filing Timeliness	Dependent	RFT	This is the difference between the financial year end (31 <sup>st</sup> December of every year) and the date in which the auditor signs the financial statement (Mc Gee 2008)
Audit Firm Size	Independent	AFS	AFS is operationalised with audit firm type: 1 for big4 and 0 for non-big4 (Modugu, Eragbhe, and Ikhatua, 2012).
Audit Tenure	Independent	ATN	The number of years spent 3 or 4 years (Odjaremu and Jeroh, 2019).
Audit Committee Size	Independent	ACM	AC size is measured by the numbers of AC members on the board (Odjaremu and Jeroh, 2019).

**Source:** Researcher, 2024.

**Model Specification**

The model is stated below:

$$RFT_{it} = \beta_0 + \beta_1 AFS_{it} + \beta_2 AT_{it} + \beta_3 ACS_{it} + e_i$$

Where:

i= Firm

t= Year

$\beta_0$ = Intercept  $\beta_1, \beta_2$  and  $\beta_3$  = the coefficients of the Variables.

e = Error Term.

RFT= Regulatory Filing Timeliness  
 AFS = Audit firm size  
 AT = Audit Tenure  
 ACS = Audit committee size

**4.0 Data Analysis and Discussion**

The descriptive statistics of the explained and the explanatory variables are presented in Table 2 where the minimum, maximum, mean, and standard deviation of the data for the variables in the study are described.

**Table 2**  
*Summary of descriptive statistics*

	Mean	Std. Dev.	Min	Max	skewness	kurtosis
RFT	125.709	96.676	147	234	4.041	25.056
AFS	.416	.493	0	1	.341	1.116
AT	.812	.391	0	1	-1.597	3.549
ACS	4.774	.993	2	6	.015	2.056

**Source:** Stata Output (2024).

From Table 2, the mean value of Regulatory Filing Timeliness (RFT) is 125.71 days and the standard deviation is 96.68 days. The minimum Regulatory Filing Timeliness is 126 days while the maximum is 234 days. The mean of Regulatory Filing Timeliness of 125.71 days signifies that on average, the external auditors of the listed sampled firms in Nigeria took approximately 126 days before their annual reports were audited and signed. The standard deviation of approximately 97 days indicates a high variability of the data from the mean. That is, there is high variability in the number of days taken by the external auditors of sampled listed firms in Nigeria to sign their audited annual reports.

According to the data from the Table, the average audit firm size was found to be 0.416 This average value indicates that 41.6% of the sampled of some listed companies in Nigeria during the study period were audited by the four largest audit firms, known as the "big 4" (KPMG, PWC, Ernst and Young, Akintola Williams Deloitte). Conversely, the mean value of 41.6% suggests that 58.9% of the sampled selected listed firms are audited by non-big 4 audit firms in Nigeria during the investigation period. These findings indicate that the audit firms are not predominantly controlled by the big 4 audit firms in Nigeria, with only a large number of non-big 4 firms conducting audits for the selected listed firms in the country. The minimum and maximum values of audit firm size observed during the study period were 0 and 1, respectively. These values suggest that auditor size is measured using a binary variable. A value of 1 indicates that the company was audited by a Big 4 audit firm, while a value of 0 indicates otherwise.

During the study period, the mean value of auditor tenure was 0.812, indicating that approximately 81.2% of the Selected firms retained their auditors for three years or more. This suggests that more than half of the audit firms in the selected sector enjoy long-lasting relationships with their clients, allowing them to gain in-depth knowledge of the client's specific practices and financial reporting, leading to more effective audits. Additionally, the mean implies

that only around 81.2% of the sampled companies may have had auditors for less than three years during the study period. It should be noted that auditor tenure was measured using a binary variable, taking a value of one for companies that retained auditors for three years or longer and zero otherwise. Therefore, the minimum and maximum values of auditor tenure were zero and one, respectively. The average audit committee size as shown in Table 2 is 4.77. The standard deviation is 0.993, suggesting that the member of the audit committee is not widely dispersed among the selected listed firms in Nigeria. The minimum and maximum are 2 and 6 members respectively.

**Residuals Tests**

Normality distribution of the data is another paramount assumption of regression where it is considered as a condition for parametric test analysis. This is because, one of the parametric test conditions is that, the data must be normally distributed across the variables for the test to stand for generalization. However, it was argued that the normality is to be conducted on the residuals of the model and not the data where the dependent variable determines the parametric analysis to be conducted. Thus, this study conducted a normality test on the residuals of the model using Shapiro-Wilk.

**Table 3 Normality Test  
Shapiro-Wilk W Test for Normal Data**

Variable	Obs	W	V	Z	Prob>z
Resid	420	0.999	0.400	-2.195	0.986

**Source:** Stata Output (2024)

The value of the p-value for the model is 0.986, as obtained in Table 3 for the Shapir-Wilk. Since the value is greater than a 5% (0.05) level of significance, therefore, the null hypothesis that the data is normally distributed across the models cannot be rejected. For this reason, this study concludes that the residual of the model is normally distributed.

**Test for Multicollinearity**

Non-existence of multicollinearity is a key assumption of linear regression analysis. Multicollinearity occurs when the independent variables are not independent of each other. Multicollinearity is examined using tolerance and variance inflation factor (VIF) values. The result of the multicollinearity test is shown in the table below Table 4.

**Table 4: Collinearity Test  
Variance Inflation Factor**

	VIF	1/VIF
AFS	1.11	.901
AC	1.107	.903
AT	1.007	.993
Mean VIF	1.075	.

**Source:** Stata Output (2024)

Based on the evidence presented in Table 4. it can be concluded that there is no multicollinearity problem. This is because the VIF values for all the variables are less than 10 and the tolerance values for all the variables are greater than 0.10 (rule of thumb).

**Heteroscedasticity Test and Autocorrelation Test**

Heteroskedasticity arises when the error terms along the regression are not equal. The presence of heteroscedasticity violates the homoscedasticity assumption and may lead to a wrong inference. In this study, heteroskedasticity was tested using Breusch Pagan’s test.

**Table 5**

*Heteroskedasticity Test*

	Hetest
Chi2	8.309
P-value	0.0298

**Source:** Stata Output (2024)

The study adopted GroupWise to test for the existence of heteroskedasticity. The study revealed a Chi-Square of 8.309 with a p-value of 0.0298. This implies the presence of heteroskedasticity for the model; it also means that the constant residual (homoscedastic) and the null hypothesis is rejected.

**Autocorrelation Test**

**Table 6.** Autocorrelation Test

Chi2	2.979
P-value	0.1100

**Source:** Stata Output (2023)

The presence of auto/serial correlation violates the assumption of longitudinal data which is one key attribute of panel data. The Wooldridge test for autocorrelation was adopted to test for the presence/absence of auto/serial correlation. The criteria were to accept Ho = No Autocorrelation if P-value is greater than 5% and accept H<sub>1</sub>= Presence of Autocorrelation if P-value is less than 5%. The result obtained from the table above shows that their absence of Auto/serial correlation in the Model as the P-values (0.1100) is greater than 5%.

**Hausman Specification Test**

In order to decide the more effective model between the fixed effect and Random effect researchers often rely on the Hausman (1978) specification test. The Hausman test is designed to detect violations of the random selects modeling assumption that the error varies across the residuals are constantly distributed. The result of the Hausman test is shown in table 4.6 below,

**Table 7. Hausman Test**

	Hausman
Chi2	1003.99
P-value	0.000

**Source:** Stata Output (2024).

In order to choose the best model between the fixed effect and random effect estimate, the Hausman specification test was carried out. However, the null hypothesis is that the random effect estimate is appropriate while the alternate hypothesis is that the fixed effect estimate is appropriate. The result of the Hausman test shows that the probability value of 0.000 with a chi-square value of 1003.99 is less than a 5% significance level. This implies that the study cannot reject the null hypothesis which stated that a fixed effect estimate is appropriate. Due to presence for heteroscedasticity, panel corrected standard error (PCSE) was found suitable for the analysis.

**Regression Result**

**Cross-sectional time-series FGLS regression**

Variables	Coef.	St.Err.	t-val	p-val	Sig
AFS	.068	.015	4.25	.000	***
AT	1.496	.107	13.94	.000	***
ACS	.041	.020	2.00	.045	
Constant	1.426	.304	4.69	.000	***
Mean dependent var	5.531		SD dependent var	0.840	
Number of obs	452.000		Chi-square	2052.966	
Prob > chi2	0.000		Rsquared	81.96	

**Source:** Stata Output (2024).

**Audit Firm Size and Regulatory Filing Timeliness**

The regression result reveals that audit firm size has a positive and statistically significant effect on the Regulatory Filing Timeliness of some listed companies in Nigeria. This is evidenced by the coefficient 0.68 with the corresponding p-value of 0.000 which is 1% significance level. This signifies that a unit percentage increase in the usage of audit firm size would bring about increases in the Regulatory Filing Timeliness of some listed companies in Nigeria. This finding connotes that bigger audit firms often have more experienced professionals who have dealt with a wide range of clients and complex financial reporting issues. Their expertise allows them to navigate through the auditing process more efficiently, reducing delays and ensuring timely reporting. Larger audit firms often work with a diverse set of clients across various industries. Their broad industry exposure enables them to stay updated on regulatory changes, accounting standards, and reporting requirements. This knowledge helps them streamline the auditing and

reporting process, resulting in timely submissions. Most established audit firms have a reputation to maintain and passes a higher risk of public scrutiny. They are more likely to be subjected to regulatory oversight and may face greater pressure from clients to meet reporting deadlines. This can motivate them to prioritize timely financial reporting to maintain their reputation and client relationships. This provides evidence to reject the null hypothesis that audit firm size does not have a significant effect on Regulatory Filing Timeliness. Hence, this finding supports the proposition of resource-based theory and the findings of Modugu, Eragbhe, and Ikhatua (2012), Hartwig et al., (2023).

### **Audit Tenure and Regulatory Filing Timeliness**

The regression result reveals that audit tenure has a positive and statistically significant effect on the Regulatory Filing Timeliness of some listed companies in Nigeria. This is evidenced by the coefficient 1.496 with the corresponding p-value of 0.000 which is 1% significance level. This signifies that an increase in audit tenure will aid the Regulatory Filing Timeliness of some listed companies in Nigeria. This finding signifies that if audit tenure increases, the audit firm becomes more familiar with the client's operations, processes, and financial reporting requirements. This deep understanding allows for a smoother audit process and can contribute to more efficient and timely financial reporting. Over time, the audit firm develops a strong working relationship with the client's management team. This relationship enhances communication and cooperation between the parties involved, leading to improved efficiency in the audit process and timely reporting. This provides evidence to reject the null hypothesis that audit tenure does not have a significant effect on Regulatory Filing Timeliness. Hence, this finding supports the proposition of resource-based theory the finding of (Odjaremu and Jeroh, 2019).

### **Audit Committee Size and Regulatory Filing Timeliness**

The regression result reveals that audit committee size has a positive and statistically insignificant effect on the Regulatory Filing Timeliness of some listed companies in Nigeria. This is evidenced by the coefficient 0.041 with the corresponding p-value of 0.045 less than a 5% significance level. This signifies that a percentage increase in audit committee size significantly aids the Regulatory Filing Timeliness of some listed companies in Nigeria. The positive influence of audit committee size on Regulatory Filing Timeliness can be attributed to several factors. Firstly, a larger audit committee typically consists of more members, allowing for a broader range of expertise, perspectives and knowledge. This diverse composition facilitates more effective oversight of the financial reporting process, including timely review and approval of financial statements. Secondly, a larger audit committee has the advantage of being able to allocate sufficient time and resources to their responsibilities. With more members available to share the workload, the audit committee can dedicate more attention to monitoring and ensuring the timely completion of financial reporting tasks. This increased capacity for oversight and resource allocation contributes to improved Regulatory Filing Timeliness. Based on this finding the study rejects the null hypothesis that audit committee size does not have significant effect on Regulatory Filing Timeliness. Hence, this finding supports the proposition of resource-based theory the finding (Odjaremu and Jeroh, 2019).

## **5.0 Conclusion and Recommendations**

In conclusion, there is a generally positive relationship between audit firm size and Regulatory Filing Timeliness, as well as between audit tenure and Regulatory Filing Timeliness. Larger audit firms tend to have more resources, expertise, and experience, which contribute to efficient and

timely financial reporting. Similarly, longer audit tenure enhances familiarity, knowledge, and the ability to streamline the audit process, results to more timely reporting. Based on the understanding of the positive relationships between audit firm size and audit tenure with Regulatory Filing Timeliness, organizations and stakeholders should consider the following recommendations.

When choosing an audit firm, organizations should take into account the size and resources of the firm. Opting for a larger audit firm with a strong track record and sufficient resources can potentially lead to more efficient and timely financial reporting. Encouraging long-term audit relationships can have benefits in terms of Regulatory Filing Timeliness. Continuity in audit engagements allows audit firms to develop a deep understanding of the organization's operations and reporting requirements, ultimately leading to improved efficiency and timely reporting.

Organizations should prioritize establishing strong lines of communication and cooperation with their audit firms. This includes regular interactions, providing necessary information in a timely manner, and fostering a collaborative environment. Open and transparent communication can help streamline the audit process and contribute to timely financial reporting. Organizations should conduct periodic evaluations of their audit firms to assess their performance, including their ability to meet reporting deadlines. Providing constructive feedback and discussing areas for improvement can help strengthen the relationship and enhance Regulatory Filing Timeliness.

Even though the statistical significance is established, it is still important to focus on improving the audit committee's effectiveness. This can be done by ensuring the committee is composed of individuals with diverse expertise and knowledge, and providing them with the necessary resources and support to fulfill their responsibilities effectively. Implement and reinforce corporate governance practices that promote transparency, accountability, and timely financial reporting. This includes establishing clear reporting timelines, providing adequate training for audit committee members, and fostering a culture of integrity and ethical conduct within the organization. Regularly assess the performance of the audit committee to ensure its effectiveness in overseeing Regulatory Filing Timeliness. This can be done through performance evaluations, benchmarking against industry best practices, and seeking feedback from external auditors and stakeholders.

## References

- Abdullahi, A. I., & Suleiman, M. S. (2018). Impact of religion on entrepreneurial intention of university students in Kano State, Nigeria. In *Proceedings of ICIC2015 – International Conference on Empowering Islamic Civilization in the 21st Century* (pp. 363–375).
- Abernathy, J. L., Bayer, E. L., Masli, A., & Stefaniak, C. M. (2017). Audit firm tenure, non-audit services, and financial reporting quality: Evidence from the recent regulatory changes. *Contemporary Accounting Research*, 34(2), 990–1023. <https://doi.org/10.1111/1911-3846.12294>
- Adebayo, P. A., & Adebisi, W. K. (2016). Effect of firm characteristics on the timeliness of corporate financial reporting: Evidence from Nigerian deposit money banks. *International Journal of Economics, Commerce and Management*, 4(3), 369–381. <http://ijecm.co.uk/wp-content/uploads/2016/03/4323.pdf>

- Afify, H. A. E. (2009). Determinants of audit report lag: Does implementing corporate governance have any impact? Empirical evidence from Egypt. *Journal of Applied Accounting Research*, 10(1), 56–86. <https://doi.org/10.1108/09675420910963397>
- Ahmed, A. O., Mohammed, A., & Neila, B. T. (2016). Audit committee effectiveness and regulatory filing timeliness: The case of Tunisian listed companies. *African Journal of Economic and Management Studies*, 5(3), 53–67. <https://doi.org/10.1108/AJEMS-05-2012-0036>
- Ahmed, M. I., & Che-Ahmad, A. (2016). Effects of corporate governance characteristics on audit report lags. *International Journal of Economics and Financial Issues*, 6, 159–164.
- Akhor, S. O., & Osegbale, E. O. (2017). An empirical investigation of audit committee attributes and financial reporting lag in Nigeria banking sector. *Journal of Accounting and Financial Management*, 3(2), 25–38.
- Akhtaruddin, M., Hossain, M. A., Hossain, M., & Yao, L. (2009). Corporate governance and voluntary disclosure in corporate annual reports of Malaysian listed firms. *Journal of Applied Management Accounting Research*, 7(1), 1–19.
- Akingunola, R. O., Soyemi, K. A., & Okunuga, R. (2018). Client attributes and the audit report lag in Nigeria. *College of Management Sciences*, 13(June), 30–41.
- Alali, F. A., & Elder, R. J. (2014). Determinants of audit report lag in the banking industry: Updated evidence. *International Journal of Accounting, Auditing and Performance Evaluation*, 10(4), 364–394. <https://doi.org/10.1504/IJAPE.2014.066304>
- Al Daoud, K. A., Ismail, K. N. I. K., & Lode, N. A. (2015). The impact of internal corporate governance on the timeliness of financial reports of Jordanian firms: Evidence using audit and management report lags. *Mediterranean Journal of Social Sciences*, 6(1), 430–442. <https://doi.org/10.5901/mjss.2015.v6n1p430>
- Al-Muzaiqer, A., Aldehayyat, J. S., & Al-Taani, K. (2016). The effect of regulatory filing timeliness on investment decisions: Empirical evidence from Jordan. *International Journal of Economics, Commerce and Management*, 4(3), 1–15.
- Al-Tahat, S. S. Y. (2015). Company attributes and the timeliness of interim financial reporting in Jordan. *International Journal of Application or Innovation in Engineering & Management*, 4(3), 6–16.
- Aondona, A. P. (2016). Dividend pay-out policy determinants and their influence on manufacturing companies in Nigeria. *The Certified National Accountant*, 42(2), 9–21.
- Appah, E., & Emeh, Y. (2013). Audit committee and timeliness of financial reports: Empirical evidence from Nigeria. *Journal of Economics and Sustainable Development*, 4(20), 129–143.
- Ashton, R. H., Graul, P. R., & Newton, J. D. (1987). Audit delay and the timeliness of corporate financial reporting. *Contemporary Accounting Research*, 3(2), 289–310. <https://doi.org/10.1111/j.1911-3846.1987.tb00678.x>
- Asiriwuwa, O., Adeyemi, S. B., Uwuigbe, O. R., Uwuigbe, U., Ozordi, E., Erin, O., & Omoike, O. (2021). Do board characteristics affect regulatory filing timeliness? An empirical

- analysis. *International Journal of Financial Research*, 12(4), 191–202. <https://doi.org/10.5430/ijfr.v12n4p191>
- Awoyemi, O. (2009). Corporate governance – Financial crisis and the Nigerian leadership meltdown. *Proshare*. <https://www.proshareng.com>
- Aziz, A. A., Isa, F., & Abu, M. F. (2014). Audit report lags of federal statutory bodies in Malaysia. In *2014 International Conference on Economics, Management and Development* (pp. 1–6).
- Azubike, J. U., & Aggreh, M. (2014). Corporate governance and audit delay in Nigerian quoted companies. *European Journal of Accounting, Auditing and Finance Research*, 2(10), 22–33.
- Bakare, B. O., Alabi, O. O., Adegbite, E., & Ogundipe, A. A. (2018). Audit committee characteristics and regulatory filing timeliness: Evidence from Nigeria. *Journal of Financial Reporting and Accounting*, 16(1), 44–65. <https://doi.org/10.1108/JFRA-02-2016-0015>
- Bonsón-Ponte, E., Escobar-Rodríguez, T., & Borrero-Domínguez, C. (2008). Empirical analysis of delays in the signing of audit reports in Spain. *International Journal of Auditing*, 12(2), 129–140. <https://doi.org/10.1111/j.1099-1123.2008.00374.x>
- Chen, J., Cumming, D., Hou, W., & Lee, E. (2016). Does the external monitoring effect of financial analysts deter corporate fraud in China? *Journal of Business Ethics*, 134(4), 727–742. <https://doi.org/10.1007/s10551-014-2393-4>
- Coff, R. W. (1999). When competitive advantage doesn't lead to performance: The resource-based view and stakeholder bargaining power. *Organization Science*, 10(2), 119–133. <https://doi.org/10.1287/orsc.10.2.119>
- Companies and Allied Matters Act (CAMA), Cap. C20 Laws of the Federation of Nigeria (1990).
- Efobi, U., & Okougbo, P. (2015). Timeliness of financial reporting in Nigeria. Retrieved from <https://www.researchgate.net/publication/280719297>
- Organisation for Economic Co-operation and Development (OECD). (2017). *Enhancing the contributions of SMEs in a global and digitalized economy*. <https://www.oecd.org/cfe/smes/C-MIN-2017-8-EN.pdf>
- Financial Accounting Standards Board (FASB). (1980). *Statement of financial accounting concepts No. 2: Qualitative characteristics of accounting information*. FASB.
- Garcia Lara, J. M., Sanchez, P., & Garcia Meca. (2018). Conditional conservatism and firm investment efficiency [Working paper]. Universidad Carlos III de Madrid.
- Gbadeyanka, T. A. (2018). Effects of regulatory filing timeliness on investment decisions in Nigeria. *Research Journal of Finance and Accounting*, 9(8), 67–75.
- Guardian. (2021, March 7). CAMA 2020: Mandatory annual returns by Nigerian businesses. *The Guardian*. <https://guardian.ng/business-services/cama-2020-mandatory-annual-returns-by-nigerian-businesses/>

- Habib, A., & Bhuiyan, B. A. (2011). The impact of financial reporting quality on investment efficiency of Australian firms. *Journal of Contemporary Accounting & Economics*, 7(2), 92–105. <https://doi.org/10.1016/j.jcae.2011.08.002>
- Hapsari, A. N., Putri, N. K., & Arofah, T. (2016). The influence of profitability, solvency and auditor's opinion to audit report lag at coal mining companies. *Binus Business Review*, 7(2), 197–201. <https://doi.org/10.21512/bbr.v7i2.1685>
- Hartwig, F., Hansson, E., Nielsen, L., & Sörqvist, P. (2023). The relation between auditing and accounting timeliness in Swedish private firms. *Journal of Financial Regulation and Compliance*. <https://doi.org/10.1108/JFRC-03-2022-0040>
- Holbrook, D., Cohen, W. M., Hounshell, D. A., & Klepper, S. (2000). The nature, sources, and consequences of firm differences in the early history of the semiconductor industry. *Strategic Management Journal*, 21(10–11), 1017–1041.
- Holcomb, T. R., Holmes Jr., R. M., & Connelly, B. L. (2009). Making the most of what you have: Managerial ability as a source of resource value creation. *Strategic Management Journal*, 30(5), 457–485.
- International Accounting Standards Board (IASB). (2018). *Conceptual framework for financial reporting*. IFRS Foundation.
- Komolafe, S. O. (2016). Corporate governance and timeliness of financial reporting of listed companies in Nigeria. *Journal of Finance, Accounting and Management*, 7(1), 1–10.
- Lee, K. J. (2015). Managerial ability and internal control over financial reporting. *Contemporary Accounting Research*, 32(1), 252–283.
- Li, W., Zhang, G., & Wang, T. (2014). How timely is financial reporting in China? An empirical study of 2000–2007 annual reports. *Journal of International Accounting, Auditing and Taxation*, 23(1), 32–44. <https://doi.org/10.1016/j.intaccaudtax.2014.02.002>
- McGee, R., & Tarangelo, P. (2008). Timeliness of financial reporting in the Russian energy sector. *Andreas School of Business Working Paper Series*. Barry University, Miami Shores, USA.
- Modugu, P. K., Eragbhe, E., & Ikhatua, O. J. (2012). Determinants of audit delay in Nigerian companies: Empirical evidence. *Research Journal of Finance and Accounting*, 3(6), 46–54.
- Mohamed, H., Alrub, R., & Ntim, C. G. (2013). Corporate governance and the timeliness of financial reporting: Evidence from the GCC. *Journal of Applied Accounting Research*, 14(2), 122–140.
- Mohamad-Nor, M. N., Shafie, R., Hashim, W., & Rasman, N. (2010). Corporate governance and audit report lag in Malaysia. *Asian Academy of Management Journal of Accounting and Finance*, 6(2), 57–84.
- Mohammad Ghazali, N. A. (2010). Ownership structure, corporate governance and corporate performance in Malaysia. *International Journal of Commerce and Management*, 20(2), 109–119.

- Ocak, M., & Ozden, E. A. (2018). Signing auditor-specific characteristics and audit report lag: A research from Turkey. *The Journal of Applied Business Research*, 34(2), 277–294. <https://doi.org/10.19030/jabr.v34i2.10129>
- Odjaremu, G. O., & Jeroh, E. (2019). Audit committee attributes and the reporting timeliness of listed Nigerian firms. *Trends Economics and Management*, 13(34), 69–82. <https://doi.org/10.13164/trends.2019.34.69>
- Owusu-Ansah, S. (2000). Timeliness of corporate financial reporting in emerging capital markets: Empirical evidence from the Zimbabwe Stock Exchange. *Accounting and Business Research*, 30(3), 241–254. <https://doi.org/10.1080/00014788.2000.9728920>
- Pratama, R. (2018). The analysis of company size, complexity of operation, profitability, solvency and audit firm size toward timeliness of financial statement reporting for company listed in the LQ45 index in Indonesia Stock. *Journal of Applied Accounting and Finance*, 2(1), 18–35.
- Raja, A. R. A., & Kamarudin, K. A. (2003). Audit delay and the timeliness of corporate reporting: Malaysian evidence [Unpublished working paper]. MARA University of Technology, Shah Alam.
- Ram, B. R., & Hassan, A. N. (2017). Audit quality and audit report lag in Malaysia. *Imperial Journal of Interdisciplinary Research*, 3(10), 624–630.
- Salako, A. (2018). Prospects of Islamic banking in Nigeria: An overview of Islamic financial theories of Al-Hayat Relief Foundation to grassroots economic development. *IOSR Journal of Humanities and Social Science*, 13(3), 39–47. <https://doi.org/10.9790/0837-1333947>
- Sani, S., Mamman, S., Aliyu, N. S., & Abdullah, N. (2021). Impact of corporate attributes on the timeliness of financial reporting of listed financial institutions in Nigeria. *Journal of Applied Financial Econometrics*, 2(1), 29–39.
- Schilling, M. A. (2000). Decades ahead of her time: Advancing stakeholder theory through the ideas of Mary Parker Follett. *Journal of Management History*, 6(5), 224–242. <https://doi.org/10.1108/13552520010348361>
- Schwartz, K., & Soo, B. (1996). Evidence of regulatory noncompliance with SEC disclosure rules on auditor changes. *The Accounting Review*, 71(2), 555–572.
- Securities and Exchange Commission (SEC). (2013, 2014, 2015, 2017, 2018). *Annual reports and regulatory publications*. Retrieved from <https://www.sec.gov.ng>
- Shukeri, N. S., & Islam, M. A. (2012). The determinants of audit timeliness: Evidence from Malaysia. *Journal of Applied Sciences Research*, 8(7), 3314–3322.
- Singer, Z., & Zhang, J. (2018). Auditor tenure and the timeliness of misstatement discovery. *Accounting Review*, 93(2), 315–338. <https://doi.org/10.2308/accr-51871>
- Sun, J., Liu, G., & Lan, G. (2011). Does female directorship on independent audit committees constrain earnings management? *Journal of Business Ethics*, 99(3), 369–382. <https://doi.org/10.1007/s10551-010-0657-0>

- Syofyan, E., Septiari, D., Dwita, S., & Rahmi, M. (2021). The characteristics of the audit committee affect the timeliness of the audit report in Indonesia. *Cogent Business and Management*, 8(1), Article 1935183. <https://doi.org/10.1080/23311975.2021.1935183>
- Terkende, A. J., & Karim, D. I. (2022). Firm attributes and regulatory filing timeliness of listed consumer goods firms in Nigeria. *Gusau Journal of Accounting and Finance*, 3(3), 34–34.
- Tina, V., & Marko, C. (2014). Finding the determinant of audit delay using pooled OLS regression analysis. *Croatian Operational Research Review*, 5, 81–91. <https://doi.org/10.17535/corr.2014.0007>
- Vanguard. (2017, September 25). 15 companies flout NSE's financial reporting requirements. *Vanguard Newspaper*. <http://www.vanguardngr.com/2007/06/15-companies-flout-nse-financial-reporting-requirements/amp/>
- Yulastuty, R., Asmara, A., & Situanti, R. (2018). The effect of audit tenure and firm size on financial reporting delays. *International Journal of Economics and Business Administration*, 6(3), 1–12.