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Effect of Managerial Ownership on Audit Report Lag of Listed Non-Finance Firms in Nigeria

Nwachukwu, C. O.; J. A. Nmesirionye; M. C. Ekwe
Department of accounting
Michael Okpara University of Agriculture
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Abstract
The study examined the effect of managerial ownership on audit report lag of listed non-finance firms in Nigeria for the period 2014 to 2023. The population of the study comprised of all the (103) listed non-financial firms on the floor of the Nigeria Exchange Group. Using non-judgmental sample technique, sample size of 77 (seventy-seven) firms was selected. The data was sourced from the annual financial reports of the sampled listed firms within the referenced period. The data for study was analyzed using panel generalized method of moment analytical approach. The results obtained reveal that board of directors' shareholding (MOWN) [Coef. = -0.0000184 (P-value = 0.928)] have an insignificant effect on audit report lag among early-filers. The study further revealed that the dynamic influence of managerial ownership structure on audit report lag, emphasized the intricate nexus between corporate governance and reporting practices. The study concluded that managerial ownership revealed significant relationship with audit report timeliness which reflected the unique governance characteristics of listed non-finance firms in Nigeria. the study recommends that there is need to strengthen the accountability framework for managerial share ownership by implementing a mandatory reporting incentive system tied to audit timeliness. This policy recommendation requires firms with significant managerial ownership to disclose detailed timelines and progress reports for audit completion, with penalties for delays and rewards for early or on-time submissions. Additionally, regulatory bodies such as the Securities and Exchange Commission (SEC) should introduce governance audits that will evaluate the extent managerial ownership enhances or hinders financial reporting efficiency, ensuring greater transparency and adherence to deadlines. Listed non-finance firms should be encouraged to adopt technology-driven audit management systems to reduce delays stemming from managerial overreach or inefficiencies, ensuring that managerial ownership align with the broader organizational goal of timely financial reporting.

Keyword: *Managerial Ownership, Audit Report lag, Listed Non-financial Firms, Nigeria*

Introduction

Periodic publication of corporate financial reports, by the firm management, is one channel to demonstrate responsible stewardship to various corporate stakeholders. While this is required by law and hence expected, the release of financial reports must also be timely for it to be relevant and useful (Festus, Opeyemi & Samuel, 2023; Kythreotis & Soltani, 2023). Therefore, timeliness of financial report release becomes one important characteristics of financial accounting information for the accounting profession. A good measure of corporate financial reporting transparency and quality is timeliness, however, if a corporation issues perfectly accurate but late information, such information becomes stale making it less relevant to users (McGee, 2007).

Timely release of corporate financial report can be viewed as a way of reducing information asymmetry through improving pricing of securities, and mitigating insider trading, leaks, and rumors in the market. Timeliness of financial report reduces the opportunity to spread rumors about the companies' financial health and performance (Mappadang, Wijaya, & Mappadang, 2021; Ndhlovu & Muzira, 2023; Sariningsih, Yuliana, Lukman & Safitri, 2023), mitigates misappropriation of corporate assets by managers (Leventis & Weetman, 2004), reduces unfavorable effects of moral hazard and the implications of adverse selection of managers to abuse their privilege gained from access to internal information and behave unethically for private benefits. Hence, timeliness of financial report stands out as a unique element of good corporate governance practice all over the globe (Teru & Usman, 2023). However, on the flip side, firms with less timely financial information disclosure could provide a "red flag" to stakeholders especially regulators (Haat et al., 2008). In this regard, Josiah, Fakunle, Funmilayo & Larewaju (2016), opined that delay in the release of financial statement or report can cause information deterioration because there could be the possibility of information leakages by insiders.

Sakka and Jarboui (2016) posit that family ownership structure is a vital internal control tool of efficient governance culture that can sturdily affect the power concentration and authority connection between management and shareholders. In the views of Hessel and Normal (1992), institutional investors (institutional shareholding) will advocate for timely information via their high voting rights to impact management decisions compared to individual shareholders believing that it will promote informed decision-making and reduces information asymmetry in the market. Further, it is well established that CEO power via ownership rights significantly affect organisational outcomes and audit report lag (Hambrick & Mason, 1984; Bertrand & Schoar, 2003; Francis et al., 2008, Bamber *et al.,* 2010). Similarly, Hu and Gan (2017) document that CEO's ownership power reduces internal control quality with strong expectation that such a factor also influences audit report lag. Thus, in line with the foregoing discussion, this study is poised to evaluate the effect of ownership structure on audit report lag of listed non firms in Nigeria.

Ownership structure audit report lag nexus is an aspect of corporate reporting which has not been sufficiently examined in Nigeria. While similar studies relating to audit report lag have been largely focused on the banking industry (Adebayo & Adebiyi 2016; Arowoshegbe, Uniamikogbo & Adeusi 2017), other related studies to include that of Chukwu & Nwabochi (2019) have examined the insurance industry. Although, a few similar recent studies have been conducted by Asuzu, Ogbodo, Egbunike, Nzeribe and Ejiaka (2021) and Okechukwu, Aruwa and Ame (2021) who investigated listed non-finance firms in Nigeria but these recent studies are not sufficient to present the actual picture through which the different ownership structures enhance audit report lag in present day Nigeria. Therefore, the need to introduce most recent data (year 2023 data) is germane as it captures the influence of recent regulatory changes, economic dynamics, and ownership patterns, to offer updated insights that may differ from trends observed in earlier periods.

A key knowledge gap addressed in this study is the inclusion of free float ownership, a vital but underexplored dimension of corporate ownership structure. In the Nigerian context, Free float ownership, representing the shares available for public trading and held by diverse non-strategic investors, plays a pivotal role in shaping corporate governance and reporting practices (Hearn, Filatotchev & Goergen, 2022). This novel inclusion is critical as dispersed ownership could influence audit timeliness by fostering enhanced market monitoring and reducing information asymmetry between insiders and external stakeholders (Mathuva, Tauringana & Owino, 2019; Abdelsalam & El-Masry, 2008). In the views of (Downar Ernstberger & Link, 2018) concentrated ownership, where dominant shareholders may prioritize private benefits over transparency, a higher proportion of free float ownership potentially drives greater demand for timely and accurate financial disclosures to maintain investor confidence and market integrity. However, this study was undertaken to examine the effect of managerial ownership on audit report lag of listed non-finance firms in Nigeria.

Managerial Ownership

Managerial ownership refers to the proportion of a company's shares that is owned by its managerial team, including executives and top-level managers. In essence, it reflects the extent to which individuals holding key managerial positions within a firm have financial stake in the organization through the ownership of its shares. Also referred to as insider ownership (Obigbemi et al., 2017), managerial ownership is the percentage of shares held by directors and members of the board of a company (McConnell & Servaes, 1990). Managerial ownership can be defined as the shares that are held by managers. Holderness (2003) defines managerial ownership as the amount of the total shares held by insiders. Cosh, Fu, and Hughes (2006) documented that managerial ownership is the percentage of a firm's ordinary shares owned by the Chief Executive or managing partner. Panayotis and Sophia (2006) viewed managerial ownership as the percentage of shares owned by firm's management that is, the composition of board members, CEO and top management. Khan, Balachandran, and Mather **(**2008**)** in their perspective posit that managerial ownership is the percentage of ordinary shares owned by the directors, executive directors, and independent directors while Ruan, Tian, and Ma (2009) defined managerial ownership as the proportion of managers' stock ownership. Laiho (2011) viewed managerial ownership as the insider holdings by the board of directors and the management team. Agency theory clearly stipulates that managerial ownership is an important mechanism for good governance that could foster greater alignment between the interests of managers and those of shareholders. Thus, managerial ownership could serve as an agency-cost reducing mechanism and invariably increases firm value. Overall, managerial ownership is a key aspect of the ownership structure of a firm which reflects the extent to which top executives and managers have invested in the company by owning its shares.

Managerial Ownership and Audit Report Lag

The interest for a rapid dissemination of financial information goes hand in hand with the importance that such information enjoys in the relationship between the firm and its partners. Trying to maximize the market equity value, firms whose capital is highly scattered in the hands of managers are subject to more pressure to rapidly disseminate their financial results than those whose capital is concentrated in the hands of a few major shareholders. In firms with larger managerial ownership, managers may have access to financial information; thus, less pressure is imposed by the directors on external auditors. Increasing the level of director ownership can reduce agency costs and hence permit a better alignment of interests between directors and shareholders. In extreme cases where management ownership is 100%, equity agency costs are reduced to zero (Jensen & Meckling, 1976). As managerial ownership increases, directors bear a large fraction of the costs of shirking, perquisite consumption and other value-destroying actions. Notably, only

company managers have an more idea about the accounting information value because of their participation in the supervisory bodies. In other words, wider managerial share ownership should encourage firms to disseminate their financial results more quickly, and thus to exert pressure on their auditors to issue their report earlier.
Conversely high managerial ownership can lead to lower quality of financial information which will result to longer delay in releasing annual report (Boubakri, et al., 2005). This argument results from the shirking behavior of management when having a high control over companies. As a result, managements will manipulate the accounting information to maximize their desired profit, therefore, will delay publishing the financial statement. Hence, it is argued that companies with a higher level of director ownership tend to have longer audit report delay (Apadore & Noor, 2013).

Compliance theory
The theory of compliance has been studied in the social sciences, especially in the fields of psychology and sociology, which emphasizes the importance of the process of socialization in influencing an individual's compliance behavior. The demand for compliance with timeliness in submitting annual financial statements of public companies in Nigeria has been regulated by the Law. The regulations legally imply compliance with the behavior of individuals and organizations (public companies) involved in the Nigerian capital market to deliver the company's annual financial reports in a timely manner. These regulations are in accordance with the compliance theory. Tom Tyler in 1990 propounded the compliance theory which suggests that since the benefits of financial statements to consumers outweigh the organizations' costs then the compliance theory might encourage people to abide by applicable laws that seek to file financial reports on time.
Compliance theory is a theory which states that every firm must obey the rules because the legal drafting authority has the right to dictate behavior (normative commitment through legitimacy). From the perspective of economics, compliance theory has many neoclassical perspectives towards the rules in the business world to achieving maximum business profitability. Compliance theory is divided into two perspectives, namely the instrumental and normative. The instrumental perspective refers to individuals who are entirely motivated by personal interests and respond to changes in incentives, while normative perspective deals with morals and contradict personal interests. The compliance theory is related to this study via the normative perspective. In Nigeria, Security and Exchange Commission (SEC) regulation states that each issuer is required to comply with the provisions in the legislation and abide to timely delivery of financial reports. The regulations make sure that everyone (public firms) who engages in capital market activity conducts themselves appropriately and punctually while submitting financial reports. It can be concluded that compliance of the issuer in reporting or submitting financial reports is essential to fulfilling the compliance principle of timely disclosure of information. Issuers who violate one of the regulations will be subjected to administrative sanctions in the form of written warnings, fines, restrictions on business activities, freezing of business activities, revocation of business licenses, cancellation of approval and cancellation of registration as articulated in regulation.
Celik *et al.*, (2023), investigated the influence of corporate and foreign ownership structures on financial reporting timeliness, focusing on the relationship between ownership types and the efficiency of financial disclosures. The study used data from Borsa Istanbul, covering non-financial companies from 2008 to 2019. Sectors included industrial, service, and technology industries. The dependent variable was financial reporting timeliness, while the independent

variables were corporate and foreign ownership structures. A panel regression model with multiple control variables such as board size, board independence, firm size, and leverage was employed. The sample consisted of 2,204 observations from 208 companies, using both Ordinary Least Squares regression and a two-stage Generalized Method of Moments approach for robustness. Findings revealed that both corporate and foreign ownership significantly reduced financial reporting delays. The results suggest that companies with higher levels of institutional or foreign ownership tend to issue financial reports more promptly, underscoring the importance of ownership structure in enhancing reporting efficiency.

Uthman, *et al*., (2021), examined the relationship between corporate governance characteristics and the timeliness of financial reporting among selected non-financial firms listed on the Nigerian Stock Exchange. The study focused on understanding how governance traits like board size, board independence, board diligence, and board financial expertise influence timely reporting. Data spanning from 2016 to 2022 were sourced from annual reports of 31 firms across various non-financial sectors. The dependent variable was timeliness of financial reporting, while the independent variables included board size, board independence, board diligence, and board financial expertise. Employing a longitudinal research design and simple random sampling, the study analyzed 217 firm-year observations using Ordinary Least Squares and Quantile Regression to enhance robustness. Findings revealed that board independence positively and significantly influenced timeliness, while board diligence showed mixed results, being significant only at higher quantiles of timely reporting. Conversely, board size and board financial expertise had a significant negative impact, suggesting larger boards and greater financial expertise might delay reporting. The study underscores the critical role of governance structures in enhancing reporting efficiency while offering nuanced insights into their varying effects across reporting timeliness levels.

Aldjoeffry and Raharja (2022) conducted a study on the effect of audit committee, institutional ownership, profitability on financial statement report delay using audit complexity as a moderating variable for 83 manufacturing companies listed on IDX for the period between 2017 – 2019. The study uses quantitative methods and explanatory research to prove the research hypothesis while the sample selection was carried out by purposive sampling process which is based on predetermined criteria. The data analysis technique for this study is multiple linear regression with statistics application software of SPSS. The results showed that institutional ownership and profitability have a negative effect on financial statement report delay, while the audit committee had no significant effect on financial statement report delay.

Tanulia and Osesoga (2022) examined factors affecting the timeliness of financial statement submission**.** Secondary data with and purposive sampling method was used in selecting samples and analyzed using logistic regression methods. Thirty-nine (39) consumer goods companies were employed as samples and the result showed that debt-to-equity ratio, audit delay, and public ownership structure have a significant negative effect on timeliness of financial statements submission. But firm size has a significant positive effect on timeliness of financial statements submission while auditor switching has no effect on the timeliness of financial statement submission.

Sundkvist and Stenheim, (2022) examined the reporting of impairment losses in family and non-family private firms. Large-scale archival data was employed to answer the research questions and unique register data on family relationships for Norwegian private firms provided by the CCGR database at BI Norwegian Business School was the secondary instrument employed to collect the data. Hinged on the socioemotional wealth theory, the authors predict and find that private family firms are more reluctant to report impairment losses compared to private non-family firms. The outcome also suggests that both the likelihood to report impairment losses and the impairment amounts increases with board independence in private family firms and private family firms with a family CEO report lower impairment loss than private family firms without a family CEO. Overall, the results suggest a higher risk of impairment losses being managed in private family firms than in private non-family firms and that independent board members mitigate this tendency somewhat in private family firms.

Tawfik, Alsmady, Rahman & Alsayegh, (2022) examined the relationship between corporate governance mechanisms and firm performance in GCC countries, focusing on the uniqueness of royal family ownership. The data sample of the study includes 266 company-year observations over the period of 2009–2017. Results demonstrate that board size with less than nine members on board and audit quality are effective corporate governance mechanisms because their monitoring functions can enhance firm performance. However, the result demonstrates that firm performance significantly deteriorates with institutional ownership, chief executive officer duality and local auditors. The result also shows that royal ownership has a significant positive effect on firm performance which is in line with the resource dependency theory and indicates that royal family members who have a link with the external environment are more likely to have easy access to vital resources to aid in business performance improvement.

Ebrati, Kangarloui, Bahrisales Ashtab, (2022) aimed to model the effect of corporate governance characteristics on audit report lag using a structural equation approach in companies listed on the Tehran Stock Exchange. Data for the study was collected from 148 companies listed on the Tehran Stock Exchange over the 2011 to 2019, period and analyzed with Stata 12, SPSS and Smart-PLS. The hypotheses are tested by the multivariate linear regression test and structural equations. According to the results, the corporate governance measures of audit committee experience, audit committee size, audit committee independence, ownership concentration (first measure), ownership concentration (second measure) and board independence have a significant effect on audit report lag; however, the variables of audit committee financial expertise, audit committee gender, ownership structure, board size and CEO duality exhibited no significant effect on audit report lag.

Based on agency theory, Alade, Iroju and Afolabi (2022) examined the effect of corporate attributes on audit-report lag of service firms listed on the Nigeria Exchange Group. Ex-post facto research design was employed and secondary data covering a period of six years were obtained from annual reports of the selected firms. Twenty-one (21) listed corporate entities were purposively drawn from a population of 25 service sector companies. The results showed statistically significant association between corporate attributes and audit report lag. Based on robust test, the study established that audit report lag among listed Nigerian service firms is driven principally by firm leverage and size indicating that audit report delay could be worsen by any possible rise in corporate size and risk in term of leverage.

Ologun, (2022) conducted a comparative study of the pre- and post-International Financial Reporting Standard (IFRS) periods, necessitated by the need to ensure timely arrival of financial reports to users. The study employed ex-post facto research design and utilized a panel data report of annual financial statement of 57 firms listed on the Nigerian Exchange Group for 2006-2011 and 2013- 2018. The study uses panel generalized least square regression analysis technique to address the problem of heteroskedasticity of data. The outcome reveals that audit committee attributes significantly influence audit report lag upon IFRS-adoption. Besides, audit committee attributes, such as audit committee meeting and audit committee independence increased the amount of time auditors spend on their audit work.

Hoang et al. (2022) examined the factors influencing the timeliness of financial statements, with a particular focus on corporate governance mechanisms and company characteristics. Data were collected from companies listed on the Vietnamese stock exchanges (HOSE and HNX) between 2014 and 2020, encompassing a variety of industries. The study analyzed timeliness as the dependent variable, with independent variables including company size, profitability, leverage, number of subsidiaries, board independence, board ownership, and audit quality. A Bayesian analysis methodology was adopted to evaluate the data, offering an alternative to traditional p-value testing by emphasizing the probability of hypotheses occurring. The findings revealed that profitability positively impacted financial reporting timeliness, while company size, board ownership, and audit quality had negative effects. The study employed purposive sampling, with 172 companies forming the sample size. These insights suggest that highly profitable companies release their financial statements more promptly, while larger firms and those audited by Big-4 firms experienced delays, reflecting complex reporting and rigorous auditing standards.

Methodology

This study employed the *ex-post facto* research design to ascertain the effect of corporate ownership structure on audit report lag. Ex post facto design is considered a quasi-experimental type of study, which means that participants are not randomly assigned, but are grouped together based upon specific characteristics or traits they share. It focuses on how actions that have already occurred can predict certain causes. The population of the study consists of all the 103 (one hundred and three) non-finance firms listed on the floor of the Nigerian Exchange Group (NGX) as revealed in the breakdown.

Sampling Technique

The sampling technique that will be employed in this study is the judgmental non-probability sampling technique since sampled firms will be included on certain selection criteria. Judgmental non-probability sampling technique is a non-probability sampling technique where the researcher selects units to be sampled based on his own existing knowledge, or his professional judgment. Noting that researchers can adjust their sampling approach based on evolving study requirements (Onwuegbuzie & Collins, 2007; Tie, Birks & Francis, 2019). It allows for targeting specific individuals or groups that are particularly relevant to the research question, which can be crucial for certain types of studies (Kohler, 2019). Based on this, the selection criteria are (1) Sampled firms must have been listed on the Nigerian Exchange Group for the study period ranging from year 2014 to year 2023. (2) IFRS compliant. (3) At least seven (7) out of the required ten (10) annual financial reports for each sampled firms must be readily available and accessible to the researcher as of the time of the time of this study.

Sample Size Representation

S/N	**Sector**	**Population Size**	**Sample Size**
1	Agriculture	05	04
2	Conglomerates	06	05
3	Construction	09	04
4	Consumer Goods	21	16
5	Healthcare	07	06
6	ICT	08	04
7	Industrial Goods	13	11
8	Natural Resources	04	04
9	Oil & Gas	08	08
10	Services	22	15
	Total	**103**	**77**

Source: Researcher's Compilation culled from Nigerian Exchange Group (NGX) website, 2023

Based on the sampling technique employed to select the non-finance firms of interest the researcher eliminated a total of twenty-six (26) firms on the bases of noncompliance to the sampling technique criteria leaving a total of seventy-seven (77) firms as the sample size.
In this study the researcher employed secondary data from the Nigerian Exchange Group Fact books and related companies' annual financial records for the periods under review as well as published journals, textbooks, etc.

Data Analysis Technique
The data analysis technique that was employed for this study is panel data analysis. This is because the collated data contain time and cross-sectional attributes that gives room for studying the variables employed across time as well as across the sampled firms (cross-section); panel data regression provides better results since it uses large observations and reduces the problem of degree of freedom (Muhammad, 2012); this approach helps to avoids the problem of multicollinearity and help to capture the individual cross-sectional (or firm-specific) effects that the various pools may exhibit with respect to the dependent variable in the model.

Results and discussion

Table 1: Audit Report Lag Regression Analysis Result

	POOL LEAST SQUARE	**FIXED EFFECT MODEL**	**RANDOM EFFECT MODEL**	**GENERALISED LEAST SQUARE**
MOWN	0.015 (0.552)	-0.000 (0.871)	0.0002 (0.654)	-0.000002 (0.928)
LEVER	0.001 (0.953)			
SFIRM	-3.871 ***(0.000)	0.091 (0.096)	-0.013 (0.564)	-0.045 ***(0.000)
F-STAT/WALD STAT	5.59 ***(0.0000)	0.61 (0.7517)	1.81 (0.9698)	150.03 ***(0.0000)
R- SQUARED	0.0841	0.0101	0.0012	
MEAN VIF = 2.31				

HAUSMAN TEST	**Test for Fixed Effects Errors**	**Test for Random Effects Errors**	**Test for Groupwise Heteroskedasticity**
CHI^2 = 16.33 PROBABILITY = (0.223)	F- test 5.59 Prob > F = 0.0000 **	chibar2 = 276.05 Prob > chibar2 (0.0000) ***	**Chi^2:** = 1520039.70 Prob. **Chi^2:** (0.0000) ***

Note: (1) bracket () are P-values; (2) **, *, Implies Statistical Significance at 5% and 1% levels respectively**

***Source*: Researchers' Computation from Stata Version17 (2024)**

Source: Author's computation

The results obtained from the generalized least square regression model presented in Table 4.4a reveal that board of directors' shareholding (MOWN) [Coef. = -0.0000184 (P-value = 0.928)] have an insignificant effect on audit report lag among early-filer. Following the ceteris paribus axiom (all else being equal), the result indicates that a one-percent increase in board of directors' shareholding would have no statistically meaningful effect on audit report lag for early filers. This result aligns with the findings of Akinpelu, Ogunleye, and Olayiwola (2020), who observed that board ownership does not always translate to enhanced financial reporting practices due to varying levels of board effectiveness.

Conversely, the results from 4.4B demonstrate that for late-filers in Nigeria, board of directors' shareholding (MOWN) [Coef. = 0.0015796 (P-value = 0.011)] exhibited a significant positive effect on audit report lag suggesting that a one-unit increase in board of directors' shareholding initiates reporting delay for late filers. The result supports the argument raised by Uwuigbe et al. (2017) who note that concentrated board ownership in firms may reduce managerial accountability, potentially leading to delays in financial reporting. Clearly, the contrasting outcomes between early and late filers suggest that the role of board of directors' shareholding in financial reporting timeliness is context-dependent. While board ownership appears inconsequential in firms that comply with filing deadlines, it positively impacts audit report lag of firms that fail to meet deadlines aligning with the conclusions of Lynch and O'Hagan-Luff (2023). Therefore, in view of the empirical outcomes presented, the null hypothesis which states that managerial ownership has no significant effect on audit report lag among listed non-finance firms in Nigeria is rejected.

Discussion of findings

The outcome of the regression analysis indicated a positive association between managerial ownership and audit report lag for late filers. This suggests that as managerial ownership increases, audit delays tend to rise, a finding that aligns with several theoretical perspectives and practical considerations within the Nigerian corporate environment. Managerial ownership reflects the proportion of shares held by managers, aligning their interests with those of shareholders (Lafond & Roychowdhury, 2008). However, such alignment can create complexities in governance and financial reporting, particularly in environments with weaker regulatory enforcement, as seen in Nigeria.

The agency theory, particularly its managerial entrenchment perspective, provides an explanation for this outcome. When managers hold significant ownership stakes, they may gain excessive control, potentially leading to reduced transparency or opportunistic behavior (Jensen & Meckling, 1976). In the context of late filers, high managerial ownership may result in delays in audit completion as managers seek to exert influence over financial disclosures, possibly to mitigate the impact of negative financial performance or governance lapses. This aligns with the findings of Uwuigbe et al. (2017), who highlighted that managerial ownership in Nigerian firms could sometimes be associated with increased information opacity, which complicates the audit process and extends audit timelines.

From a practical standpoint, the Nigerian non-finance sector is characterized by governance challenges, including weaker enforcement of corporate governance codes and limited external monitoring (Ezechukwu & Uzuagu, 2022). High managerial ownership may reduce the effectiveness of board oversight, as managers who are also significant shareholders might dominate decision-making processes. This could lead to a slower reconciliation of audit-related discrepancies or deliberate delays in audit sign-offs to ensure financial outcomes align with managerial interests. Olayiwola and Ojo (2020) observed that in Nigerian firms, high managerial control often translates into less rigorous scrutiny by external auditors, which can prolong the audit process due to back-and-forth negotiations over audit findings. Moreover, cultural and economic contexts in Nigeria could exacerbate these dynamics. The presence of family-controlled businesses, even in publicly listed firms in Nigeria, means that managerial ownership often overlaps with family ownership, which may prioritize preserving familial reputations over timely financial disclosures. This cultural inclination could result in longer audit report lags, as managers seek to carefully review and potentially adjust audit outcomes to align with familial or personal objectives.

The outcome aligns with similar studies of Hashim and Abdul Rahman (2011) who found that ownership structures significantly influence audit timeliness, particularly in emerging markets where corporate governance practices are still evolving. Similarly, the study by Habib and Bhuiyan (2016) highlighted that managerial ownership tends to complicate audit engagements due to increased managerial involvement in financial decision-making, a finding consistent with the Nigerian context.

Conclusion and recommendation

Building on this understanding, the outcomes from this study revealed the dynamic influence of managerial ownership structures on audit report lag, emphasizing the intricate nexus between corporate governance and reporting practices. Managerial ownership revealed significant relationship with audit report timeliness which reflected the unique governance characteristics of listed non-finance firms in Nigeria. This insight highlighted the importance of ownership diversity and governance mechanisms tailored to specific ownership types in addressing potential delays in financial reporting. The relationship between ownership structure and audit timeliness underscores the critical role of corporate governance in ensuring efficient and transparent financial disclosures. Ultimately, this study concludes that timely financial reporting is essential not only for reducing uncertainties and information asymmetry but also for enhancing the overall efficiency of financial markets and strengthening stakeholder trust.

For stakeholders of late-filers, there is need to strengthen the accountability framework for managerial share ownership by implementing a mandatory reporting incentive system tied to audit timeliness cannot be over emphasized. This policy recommendation requires firms with significant managerial ownership to disclose detailed timelines and progress reports for audit completion, with penalties for delays and rewards for early or on-time submissions. Additionally, regulatory bodies such as the Securities and Exchange Commission (SEC) should introduce governance audits that evaluate whether managerial ownership enhances or hinders financial reporting efficiency, ensuring greater transparency and adherence to deadlines. Listed non-finance firms should be encouraged to adopt technology-driven audit management systems to reduce delays stemming from managerial overreach or inefficiencies, ensuring that managerial ownership aligns with the broader organizational goal of timely financial reporting. This approach not only aligns managerial interests with stakeholders' expectations but also promotes a culture of governance accountability, which is critical for enhancing corporate reputation and investor confidence.

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