RISK MANAGEMENT ATTRIBUTES, INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) ADOPTION, AND TIMELINESS OF FINANCIAL REPORTS AMONG NIGERIAN LISTED FIRMS

Olubunmi Veronica Ologun
Adekunle Ajasin University, Bursary Department,
AAUA Road, Akungba-Akoko, 342111, Nigeria

Abstract
The study observed the impact of risk management attributes, on the timeliness of financial reports among Nigerian listed firms, in the pre-and post-IFRS adoption period. Using an ex-post facto research design and the Panel Least square estimation technique, secondary data were sourced from published audited financial reports of sample firms from 2006 to 2018. The study population included all firms listed on the Nigerian Stock Exchange (NSE) as of December 2019, totaling 165. A sample of 57 was obtained across all sectors of the NSE. The study found that the coefficient of IFRS was statistically significant, inferring that IFRS was more effective in the post-adoption period than the pre-adoption period. The model also has an interaction of its variables and IFRS. The variables of risk management committee size, meeting, and gender diversity were statistically significant in the post-IFRS adoption period and thus improved ARL. The study recommended, among others, a holistic approach to corporate governance with the inclusion of risk management attributes compliance and disclosure while also identifying those variables that jointly reduced ARL.

Keywords: Reports, IFRS Adoption, Risk Management, Timeliness.

JEL Classification: G30, G34, M41, M48.

1.0. Introduction
The advocacy for International Financial Reporting Standard (IFRS) assumed that since IFRS are generally considered to be of higher quality than domestic Generally Accepted Accounting Principles GAAP, the quality of accounting information should be higher after a country adopts IFRS. Noting that IFRS is not intrinsically associated with a higher level of corporate governance, Major and Marques (2009) and Cormier (2013) observed that corporate governance is associated with lesser information asymmetry and that IFRS has primarily reduced the effect of corporate governance on information asymmetry. It is, therefore, not logically impossible to envisage that compliance with corporate governance codes may impute a specific effect on the timeliness of financial reports after IFRS adoption. Risk management attribute, a germane component of corporate governance, is scarcely discussed in extant literature. Information on the level of compliance and disclosure of risk management attributes also seemed not readily available. Amran, Bin and Hassan (2009), in their study on the extent of risk disclosure, noted that very few lines and sentences were used to report risk information by the Malaysian companies compared with the Uk Firms. This position seems not to have changed, particularly in Nigeria, even with the introduction of the FRCN corporate governance code of 2018, perhaps

due to a lack of appropriate risk measurement and reporting criteria by listed companies to report risk information. Masturah, Roham and Izah (2021) also observed that the risk management committee attributes like size, independence, gender diversity have a substantial negative effect on firm performance, while risk management committee expertise has a significant positive influence on the firm value. The relationship of the risk management attributes with the firm's performance regarding its timely financial reporting, coupled with the demands of IFRS in Nigeria, is unknown. This study is driven by the controversies in extant literature that a change from Generally Accepted Accounting Standards (GAAP) to IFRS necessitated several disclosure requirements. Also, the demand for compliance with risk management attributes, as enshrined in the 2018 corporate governance code, might suggest inconsistencies in the timely release of financial reports to users. This study, therefore, seeks to investigate the nexus between risk management attributes and the timeliness of financial reports before and after adopting IFRS. The study seeks to expand the literature on the risk management attribute of corporate governance and the qualitative attributes of IFRS-based accounting information in terms of timeliness.

Extant literature document little or no information about the relationship between risk management attributes and the timeliness of corporate financial reporting. The corporate governance code of 2018 stipulates risk management as a measure of corporate governance. However, this particular attribute of corporate governance is yet to be explored by extant literature despite the mandatory demand for its compliance and the implications for non-compliance, perhaps owing to inadequate knowledge of an appropriate measurement of the risk management attribute. This study, therefore, seeks to identify good risk management attributes as a measure of corporate governance and their implications on the timeliness of financial reports before and after the adoption of IFRS among Nigerian-listed firms.

The objective of this study is to ascertain the impact of risk management attributes, namely risk management committee existence, risk management committee size, risk management committee meeting, risk management committee independence, and risk management committee gender diversity, on the timeliness of financial reports before and after IFRS adoption. The hypothesis of the study, stated in the null form, assumes no significant difference in the effect of risk management attributes on the timeliness of financial reports in pre and post IFRS adoption. One of the ways to mitigate the conflict of interest that may emanate between the owners of the business (shareholders) and their agents (managers) is to ensure the timely release of financial reports to users. Thus, this study is hinged on agency theory. Agency theory explains the contractual agreement between the duo of the principal and the agent where the latter is expected to perform entrusted functions or tasks on behalf of the former (Jensen & Meckling, 1976). The managers act as agents of the shareholders in ensuring compliance and timeliness of financial reports. This study is predicated on the fact that it is the responsibility of the business managers to ensure that financial reports comply with the risk management attributes demand as stipulated in the corporate governance code while also complying with IFRS. The agency theory is used to explain the relationship between the timeliness of financial reports and the risk management attributes of the firm before and after adopting IFRS. This study employed an ex-post facto research design to know the nature of the relationship among the risk management variables and timeliness of financial reports in the pre-IFRS adoption period and the post-IFRS adoption

period, and the extent of such relationship. It explains whether or not compliance with risk management attributes upon adoption of IFRS has significantly impacted the timeliness of financial reports in Nigeria and the nature of the relationship among these variables for the pre and post- IFRS adoption periods.

The relationship between corporate governance attributes and Financial reports attributes has been a concern to standard setters who seek to know the implications of IFRS adoption on the qualitative attributes of accounting information (Holthausen & Watts, 2001). This study also suggests that its findings will interest the standard setters as feedback on qualitative attributes of IFRS, stock market regulators, and participants, board, and management of corporate entities desirous of compliance with corporate governance demands, among others. Undoubtedly, the timeliness of financial reports is a critical issue due to the impact of the reporting lag(s) on several concerned parties, such as potential investors, shareholders, and other users of financial information. Timeliness is also seen as an essential attribute of accounting information identified as necessary for a compelling investment decision (Ologun, Isenmila, Omokhudu, & Alade, 2020). Nobles and Parker (2008) observed that participants in the stock markets desire high-quality accounting information to enhance their investment decisions. To reduce the effect of audit reporting lag on the timeliness of financial reports, Nehme, Assaker, and Khalife (2015) called for a proper understanding of the factors responsible for the audit delay. Prominent among the factors is the corporate governance, which include risk management attributes (FRCN code of corporate governance, 2018).

1.1. The Financial Reporting Council of Nigeria (FRCN) Corporate Governance Code of 2018

The year 2018 Code of Corporate Governance was promulgated by the Financial Reporting Council of Nigeria (FRCN) following its powers in sections 11c and 51c of the FRCN Act of 2011 to guarantee good corporate governance in both the private and the public sector of the Nigerian economy. The Nigerian Code of Corporate Governance (2018) is not basically different from the SEC code of corporate governance (2011) but merely harmonises the SEC codes and all the existing codes for the different sectors of the economy without any significant amendment for those codes not requiring one. The 2011 corporate governance code mandates public companies to indicate their level of compliance with the code in their annual returns to the commission. The code also stipulates that in the event of a conflict between it and any other code on corporate governance concerning a company covered by the two codes, the code with the stricter provision shall apply (SEC Code of Corporate Governance, 2011). The code applies to companies listed on the Nigerian Stock Exchange (NSE) and to all other public companies. The board is therefore expected to acquaint itself with the provisions of this code as the responsibility for compliance lies with the board (SEC Code of Corporate Governance, 2011). The 2011 corporate governance code is divided into seven main parts, namely, the Board of Directors, the relationship with shareholders, the relationship with other stakeholders, the risk management and audit, Accountability and Reporting, Communication, and Code of Ethics. Each of these parts has its underlying principles that determine observance or otherwise of good corporate governance.

There seems to be no accurate measure of corporate governance that is acceptable worldwide. However, several researchers have identified different elements that could best describe good

corporate governance. This study discusses risk management attributes as a measure of corporate governance in line with the 'Part B' of the FRCN (2018) code of corporate governance.

The Part B of the FRCN 2018 code discusses the assurance role of the company to strengthen the role of the board for effective performance and also highlights some of the principles to achieve this. Some of these principles include a sound risk management framework that ensures an effective internal control system essential for achieving the company's strategic objectives; an effective internal audit function to assure the board of effective governance, risk management, and internal control systems; an active whistleblowing framework for reporting any illegal or unethical behaviour, among others. This assurance function of the board is expected to give credibility to the role of the board as well as provide assurance to third parties to the business. Some of the relevant variables to measure the assurance role as enumerated in the above principles include establishment of risk management committee, risk management committee size, risk management committee meeting, risk management committee independence, risk management committee gender diversity, the existence of whistleblowing policy, appointment and rotation of external auditors, remuneration of external auditors, among others. The importance of a sound risk management policy is not only strategic but crucial to the long term survival of the business; hence the focus of this study on risk management committee existence as well as the attributes of the committee, namely, risk management committee size, risk management committee meeting, risk management committee independence and risk management committee gender diversity.

1.2. Risk Management

The year 2018 Code of Corporate Governance was promulgated by the Financial Reporting Council of Nigeria (FRCN) following its powers in sections 11c and 51c of the FRCN Act of 2011 to guarantee good corporate governance in both the private and the public sector of the Nigerian economy. The Nigerian Code of Corporate Governance (2018) is not different from the SEC corporate governance code (2011). However, it merely harmonises the SEC codes and all the existing codes for the different sectors of the economy without any significant amendment for those codes not requiring one. The 2011 corporate governance code mandates public companies to indicate their compliance with the code in their annual returns to the commission. The code also stipulates that in the event of a conflict between it and any other code on corporate governance concerning a company covered by the two codes, the code with the stricter provision shall apply (SEC Code of Corporate Governance, 2011). The code applies to companies listed on the Nigerian Stock Exchange (NSE) and all other public companies. Therefore, the board is expected to acquaint itself with the provisions of this code as the responsibility for compliance lies with the board (SEC Code of Corporate Governance, 2011). The 2011 corporate governance code is divided into seven main parts: the Board of Directors, the relationship with shareholders, the relationship with other stakeholders, the risk management and audit, Accountability and Reporting, Communication, and Code of Ethics. Each of these parts has its underlying principles that determine observance or otherwise of good corporate governance.

There seems to be no accurate measure of corporate governance that is acceptable worldwide. However, several researchers have identified different elements that could best describe good

corporate governance. This study discusses risk management attributes as a measure of corporate governance in line with the 'Part B' of the FRCN (2018) code of corporate governance.

The Part B of the FRCN 2018 code discusses the assurance role of the company to strengthen the board's role for effective performance and highlights some of the principles to achieve this. Some of the principles highlighted include a sound risk management framework for an effective internal control system that is essential for achieving the company's strategic objectives. Also, a practical internal audit function to assure the board of effective governance, risk management, and internal control systems. An active whistleblowing framework for reporting any illegal or unethical behaviour, among others. This assurance function of the board is expected to give credibility to the board's role and provide assurance to third parties to the business. Some of the relevant variables that could be used to measure the assurance role enumerated in the above principles include establishment of risk management committee, risk management committee size, risk management committee meeting, risk management committee independence, risk management committee gender diversity, the existence of whistleblowing policy, appointment and rotation of external auditors, remuneration of external auditors, among others. The importance of a sound risk management policy is not only strategic but crucial to the long term survival of the business; hence the focus of this study on risk management committee existence as well as the attributes of the committee, namely, risk management committee size, risk management committee meeting, risk management committee independence and risk management committee gender diversity.

1.3. Review of Literature

Amran, Bin and Hassan (2009), using the content analysis method, observed that risk information disclosure was scantily reported in the financial reports of the Malaysian listed firms for the period 2006 to 2008 when compared with the UK listed firms report of 2006. They further noted that risk management reporting should be of concern to regulatory bodies as risk management becomes more critical than before. The risk management light reporting as observed in Malaysia may not be far from what is obtainable in Nigeria, even with corporate governance demands. The importance of proper risk management disclosure is, however, brought to the fore by this study. Gennaro and Nietlispach (2021), in their study on the lessons learnt from the financial crisis of 2007 to 2008, used a survey questionnaire to assess the corporate governance and risk management practices of 200 finance professionals drawn from the USA, Italy, and the UK. They observed that most firms had improved compliance with corporate governance codes and risk management implementation over the past decade. However, they observed that there was still a problem with the principles and application of both corporate governance code and risk management.

Masturah, Roham and Izah (2021), in their study on the effects of risk management committee's characteristics on the market performance of Malaysian listed non-financial firms between the year 2015 to 2017, observed that the risk management committee size, risk management committee have a substantial negative effect on firm performance. Using a different measurement of expertise revealed that risk management committee expertise has a significantly positive relationship with firm performance as expert members of the committee promote efficient risk monitoring and thus enhance the firm value of firms compared to the non-expert members of the committee. However, the results were the same for the female members of the

risk management committee, even though different measurements were used. The robust negative result is supported by the tokenism interpretation for female members in the risk management committee.

Mohammed and Ahmad (2016) investigated the effect of corporate governance features on audit report lag of fourteen (14) listed deposit money banks in Nigeria between 2008 and 2012. A robust ordinary least squares model was employed to analyse the panel data collected. The findings revealed that being audited by the Big-4 firms, board meetings, board size, total assets, and board gender have positive associations, which are statistically significant with the audit report lag. Conversely, there was no significant relationship between board expertise, risk committee size, audit committee size, and audit report lag. However, the strength of this study is constrained by its failure to build its findings on classical linear regression model assumptions. Also, the study investigated for five years only. Therefore, it did not capture the possible implications of IFRS adoption on the relationship between corporate governance measures and timeliness of financial reports, consistent with Fodio, Obas, Olukoju & Zik-rullah (2015).

Oshodin and Ikhatua (2018) also examined the effect of IFRS adoption on the timeliness of financial information in Nigeria. The study intended that IFRS should ordinarily extend the time taken to prepare financial information and vary the directions of the association between firms' individualities and timeliness of financial reports between pre-and post-IFRS. The study used data regarding time lag as the period between accounting year-end and the date the auditor endorsed the financial report as a proxy for the timeliness of financial reports. The study also used data for earning per share, firm size, leverage, IFRS adoption, and return on assets of thirty (30) purposively selected listed firms in the Nigerian Stock Exchange (NSE) for 2009 and 2016. The analysis was performed using the ordinary least square regression method. The analysis provided evidence suggesting a slight improvement in the timeliness of financial reports upon IFRS adoption and varied directions of relationship between firms' attributes and timeliness of financial information in the pre-and post-IFRS adoption periods in Nigeria. Stunted by the low sample size, there is a need to substantiate Oshodin and Ikhatua's (2018) submission with larger sample size. The study also failed to capture any corporate governance measure as part of its regressor.

Sarrens and Christopher (2010) analysed data collected from the chief audit executives through a questionnaire of 206 Australian firms and 260 Belgian firms in 2006 using the ordinary square regression analysis method. They observed that the weaker focus of the Belgian corporate governance guidelines on risk management and internal control system is associated with less developed risk management and internal control systems within Belgian companies when compared to Australian companies. Senjaya, Sule, Effendy and Cahyandito (2020), in their study of 50 Indonesian economically viable coal mining companies, selected based on economic performance and environmental reporting feasibility in the Ministry of Energy and Mineral Resources and KLHK. Using statistical descriptive analysis, they observed that corporate governance influences risk management, and risk management influences corporate sustainability. This study underscores the importance of risk management as well as its disclosure.

Existing studies seem to have created a gap as there are not enough prior studies on risk management attribute as a measure of corporate governance as most studies tend to concentrate

on such measures like board attribute, audit committee attributes, and other non-corporate governance-based attributes like firm size, firm profitability, among others. This gap, among others, is what this study is conceived to fill.

1.4. Statement of the Research Hypothesis

The following statistical hypothesis provided a guide for the analysis conducted:

H_{O1}: There is no significant difference in the effect of risk management attributes on the timeliness of financial reports of financial report in the pre and post IFRS adoption.

The risk management attributes examined for this study include the existence of a risk management committee, the size of the committee, the number of meetings held by the committee, the independence of the committee, and the gender diversity of the committee.

The model specified below is used to achieve the study's objective: to ascertain the difference in the effect of risk management attributes on the timeliness of financial reports before and after IFRS adoption. The theoretical relationship between risk management attributes, namely: existence of risk management committee; risk management committee size; risk management committee meeting; risk management committee independence; and risk management committee gender diversity; and the timeliness of financial reports with the moderating effect of IFRS is depicted mathematically in the model below.

ARL =f (RMCE, RMCS, RMCM, RMCI, RMCGD) -------------------------------   (Equ. 1)

2.0. Method

1.5. Research Design

This study employed an ex-post facto research design to know the nature of the relationship among the risk management variables in the pre- IFRS adoption period and the post-IFRS adoption period.

1.6. The population of the study

The study population comprises all listed firms at the Nigerian Stock Exchange (NSE) as of December 2019, totaling 165 (The Nigerian Stock Exchange, 2019). The attention on listed firms is because legislation compels them to present their annual reports at the stipulated time, usually not later than three months after year-end.

1.7. Sample Size and Sampling Technique

A purposive sampling technique was employed in this study. It is a non-probabilistic sampling technique that allows the selection of the sample based on the researcher's knowledge. A sample size of fifty-seven (57) firms was obtained across all sectors of the NSE based on two criteria. First, the firm must have operated as a listed firm at the stock market all through the period under study (pre-and post- IFRS periods, i.e., 2006 to 2018), and second, the year 2012 must be the actual year of convergence to IFRS.

1.8. Measurement and Operationalisation of Variables

Secondary data were sourced from the audited published annual financial reports of the sample firms from 2006 to 2018. Variables employed for the studies, their measurements, and authors

who have used the variables or similar variables for their measurements are as depicted in Table 2.1. below.

Table 2.1: Operationalisation of Variables

Variable Name	Abbre-viation	Measurement	Source	The Author who used the variables /similar variables
Audit Report Lag	ARL	The number of days between firm's financial year-end and auditor's report date.	Published annual financial reports	Alkhatib & Marji (2012); Oladipupo & Izedonmi (2013a).
Existence of Risk Management Committee	RMCE	Existence of risk management committee	Published annual financial reports	Kakanda (2017).
Risk Management Committee Size	RMCS	The number of members on risk management committee.	Published annual financial reports	Subramaniam, McManus, & Zhang (2009).
Risk Management Committee Meeting	RMCM	Number of meetings of risk management committee	Published annual financial reports	Subramaniam, McManus, & Zhang (2009).
Risk Management Committee Independence	RMCI	No of non-executive directors on risk management committee	Published annual financial reports	Subramaniam, McManus, & Zhang (2009).
Risk Management Committee Gender Diversity	RMCGD	No of female members on risk management committee	Published annual financial reports	Subramaniam, McManus, & Zhang (2009).
IFRS	IFRS	Dummy variable of 1 if IFRS period, 0 if otherwise	Published annual fin. reports	Isenmila & Adeyemo (2013); Ikahatua (2018).

Source: Author's concept (2020)

1.9. Model Specification and Apriori Expectation

This study is founded on agency theory with the main thrust of reducing information asymmetry between the managers and the shareholders of the firm through compliance with the demands of corporate governance. In this circumstance, risk management is hypothesized to improve the quality of financial reports by improving the timeliness of such reports. The theoretical relationship between risk management attributes, namely: existence of risk management committee; risk management committee size; risk management committee meeting; risk management committee independence; and risk management committee gender diversity; and

the timeliness of financial reports with the moderating effect of IFRS is shown in the model below.

$ARL_{it} = \mu_0 + \mu_1 RMCE_{it} + \mu_2 RMCS_{it} + \mu_3 RMCM_{it} + \mu_4 RMCI_{it} + \mu_5 RMCGD_{it} + \varepsilon_{it}$ - (Equ. 1)

Reflecting the moderating effect of IFRS adoption, the equation is modified as:

$ARL_{it} = \mu_0 + \mu_1 RMCE_{it} + \mu_2 RMCS_{it} + \mu_3 RMCM_{it} + \mu_4 RMCI_{it} + \mu_5 RMCGD_{it} + \mu_6 IFRS + \mu_7 IFRS*RMCE_{it} + \mu_8 IFRS*RMCS_{it} + \mu_9 IFRS*RMCM_{it} + \mu_{10} IFRS*RMCI_{it} + \mu_{11} IFRS*RMCGD_{it} + \varepsilon_{it}$ -- (Equ. 2)

Where:

ARL is the Audit Report Lag of firm *i* at time *t*;

μ is the slope and coefficient of each variable;

RMCE means Risk Management Committee Existence of firm *i* at time *t;*

RMCS stands for Risk Management Committee Size of firm *i* at time *t;*

RMCM stands for Risk Management Committee Meeting of firm *i* at time *t;*

RMCI stands for Risk Management Committee Independence of firm *i* at time *t;*

RMGD stands for Risk Management Committee Gender Diversity of firm *i* at time *t;*

t stands for year 2006, 2007… 2011 (for pre-IFRS period) and 2013, 2014… 2018 (for post-IFRS period).

Apriori Expectation

Variables and their apriori expectations are given in Table 2.2. below.

Table 2.2: Variables and their aPriori Expectations

Objective Statement	Variables	Apriori Expectation
Examine the relationship between the risk management attributes on the timeliness of financial reports, before and after IFRS adoption.	1. RMCE 2. RMCS 3. RMCM 4. RMCI 5. RMCGD	1. $\pm$ (t $\geq$ 2) 2. $\pm$ (t $\geq$ 2) 3. $\pm$ (t $\geq$ 2) 4. $\pm$ (t $\geq$ 2) 5. $\pm$ (t $\geq$ 2)

Source: Author's concept (2020).

3.0. Results

Descriptive statistics were used to identify the characteristics of the variables. The pre-estimation tests were used to ascertain the integrity of the variable and appropriate model fit for the test. In contrast, the hypothesis was tested to determine the effects of the independent variables on the dependent variables.

3.1. Descriptive Statistics of the Variables

The descriptive statistics of the variables such as mean, median, minimum, maximum, standard deviation, skewness, kurtosis, and Jaque-Bera, enabled us to understand the distribution of the variables for the twelve years as shown in Table 3.1.

Table 3.1: Descriptive Statistics

	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Prob
ARL	133.93	90.00	934.00	28.00	100.26	2.89	15.36	4851.11	0.00
IFRS	0.48	0.00	1.00	0.00	0.50	0.04	1.00	114.00	0.00
RMCE	0.32	0.00	1.00	0.00	0.47	0.77	1.59	121.35	0.00
RMCGD	3.40	0.00	66.67	0.00	9.31	3.15	14.49	4896.55	0.00
RMCI	22.42	0.00	100.00	0.00	35.64	1.14	2.61	151.25	0.00
RMCM	0.80	0.00	6.00	0.00	1.42	1.51	3.92	282.98	0.00
RMCS	1.47	0.01	11.00	0.00	2.33	1.27	3.39	182.75	0.00

Source: Author's computation (2021).

Audit Report Lag (ARL) has a mean of 133 days and a median of 90. It exhibits positive skewness with a value of 2.89 and kurtosis of 15.36. This result suggests that the ARL sample firms revolve around 133 days. RMCE, RMCGD, RMCI, RMCM and RMCS report mean of 3, 2, 2, 1 and 1 respectively. Kurtosis capture the size combination of two tails distribution. A variable with a kurtosis of more than 3 exhibits heavier tails than a normal distribution and vice versa. In line with this, the variable of IFRS, RMCE, and RMCI report kurtosis less than 3. It indicates that the variables exhibited lighter tails than a normal distribution, while RMCM, RMCS, and ARL variables exhibited heavier tails than a normal distribution. The Jarque-Bera statistics report the normality condition of the variables, whether they are normally distributed or not. A normally distributed variable would have the p-value of its Jarque-Bera statistic greater than 0.05. and vice versa. Table 3.1 shows that all the variables reported a p-value less than 0.05, suggestive of abnormal distribution, perhaps due to the variables' panel nature with a combination of different cross-sectional (firms).

3.2. Unit Root test result

Table 3.2. shows the unit root test of the panel data used for this study. The unit root test is necessary to confirm the stationarity of the variables as non-stationarity could lead to spurious estimates.

Table 3.2: Panel Unit Root Test

Variable	LLC (Levin, Lin & Chu t*)		Order of Integration	Remarks
	Statistics	p-value		
ARL	-36.9498	0.0000	I(0)	Stationary at level
RMCE	-1.16534	0.0419	I(0)	Stationary at level
RMCGD	-3.5421	0.0121	I(0)	Stationary at level
RMCI	-2.6802	0.0282	I(0)	Stationary at level
RMCM	-1.8791	0.0202	I(0)	Stationary at level
RMCS	-1.9017	0.0286	I(0)	Stationary at level

Source: Author's computation (2021).

In Table 3.2, Levin, Lin and Chu test results were used to determine the order of the integration of the variables. The Levin, Lin, and Chu test assumed a null hypothesis of common unit root

process. Levin, Lin, and Chu test revealed that all the variables were stationary at level, implying that common unit process does not exist among the variable. This result perhaps is because sample firms spanned across different sectors of the stock market. Therefore, the model estimation could be carried out using panel least square with a fixed or random effect option.

3.3. Test of Hypothesis

The hypothesis, which was stated in the null form, assumes that there is no significant difference in the effect of risk management attributes on the timeliness of financial reports in the pre and post IFRS adoption. The results of the serial correlation test, heteroskedasticity test, redundant fixed effects test, and the Hausman test were reported in Tables 3.3, 3.4, 3.5, and 3.6. respectively.

Table 3.3: Serial Correlation test

Test order	m-Statistic	rho	SE (rho)	Prob.
AR(1)	-1.999908	-2600566.362495	1300343.134894	0.1455
AR(2)	0.196931	362932.571588	1842946.689728	0.8439

Source: Author's computation (2021).

The test result is captured in table 4.3. It shows that the model residual is free from the devastating effect of serial correlation at a 5% level of significance with a p-value greater than 0.05.

Table 3.4: Heteroskedasticity test

Panel Period Heteroskedasticity LR Test			
Null hypothesis: Residuals are homoscedastic			
Equation: UNTITLED			
Specification: ARL RMCE RMCGD RMCI RMCM RMCS RMCE_IFRS RMCGD_IFRS RMCI_IFRS RMCM_IFRS RMCS_IFRS C			
	Value	df	Probability
Likelihood ratio	9.2455	57	0.2193

Source: Author's computation (2021)

The result of the heteroskedasticity test in Table 4.4. indicates that the model residual is free from the problem of heteroscedasticity since the p-value of the test is greater than 0.05.

Table 3.5: Redundant Fixed Effect model

Redundant Fixed Effects Tests

Equation: FIXED3			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.773462	(56,568)	0.0000
Cross-section Chi-square	244.910686	56	0.0000

Probability level (p) is significant at $p<0.05$.
Source: Author's computation (2021)

Table 4.5. shows the redundant fixed-effect model. The redundant fixed-effect model tests the presence of fixed effects in the model. It compares the pooled OLS model with the fixed effect model. If the p-value of the test is less than 0.05, the fixed-effect model is better than the pooled OLS model. The result of this model supports the fixed effect model; it implies that the fixed model is better than the OLS pooled model.

Table 3.6: Hausman Test

Correlated Random Effects - Hausman Test			
Equation: FIXED3			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.053855	10	0.7204

Hausman test as shown in Table 4.6 above determines the best appropriate model between fixed effect and random effect model. The outcome of the test implies that random effect model is more appropriate than the fixed effect model. For a null hypothesis, If the p-value of the Hausman test is greater than 0.05, the model tends to follow random effect assumption and, if otherwise, fixed effect assumption. In this case, random effects (RE) is preferred under the null hypothesis due to the acceptance of the null hypothesis of the random effect.

3.4. The parameter estimates of the differences in the effect of risk management attributes on the timeliness of financial reports before and after IFRS adoption.

The study adopted the random effect, which reported the best fit among the three models.

Table 3.7: Parameter estimate of the effect of risk management attributes on the timeliness of financial reports before and after IFRS adoption.

Eq Name:	OLS	FIXED	RANDOM

Method:	LS	LS	LS
Dep. Var:	ARL	ARL	ARL
RMCE	107.6134	-9.2283	16.8470
	[1.0257]	[-0.0662]	[2.1526]**
RMCGD	-0.3084	-0.9694	-0.8341
	[-0.2743]	[-0.6129]	[-0.9688]
RMCI	-0.9308	-0.1150	-0.2836
	[-1.2062]	[-0.1119]	[-0.3535]
RMCM	-3.9133	-11.3860	-9.5322
	[-0.3946]	[-0.8478]	[-1.0594]
RMCS	-12.5535	7.8636	2.6656
	[-1.1054]	[0.4041]	[2.2262]**
IFRS	-10.7847	28.3748	23.0883
	[-0.6400]	[2.9123]**	[2.4172]**
RMCE_IFRS	-136.9310	7.5386	-26.7797
	[-1.2713]	[2.0534]	[-0.2474]
RMCGD_IFRS	0.2570	1.4555	1.1851
	[0.2087]	[0.8570]	[2.1282]**
RMCI_IFRS	0.7139	-0.2326	-0.0197
	[0.9025]	[-0.2204]	[-0.0247]
RMCM_IFRS	-1.7509	9.6660	6.8482
	[-0.1754]	[2.6558]	[2.7416]**
RMCS_IFRS	16.8349	-3.3507	1.4907
	[1.4261]	[-0.1696]	[2.1237]**
C	149.6950	148.2975	149.2637
	[14.8625]**	[28.8767]**	[15.5876]**
Observations:	635	635	635
R-squared:	0.0516	0.3635	0.0390
F-statistic:	3.0816	4.8321	2.3002
Prob(F-stat):	0.0005	0.0000	0.0092

** Significant at $p < 0.05$
Source: Author's computation (2021)

The result of the model shows that RMCE (risk management committee existence) has a positive relationship with the ARL of the firm ($t=2.1526$, $p<0.05$). The coefficient of the variable indicates that it induces ARL of the financial report by 16.847. In the same vein, RMCS (risk management committee size) aids the ARL of the firm by 2.6656. The variable is statistically significant at a 5% significance level ($t=2.2262$, $p<0.05$). IFRS with a coefficient of 23.0883 ($t=2.4172$, $p<0.05$) implied that adoption of IFRS enhances the risk management committee effect on the ARL of the firm. The interactive term of IFRS and risk management variables capture the differential effect. The interactive term of IFRS and RMCGD report that risk management committee gender diversity of firm contributes to ARL of the firm by 1.1851 ($t=2.1282$, $p<0.05$). Therefore, the introduction of IFRS contributes significantly to the enhancement of RMCGD on the ARL of firms. Also, the interactive term of RMCM and IFRS shows that risk management committee meeting of firm induces the ARL of the firm after the

adoption of IFRS by 6.8482(t=2.7416, p<0.05). Similarly, risk management committee size and IFRS significantly contribute to the ARL of the firms with the coefficient of 1.4907 (t=2.1237, p<0.05). It implies that risk management committee size increased the ARL of the firm in the pre IFRS adoption; however, the effect of this increase was reduced in the post-IFRS adoption period from 267% to 149%.

With the p-value of 0.0092, which is less than 0.05, the null hypothesis was rejected in favour of the alternative hypothesis. We accept the alternative hypothesis that risk management attributes significantly affect the timeliness of financial reports among Nigerian listed firms upon IFRS adoption.

4.0. Discussion

IFRS is a dummy variable that differentiates the two periods post and pre-adoption of IFRS. If the coefficient of IFRS is statistically significant, the post-adoption of IFRS seems to be more effective than the pre-adoption. Also, each model has an interactive term of its variables and IFRS. If the interactive term is statistically significant, it implies that IFRS well moderated the variables. The result of the model analysed the effect of risk management attributes on ARL in the pre-and post-IFRS adoption periods. The coefficient of IFRS of 23.0883(t=2.4172, p<0.05) showed that adoption of IFRS enhanced the effect of risk management attributes on the timeliness of financial reports. The model revealed that risk management committee size, risk management committee meeting, and risk management committee gender diversity all had a positive relationship with the ARL of the firms, thereby increasing ARL in the post-IFRS period. This study revealed that risk management largely reduced the timely release of financial reports to users. The finding of this study is similar to the work of Masturah, Roham and Izah (2021), who also observed that the risk management committee attributes like size, independence, gender diversity have a substantial negative effect on firm performance. They also observed that risk management committee expertise has a significant positive influence on the firm value. However, the findings seem to be in contrast with the work of Mohammed and Ahmad (2016), who reported no significant relationship between risk committee size and ARL. The importance of compliance and disclosure of risk management cannot be overemphasised. It may suggest that the expected benefit of risk management as a measure of corporate governance far outweighs the expected slight delay in the ARL may outweigh its effects on the financial report's timeliness and the firm value. Tara and Sadni (2015) observed a growing realisation that corporate governance impacts enterprise risk management. They further noted that large businesses and financial institutions might have been sent out of business due to a lack of basic risk management and control rules, especially giving credence to the importance of the risk management role to the business's going concern. Also, there seems to be inadequate literature on risk management attributes, perhaps owing to the perception that the management committee and the audit committee alone should define and disclose the organisation's risk policies appropriately (Kakanda, 2017). This perception has given rise to the belief that the existence of a risk management committee may not be necessary. This position, however, cannot be farther from the truth. The FRCN 2018 code of corporate governance stipulates that the existence of a sound framework for managing risk would better be achieved through an appropriate composition of a risk management committee, saddled with the responsibility of the organisation's risk

management and disclosure. This position is further strengthened by the work of Sarrens and Christopher (2010). They observed a weak focus on risk management and internal control within the Belgian corporate governance guideline, compared with the Australian system, due to less advanced Belgian risk management and internal control systems. It is important to note that the Belgian and the Australian firms have similar corporate governance principles with Nigerian listed firms, hence the need to focus more on risk management as encapsulated in its corporate governance guidelines. As stressed by Senjaya, Sule, Effendy and Cahyandito (2020), the importance of risk management on corporate sustainability also underscores the need to ensure risk management compliance and disclosure among Nigerian listed firms. An improved risk management focus will further strengthen the entire corporate governance system. Neri, Elshandidy and Guo (2018) also observed that larger Chinese firms in the financial sector tend to deliver more and higher quality risk disclosure information to the market than the smaller ones. It is appropriate that the Nigerian stock market regulatory bodies focus more on risk management compliance and disclosure to avoid a less developed risk management akin to the Belgian experience. It is also essential that the stock market regulatory bodies focus on other corporate governance attributes that could improve the timeliness of financial reports and, perhaps, firm value. Continuous practice of appropriate risk management compliance and disclosure could lead to improved timeliness as managers and auditors get accustomed to the risk management reporting and disclosure system.

References

Alkhatib, K.& Marji, Q. (2012). Audit reports timeliness: empirical evidence from Jordan. *Procedia-Social and Behavioural Sciences*, *62*, 1342–1349.

Amran, A., Bin, A. M. R. &Hassan, B. C. H. M. (2009). Risk reporting: An exploratory study on risk management disclosure in Malaysian annual reports. *Managerial Auditing Journal, 24* (1), 39–57. Doi.org/10.1108/02686900910919893

Cormier, D. (2013). The incidence of corporate governance and IFRS on information asymmetry and the value relevance of earnings: Some Canadian evidence. *Cahier de recherche*, 1,1–24.

Fodio, M.I., Obas, V.C., Olukoju, A.B.& Zik-rullah, A.A. (2015). IFRS adoption, firm traits and audit timeliness: Evidence from Nigeria. *ActaUniversitatisDanubius, 11*(3), 106–119.

FRCN Code of Corporate Governance, 2018. Available at https://www.financialreportingcouncil.gov.org.

Gennaro, A. & Nietlispach, M. (2021). Corporate governance and risk management: Lessons (not) learnt from the financial crisis. *Journal of Risk and Financial Management, 14*, 419. Doi.org/10.3390/jrfm14090419

Holthausen, R.W.& Watts, R.L. (2001). The relevance of the value-relevance literature for financial accounting standard setting. *Journal of Accounting and Economics, 31,* 3–71.

Isenmila, P. A.& Adeyemo, K. A. (2013). A perception-based analysis of the mandatory adoption of International Financial Reporting Standard (IFRS) in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences (JETEMS), 4*(2), 203–210.

Jensen, M. C.& Meckling, W. H. (1976). A theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305–360.

Kakanda, M. M. (2017). Corporate governance, risk management disclosure and firm performance: a theoretical and empirical review perspective. *Asian Economic and Financial Review, 7*(9), 836–845.

Masturah, M., Roham, S. & Izah, K. I. K. N. (2021). Do risk management committee characteristics influence the market value of Firms? *Basingstoke, 23*(1), 171-191. Doi.org/10.1057/s41283-021-00073-8

Major, E. & Marques, A. (2009). IFRS introduction, corporate governance and firm performance: Evidence from Portugal. *Journal of Applied Management Accounting Research*, *7*(2), 55–70.

Mohammed, I. A.& Ahmad, A. C. (2016). Effects of corporate governance characteristics on audit report lags. *International Journal of Economics and Financial Issues*, *6*(7), 159–164.

Nehme, R., Assaker, G.& Khalife, R. (2015). Dynamics of audit lag-board of directors and audit committees' effect. *Corporate Ownership and Control*, *12*(3), 281–294.

Neri, L., Elshandidy, T. & Guo, Y. (2018). Determinants and impacts of risk disclosure quality: Evidence from China. *Journal of Applied Accounting Research, 19*(4), 518-536.

Oladipupo, A.O.& Izedomi, F.I.O. (2013a). Relative contribution of audit and management delays in corporate financial reporting: empirical evidence from Nigeria. *International Journal of Business and Social Science, 4*(10), 199–204.

Ologun, O.V., Isenmila, P.A., Okuns, O.O.& Alade, M.E. (2020). IFRS adoption, corporate governance and timeliness of financial reports among Nigerian listed firms. *Accounting and Taxation Review, 4*(2), 33-56.

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

SEC Code of Corporate Governance 2011. Available at https://www.nse.com.ng.

Senjaya,A., Sule, E. T., Effendy, N. & Cahyandito, M. F. (2020). Effect of corporate governance and risk management against corporate sustainability at the coal mining industry in Indonesia. *Academy of Strategic Management Journal, 19*(2), 1-12.

Subramaniam, N., McManus, L.& Zhang, J. (2009). Corporate governance, firm characteristics and risk management committee formation in Australian companies. *Managerial Auditing Journal, 24*(4), 316–339.

Tara, S.& Sadri, S. (2015). Corporate governance and risk management: An Indian perspective. *International Journal of Management Sciences and Business Administration, 1*(9), 33–39.

The Nigerian Stock Exchange, Daily official listing as at December, 2019. Available on http://www.nse.com.ng/issuers/listed-securities/listed-companies?filter=premium+board.

Sarrens, G. & Christopher, J. (2010). The association between corporate governance guidelines and risk management and internal control practices: Evidence from a comparative study. *Managerial Auditing Journal, 25*(4), 288–308.