

TIMELINESS OF FINANCIAL REPORTING OF PROPERTY AND REAL ESTATE SECTOR COMPANIES ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

The purpose of this study is to examine the variables affecting the promptness of financial reporting for real estate and property firms listed on the Indonesia Stock Exchange (IDX) between 2020 and 2022. Using secondary data from firm financial reports that were retrieved from the website www.idx.co.id, a quantitative research methodology was employed. There were 78 companies in the survey. Purposive sampling was used to choose the 67 companies that made up the research sample, yielding 201 data samples. Descriptive statistics, model selection tests, and hypothesis testing with data analysis software like Stata were among the data analysis methods employed. The findings demonstrated that the age of the company and public ownership significantly improved the timeliness of financial reporting. However, the timeliness of financial reporting was not substantially impacted by ROA, audit opinion, or company size. These results give real estate and property firms information on how to increase their profitability. The promptness of financial reporting depends on a number of factors, including public ownership, audit opinion, company size, and age.

Key words: profitability, public ownership, company size, company age, timeliness of financial reporting.

INTRODUCTION

Financial reports provide information that reflects a company's financial condition and overall performance (Fahmi, 2020). Public companies bear greater accountability than private firms, including the obligation to publish and submit financial statements to the public. The usefulness of financial information depends on its timeliness; delayed reporting reduces relevance and may trigger negative reactions from capital market participants (Suryadi, 2021).

In Indonesia, financial reporting deadlines are regulated by Bapepam-LK under Regulation Number XK2 (Decree No. Kep-346/BL/2011). Annual financial statements, accompanied by an independent auditor's report, must be submitted no later than the end of the third month after the financial statement date. In addition, Law No. 8 of 1995 concerning the Capital Market requires all listed companies to submit periodic reports to Otoritas Jasa Keuangan (OJK). Violations may result in administrative sanctions, including written warnings, fines, or temporary suspension from the stock exchange.

The phenomenon of companies being late in submitting their financial reports remains a frequent occurrence. Several cases of late submission of financial reports have been announced by the IDX regarding issuers who failed to submit their financial reports. Based on IDX monitoring, as of June 29, 2019, 10 issuers had not submitted audited financial reports for the fiscal year ended December 31, 2018. By July 30, 2020, the number of companies that had not submitted financial reports had increased to 30 for the fiscal year ended December 31, 2019. Then, by July 30, 2021, the number had increased to 47 companies that had not submitted audited financial reports as of December 31, 2020.

Inaccurate financial information can generate negative signals for stakeholders, particularly investors. Signal theory, first introduced by Michael Spence (1973), explains that the sender (company management) conveys signals in the form of information that reflects the firm's condition to the recipient (investor) (Narindra & Lestari, 2023).

Signal theory emphasizes how companies should provide clear and credible signals to users of financial statements (Fili & Wahyuningsih, 2020). It highlights the importance of publicly disclosed information in influencing investment decisions made by external parties (Maryadi & Susilowati, 2020).

Information serves as a vital resource for investors and business actors because it describes past, present, and future conditions that affect a company's sustainability and market performance. Therefore, complete, relevant, accurate, and timely information is essential in the capital market, as it functions as a key analytical basis for making sound investment decisions (Wijaya & Nuryatno, 2019).

High-quality financial reports are generally characterized by timeliness, which serves as a positive signal to investors, creditors, and other stakeholders (Supartini et al., 2021). According to signaling theory, the delivery of accurate and timely financial information reflects transparency and strong corporate performance. Providing such positive signals enhances a company's reputation and strengthens the confidence of shareholders and other stakeholders, as timely reporting demonstrates accountability and reliability (Tsabita & Marsono, 2023).

Recurring delays in the submission of financial statements, combined with inconsistent empirical findings across prior studies, motivate this research. The study seeks to provide empirical evidence on whether profitability, public ownership, audit opinion, firm size, and firm age influence the timeliness of corporate

financial reporting. Accordingly, the research is entitled “Factors Affecting the Timeliness of Financial Reporting of Property and Real Estate Sector Companies Listed on the Indonesia Stock Exchange.”

Based on this framework, the study proposes the following hypotheses:

- H1: Profitability positively influences the timeliness of financial reporting.
- H2: Public ownership positively influences the timeliness of financial reporting.
- H3: Audit opinion positively influences the timeliness of financial reporting.
- H4: Firm size positively influences the timeliness of financial reporting.
- H5: Firm age positively influences the timeliness of financial reporting.

METHOD

The population used in this study was 78 companies operating in the property and real estate sector listed on the Indonesia Stock Exchange (IDX) for the 2020, 2021, and 2022 periods. The sampling technique used in this study was purposive sampling, meaning the sample used in this study was a sample that met certain criteria. The criteria used in the sample selection process are as follows:

- 1) Property and real estate sector companies listed on the IDX consecutively from 2020 to 2022.
- 2) Published financial reports and annual financial statements from 2020 to 2022.
- 3) Displays data and information used to analyze factors influencing the timeliness of financial reporting in the 2020-2022 period.

Based on the criteria that have been determined in this study, there are 67 companies that meet the criteria and are the samples in this study.

Timeliness is measured using a dummy variable. A value of 1 is assigned to companies that submit their annual financial reports to the Indonesia Stock Exchange before March 31 (on time), while a value of 0 is assigned to companies that submit their reports after March 31 (late).

This study uses Return on Assets (ROA) as a proxy for profitability. ROA is calculated by dividing net profit after tax by total assets, reflecting the company’s ability to generate earnings from its assets (Sanjaya & Sipahutar, 2019).

Public ownership is measured by the proportion of shares held by the public relative to the total outstanding shares (Ukhriyawati & Dewi, 2019). Meanwhile, audit opinion is measured based on the auditor’s assessment regarding the fairness of the company’s financial statements.

If a company receives an unqualified audit opinion, it is categorized as category 1, while if it receives anything other than an unqualified opinion, it is categorized as category 0. This measure is based on research conducted by (Waluyo & Herawaty, 2020) and Azhari & Nuryatno (2020). Company size is measured using the total assets owned by the company in the relevant year. Company size is measured using Ln (total assets) (Supartini et al., 2021). The age of the company in this study was measured from the year the company was founded to the year of the study.

The data collection method used in this study is documentation, namely by collecting, recording, and reviewing secondary data in the form of financial reports and annual financial reports of companies in the property and real estate sector published by the Indonesia Stock Exchange (BEI) through www.idx.co.id. Statistical testing in this study uses Stata software.

RESULTS AND DISCUSSION

Table 1. Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Standard Deviation
Profitability	201	-38.21	42.83	.7767	7.21483
Public Ownership	201	.23	94.88	28.5401	18.85602
Audit Opinion	201	.00	1.00	.0100	.09950
Size Company	201	13.75	31.37	26.7020	3.69207
Age Company	201	4.00	52.00	26.1045	13.69029
Punctuality	201	.00	1.00	.5174	.500094

Source: Processed data, 2025

Based on the table above, it can be seen that the number of sample data used in this study was 201 data from 67 property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) in 2020, 2021, and 2022. Table 1 describes the variables statistically and shows the results of descriptive statistics regarding the independent and dependent variables in this study.

Table 2. Model Testing Results

Chow test	Hausman test	LM test	Best Model
F statistic = 15.88 Prob. = 0.0000	<i>Chi-square</i> = 74.10 Prob. = 0.000	<i>Chi-square</i> = 3.99 RE Prob. = 0.0228	FE

Source: Processed data, 2025

Based on the Chow test results, the probability value of 0.0000 is less than the 0.05 significance level, indicating that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model. The analysis was then continued using the Hausman test to determine whether the Fixed Effect Model or the Random Effect Model (REM) was more suitable. The Hausman test produced a probability value of 0.0000, which is also below 0.05. Therefore, the Fixed Effect Model is confirmed as the most appropriate model for this study.

Table 3. Hypothesis Test Results

Variables	Coefficient Value	Statistical Value t	Probability Value*
ROA	0.001	0.21	0.41
Public Ownership	1,385	1.64	0.05*
Audit Opinion	-0.637	-1.39	0.08
Company Size	-4,510	-0.96	0.16
Company Age	0.270	8.32	0.00*
Constant	-6,817	-7.81	0.00

Note: * indicates significance at the $\alpha = 5\%$ level (two-tailed)

Source: Processed data, 2025

The t test results do not support the first hypothesis, leading to the acceptance of H0 and rejection of H1. This outcome indicates that profitability does not exert a significant effect on the timeliness of financial reporting. This conclusion aligns with prior empirical evidence. Lestari and Purwanto (2022), Herson and Hidayat (2021), and Prastiwi et al. (2012) consistently report that profitability does not significantly influence reporting timeliness across various sectors and observation periods. These findings imply that compliance with regulatory requirements, rather than profit performance, primarily drives timely submission of financial statements. Both profitable and unprofitable firms must adhere to reporting deadlines to avoid sanctions. Consequently, regulatory enforcement, transparency standards, corporate governance practices, and audit procedures appear to play a more decisive role than profitability in shaping reporting timeliness.

The t test results support the second hypothesis, leading to the rejection of H0 and acceptance of H2. This finding indicates that public ownership exerts a positive and significant influence on the timeliness of financial reporting. Firms with a higher proportion of publicly held shares tend to submit financial statements more promptly. Public ownership increases external monitoring and strengthens demands for transparency and accountability. A larger presence of public shareholders intensifies oversight of managerial actions and creates stronger incentives to comply with reporting deadlines. Management faces greater scrutiny from external investors, which encourages accurate and timely disclosure of financial information. These results are consistent with Supartini et al. (2021), Anshar (2021), and Tarisa and Suwarno (2024), who also document a positive and significant relationship between public ownership and reporting timeliness.

The results also show that audit opinion and firm size do not significantly affect reporting timeliness, leading to the acceptance of H0 and rejection of the related hypotheses. Audit opinions do not directly determine when financial statements are submitted, as internal processes, management policies, market conditions, and system efficiency play more substantial roles. Firms that receive audit opinions other than unqualified can still submit financial statements on time. Audit opinion, therefore, does not necessarily determine reporting punctuality. Similarly, firm size does not directly shape timeliness because regulatory requirements apply equally to both large and small companies. Although larger firms possess greater financial and human resources, they also manage more complex operations. Smaller firms, despite limited resources, often benefit from simpler organizational structures that facilitate reporting compliance.

In contrast, the fifth hypothesis receives empirical support. Firm age shows a positive and significant effect on reporting timeliness. Older firms typically accumulate experience, establish more structured reporting systems, and develop greater familiarity with regulatory procedures. This organizational maturity enables them to prepare and submit financial reports more efficiently, consistent with evidence reported in prior studies.

CONCLUSION

Based on the problem formulation and discussion of the research results outlined in the previous chapter, the following conclusions are drawn: public ownership and company age significantly and positively influence

the timeliness of financial reporting. However, ROA, audit opinion, and company size do not significantly influence the timeliness of financial reporting.

This study presents several limitations that warrant careful consideration. First, the analysis focuses exclusively on predetermined internal variables, namely profitability, public ownership, audit opinion, firm size, and firm age. External determinants such as macroeconomic conditions, industry dynamics, and regulatory changes may also influence the timeliness of financial reporting. For instance, shifts in the global economic environment or revisions in government regulations may alter corporate priorities and affect reporting schedules. Second, the dataset covers a specific observation period and includes only selected companies listed on the Indonesia Stock Exchange. These constraints may restrict the generalizability of the findings, as reporting practices and business conditions can differ across periods and sectors beyond the sampled firms. Third, the study applies a quantitative design with purposive sampling, which limits the analysis to numerically measurable relationships among selected variables. Future research should incorporate qualitative approaches to gain deeper insight into managerial considerations and contextual factors affecting reporting timeliness. Expanding the observation period, broadening sectoral coverage, and employing more representative sampling techniques would also strengthen external validity and enhance the robustness of future findings.

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