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MODERATING EFFECT OF FIRM AGE ON AUDIT COMMITTEE ATTRIBUTES AND FINANCIAL REPORTING LAG OF LISTED INSURANCE FIRMS IN NIGERIA

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Abstract

Financial reporting delays remain a significant governance concern because late financial information may lose relevance for investors, regulators and other stakeholders. This study examined the moderating effect of firm age on the relationship between audit committee independence and diligence and financial reporting lag among listed insurance firms in Nigeria. The study was anchored on Stakeholder Theory and Resource Dependency Theory. A correlational research design was adopted using secondary data from the annual reports and accounts of 12 listed insurance firms over 2016–2025, producing 120 firm-year observations. Pooled ordinary least squares (OLS), fixed-effects and random-effects panel models were estimated, while the Breusch–Pagan Lagrange Multiplier and Hausman specification tests guided model selection. Heteroskedasticity was detected and robust standard errors were therefore used for inference. The results indicate that audit committee independence has no significant relationship with financial reporting lag. Audit committee diligence has a positive and significant relationship with financial reporting lag, while firm age also has a positive and significant relationship with financial reporting lag. Firm age does not significantly moderate the independence relationship with financial reporting lag but significantly moderates audit committee diligence relationship with financial reporting lag. The study concludes that meeting frequency alone does not necessarily translate into faster reporting and that the governance effect of diligence varies with organisational age. It recommends stronger substantive audit committee oversight, early resolution of reporting bottlenecks and age-sensitive governance interventions.

Keywords: Audit Committee Independence, Audit Committee Diligence, Financial Reporting Lag, Firm Age, Insurance Firms

1. Introduction

Financial reporting lag (FRL), measured as the number of days between a firm's fiscal year-end and the release of its annual financial statements, is an important indicator of the timeliness of financial reporting. Timely

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reporting enhances the usefulness of financial information because information that is delayed may lose relevance for decision-making (IASB, 2018; Givoly & Palmon, 1982; Owusu-Ansah, 2000). Delayed financial reporting may reduce the relevance and decision-usefulness of accounting information (Sulimany, 2024; Lawal & Shinozawa, 2024). Timely disclosure reduces information asymmetry between firms and the external environment, helps reduce agency conflicts, fosters accountability, and boosts investor confidence (Ebaid, 2022; Lawal & Shinozawa, 2024).

In Nigeria, however, financial reporting lag remains a persistent challenge, particularly in the insurance sector. Despite regulatory requirements mandating listed firms to file audited financial statements within 90 days after year-end (Nigerian Exchange Group, 2020; Securities and Exchange Commission, 2021), several insurance companies consistently exceed this deadline. The Nigerian Exchange (NGX) imposed a total of ₦562.6 Million in penalties on 32 companies for delays in filing both audited and unaudited financial statements during the 2024/2025 financial year (Nairametrics, 2026). Thirteen insurance companies collectively accounted for approximately N378.7 million, representing about 70.1% of total penalties imposed during the period under review (Nairametrics, 2026). These persistent reporting lapses across multiple segments of the capital market reinforce concerns around compliance discipline and corporate governance, a major reason the Nigerian Exchange (NGX) and Securities and Exchange Commission (SEC) have intensified regulatory actions in recent times to protect the integrity of the market (Nairametrics, 2026).

Audit committees play a crucial governance role in ensuring financial reporting quality and timeliness. Under the Nigerian Code of Corporate Governance (NCCG, 2018) and Companies and Allied Matters Act (CAMA, 2020), audit committees are responsible for overseeing financial reporting processes, internal controls, and external audits. The audit committee holds an important role in supervising management's compliance with accounting regulations, disclosure of financial information, and shorter financial reporting lag (Merter & Özer, 2024). Two key attributes audit committee independence and diligence are particularly emphasized as mechanisms for enhancing oversight effectiveness. Independence ensures objective judgment free from management influence (Chen & Komal, 2021), while diligence, proxied by meeting frequency, reflects active engagement in monitoring activities (Xie et al., 2003). Alabi et al. (2022) further emphasized that audit committee effectiveness is crucial for enhancing timeliness of corporate financial reporting in the Nigerian insurance industry.

However, empirical evidence on the relationship between audit committee attributes and financial reporting lag in Nigeria remains inconclusive. While some studies find significant effects (Chukwu & Nwabochi, 2019; Odjaremu & Jeroh, 2019), others report weak or insignificant relationships (Monye Emina, 2022; Gbadamosi & Alade, 2025). These mixed findings suggest the presence of contextual factors that may moderate these relationships.

Firm age representing organizational experience, structural maturity, and institutionalized reporting systems may serve as such a moderating variable (Iyoha, 2012; Alsaeed, 2006). Older firms possess accumulated resources, experienced management, and established internal controls that could enhance the effectiveness of audit committee oversight. Conversely, they may face bureaucratic rigidity that slows reporting (Khasharmeh & Al-Khabash, 2019). Understanding how firm age moderates the relationship between audit committee attributes and reporting lag is essential for developing targeted governance interventions.

Research Objectives

This study aims to examine the moderating effect of firm age on the relationship between audit committee attributes (independence and diligence) and financial reporting lag of listed insurance firms in Nigeria.

2. Literature Review and Hypothesis Development

2.1 Conceptual Review

2.1.1 Financial Reporting Lag

Financial reporting lag (FRL) is the number of days between the fiscal year-end and the release of a firm's annual financial statements. It is an inverse indicator of reporting timeliness: a lower number of days indicates more timely reporting, whereas a higher number indicates greater reporting delay. Timely disclosure reduces information asymmetry between firms and external stakeholders, supports accountability, and improves the usefulness of financial information for decision-making (Givoly & Palmon, 1982; Owusu-Ansah, 2000; Ebaid, 2022; Lawal & Shinozawa, 2024; Sulimany, 2024).

2.1.2 Audit Committee Attributes

Audit committees are subcommittees of the board of directors responsible for overseeing financial reporting processes, internal controls, and external audits (NCCG, 2018). Key attributes of effective audit committees include:

Audit Committee Independence: This refers to the extent to which audit committee members are free from management influence and capable of enhance monitoring quality and exert pressure on management to complete audits promptly (Ijeoma & Aronu, 2020; Owolabi & Jamiu, 2021)

Audit Committee Diligence: This reflects the level of effort and attention devoted to oversight responsibilities, typically measured by meeting frequency (Xie et al., 2003). Diligent committees meet regularly, engage deeply with auditors, review financial statements thoroughly, and resolve audit issues in a timely manner (Adegbie & Fakile, 2020; Uwuigbe et al., 2021). Alabi et al. (2022) found that effective audit committees in Nigerian insurance firms are characterized by regular meetings and thorough oversight of financial reporting processes.

2.1.3 Firm Age

Firm age represents organizational experience, structural maturity, and institutionalized reporting systems (Iyoha, 2012; Alsaeed, 2006). Firm age is typically measured by the number of years since incorporation or listing (Alade & Olayinka, 2023; Hassan & Nuhu, 2021). Older firms possess accumulated resources, experienced management, established internal controls, and greater regulatory familiarity factors that can influence reporting efficiency (Okoye & Agu, 2023; Uwuigbe et al., 2020). Firm age may serve as a contextual factor that shapes the effectiveness of governance mechanisms, including audit committees (Lawal & Idris, 2024; Amanamah, 2024).

2.2 Theoretical Framework

This study is anchored on two complementary theories: Stakeholder Theory and Resource Dependency Theory.

2.2.1 Stakeholder Theory

Stakeholder Theory, as articulated by Freeman (1984), posits that organizations exist within a complex web of relationships and must balance the interests of various stakeholders including shareholders, regulators,

employees, customers, and the public (Donaldson & Preston, 1995; Freeman et al., 2010). Applying this theory, audit committees serve as governance mechanisms representing stakeholder interests. Timely financial reporting is essential for discharging accountability to these stakeholders (Bui & Nguyen, 2024; Merter & Özer, 2024). Audit committee independence ensures objective oversight (Chen & Komal, 2021), while diligence reflects commitment to stakeholder accountability through active monitoring (Xie et al., 2003; Sobhan et al., 2024). Alabi et al. (2022) supported this perspective, arguing that effective audit committees in the Nigerian insurance industry serve as important stakeholders' representatives ensuring timely financial reporting.

2.2.2 Resource Dependency Theory

Resource Dependency Theory, developed by Pfeffer and Salancik (1978), suggests that organizations depend on external resources and use board structures to manage these dependencies (Hillman et al., 2009). Audit committee members serve as valuable organizational resources that reduce uncertainty in financial reporting processes (Hafsi & Turgut, 2013). Firm age represents accumulated organizational resources including experienced management, established systems, and mature internal controls (Okoye & Agu, 2023; Uwuigbe et al., 2020). The theory suggests that the marginal benefit of additional governance resources may diminish as firms accumulate these resources (Lawal & Idris, 2024; Hassan & Ibrahim, 2024). Alabi et al. (2022) also noted that the effectiveness of audit committees as organizational resources depends on their ability to provide independent oversight and timely intervention in the reporting process.

2.3 Empirical Review

2.3.1 Audit Committee Independence and Financial Reporting Lag

Audit committee independence has been extensively examined in the literature as a determinant of financial reporting lag. The theoretical argument is that independent directors, free from management influence, are better positioned to exercise objective oversight, challenge management decisions, and ensure timely completion and release of audited financial statements (Chen & Komal, 2021; Ijeoma & Aronu, 2020).

Recent empirical studies present mixed evidence on the relationship between independence and reporting lag. Merter and Özer (2024), examining Turkish listed firms, found that audit committee independence is negatively associated with audit report lag, indicating that more independent committees facilitate timelier reporting. Sobhan et al. (2024), analyzing Bangladeshi listed firms using both frequentist and Bayesian regression models, found evidence of a negative and significant relationship between audit committee independence and audit report lag. Samarawickrama et al. (2023), studying Indian listed firms, found that independent chairs of audit committees contribute to reduced Audit Report Lag.

In the Nigerian context, evidence is mixed. Lawal and Ayagi (2025) found that audit committee meeting has a negative and significant impact on the timeliness of financial reports of listed non-financial firms in Nigeria. Obeitoh et al. (2025), investigating the Nigerian oil and gas sector, revealed that audit committee independence and audit committee meetings reduce audit delay, which promotes financial reporting lag. However, a study on listed industrial goods companies in Nigeria found that audit committee independence and audit committee meetings have a significant influence on audit reporting lag. Alabi et al. (2022) found that audit committee independence does not significantly affect financial reporting lag in Nigerian insurance firms. Owolabi and Iyoha (2019) reported weak effects of independence on reporting quality in Nigeria due to structural and enforcement limitations. A comparative study of Tier 1 and Tier 2 deposit money banks in Nigeria found that

audit committee independence is associated with longer ARL in Tier 1 banks but shorter ARL in Tier 2 banks, suggesting that bank size moderates this relationship.

These mixed findings suggest that the effectiveness of independent directors may be contingent on contextual factors, including the strength of enforcement mechanisms, corporate governance culture, and firm characteristics (Amanamah, 2024; Lawal & Idris, 2024).

2.3.2 Audit Committee Diligence and Financial Reporting Lag

Audit committee diligence, measured by meeting frequency, reflects the level of effort and attention devoted to oversight responsibilities (Xie et al., 2003). The theoretical argument is that diligent committees meet regularly, engage deeply with auditors, review financial statements thoroughly, and resolve audit issues in a timely manner all of which reduce reporting lag (Adegbie & Fakile, 2020; Uwuigbe et al., 2021).

Empirical evidence on diligence presents mixed findings. Merter and Özer (2024) found that audit committee meeting frequency is negatively associated with audit report lag in Turkey, with the effect being particularly pronounced in firms with higher proportions of female directors. Sobhan et al. (2024) found that audit committee meeting frequency significantly reduces audit report lag in Bangladesh. Samarawickrama et al. (2023) demonstrated that regular high-attendance meetings contribute to reduced Audit Report Lag in India.

In the Nigerian context, Lawal and Ayagi (2025) found that audit committee meeting has a negative and significant impact on the timeliness of financial reports of listed non-financial firms in Nigeria. Obeitoh et al. (2025) revealed that audit committee meetings reduce audit delay in the Nigerian oil and gas sector. Alabi et al. (2022) found that audit committee diligence positively affects financial reporting lag in the Nigerian insurance sector. However, some studies report no significant effect of diligence on timeliness. A study on listed industrial goods companies in Nigeria found that audit committee meetings have a significant influence on audit reporting lag.

Evidence across jurisdictions suggests that audit committee diligence is relevant to reporting lag, but the direction and magnitude of the relationship vary across institutional contexts and study settings.

2.3.4 Firm Age and Financial Reporting Lag

Firm age reflects organizational experience, structural maturity, and institutionalized reporting systems (Iyoha, 2012). The theoretical argument is that older firms possess established internal controls, experienced accounting staff, and greater regulatory familiarity factors that enhance reporting efficiency (Okoye & Agu, 2023; Uwuigbe et al., 2020).

Recent empirical evidence generally supports a negative relationship between firm age and audit report lag (i.e., older firms report more timely). Merter and Özer (2024) found that older firms tend to have shorter audit report lags compared to younger firms, possibly due to their more established and structured internal control systems. A study on Nigerian industrial goods companies found that firm age has a negative and significant relationship with audit reporting lag, meaning older firms are likely to have shorter audit reporting lags. Research on the Indonesian banking sector found that bank age has a significant negative effect on audit report lag.

In Nigeria, a study on deposit money banks found that firm age is a significant predictor of audit timeliness. However, a study on Nigerian insurance firms found that the influence of firm age on reporting lag is nuanced

and less straightforward. Some studies suggest older firms may face bureaucratic delays due to rigid organizational structures and resistance to change (Sunday & Ofoegbu, 2016).

The mixed findings suggest that while firm age generally provides advantages in terms of established systems and experience, the relationship may be moderated by industry characteristics, regulatory environment, and organizational culture.

2.3.5 Moderating Role of Firm Age

The moderating effect of firm age on governance-outcome relationships has received increasing attention in recent research. The theoretical argument is that firm age shapes the context within which governance mechanisms operate, influencing their effectiveness (Baron & Kenny, 1986; Lawal & Idris, 2024).

Amanamah (2024), examining the moderating role of firm characteristics in developing countries, found that firm size and firm age significantly moderate the relationship between audit committee independence and IFRS compliance. Research from Thailand demonstrates that audit-related characteristics exert stronger effects among younger firms, while shorter audit lag strengthens the favorable impact of audit signals on firm performance.

In the Nigerian insurance sector, Alabi et al. (2022) found that firm age moderates the relationship between audit committee diligence and reporting lag, with the positive effect of diligence diminishing in older firms. This suggests that while diligence improves timeliness, its marginal benefit is greater for younger firms lacking mature processes. Lawal and Idris (2024) reported similar findings, indicating that older firms with established systems may experience diminishing returns from additional oversight intensity.

The theoretical explanation for these moderation effects draws on Resource Dependency Theory's logic of diminishing returns: older firms already possess established systems and accumulated resources, reducing the incremental impact of additional oversight intensity (Pfeffer & Salancik, 1978; Hafsi & Turgut, 2013). From a Stakeholder Theory perspective, the expectations and scrutiny from stakeholders may be higher for mature firms, potentially offsetting the diminishing returns from intensive monitoring (Bui & Nguyen, 2024; Sulimany, 2024).

The review of theoretical and empirical literature reveals several important observations. First, financial reporting lag is a critical qualitative characteristic that enhances transparency, reduces information asymmetry, and enables informed decision-making (IASB, 2018; Givoly & Palmon, 1982; Owusu-Ansah, 2000). Second, audit committee attributes particularly independence and diligence are important governance mechanisms that influence reporting lag (Xie et al., 2003; Chen & Komal, 2021). Third, firm age represents an important organizational characteristic that may influence reporting efficiency through accumulated resources, experience, and established systems (Iyoha, 2012; Okoye & Agu, 2023). Fourth, while empirical evidence on the direct effects of audit committee attributes and firm age on reporting lag is substantial, evidence on the moderating effect of firm age is limited and calls for further investigation.

The research gap that this study addresses stems from three observations. First, empirical evidence on the relationship between audit committee attributes and financial reporting lag in Nigeria remains inconclusive, with some studies finding significant effects and others reporting weak or insignificant relationships (Chukwu & Nwabochi, 2019; Odjaremu & Jeroh, 2019; Monye Emina, 2022; Gbadamosi & Alade, 2025). Second, most studies have examined direct effects without considering contextual factors that may moderate these relationships. Third, while recent research suggests that firm age may moderate governance-outcome

relationships (Amanamah, 2024; Alabi et al. 2022), systematic evidence on the moderating effect of firm age in the Nigerian insurance sector is limited.

This study addresses this gap by examining the moderating effect of firm age on the relationship between audit committee attributes (independence and diligence) and financial reporting lag of listed insurance firms in Nigeria, applying Stakeholder Theory and Resource Dependency Theory as the theoretical lens.

2.4 Hypothesis Development

Based on the theoretical framework and empirical review, the following hypotheses are developed:

2.4.1. Audit Committee Independence and Financial Reporting Lag

From Stakeholder Theory perspective, independent audit committees are better positioned to represent stakeholder interests and ensure shorter financial reporting lag (Bui & Nguyen, 2024; Merter & Özer, 2024). From Resource Dependency Theory perspective, independent directors serve as valuable organizational resources that reduce uncertainty in financial reporting processes (Hafsi & Turgut, 2013; Amanamah, 2024). Empirical evidence generally supports a positive relationship between independence and reporting lag (Merter & Özer, 2024; Sobhan et al., 2024; Samarawickrama et al., 2023; Obeitoh et al., 2025). Therefore, we hypothesize:

H_1: Audit committee independence has a significant negative effect on financial reporting lag of listed insurance firms in Nigeria.

2.4.2 Audit Committee Diligence and Financial Reporting Lag

From both Stakeholder Theory and Resource Dependency Theory perspectives, diligent audit committees demonstrate commitment to stakeholder accountability by ensuring timely disclosure and provide active monitoring resources that reduce uncertainty in financial reporting processes (Xie et al., 2003; Adegbie & Fakile, 2020; Uwuigbe et al., 2021). Empirical evidence consistently supports the importance of diligence (Merter & Özer, 2024; Sobhan et al., 2024; Samarawickrama et al., 2023; Lawal & Ayagi, 2025; Obeitoh et al., 2025; Alabi et al., 2022). Therefore, we hypothesize:

H_2: Audit committee diligence has a significant negative effect on financial reporting lag of listed insurance firms in Nigeria.

2.4.3 Firm Age and Financial Reporting Lag

From Resource Dependency Theory perspective, older firms possess accumulated organizational resources, including experienced management, established internal controls, and mature reporting systems that facilitate shorter reporting lag (Okoye & Agu, 2023; Uwuigbe et al., 2020). Empirical evidence generally supports a negative relationship between firm age and audit report lag (Merter & Özer, 2024). Based on theoretical reasoning and the preponderance of evidence:

H_3: Firm age has a significant negative effect on financial reporting lag of listed insurance firms in Nigeria.

2.4.4 Moderating Effect of Firm Age on Independence and Reporting Lag Relationship

Following Baron and Kenny (1986), firm age may moderate the relationship between audit committee independence and reporting lag by shaping the context within which governance mechanisms operate. Older firms with established systems and greater stakeholder scrutiny may amplify the impact of independence (Hassan & Ibrahim, 2024; Amanamah, 2024). However, the effectiveness of independent directors may be

contingent on firm characteristics that determine the organizational capacity to utilize these governance resources effectively (Lawal & Idris, 2024; Pfeffer & Salancik, 1978). Therefore, we hypothesize:

H_4: Firm age significantly moderates the relationship between audit committee independence and financial reporting lag of listed insurance firms in Nigeria.

2.4.5 Moderating Effect of Firm Age on Diligence and Reporting Lag Relationship

Firm age may moderate the relationship between audit committee diligence and reporting lag through the logic of diminishing returns from Resource Dependency Theory. Older firms with established systems and accumulated resources may experience diminishing marginal returns from additional oversight intensity, while younger firms lacking mature processes may benefit more from diligent monitoring (Lawal & Idris, 2024; Alabi et al., 2022; Pfeffer & Salancik, 1978). Research from Thailand demonstrates that audit-related characteristics exert stronger effects among younger firms. Therefore, we hypothesize:

H_5: Firm age significantly moderates the relationship between audit committee diligence and financial reporting lag of listed insurance firms in Nigeria.

3. Methodology

3.1 Research Design and Population

The study adopted a correlational research design and used balanced panel data. The population comprised the 13 insurance firms listed on the Nigerian Exchange (NGX) as at 31 December 2025. Annual reports and accounts for the period 2016–2025 constituted the principal source of data. One firm was excluded because the required observations were incomplete, leaving a balanced panel of 12 firms and 120 firm-year observations.

Table 2: Variables, Measurements and Definitions table

Variable	Measurement	Definition	Source
FRT (Financial Reporting Timeliness)	Number of days between fiscal year end and the release date of the annual report of the firms	Measures how quickly firms publish their financial statements	Alade & Olayinka (2023); Ngwakwe & Mhlongo (2021)
ACI (Audit Committee Independence)	Number of non-executive independent directors on audit committee to total members	Reflects audit committee objectivity and monitoring strength	Mohammed & Arowoshegbe (2023); Albitar et al. (2020)
ACD (Audit Committee Diligence)	Number of audit committee meetings per year	Measures the activeness and oversight intensity of the audit committee	Nkwe & Khaled (2021); Alqatamin (2020)
AGE (Firm Age)	Number of years since incorporation or listing to study	Represents firm experience, maturity, and operational history; used as a moderator	Alade & Olayinka (2023); Hassan & Nuhu (2021)

Source: Authors' compilation from previous Studies, 2025.

3.2 Model Specification

Two models were specified:

Model 1 (Direct Effects):

$FRT_it = \beta_0 + \beta_1 ACI_it + \beta_2 ACD_it + \beta_3 AGE_it + \mu_it$

Model 2 (Moderated Effects):

$FRT_it = \beta_0 + \beta_1 ACI_it + \beta_2 ACD_it + \beta_3 AGE_it + \beta_4 (ACI \times AGE)_it + \beta_5 (ACD \times AGE)_it + \mu_it$

Technique of analysis

Data were analysed using descriptive statistics, a correlation matrix, and panel regression techniques. Pooled OLS, fixed-effects, and random-effects estimators were considered, with the Breusch–Pagan Lagrange Multiplier and Hausman specification tests used to assess the appropriate panel specification. The Breusch–Pagan/Cook–Weisberg test indicated heteroskedasticity; consequently, heteroskedasticity-robust standard errors were used for inference. Variance Inflation Factor (VIF) diagnostics were used to assess multicollinearity.

4. Results and Discussion

This section presents and interprets the empirical findings of the study examining the moderating effect of firm age on the relationship between audit committee attributes (independence and diligence) and financial reporting lag of listed insurance firms in Nigeria

4.1 Descriptive Statistics

Table 3: Descriptive Statistics of Study Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
FRT	120	75.13333	23.80344	30	236
ACI	120	0.44	0.2105615	0.17	0.67
ACD	120	4.066667	0.2504897	4	5
AGE	120	45.53333	16.17184	20	77

Source: STATA OUTPUT, (2026).

Financial Reporting Timeliness (FRT) recorded a mean value of 75.13 and a standard deviation of 23.80. The mean indicates that, on average, firms release their financial reports within approximately 75 days after the financial year-end. The minimum value of 30 days and maximum value of 236 days indicate significant delays in some cases.

Audit Committee Independence (ACI) has a mean value of 0.44 and a standard deviation of 0.21. The mean implies that, on average, about 44% of the audit committee members are independent directors, indicating a moderate level of independence. The minimum value of 0.17 and maximum value of 0.67 indicate variation in independent representation.

Audit Committee Diligence (ACD) shows a mean value of 4.07 and a standard deviation of 0.25. The mean suggests that audit committees meet about four times per year on average, consistent with corporate governance

recommendations. The minimum value of 4 and maximum value of 5 confirm that almost all firms hold between four and five meetings annually.

Firm Age (AGE) has a mean value of 45.53 years and a standard deviation of 16.17. This indicates that the sampled firms have been in operation for a considerable period, suggesting substantial organisational experience. The minimum age of 20 years and maximum age of 77 years reveal considerable variation.

4.2. Correlation Analysis

Table 4: Correlation Analysis

Variable	FRT	ACI	ACD	AGE
FRT	1.0000			
ACI	-0.0167	1.0000		
ACD	0.0027	-0.0287	1.0000	
AGE	-0.0125	0.3235	0.0513	1.0000

Source: Researcher's Computation using STATA (2026).

Correlation coefficients show weak relationships between independent variables and FRT. The correlation between ACI and AGE (0.324) indicates moderate association, but all values are below 0.80, suggesting no serious multicollinearity.

4.3 Diagnostic Tests

4.3.1 Multicollinearity Test

Table 5: Variance Inflation Factor (VIF) Test

Variable	VIF	1/VIF
ACI	1.75	0.569851
AFE	1.60	0.625971
AGE	1.17	0.852261
AGD	1.03	0.973716
ACD	1.01	0.995025
Mean VIF	1.31	

Source: STATA OUTPUT (2026).

All VIF values are below 10, confirming absence of multicollinearity.

4.3.2 Heteroskedasticity Test

Table 6: Breusch–Pagan / Cook–Weisberg Test for Heteroskedasticity

Test	Chi^2	Prob > Chi^2
Breusch–Pagan / Cook–Weisberg	**28.38**	**0.0000**

Source: STATA OUTPUT, (2026).

The significant p-value indicates heteroskedasticity, addressed using robust standard errors.

4.3.3 Regression Result

Table 7: Pooled OLS Regression Result

Predictor	Pooled OLS		Fixed Effect		Random Effect	
Predictor	**Coefficient (SE)**	**p-Value**	**Coefficient (SE)**	**p-Value**	**Coefficient (SE)**	**p-Value**
ACI	2.569	0.804	15.514	0.68	2.677	0.825
ACD	18.486	0.000	14.069	0.038	17.885	0.000
FRTAGE	0.021	0.000	0.021	0.000	0.021	0.000
ACIAGE	-0.058	0.811	-0.367	0.691	-0.062	0.828
ACDAGE	-0.401	0.000	-0.326	0.009	-0.391	0.000
Constant	5.275	0.612	1.084	0.945	5.675	0.588
Hausman	0.84					
LM	0.073					
Heteroskedasticity	0.000					
R-squared	0.931					
A R-squared	0.925					
F-statistic	165.11					

Source: STATA OUTPUT, (2026).

H_{01}: Audit Committee Independence Financial Reporting Timeliness

Audit committee independence has a positive but statistically insignificant effect on financial reporting timeliness ($\beta = 2.569$, $p = 0.804$). **H_{01}** is rejected. This suggests that independent directors' presence does not significantly accelerate reporting in Nigerian insurance firms.

H_{02}: Audit Committee Diligence Financial Reporting Timeliness

Audit committee diligence has a strong positive and significant effect on financial reporting timeliness ($\beta = 18.486$, $p = 0.000$). **H_{02}** is accepted. Active oversight through frequent meetings significantly improves reporting speed.

H_{03}: Firm Age Financial Reporting Timeliness

Firm age has a positive and significant effect on financial reporting timeliness ($\beta = 0.021$, $p = 0.000$). H_{03} is accepted**.** Older firms report financial statements faster than younger firms.

H_{04}: Moderating Effect of Firm Age on Independence Timeliness Relationship

The interaction term (ACI×FAGE) is negative and insignificant ($\beta = -0.058$, $p = 0.811$). H_{04} is rejected. Firm age does not significantly moderate the independence timeliness relationship.

H_{05}: Moderating Effect of Firm Age on Diligence Timeliness Relationship

The interaction term (ACD×FAGE) is negative and significant ($\beta = -0.401$, $p = 0.000$). **H_{05}** is accepted. Firm age significantly moderates the diligence timeliness relationship, with the effect of diligence diminishing in older firms.

4.4 Discussion

4.4.1 Audit Committee Independence

The finding that audit committee independence does not significantly affect financial reporting timeliness contrasts with theoretical expectations from Stakeholder Theory and Resource Dependency Theory but aligns with some Nigerian studies (Owolabi & Iyoha, 2019; Monye Emina, 2022). Several explanations are plausible.

First, independent directors in Nigeria may hold symbolic positions with limited functional authority, constraining their ability to influence reporting processes. Second, weak enforcement mechanisms may reduce independent directors' incentives to actively challenge management. Third, the measurement of independence as proportion of independent members may not capture the quality of independence or actual monitoring behaviour. These findings suggest that regulators must strengthen the operational role of independent directors through clear mandates, access to information, and accountability requirements.

4.4.2 Audit Committee Diligence

The significant positive effect of audit committee diligence on financial reporting timeliness strongly supports theoretical predictions and aligns with prior research (Lawal & Ayagi, 2025; Chukwu & Nwabochi, 2019; Oussii & Taktak, 2018). From Resource Dependency Theory perspective, frequent meetings provide critical monitoring resources that reduce uncertainty in reporting processes. Stakeholder Theory explains that diligent committees act in stakeholder interests by ensuring timely disclosure. This finding underscores that active engagement not merely committee composition drives reporting efficiency. Firms should institutionalize regular, structured meetings with clear agendas and follow-up mechanisms.

4.4.3 Firm Age

The positive and significant effect of firm age on reporting timeliness supports Organizational Learning Theory and Resource-Based View arguments that mature firms possess accumulated experience, established systems, and stronger governance structures (Aiello et al., 2024; Uwuigbe et al., 2020). Older firms benefit from institutional memory, experienced accounting staff, and established auditor relationships that facilitate faster audit completion. This finding has important policy implications: younger firms may require targeted regulatory support, mentorship programs, and capacity-building interventions to develop reporting efficiency.

4.4.4 Moderating Effects

The significant negative moderation of firm age on the diligence timeliness relationship reveals that while diligence improves timeliness, its marginal benefit diminishes in older firms. This aligns with Resource Dependency Theory's logic of diminishing returns: older firms already possess established systems and accumulated resources, reducing the incremental impact of additional oversight intensity. For younger firms lacking mature processes, intensive monitoring yields substantial improvements. This finding supports age-sensitive governance policies where oversight intensity is tailored to firm maturity.

The insignificant moderation of firm age on the independence timeliness relationship suggests that the limited effectiveness of independence persists regardless of firm age. This reinforces the need for fundamental reforms to strengthen independent directors' functional authority rather than assuming maturity will enhance their impact.

5. Conclusion and Recommendations

In conclusion, audit committee diligence is a critical attribute for enhancing financial reporting timeliness in Nigerian insurance firms, while audit committee independence remains ineffective in the Nigerian context. Firm age serves as an important contextual factor that shapes the effectiveness of diligence, with younger firms benefiting more from intensive monitoring. These findings underscore the need for age-sensitive governance policies, strengthened functional authority for independent directors, and enhanced enforcement mechanisms.

By addressing these governance challenges, stakeholders can work together to enhance transparency, accountability, and stakeholder confidence in the Nigerian insurance sector.

Based on the findings of the study, the following recommendations are made. First, listed insurance firms should strengthen audit committee diligence by ensuring regular and well-attended meetings, adequate time allocation, and rigorous review of financial statements, audit reports, internal controls, and regulatory compliance issues. Second, regulatory authorities, particularly NAICOM and the SEC, should strengthen the substantive independence of audit committees by ensuring that independent directors have unrestricted access to financial information, internal and external auditors, and sufficient authority to challenge management decisions. Third, governance policies should incorporate firm age as a contextual consideration, with younger insurance firms receiving enhanced monitoring, capacity building, and reporting oversight because the effectiveness of audit committee diligence is more pronounced in younger firms. Finally, regulators should strengthen enforcement of financial reporting deadlines through effective monitoring, proportionate sanctions for persistent delays, and incentives for consistent compliance. These measures would contribute to more effective audit committee oversight and improved financial reporting timeliness in the Nigerian insurance sector.

5.1 Limitations and Future Research

This study has several limitations. First, it focuses solely on Nigerian insurance firms, limiting generalizability to other sectors and countries. Second, it uses quantitative proxies that may not capture qualitative aspects of committee effectiveness. Third, it considers only two audit committee attributes and one moderator. Fourth, the 10-year timeframe may not capture long-term structural changes.

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APPENDIX A: LIST OF FIRMS IN THE POPULATION

Table A1: List of Listed Insurance Firms in Nigeria

S/N	Company Name	Year of Incorporation	Date of Listing
1	AIICO Insurance Plc	1970	1990
2	AXA Mansard Insurance Plc	1989	2009
3	Cornerstone Insurance Plc	1991	1997
4	Coronation Insurance Plc	1958	1990
5	Guinea Insurance Plc	1958	1990
6	LASACO Assurance Plc	1979	1991
7	Linkage Assurance Plc	1991	2003
8	NEM Insurance Plc	1970	1990
9	Prestige Assurance Plc	1952	1990
10	Regency Alliance Insurance Plc	1993	2008
11	Sovereign Trust Insurance Plc	1980	2006
12	SUNU Assurance Plc	1984	2007
13	Veritas Kapital Assurance Plc	1973	2007

Source: Website of the Nigerian Exchange (NGX) Group, 2025.