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EFFECT OF BOARD CHARACTERISTICS AND OWNERSHIP CONCENTRATION ON FINANCIAL REPORTING TIMELINES OF QUOTED OIL AND GAS COMPANIES IN NIGERIA

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ABSTRACT

This study examined the effect of board characteristics and ownership concentration on financial reporting timeliness of quoted oil and gas companies in Nigeria. The reason behind this study is from the concern shown by users of financial statements as to the delay in getting financial reports for their decision making. The study used correlational research design. The population of the study was the eleven (11) quoted oil and gas companies on the Nigerian Stock Exchange (NSE) as at 31st December 2020 and all the eleven (11) companies were taken as the sample size using census sampling technique. The study made use of panel data and therefore used multiple regression analysis as the technique for data analysis. Findings from the study revealed that board of director's gender diversity and board independence have positive and statistically significant effect on financial reporting timeliness of quoted oil and gas companies in Nigeria. Board size, board meeting, foreign ownership and managerial ownership have positive but statistically insignificant effect on financial reporting timeliness of quoted oil and gas companies in Nigeria. The study concludes that both board of director's gender diversity and board independence have effect on financial reporting timeliness. The study recommends the dominance of non-executive directors in the composition of board of directors, and companies should ensure that at least one-third of their board members are women.

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1. INTRODUCTION

One of the enhancing qualitative characteristics of financial statement is timeliness of financial statement. All the information in the financial statements must be provided within a relevant span of time. This is because, the longer it takes a company to publish its annual report and accompanying financial statements, the less useful it becomes to investors and users of the financial statement. International Accounting Standard Board states that timeliness involves the ability of an entity to make available financial information to decision makers in time that is capable of influencing their decisions. Abdullah (2007) argued that characteristics of the board are associated with the timeliness of reporting, as the highest internal corporate governance system. Financial reporting timeliness refers to the number of days taken from the end of the financial year of the organization to the date its financial statements are published. Iyoha (2012) documented that it takes on average for conglomerate sector 119 days after the accounting year end to present it's financial statement to the users, for food and beverage sector, 144 days, for petroleum sector, 137 days, for agricultural sector, 96 days, for health sector, 145 days, 82 days for deposit money banks and 153 days for insurance sector. According to Abdullah (2007) providing the annual reports in a timely manner is not only a matter of satisfying the legal requirements, it is a matter of responsibility. This is because annual reports has become the main source of corporate information. In the same vain, timeliness of financial report must be accompanied with accuracy (Bakare, Taofiq & Jimoh, 2018). A firm circumvents corporate governance if it provides substandard information in order to meet up with the stipulated deadline (Chukwu & Nwabochi, 2019; Akinleye & Aduwo, 2019; Akhor & Oseghale, 2017; Njeru & Maima, 2016; Saleh, Wan & Basariah, 2019; Al-Muzaiqer, Ahmad & Hamid, 2018).

Several studies have been conducted on effect of board characteristics on timeliness of financial reports such as Eslami, Armin and Jaz (2015); Imen and Anis (2016); Bakare, Taofiq and Jimoh (2018); Basuony, Mohamed, Hussain and Marie (2016); Al Daoud, Ismail and Lode (2017) and all posit that board characteristics have effect on financial reporting timeliness. Most of the studies were on developed economy while few studies were conducted in emerging economy (Ahnaf, 2018). The motivation for this study is from the concern shown by users of financial statements as to the delay in getting financial reports for their decision making.

1.1 Financial Reporting Timeliness

Oraka, Okoye and Ezejiofor (2019) defined financial reporting timeliness as the period between an entity's accounting year end and the publication of the financial report to the users of accounting information. The author noted that audit lag is number of days between the accounting year end and the date the external auditor signs the financial statement. Similarly, Lukason and Camacho-Minano (2020) defined financial reporting timeliness as the ability of managers to meet the submission deadlines of financial statement set by law. Al Daoud, Ismail and Lode (2017) noted that there are two aspects of timeliness in financial reporting: frequency of the reports; and financial reporting lag. Frequency of reports issued by firms can be half-yearly, quarterly or monthly. Financial reporting lag is the time lag, which is the period between the end of the financial reporting period and the date the financial reports are issued, or the date of the submission of the reports to the regulatory bodies. Furthermore, there are two types of financial reporting lag: audit report lag; and management report lag. Audit report lag is the period from a firm‘s year-end and the audit report date while management report lag is a period between the end of the fiscal year of firms and the publication of the audited financial reports (Elshawarby, 2018; Abed, Bataineh & Suwaidan, 2020; Rahmawati, 2018; Gulec, 2017; Efobi and Okougbo, 2014). This study however examines financial reporting timeliness as it used interchangeably with audit report, it is the number of days between the end of firm's accounting year and the availability of the financial statements to the users of the financial statements.

1.2 Ownership Concentration

Hashim (2017) defined ownership concentration as the participation of managers and foreigners in ownership of equity instrument of an entity. It involves the presence of outside blockholders. According to the author, it could be investment from a group or institution. Managerial and foreign ownership of large portion of equity tend to produce effective strategic management participation, it ensures actualization of strategic plans, and it result to robust decision making.

1.3 Board Characteristics

Mehdi and Shiva (2015) defined board characteristics as those attributes that influences board composition. It include age diversity, board meeting, board independence, gender diversity and board size as reported by several studies (Bakare et al, 2018).

1.4 Board Size and Financial Reporting Timeliness

Bakare, Taofiq and Jimoh (2018) studied the effect of board characteristics on timeliness of financial reporting of listed insurance firms in Nigeria. One of the independent variable was board size. Correlational research design was used. The population of the study comprised of the 28 listed insurance firms and the sample size was fifteen (15) listed insurance firms in Nigeria. The technique for data analysis was the GLS multiple regression. The result revealed that board size has a positive and significant effect on the timeliness of financial reporting of listed insurance firms in Nigeria. This means that as board size increases, financial reporting lag increases. The study was based on the insurance sector and reporting timeliness varies across sectors. Ahnaf (2018) examined the board of directors' characteristics and ownership type on the timeliness of financial reports. Data were collected from 68 annual reports of listed companies on Amman Stock Exchange (ASE) for the period between 2011 to 2015. Finding revealed that there is no significant effect of board size on financial reporting timeliness. A board with less than eight members has a negative effect and a one with more than eight shows a positive effect on financial reporting timeliness. The study opines that at large board size, a board size greater than eight suffers from monitoring deficiency and it is less effective. Imen and Anis (2016) did a study on audit reporting timeliness in Tunisia. The study period was from 2006 to 2013. The study used 28 Tunisian companies listed on the Tunisian Stock Exchange. Finding revealed that board size has effect on timeliness of financial reports. The study concludes that large board size promotes monitoring and effective strategic decisions.

The study of Eslami, Armin and Jaz (2015) was on the effect of corporate governance on the timeliness of financial reports of listed firms on Tehran Stock Exchange. The study made use of 90 firms listed in Tehran stock exchange, the study period was from 2010 to 2014. The technique for data analysis was multiple regression analysis. Finding revealed that board of directors size has positive and significant effect on financial reporting timeliness. In other words, audit and management reports lag influence the timely availability of financial statement. The study concludes that the presence of corporate governance structure will reduce both wrong reporting and financial reporting lag, it also minimize the occurrence of management misbehavior. The study of Lukason and Camacho-Minano (2020) was on corporate governance characteristics of private SMES' annual report submission violations. The study used a total population of 77,212 SMEs firms from Estonia, the technique for data analysis was regression analysis. Finding revealed that there is no significant relationship between board size and the private SMES' annual report submission violations. They opined that the presence of a large number of directors implies a reduction of the board's effectiveness, on the contrary, a larger board will bring together a greater depth of intellectual knowledge, and therefore, could improve the quality of strategic decisions. An additional director could bring more human capital to the company, therefore increasing the board's information and specific knowledge about the business and its environment. Most importantly, it will increase the firm's efficiency, above all, an effective board breeds better disclosure practices.

Al Daoud, Ismail and Lode (2017) examined the relationship between board size and the timeliness of annual financial reports among Jordanian companies. Finding revealed that there is positive and significant relationship between board size and financial reporting lag. That is, firms with a smaller board report faster than those with a larger board. The study concludes that large board provides better exchange of skills and knowledge, but there will be a greater risk of a decrease in coordination among members. The study of Ahmed and Che-Ahmad (2016) argued that effective board size produces collective expertise and equally abridge management control, they found that board size has positive and significant association with audit report lags. Nehme, Assaker and Khalife (2015) argued that large board size may facilitate or hinder the work of an auditor. Larger board size are characterized with more diversified backgrounds and there is wide distribution of duties, the board could be more focused on the financials of the company, causing more accurate data to be disclosed, and in turn, shortening the audit report lag. Larger boards have difficulties with coordination which translates into a longer audit report delay. Finding showed that there is a negative and significant relationship between board size and audit report lag.

1.5 Board Meeting and Financial Reporting Timeliness

Nehme, Assaker and Khalife (2015) argued that a board with a high frequency of meetings is more knowledgeable of the company's operations and finances. Accordingly, the board could be more helpful in facilitating the audit of the financial statements. In turn, this makes the audit report lag to shorten. The result revealed that frequency of meetings has positive but statistically insignificant relationship with audit report lag. The study of Soyemi, Sanyaolu and Salawu (2019) noted that board frequent meetings enable board members to deliberate on issues that are likely to promote the company. Furthermore, the frequency of meeting facilitate timely audited report, hence, it reduce reporting lag. The study used 21 non financial firms listed on the Nigerian stock exchange while the technique for data analysis was regression. Finding revealed an insignificant and negative effect of board meetings on audit report lag. A variable from the study of Bakare, Taofiq and Jimoh (2018) focused on board meeting. Findings from the result disclosed that board meeting has a significant effect on timeliness of financial reporting. In other words, the meeting held by the directors should be reduced so that the executive directors can focus well on their managerial responsibilities. Ahmed and Che-Ahmad (2016) argued that frequent board meetings evidence good corporate governance and it results to lower risk and higher stock returns. Finding from the study revealed that board meeting has positive and significant association with audit report lag.

1.6 Board of Director Diversity and Financial Reporting Timeliness

The study of Ahnaf (2018) noted that mixed gender boards pool more innovation and talent on the board of director, behavioral effects of gender differences could affect timeliness of financial reporting this is because, women are less risk takers and tend not to break the roles. The study found that board of director diversity has significant effect on timeliness of financial reporting. Consequently, the presence of women on the board would afford the firm different ideas, views and experience. One of the hypotheses in which Ahmed and Che-Ahmad (2016) examined was the effect of board gender on audit report lags. The study was on 14 banks, the study period was between 2008 to 2012. Finding revealed that board gender has significant positive association with audit report lag. Soyemi, Sanyaolu and Salawu (2019) noted that gender diversity may be associated with the integrity of financial statements, this is because, the presence of female directors in the board has the tendency to enhance board performance. Finding revealed an insignificant and negative effect of gender diversity on audit report lag.

1.7 Board Independence and Financial Reporting Timeliness

Ohaka and Akani (2017) studied timeliness and relevance of financial reporting in Nigerian quoted firms. The authors noted that the major reason for late publication of annual reports by quoted firms is that the accounts have to be audited before publishing. However, timeliness enhance decision making, reduce information asymmetry in the markets, promotes market discipline through reduction in information leakages and truncate insider abuses. The study period was from 2000 to 2011 and the technique for data analysis was multiple regression. The result revealed that board independence has no significant relationship with timeliness and relevance of financial reporting. The study of Imen and Anis (2016) noted in their study that board independence is measured based on the proportion of non-executive directors to the total directors, and that the essence of board independence is to prevent financial frauds through effective monitoring of managerial activities. The result revealed that board independence has significant effect on financial reporting timeliness. Abdullah (2007) did a study on board composition, audit committee and timeliness of corporate financial reports in Malaysia. Data was gotten from Bursa Malaysia Main Board (stock exchange), period of the study was from 1998 to 2000. Finding revealed that board independence has positive and significant effect on timeliness of corporate financial report.

Mehdi and Shiva (2015) studied the relationship between board characteristics and timing of financial reporting. The study used data of 128 firms listed at Tehran Stock Exchange, the study period was from 2005 to 2011, the data used was panel data and the technique for data analysis was ordinary least square regressions. The result revealed that there is a positive relationship between board independence and financial reporting timeliness. However, the study of Eslami, Armin and Jaz (2015) discovered that board independence has no effect on financial reporting timeliness.

Al Daoud, Ismail and Lode (2017) examined the relationship between board independence and the timeliness of annual financial reports among Jordanian companies. The authors noted that board independent could provide more effective and efficient audit, thereby reduce the audit report lag, independent directors derives no benefit from delayed or selective disclosures, which will enhance financial reporting timeliness. Moreover, the independence of a board is related to a high quality of auditors as boards with a high percentage of independent directors employ specialized auditors than the less independent boards. In contrast, the presence of independent directors leads to intensive scrutiny of financial statement, hence, longer financial report lag. The study was on 114 listed companies on the Amman Stock Exchange for the year 2012. The result revealed that there is no positive and significant relationship between board independent and the timeliness of financial reporting. Also, that the firms, on average, take more than two months to complete the audit of financial reporting. Nehme, Assaker and Khalife (2015) assert that independence of the board is an important feature for the smooth and efficient functioning of the board. As such, a board comprised mostly of independent directors facilitates the auditor's work and shortens the audit report lag. The study measured board of directors' independence by the proportion of independent directors (non-executive directors) to the total directors in the board. Non-executive directors are board members with no business relationship with the company, they also have requisite skills and above all, they act in the best interest of the shareholders. The result revealed that board of directors' independence has positive but statistically insignificant relationship with audit report lag.

1.8 Foreign Ownership and Financial Reporting Timeliness

Basuony, Mohamed, Hussain and Marie (2016) studied board characteristics, ownership structure and audit report lag in the middle east. The study made use of 201 companies, the study period was from 2009 to 2013. The technique for data analysis was ordinary least square and ridge regression analysis. Finding revealed that foreign ownership has positive and significant effect on audit report lag. The study of Hashim (2017) posit that foreign ownership tend to guide management from non-value maximizing activities, and that higher proportion of foreign shareholders could influence a company to disclose significantly more information in their annual reports. Finding revealed that there is a negative and insignificant impact of foreign ownership on audit report lag. The study of Ahnaf (2018) opined that foreign ownership concentration will lead to a higher control and less timely annual reports. However, less concentrated and widely dispersed ownership is expected to have better financial reporting timeliness. Finding showed that foreign ownership has a positive and significant effect on timeliness of financial report.

1.9 Managerial Ownership and Financial Reporting Timeliness

The study of Hashim (2017) was to ascertain whether ownership characteristics have any impact on audit report lag in Malaysia. The author argued that as soon managers own some portion of shares in a company, it will induce managers to ensure that the company's performance is maximize likewise the share value. Managers will engage in an opportunistic behavior if they hold small fraction of shares of a company. The author further argued that an increase in management ownership will reduce agency problems and managers will become more transparent on company reports. The result showed that there is a positive and significant impact of managerial ownership on audit report lag. According to the author, it means that as managerial ownership increase, audit reporting lag also increase. The study of Ahnaf (2018) deduced that managers may use information asymmetry for their advantage if they hold little or no equity in that entity. If this happens, the agency cost will increase to monitor the managers. Moreover, this affects information disclosure and the timeliness of releasing financial statements which will give a distorted image of the company. The result revealed that management ownership has no significant effect on timeliness of financial report.

2. THEORETICAL FRAMEWORK

This study hinges on stakeholder theory to explain the effect of board characteristics and ownership concentration on financial reporting timeliness

2.1 Stakeholder Theory

This theory goes beyond the relationship that exists between managers and shareholders, which has been the major setback of agency theory. Similarly, Karlsson and Reimbert (2015) noted that stakeholder theory gives prominence to broader parties as against the narrow parties that exist between managers and shareholders. This theory examines other parties that interact with firms. Edward Freeman was the first to publish on stakeholder theory in 1984. In the theory, he argued that a firm should create value for all stakeholders and not just shareholders. According to Antonelli, D'Alessio and Cuomo (2016) stakeholder theory goes beyond shareholders, actions and decisions of companies affect several agents, these agents and their interest must be protected. This theory suggest that the primary objective of a firm should not be shareholder wealth maximization rather it should be stakeholder wealth maximization which is against the classical objective, that managers should take decisions that will promote societal development and add value to both the suppliers and customers of a firm, financial institutions, the government, and the personnel that works for the firm (Amertha, Ulupui & Putri, 2014; Waweru & Riro, 2013: Eriki & Omoye, 2014). Antonelli, D'Alessio and Cuomo (2016) further buttress that stakeholders are those persons or institutions that interact with a firm, the activities of the firm could be hurtful or cause damage to the stakeholders. The stakeholders could also benefit from the firm if there is an effective corporate governance mechanism. This theory further admonish managers that there should be stakeholders inclusion in all decision making process (Tyokoso & Tsegba, 2015). Antonelli, D'Alessio and Cuomo (2016) argued that the accountability scope of agency theory is narrow, stakeholder theory is relevant to this study because it recognizes the need of all stakeholders in the annual report while prescribing timeliness of financial report.

3. METHODOLOGY

This study adopts correlational research design. The population of this study was the eleven (11) quoted oil and gas companies on the Nigerian Stock Exchange (NSE) as at 31st December 2020, of which all the eleven (11) companies were taken as the sample size using census sampling technique. The study period is from 2011 to 2020. The study employs panel data, hence, multiple regression analysis was used as the technique for data analysis.

The model is consistent with Oraka et al, (2019). Below represents the regression equation used in this study

$FRT_{it} = f\ (BSIZE_{it}, BM_{it}, BDD_{it}, BI_{it}, FO_{it}, MO_{it}, \mu_{it})$.. (1)

The above model can also be written as

$FRT_{it} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BM_{it} + \beta_3 BDD_{it} + \beta_4 BI_{it} + \beta_5 FO_{it} + \beta_6 MO_{it} + \mu_{it}$............ (2)

Where
FRT = Financial Reporting Timeliness
BSIZE = Board Size
BM = Board Meeting
BDD = Board of Director Diversity
BI = Board Independence
FO = Foreign Ownership
MO = Managerial Ownership
β = coefficient of the parameter
it = Time coefficient
μ = error term

Table 1: Dependent and independent variables with the measurement parameters

Variable/Proxies	Measures	Sources
Dependent Variable:		
FRT	Log of the number of days from the financial year end to the date of publication of annual report	Imen and Anis (2016), Bakare, Taofiq and Jimoh (2018)
Independent variables		
BSIZE	Log of total number of board members.	Al Daoud, Ismail and Lode (2017), Ahnaf (2018), Eslami, Armin and Jaz (2015), Lukason and Camacho-Minano (2020)
BM	Number of board meeting held by board members in a year.	Nehme, Assaker and Khalife (2015), Ahmed and Che-Ahmad (2016)
BDD	The number of female directors on the board.	Soyemi, Sanyaolu and Salawu (2019), Ahmed and Che-Ahmad (2016)
BI	The ratio of non-executive directors to the board size.	Ohaka and Akani (2017), Al Daoud, Ismail and Lode (2017), Mehdi and Shiva (2015)
FO	Percentage of shares owned by foreign shareholders to total number of shares issued.	Hashim (2017), Basuony, Mohamed, Hussain and Marie (2016)
MO	Percentage of shares owned by executive directors to total number of shares issued.	Ahnaf (2018)

Source: Author's Compilation (2021)

Hypothesis: There is no significant effect of the independent proxies on dependent proxy of quoted oil and gas companies in Nigeria.

Decision rule: If the prob. value from the panel least squares is less than 5%, the independent proxy has effect on the dependent proxy, otherwise there is no effect.

3.1 Diagnostic Tests

This study conducted diagnostic test, the test include Hausman test for fixed effect and random effect, normality test, Variance Inflation Factor and Heteroskedasticity test.

Table 2: Descriptive Statistics

	FINANCIAL_REPORTING_TIMELINESS	BOARD_SIZE	BOARD_MEETING	BOARD_OF_DIRECTOR_DIVERSITY	BOARD_INDEPENDENCE____	FOREIGN_OWNERSHIP____	MANAGERIAL_OWNERSHIP_____
Mean	0.500348	1.137937	3.627273	3.245455	0.606965	0.641709	0.005924
Median	0.477121	1.161110	4.000000	3.000000	0.600164	0.648868	0.006172
Maximum	0.602060	1.397940	4.000000	4.000000	0.721808	0.724171	0.007003
Minimum	0.301030	1.000000	3.000000	2.000000	0.415984	0.475621	0.004019
Std. Dev.	0.100823	0.105265	0.485743	0.693169	0.064321	0.059034	0.000840
Skewness	-0.738168	0.348200	-0.526431	-0.365049	-0.297195	-0.945631	-0.966718
Kurtosis	2.676308	2.437172	1.277130	2.110280	3.390335	3.978231	2.917496
Jarque-Bera	10.46991	3.674680	18.68534	6.071291	2.317610	20.77995	17.16451
Probability	0.005327	0.159240	0.000088	0.048044	0.313861	0.000031	0.000187
Sum	55.03824	125.1731	399.0000	357.0000	66.76612	70.58801	0.651595
Sum Sq. Dev.	1.108005	1.207807	25.71818	52.37273	0.450953	0.379866	7.70E-05
Observations	110	110	110	110	110	110	110

Source: Eviews 10 output

The above table shows the descriptive statistics.

Table 3: Correlation Matrix

	FINANCIAL_REPORTING_TIMELINESS	BOARD_SIZE	BOARD_MEETING	BOARD_OF_DIRECTOR_DIVERSITY	BOARD_INDEPENDENCE____	FOREIGN_OWNERSHIP__	MANAGERIAL_OWNERSHIP_____
FINANCIAL_REPORTING_TIMELINESS	1.000000						
BOARD_SIZE	0.222836	1.000000					
BOARD_MEETING	-0.035389	-0.080686	1.000000				
BOARD_OF_DIRECTOR_DIVERSITY	0.992782	0.208596	-0.052761	1.000000			
BOARD_INDEPENDENCE____	0.197889	-0.239861	0.170892	0.168844	1.000000		
FOREIGN_OWNERSHIP____	0.106290	-0.190987	0.051798	0.075283	0.791209	1.000000	
MANAGERIAL_OWNERSHIP_____	0.048914	-0.155475	0.020227	0.034961	0.699392	0.556447	1.000000

Source: Eviews 10 output

The correlation matrix does not show any high relationship except board of director diversity that is 0.99.

Table 4: Variance Inflation Factors

Variance Inflation Factors
Date: 01/01/21 Time: 11:59
Sample: 1 110
Included observations: 110

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
BOARD_SIZE	0.000126	135.8040	1.141862
BOARD_MEETING	5.61E-06	62.24187	1.086726
BOARD_OF_DIRECTOR_DIVERSITY	2.91E-06	26.53627	1.147627
BOARD_INDEPENDENCE____	0.001247	384.7068	4.233853
FOREIGN_OWNERSHIP____	0.000966	332.2250	2.762912
MANAGERIAL_OWNERSHIP_____	3.517870	104.2421	2.038794
C	0.000439	363.1176	NA

Source: Eviews 10 output

Multicollinearity test is to check whether there is effect between the independent variables which can mislead the result of the study. The result substantiates the absence of multicollinearity between the independent variables with the use of Variance Inflation Factors (VIF). Since the Variance Inflation Factors (VIF) is less than 10, what this means is that there is no multicollinearity between the exogenous variables (Basuony, Mohamed, Hussain & Marie, 2016).

Table 5: Heteroskedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			P. Value
F-statistic	16.71346	Prob. F(6,103)	0.1648
Obs*R-squared	54.26428	Prob. Chi-Square(6)	0.1600
Scaled explained SS	22.97436	Prob. Chi-Square(6)	0.1155

Source: Eviews 10 output

Table 3 represents the heteroskedasticity test, this test is conducted to check whether the variability of error is constant or not. One of the assumptions of linear regression is that there must be constant variance. The Breusch-Pagan-Godfrey test was employed to check whether this assumption was violated or not. The observed R-square of 54.26 and Prob. of 0.16 indicate that the variability of error will not affect the results.

Table 6: Correlated Random Effects - Hausman Test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	19.342882	6	0.0036

Source: Eviews 10 output

Hausman test assist to choose between fixed effect and cross section random effect from the ordinary least square regression. If the probability is below 5%, use fixed effect, otherwise use the cross section random effect. Since the probability of 0.36% from the hausman test is lower than 5%, this study made use of the fixed effect.

4. RESULTS AND DISCUSSION OF FINDINGS

Table 7: Multiple Regression Results

Dependent Variable: FINANCIAL_REPORTING_TIMELINESS
Method: Panel Least Squares
Date: 01/01/21 Time: 11:51
Sample: 2011 2020
Periods included: 10
Cross-sections included: 11
Total panel (balanced) observations: 110

Variable	Coefficient	Std. Error	t-Statistic	Prob.
BOARD_SIZE	0.002538	0.015395	0.164858	0.8694
BOARD_MEETING	0.001033	0.002349	0.439720	0.6612
BOARD_OF_DIRECTOR_DIVERSITY	0.139352	0.002014	69.19987	0.0000
BOARD_INDEPENDENCE____	0.109395	0.049671	2.202371	0.0301
FOREIGN_OWNERSHIP____	0.004881	0.054390	0.089748	0.9287
MANAGERIAL_OWNERSHIP_____	10.61536	6.668006	1.591984	0.1148
C	-0.090959	0.028835	-3.154465	0.0022

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.990123	Mean dependent var	0.500348
Adjusted R-squared	0.988423	S.D. dependent var	0.100823
S.E. of regression	0.010848	Akaike info criterion	-6.068450
Sum squared resid	0.010944	Schwarz criterion	-5.651103
Log likelihood	350.7647	Hannan-Quinn criter.	-5.899172
F-statistic	582.6479	Durbin-Watson stat	0.831911
Prob(F-statistic)	0.000000		

Source: Eviews 10 output

The F-statistic examines the overall significance of the regression model including all the variables. Therefore, by examining the overall fit and significance of the model, it could be observed that the model has a better fit since the probability F-statistic value of 0.00 is less than 0.05. The adjusted R-square of 0.99 indicates that 99% variation in financial reporting timeliness is explained by the variables captured in the study, while only 1% is explained by other variables not included in the model. From the panel least squares, board size reveals that there is a positive but statistically insignificant effect on financial reporting timeliness at a coefficient of 0.00 and a standard error of 0.02 with a t-statistic of 0.16, this result is statistically insignificant at 5% as the p-value of 0.87 is greater than 0.05. This study therefore, reject the alternative hypothesis and accept the null hypothesis that states that board size has no significant effect on financial reporting timeliness in oil and gas companies in Nigeria. Board meeting indicates a positive but statistically insignificant effect on financial reporting timeliness. The t-statistic is 0.44, standard error is 0.00 while the coefficient is 0.00. Since p-value of 0.66 is higher than 0.05, the study accept the null hypothesis that states that board meeting has no significant effect on financial reporting timeliness in oil and gas companies in Nigeria. Board diversity shows a positive and statistically significant effect on financial reporting timeliness, this is because the p-value of 0.00 is less than 0.05 with a coefficient of 0.14. The standard error of board of director's diversity is 0.00 while the t-statistics is 69.20. Hence, the study accepts the alternative hypothesis that states board of director's diversity has significant effect on financial reporting timeliness of quoted oil and gas companies in Nigeria.

Board independence shows a positive and statistically significant effect on financial reporting timeliness. The coefficient is 0.11, standard error is 0.05 while the t-statistic is 2.20. The p-value of 0.03 is less than 0.05, hence, the study accepts the alternative hypothesis that states that board independence has significant effect on financial reporting timeliness of quoted oil and gas companies Nigeria. Foreign ownership and managerial ownership have positive but statistically insignificant effect on financial reporting timeliness. The coefficient are 0.00 and 10.62, standard error are 0.05 and 6.67 while the t-statistic are 0.09 and 1.59. The p-values of 0.93 and 0.11 are greater than 0.05, hence, the study accepts the null hypotheses that state that foreign ownership and managerial ownership have no significant effect on financial reporting timeliness of quoted oil and gas companies in Nigeria.

4.1 Discussion

Board size and board meeting have positive but statistically insignificant effect on financial reporting timeliness, these findings are consistent with the findings of Imen and Anis (2016); Ahnaf (2018); Lukason and Camacho-Minano (2020); Nehme, Assaker and Khalife (2015). From the result, it means that whether board size exceed eight or is less than eight, it does not contribute to the delay of financial statement, likewise board meeting. Board of director diversity and board independence have positive and statistically significant effect on financial reporting timeliness, these results are in line with the study of Ahmed and Che-Ahmad (2016); Ahnaf (2018); Imen and Anis (2016); Abdullah (2007). This means that gender sensitivity and the presence of non-executive directors on the company's board facilitate timeliness of financial statement. Foreign ownership and managerial ownership have positive but statistically insignificant effect on financial reporting timeliness, these findings aligns with the study of Ahnaf (2018). This means that the actions of equity shareholders that are non-Nigerians will not affect the timeliness of financial statement, likewise the proportion of shares held by managers.

4.2 Conclusion and Recommendations

The study shows that board of director's diversity and board independence have positive and statistically significant effect on financial reporting timeliness of quoted oil and gas companies in Nigeria, however, board size, board meeting, foreign ownership and managerial ownership have positive but statistically insignificant effect on financial reporting timeliness of quoted oil and gas companies in Nigeria. The study concludes that both board of director's diversity and board independence have effect on financial reporting timeliness. The study recommends the dominance of non-executive directors in the composition of board of directors of oil and gas companies in Nigeria. Furthermore, the proportion of non-executive directors to the total directors should not be less forty percent, this is because non-executive directors have little or no affiliation to the company in terms of equity ownership and managerial participation which strengthen cooperate governance and enhance financial reporting timeliness. Furthermore, the dominance of non-executive directors on the board is capable of preventing financial frauds through effective monitoring of managerial activities. Board of directors diversity expand gender perspective at the strategic level. Companies with women directors deal with risk more effectively, this is because women have more relational skills and have a more participatory style in decision-making than men. Women are more socially and environmentally committed and they are more interested on the welfare of society. Furthermore, women are ethical in decision-making which enhances financial reporting timeliness. Just like the Italian government that had passed a law requiring listed and state-owned companies should ensure that one-third of their board members are women, regulatory agencies in Nigeria should align in that school of thought. Similarly, since investors now consider gender diversity as positive investment variable when it comes to investment decisions, companies should include many women in the board because, they have the propensity to improve financial reporting timeliness.

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