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DETERMINANTS OF AUDIT DELAY: A COMPARATIVE STUDY OF NIGERIAN AND MALAYSIAN LISTED FIRMS

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Abstract

The broad objective of this study is to investigate the determinants of audit delay in two developing economies of Nigeria and Malaysia. The research population consists of all the companies listed on the Nigerian Stock Exchange (189) and the 800 listed firms in Bursa Malaysian as at 31st December, 2014. A sample of sixty-six (66) companies were selected for the study using the convenience sampling technique. The study found a negative and statistically significant relationship between company size, profitability and audit delay both in Nigeria and Malaysia cases. In the Nigerian case, there exist a positive and significant relationship between audit firm type and audit delay but in the Malaysian case there exist a negative and significant relationship between audit firm type and audit delay. We recommend large company status for both Nigerian and Malaysian listed firms. Large companies are endowed with both material resources in form of acquisition of required technology and human resources in terms of professional expertise which in turn enhances the quality of work of the internal auditor, thereby reducing the number of days of the audit work.

Keywords: *Profitability, Corporate governance, audit delay, auditor size, firm size*
JEL Classification: M420

1.0 INTRODUCTION

In developing economies, such as Nigeria and Malaysia, the provision of timely information assumes more importance since non-financial statement sources such as media releases, news confidence, and financial analysts report are at their infancy stage. Recognising the theoretical and practical relevance of timely release of audit report, regulatory agencies worldwide set statutory maximum time within which companies publicly quoted on Stock Exchange are required to issue audited financial statements for shareholders and other external users and file them with concerned regulatory bodies such as Corporate Affairs Commission (CAC) Central Bank, Securities and Exchange Commission (SEC) and Stock Exchange (Karim, Ahmed & Islam, 2006) Despite the regulatory framework and company's law mandating publicly listed companies to release audit report within specified dates which most companies have failed to comply with. Delayed disclosure of an auditor's opinion on the true and fair view of financial statements prepared by management increases the uncertainty in investment decisions. Timeliness requires that information be made available to users as quickly as possible and before it loses its relevance for decision making. Shorter the time between a company's financial year end and to the date of auditor's report, the more benefit can be obtained from audited financial statement i.e. timeliness in reporting of financial statement is the opposite of audit delay which can also be called audit report lag

The motivation for this study is derived from a long-standing problem of a lack of timely release of the audit reports in developing economies and why does this trend persist? The findings of this study indicate that large firms are bestowed with good reputation and robust resources, which collectively reduces the audit completion process. The remainder of the paper is organised as follows. The introduction focuses on the background to the study. Part two focuses on the review of the extant literature. Part three addresses the methodology applied in the study. Part four presents the estimation results and discussion while part five focuses on conclusion and recommendations.

2.0 REVIEW OF RELATED LITERATURE

Concept of Audit Delay

Timeliness of earnings announcement can be defined as a period from fiscal year end to the day of the official earnings announcement (Lehtinen, 2013). Mohammed, Mahshed, Keramatola, Gholan, and Faramarz (2013) saw audit delay to denote elapsed time between the close of a year end and the end of audit fieldwork; the latter is usually the date on which substantial audit test are completed and the auditor leave the clients' premises. Audit delay is the length of time of audit completion from the closing date of the financial year to the completion date of the external auditors report (Ashton, John, & Robert, 1987). Audit delay is the time needed to complete the audit process until the publication of the audited statements which is calculated from the date of publication of the annual financial statements of company (Sari & Supadumi, 2014).

There are legal provisions and regulatory framework for the public disclosure of audited annual financial reports in Nigeria. Companies and Allied Matters Act (CAMA, 2004) permits a period of six months that is, one hundred and eighty days for public disclosure of audited annual financial statements of public companies. The Corporate Affairs Commission (CAC) and Securities and Exchange Commission (SEC) require public companies to issue audited annual financial statements to stakeholders within three months (Ninety days) after their financial year end. In Malaysia the Malaysian Company Act 1965, sec 60 of Main Board Listing Requirements (MBLR), and clause 3.22 of Kuala Lumpur Stock Exchange (KLSE), Second Board Listing Requirements (SBLR), Bursa Malaysia Securities chapter 2 (2:03-2) and chapter 9 (9.10-3) of the listing requirements stipulate that the internal period between the close of the financial year of the company and the issue of the annual report to the company's shareholders shall not exceed six months (one hundred and eighty days).

In this study, we measured audit delay as the length of audit completion time (in a number of days) starting from the end of the reporting period until the date the audit report is issued.

Company Size and Audit Delay

Size can be regarded as the relative extent of something; a thing over all dimensions or magnitude. The size of company can have an influence on the timely submission of financial information in various ways; for example, size can influence the agency costs that companies bear in the time invested in the process of auditing; in the cost of producing and publishing the information; larger firms are subject to more news than smaller ones because the investors would be more concerned with gathering and providing information about lager firms (Kadapkkam, Kummar, & Riddick, 1998). The larger companies are also more complex; hence, a more pressing need to disseminate complex information to allow current and prospective investors to take more efficient investment decisions (Marson & Polei, 2004).

Empirical evidence is overwhelmingly in favour of negative relationship between audit delay and company size (Abdulla, 1996; Dyer & Mchugh, 1975; Givoly & Palmon, 1982, and Shukeri & Islam, 2012). The inverse relationship between audit delay and company size is premised on the fact that size confers complete activities that requires more disclosure. Ng and Tai (1994) argued that larger firms have more resources to institute and enforce strong internal control system in their enterprises and can afford continuous audit. Direct relationship has also been established between company size and audit delay (Ibadin & Dabor, 2013; Mohammed, Mahshid, Keramalollah, Gholam, & Faramarz, 2013 and Schwartz & Soo, 1996). However, Courtis (1976) found no significant relationship between company size in explaining audit delay. From the inconsistency of the different positions advanced on the relationship between firms size and audit delay, the researcher organisedd thus:

H01: There is no significant relationship between company size and audit delay.

Audit Committee gender composition (number of women in audit committee) and audit delay

Gender is a set of characteristics that are considered in distinguishing between men and women, which reflects one's biological sex or gender identity (Rini & Deliona, 2011). Gender diversity is becoming a strategic issue as some institutional investors are beginning to see gender diversity as essential an criterion or investment policy (Carter, Simkins,, & Simpson, 2003). To enhance the integrity of financial statements, every public company is expected to set up an audit committee. In Nigeria sec 359 sub- sec 4 of CAMA (2014) vested the responsibility of examining the report of the auditor on the audit committee and make recommendation thereon to members in the Annual General Meeting (AGM) as it may think fit. Members required on the committee are six (3 shareholders and 3 directors). In Malaysia, the requirement is 3 members (3 directors) on the audit committee, the Bursa Malaysia Corporate Governance Guide (2009) stated that one of the responsibilities of the committee is to oversee the financial reporting process which includes ensuring timely submission of financial statements. Sari and Supadumi (2014) investigated the effect of gender composition on audit committee on audit delay for 75 listed companies on IDX for the financial year 2012 and found that statistically, gender composition on audit delay has a negative and significant effect on audit delay. They argued that the presence of women in the composition of audit committee plays a role in shorting the time-span of audit assignment completion. Female tends to work more carefully, neatly and painstaking in completing their tasks and tend to do better than men. Women play their roles according to the social attribute and distinguish themselves from the men's role. These attribute would certainly simplify the audit process and accelerate the audit completion.

Aditya (2012) argued that the effect of audit committee members influence audit report lag and that gender composition of the audit committee have an adverse impact on audit delay. The empirical evidence available on the relationship between women in audit committee and audit delay is sparse hence, provides opportunity to improve our understanding of the concept for further study; thus we organisedd.

H02: There is no significant relationship between gender composition of the audit committee and audit delay.

Audit Firm Type and Audit Delay

Auditor type can influence audit delay. The auditors classified into Big four and non-Big Four. The Big–four refers to KPMG, Ernst and Young, Pricewater House Coopers and Akintola Deloitte and Touche. Big four firms complete their audit work faster than non-big four audit firms. Companies audited by the Big Four audit firms tend to have a shorter audit delay because they are larger firms, thus are unable to employ a greater number of employees; and since they are larger firms, it is assumed that they can audit more efficiently and effectively and have greater flexibility in scheduling the audits so that it can be completed on time (Ng & Tai, 1994). The Big Four audit firms normally have more efficient audit team as they have more resources to conduct training for their employees, employ better audit technology and have a stronger motivation to complete their audit assignment on time to maintain their reputation and name.

The size of the audit firm is one of the most important audit-specific characteristics linked to audit delay in the auditing literature. Ahmad and Kamarudin (2003) studied the determinants of audit delay on the Kuala Lumpur Stock Exchange during 1996 to 2000 and found that companies audited by the Big-five tend to have a shorter audit delay because they have enough resources to carry out their audit assignment at a reasonably short time. Lee, Mande and Son (2008) and Ibadin and Afensimi (2015) also found a negative relationship between Big four auditors and audit delay.

The significant positive relationship between the size of audit firms and audit delay has also been established. Gilling (1977) found a significant positive relationship between the size of audit firm and audit delay. However, some studies found no significant relationship between audit firm size and audit delay (for example Carslaw & Kaplan, 1991 and Davies & Whittred, 1980).

From the evidence advanced on the relationship between audit firm size and audit delay with inconsistencies in their result, the researcher organisedd thus:

H03: there is no significant relationship between audit firm type and audit delay.

Firm Operational Complexity and Audit Delay

Complexity in today often considered the faster business buzzword-it refers to current common reality but not lasting one. The industry a company belongs to may have a complex operational process, and this may cause submission of

financial statements being more or less timely. The adoption of different industry-related accounting measurement, valuation and disclosure techniques and policies may cause a delay in preparing accounts and auditing firms with complex business operations.

Givoly and Palmon (1982) investigated two hundred and ten (210) companies listed on the New York Stock Exchange (NYSE) over a period of fifteen (15) years from 1960 to 1974 and found a positive relationship between operational complexity and audit delay. Ashton, Willingham and Elliot (1987) examined the relationship between operational complexity and audit delay of companies in the United States of America (USA) and found that firm's operational complexity is positive and significantly related to audit delay. Fagbemi and Uadiale (2011) examined the determinants of timeliness of the audit report in Nigeria using forty-five (45) listed public companies and found a negative and statistically insignificant relationship between firms' operational complexity and audit delay. The inconsistency of the different positions advanced on the relationship between firms' operational complexity, and audit delay brings to the brings to the formulation of the hypothesis:

H04: There is no significant relationship between firm operational complexity and audit delay.

Firm Financial Performance and Audit Delay

A firm's financial performance measures how well a firm is using resources at its disposal to generate revenue. It is normal that managers would be more willing to report good news (profits) faster than reporting bad news (losses) as a result of the impact such news could have on the firm's share price and other indicators (Iyoha, 2012). In this study, firm financial performance (profitability) is a relative concept which measures the level of profit about the volume of activities (Ilaboya&Ohiokha, 2016). Corporate profitability influence audit delay in several ways and has been used by some researchers as an explanatory variable for audit delay (Ahmad & Kamarudin, 2003) and (Dyer & Mchugh, 1975).

Waresul-Karim and Ahmed (2005) argued that in years of high-profit, companies are likely to feel more confident to face the shareholders than in other years hence; audit delay could be shorter in profit years compared to the loss years as there would be less perceived audit link in profit years. However, Skinner (1994) argued that bad news needs to be disclosed as soon as possible to (or "intending to") minimising damage to the reputation of the managers of the company in question. The delay of bad news could be explained regarding the stakeholder's theory. Watts and Zimmerman (1990) argued that the stakeholder theory suggests that where a company does not have the opportunity to hide bad news because of mandatory disclosure requirements, managers have the discretion to delay its release of audited financial statements.

Several studies have reported a positive relationship between profitability and audit delay (Ahmad & Kamarudin, 2003; Cheng, 2006; Courtis, 1976; Dyer & Mchugh, 1975 and Iyoha, 2012). Whereas other studies indicated a negative relationship between profitability and audit delay (Almosa & Alabbas, 2007; Carslaw & Kaplan, 1991; and Vuko & Cular, 2014), Hence it shows that profit or loss announcement of a firm influences delay in audit, the proposed hypothesis.

H05: There is no significant relationship between firms' financial performance and audit delay.

THEORETICAL FRAMEWORK

This study is anchored on the stakeholder theory. The stakeholder theory evolved from the agency theory. The theory holds that every entity involves the interaction of more than the principals and their agents. Such relationship involves the interaction of everyone with a stake in the affair of the entity: the host community, creditors, government and others. This means that there is greater information demand on the entity. It is therefore expected that auditors will spend more time inspecting the managers' activity to ensure the interest of all the stakeholders are protected. Hence, audit process will take a longer time to be completed if stakeholders'interest is significant.

3.0 METHODOLOGY

The population of this study comprises all the universe of companies listed on the Nigeria Stock Exchange (189) and the Malaysian Bursa (800) as at December 2014. The convenience sampling method was adopted in the choice of sixty-six (66) companies each and the judgemental sampling method (subjectivity in the selection of the companies). Data for the study were time series covering 2008 to 2014 which is seven (7) years and cross-sectional covering sixty-six (66) companies on the Nigerian Stock Exchange and the Bursa Malaysia. The data were sourced from the content analysis of the annual financial statements for the relevant years of sampled companies. The choice of panel data approach is premised on the fact that it provides larger data points; increase the degree of freedom and reduces the problem of colinearity of the explanatory variables. Data analysis was done by e-view 8. The functional relationship that exist between audit delay as the dependent variable and (company size, gender composition in audit committee, audit firm size, firm operational complexity and firm financial performance) explanatory variables in this study is depicted as:

$$AUDTLAG = \beta 0 + \beta 1FIZEit + \beta 2AUDCFEMit + \beta 3\ AUD\ TYPEit + \beta 4COMPLEXITYit + \beta 5\ PAT\ MARGINit + \Sigma it.$$

Where AUDTLAG = Audit delay; F SIZE = Log of company's total assets;

AUDCFEM = Women in audit committee; AUD TYPE = Audit firm type; Complexity = firm operational complexity; firm financial performance = PAT-MARGIN-t = time covered; i= sampled companies, Σ = error term

In this study, audit delay is measured as the length of audit completion expectation (in number of days) starting from the end of reporting period to the date audit report is issued: firm size is the natural log of company total assets: women in audit committee is the number of women on the audit committee: auditor type: dummy variables is used to classify audit firm type i.e '1' is assigned if a firm is audited by the Big 4otherwise "0": firm operation complexity is measured by non-current assets divide by the total assets: firm financial performance is measured by profit after tax divide by turnover.

4.0 ESTIMATION RESULTS AND DISCUSSION

Descriptive Statistics (Nigeria)

Table 1: Results of the Descriptive Statistics for Nigeria Companies

	AUDTLAG	AUDCFEM	PAT_MAGIN	COMPLEXITY	FSIZE	AUDTYPE
Mean	111.6688	0.497835	0.073377	0.312518	7.266212	0.709957
Median	90.00000	0.000000	0.070000	0.240000	7.085000	1.000000
Maximum	362.0000	2.000000	1.240000	1.050000	9.640000	1.000000
Minimum	41.00000	0.000000	-1.780000	0.000400	4.940000	0.000000
Std. Dev.	54.02892	0.647870	0.208451	0.255837	1.000482	0.454274
Skewness	2.025089	0.942351	-1.939610	0.543088	0.399320	-0.925364
Kurtosis	7.737023	2.774996	22.86846	2.128824	2.365251	1.856298
Jarque-Bera	747.7339	69.35252	7888.728	37.32050	20.03409	91.11498
Probability	0.000000	0.000000	0.000000	0.000000	0.000045	0.000000
Sum	51591.00	230.0000	33.90000	144.3833	3356.990	328.0000
Sum Sq. Dev.	1345716.	193.4978	20.03133	30.17363	461.4447	95.13420
Observations	462	462	462	462	462	462

Source: Researchers Computation (E-views 8) 2016.

The result of the descriptive statistics shows that the mean audit delay in Nigeria companies is 112 days with a maximum of 362 days and a minimum of 41 days. The Jarque-Bera (JB) statistic reported large values and the associated probabilities are significant which implies that the variables follow the standard normal distribution. The mean JB statistic of audit report lag (AUDTLAG) is 747.7339 with a significant probability value of 0.000000. Audit type (AUDTYPE) reported a JB value of 91 and associated probability of 0.000000. Except for AUDTLAG and PAT_MAGIN, which are leptokurtic (positive excess kurtosis), the other regression variables are platykurtic (negative excess regression variables).

Descriptive statistics (Malaysian)

Table 2: Results of the Descriptive Statistics for Malaysian Companies

	AUDTLAG	AUDCFEM	PAT_MAGIN	COMPLEXITY	FSIZE	AUDTYPE
Mean	105.8939	0.255411	-1.731576	0.995411	7.858801	0.510823
Median	114.0000	0.000000	0.430000	0.670000	7.929156	1.000000
Maximum	150.0000	2.000000	5.140000	64.00000	10.05756	1.000000
Minimum	8.000000	0.000000	-401.6000	0.010000	4.689069	0.000000
Std. Dev.	22.43689	0.470061	23.37146	4.368095	0.808428	0.500425
Skewness	-1.874927	1.552450	-13.50480	12.61538	-1.718097	-0.043300
Kurtosis	7.270724	4.377195	207.2086	163.6174	7.077270	1.001875
Jarque-Bera	621.7842	222.0886	816790.2	508864.9	547.3077	77.00007
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	48923.00	118.0000	-799.9880	459.8800	3630.766	236.0000
Sum Sq. Dev.	232073.8	101.8615	251809.7	8795.998	301.2894	115.4459
Observations	462	462	462	462	462	462

Source: Researchers Computation (E-Views 8) 2016.

The result of the descriptive statistics shows a mean audit lag of 106 days in the case of companies listed on the Malaysian Bursa compared to 112 days for companies listed on the Nigerian Stock Exchange. The maximum lag is 150 days with a minimum lag of 8 days compared to362 days and 41 days for Nigerian companies. The large JB values and the significant probabilities are indicative of the standardnormal distribution of the regression variables. AUDLAG reported a JB statistic of 621.7842 with a probability value of 0.000000 which is highly significant at the 5% level. As reported in the case of quoted companies

in Nigeria, the maximum women representation on the audit committee of Malaysian firms is 2 with a mean value of 0.255411. Women representation in the audit committee of listed firms in Malaysia is 25% compared to the Nigerian case which is about 50%. The difference in the result may be attributable to the different legal provision concerning membership of the audit committee in Nigeria and Malaysia. In Nigeria, the requirement is 6 members (i.e. 3 shareholders and 3 directors) compared to a minimum membership of three persons (i.e. 3 or more directors) in the case of Malaysian listed companies. The JB test indicates Gaussian normality.

Correlation coefficient (Nigeria)

Table 3: Results of the Coefficient of Correlation of Nigerian Firms

Probability	AUDTLAG	AUDCFEM	PAT_MAGIN	COMPLEXITY	FSIZE	AUDTYPE
AUDTLAG	1.000000					
AUDCFEM	-0.030045	1.000000				
	-0.644690	-----				
	0.5194	-----				
PAT_MAGIN	-0.327649	0.040852	1.000000			
	-7.437869	0.876919	-----			
	0.0000	0.3810	-----			
COMPLEXITY	-0.215950	-0.113543	0.051484	1.000000		
	-4.743532	-2.451071	1.105675	-----		
	0.0000	0.0146	0.2694	-----		
FSIZE	-0.274187	0.071688	0.331205	-0.134019	1.000000	
	-6.115005	1.541501	7.528467	-2.900562	-----	
	0.0000	0.1239	0.0000	0.0039	-----	
AUDTYPE	-0.135785	0.137901	0.054576	0.119591	0.434574	1.000000
	-2.939494	2.986170	1.172277	2.583493	10.34887	-----
	0.0035	0.0030	0.2417	0.0101	0.0000	-----

Source: Researchers Computation (E-Views 8) 2016.

The correlation coefficient between the dependent and explanatory variables in the sample of Nigerian companies is negative and significant except the variable

of the number of women in audit committee (AUDCFEM), which is statistically insignificant, having reported a probability value of 0.5195. The highest probability value is between the variable of audit type and firm size, with a coefficient of 0.434574. Consistent with Bryman and Cramer (1997), the result of the coefficient of correlation is not indicative of any problem of multicollinearity since none is above the threshold of 0.80.

Coefficient of correlation (Malaysia)

Table 4: Result of the Coefficient of Correlation Malaysian Firms

Probability	AUDTLAG	AUDCFEM	PAT_MAGIN	COMPLEXITY	FSIZE	AUDTYPE
AUDTLAG	1.000000					
AUDCFEM	0.045972	1.000000				
	0.987023	-----				
	0.3242	-----				
PAT_MAGIN	0.180436	0.052055	1.000000			
	3.934500	1.117973	-----			
	0.0001	0.2642	-----			
COMPLEXITY	0.051468	0.014528	0.001848	1.000000		
	1.105336	0.311621	0.039644	-----		
	0.2696	0.7555	0.9684	-----		
FSIZE	-0.097062	0.053230	0.100268	0.031397	1.000000	
	-2.091617	1.143286	2.161401	0.673733	-----	
	0.0370	0.2535	0.0312	0.5008	-----	
AUDTYPE	0.048112	-0.030220	-0.086002	0.030706	0.060857	1.000000
	1.033075	-0.648436	-1.851402	0.658891	1.307672	-----
	0.3021	0.5170	0.0648	0.5103	0.1916	-----

Source: Researchers Computation (E-views 8) 2016.

The coefficient of correlation for the sample of Malaysian firms is positive except for firm size (FSIZE) that reported the negativecoefficient of -0.097062. The highest coefficient of correlation is 0.180436 which is below the benchmark of 0.80 and not indicative of the presence of multicollinearity in the regression variables.

REGRESSION RESULT (NIGERIA)

Table 5: Results of the Cross-Section Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	315.3593	102.0382	3.090601	0.0021
AUDCFEM	-4.071469	5.505425	-0.739538	0.4600
PAT_MAGIN	-37.79788	11.86371	-3.186008	0.0016
COMPLEXITY	-18.99330	24.67393	-0.769772	0.4419
FSIZE	-31.93721	14.09443	-2.265946	0.0240
AUDTYPE	55.08547	11.41799	4.824446	0.0000
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.507407	Mean dependent var		111.6688
Adjusted R-squared	0.419219	S.D. dependent var		54.02892
S.E. of regression	41.17490	Akaike info criterion		10.41404
Sum squared resid	662890.6	Schwarz criterion		11.04959
Log likelihood	-2334.642	Hannan-Quinn criter.		10.66426
F-statistic	5.753694	Durbin-Watson stat		1.827369
Prob(F-statistic)	0.000000			

Source: Researchers Computation (E-Views 8) 2016.

Table 5 presents the result of the fixed effect model. The adjusted R-squared value of 0.419219 shows that 42% of the systematic cross-sectional variation in the dependent variable is explained or predictedby the explanatory variables.The coefficient of determination is a goodness-of-fit measure of the extent to which the linear regression equation fits our data. The adjusted R-squared value of 42%

is consistent with earlier studies by Ilaboya and Iyafekhe (2014) which reported an adjusted R-squared value of 42.3%. The result is also not significantly different from that of Owusu-Ansah and Leventis (2006) which reported the adjusted R-squared value of 38%. Even though it differs significantly from the 29.3% reported by Iyoha (2012). On the basis of the overall statistical significance of the model, we observe that the F-statistic of 5.753694 with a probability value of 0.000000<0.005 at the 95% confidence interval is indicative of a significant linear relationship between the regressand of audit report lag and the regressors. The Durbin-Watson statistics of 1.827369 is relatively close to the 2.00 benchmark and indicative of the absence of the first-order autocorrelation in the regression residuals.

The study found that firm size is negative and statistically significant with a robust coefficient of -31.93721, t-value of -2.265946 and probability value of 0. 0240. The implication of this finding is that the size of the firm does not necessarily result in audit report lag. The justification for this result is that larger firms have so much resource at their disposal to hire experts and to put in place effective and suitable internal control mechanism that facilitate the external auditors work during the statutory audit process.

The robust negative relationship between profits margin, a proxy for firm performance is beyond the likelihood of chance. From extant literature, it has been established that profit making organisations are likely to publish their good news faster than loss-making organisationswho may be wary of the likely reputation liability arising from the bad news of the loss position of the organisation.

The robust positive relationship between the variable of audit firm type and audit report lag is not unexpected. This is because about 71% of the samples under consideration were audited by the Big 4 audit firms. The implication of the result is that the use of Big 4 audit firms tends to increase the level of audit delay in the sample study. The client -base, of the Big 4 audit firms in Nigeria, is too high, and the reputation for delivering quality audit and the fact that most of the companies have 31 December as their year end, put too much pressure on the Big 4 audit firms. The pressure overstretches their capacity with fewer people attending to too much volume of work and hence the delay.

The relationship between women representation in audit committee and audit report lag is negative but statistically insignificant having reported a t-value of -0.739538. The implication of this is that Women on the board tend to reduce the extent of audit report lag. The justification for this finding is that women tend to work more carefully and neatly in completing their tasks and tend to do the task better than men (Aditya, 2012).

The relationship between firm complexity and audit report lag is negative and statistically insignificant. The result shows that there is an insignificant

relationship which is consistent with extant literature even though some others find a significant relationship between operational complexity and audit report lag (Ashton et al., 1987).

REGRESSION RESULT (MALAYSIA)

Table 14: Result of the Cross Sectional Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	109.8597	12.96453	8.473863	0.0000
AUDCFEM	4.549538	2.052240	2.216864	0.0271
PAT_MAGIN	0.003762	0.025600	0.146941	0.8832
COMPLEXITY	0.059431	0.099143	0.599446	0.5492
FSIZE	-0.075542	1.606543	-2.451617	0.0018
AUDTYPE	1.020942	2.110478	0.483749	0.6288
	Effects Specification			
			S.D.	Rho
Cross-section random			20.49772	0.8520
Idiosyncratic random			8.543921	0.1480
	Weighted Statistics			
R-squared	0.213440	Mean dependent var		16.47972
Adjusted R-squared	0.192622	S.D. dependent var		8.576588
S.E. of regression	8.565336	Sum squared resid		33454.43
F-statistic	9.242403	Durbin-Watson stat		1.761885
Prob(F-statistic)	0.000137			
	Unweighted Statistics			
R-squared	0.008635	Mean dependent var		105.8939
Sum squared resid	230069.9	Durbin-Watson stat		0.451823

Source: Researchers Computation (E-views 8) 2016.

The adjusted R-squared value of 0.192622 indicates that about 19% of the systematic variation in the dependent variable of audit report lag is explained by the regressors. The result is consistent with the study of Che-Ahmad and Abidin (2008) which reported the R-squared value of 19.5%. It is also not substantially different from the works of Ahmad and Kamarudin(2003) which reported theR-squared value of 14%.

The F-statistic of 9.242403 and the probability value of 0.000137 at the 5% level of significance indicate the presence of a significant linear relationship between the regressors and the regress. The Durbin-Watson statistic of 1.761885 is not substantially different from the 2.00 benchmark and shows the absence of autocorrelation in the regression variables.

The study found a significant negative relationship between firm size and audit report lag with a negative coefficient of 0.075542, t-value of -2.451617 and a probability value of 0.0018. The implication of the result is that a unit increase in firm size reduces audit report lag by 7%. The result of the study agrees with our apriori negative expectation. The justification for this negative relationship is that larger firms are likely to have huge possession of resources to hire professionals and experts, invest in state of the art technology to speedily achieve the goals of the organisation.

The study found a significant positive relationship between Women in audit committee and audit report lag. The variable reported a robust coefficient of 4.549538, t-value of 2.216864 and a probability value of 0.0271, at the 5% level of significance. Audit committee in Malaysian-listed companies requires a minimum of three members, and only about 22% of the total observation had Women representation, and only one company of the total 66 companies sampled had 2 women on the committee. The majority of the companies did not have female representation on the committee.

The variable of audit type reported an insignificant relationship with audit report lag. The result is not unexpected because about 51% of the firms listed on the Malaysia Bursa were audited by the Big 4 audit firms. The variable reported t-value of 0.483749 and an insignificant probability value of 0.6288 at the 5% level of significance.

The variable of operational complexity is positive but statistically insignificant. The import of the result is that even though Malaysian listed companies have complex operational activities, it does not significantly increase the level of audit report lag. This is because the t-value of 0.599446 and the associated probability value of 0.5492 are both insignificant.

The relationship between the variable of profitability and audit report lag is positive but statistically insignificant having reported a t-value of 0.146941 and a probability value of 0.8832 at the 5% level of significance. The justification for this report is that about 21% of the sample size was in a loss position at one point or the other. Even though profit making companies tend to report faster

since it is good news, the average profit of the sample selected is not significant enough to elicit negative relationship.

4. CONCLUSION AND RECOMMENDATIONS

Conclusion

The study was conducted to examine the determinants of audit delay for Nigerian and Malaysian listed firms, we found a significant and positive relationship between company size proxy by the log of total assets and audit delay in both the Nigerian and Malaysian samples.

The results indicate that women's presence in audit committee plays a role in shortening audit delay in the Nigerian case but increases audit report lag in the Malaysia case. There exists a positive and significant relationship between auditor type and audit delay in the Nigerian case. However, the relationship is insignificant and positive in the case of Malaysian – listed firms. The study also reveals that firm operational complexity that is characterised by the production process has little influence on audit delay. Hence, the result shows that there is an insignificant relationship between firm operational complexity and audit delay in both the Nigeria and Malaysia cases. The study found a negative and statistically significant relationship between the variable of profitability and audit delay in Nigeria sample whereas the relationship was positive and insignificant in the Malaysian case.

Recommendations

Based on the major research findings, the following recommendations are made:

Larger company status for both the Nigerian and Malaysian listed firms, larger companies are endowed with both human and material resources which enhances quality of work and in turn reduces the number of days companies statutory audit process is completed.

In Nigeria and Malaysia, regulatory agencies should develop codes of best practices that foster inclusion of women on audit committee. The presence of feminine gender on the composition of audit committee plays a vital role in shorting the time span of audit assignment completion and women tend to work more nearly, carefully and painstaking in completing their task and tend to do better than men.

The Big four audit firms have the resources at their disposal (human and material) to reduce audit report lag but since the big-four audit firm are few and most listed firms in Nigeria and Malaysia do engage the services of either of the

big-four audit firm. Hence these big-four audit firm are over stretched. In other to reduce audit delay, the non-big-four audit firms are encourage to pool their resources together in form of merger so that they can enjoy the benefit of synergy which in turn will reduce the audit assignment process. Professional managers should be encouraged to adopt the Total Quality Management (TQM) techniques thus; quality products and services will increase turnover hence, an increase in firm profits.

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