Quest Journals
Journal of Research in Business and Management
Volume 12 ~ Issue 7 (2024) pp: 160-168
ISSN(Online):2347-3002
www.questjournals.org

Research Paper

Effect of CEO Turnover on Audit Reporting Lag of Quoted Consumer Goods Companies in Nigeria

Ogiriki Tonye PhD[1] & Youpele Allison Pouzigha[2]
[1,2,] *Department of Accounting*
Niger Delta University,
Wilberforce Island
Bayelsa State.
ogirikitonye@gmail.com

ABSTRACT
The study investigated the effect of CEO turnover on audit reporting lag among listed consumer goods companies in Nigeria. Applying an ex-post facto design, the study examined the effects of both new CEO appointments and CEO resignations on reporting lags. The population consists of twenty-one consumer goods firms quoted on the Nigerian Exchange Group (NGX). Through descriptive and inferential statistics, the study reveals several noteworthy findings. The paper discover that the appointment of a new CEO is linked with a significant increase in audit reporting lag. Also, CEO resignations are found to affect audit reporting lag. The paper suggested that there should be the implementation of robust transition plans and comprehensive onboarding programs to streamline reporting processes during CEO appointments. Additionally, targeted training and support for incoming executives are recommended to expedite reporting requirements and maintain reporting quality. And finally, it recommended a continuous evaluation and improvement of reporting processes.
KEYWORDS: *Turnover, Audit, Reporting Lag*

I. INTRODUCTION

CEO turnover refers to the act of replacing a chief executive officer within an organization. It is a significant event that often reflects changes in leadership, strategic direction, or organizational performance. This phenomenon has attracted considerable attention from scholars and practitioners alike due to its potential implication on firm performance, corporate governance, and succession planning (Shook, 2005). Research indicates that there are various factors that contribute to CEO turnover. One such factor is firm performance, as research have found a significant correlation between performance and CEO departure (Nguyen et al., 2017). Poor performance, such as declining profitability or stock price, often serves as a trigger for CEO turnover, as boards of directors and shareholders seek new leadership to reverse the organization's fortunes.

Corporate governance practices also play a crucial role in CEO turnover. Studies have shown that the presence of strong governance mechanisms, such as independent boards and active shareholders, increases the likelihood of CEO turnover (Bebchuk et al., 2013). These mechanisms act as checks and balances, ensuring that underperforming or ineffective CEOs are held accountable and replaced when necessary. Furthermore, organizational characteristics, such as firm size and industry dynamics, can influence CEO turnover. Larger companies tend to experience CEO turnover more frequently due to the complexities and demands associated with managing larger organizations (Vancil, 1987). Additionally, industry-specific factors, such as technological disruptions or market changes, may necessitate a change in leadership to adapt to new business environments (Miller & Shamsie, 1996). Succession planning and the availability of qualified candidates are also critical considerations in CEO turnover. Organizations that cultivate a pipeline of potential CEOs and invest in leadership development are better equipped to handle CEO succession smoothly (Dalton & Dalton, 2011). In contrast, the absence of a well-defined succession plan can lead to CEO turnover challenges and potentially disrupt organizational stability.

Moreover, CEO turnover is not limited to forced departures or terminations. Voluntary turnover, where CEOs choose to step down or retire, also contributes to leadership transitions. Reasons for voluntary turnover may include personal career aspirations, family considerations, or the desire to pursue new opportunities outside of the current organization (Finkelstein & Hambrick, 1996). Voluntary turnover can present both challenges and opportunities for organizations, depending on the circumstances and the availability of suitable successors.

In addition to CEO turnover, another critical aspect of corporate governance and financial reporting is audit reporting lag. These concept play an important part in financial disclosure and transparency within organizations. Understanding these lags is important in the context of CEO turnover, as they can provide insights into the timeliness and accuracy of financial information, which may have implications for decision-making and performance evaluation. Audit reporting lag refers to the time taken from the end of the financial disclosure period to the issuance of the audited financial report (Chen et al., 2012). It encompasses the time necessary for the audit procedure, including planning, fieldwork, and finalization of the audited financial statements. A shorter audit reporting lag is generally preferred as it indicates a more efficient and timely audit process, ensuring that financial information is available to stakeholders in a timely manner. Research has shown that audit reporting lag can be impacted by various factors. Firm complexity, such as the size and geographical dispersion of a company, has been known to be favourably linked with audit reporting lag (DeFond & Jiambalvo, 1994). This is because larger and more complex organizations often require more time and resources to complete the audit process. Additionally, the involvement of multiple auditors or international operations can contribute to longer audit reporting lags.

In the context of CEO turnover, audit reporting lag can provide insights into the transparency and accountability of the organization. Longer audit reporting lags may raise concerns about the accuracy and reliability of financial information, potentially signaling poor governance practices or even fraud (Lennox, 2000). To mitigate these concerns, organizations should strive for shorter audit reporting lags, indicating efficient and timely completion of the audit process. And through efficient coordination and communication between management and external auditors, this can be attained.

II. PROBLEM STATEMENT AND HYPOTHESES FORMULATION

Audit reporting lag reporting lag are important indicators of financial transparency and governance within quoted firms. Numerous studies have explored the factors that influence these lags and their implications for corporate performance. Additionally, understanding the relationship between CEO turnover and these lags provides valuable insights into the dynamics of leadership changes and its effect on financial reporting. However, there is a literature gap concerning the impact of CEO turnover on audit reporting lag specifically in firms operating in Nigeria. Previous research has identified various factors that influence audit reporting. In a study on Chinese firms, Zhang and Zhou (2008) found that firm size, profitability, and financial complexity have a significant impact on audit reporting lag. Similarly, Han (2014) investigated Korean firms and identified factors such as debt level, ownership structure, and firm age as predictors of audit reporting lag. These studies suggest that firm-specific features play a vital function in ascertaining the length of audit reporting lag.

Furthermore, researchers have examined factors such as CEO characteristics, earnings management practices, and corporate governance mechanisms. Dechow, Ge, and Schrand (2010) investigated US firms and found that CEOs with a higher risk appetite tend to delay the release of negative information, leading to longer management discretionary reporting lags. Moreover, Beekes et al. (2004) analyzed UK firms and highlighted the role of corporate governance structure, like board independence and ownership concentration, in influencing reporting lag.

Although previous studies have explored the determinants of audit reporting lag, limited research has explicitly investigated the effect of CEO turnover on these reporting lags. This study aims to bridge this gap by examining the effect of CEO turnover on audit reporting lag in Nigerian quoted firms. Hence the following hypotheses was formulated for the study;

1. New CEO appointment do not have a significant effect on audit reporting lag of listed consumer goods companies in Nigeria.
2. CEO resignation do not have a significant effect on audit reporting lag of listed consumer goods companies in Nigeria.

III. LITERATURE REVIEW

Chief Executive Officer (CEO) Turnover

CEO turnover refers to the process of change in the top executive position within an organization, where the Chief Executive Officer (CEO) is replaced by a new individual. In the corporate governance realm, CEO turnover is a significant event that can impact the strategic direction, performance, and overall governance of an organization (Bushman et al., 2010). It often occurs due to a variety of reasons, including retirement, poor performance, mergers and acquisitions, or strategic repositioning. Research indicates that the frequency and reasons for CEO turnover have evolved over time. A study by DeFond and Park (1999) analyzed the CEO turnover and firm success relationship in Nigerian quoted companies. They found that the CEO turnover rate increased significantly in recent years as a result of economic and political factors.

The historical background suggests that CEO turnover in Nigerian listed firms has been influenced by economic downturns, changes in government policies, and increased regulatory scrutiny. For instance, during times of economic uncertainty, firms may experience financial distress, leading to increased CEO turnover as boards of directors seek new leadership to address the challenges (Abdullahi & Tanko, 2020). Moreover, the historical background of CEO turnover in Nigerian listed firms reveals that corporate governance reforms have played a role in shaping CEO succession practices. The introduction of the Nigerian Code of Corporate Governance in 2018 has mandated board evaluations and transparency in CEO succession planning (Abdullahi & Tanko, 2020). This has led to a heightened focus on performance-based criteria and greater involvement of independent directors in the CEO turnover process.

Regarding the study's relevance, understanding CEO turnover patterns and factors influencing CEO succession is vital for assessing firm performance, organizational stability, and the effectiveness of corporate governance structure. The study by Abdullahi et al. (2017) provides insights into the correlation between CEO turnover and business success in Nigerian quoted firms, revealing a significant impact on financial index like return on assets and return on equity. Moreover, the study highlights the need for effective corporate governance practices in CEO turnover decisions. The involvement of independent directors, transparency in succession planning, and performance-based criteria can contribute to better CEO turnover outcomes and ultimately enhance firm performance.

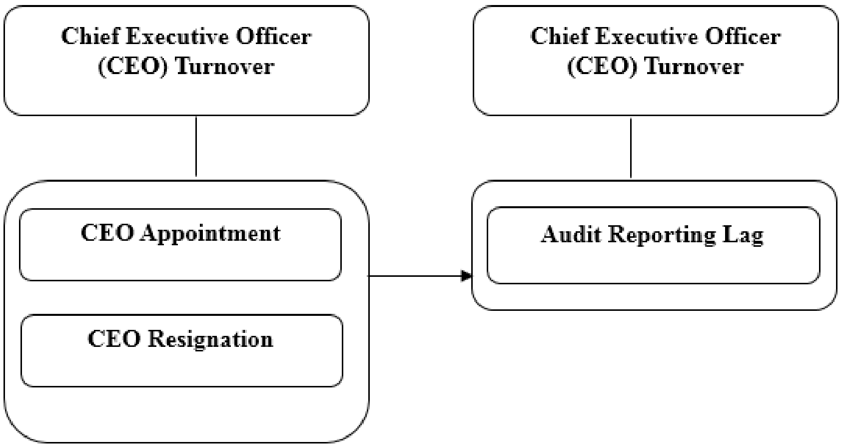
Audit Reporting Lag

Audit reporting lag is an essential part of corporate governance, representing the time interval of the end of a company's financial disclosure period and the issuance of its audited financial reports. This lag is a critical element in the overall transparency and accountability of a firm's financial reporting, linking it directly to the principles of corporate governance. Corporate governance refers to the systems and procedures used to lead and manage businesses, ensuring that the interests of stakeholders, particularly shareholders, are safeguarded. The timeliness of reporting, reflected in audit reporting lag, is integral to maintaining the reliance and assurance of investors and other stakeholders.

The concept of audit reporting lag can be understood through various meanings, each emphasizing the importance of timely and reliable financial information. Illaboya and Christian (2014) define audit lag as the time between a firm's accounting year-end and the issuance date of its audit report. A shorter audit reporting lag is generally considered favorable, as it provides stakeholders with more timely information for decision-making and enhances corporate transparency. The study of audit reporting lag intersects with the broader discussions around corporate governance and CEO turnover. Corporate governance mechanisms, including the effectiveness of internal controls and the independence of the audit committee, can influence the length of audit reporting lag. Research by Akingunola et al. (2018) suggests that strong corporate governance practices, such as an active and independent audit committee, are associated with shorter audit reporting lags. This connection is crucial, as it underscores the role of governance structures in ensuring the efficiency and reliability of financial reporting processes.

Furthermore, audit reporting lag may have implications for CEO turnover. In situations where financial mismanagement or irregularities are detected, an extended reporting lag may trigger concerns among stakeholders and potentially lead to CEO turnover. The study by Dibia and Onwuchekwa (2013) indicates that audit reporting lag is negatively associated with CEO turnover, suggesting that delays in financial reporting may erode investor confidence and contribute to changes in leadership.

Fig 3.1 Conceptual Model for the Effect CEO Turnover on Audit Reporting Lag



Managerial Power Theory

Managerial Power Theory, pioneered by Michael C. Jensen in 1993, emerged in response to the growing interest in understanding the dynamics of power within organizations (Jensen, 2003). This theory builds on the premise that top managers possess significant influence and power over decision-making processes, resource allocation, and overall organizational outcomes. Jensen's work sought to shed light on the implications of managerial power for corporate governance, strategic choices, and ultimately, firm performance (Jensen, 1983). According to Managerial Power Theory, executives, particularly CEOs, leverage their positions to maximize their own utility, which may not always align with the best interests of shareholders. The theory emphasizes that executives, driven by self-interest, may engage in activities that enhance their personal benefits, such as excessive compensation, empire building, or resisting changes that could threaten their positions (Van-Essen et al., 2015). In the context of CEO turnover and its impact on audit reporting lag and management discretionary reporting lag, Managerial Power Theory provides a framework for understanding how changes in executive leadership can influence reporting behaviors. When a CEO departs, the incoming executive may have different preferences, priorities, and power dynamics, leading to shifts in reporting practices.

Studies examining the effect of CEO turnover on reporting timelines and discretion often consider the implications of managerial power (Chen et al., 2011; Schneider, 2013). For instance, a new CEO with a strong power base may exert influence over financial reporting to align it with their preferences, potentially affecting the audit reporting lag and the extent of management discretionary reporting. The theory suggests that variations in managerial power among CEOs can contribute to differences in reporting practices during times of leadership transition.

The Managerial Power Theory, therefore, offers insights into the motivations and behaviors of executives during periods of CEO turnover. Researchers draw on this theory to explore how the power dynamics within top management teams shape financial reporting decisions, providing a lens through which to understand the complexities of managerial influence on organizational outcomes.

Empirical Review

Ogoun and Woyengibuomo (2019) investigate how CEO turnover affects publicly listed businesses in Nigeria's audit report latency (ARL) and management discretionary report delays (MDRL). This study used purposive sampling as its data collection approach. Using descriptive statistics and ordinary least squares regression to describe the data and estimate the outcomes. Descriptive statistics were used to summarise the independent and dependent variables' mean, median, standard deviation, minimum, and maximum. We used ordinary least squares regression to assess the impact of CEO turnover on audit reports and management discretionary report lags. E-view software was used for data analysis. The study's principal findings suggest that the frequency of CEO change improves the MDRL and the Audit Reporting Lag (ARL). Furthermore, the MDRL falls and the ARL rises. The investigation's main finding is that, in order to reduce the audit risk for Nigerian publicly listed businesses, an external auditor would devote more time to audit processes. Second, when the audit risk is high, an external auditor and the management of Nigerian firms will display different behaviours in an attempt to provide timely audited financial reports. Therefore, even if CEO change is frequent, the research recommends that management of publicly traded businesses in Nigeria should rigorously develop mechanisms geared at lowering audit report lag and management discretionary report latencies. Furthermore, in order to increase efficiency and transparency, CAMA 2004, BOFIA 1990, and other financial regulatory bodies should include clauses requiring departing CEOs to sign their financial statements before they retire.

Oradi (2021) examines the potential correlation between audit report lag (ARL) and audit fees and the succession origin of the chief executive officer (CEO) (i.e., hiring an insider versus an outsider). The Iranian context is characterised by a constrained audit market and less-developed corporate governance mechanisms. If the CEO is promoted from inside the company, the audit report will take longer to complete, as shown by three proxies for ARL and a sample of companies that were listed between 2007 and 2017 on the Tehran Stock Exchange. Furthermore, companies that elevate an insider to the CEO role pay more in audit fees than companies that hire outside CEOs. Further examinations reveal that insider CEO benefits for audit fees and ARL are stronger for companies reviewed by private audit firms. The findings hold up even after resolving the endogeneity problem, accounting for firm-level fixed effects, and running many sensitivity tests. By offering fresh empirical data on the impact of CEO succession origin on company audit results in an emerging market context, this research adds to the body of knowledge.

Salehi et al. (2018) looked at the possible effects of a CEO's tenure and financial knowledge on the timeliness of an audit report. Information gathered from businesses registered on the Tehran Stock Exchange for the period of four years, from 2013 to 2016. The only factors that show a negative and significant association are the natural logarithm of audit report delay and the CEO's financial knowledge, according to the model estimations. The former and the other two expeditious audit report indexes did not show any discernible correlation. Additionally, there was no discernible relationship between the CEO tenure and the other three timely audit report indices.

The influence of the chief accounting officer (CAO) on the effectiveness of the auditing process and the connection between the hiring of a separate CAO and the delay in audit reports (ARL) are the subjects of an empirical analysis by Hsu and Khan (2019). This study makes use of US publicly listed companies that were active between 2004 and 2012. Every year, there is a certain year that a CAO does not also occupy another executive job. The CAO group consists of former employees with positions like chief accounting executive, vice president of accounting, or corporate accounting executive, which are comparable to CAO. When there is a clear CAO, there is a significant drop in ARL. Appointing a new auditor is related to a lower ARL when a different CAO is present, suggesting that unique CAOs have a moderating influence on the connection between auditor change and audit delay. To find out what influences audit report latency—the number of days that pass between the end of a company's fiscal year and the date of its auditor's report, Durand (2019) synthesised the body of research that has already been written on the subject. The factors that influence audit report latency, or the number of days that pass between the end of a business's fiscal year and the date of its auditor's report, by synthesising the body of previous research. The author finds that a number of factors, such as customer complexity, audit opinion alterations, and client profitability and financial status, affect the delay in audit reports. Additionally, longer tenure and non-audit services provided by the auditor, larger clientele, and good profit news to share all decrease audit report delay. It would be beneficial to do more study on a number of aspects in the future, such as corporate governance and unique qualities of auditors.In their 2019 study, Moradi and Molla-Imeny explore the importance of financial reporting timeliness, which the accounting conceptual framework refers to as a qualitative aspect of accounting information. It is tiresome to consider a new angle in accounting research on audit fees and delay in audit reports in this study. From 2009 to 2015, this study used data from firms registered on the Tehran Stock Exchange. The findings show that a number of factors, including the kind of audit firm, the number of Basis for Modification Paragraphs, the audit opinion, and the return on assets (ROA), significantly correlate with the lag in audit reports. Furthermore, there is a strong relationship between audit fees and a number of other factors, including the kind of audit firm, the quantity of grounds for modification paragraphs, the size of the business, the CEO's educational background, and the change in audit firm throughout the fiscal year.

Borgi et al. (2021) look at how the Chief Executive Officer's (CEO) demographics affect Financial Reporting Timeliness (FRT) in Saudi Arabia. Finding out whether tenure, accounting financial acumen, and sociability are markers of FRT in CEOs is the main goal of this study. In the study's sample, which spans four years (2014–2017), the Tadawul Stock Exchange listed 119 non-financial enterprises. We use panel regressions and two FRT proxies. Taking into account the IFRS conversion at the same time, our findings show that a long-serving CEO is linked to quick financial reporting. This study implies that organisations having a CEO with a lengthy tenure shorten the time needed to compile and release their financial reports during the IFRS transition. As per our findings, there is a considerable correlation between CEO accounting financial knowledge and prompt financial reporting. This research implies that companies with a CEO who specialises in accounting and finance take less time to compile and publish their financial reports on the capital market website. Furthermore, our findings show that there is always a significant positive correlation between timely financial reporting and the sociability of the CEO. This suggests that companies with gregarious CEOs take less time to compile and post their financial reports on the website of the stock market. This research implies that when the CEO is more aggressive on social media, companies are more likely to promptly submit their annual reports. Overall, the findings show that the CEO's personality affects how quickly financial reports are made.

Owota, King and Banigo (2022) examined the impact of executive compensation on the financial performance of commercial bank in Nigeria. A correlational research design was adopted. The population and sample size of their study consist of all commercial bank listed on the floor of Nigeria stock exchange as at 2019. The study employed multiple linear regressions, correlation analysis and descriptive statistics in analyzing the data collected. The findings of their study reveal that a significant positive relationship exist between banks financial performance and the executive compensation for the sampled banks. On the ground of their findings, it was recommended that executive compensation of companies should be good enough to encourage the executive, because the higher the compensation the better the financial performance.

Paula et al.'s 2017 study looked at the connection between high technology companies' business performance and CEO salaries. There was a test of the CEO's overall salary as well as both short- and long-term pay in relation to company success. The total compensation and cash compensation as a percentage of total pay for high-tech enterprises between 2000 and 2010 are calculated using a panel data SUR model. The results show a substantial and favourable correlation between CEO pay and company success. An enhanced comprehension of the correlation between CEO salary and performance in high-tech companies is possible thanks to this econometric analysis.

IV. METHODOLOGY

The study utilised ex-post factor research design. These designs were was because they it directly related to the study's research aims and could be used to examine the study hypotheses. The population of this study constitute all consumer goods firms quoted in the Nigerian Exchange Group (NGX) and they are twenty-six (21) in number. Secondary data sources, such as extracts from annual reports of the consumer goods companies and the NGX fact book were used as secondary data. Descriptive Statistics and inferential statistics was employed to analyze the secondary data collected because it is the most prevalent statistical technique utilized. The coefficients from the estimation were obtained using the Ordinary Least Squares (OLS) estimation method, and other statistical features were used to judge the effect between the variables used for this investigation.

The model is specified in line with objectives and hypothesis of the study. The functional model is therefore stated as follows;

$AudRL = f(CEOap, CEOrs)$ eq. 3.1

Explicitly written as:

$AudRL = \beta_0 + \beta_1 CEOap + \beta_2 CEOrs + \varepsilon$ *eq.3.2*

Where;

AudRL = Audit Reporting Lag of consumer goods companies

CEOap = Chief Executive Officer (CEO) appointment

CEOrs = Chief Executive Officer (CEO) resignation

$\beta 0$ = Intercept term

$\beta 1$, $\beta 2$= Coefficients of the independent variables

ε= Error term

V. RESULT, CONCLUSION AND RECOMMENDATION

Descriptive Analysis for CEO Turnover and Audit Reporting Lag, Management Discretionary Reporting Lag

The descriptive statistics result reveal describe the data for the study on the effect of CEO turnover on audit reporting lag within listed consumer goods companies in Nigeria. The mean audit reporting lag stands at approximately 102.64 days, indicating the average time it takes for audit reports to be finalized and issued. Notably, the median audit reporting lag is lower at 90 days, suggesting that while the majority of companies experience a relatively shorter lag, there are instances of prolonged reporting periods, as evidenced by the higher mean value. When examining the effect of CEO appointments and resignations on audit reporting lag, intriguing patterns emerge. On average, the presence of a new CEO corresponds to a slightly shorter audit reporting lag, with a mean CEO appointment value of 0.79. Conversely, CEO resignations seem to have a marginally lesser impact on audit reporting lag, with a mean value of 0.64. However, it's essential to note that these effects are nuanced, as indicated by the standard deviations, skewness, and kurtosis values, suggesting variability and distribution shapes in the data that warrant further investigation.

Descriptive Result

	AUDIT_REPORT_LAG	CEO_APPOINT	CEO_RESIGN
Mean	102.6429	0.785714	0.642857
Median	90.00000	1.000000	1.000000
Maximum	239.0000	1.000000	1.000000
Minimum	1.000000	0.000000	0.000000
Std. Dev.	74.12215	0.425815	0.497245
Skewness	0.314722	-1.392621	-0.596285
Kurtosis	2.129165	2.939394	1.355556
Jarque-Bera	0.673489	4.527395	2.407078
Probability	0.714091	0.103965	0.300130
Sum	1437.000	11.00000	9.000000
Sum Sq. Dev.	71423.21	2.357143	3.214286
Observations	**56**	**56**	**56**

Source: E-view 9

Regression Result for CEO Turnover and Audit Reporting Lag

Dependent Variable: AUDIT_REPORT_LAG
Method: Least Squares
Date: 08/08/24 Time: 16:00
Sample: 1 56
Included observations: 56

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CEO_APPOINT	16.56383	55.34074	0.299306	0.0003
CEO_RESIGN	7.414894	47.39098	0.156462	0.0485
C	84.86170	48.80595	1.738757	0.0099

R-squared	0.614722	Mean dependent var	102.6429
Adjusted R-squared	0.564419	S.D. dependent var	74.12215
S.E. of regression	79.98391	Akaike info criterion	11.78894
Sum squared resid	70371.69	Schwarz criterion	11.92588
Log likelihood	79.52256	Hannan-Quinn criter.	11.77626
F-statistic	0.082183	Durbin-Watson stat	1.604242
Prob(F-statistic)	0.000663		

Source: E-views 9

The regression analysis result in the table above revealed the effect CEO turnover on audit reporting lag within Nigeria's listed consumer goods companies. The coefficients for CEO_APPOINT and CEO_RESIGN indicate the effect of CEO appointments and resignations, respectively, on audit reporting lag. The coefficient for CEO_APPOINT is 16.56383, suggesting that, on average, CEO appointments are associated with an increase in audit reporting lag by approximately 16.56 days. Conversely, the coefficient for CEO_RESIGN is 7.414894, indicating a lesser but still notable effect, with CEO resignations linked to an increase in audit reporting lag by approximately 7.41 days. The R-squared value of 0.614722 suggests that approximately 61.47% of the variability in audit reporting lag can be explained by the CEO turnover variables included in the model. With a more cautious assessment of explanatory power, the model's adjusted R-squared value of 0.564419 takes the number of predictors into consideration.

Moreover, the whole regression model is significant according to the F-statistic of 0.082183 and the associated probability of 0.000663. This suggests that there is a strong relationship between audit reporting latency and at least one of the independent variables (CEO_APPOINT or CEO_RESIGN).

Test of Hypotheses

Ho1. New CEO appointment does not have a significant effect on audit reporting lag.

Findings from Regression analysis: The study found that the p-value associated with the coefficient for CEO_APPOINT in the audit reporting lag regression model is 0.0003, < 0.05 alpha. Therefore, the study reject the null hypothesis and conclude that new CEO appointments have a significant effect on audit reporting lag.

Ho2. CEO resignation does not have a significant effect on audit reporting lag.

Findings from regression analysis: The p-value associated with the coefficient for CEO_RESIGN in the audit reporting lag regression model is 0.0485, < 0.05 alpha. Hence, the study reject the null hypothesis and conclude that CEO resignations have a significant effect on audit reporting lag.

VI. Conclusion

In conclusion, the study provides valuable insights into the connection between CEO turnover and reporting practices in Nigeria's consumer goods sector. The findings indicate that CEO appointments tend to prolong both audit reporting lag, These results highlight the importance of considering leadership transitions in understanding reporting dynamics within organizations.

VII. Recommendations

The following recommendations are proposed for the study;

1. Given the observed increase in audit reporting lag associated with CEO appointments, organizations should prioritize implementing robust transition plans. This involves establishing clear protocols and guidelines for new CEOs to streamline the reporting process and minimize disruptions. Investing in comprehensive

onboarding programs and knowledge transfer mechanisms can facilitate smoother transitions and mitigate delays in audit reporting.

2. Organizations should continuously evaluate and improve reporting processes to adapt to leadership changes. Conducting regular reviews of reporting workflows and identifying areas for optimization can help minimize the negative effect of CEO turnover on reporting lag.

REFERENCES

[1]. Abdullahi, Y. U., & Tanko, M. (2020). Firm performance, corporate governance mechanisms and ceo turnover: Evidence from Nigeria. Applied Finance and Accounting, 6(1), 66-78.

[2]. Abdullahi, Y. U., Ishak, R., & Sawandi, N. (2017). Board characteristics, corporate performance and CEO turnover decisions: An empirical study of listed non-financial companies. Indian-Pacific Journal of Accounting and Finance, 1(4), 4-20.

[3]. Akingunola, R. O., Soyemi, K. A., & Okunuga, R. (2018). Client attributes and the audit report lag in Nigeria. Market forces, 13(1).

[4]. Baatwah, S. R., Salleh, Z., & Ahmad, N. (2015). CEO characteristics and audit report timeliness: do CEO tenure and financial expertise matter?. Managerial Auditing Journal, 30(8/9), 998-1022.

[5]. Bae, C. H., & Woo, Y. S. (2016). The effect of CEO turnover on audit report lag and management discretionary report lag: Evidence from Korea. Investment management and financial innovations, (13, Iss. 1), 61-66.

[6]. Bartov, E., & Bodnar, G. M. (1996). Alternative accounting methods, information asymmetry and liquidity: Theory and Evidence. Accounting review, 397-418.

[7]. Bergh, D. D., Ketchen Jr, D. J., Orlandi, I., Heugens, P. P., & Boyd, B. K. (2019). Information asymmetry in management research: Past accomplishments and future opportunities. Journal of management, 45(1), 122-158.

[8]. Bessler, W., Drobetz, W., & Grüninger, M. C. (2011). Information asymmetry and financing decisions. International Review of Finance, 11(1), 123-154.

[9]. Bills, K. L., Harding, M. K., Seidel, T. A., & Truelson, J. M. (2024). The influence of turnover among other top executives on financial reporting risk. AUDITING: A Journal of Practice & Theory, 1-30.

[10]. Borgi, H., Ghardallou, W., & AlZeer, M. (2021). The effect of CEO characteristics on financial reporting timeliness in Saudi Arabia. Accounting, 7(6), 1265-1274.

[11]. Bushman, R., Dai, Z., & Wang, X. (2010). Risk and CEO turnover. Journal of Financial Economics, 96(3), 381-398.

[12]. Chen, C. W., & Liu, V. W. (2013). Corporate governance under asymmetric information: Theory and evidence. Economic Modelling, 33, 280-291.

[13]. Chen, J., Ezzamel, M., & Cai, Z. (2011). Managerial power theory, tournament theory, and executive pay in China. Journal of corporate finance, 17(4), 1176-1199.

[14]. Chijoke-Mgbame, A. M., & Mgbame, C. O. (2018). Discretionary environmental disclosures of corporations in Nigeria. International Journal of Disclosure and Governance, 15, 252-261.

[15]. Dauda, A. (2013). Business Continuity and Challenge of Succession in Nigeria: What happens when the CEO leaves?.

[16]. DeFond, M. L., & Park, C. W. (1999). The effect of competition on CEO turnover. Journal of Accounting and Economics, 27(1), 35-56.

[17]. Dibia, N. O., & Onwuchekwa, J. C. (2013). An examination of the audit report lag of companies quoted in the Nigeria stock exchange. International Journal of Business and Social Research, 3(9), 8-16.

[18]. Durand, G. (2019). The determinants of audit report lag: a meta-analysis. Managerial Auditing Journal, 34(1), 44-75.

[19]. Eze, R. C., & Egiyi, M. A. P. (2022). Management performance and discretionary accrual measures in Nigeria. Global Journal of Auditing and Finance| ISSN, 1694, 4445.

[20]. Habib, A., Bhuiyan, M. B. U., Huang, H. J., & Miah, M. S. (2019). Determinants of audit report lag: A meta-analysis. International journal of auditing, 23(1), 20-44.

[21]. Hambrick, D. C. (1989). Guest editor's introduction: Putting top managers back in the strategy picture. Strategic Management Journal, 5-15.

[22]. Hambrick, D. C., Cho, T. S., & Chen, M. J. (1996). The influence of top management team heterogeneity on firms' competitive moves. Administrative science quarterly, 659-684.

[23]. Harjoto, M. A., Laksmana, I., & Lee, R. (2015). The impact of demographic characteristics of CEOs and directors on audit fees and audit delay. Managerial Auditing Journal, 30(8/9), 963-997.

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

[25]. Hsu, H. T., & Khan, S. (2019). Chief accounting officers and audit efficiency. Asian Review of Accounting, 27(4), 614-638.

[26]. Ilaboya, O. J., & Christian, I. (2014). Corporate governance and audit report lag in Nigeria. International Journal of Humanities and Social Science, 4(13), 172-180.

[27]. Jensen, M. C. (1983). Organization theory and methodology. Accounting review, 319-339.

[28]. Jensen, M. C. (2003). A theory of the firm: governance, residual claims, and organizational forms. Harvard University Press.

[29]. Lobo, G. J., Lyu, M., Wang, B., & Zhang, J. H. (2022). Do chief audit executives matter? Evidence from turnover events. Auditing: A Journal of Practice & Theory, 41(2), 165-190.

[30]. Mbaya, J. M. (2017). Top management team, leadership strategy, knowledge transfer and performance: A review of literature. IOSR Journal of Business and Management, 19(03), 123-132.

[31]. Mbithi, J. K. (2022). Top Management Team Characteristics and Strategic Orientation of Insurance Companies in Kenya (Doctoral dissertation, University of Nairobi).

[32]. Moradi, M., & Molla Imeny, V. (2019). The impact of CEOs' Ethnic characteristics on audit report lags and audit fees in Iran. Iranian Journal of Accounting, Auditing and Finance, 3(1), 75-96.

[33]. Mwangi, P. G., Ogollah, K. O., Awino, Z. B., & Ogutu, M. (2016). Group cohesion and strategic context on the relationship between top management team composition and performance of family firms: a critical review of literature.

[34]. Ogoun, S. & Woyengibuomo, T. (2019). Effect of CEO turnover on audit report lag and management discretionary report lags: Evidence from Nigeria. AKSU Journal of Management Sciences, 4(1), 97-107.

[35]. Ojeka, S. A., Adetula, D. T., Mukoro, D. O., & Kpokpo, O. P. (2017). Does chief executive officer succession affect firms financial performance in Nigeria?. International Journal of Economics and Financial Issues, 7(2), 530-535.

[36]. Omoro, N. O. (2020). Top management team diversity and the moderating effect of discretionary accounting choices on financial reporting quality among commercial state corporations in Kenya. Journal of Accounting, Business and Finance Research, 8(2), 79-89.

[37]. Oradi, J. (2021). CEO succession origin, audit report lag, and audit fees: Evidence from Iran. Journal of International Accounting, Auditing and Taxation, 45, 100414.
[38]. Salehi, M., Lari Dasht Bayaz, M., & Naemi, M. (2018). The effect of CEO tenure and specialization on timely audit reports of Iranian listed companies. Management Decision, 56(2), 311-328.
[39]. Schneider, P. J. (2013). The managerial power theory of executive compensation. Journal of Financial Service Professionals, 67(3).
[40]. Uwuigbe, U., Uwuigbe, O. R., & Okorie, B. (2015). Assessment of the effects of firms characteristics on earnings management of listed firms in Nigeria. Asian economic and financial review, 5(2), 218-228.
[41]. Van Essen, M., Otten, J., & Carberry, E. J. (2015). Assessing managerial power theory: A meta-analytic approach to understanding the determinants of CEO compensation. Journal of management, 41(1), 164-202.
[42]. Yusuf, M. J., & Yahaya, O. A. (2023). CEO attributes and financial performance of listed firms in Nigeria. International Journal of Economics, Finance and Management Sciences, 11(2), 112-124.