International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 5 Issue 6, September-October 2021 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

Profitability and Timeliness of Financial Reports in Nigerian Quoted Companies

Aigienohuwa, Osarenren O[1]; Uniamikogbo, Emmanual[2]

[1]Department of Accountancy, Nnamdi Azikiwe University, Awka, Nigeria
[2]Department of Accountancy, Rhema University, Aba, Nigeria

ABSTRACT

This study examined the relationship between profitability and timeliness of financial reports in Nigerian quoted companies. *Ex Post Facto* research design was adopted for the study. The population is all the 145 quoted companies in Nigeria. The sample size was determined using Taro Yamane method. Data were sourced from the content analysis of annual reports and accounts of the selected quoted Nigerian companies for eleven years from the year 2010 to 2019. The panel data regression technique was used to estimate the relationship between the variables with aid of e-view 9.0 software. The outcome of the study revealed that there is a significant relationship between profitability and timeliness of financial reports in Nigerian quoted companies at 5% level of significance. The study therefore, recommended Since lower profitability (most especially losses) poses high risk including liquidation risk. Auditors should take more time in their audit to avoiding future litigations more especially the firms with bad news.

KEYWORDS: *Profitability, Timeliness and Financial reports*

How to cite this paper: Aigienohuwa, Osarenren O | Uniamikogbo, Emmanual "Profitability and Timeliness of Financial Reports in Nigerian Quoted Companies" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-5 | Issue-6, October 2021, pp.1651-1662, URL: www.ijtsrd.com/papers/ijtsrd47698.pdf

IJTSRD47698

Copyright © 2021 by author (s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (http://creativecommons.org/licenses/by/4.0)

INTRODUCTION

Despite its relevance to standard-setters and other stakeholders, few systematic theoretical assessments of timeliness have been conducted. Feltham (1974), for example, illustrates that, from the perspective of information economics, an information system with a shorter reporting delay than another is more informative if both systems eventually report the same information. The latter assumption is critical since it presupposes that information dependability is constant regardless of timeliness, which may not be the case in practice due to timeliness-accuracy trade-offs. It's worth noting that, despite its importance, timing is not everything. Both standard setters (FASB, 1980) and academics (Suphap, 2004) recognize that preparers of accounts may sacrifice the reliability of information by focusing excessively on timeliness and this may be dangerous.

Late information may result in misallocation of resources (capital) where outside shareholders and creditors face serious adverse selection and moral hazard problems (Leventis & Wetman, 2004). Even in the case of private companies, where there is less of a separation of ownership and control, the timeliness of information is still potentially important to outside creditors and to those (though less frequently) with external shareholders. Like timely loss recognition, it can affect the speed with which debt covenant restrictions are imposed which cause control to shift from managers to lenders in order to limit actions such as dividend payouts and further borrowing among others (Ball & Shivakumar, 2005).

Financial reports are available as soon as the auditors sign, according to the majority of the research analyzed. As a result, they defined financial reporting timeliness (audit delay) as the time (typically expressed in days) between the end of the accounting period and the date on which the auditors signed the report. This date appears to be far off from reality and a clear oversimplification of realism. In reality, corporations transmit financial reports to relevant organizations (statutory and regulatory entities) for approval before publishing them once the auditors have signed them. As a result, earlier research has found that financial reports are made available to the

public as soon as the auditors sign them. Extant literature on profitability and Timeliness of Financial Reporting shows mixed results. Scholars have found that the higher the profitability, the higher the financial reporting lag, (Akingunola, Soyemi and Okunuga, 2018; Al-Tahat, 2015a; Ekienabor & Oluwole, 2015; Hanh, Hoanh & Tay, 2016; Hassan & Abdulhakim, 2014; Ibadin & Afensimi, 2015; Savitri, Raja, & Surya, 2019; Shamsul-Nahar, 2006; Susandya, Yuliastuti & Putra, 2018).

Similarly, past research hasn't looked at the impact of financial reporting timeliness on business characteristics in the other direction. Given the differing perspectives of scholars, which have resulted in inconclusive findings and a lack of consistency in their submissions, this study believes that more evidence is needed to determine whether firm characteristics affect the financial reporting timeliness of quoted companies in Nigeria. As a result, the study investigates the relationship between profitability and financial report timeliness in Nigerian publicly traded companies.

REVIEWOF RELEVANT LITERATURE

Financial Reporting

Financial Reporting can be described as the means of communicating the organization’s financial status to users of financial reports such as management, investors, government and other stakeholders. It is a set of financial statements and reports through which the financial performance and health of an entity is communicated to both internal and external users. Corporate financial reporting practice entails the compilation, auditing, publication and presentation of audited annual reports and accounts to the stakeholders at the annual general meeting (Oladipupo & Izedomi, 2013). The objective of general purpose financial reporting is to provide information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity, (International Accounting Standard Board[IASB], 2010). The annual financial reports published by companies are considered one of the most important sources of information due to the diversity of information contained in these reports (Al-Tahat, 2015b). The frequency of financial reporting varies, often quarterly, semi-annually and annually. The product of financial reporting is often in the form of periodic report and accounts published by companies.

An example of financial report is annual report and accounts of companies which often include the financial statements (Independent Auditor’s Report, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Consolidated Financial Statements), corporate governance report, shareholders information, performance/business review, risk management report, etc.

In general, stakeholders use information from published financial reports to make informed economic decisions about an organization's financial situation and performance (Watt & Zimmerman, 1986). The utility of financial reporting data is determined by how relevant it is and how accurately it represents what it purports to reflect (IASB, 2010). The IASB's conceptual framework for international financial reporting standards divides qualitative features of financial reports into two categories: fundamental qualitative features and enhancing qualitative features. Relevance and accurate representation are the two most important qualitative criteria. Relevant information is capable of making a difference in the decisions made by users. Faithful representation information must be complete (include all necessary information- description and explanations), neutral (free from bias and manipulations) and free from error (mistakes and omissions).

The four enhancing qualitative characteristics of understandability, comparability, verifiability, and timeliness are complementary to the fundamental characteristics, and distinguish more useful from less useful information (Braam & Beest, 2013). To allow users to quickly assimilate the information, financial reports must be classified, characterized, and presented in a clear and succinct manner, with technical jargon and superfluous complexity minimized. Comparability refers to the ability for users to recognize and grasp similarities and differences between objects. Verifiability ensures that information accurately depicts the economic phenomena it is supposed to depict. It means that a group of informed and impartial observers could agree that a specific portrayal is accurate (IASB, 2010).

Profitability and Timeliness of Financial Reporting

Profit is the excess of revenue over expenditure. And when expenditure exceeds revenue, it called loss. Profitability refers to the extent or degree to which business or activity generates profit or financial gains. It is a measure of efficiency. Profitability is the ability of the firm or organization to make profit. The higher the profit generated, the higher the profitability and vice versa. Profitability is one of the main proxies for measuring firm financial performance.

The case for the relationship between profitability and financial reporting timeliness are on the following premises.

First, the financial performance of a firm has a signalling effect on the stock market (Signal theory). Higher profitability means good news while lower profitability means bad news. Signal theory predicts that better performing firms provide more information than less performing firms and that through provision of more information, managers of better performing firms are able to distinguish their firms from poorly performing firms, (Shamsul-Nahar, 2006). Hence, the signal theory means that companies that have higher profitability (goodnews) will give a positive signal to the public that is by way of delivering financial statements quickly. This is due to the fact that great profitability indicates a company's ability to manage its resources effectively. Lower profitability, on the other hand, will result in a longer financial reporting lag. Lower profitability is bad news that will have a negative impact on the company's worth, such as a negative reaction from shareholders or investors, allowing the company's value to be eroded. Companies will take longer to issue financial reports in order to prevent these unfavorable outcomes. This is in line with the belief that companies who have negative news or have suffered losses avoid reporting for longer than companies that has positive news (Oshodin & Ikhatua, 2018).

Second, the desire to quickly announce better performance may make the management to hasten up the reporting process. Hence, the existence of good news may encourages the company to ask the auditor to complete the audit process quickly so that the goodnews can be quickly communicated to the shareholders or investors so that it will impact on increasing the value of the company through increase in share price, receiving of performance induced compensations, among others. Companies with higher profitability may wish to complete the audit of their accounts as early as possible in order to quickly release their audited annual reports to the public, (Oussii and Taktak, 2018).

Third, lower profitability (most especially losses) poses high risk including liquidation risk. Hence, auditors may take more time in their audit. Auditors like avoiding future litigations by taking more time to audit firms with bad news, (Owusu-Ansah, 2000).

Empirical Review

A lot of research have been conducted on financial reporting challenges, particularly on firm characteristics and financial reporting timeliness. Moradi, Salehi, and Maresh (2013) investigated factors associated to the timely reporting of annual financial statements in Tehran stock exchange companies. The years 2008 to 2011 were examined. In order to test hypotheses, a regression test is used. A total of 323 companies listed on the Tehran Stock Exchange were chosen as the study's sample. The data was evaluated using OLS regression during a four-year period (2003-2011). The result shows positive and significant relationship between profitability and financial reporting timeliness for Tehran quoted companies. Ibadin and Afensimi (2015) found a positive and significance relationship between profitability and financial reporting timeliness. The result indicates financial performance as measured by return on equity in their study is a significant determinant of Audit delay. They examined the determinants of audit report lag in Nigeria. They used panel data extracted from annual reports and accounts from 2005 to 2012 of 37 quoted companies on the Nigeria Stock Exchange. The secondary data were analyzed using the fixed effect model of regression. They concluded that profitability positively influence financial reporting timeliness. Hassan and Abdulhakim (2014) found a positive and statistically significant relationship between profitability and financial reporting timeliness. The aim of their study was to examine the relation between both corporate characteristics and corporate governance and timeliness of corporate internet reporting by the quoted Saudi. They obtained data from 139 Saudi Arabia quoted firms through their websites and analyzed the data using descriptive statistics and ordinary least square regression. Their study indicates that companies with high profitability ratio provide more timely information. Al-Tahat (2015a) found a positive and significant relationship between profitability and timeliness of their financial reports. The aim of the study was to determine the association between timeliness and attributes of companies (namely size, profitability, growth, age, leverage, and audit firm size) quoted on Amman Stock Exchange. Data were collected from 235 quoted companies on Amman Stock Exchange. The data of year 2013 were analyzed using logic regression analysis. Akingunola, Soyemi and Okunuga (2018) found that profitability has positive and statistically significant relationship with financial reporting timeliness. Their aim was to examine the effect of client attributes on the audit report lag of listed firms in Nigeria during the period 2010 – 2015. Data were extracted from the published financial reports of the companies for year 2010 to 2015. The data were analyzed using Descriptive statistics, correlation and ordinary least regression. Their results indicate that more profitable firms have longer financial reporting lag. Shamsul-Nahar (2006)

investigated the roles of the composition of board of directors, audit committee and the separation of the roles of the board chairman and the chief executive officer on the timeliness of reporting. Data were collected from 731 companies in Malaysia for year 1998 and year 2000. The hypotheses were tested using a pooled cross sectional regression analysis. The study results show that profitability is positively and significantly related to financial reporting timeliness. Ahmad and Kamarudin (2003) examined the determinants of audit delay in Malaysia. They used secondary data extracted from the annual reports of 100 quoted in Malaysia during the period 1996 to 2000. Data were analyzed using the Ordinary Least Square method of multiple regressions, correlation and descriptive statistics. They found positive but statistically significant relationship between profitability and financial reporting timeliness. Savitri, Raja, and Surya (2019) used purposive sampling technique in selecting a sample of 78 companies from the trade, services and investment companies listed in Indonesia Stock Exchange in 2014-2016. Their aim was to examine the effects of profitability, leverage, firm size, outsider ownership, the reputation of the public accounting firm and financial risk on the timeliness of financial report submissions. Data were analyzed using the logistic multiple regressions and descriptive statistics. They found positive and statistically significant relationship between profitability and financial reporting timeliness. Ekienabor and Oluwole (2015) found that profitability has positive effect on timeliness of financial reporting, though the relationship was not statistically significant. The study was aimed at examining corporate attributes and timeliness of financial reporting in selected quoted companies in Nigeria. The data were analyzed using descriptive statistics, correlation statistics and the Generalized Least Square Regression analysis. Their finding implies that companies doing well will have higher timeliness in financial reporting. Consequently, managers of organizations would be more willing to report profit faster than reporting loss because of the effect such news could have on the share price and other indicators. Hanh, Hoanh and Tay (2016) found somewhat contradictory but significant relationship between profitability and timeliness of financial reporting. The data were analyzed using descriptive statistics, correlation statistics and the ordinary Least Square Regression analysis. It is important to note that the data was a single period cross sectional survey. Susandya, Yuliastuti and Putra (2018) studied ninety cooperative in the Denpasar city, Indonesia. The sources of data included both primary and secondary sources. Questionnaire was administered to the selected cooperatives to ascertain non-financial performance of cooperatives. The data were tested for multicollinearity and autocorrelation. The data were subsequently analyzed using regression analysis. They found a positive and statistically significant relationship between profitability and timeliness of financial reporting. Their findings imply that more profitable companies tend to release of their annual reports faster than less profitable companies. Such high profitability signifies good news in the market. Higher level profitability also implies the company's ability to generate a good performance in the future and it is critical information for investors in their investment decisions. Oshodin & Ikhatua (2018) investigated the effect of IFRS adoption on the timeliness of financial information in Nigeria.. Data collected for 30 companies over the periods of 2009 through 2016 and were analyzed using the ordinary least square regression method. The regression result shows profitability negatively and significantly related to timeliness of financial reports. This is in tandem with the position that firms with bad news, or that experienced losses, tend to delay reports longer than firms with good news. Ibadin, Izedonmi, & Ibadin, (2012) empirically examine the relationship between corporate governance variables, corporate attributes variables and timeliness in Nigeria. A sample of 118 quoted the Nigerian Stock Exchange (NSE) was selected. They used of descriptive statistics and the Ordinary Least Square (OLS) regression analysis. They found that profitability is negatively but insignificantly related financial reporting timeliness. Thus, companies reporting a loss are likely to delay presenting their financial statements because of the bad news and the effect the bad news will have on their shareholders. Owusu-Ansah (2000) analyzed the timeliness of annual reports on the Zimbabwe Stock Exchange in 1994. Data were extracted from annual reports and accounts of 47 quoted companies in Zimbabwe Stock Exchange while two-stage least squares regression technique was used for analysis. The found a significant negative relationship between profitability and timeliness of financial reporting. Turel (2010) found a negative and statistically significant relationship between profitability and financial reporting timeliness. They investigated the extent of timeliness of financial reporting in Turkey as well as to establish the impact of both company specific and audit related factors on timeliness of financial reporting in Turkey. Their finding further accentuate that the companies that report net income release their financial statements earlier. AL-Tahat (2015b) found negative and statistically significant relationship between profitability and financial reporting

timeliness. They used data from 193 out of the 235 quoted firms in Amman Stock Exchange (ASE) in June, 2013. Ordinary Least Squares Regression Analysis was used to analyze the data obtained. They added that companies with higher company profitability and first market companies take shorter time to publish their half-yearly financial reports. Akle (2011) found a negative relationship between profitability and financial reporting timeliness. He investigated the relationship between industry type, company size, gearing, leverage, earnings quality, earnings management, electronic disclosure, and timeliness of corporate financial reporting of companies quoted on Egyptian stock exchange. Data were obtained from 83 quoted companies in Egyptian Stock Exchange from 1998 to 2007. The data were analyzed using descriptive statistics and multiple regressions. Oussii and Taktak (2018) found inverse and statistically significant relationship between profitability and financial reporting timeliness. They investigated the association between external audit delay and audit committee attributes that affect audit committee effectiveness among Tunisia quoted companies for 2011 to 2013. Data were obtained from 54 Tunisian quoted companies and were analysed with multiple regression. They asserted that companies with higher profitability may wish to complete the audit of their accounts as early as possible in order to quickly release their audited annual reports to the public. Mouna and Anis (2016) found negative and statistically significant relationship between profitability and financial reporting timeliness in quoted Tunisian companies. To investigate the relationship between the timeliness of the financial reporting and the corporate governance proxies for companies quoted on the Tunisian stock exchange during 2009. They collected secondary data from corporate annual reports downloaded from the Tunisian Stock Exchange website. The data were analyzed using correlation and Multiple Regression Analysis. The cross section data covers only 2009. Firm with good news tend to publish report earlier. Efobi and Okougbo (2015) found a negative and statistically significant relationship between profitability and financial reporting timeliness in quoted Nigerian companies. They collected secondary data from corporate annual reports and accounts of the 33 companies. The data were analyzed using correlation and Generalized Least Square (GLS) regression method. The aim of the study was to explore the factors that can influence the timeliness of financial reporting in Nigeria. They period covered is 2005 to 2008. Clatworthy and Peel (2016) found a negative relationship with between profitability and financial reporting timeliness. They studied 31,147 small private companies in United Kingdom (UK). The aim of their study was to investigate the extent to which the timeliness of UK private companies' accounting information reflects regulatory and economic influences by studying the impact of a one month shortening of the statutory regulatory filing deadline. The data for 2010 to 2011 were analyzed using descriptive statistics, correlation and multiple regression analysis. Data were obtained from the Bureau van Dijk Financial Analysis Made Easy (FAME) April 2010 and April 2011 discs, which contain data for the population of UK private firms. Adebayo and Adebiyi (2016) examined the timeliness of financial statements among the Deposit Money Banks in Nigeria. Fifteen Deposit Money Banks (DMBs) were studied while data were collected from annual reports and accounts. The extracted data for 2005 to 2013 were analyzed using Ordinary Least Square (OLS) Regression. They found negatively and significantly relationship between profitability and financial reporting timeliness in Nigerian DMBs. Turel and Tuncay (2016) studied effects of company size, sign of income, leverage, audit opinion, and auditor firm on audit delay for companies quoted on the Borsa Istanbul. They studied 508 quoted firms on the Borsa Istanbul which represent about 92% of its quoted forms. Secondary data were obtained from the annual reports and accounts of the selected companies and were analyzed using Correlation matrix and multiple regression. They found a negative and significant relationship between profitability and financial reporting timeliness. Hossain and Taylor (1998) studied the relationship between the audit delay and several company characteristics in Pakistan companies quoted on the Karachi Stock Exchange (KSE). They studied 103 quoted firms on the Karachi Stock Exchange (KSE). Secondary data were obtained from the annual reports and accounts of the selected companies and were analyzed using Correlation and multiple regression. They found a negative and significant relationship between profitability and financial reporting timeliness. Surachyati, Abubakar and Daulay (2019) studied 30 transportation companies quoted in the Indonesia Stock Exchange in the period of 2011-2015. Their aim was to examine the influence profitability, leverage, liquidity, company size, auditor opinion and audit firm reputation partially on the timeliness of the submission of financial statements to transportation companies quoted on the Indonesia Stock Exchange. Secondary data were obtained from the annual reports and accounts of the selected companies and were analyzed using descriptive and logistic regression. They found negative and significant relationship

between profitability and financial reporting timeliness. Suadiye (2019) examined the impact of firm specific factors such as profitability, size and other related factors such as sector, index and auditing firm on the timeliness of financial reporting of firms listed on Borsa Istanbul (BIST). They used secondary data extracted from the annual reports of 286 quoted in Turkey during the period 2019. Data were analyzed using the Ordinary Least Square method of multiple regressions, correlation and descriptive statistics. They found negative and significant relationship between profitability and financial reporting timeliness. Wulandari (2018) examined the effect of financial ratios, firm age, firm size, and auditor's opinion on the timeliness of publication of banking financial statements listed on the Indonesia Stock Exchange (IDX). They used secondary data extracted from the annual reports of 29 quoted in Indonesia during the period 2010-2012. Data were analyzed using the logistic multiple regressions and descriptive statistics. They found negative and significant relationship between profitability and financial reporting timeliness. AL-Shwiyat (2013) found that profitability has negative and statistically significant relationship with financial reporting timeliness. The population comprises all Jordanian public shareholding companies listed on the ASE for fiscal year 2012. The sample was 120 companies randomly selected from the population. Data were extracted from the published financial reports of the companies for year 2012. Their aim was to examine the effect of several factors (company's size represented by total assets, earnings per share, return on equity, return on assets, dividends per share, company's age, cash flows from operating activities as well as the financial leverage of the company) on the timing of the issuance of the annual financial reports. The data were analyzed using Descriptive statistics, correlation and simple regression. Their study shows that the higher the profitability, the shorter it takes to publish financial reports. Hanh, Hoanh and Tay (2016) found somewhat contradictory but significant relationship between profitability and timeliness of financial reporting. Profitability proxied by Return on Equity (ROE) was positively and significantly related to timeliness of financial reporting. This implies that the higher the profitability, the longer it take to publish the financial reports. This position is at variance with the agency theory which expects that good news are published earlier. On the contrary, Profitability proxied by Return on Assets (ROA) was negatively and significantly related to timeliness of financial reporting. The study which was conducted in Vietnam was aimed at examining the effect of audit firm, firm performance on the timeliness of financial report of companies quoted on Vietnamese Stock Market. They used secondary data from the annual reports and accounts of 100 quoted companies on Vietnamese Stock Market. The data were analyzed using descriptive statistics, correlation statistics and the ordinary Least Square Regression analysis. It is important to note that the data was a single period cross sectional survey. Mutiara, Zakaria, and Anggraini (2018) examined the effect of each of company size, company profit, solvency and the size of public accountant on audit report lag for the infrastructure, utility and transportation sectors listed on the Indonesian Stock Exchange. Data were obtained from a purposive sample size of nineteen companies. The data were for 2013 to 2015. The data were analyzed using double regression analysis. They found a negative and statistically significant relationship between profitability and timeliness of financial reporting. They concluded that increase in profitability decreases audit reporting lag (and timeliness of financial reporting). Hoang, Dang and Nguyen (2018) studied the factors affecting the timeliness of financial reports (FR) of enterprises in Vietnam. 1,070 observations were obtained from the annual reports of 2012 to 2016 in 214 companies. The data were analyzed using Generalized Least Square regression analysis.. They found a negative and statistically significant relationship between profitability and timeliness of financial reporting. This means that increase in profitability decreases audit reporting lag (and timeliness of financial reporting). Abdillah, Mardijuwono and Habiburrochman (2019) found that profitability has negative and statistically significant relationship with financial reporting timeliness. Their aim was to examine and analyze the factors that affect an auditor's efficiency in completing the audit process proxied by audit report lag. The sample comprises of all manufacturing companies listed in Indonesian Stock Exchange in 2014–2016. Data were extracted from the published financial reports of the 77 manufacturing companies listed in Indonesian Stock Exchange in 2014–2016. The data were analyzed using Descriptive statistics, correlation and simple regression. Their findings indicated that that the higher the profitability obtained by a company, the shorter will be the audit report lag, vice versa. Oraka, Okoye, and Ezejiofor (2019) discovered that firm size and financial reporting timeliness had a negative and statistically significant association. The researchers wanted to see if there was a link between the drivers of Nigerian deposit money banks' financial reporting timeliness. The sample includes 16 stocks that were traded on the Nigerian Stock Exchange from 2009 to

2017. Data was gathered from the selected companies' public financial reports. Descriptive statistics, ANOVA, and simple regression were used to evaluate the data. Lukason and Camacho-Miñano (2019) found that profitability has negative and statistically significant relationship with financial reporting timeliness. Their aim was to examine whether firms' reporting delays are interconnected with bankruptcy risk and its financial determinants. The population comprises Estonian companies between 2000 and 2014. Data were extracted from the published financial reports of the companies for year 2000 to 2014. The data were analysed using Descriptive statistics, correlation and logistic regression. Their results support that higher profitable firms report earlier than less profitable firms. Raweh, Kamardin and Malek (2019) found that profitability has negative and statistically significant relationship with financial reporting timeliness. Their aim was to provide empirical evidence on the association between audit committee characteristics and audit report lag. The sample comprises of all companies quoted in the Muscat Securities market from 2013 to 2017. Data were extracted from the published financial reports of 119 companies quoted in the Muscat Securities market from 2013 to 2017. The data were analyzed using Descriptive statistics, correlation and simple regression. They concluded that larger board and more profitable contribute to shorten audit reporting delay. Okeke, Ezejiofor, and Okoye looked into the impact of leverage on the cash ratio of Nigerian conglomerates (2021). Data was obtained from the sampled firms' annual reports and accounts and analyzed with Pearson correlation and Ordinary Least Square (OLS) regression analysis using E-Views 9.0 statistical software. The study discovered that leverage had a significant negative impact on the cash ratio of Nigerian firms at a 5% level of significance. Chukwu and Nwabochi (2019) used ex post facto research design, and used secondary data extracted from the annual reports of 15 insurance firms quoted on the Nigerian Stock Exchange during the period 2012 to 2015. Data were analyzed using the Ordinary Least Square method of multiple regressions. Their aim was to examine the effect of the characteristics of audit committee on timeliness of corporate financial reporting in the Nigerian insurance industry. They found negative but insignificant relationship between profitability and financial reporting timeliness. Ghafran and Yasmin (2018) found that leverage has statistically insignificant relationship with financial reporting timeliness. Their aim was to examine the association of audit committee chair financial, experiential and monitoring expertise with the audit report lag period. The population comprises UK FTSE350 companies between 2007 and 2010. The sample was 248 companies randomly selected from the population. Data were extracted from the published financial reports of the companies or accessed from FAME database for year 2007 to 2010. The data were analyzed using Descriptive statistics, correlation and multiple regressions. Zandi and Abdullah (2019) found that profitability does not have statistically significant relationship with financial reporting timeliness. Their aim was to examine the impact of corporate governance towards companies' performances which consequently affect the timeliness of any report submitted to the local authority. The sample comprises of 102 industrial products quoted in Bursa Malaysia for the year 2016. Data were extracted from the published financial reports of the industrial products in Bursa Malaysia. The data were analyzed using Descriptive statistics, correlation and simple regression. The finding was somewhat contradicting. Generally, profitability was statistically insignificant; the two proxies were in opposite directions. ROE has a positive though statistically insignificant relationship, ROA has a negative though statistically insignificant relationship.

The literature on the association between firm characteristics and financial reporting timeliness is littered with contradictory findings. This study aims to test the hypothesis empirically by examining the impact of firm characteristics on financial reporting timeliness in Nigeria using Nigerian (country-specific) data.

METHODOLOGY

Research Design

This study adopted the ex-post facto research design. Ex-post facto research is a systematic empirical study in which the researcher does not in any way control or manipulates the independent variables because the situation for the study already exists or has taken place, (Asika, 2006).

Population and Sample size

The population consists of all quoted companies in Nigeria as at 31st December 2019. As at this period, there were 145 quoted companies in Nigeria. The researcher used all the quoted companies for the study; hence the researcher was able to extract all the relevant data from the one hundred and forty five (145) quoted companies for the periods covered by the study.

Methods of Data Collection

Data were sourced from the content analysis of annual reports and accounts of the selected quoted Nigeria companies for eleven years from the year 2010 to 2019, both years inclusive. The data were

individual data for each of the companies. The use of companies' reports and accounts by prior studies enable greater potential for comparability of results.

Model Specification

This study adapts the model of Clatworthy and Peel (2016) which examined non-interest income and financial performance of Jordanian banks. Clatworthy and Peel (2016) model is presented below:

The model specification is shown below:

Timeliness = f(Firm characteristics)

$T_{it} = \beta_0 + \beta_1 PROFIT_{it} + \beta_2 AUDO_{it} + e_{it}$ ……………………………………………………i

Where T = Timeliness of Financial reports as defined as the number of days from financial year end till the date of publication

PROFIT = Profitability

AUDO = Auditor Opinion

e = Stochastic error term

i = Firm 1 to 145

t = Year 1 to 10

β_0 = autonomous variable

β_1 and β_2 are coefficients of the independent variables

Method of Data Analysis

Two types of approaches were used in the empirical analysis. The initial method was descriptive and correlation analyses, which were used to characterize the data and determine data relationship. The goal of the first method was to offer background information on the data as well as investigate the pattern of qualitative changes in the data over time and between firms. Similarly, by observing the variability of the data with statistics such as deviation, standard deviation, skweness, kurtosis, and Jarque-Bera, the behavior of the data may be easily evaluated. Because of the nature of the data, which would include both time series and continuous data, the Jarque-Bera test was extremely relevant in this investigation. The correlation analysis would give preliminary indications about the pattern of relationship among the data set. It would also show the possible degree of multicollinearity among the regressors.

Decision Rule

The decision based on 5% (0.05) level of significance. The null hypothesis (H_o) would be accepted, if probability value (for example, P_{value} or Sig.) calculated is greater than (>) the stated 5% level of significance, otherwise reject.

DATA ANALYSIS

Table 1: Descriptive Analysis

	T	PFT	AUDO
Mean	195.2000	-97748.85	0.700000
Median	98.00000	-19402.50	1.000000
Maximum	456.0000	2515.000	1.000000
Minimum	69.00000	-831855.0	0.000000
Std. Dev.	155.3890	258275.8	0.483046
Skewness	0.672517	-2.653622	-0.872872
Kurtosis	1.713429	8.070586	1.761905
Jarque-Bera	1.443492	22.44903	1.908541
Probability	0.485903	0.000013	0.385093
Sum	1952.000	-977488.5	7.000000
Sum Sq. Dev.	217311.6	6.00E+11	2.100000
Observations	10	10	10

Source: E-Views 9.0 Descriptive Output, 2021

Interpretation

The descriptive statistics for the dependent variable timeliness (T) and the independent variable (PFT) are presented in Table 1, with AUDO serving as the control variable. The mean is used to establish a baseline. The central tendency is taken by the median, which re-ranks. The maximum and minimum numbers, on the other hand, aid in the detection of data problems. The deviation/dispersion/variation from the mean is represented by the standard deviation. It is a risk indicator; the greater the standard deviation, the greater the risk. The standard deviation is a metric that expresses how much each item in a dataset deviates from the mean. It is the most reliable and extensively used method of determining dispersion. The standard deviation in the banking various sectors for the period 2010-2019 is 193.2, -0.97748.9 and 0.70 for T, PFT and AUDO respectively. For such distributions, it is the case that 195%, -900%, and 1.70% of values are less than one standard deviation (1SD) away from the mean values of PFT, AUDO respectively. Skewness and Kurtosis are contained in Jarque-Bera. Positively skewed is an indication of a rise in profit while negatively skewed is an indication of loss or backwardness. Jarque-bera is used to test for normality; to know whether the data normally distributed.

Test of Hypothesis

Ho_1: There is no significant relationship between profitability and timeliness of financial reports in Nigerian quoted companies.

H_{I3}: There is a significant relationship between profitability and timeliness of financial reports in Nigerian quoted companies.

Table 2 Panel Least Regression analysis showing the relationship between T, PFT, and AUDO

Dependent Variable: T				
Method: Least Squares				
Date: 07/23/21 Time: 00:12				
Sample: 2010 2019				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	270.4410	64.87250	4.168808	0.0042
PFT	-0.000420	0.000149	-2.824315	0.0256
AUDO	-166.1037	79.46737	-2.090212	0.0749
R-squared	0.593785	Mean dependent var		195.2000
Adjusted R-squared	0.477724	S.D. dependent var		155.3890
S.E. of regression	112.2976	Akaike info criterion		12.52351
Sum squared resid	88275.24	Schwarz criterion		12.61428
Log likelihood	-59.61753	Hannan-Quinn criter.		12.42393
F-statistic	5.116126	Durbin-Watson stat		2.974515
Prob(F-statistic)	0.042721			

Interpretation of Regression Result

Table 2 shows the results of a panel least square regression analysis to see if there is a link between timeliness and profitability. The coefficient of determination, or adjusted R squared, shows us how much variation in the dependent variable is caused by changes in the independent variable. According to the findings in table 2, the adjusted R squared value was 0.48, indicating a variance of 48 percent in financial reporting timeliness due to variations in profitability and auditor's view. This means that PFT and AUDO could only account for 48 percent of variations in firm financial reporting timeliness, while 52 percent was explained by unknown variables not included in the model. The probability of the slope coefficients indicate that; P(x_1= 0.03<0.05; x_2= 0.07>0.05). The co-efficient value of; β_1= -.0004, and -166.1 for profitability and auditor opinion, implies that timeliness of financial reporting (T) is negatively related to PFT and AUDO though statistically significant at 5%.

The linear regression model becomes;

The Durbin-Watson Statistic of 2.2974515 suggests that the model does not contain serial correlation. The F-statistic of the T regression is equal to 2.648 and the associated F-statistical probability is equal to 0.04, so the null hypothesis was rejected and the alternative hypothesis was accepted.

Decision Rule:

Accept H_0 if the P-value of the test is greater than 0.05, otherwise reject.

Decision

Since the Prob (F-statistic) of 0.03 is less than the critical value of 5% (0.05), then, it would be upheld that there is a significant relationship between profitability and timeliness of financial reports in Nigerian quoted companies at 5% level of significance, thus, H_1 is preferred over Ho.

Table 3: Pairwise Granger Causality Tests

Date: 07/23/21 Time: 00:22			
Sample: 2010 2019			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
PFT does not Granger Cause T	8	2.70887	0.2128
T does not Granger Cause PFT		8.95128	0.0544

Interpretation of Diagnostic Test showing the Causality between timeliness and profitability

Table 3 shows that the there is a bi-lateral causality between timeliness and profitability, as the P-values of 0.05 and 0.212 is significant at 5% level. Moreover, at two (2) lags there is a statistically significant relationship between timelines and profitability. On the other hand, there is no "reverse causation" from PFT to T. This buttresses the fact that there is a causal relationship between leverage and timeliness. Consequently, the null hypothesis is rejected for the alternate who uphold that there is a significant relationship between timelines and leverage at 5% significant level.

CONCLUSION AND RECOMMENDATION

The study observed that the Prob (F-statistic) of 0.03 is less than the critical value of 5% (0.05), showing that there is a significant relationship between profitability and timeliness of financial reports in Nigerian quoted companies at 5% level of significance. The findings is in line with Akingunola, Soyemi and Okunuga (2018); Hanh, Hoanh and Tay (2016); Moradi, Salehi and Maresh. (2013) Ibadin and Afensimi (2015) found a positive and significance relationship between profitability and financial reporting timeliness. However, the result negates the findings of Oshodin & Ikhatua, 2018), Ibadin, Izedonmi, & Ibadin, (2012) who found that profitability is negatively but insignificantly related financial reporting timeliness.

As a consequence of the findings, it was discovered that Nigerian enterprises took an average of 3 to 5 months (122 days) to release their financial reports. Companies having an average financial reporting time of roughly 2 months (59 days) outperformed those with a 5 month reporting time (153 days). As a result, it implies that good corporate governance can influence business qualities (performance) and improve financial reporting timeliness.

According to the findings, lesser profitability (particularly losses) offers a high risk, including the potential of liquidation. Auditors should devote more time to their audits in order to avoid future lawsuits, particularly in the financial sector.

REFERENCES

[1] Abdillah, M. R., Mardijuwono, A. W. & Habiburrochman H. (2019). The effect of company characteristics and auditor characteristics to audit report lag. *Asian Journal of Accounting Research, 4*(1), 129-144. www.emeraldinsight.com/2443-4175.htm

[2] Adebayo, P. A. & Adebiyi, 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.

[3] Ahmad, R. A. R. & Kamarudin, K. A. (2003). Audit delay and the timeliness of corporate reporting: Malaysian evidence. communication Hawaii International Conference on Business. June, University of Hawaii-West Oahu.

[4] Akle, Y.H. (2011). The relationship between corporate governance and financial reporting timeliness for companies listed on Egyptian Stock Exchange: An empirical study. *Internal Auditing and Risk Management*, 2(22), 81-90.

[5] Akingunola, R. A., Soyemi, K. A. &Okunuga, R. (2018). Client attributes and the audit report lag in Nigeria. *Market Forces College of Management Sciences, 13*(1), 30-41.

[6] AL- Shwiyat, Z. M. M. (2013). Affecting factors on the timing of the issuance of annual financial reports: empirical study on the Jordanian public shareholding companies. *European Scientific Journal, 9*(22), 407-423.

[7] AL-Tahat, S. S. Y. (2015a). Timeliness of audited financial reports of Jordanian listed companies. *International Journal of Management, 3*(2), 38-47.

[8] AL-Tahat, S. S. Y. (2015b). Company attributes and the timeliness of interim financial reporting in Jordan. *International Journal of Application or Innovation in Engineering & Management*, *4*(3), 6-16.

[9] Ball, R. & Shivakumar, L. (2005). Earnings quality in UK private firms: comparative loss recognition timeliness. *Journal of Accounting and Economics, 39*,83-128.

[10] Chukwu, G. J. & Nwabochi, N. (2019). Audit committee characteristics and timeliness of corporate financial reporting in the nigerian insurance industry. *international journal of managerial studies and research, 7*(4), 86-95. doi: http://dx.doi.org/10. 20431/23490349.0704012

[11] Efobi, U. (2011). Capital structure and firm performance. Germany: Lambert Academic Publishing.

[12] Efobi, U. & Okougbo, P. (2015). Timeliness of financial reporting in Nigeria. *South African Journal of Accounting Research,* 1(1), 65-77.

[13] Ekienabor, E. & Oluwole, O. S. (2018). Reliability of Timeliness in Financial Reporting in Nigeria. *International Journal of Research Publications, 13*(1), 1-15. DOI: 10013192018378.pdf

[14] Feltham, G. (1974). Information evaluation, *American Accounting Association monograph, 22*.

[15] Ghafran, C.M. &Yasmin, S. (2018). Audit committee chair and financial reporting timeliness: a focus on financial, experiential and monitoring expertise. *International Journal of Auditing, 22*(1), 13-24.

[16] Hanh, L. T. M., Hoanh L. T. H. & Tay N. H. (2016). The effect of audit firm and firm

performance on the timeliness of the financial report: a case of Vietnamese stock market. The 10th International Days of Statistics and Economics, Prague, September 8-10.

[17] Hassan, N. T. & Abdulhakim, M. A. (2014). Corporate characteristics, corporate governance and timeliness of corporate internet reporting: evidence from saudi listed companies. *Journal of accounting and auditing. 2*, 1-29.

[18] Hassan, Y. M. (2016). Determinants of audit report lag: evidence from Palestine. *Journal of Accounting in Emerging Economies, 6*(1), 13-32.

[19] Hoang, T. V. H., Dang, N. G. & Nguyen, T. T. P. (2018). The study of factors affecting the timeliness of financial reports: the experiments on listed companies in Vietnam. Asian Economic and Financial Review, 8(2), 294-307.

[20] Hossain, M.A. & Taylor, P. J. (1998). An examination of audit delay: evidence from Pakistan. Working Paper, University of Manchester.

[21] Ibadin, I. M., Izedonmi, F. & Ibadin, P. O. (2012). The association between selected corporate governance attributes, company attributes and timeliness of financial reporting in Nigeria. *Research Journal of Finance and Accounting, 3*(9), 137-144.

[22] Ibadin, L. A. & Afensimi, E. (2015). Corporate attributes and audit delay in emerging markets: empirical evidence from Nigeria. *International Journal of Business and Social Research, 5*(3), 1-10.

[23] International Accounting Standards Board [IASB]. (2010). The conceptual framework for financial reporting. IASB.

[24] Leventis, S. & Weetman, P. (2004). Timeliness of financial reporting: applicability of disclosure theories in and emerging capital market' *Accounting and Business Research, 34*(1): 43-56.

[25] Lukason, O. & Camacho-Miñano, M. (2019). Bankruptcy Risk, Its Financial Determinants and Reporting Delays: Do Managers Have Anything to Hide? *Risk, 7*(3), 1-15. DOI: https://doi.org/10.3390/risks7030077.

[26] Mouna, A. & Anis, J. (2013). Financial reporting delay and investors behavior: evidence from Tunisia. *J. Management. Bus. Res., 3* (1), 57-67.

[27] Moradi, M, Salehi, M & Maresh. M. S.(2013). Timeliness of annual financial reporting: evidence from the Tehran Stock Exchange. *ABAC Journal, 33*(3), 20-29.

[28] Mutiara, Y. T., Zakaria, A., & Anggraini, R., (2018). the influence of company size, company profit, solvency and CPA firm size on audit report lag. *Journal of Economics, Finance and Accounting, 5*(1), 1-10. DOI: http://doi.org/10.17261/Pressacademia.2018.779

[29] Okeke, L.N. Ezejiofor, R.A. and Okoye, N. J. (2021). leverage and cash ratio: an empirical study of conglomerates firm in Nigeria American Journal of Contemporary Management Sciences Research (AJCMSR) ISSN: 0092-119X (July, 2021) www.foreignjournals.org/USA/AJCMSR-113876

[30] Oladipupo, A.O. & Izedomi, F. (2013). Global demand for timely financial reporting: how prepared are Nigerian companies? *Research Journal of Finance and Accounting, 4*(8), 63-75.

[31] Oraka, A. O., Okoye, J. A. & Ezejiofor, R. A. (2019). Determinants of financial reporting timeliness: an empirical study of Nigerian deposit money banks. *International Journal of Advanced Academic Research | Social and Management Sciences, 5*(9), 18-35.

[32] Oshodin, E. & Ikhatua, J. O. (2018). IFRS adoption, firms' characteristics and the timeliness of financial information. *Accounting & Taxation Review, 1*(2), 92-106.

[33] Oussii, A. A. & Taktak, N. B. (2018). Audit committee effectiveness and financial reporting timeliness: The case of Tunisian listed companies. *African Journal of Economic and Management Studies, 1-18. DOI: https://doi.org/10.1108/AJEMS-11-2016-0163* .

[34] Owusu-Ansah, S. & Leventis, S. (2006). Timeliness of corporate annual financial reporting in Greece. *European Accounting Review, 15*(2), 273-287.

[35] Raweh, N. A. M., Kamardin, H. & Malek, M. M. (2019). Audit committee characteristics and audit report lag: evidence from Oman. *International Journal of Accounting and Financial Reporting, 9*(1), 153-169.

[36] Savitri, E., Raja, A. & Surya, A. S. (2019). Influencing factors: the timeliness of financial

reporting submissions. *Business and Management Studies, 5*(1), 43-51.

[37] Shamsul-Nahar, A. (2006). Board composition, audit committee and timeliness of corporate financial reports in Malaysia. *Corporate Ownership & Control, 4*(2), 33-45.

[38] Suadiye, G. (2019). Determinants of the timeliness of financial reporting: empirical evidence from Turkey. *Hacettepe University Journal of Economics and Administrative Sciences, 37*(2), 365-386.

[39] Suphap, W. (2004). Getting it right versus getting it quick: the quality-timeliness tradeoff in corporate disclosure. Columbia Business Law Review, 662 - 678.

[40] Surachyati, E., Abubakar. E. & Daulay, M. (2019). Analysis of factors that affect the timeliness of submission of the financial statements on transportation companies in Indonesia stock exchange. *International Journal of Research & Review, 6*(1), 190-201.

[41] Susandya, A. A. P., Yuliastuti, I. A. N. & Putra, G. B. B. (2018). The effect of cooperative's characteristic on financial reporting timeliness. *Sriwijaya International Journal of Dynamic Economics and Business, 2*(4), 269-292

[42] Turel, A. (2010). Timeliness of financial reporting in an emerging capital market: evidence from Turkey, *Istanbul University Journal of the School of Business Administration, 39*(2), 227-240.

[43] Turel, A. & Tuncay, F. E. (2016). An empirical analysis of audit delay in Turkey. *Annales Universitatis Apulensis - Series Oeconomica Journal, 18*(2), 78-87. DOI: http://oeconomica.uab.ro/upload/lucrari/1820162/07.pdf

[44] Watts, R. & Zimmerman J. L. (1986). Positive accounting theory: Englewood cliffs: Prentice-hall.

[45] Wulandari, G. H. (2018). Factors that influence the timeliness of publication of financial statements on banking in Indonesia. Technobiz: *International Journal Of Business, 1*(1), 16-18.

[46] Zandi, G. & Abdullah, N. A. (2019). Financial statements timeliness: the case of Malaysian listed industrial product companies. *Asian Academy of Management Journal, 24*(2), 127–141. https://doi.org/10.21315/aamj2019.24.s2.9