JOURNAL OF MANAGEMENT, ACCOUNTING, GENERAL FINANCE AND INTERNATIONAL ECONOMIC ISSUES
(MARGINAL)

THE INFLUENCE OF COMPANY SIZE, AUDITOR QUALITY AND AUDIT OPINION ON THE TIMELINESS OF FINANCIAL REPORTING WITH PROFITABILITY AS A MODERATION VARIABLE

(Empirical Study of Banking Companies on the Indonesia Stock Exchange 2020-2022 Period)

Wahyu Safittri[1*], Mukhzarudfa[2], Ratih Kusumastuti[3]
[1-3]Master of Accounting Science, Faculty of Economics and Business,
Universitas Jambi, Jambi, Indonesia
E-mail: [1)] wahyusafittri23@gmail.com, [2)] mukhzarudfah@unja.ac.id,
[3)] ratihkusumastuti@unja.ac.id

Abstract

This research delves into the determinants of financial reporting timeliness, with a specific focus on the moderating effect of profitability. It examines factors such as company size, auditor quality, and audit opinion in the context of 46 banking companies listed on the Indonesian Stock Exchange, utilizing secondary data from the exchange itself. Employing the Partial Least Modeling (PLS-SEM) Structural Equation Modeling approach, the study reveals noteworthy insights. It finds that company size and auditor quality significantly impact reporting timeliness, indicating that larger companies and those with higher-quality auditors tend to report financial information more promptly. Surprisingly, neither audit opinion nor profitability demonstrates a direct influence on financial reporting timeliness, although profitability does act as a moderator, significantly affecting the relationship between company size and reporting timeliness. However, profitability does not play a similar moderating role in relationships involving auditor quality and audit opinion. In summary, this research elucidates the multifaceted nature of factors influencing financial reporting timeliness in the banking sector of the Indonesian Stock Exchange, highlighting the direct impacts of company size and auditor quality alongside the nuanced role of profitability as a moderator in specific relationships.

Keywords: *Audit Opinion, Audit Quality, Company Size, Profitability, Timeliness*

1. INTRODUCTION

Indonesia's rapid economic growth has led to the emergence of numerous new companies, intensifying competition and significantly impacting the future landscape of the investment business (Hartwig et al., 2022). The country's capital market plays a pivotal role in its economic development, serving as a crucial source of funding for businesses by offering various investment options such as bonds, stocks, and mutual funds (Firmansyah et al., 2022). However, the effective functioning of the capital market relies on the timely, precise, accurate, continuous, and efficient dissemination of information to all relevant stakeholders. Publicly traded companies are obligated to submit financial reports that adhere to financial accounting standards (SAK) and undergo timely audits. Failure to do so results in administrative penalties and fines as stipulated by law (Janros and Prima, 2018).

Financial statements are essential tools for decision-making, offering insights into resource utilization efficiency (IAI, 2018). However, their usefulness hinges on their timeliness, as delayed financial reporting renders the information less relevant for economic decision-making Novadalina et al (2022). Initially regulated by Bapepam-LK, the responsibility for enforcing timely financial reporting was transferred to the OJK by the end of December 2012, with the requirement that financial reports be submitted no later than the end of the fourth month after the fiscal year concludes (OJK, 2016). Despite regulatory mandates, several companies consistently fail to meet these deadlines, as evidenced by monitoring reports from the Indonesia Stock Exchange for the years 2020, 2021, and 2022 (IDX, 2021, 2022, 2023). This persistent phenomenon highlights the need for enhanced compliance and enforcement mechanisms to ensure the timely submission of financial reports by listed companies in Indonesia.

Increasing the trust of investors and other stakeholders, companies must increase transparency and accountability, one of which is through obedience in complying with the regulations of the regulator. Companies must submit their financial reports in a timely, clear, accurate, adequate and comparable manner and are easily accessible to stakeholders according to their rights. But in reality, there are still many banking companies that are late in submitting financial reports. It was recorded that during the period 2020 to 2022 there were cases of banking companies that were late in submitting their audited financial reports to the IDX.

These problems motivated researchers to discuss companies in the banking sub-sector, where the banking company itself is one of the companies that plays an active role in the capital market to support the real sector in the Indonesian economy so that it has a major contribution to the development of the stock exchange (Savitri et al., 2019). The banking sector is one of the sectors that investors are most interested in because the returns on stocks obtained are promising, and look at several factors that influence it (Janros and Prima, 2018). This incident motivated the authors to conduct further research on banking companies listed on the Indonesia Stock Exchange in 2020-2022 with several influencing factors, such as the influence of: company size, auditor quality, audit opinion and profitability as moderating variables on the timeliness of corporate financial reporting.

Company size is considered as one of the important factors affecting the financial reporting process (Ozcan, 2019). Large companies are more in the public spotlight. Therefore, large companies usually tend to maintain the company's image in the public eye by submitting their financial reports on time (Nelson et al., 2019). Several studies have provided empirical evidence of a positive relationship between company size and timeliness of financial reporting, such as in three South Asian countries namely Bangladesh, India and Pakistan, research by Ha et al (2019) in Vietnam; Güleç (2017) in Türkiye; Ahmad et al (2018) in Malaysia; and Murti (2021) in Indonesia.

Auditor Quality Auditor quality using KAP Big4 according to Septiyan et al (2017) obtained the result that auditor quality affects the timeliness of financial reports. The bigger the accounting firm, the more reputable they are and they need to maintain this reputation. It can be said that a larger accounting firm will also have sufficient resources in terms of audit personnel and facilities where logically the audit process can be carried out more quickly. The better the reputation of the KAP doing the audit, the faster it will be to submit the entity's financial statements. Entities will be interested in submitting their reports in a timely manner to the public. This research is in line with the research of Nurniati and Maradina (2020); Sunarto et al (2020); Panggabean and Maradina (2023) state that the size of KAP (Auditor Quality) affects the timeliness of financial reporting.

Audit opinion Companies that receive unqualified opinion tend to be timelier in submitting their financial reports because unqualified opinion is good news from the auditor. Based on research conducted by Suryani and Pinem (2018); and Kristiantini and Sujana (2017). state that the auditor's opinion has a positive effect on the timeliness of submission of financial statements, this is inversely proportional to research conducted by Mubarok and Gantino (2021); and Oktavia and Tanujaya (2019) state that the auditor's opinion has a negative effect on the timeliness of submission of financial reports.

Ozcan (2019) explains that profitability ratios serve as tools for assessing a company's financial performance over a specific timeframe, with a company's profitability significantly influencing the decisions made by financial market participants. Positive financial performance results in an augmentation of the company's market value. In accordance with a company's profitability, Nasihin and Purwandari (2022) argue that companies tend to report their profits promptly when their financial performance is robust. However, if a company declares a loss, it is more inclined to delay the reporting of its financial statements.

The results of various studies yield differing empirical evidence regarding the relationship between profitability and the timeliness of financial reports. For example, Güleç (2017) in Turkey, Ha et al (2019) in Vietnam, and Bangun (2019) in Indonesia have presented research showing varying impacts. Conversely, other studies, including Rahmawati (2018), have provided evidence suggesting that profitability may not significantly affect the timeliness of financial reporting. As emphasized by Ozcan (2019), the timeliness of financial information holds immense importance in today's economic landscape, with the timing of financial reporting significantly influencing the efficiency of financial markets. Delays in publishing financial reports can notably impede the effectiveness of financial markets.

In this context, the research objectives include investigating the potential influence of profitability as a moderating variable on several key factors, namely, company size, auditor quality, and audit opinion, in relation to the timeliness of financial reporting. This study builds upon previous research by introducing profitability as a moderating variable and extends its scope by considering the latest research year. Furthermore, it employs a saturated sampling technique and utilizes the Structural Equation Modeling of the Partial Least Modeling (PLS-SEM) method, considering an observation period spanning the last three years.

2. LITERATURE REVIEW

2.1. Agency Theory

Agency theory was first put forward by Jensen and Meckling (1976) which stated that agency theory is a theory that explains the relationship between the agent as the party that manages the company and the principal as the owner, both of whom are bound by a contract. The owner is the party that evaluates the information and the agent is the party that carries out management activities and makes decisions. Then the view of agency theory also looks at the causes of the emergence of potential conflicts that affect the quality of financial statement information due to the separation between principals and agents.

Agency theory assumes that agents are rational individuals who have personal interests. This is explained in agency theory, which often results in information asymmetry (Information Asymmetry) between agents and principals within an organization. According to Jiagbogu and Nwadiogo (2021) Information asymmetry that occurs between management and shareholders can be minimized by timely financial reporting by providing information on company performance in Indonesia.

2.2. Signaling Theory

Signaling Theory was first put forward by Spence in 1973 in his research entitled *Job Market Signaling* . Spence (1973) explains that the sender (owner of the information) provides a signal or signal in the form of information that reflects the condition of a company that is beneficial to the recipient (investor).

2.3. Financial statements

Financial reports according to Kieso et al (2018) are a means of communicating the main financial information to parties outside the company. This financial report is also a written report that provides quantitative information about the financial position and its changes, and produces a result of the accounting process achieved during a certain period. Financial reports according to the Indonesian Accounting Association (IAI, 2018) are a structured presentation of the financial position and financial performance of an entity. According to Emanda et al (2022) Financial reports are used as a basis for many future choices apart from providing information about the company's historical performance. Financial reports must be submitted on time. Financial reports must be reported. The public, management and business owners will not be able to communicate if financial reports are not submitted on time.

2.4. Timeliness

Timely presentation of financial reports can be interpreted as meaning that the information contained in financial reports is available to users of financial reports as a basis for decision making before the information loses its capacity. Information will be useful if it is delivered on time. This is determined by the manager's speed in responding to every event and problem that occurs within the company (Yunita et al., 2023).

2.5. Company Size

Large asset companies are assumed to have an effective control system supported by a sizable human resource base and have access to more data that can speed up the audit process so that they will submit finances in a timely manner (Emanda et al., 2022).

Company size is one of the factors to show the scale of a company. Company size can show how much information is contained in it, as well as reflect management's awareness of the importance of this information, both external and internal to the company (Oktavia and Tanujaya, 2019). Companies that have large resources or assets have more sources of information, more accounting staff and more sophisticated information systems, have a strong internal control system, have investor oversight, regulators and are in the spotlight of the community, this will enable companies to submit reports their finances in a timely manner (Emanda et al., 2022).

2.6. Auditor Quality

Auditor quality is the combination of the probability of detecting and reporting material financial statement errors. Auditor quality can be seen from companies that use Big 4 KAPs, due to the reputation of large public accounting firms with a good reputation, usually accounting firms affiliated with universal accounting firms or accounting firms affiliated with Big 4 KAPs will tend to submit their financial reports on time (Sunarto et al., 2020).

2.7. Audit Opinion

Audit opinion is an opinion issued by the auditor on the audited financial statements. The main objective of an audit of financial statements is to express an opinion whether the client's financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles in Indonesia. Companies that receive an unqualified opinion from the auditor on their financial statements tend to be more timely in submitting their financial reports because an unqualified opinion is good news from the auditor (Nagari and Nuryatno, 2022).

2.8. Profitability

Profitability is the company's ability to generate profit, it can be said that income is good news for the company (Wulandari, 2018). This is a *signaling theory*, the publication of company earnings to the market contains new information. Company management can use profitability to give signals and provide good news to the market (Ebaid, 2022). Profitability is the ability of a company to generate profits during a certain period. Good company profitability will usually report its financial statements on time, because this is *good news* for investors. To assess company profitability in this study is to use *Return On Assets* (ROA) (Novadalina et al., 2022).

2.9. Hypothesis Development

Hoang et al (2022) stated that large companies can improve corporate governance and ensure the timeliness of financial reports, so that large companies will not spend a lot of time preparing financial reports and will immediately report their finances on time. in line with the research of Hoang et al (2022); Septiyan et al (2017); and Wulandari (2018) stated that company size was also found to have a significant relationship with timeliness.

H1: Company size has a significant effect on the timeliness of financial reporting.
H2: Auditor quality has a significant effect on the timeliness of financial reporting.
H3: Audit opinion has a significant effect on the timeliness of financial reporting.
H4: Profitability has a significant effect on the timeliness of financial reporting.
H5: Profitability as a moderator strengthens the effect of firm size on the timeliness of financial reporting.

H6: Profitability as a moderator strengthens the effect of auditor quality on the timeliness of financial reporting.
H7: Profitability as a moderator strengthens the effect of audit opinion on the timeliness of financial reporting.

Based on previous research and the hypotheses that developed in this study, the authors describe the research model and research hypothesis in Figure 2. It shows the research model to be tested, there is the influence of four variables of company size, auditor quality, auditor opinion and profitability on timeliness of reporting and profitability as a moderating variable influencing company size, auditor quality and audit opinion on timeliness of financial reporting, figure as follows:

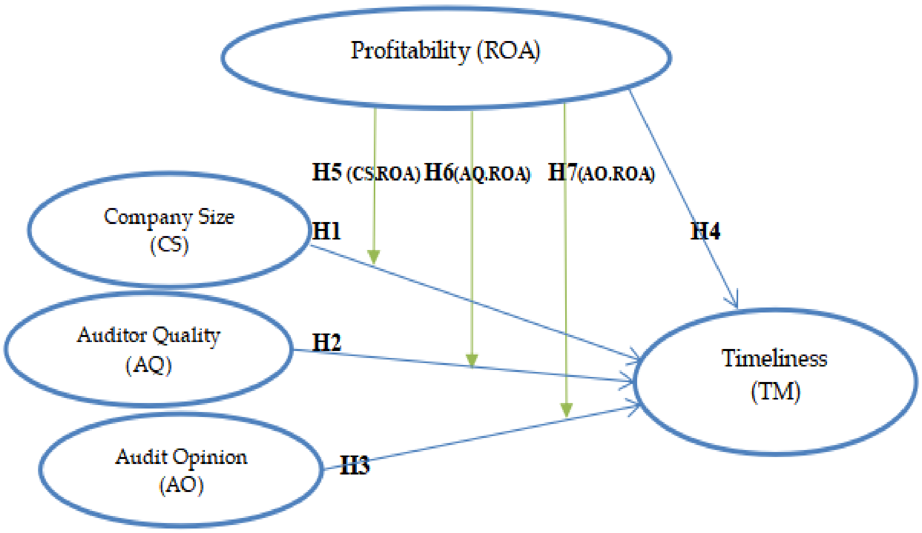

Figure 1. Research Model and Research Hypothesis

3. RESEARCH METHOD

The approach used in this research is a quantitative approach. The research used in this study is secondary data which aims to obtain information about all the variables in this study. The population used in this research is all banking companies listed on the Indonesia Stock Exchange (BEI) for the 2020-2022 period, totaling 46 companies. The research sample used the Saturated Sampling Technique method, namely 46 banking companies with a research period of three years. The data to be processed is 46 companies multiplied by the three years of research, so the data to be processed is 138 company financial report data.

Table 1. Variable Operational Definitions and Their Measurements

Variable	Operational Definition	Measurement	Scale
Dependent Timeliness (TM)	Timely presentation of financial reports can be interpreted as meaning that the information contained in financial reports is available to users of financial reports as a basis for decision making before the information loses its capacity. (Yunita et al., 2023).	Timeliness = Timing of lap issuance. Finance − 120 days (-) Timely financial reports (+) financial reports are not on time	**Ratio**
Independent Company Size (CS)	Company size is one of the indicators that influence the period of completion of a financial statement audit. Company size is measured using the property owned by the company (Total Assets) (Asmara, et al., 2018).	SIZE = Ln Total Assets	**Ratio**
Independent Auditor Quality (AQ)	Auditor quality can be seen from companies that use Big 4 KAP, usually accounting firms affiliated with universal accounting firms or accounting firms affiliated with Big 4 KAPs will tend to submit their financial reports on time. (Sunarto, et al., 2020)	Measured with a dummy variable, coded 0 if the company is audited by a non-big KAP, while coded 1 is if the company is audited by a Big4 KAP.	**Nominal**
Independent Audit Opinion (AO)	Audit opinion is an opinion issued by the auditor on the audited financial statements. The main objective of an audit of financial statements is to express an opinion whether the client's financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles in Indonesia. (Nagari and Nuryatno, 2022)	This variable is measured using a dummy variable. The category of companies that received an unqualified audit opinion was given a dummy score of 1 and companies that received an opinion other than an unqualified opinion were given a dummy score of 0.	**Nominal**
Moderating Profitability (ROA)	X100 Percent Profitability is the ability of a company to generate profits during a certain period. Good company profitability will usually report its financial statements on time, because this is good news for investors. (Novandalina et al., 2022)	$\mathbf{ROA} = \frac{\mathbf{Net\ profit}}{\mathbf{Total\ Assets}} \mathbf{X100\ Percent}$	**Ratio**

Table 1 shows that the measurement scales used in this study are two scales using a ratio scale and a nominal scale to measure the indicators of all variables, both independent, dependent and moderating variables. This study was tested using the Partial Least Modeling (PLS-SEM) Structural Equation Modeling analysis method which was analyzed using the SmartPLS 3.0 application. The PLS-SEM evaluation model according to (Ghozali and Latan, 2017); (Hair et al., 2021) was carried out by assessing the outer and inner models. Meanwhile, the evaluation of the structural model or inner model aims to predict the relationship between latent variables. The evaluation is carried out by looking at the criteria for the R-Square value and the significance value (Rahmad and Suhardi, 2019).

4. RESULTS AND DISCUSSION

4.1. Result

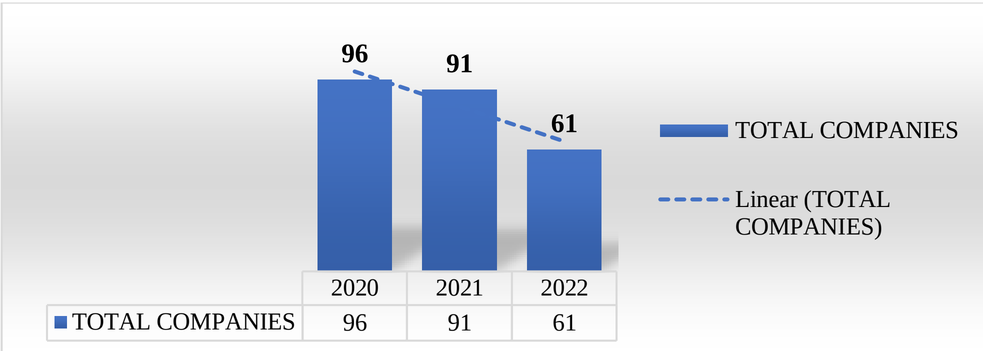

Figure 2. Number of Companies Late in Submitting Financial Statements As of 31 December 2020-2022 on the Indonesia Stock Exchange

Table 2. Number of Banking Companies Late in Submitting Financial Statements for 2020-2022

No	Year	Number of banking companies that were late in submitting December 31 reports	Company Code
1	2020	13	AGRO, AGRS, READ, BCIC, BGTG, BINA, BJTM, BNBA, BSIM, BSWD, BVIC, MAYA, and NOBU
2	2021	3	BSWD, MAYA, and NOBU
3	2022		

The description of the data that will be presented below is to provide a general description of the data collection that has been carried out. The sample in this study were 46 banking companies listed on the Indonesia Stock Exchange which met the criteria for a saturated sampling technique.

Table 3. Research Variable Descriptive Statistics

	Company Size (CS)	Company Size (CS)	Audit Opinion (AO)	Timeliness (TM)	Profitability (ROA)
N	138	138	138	138	138
Minimum	27,304	0.000	0.000	-102,000	-18,058
Maximum	35,228	1,000	1,000	19,000	8,409
Means	31,380	0.482	0.920	-52,971	0.261
Std. Deviation	1,747	0.502	0.273	29,030	2,952

The descriptive analysis in Table 3 covers 138 company financial report data observations spanning three years (2020, 2021, and 2022) from 46 banking companies. The Company Size Indicator (CS) ranges from 27,304 to 35,228, with an average of 31,380 and a standard deviation of 1.747, indicating relatively low data variation.

The Auditor Quality Indicator (AQ) varies from 0.000 to 1.000, with an average of 30,482 and a standard deviation of 0.502. The Audit Opinion Indicator (AO) ranges from 0.000 to 1.000, with an average of 0.920 and a standard deviation of 0.273. The Timeliness Indicator (TM) spans from -102,000 to 19,000, averaging -52,971, with a standard deviation of 29,030, indicating higher data variability. While the Profitability Indicator (ROA) ranges from -18.058 to 8.409, averaging 0.261, with a standard deviation of 2.952, reflecting higher data variability.

4.1.1. Outer Model Evaluation Results or Measurement Models

Table 4. Validity Testing based on Outer Loading (Convergent Validity)

	Timeliness (TM)	Company Size (CS)	Auditor Quality (AQ)	Audit Opinion (AO)	Profitability (ROA)
CS		1,000			
AQ			1,000		
AO				1,000	
TM	1,000				
ROA					1,000

The convergent validity test that has been carried out with the reflection indicator using the SmartPLS 3.0 program can be seen that the loading factor value for each construct indicator that uses the loading factor value must be greater than 0.700 (loading factor greater than 0.700). Table 4 can be concluded that all outer loading values show 1,000, so this can be said that the validity requirement based on the loading factor value has been fulfilled with an outer loading value of 1,000 greater than 0.700. The results of convergent validity can be shown in Figure 3 as follows:

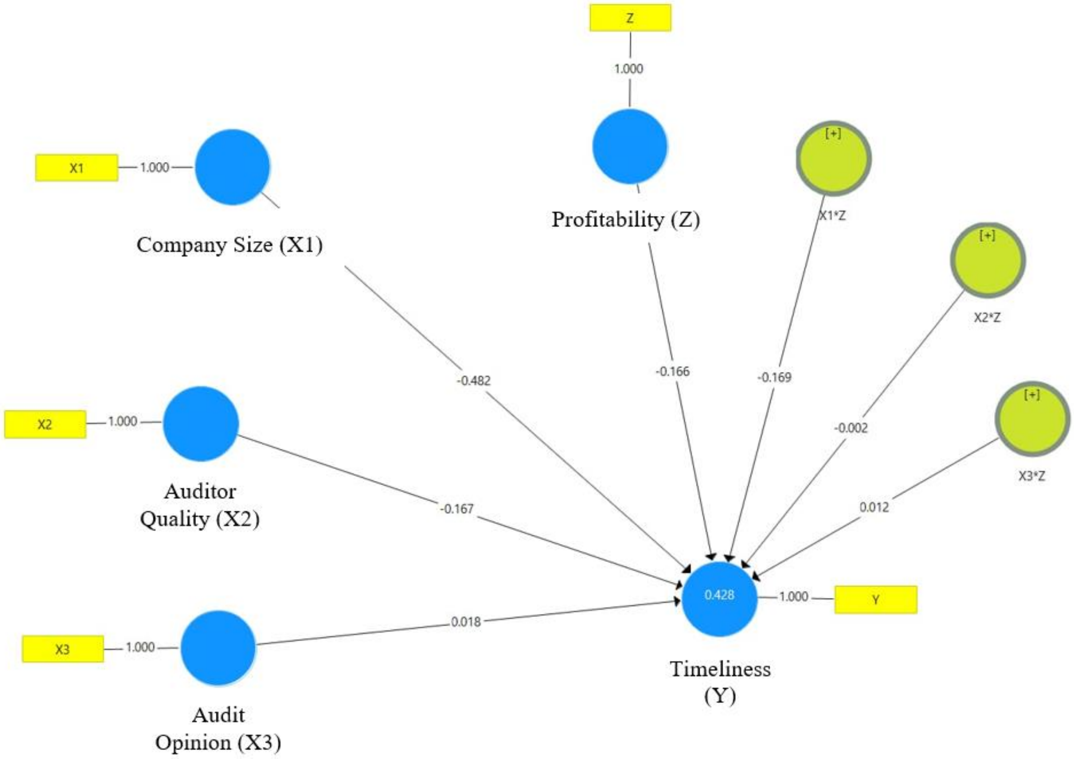

Figure 3. Validity Testing based on Outer Loading (Convergent Validity)

Testing the validity of outer loading based on Table 4 and Figure 3, it is known that all outer loading values of 1,000 are greater than 0.700 (outer loading 1,000 are greater than 0.700), which means that this convergent validity test meets the validity requirements based on the loading factor value.

Table 5. Validity Testing based on Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Timeliness (TM)	1,000
Company Size (CS)	1,000
Auditor Quality (AQ)	1,000
Audit Opinion (AO)	1,000
Profitability (ROA)	1,000
CS*ROA	1,000
AQ*ROA	1,000
AO*ROA	1,000

Average Variance Extracted (AVE) value is above 0.500 (Ghozali and Latan, 2017). The results obtained and those known above in Table 5 state that all AVE values are greater than 0.500, which explains that all AVE values in each variable show a value of 1,000, which means the AVE value is greater than 0.500 (1,000 is greater than 0.500).

The results of this test have met the validity requirements based on validity testing based on Average Variance Extracted (AVE). Next, we show the results of the Fornell and Larcker discriminant test.

Table 6. Discriminant Validity Testing: Fornell and Larcker

	Timeliness (TM)	Auditor Quality (AQ)	Audit Opinion (AO)	Profitability (ROA)	Company Size (CS)
Timeliness (TM)	(1,000)				
Auditor Quality (AQ)	-0.389	(1,000)			
Audit Opinion (AO)	-0.005	-0.038	(1,000)		
Profitability (ROA)	-0.180	0.061	0.005	(1,000)	
Company Size (CS)	-0.619	0.370	0.057	0.216	(1,000)

The results of Table 6 show that the AVE square root value is greater for each latent variable than the correlation value between other latent variables. So, it is concluded that it meets the requirements of discriminant validity.

Composite Reliability Block Indicator value measured by two criteria, namely composite reliability and Cronbach alpha from the indicator block that measures the construct. A construct is declared reliable, if the composite reliability and Cronbach alpha values are greater than 0.70 (Ghozali and Latan, 2017).

Table 7. Reliability Testing based on Composite Reliability (CR)

	Composite Reliability (CR)
Timeliness (TM)	1,000
Company Size (CS)	1,000
Auditor Quality (AQ)	1,000
Audit Opinion (AO)	1,000
Profitability (ROA)	1,000
CS*ROA	1,000
AQ*ROA	1,000
AO*ROA	1,000

Composite Reliability (CR) values in Table 7 shows all variables worth 1,000 which means the Composite Reliability (CR) value is greater than 0.700. Ghozali and Latan (2017) states that the recommended Composite Reliability (CR) value is above 0.700, so the results known above are in accordance with the statement where all CR values are greater than 0.7 (1,000 is greater than 0.7), which means that they have fulfilled reliability requirements based on Composite Reliability (CR). Furthermore, reliability testing was carried out based on the value of Cronbach's Alpha (CA).

Table 8. Reliability Testing based on Cronbach's Alpha (CA)

	Cronbach's Alpha (CA)
Timeliness (TM)	1,000
Company Size (CS)	1,000
Auditor Quality (AQ)	1,000
Audit Opinion (AO)	1,000
Profitability (ROA)	1,000
CS*ROA	1,000
AQ*ROA	1,000
AO*ROA	1,000

Cronbach's Alpha (CA) values are above 0.700, as stated by Ghozali and Latan (2017). Table 8 presents results indicating that all Cronbach's Alpha (CA) values surpass 0.700 (in fact, they are well above 0.700), meeting the reliability criteria based on Cronbach's Alpha (CA).

4.1.2. Evaluation of the Inner Model or Structural Model Results

One aspect of this model's inner results can be assessed using R-Square, Q-Square, and Hypothesis Testing. Data processing reveals an R-Square value of 0.428 for Timeliness of Financial Reporting (TM). This signifies that Company Size (CS), Auditor Quality (AQ), Audit Opinion (AO), and Profitability (ROA) collectively account for 42.8 percent of the variance in Timeliness of Financial Reporting (TM), with the remaining 57.2 percent influenced by other factors. Additionally, the data processing yields a Q-Square value of 0.381 for Timeliness of Financial Reporting (Y), indicating that Q-Square exceeds 0. This implies that Company Size (CS), Auditor Quality (AQ), Audit Opinion (AO), and Profitability (ROA) possess predictive relevance for Timeliness of Financial Reporting (TM).

Table 9. Path Coefficient Test and Significance of Direct Effect

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics	P Values
Company Size (CS) -> Timeliness (TM)	-0.482	-0.469	0.081	5,934	0.000
Auditor Quality (AQ) -> Timeliness (TM)	-0.167	-0.159	0.077	2.158	0.016
Audit Opinion (AO) -> Timeliness (TM)	0.018	-0.013	0.096	0.185	0.427
Profitability (ROA) -> Timeliness (TM)	-0.166	-0.256	0.161	1.034	0.151
CS*ROA -> Timeliness (TM)	-0.169	-0.183	0.087	1,936	0.027
AQ*ROA-> Timeliness (TM)	-0.002	-0.019	0.126	0.017	0.493
AO*ROA -> Timeliness (TM)	0.012	0.205	0.366	0.033	0.487

Based on the results presented in Table 9, the findings are as follows:

a. First Hypothesis Testing: The influence of Company Size (CS) on the Timeliness (TM) of Financial Reporting yields a significant P-Value of 0.000, which is smaller than 0.05. This leads to the rejection of the null hypothesis (H0) and acceptance of the alternative hypothesis (H1). In essence, company size has a significant impact on the timeliness of financial reporting. This suggests that larger companies tend to report their financials more promptly.
b. Second Hypothesis Testing: The impact of Auditor Quality (AQ) on the Timeliness (TM) of Financial Reporting also results in a significant P-Value of 0.016, smaller than 0.05. Consequently, H0 is rejected, and H2 is accepted, indicating that auditor quality significantly influences the timeliness of financial reporting. Typically, larger companies engage high-quality auditors, often from Big4 KAPs, who are skilled and professional, leading to timely financial reporting.
c. Third Hypothesis Testing: Audit Opinion (AO) on the Timeliness (TM) of Financial Reporting yields a P-Value of 0.427, which is greater than 0.05. As a result, H0 is accepted, and H3 is rejected. This implies that audit opinion does not have a significant impact on the timeliness of financial reporting. An unqualified audit opinion alone does not guarantee timely reporting, as auditors must exercise caution in their reporting due to the significance of material factors.
d. Fourth Hypothesis Testing: The influence of Profitability (ROA) on the Timeliness (TM) of Financial Reporting produces a P-Value of 0.151, greater than 0.05. Consequently, H0 is accepted, and H4 is rejected. This suggests that profitability does not significantly affect timeliness. High or low profitability does not appear to influence the timeliness of financial reporting, as several cases have indicated that even companies with low profitability manage to report on time.
e. Fifth Hypothesis Testing: The Effect of Company Size (CS) on the Timeliness (TM) of Financial Reporting with Profitability (ROA) as a moderating variable yields a P-Value of 0.027, which is smaller than 0.05. Therefore, H0 is rejected, and H5 is accepted. This signifies that profitability effectively moderates the influence of company size on the timeliness of financial reporting. In cases where a large company demonstrates high profitability, it tends to uphold its reputation by reporting financials promptly. In this context, profitability acts as a moderator for the relationship between company size and financial reporting timeliness.
f. Sixth Hypothesis Testing: The Influence of Auditor Quality (AQ) on the Timeliness (TM) of Financial Reporting with Profitability (ROA) as a moderating variable result in a P-Value of 0.493, greater than 0.05. Hence, H0 is accepted, and H6 is rejected. This implies that profitability does not significantly moderate the effect of auditor quality on the timeliness of financial reporting. Auditor quality, particularly when using Big4 KAPs, appears to remain unaffected by the company's profit or loss, indicating that high or low profitability does not moderate auditor quality concerning financial reporting timeliness.
g. Seventh Hypothesis Testing: The Impact of Audit Opinion (AO) on the Timeliness (TM) of Financial Reporting with Profitability (ROA) as a moderating variable result in a P-Value of 0.487, exceeding 0.05. Consequently, H0 is

accepted, and H7 is rejected. Profitability does not appear to significantly moderate the effect of audit opinion on the timeliness of financial reporting. Even with an unqualified audit opinion, the timeliness of financial reporting remains unaffected by the company's profitability.

4.2. Discussion

4.2.1. The Effect of Company Size on The Timeliness of Financial Reporting

The results of hypothesis testing in Table 9 show that company size has a significant effect on the timeliness of financial reporting. This means that large companies are actually able to report their finances on time, with all the resources that exist in these large companies. This research is in line with research Septiyan et al (2017); Wulandari (2018); dan Ebaid (2022) stated company size was also found to have a significant relationship with timeliness. In line with Hoang et al (2022) stated that large companies can improve corporate governance and ensure the timeliness of financial reports, so large companies will not spend a lot of time preparing financial reports and will report their finances on time.

Company size according to Handayani et al (2021) states that the size of a company must have management and experts in the fields needed in financial reporting so that the company's internal performance in preparing financial reports is very influential. The faster the company prepares financial reports, the faster the financial statements will be audited and published. The results of this study are not in line with the research of Emanda et al (2022); Handayani et al (2021); Mubarok and Gantino (2021); Adebayo and Adebiyi (2016) shows that company size has no effect on how fast financial reports are

4.2.2. Effect of Auditor Quality on The Timeliness of Financial Reporting

Results of hypothesis testing **Table 9** shows that Auditor Quality has a significant effect on the timeliness of financial reporting. This shows that the quality of auditors who use KAP Big4 (Big Four Worldwide Accounting Firm) tends to be more professional in submitting financial reports on a timelier basis, because quality auditors will be careful in submitting their reports, but still see the time limit that must be submitted. financial reporting of a company. This study is in line with research (Inneh et al., 2022); (Nurniati and Sarsiti, 2020); (Suarto, 2020); (Panggabean and Maradina, 2023); (Septiyan et al., 2017) stated that the size of KAP (Auditor Quality) affects the timeliness of financial reporting. The research results are not in line with the research of Adebayo and Adebiyi (2016); Inneh et al (2022) stated that there is no significant relationship between KAP size and financial timeliness.

Research by Jiagbogu and Nwadiogo (2021) states that KAP size has a significant effect on the timeliness of financial reports because auditors cannot change the timeliness of financial reports without their corporate clients. In line with research according to Panggabean and Maradina (2023) The quality of company auditors that use the services of the big four KAP is able to become an arbiter who is responsible for the timeliness of a company's financial reporting as a mediator for conflicts between principals and agents, audit quality can be said to be significant because of compliance owned by the KAP in reporting the results of its audit examination in accordance with the specified time limit.

It can be said that a larger accounting firm will also have sufficient resources in terms of audit personnel and facilities where logically the audit process can be carried out more quickly. The better the reputation of the KAP doing the audit, the faster it will be to submit the entity's financial statements. Entities will be interested in submitting their reports in a timely manner to the public.

4.2.3. The Effect of Audit Opinion on the Timeliness of Financial Reporting

The results of testing the hypothesis **in Table 9** show that the Audit Opinion has an effect on the timeliness of financial reporting, but not significant. The results of the research are in line with research Septiyan et al (2017) and Wulandari (2018) stating that audit opinions have no effect on the timeliness of financial reporting. This is because when a company gives a non- standard opinion, it may be further tested and or discussed by the auditor to ensure the correct opinion will take more time than those entitled to a standard opinion.

This shows that audit opinion is an important factor in reporting, so that if a company's report gets an unqualified opinion, the company will immediately report its financial statements on time because this is good news for investors. However, opinion is not one of the delivery factors because in the results of reports that produce opinions other than unqualified opinion can also be timely, so the results obtained show that audit opinion has no significant effect on the timeliness of a company's financial reporting. The results of this study are not in line with audit opinion according to Suryani and Pinem (2018); Kristiani and Sujana (2017); Mubarok and Gantino (2021); Oktavia and Tanjujaya (2019) that audit opinion has a significant effect on the timeliness of a company's financial reporting.

4.2.4. Effect of Profitability on The Timeliness of Financial Reporting

The results of hypothesis testing in Table 9 show that Profitability has no significant effect on the timeliness of financial reporting. The results of this study are in line with researchers conducted by Oktavia and Tanjujaya (2019); Efendi (2019); Rahmawati (2018); and Suryani and Pinem (2018) who state empirical evidence that profitability has no significant effect on the timeliness of financial reporting. This research is not in line with the research of (Sunarto et al (2020) and Mubarok and Gantino (2021) state that the results of hypothesis testing show that profitability (ROA) has an effect on the timeliness of financial reporting.

According to Nasihin and Purwandari (2022), company profitability will provide or announce profits, it will tend to be timely to report it if the profits generated are good, but if the company announces a loss, it is more likely not to report its financial statements. According to Signaling Theory, companies will not delay, Agency theory also shows that, management might get some benefits when they have good performance that logically they will announce good news as soon as possible.

Profitability is the company's ability to generate profits which can be said that income is good news for the company. However, not all companies that have high profitability will report their finances on time. It can be said that the timeliness of submitting financial reports is not only seen from the company's ability to generate profits, but is also influenced by other factors.

4.2.5. The Effect of Company Size on The Timeliness of Financial Reporting with Profitability as a Moderating Variable

The results of hypothesis testing in Table 9 show that profitability significantly moderates the effect of firm size on the timeliness of financial reporting. In line with research Emanda et al (2022); Hoang et al (2022); Sunarto et al (2020); Ozcan (2019); Ebaid (2022); and Wulandari (2018) states that the results of his research show that company size and profitability have an effect on timeliness financial statements. The results of this study are inconsistent according to Yunita et al (2023); Sunarto et al (2020); Handayani et al (2021); Asmara and Situanti (2018); and Mubarok and Gantino (2021).

Profitability according to Nagari and Nuryatno (2022) is a company's ability to generate profits at a certain level of sales, assets and share capital. Profitability as an indicator of the company's success in generating profits. The higher the profitability, the higher the company's ability to generate profits for the company. Company profit is one method for assessing its effectiveness, which is related to several company policies and initiatives that the company has implemented during the accounting period (Emanda et al., 2022).

Profitability according to Handayani et al (2021) has an influence on the timeliness of submission of financial reports. The higher the level of profitability, the company submits financial reports in a timely manner. In line with the results of research Nagari and Nuryatno (2022);Wulandari (2018); and Waluyo and Herawaty (2020) states that there is a significant influence between the variables of profitability and company size on the timeliness of issuance of financial reports. Company size is a scale that shows the size of a company. The larger the size of the company will attract investors to determine their investment decisions.

Nagari and Nuryatno (2022) state that the financial reports of companies with high profitability contain good news and companies that have good news tend to submit their financial reports on time. This shows that profitability significantly moderates company size, because the higher the level of company profitability in the size of a large, quality company, the faster it will provide good news to investors, so large companies with high profitability will tend to report their financial reports on time.

4.2.6. Effect of Auditor Quality on Timeliness of Financial Reporting with Profitability as a Moderating Variable

Results of hypothesis testing Table 9 shows that profitability does not significantly moderate the effect of auditor quality on the timeliness of financial reporting. The research results are in line with research Septiyan et al (2017); Oktavia and Tanujaya (2019); Jayanti (2018); that auditor quality does not affect the timeliness of financial reporting. Furthermore, Efendi (2019) also states that profitability does not affect the timeliness of financial reporting. The research results are inversely proportional to research conducted by Sunarto et al (2020) and Inneh et al (2022)

Research by Oktavia and Tanujaya (2019) states that the responsibility of an auditor is to express an audit opinion on the results of the company being audited. Companies that choose Big4 KAPs as auditors are not necessarily able to quickly complete audit procedures or express opinions compared to Non-big4 KAPs. Auditors who are included in the Big4 KAP category do not only audit one company but many companies, so that it can cause the auditors to be late in completing their financial statements.

This research is also in line with Efendi (2019) which states that profitability has no significant effect on the timeliness of company financial reporting. This is because the company does not consider the level of profitability that is owned by the company. Companies with high or low profitability both want to submit financial reports on time regardless of the level of profitability owned by the company.

The results of this study can be concluded that the quality of the auditor itself does not look at how small the profit is, because companies with high or low profitability both want to submit financial reports on time regardless of the level of profitability owned by the company, as well as auditors who using KAP Big4 will immediately report their financial reporting in accordance with the specified time, but does not guarantee that all companies that use KAP Big4 are always on time in their financial reporting, because companies that use KAP Big4 also tend to be careful in their reporting resulting in delays in reporting.

4.2.7. Effect of Audit Opinion on The Timeliness of Financial Reporting with Profitability as a Moderating Variable

The results of hypothesis testing Table 9 shows that profitability does not significantly moderate the effect of auditor quality on the timeliness of financial reporting. In line with research Wulandari (2018) and Oktavia and Tanujaya (2019) there is no significant effect of auditor's opinion and profitability on the timeliness of publication of financial reports. An audit opinion according to Nagari and Nuryatno (2022) is an opinion expressed by the auditor when the auditor concludes that the financial statements are prepared in all material respects, in accordance with the applicable financial reporting framework. The research results are inversely proportional to research conducted by Sunarto et al (2020) and Inneh et al (2022).

Oktavia and Tanujaya (2019) Reports that are given unqualified or other than unqualified opinions have no effect on the issuance of annual reports. If during the fieldwork carried out by the auditor there are no problems and all the evidence is in accordance with the actual situation, the auditor can quickly express an audit opinion, either a qualified opinion or a non-qualified opinion. This shows that profitability does not significantly affect audit opinion, because the opinion given by a company is an auditor's opinion that states whether the report is fair or not, while profitability is good or not, the auditor will still report its finances regardless of the profit or loss generated by a company. the company. So that profitability does not fully influence opinions to convey their financials on time.

5. CONCLUSION

this study underscores the substantial impact of company size and auditor quality on the timeliness of financial reporting, emphasizing the significance of these factors in ensuring prompt and dependable financial information. Conversely, audit opinion and profitability were found to exert negligible influence on reporting timeliness. Furthermore, the study reveals that profitability, when employed as a moderating variable, can enhance the effect of company size on reporting timeliness.

For future research, it is recommended to expand the scope to encompass diverse industry sectors and incorporate a more comprehensive set of indicators that reflect financial reporting timeliness comprehensively. By delving deeper into the moderating variables, researchers can gain a more nuanced understanding of how different factors interact to influence reporting timeliness. Additionally, it is imperative for companies to prioritize timely financial reporting to maintain the trust and confidence of their stakeholders and investors. Potential investors should carefully evaluate the timeliness of financial reporting when making investment decisions, as it can significantly impact share prices and investment outcomes.

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