The Impact of Corporate Governance Factors and the COVID-19 Pandemic on the Publishing Date of Annual Reports of UK Listed Companies

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Abstract

The aim of the current study is to examine the role of corporate governance structure and the COVID-19 pandemic on the issuing date of annual reporting of UK non-financial institutions. The corporate governance factors that were examined are: audit committee; board characteristics; ownership structure. To achieve the study objective, the sample's data was collected from the financial reporting of companies listed on the London Stock Exchange during the period 2008 to 2021. To examine the effect of COVID -19, the sample was spilt into two groups: before and after 2019. The data collected was analysed by using the panel regression random effect method; the issuing date of annual reporting was measured by counting the number of days that passed between year-end and the date of the issuing of financial reports. The study's findings show that there is a significant relationship between board size, independency of board, audit independence, audit experience, and the issuing date of annual reports. Moreover, after splitting the study's sample, the empirical results supported that the COVID -19 pandemic has a negative effect on the corporate governance mechanisms that enhance the issuing date of annual reports. The study extends prior studies with evidence that demonstrates a relationship between issuing date (timeliness) of annual reports and the strength of corporate governance during the COVID-19 pandemic, and consequently, these findings confirm that corporate governance factors and auditing process enhance annual reporting quality.

Keywords: Corporate governance, COVID-19 pandemic. Financial report, timeliness, UK

1. Introduction

The timeliness of financial reporting has been recognised as a vital qualitative attribute of financial information as it reflects the current financial position of companies, which leads to having financial information by decision-makers before it loses the capacity to influence decisions (Li et al. 2010). Therefore, the timeliness of the submission of these reports is considered a very important aspect since it helps to provide more useful and updated information for decision-makers (Gunarsih 2011; Beest et al. 2009). In addition, the conceptual framework for financial reporting acknowledged the issuing date of annual financial reports or the timeliness as one of the four features of useful information (Puasa et al. 2014). Meanwhile, users of financial information need it whilst still fresh, and the more time that passes between year-end and disclosure the less valid that information will be (Van Beest et al. 2009). Prior studies have repeated the importance of financial reporting timeliness. For example, Aktas and Kargin (2011) argued that timely information is required for a good financial market, and delays in disclosing information would reduce information asymmetry. Additionally, issuing date or timeliness is known as one characteristic of financial and non-financial information in annual reports. Therefore, annual reports should be published on time to enable both external and internal users to make the right decisions (Emeh and Appah 2013). However, previous literature has documented that financial reporting timeliness is generally influenced by corporate governance since it can only be published and disseminated after the external auditors have signed and issued the audited financial report (Nelson and Shukeri 2011). Nelson and Shukeri (2011) suggest that effective corporate governance factors will enhance the observing and control of managers and consequently cut instances of misreporting and delays in the annual reporting processes. Gunarsih (2011) suggests that good corporate governance is beneficial in controlling managers' behaviour, since corporate governance factors are an essential vital lead to confirm that the managers give their best performance in the interest parties. High standards of corporate governance mechanisms leads to ensuring that timely, appropriate, and truthful disclosures are made on all material and financial and non-financial information about the companies, including performance, the financial and non-financial situation and ownership structure (Gunarsih 2011). Furthermore, corporate governance has come into the picture as an implementation tool in confirming the quality of financial reports through supervision; additionally, monitoring the annual reporting process, which includes ensuring the timely submission of financial statements (Puasa et al. 2014). Likewise, Afify (2009) reveals that strong corporate governance tools improve audit delay in the annual reporting processes and eventually increasing the quality of annual reports. Therefore, companies should issue their financial reports as much as they can after the end of accounting cycle, since the effectiveness of information is reduced if it is not published and be available to decision-makers in right time. This is especially true for external and internal users of financial information, who consider the timely presentation of annual reporting is a significant complementary issue of financial and non-financial information (Emeh and Appah 2013; Almosa and Alabbas 2007). Similarly, Dogan et al. (2007) stated that receiving all financial and non-financial information in a timely manner allows users to make decisions or anticipate company's financial position. However, the COVID-19 pandemic has a concentrated influence on all aspects of life as well as corporate activities; amongst these activities, disclosing financial information to the public (Khatib and Nour 2021). Considering prior study's findings, it can be noticed that there is a possibility for areas of investigation where corporate governance factors during the COVID-19 pandemic can be expended on board's characteristics and introduce new evidence on other corporate governance factors that are quiet not extensively examined in previous studies (Heald and Hodges 2020). Thus, the main aim of the current study is to examine the role of corporate governance during the COVID-19 pandemic in annual reporting timeliness among non-financial UK companies for the period 2008-2021. It is argued in this study that effective corporate governance improves the firm's annual reports quality. Thus, we estimated that strong corporate governance will enhance financial reporting and eventually reduce the timing of audited financial reports. Our study extends previous studies by providing empirical evidence showing that corporate governance mechanisms are negatively affected by COVID-19 to improve financial reporting timeliness. The study is organised as follows: the following section describes the review of relevant literature. Section three explains the tools and methodology used in the study. Section four reports the findings and discussion, and the final section contain the conclusion and recommendations.

2. Literature Review

The timeliness of submissions of financial reporting is considered vital for both external and internal users since it provides useful and updated information allowing them to make the right decisions (Gunarsih 2011; Beest et al. 2009). Furthermore, previous literature reveals that the issuing date of annual reports is influenced by corporate governance. With respect to the board characteristics, several studies have investigated the association between the board of directors and issuing date of annual reports and found a strong correlation exists as it is the board of directors with the authority to issue company's financial annual reports and thus disseminated to the public. For example, Daoud et al. (2014a) investigated the relationship between the board of director's characteristics and issuing date of annual financial reports among Jordanian listed companies. Their study concluded that firms with a smaller board size are willing to issue their financial reporting faster than those with a larger board. However, they fail to find evidence of independent directors and the timeliness of financial reporting. This result is in line with findings of Ibadin et al. (2012), who confirmed that there is no association between board independence and issuing dated of financial annual reports. Their results are consistent with the findings of Nelson and Shukeri (2011), who studied the effect of board independence on audit report timeliness among Malaysian listed companies; they failed to find any association between board independence and audit report timeliness. Similarly, Ibadin et al. (2012) studied the relationship between corporate governance characteristics and the timeliness of financial reporting among Nigerian companies. Their study shows that there is no relationship between board independence and the timeliness of financial reporting. Conversely, Dimitropoulos and Asteriou (2010) and Persons (2009) find that independent board members have a positive and significant effect on the timeliness of financial reporting. In addition, Abdullah (2006a), by using the sample of Malaysian listed companies, examined the association between board of directors independence and timeliness of annual financial reports. His study documents a significant association between board of director independence and timeliness of financial reporting. Furthermore, Afify (2009) shows that board independence is significantly related to the timeliness of financial reporting. Odit (2015b) states that board diversity reduces the number of days before information is announced, which improves the timeliness of financial reporting. The results of the study recommended that the quality of financial reporting should be a focus of policymakers and managers to allow investors to take timely and informed decisions. This finding confirms the conclusions by Omoro et al. (2015), who found that gender diversity in top management increases financial reporting quality, including properness and accuracy of the information released. In a related to the audit committee characteristic, Puasa et al.

(2014) report that internal audit committee characteristics has an insignificant role in monitoring the issuing date of annual financial reporting process. For example, there is evidence showing that an independent audit committee is expected to be unbiased in achieving their responsibilities, whereas a lack of independence and autonomy within an audit committee has the potential to impact the shareholders' best interests as the member act in a way which is self-serving, rather than for the overall benefit of the company. (Hashim and Abdul Rahman 2011; Fama and Jensen 1983). Abdullah (2006b) reveals that audit committee independence has a positive and significant association with the timeliness of financial reporting amongst Malaysian companies during the period 1998 to 2000. The study's results differed from those reported by Naimi et al. (2010), who fail to find any association between audit committee independence and issuing date of annual financial reporting. However, a study conducted by Hashim and Rahman (2011) reveals that audit committee independence and financial reporting timeliness are negatively and significantly related. These findings explain the power of independent audit committees in achieving their aims more effectively. Further, pervious literature has examined the relationship between audit committee size and financial reporting timeliness. Nelson and Shukeri (2011) reveal that the longer audit delay was negatively and significantly associated with audit committee size. However, it has been found that corporations that have larger audit committees in terms of personnel have more regular meetings and are therefore they are more likely to issue and publish timely audit reports (Naimi et al. 2010). Prior studies show that an audit committee member's financial expertise positively and significantly relates to financial reporting timeliness (Abernathy et al. 2014). This finding suggests that those audit committees that have financial expertise members are more likely to lead companies to disclose their financial information sooner than later. By using a sample of Tunisian listed companies, Oussii and Taktak (2018) conducted a study to investigate the association between audit committee efficiency and the issuing date of the annual financial reports. Their results show that audit committees with members who have a financial background are more likely to publish their annual reports faster. This finding suggested that members who have financial background contribute to the enhancement of issuing date of annual financial reports. Gunarsih (2011) studied the effect of ownership concentration by the domestic institutions on the timeliness of financial reporting among Indonesian companies listed in the Indonesian stock exchange during the period of 1999-2007. The result of the study shows that there is a positive relationship between corporate governance structure (ownership concentration by domestic institution) and issuing date of annual financial reports.

Considering the COVID-19 pandemic studies, Šušak (2020) examines the relationship between financial reporting timeliness and earnings management practices. The study reveals that there is a positive relationship between earnings management and financial reporting delay during the COVID-19 pandemic, indicating that managers are more likely to engage in earnings management activities during the COVID - 19 pandemic. Grossi et al. (2020) investigated the impact and nature of budgetary responses to the COVID- 19 pandemic among United Kingdom public sector financial management. Their study shows that the pandemic period has had the greatest effect on the UK's public finances in 2020-2021. Priede Bergamini et al. (2022) emphasise in their study how corporate governance practices can help companies survive during the COVID-19 pandemic. The findings of the study reveal that companies subject to at least one of the corporate governance's attributes, including board diversity, foreign investors' independent directors, institutional ownership, and ownership concentration were more effective during the COVID-19 pandemic.

In relation to the control variables, previous literature reported that the timeliness of financial reporting is influenced by company's characteristics such as size, leverage, profitability, and industry (e.g. Ashton et al. 1989; Cohen and Leventis 2013; Ismail and Chandler 2004; Al-Ajmi 2008; Afify 2009). For example, a study conducted by Atiase et al. (1989) aims to examine the effect of company's size on the timeliness of financial reporting. The study found that large firms are more likely to report earnings faster than small companies. Furthermore, Davies and Whittred (1980) studied the relationship between selected companies' characteristics and issuing date of the annual financial reports amongst Australian companies. They found that large and small companies are more likely to publish their annual financial reports faster than medium size companies. In addition, Afify (2009) reveals that company's size, leverage, profitability, and industry positively and significantly affect the issuing date of annual financial reporting.

3. Research Design

3.1 Data and Sample

Our sample period is from 2008 to 2021. We begin in 2008 since the corporate governance practices in the UK become mandatory from 2008; the most relevant data is obtained from annual financial reports. The initial sample included a total of 129 listed companies on the London Stock Exchange (LSE) and 1806 firm-year observations. We excluded 13 companies because those companies were not listed on LSE during the entire period of the current study; thus we deleted 182 firm-year observations from our initial sample. We then excluded 5 companies with 70 year-observations because they did not report the relevant information for this study. Therefore, the final sample includes 1554 observations to test the study's hypotheses.

3.2 Regression Model

The current study used the following model to test hypotheses:

$AUDDAL_{it} = \beta_0 + \beta 1\ BSIZ_{it} + \beta_2\ BOGEN_{it} + \beta_3\ BIND_{it} + \beta_4\ BOMEET_{it} + \beta_5\ AUDINDE_{it} + \beta 6\ AUDSIZE_{it} + \beta_7\ AUDEXPE_{it} + \beta_8\ OWNCON_{it} + \beta_9\ FSIZE_{it} + \beta_{10}\ FPROF_{it} + \beta_{11}\ FLEVER_{it} + \beta 12\ FDIVID_{it}$

Where:

AUDDAL=Audit daily, this figure represents the time that elapses in days between year-end and the date of the independent auditor's report for several UK companies as a proxy for financial reports timeliness. BSIZ= Board size, Total number of board director's members. BOGEN = gender diversity of the board, percentage of female members on the board directors. BIND = Board independency, the proportion of independent directors to the total number of directors on the board directors. BOMEET = Board meeting measured by the number of board directors' meetings held during the year. AUDINDE Audit = independency measured by the proportion of independent directors to total number of directors on the audit committee. AUDSIZE = Audit size measured by the total number of audit committee members. AUDEXPE = Audit experience measured by proportion of members with education/background in accounting or finance. OWNCON = ownership concentration which is the value of one if it is an external stakeholder who owns five per cent or more from the total firm's outstanding shares; otherwise zero. FSIZE = Firm Size of a company generated by aggregate assets. FPROF = Firm Profitability which is measured by return on assets calculated by net income before tax divided by aggregate assets. FLEVER = Leverage ratio, which is calculated by divided the aggregate liabilities by aggregate assets. FDIVID = Dividends ratio measured by Cash dividends divided by net income for the same period. Table 1 demonstrated variables definitions and measurements.

Table 1. Variable definitions and measurements

Label	Variable	Description
AUDDAL	Audit Daley	Measured by the time that elapses in days between year-end and the date of the independent auditor's report for several UK companies.
BOSIZE	Board Size	Total number of board directors' members.
BOGEN	Board Gender	Percentage of female members on the board directors.
BOMEET	Board Meeting	Number of board directors' meetings held during the year.
AUDINDE	Audit independence	The proportion of independent directors to the total number of directors on the audit committee
AUDSIZE	Audit size	Measured by the total number of audit committee members.
AUDEXPE	Audit experience	The proportion of members with education/experience in accounting or finance.
OWNCON	Ownership concentration	Which is the value of one if it is an external stakeholder who owns five per cent or more from the total firm's outstanding shares; otherwise zero?
FSIZE	Firm Size	Firm generated by aggregate assets.
FPROF	Firm Profitability	Measured by return on assets, the net income before tax divided by aggregate assets.
FLEVER	Leverage ratio	Aggregate liabilities divided by aggregate assets.
FDIVID	Dividends Ratio	Cash dividends divided by net income for the same period.

4. Descriptive Statistics

Table 2 sumarises the statistical properties of data used in this study in terms of observations, standard deviation, mean, coefficient of variation and median for all variables. This section reveals that the minimum value of audit delay is 22 days and the maximum value is 118 days with a 15.46 standard deviation, this indicates a considerable distribution in the days. The mean value is 56.7487, which is similar to the results of Odit (2015a), who found that the average length of time in days before financial annual reports of companies studied in Nairobi are released is 58.2799. With regard to the board size, it was found that the small board has 5 members whereas the highest number of members was 17 members, it is surprising to note that, some UK firms ignore the UK corporate governance code number (21), which mentions that the number of board members should be no more than 15. This contravenes a section of the UK Corporate Governance Code number 21. With respect to the gender diversity of the board, the minimum value is 0 and the maximum value is .29 with stander deviation .23. In relation to the board independence and board meetings, the minimum values are .375 and 6, while the maximum values are .5487 and 22 respectively. In addition, Table 2 shows that zero is the minimum value of audit independency while the value of .3431 is the maximum value with standard deviation .2460 and mean value of .375. Descriptive analysis reveals that audit size and audit expertise have the minimum values of 3 and 1 and maximum values of 5 and .4812 respectively. Whereas, ownership concentration has a mean value of .869.

Moreover, the coefficient of company size is widely distributed and ranges from 11.735 to 18.9268. Recording and analysis of profitability demonstrates that it varies between minimum values of 0.4816, which constitutes a loss, and a maximum value of 0.937, which indicates profit. There is a slandered deviation of 1.3297. Additionally, Table 2 indicates the leverage ratio ranges from 0.9531 and the mean value is 0.19726. The mean value of the dividends ratio is 0.2941, whereby the minimum is 0 and the maximum is 0.975 respectively with standard deviations of 0.2291.

Table 2. Descriptive analysis

Variables	Observations	Minimum	Maximum	Mean	Std. Deviation
AUDDAL	2109	22	118	56.7487	15.4692
BOSIZE	2109	5	17	8 .9519	.4140
BOGEN	2109	0	.2964	. 846	.2305
BOINDP	2109	.3751	.5487	.323	.5100
BOMEET	2109	3	22	8.7568	4.8733
AUDINDE	2109	0	.3431	.3753	.2460
AUDSIZE	2109	3	5	1.8598	1.256
AUDEXPE	2109	1	.4812	.3931	.2721
OWNCON	2109	0	1	.9094	.4711
FSIZE	2109	11.7355	18.9268	13.968	1.2997
FPROF	2109	-.4816	.9377	1.3297	.08483
FLEVER	2109	0	.9531	.19726	.3050
FDIVID	2109	0	.9750	.2941	.22941

5. Checking for Multicollinearity

Two conventional methods to ensure instances of Multicollinearity are minimal have been employed extensively in the previous literature, which are correlating tolerance values with matric and variable inflation factors (VIF) (e.g. Abdel-Fattah, 2008). This study uses both to test whether the independent variables or the model suffer from Multicollinearity. Table 3 indicates the highest correlation, with a coefficient of 65% between the firm's size and board meeting, which demonstrates that Multicollinearity is not an issue within this date set. Table 4 illustrates VIF coefficients of each independent variable. According to Gujarati (2003) when there is a VIF of less than 10, there cannot be a Multicollinearity issue. Table 4 shows that the maximum VIF is (1.68), and the mean is (1.14).

Table 3. Pearson's Correlation

Variables	***BOSIZ***	***BOGEN***	***BOIND***	***BOMEET***	***AUDINDE***	***AUDSIZE***	***AUDEXPE***	***OWNCON***	***FSIZE***	***FPROF***	***FLEVER***	***FDIVID***
BOSIZ	**1.000**											
BOGEN	0.1837	**1.000**										
BOIND	0.0264	-0.1030	**1.000**									
BOMEET	0.0017	-0.0814	0.0132	**1.000**								
AUDINDE	-0.024	0.0294**	-0.0295**	-0.0099**	**1.000**							
AUDSIZE	-0.0371**	0.206**	0.0372	0.0508*	0.0780	**1.000**						
AUDEXPE	0.0285	0.0822	0.271**	0.0167	0.0910	-0.0366	**1.000**					
OWNCON	-0.0383	-0.0717**	-0.0157**	-0.0618*	-0.0351**	0.1147	-0.0366	**1.000**				
FSIZE	0.2644	0.4395	-0.0205	0.6542	-0.0420*	-0.0456	0.1147	0.0607	**1.000**			
FPROF	0.0963	-0.0152	-0.1231	-0.0239**	0.0325**	-0.0120	-0.0456	0.0134	0.0522	**1.000**		
FLEVER	0.0071	-0.0063*	0.0023**	-0.0400*	0.0440	-0.0159	-0.0120	-0.0583	0.2534	0.0399	**1.000**	
FDIVID	0.0367	-0.0685	0.0176*	-0.0095**	-0.0493	0.0093	-0.0159	0.5297	-0.0475	0.23564	-0.5030	**1.000**

Table 4. VIF test results

Variable	VIF	1/VIF
BOSIZE	1.68	.677
BOGEN	1.43	0.701338
BOINDP	1.20	0.830574
BOMEET	1.20	0.834394
AUDINDE	1.10	0.909320
AUDSIZE	1.10	0.909339
AUDEXPE	1.09	0.913442
OWNCON	1.09	0.913587
FSIZE	1.06	0.945746
FPROF	1.05	0.948349
FLEVER	1.03	0.947968
FDIVID	1.02	0.977192
MEAN VIF	1.14	

6. Regression Analysis

In this section, panel regression analysis has been used. Panel studies have previously been employed by practitioners, moreover, panel regression is recommended as an appropriate model for time series studies. It facilitates the removal of an unobservable heterogeneity amongst the sample.

The estimation confections of regression analysis in this study are shown in Table 5. The dependent variable is the timeliness of financial reports, while the independent variable is the corporate governance factors. As can be seen in Table 5, the finding reveals that the determination coefficient as measured by the values of adjusted R^2 is 75.8%, the adjusted R^2 show that the combination of independent variables used in the study model demonstrates 75.8% of the variation in the dependent variable.

Also in Table 5 are the results of regression coefficients, which show the impact of corporate governance on the timeliness of financial reports. As expected, the regression results show that the coefficient of the BOSIZE is negative and significant *($p < -0.043$)* related to audit delay as a proxy for the timeliness of financial reports. These results confirm that companies with large boards are more like to disclose their financial reports than companies with small board sizes. This result suggests that numbers of directors enhance corporate governance mechanisms among UK non-financial companies. This finding is consistent with previous studies (Krishnan, 2005). However, these results are inconsistent with a study conducted by Daoud et al. (2014b), who found that companies with smaller board sizes tended to issue their financial reporting faster than those with larger board size. In related to the BOGEN, Table 5 shows that the coefficient is negative and significant *($p < -0.023$)*. The result, therefore, suggests that board gender diversity improves the timeliness of financial reporting. The results indicate that the level of monitoring ability of the board of directors is different based on their member's gender. It is therefore taken that corporate governance aspects including gender diversity in the board have greater power in improving the timeliness of submitting financial reports. This finding confirms the conclusions by Liao et al. (2015) who found that gender diversity in top management increases financial reporting quality, including the properness of the information released. Furthermore, the finding of the current study indicates that BOINDP is positively and significantly associated with timeliness of financial reporting at the level of *($p < -0.03$)*. The findings of the study are consistent with Dimitropoulos and Asteriou (2010) and Persons (2009); these studies found that independent board members have a positive and significant effect on the timeliness of financial reporting. The implication is therefore that a company whose board contains a high percentage of outside directors is more likely to issue their financial reporting in a timely manner. This correlates with agency theory, suggesting that the independence of a board is determined by independent directors. However, Table 5 shows no significant relationship between BOMEET and timeliness of financial reporting; this finding confirms that strong corporate governance tools improve audit delay in the financial reporting processes and eventually increase the quality of financial reports. This result shows that AUDIND is positively and significantly associated with the timeliness of financial reporting at the level of *($p < -0.007$).* This evidences that companies with high audit committee independence have a shorter audit report lag than companies with less independency audit committees. This finding is consistent with previous studies such as (Mohamad Naimi et al. 2010). With respect to the AUDSIZE, the current study found a significant relationship with the timeliness of financial reporting which is inconsistent with Nelson and Shukeri (2011), who found negatively and significantly association between audit size and timeliness of financial reporting. Table 5 shows that audit committee expertise has a negative and significant relationship between AUDEXPE and the timeliness of financial reporting. This funding suggests that those audit committees who have members with financial expertise are more likely to lead companies to disclose their financial information sooner than later, which is consistent with the findings of (Odit 2015a).

The coefficient of FSIZE is significantly and negatively related to the timeliness of financial reports *($p < -0.041$)*. This finding indicates that large firms tend to disclose their financial reports faster than smaller companies. Consistent with the view that small size companies are subject to less supervision from authority and therefore, large companies made significantly more timely reports than small companies. This suggests that small companies have more motivation to issue their financial reporting faster than large companies. Concerning the coefficient of FPROF, there is a negative and significant relationship *($p < 0.030$)* between a company's profitability and the timeliness of financial reporting. None of the coefficients of FLEVER and FDIVID statistically is significantly related to the timeliness of financial reporting, suggesting that these variables do not affect the issuing of financial reporting.

Table 5. Regression Analysis

	Predicted sign	Coeff.	t-stat.	P. Value
Cons	+	.3289	2.58	0.054*
BOSIZE	-	-11.1491	4.81	0.043**
BOGEN%	+	-.0518	-1.16	0.023**
BOINDP%	+	.8681	3.31	0.031**
BOMEET%	+	.0033	0.14	0.045*
AUDINDE%	-	13446	2.68	0.007***
AUDSIZE	+	-.33788	-0.75	0.451
AUDEXPE%	?	-12.004	-2.17	0.006***
OWNCON%	?	.06438	0.32	0.749
FSIZE	+	-.0325	-0.94	0.041**
FPROF%	?	-.0330	-2.02	0.03***
FLEVER%	?	.0120	-0.03	0.59
FDIVID%	?	-.0075	0.53	0.61
Adjusted R^2	75.8%			
F-Stat.	17.62***			

****** Significant at the 0.01 level. ** Significant at the 0.5 level. * Significant at the 0.10 level.***

7. Additional Analysis

Further analyses were performed to examine the effect of corporate governance structure on the timeliness of financial reporting of UK, non-financial companies during the period of the COVID-19 pandemic. The current study tests whether there is an effect of the COVID-19 pandemic on the relationship between corporate governance structure and the timeliness of financial reporting by splitting the sample into two groups based on the year: before the COVID-19 pandemic, and during the COVID-19 pandemic. The year 2019 has been used as a point cut. To achieve this aim, the panel regression random effect method has been used. The estimation results of our random-effects panel regressions analysis are presented in Table 6 panels A and B, where A shows the period before the COVID-19 pandemic, and Panel B presents the results of the period during the COVID-19 pandemic. As can be noted from Table 6 panels A and B, overall R^2 for both panels are 64.6% and 68.3% respectively, relatively less than those of the primary analysis presented in Table 5. The constants are positively significant at level ($p< 0.00$).

Table 6 panel A shows that the coefficient of BOSIZE is negatively and significantly *(p < -0.052)* related to audit delay as a proxy for the timeliness of financial reports. These results confirm that companies with large-sized boards are more like to disclose their financial reports than companies with smaller board sizes. This result suggests that the volume of directors on a board enhances the corporate governance mechanism amongst UK non-financial companies. This finding is consistent with previous studies, such as (Krishnan, 2005). It is also supported by the results reported in Table 5; while panel B shows that there is no effect between BOSIZE and the timeliness of financial reports. Furthermore, panel A indicates that BOGEN has a negative and significant relationship *(p < -0.031)* with timeliness of financial reports, which confirms the result reported in Table 5. The result, therefore, supports the idea that board gender diversity enhances the timeliness of financial reporting. The results indicate that the level of monitoring ability of the board of directors is different based on their members' gender prior to the COVID-19 pandemic. It is, therefore, taken that aspects of corporate governance which include gender diversity in their boards have greater power in improving the timeliness of submitting financial reports. This finding is consistent with previous results in Table 5. Moreover, the finding of panel A indicates that BOINDP is positively and significantly associated with the timeliness of financial reporting at the level of *(p < 0.022*, thereby consistent with our result reported in Table 5. However, Table 6 panel A shows no significant relationship between BOMEET and timeliness of financial reporting. Similarly the result of panel A shows no effect of AUDIND and AUDSIZE on the timeliness of financial reporting In respect to the AUDEXPE, Table 6 panel A shows that audit committee expertise has a negative and significant relationship *(p < -0.032)* between AUDEXPE and the timeliness of financial reporting. This finding suggests that those audit committees who have members with financial expertise are more likely to lead companies to disclose their financial information sooner than later. However, Table 6 panel B shows that corporate governance factors except BOINDP and BOMEET did not affect the timeliness of financial reports during the COVID-19 pandemic. These results confirm that the impact of COVID-19 appears significant in the relationship between corporate governance and timeliness of financial reporting. In adition, these findings suggest that the board oversight role leads to reduction in uncertainty following COVID-19 pandemic.

Table 6. Panel A. Association between corporate governance and the timeliness of financial reports before the COVID-19 pandemic.

	Predicted sign	Coeff.	t-stat.	P. Value
Cons	+	.3289	2.58	0.005*
BOSIZE	-	-11.1491	4.81	0.052**
BOGEN%	+	-.0518	-1.16	0.031**
BOINDP%	+	.8681	3.31	0.022**
BOMEET%	+	.0033	0.14	0.675
AUDINDE%	-	13446	2.68	0.567
AUDSIZE	+	-.33788	-0.75	0.451
AUDEXPE%	?	-12.004	-2.17	0.032***
OWNCON%	?	.06438	0.32	0.658
FSIZE	+	-.0325	-0.94	0.041**
FPROF%	?	-.0330	-2.02	0.03***
FLEVER%	?	.0120	-0.03	0.59
FDIVID%	?	-.0075	0.53	0.61
Adjusted R^2	64.6%			
F-Stat.	16.87***			

****** Significant at the 0.01 level. ** Significant at the 0.5 level. * Significant at the 0.10 level.***

Table 6. Panel B. Association between corporate governance and timeliness of financial reports during the COVID-19 pandemic.

	Predicted sign	Coeff.	t-stat.	P. Value
Cons	+	.3289	2.58	0.026*
BOSIZE	-	-11.1491	4.81	0.143
BOGEN%	+	-.0518	-1.16	0.413
BOINDP%	+	.8681	3.31	0.041**
BOMEET%	+	.0033	0.14	0.025*
AUDINDE%	-	13446	2.68	0.307
AUDSIZE	+	-.33788	-0.75	0.451
AUDEXPE%	?	-12.004	-2.17	0.436
OWNCON%	?	.06438	0.32	0.749
FSIZE	+	-.0325	-0.94	0.248
FPROF%	?	-.0330	-2.02	0.330
FLEVER%	?	.0120	-0.03	0.59
FDIVID%	?	-.0075	0.53	0.61
Adjusted R^2	24.3%			
F-Stat.	9.72			

****** Significant at the 0.01 level. ** Significant at the 0.5 level. * Significant at the 0.10 level.***

8. Conclusions and Discussion

The aim of the current study is to examine the effect of corporate governance structure on the timeliness of financial reporting of UK non-financial companies. This study provides empirical evidence that corporate governance mechanisms are statistically significant in influencing the timeliness of financial reporting. It has been demonstrated that better governed companies present more timely financial reports.

To achieve this aim, further analysis was performed by splitting the sample into two groups based on the year, before the COVID-19 pandemic, and during the COVID-19 pandemic by using the year 2019 as a point cut. In general, the study’s findings show that there is a significant relationship between board size, board independency, audit independence, audit experience, and timeliness of financial reports. However, after splitting the study’s sample, the empirical results supported that the COVID -19 pandemic affected corporate governance mechanisms in a way that improved the timeliness of financial reports. We found that the COVID-19 pandemic has affected all corporate governance attributes except board independence and board meetings, but not at a significant level as the difference between before and after COVID-19 among UK listed companies. There was limited empirical data prior to this study and therefore, to the best of our knowledge, this study is amongst the first to examine the influence of COVID-19 on the correlation between the timeliness of financial reporting and corporate governance. It can therefore be concluded that corporate governance and controls are associated with the levels of timeliness in reporting by UK listed companies. Whilst acknowledging its contribution to the limited literature in this field, the current study is not without limitations, since the results of this study just reflect characteristics of the UK companies. Hence, future studies may be focused on other markets. Second, a sample of this study includes only non-financial companies; future studies could be focused on financial companies. More research in this field will only further our understanding of the impact COVID-19 has had on financial reporting, its link to corporate governance, and the adequacy of these mechanisms in an unexpected and extraordinary event. There is limited empirical data on the scope of effect COVID-19 has had on different corporations. Further studies will need to consider a range of firm and country-level characteristics and the ways in which COVID-19 has influenced organization outcomes. There is a vast opportunity for further research in this field, for which this study can provide a foundation.

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