Determinants of Financial Reporting Timeliness: A Study of Indonesian Consumer Cyclicals Companies

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ABSTRACT

This study aims to examines the influence of adoption of extensible business reporting language (XBRL) and corporate governance (CG) on financial reporting timeliness. CG variables consist of size of the board of directors, institutional ownership, and auditor turnover by involving corporate size and audit opinion as control variables. The samples of this study are 87 companies of consumer cyclicals sector listed in the Indonesian Stock Exchange between 2019 and 2021 consistently (or 261 observations). Data were analyzed using the logistic regression method and the results show that institutional ownership, and auditor turnover have a significant influence, while XBRL adoption and board size do not have a significant influence on timeliness of financial reporting in the sample companies. Institutional ownership has a positive influence, while auditor turnover has a negative influence on timeliness of financial reporting.

Determinan Ketepatan Waktu Pelaporan Keuangan: Studi pada Perusahaan Consumer Cyclicals di Indonesia

ABSTRAK

Penelitian ini bertujuan untuk menentukan pengaruh determinan ketepatan waktu pelaporan keuangan dari sudut pandang pengadopsian Extensible Business Reporting Language (XBRL) serta variabel Corporate Governance (CG) yang terdiri dari variabel ukuran dewan direksi, kepemilikan institusional, serta pergantian auditor sebagai variabel kontrol. Sampel penelitian ini adalah 87 perusahaan sektor barang konsumen non primer yang terdaftar di Bursa Efek Indonesia antara 2019 dan 2021. Dengan menggunakan teknik analisis data regresi logistic, penelitian ini menemukan bahwa kepemilikan institusional dan pergantian auditor memiliki pengaruh terhadap ketepatan waktu pelaporan perusahaan yang diteliti sedangkan pengadopsian XBRL dan ukuran dewan direksi tidak memberikan pengaruh serupa. Pengadopsian XBRL memiliki pengaruh positif sedangkan pergantian auditor memiliki pengaruh negatif terhadap ketepatan waktu pelaporan perusahaan.

1. Introduction

Financial report is the culmination of the accounting process which is the medium of information by the company to the users of information and the public in general, so that it is able to become one of the main indicators that has an important role in estimating the company’s opportunities in the future (Silvirianita & Tumirin, 2022). In addition, financial reports also contribute to the decision makers who are determined by information users, so companies need to consider the timeliness of reporting financial statements. By submitting financial reports at the right time, the company has fulfilled their responsibility of providing information to the information users regarding the financial performance and performance of the company during the relevant period.

Timely financial reporting is an important factor in providing relevant information (Tifanny et al., 2020), so timely financial reporting is believed can minimize uncertainty in decision making. This is due
to the fact that time reports submitted on time can reduce the spread of uneven information among all stakeholders which can harm all parties. For companies that publish financial reports outside the normal time limit, it will eliminate the company's opportunity to influence the economic decisions of the users (Setiawati, 2021). In addition, the company will be paid a fine, the amount of the fine depends on how long the company is late in submitting.

The deadline for company reporting in Indonesia stock exchange has been regulated through the Decision of the Directors Indonesia Stock Exchange Number Kep-00015/BEI/01-2021. In this regulation, which has been applied since February 1, 2021, it states that companies need to report finances to the Indonesia Stock Exchange with the annual audited financial reporting deadline at the end of the third month after the reporting date. During COVID-19, it is known that Indonesia Stock Exchange provides flexibility to companies (Perdana et al., 2022) and this should be able to minimize delays in financial reporting. However, some companies are still late in reporting their finances.

Table 1. Companies that are late reporting their finances to the Indonesia stock exchange in 2019-2021

<table>
<thead>
<tr>
<th>Sector</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Written warnings I</td>
<td>Written warnings II + fines</td>
<td>Written warnings I</td>
</tr>
<tr>
<td>Energy</td>
<td>9</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Consumer cyclicals</td>
<td>13</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>Consumer non-cyclicals</td>
<td>6</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Financials</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Industrials</td>
<td>8</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Infrastructures</td>
<td>4</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Basic materials</td>
<td>3</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Technology</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Basic industry &amp; chemicals</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Properties &amp; real estate</td>
<td>9</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Healthcare</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Trade, services &amp; investment</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Transportation &amp; logistic</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>42</strong></td>
<td><strong>88</strong></td>
</tr>
</tbody>
</table>

Based on the exchange regulation number I-H provision 2.6.1, the Exchange will give penalty in the form of Written Warning I for the submission of financial statements that are outside the normal time limit of up to 30 days starting from the deadline for submission. Nevertheless, there are still companies that do not report their financial performance. Referring to regulation I-H provision 2.6.2., the exchange has the right to give a written warning II along with a fine of Rp50,000,000 that needs to be paid by the company. Based on table 1, many companies are found to be lacking in regard to the importance of submitting financial reports on time. This is reflected in a significant increase on the number of companies that are late in reporting their financial statements and during these 3 years the consumer cyclicals sector has become the sector with the most companies that have delayed the submission of financial reports. This problem should be noticed, because when the submission of the report is delayed, the information contained in the report will lose its relevance. Thus, the ability of information users to evaluate recent and future events is reduced and this can affect the quality of the decisions chosen by users.
In research belonging to Lestari et al. (2021) and Rupang et al. (2020), it was discovered that when the company had adopted XBRL, the company could process financial reports in a short time with a predetermined taxonomy so it would create a stable system in helping companies to collect data during the process of preparing financial reports. However, Aksoy et al. (2021) found that the adoption of XBRL cannot affect the timeliness of financial reporting in BIST, because small companies have limited resources, which has an impact on the XBRL filing period.

Silvirianita & Tumirin (2022) stated that the board of directors is responsible for ensuring corporate governance is running well, so that many board of directors members can affect the monitoring carried out by the company. Thus, the size of the board of directors can influence the company in reporting finances are on time (Silvirianita & Tumirin, 2022; Nour et al. 2020). In contrast, Aksoy et al. (2021) state that board size is unable to affect the timeliness of financial report presentation.

Many researches found that in the case of the proportion of ownership owned by institutions is getting bigger, the more pressure will be given to the company's management to submit financial reports on time because the delay in submission will affect the decisions taken (Verawati, 2018; Aqsa et al., 2020; Oktasiyanti & Syahadatina, 2021). However, some research can prove that institutional ownership is unable to influence the timeliness of financial reporting by companies (Rafikaningsih et al., 2020; Azhari & Nuryatno, 2019; Santika & Nuswandari, 2021).

One of the reasons why the company decided to switch auditors was the company's dissatisfaction with the previous KAP. When there is a change of auditors, the new auditor needs extra time to make adjustments which may cause financial reporting delays (Ujung et al., 2022). However, there is research finding that even though the company has switched auditors, this will not affect the company's speed in reporting their finances (Mardiani et al. 2021; Desyana 2019).

Company size can be seen through the value of assets that belong to the company and that the size can affect how quickly the company publishes their financial statements (Rahayu & Waluyo, 2018; Wicaksono, 2021; Ebaid, 2022). However, there are researches that actually prove that even though the company is categorized as a big company, this does not affect the company's timeliness in submitting financial reports due to the complexity of transactions that are bigger than small companies (Tifanny et al. 2020; Veronika et al. 2019; Marfuah et al. 2021).

The auditor's opinion can reflect the fairness of the information in the financial statements that the company reports. When the auditor gives an unqualified opinion, it will be considered good news that makes the company do financial reporting on time (Suryani & Pinem, 2018; Ebaid, 2022); Hadi (2018)). However, several previous researchers have succeeded in proving that whatever opinion the company gets is unable to affect the timeliness of financial reporting (Veronika et al., 2019; Marfuah et al., 2021; Silvirianita & Tumirin, 2022). As a result of many insufficient research results to prove the determinants of the timeliness of financial reporting, this has motivated researchers to undertake this research.

The reason for choosing this object was because the consumer cyclicals sector has a correlation with the COVID-19. During the pandemic, consumer cyclicals companies suffered a loss in financial performance and this might trigger the company to avoid submitting their financial reports on time. The opinion is strengthened by the delay in submitting financial reports by PT Mahaka Media Tbk. in 2020, which in that year the company had a decrease in revenue caused by COVID-19. The purpose of this research is to find out the effect of the determinants timeliness of financial reporting on consumer cyclicals companies from the perspectives of XBRL adoption, board size, institutional ownership, and auditor turnover by involving company size and
audit opinion as control variables in consumer cyclicals companies.

The difference from previous research is the use of XBRL adoption and auditor switching mandatorily as independent variables, because there is still insufficient research that discusses the effect of XBRL adoption (Rupang et al., 2020; Aksoy et al., 2021; Lestari et al., 2021) and auditor switching (Ilmiha et al., 2022; Ujung et al., 2022) on the timeliness of financial report submission. Based on research conducted by Tinumbia et al. (2018); Hwang et al. (2020); Alabi et al. (2022); Ardianingsih & Payamta (2022) the timeliness of financial report submission is measured using the interval ratio of days from the year-end until the financial statements are published, meanwhile this research measures the timeliness of financial report submission using dummy variables with audit report lag indicators which are from year-end until the auditor signs the audit report. Also, IDX is known having changed the company classification system to IDX-IC that causes a difference in the amount of sectors and companies in it and this research uses the IDX-IC system which led to the consumer cyclicals sector that becomes the object of research.

By considering the importance of reporting financial statements on time, the results of this research will contribute to encouraging the awareness of company management to report financial statements on time by taking into consideration several factors that can accelerate the financial reporting process. Moreover, the research results also provide information to investors regarding factors that can affect the timeliness of financial reporting, so that it can help the decision-making process.

This paper begins with an introduction followed by a description of the theoretical framework, hypothesis development, describing research methods, presenting results and discussions while ending with a summary, limitations, and suggestions.

2. Literature review and hypothesis development

Compliance theory

Compliance theory is able to motivate a person to obey the applicable rules as well as for companies (Perdana et al., 2022). Compliance theory can motivate companies to submit financial reports on time, especially after the issuance at the Indonesia Stock Exchange Board of Directors Decree Number Kep-00015/BEI/01-2021 which contains Regulation Number I-E which regulates Mandatory Submission of Information and Regulation of the Indonesian Financial Services Authority Number 14/POJK/04/2022 on Submission Financial Statements Periodically Issuers or Public Companies. According to these regulations, companies must report interim financials along with annual audited financial reports on a regular basis on time. In addition to reducing the relevance of the information presented in the financial statements, companies that are late in submitting financial reports will get punished by the Indonesia Stock Exchange. The punishment given by the Indonesia Stock Exchange can be a warning letter, penalty and even a suspension. This compliance theory can also motivate companies to adopt XBRL on their financial statements and switch auditors after 3 years in a row using the services of an auditor based on the regulations. The regulations that require companies to adopt XBRL format in their financial reports are listed in the Decree of the Board of Directors of the Indonesia Stock Exchange Number Kep-00015/BEI/01-2021 in 2021 and the regulations on auditor switching are listed in the Financial Services Authority Regulation Number 13/POJK.03/2017.

Agency theory

Agency theory is a theory proposed by Jensen and Meckling in 1976. The agency theory can be interpreted as a relation between shareholders (principals) as mandate givers and management (agents) who are responsible for carrying out the mandate on behalf of the principals. Management has an obligation to be more responsible for the
mandate and inform shareholders about the company's condition through financial reports (Dufrisella & Utami, 2020). Furthermore, this theory also assumes that each individual will do actions to achieve their interests and it will lead to a conflict of interest between principal and agent (Yanti et al., 2021). Conflicts of interest can occur due to the different amount of information ownership between an agent and a principal and this problem can be minimized through the monitoring by several parties in balancing the interests of all parties in the company. The parties are the board of directors and the shareholders and in this research are represented by the institution.

**XBRL adoption, the board size, institutional ownership, and auditor turnover on financial reporting timeliness**

Companies that have used the XBRL format are considered to be able to improve the quality of the financial statements that have been prepared, so that company management has no other reason for postponing the submission of financial reports and reporting on time. In the other hand, the increasing number of board directors and institutional ownership will increase the company's opportunity to submit financial reports on time. The reason is because having a lot of members of the board directors will increase the monitoring by the board of directors over management. Therefore, the company may report its finances to the Indonesia Stock Exchange on schedule. Meanwhile, institutional ownership is able to illustrate the power of institutions to put more pressure on company management to submit financial reports on time. Auditor turnover is also considered to be able to influence companies in submitting financial statements on time, because companies that have changed auditors will need more time than other companies that do not change auditors. Thus, an argument can be made that XBRL adoption and corporate governance simultaneously affect the timeliness of corporate financial reporting (Verawati (2018); Rupang et al. (2020); Nour et al. (2020); Ujung et al. (2022).

H1: XBRL adoption, board size, institutional ownership, and auditor turnover affect timeliness of financial reporting by involving control variables.

**XBRL adoption on the timeliness of financial reporting**

XBRL can be defined as an electronic language that can be used in a universal way to exchange information, thus increasing accuracy, both for companies and information users. (Lestari et al., 2021). The adoption of XBRL is considered to be a solution for increasing the requirement of information quickly, accurately, and efficiently to help investors in making decisions. Using the XBRL format can also increase the company's opportunity to submit financial reports on time through improving the quality of financial reports. In addition, increasing the quality of financial statements will also provide more value to the users of financial statements. It is regulated in the Decree of the Board Directors of the Indonesia Stock Exchange Number Kep-00015/BEI/01-2021 which states that the submitting of financial statements is required in XBRL format based on the taxonomy of financial statements. When it comes to compliance theory, companies will be motivated to obey these regulations and then the company will do the adoption of XBRL when reporting its finances. Through their research, Aksoy et al. (2021) argue that by involving compliance theory, it will encourage companies to adopt XBRL in reporting their finances.

Based on the reason, the adoption of XBRL can have a positive influence on the timeliness of financial reporting. By adopting XBRL on financial statements, it can make the financial reporting process more faster, as a result the company can submit financial statements to the public on time. Furthermore, XBRL taxonomy also makes the financial reporting process more efficient, because the tagging of financial data elements will lead to each information being more relevant and consistent.
It will make the process of data collection and the process of preparing financial reports more effective and efficient, so that financial reports can be submitted quickly. This assumption is justified by Rupang et al. (2020) and Lestari et al. (2021) through their research which claims that the adoption of XBRL can positively influence the timeliness of financial reporting.

**H2**: Using the control variables, XBRL adoption has a positive influence on timeliness of financial reporting.

**The board size on financial reporting timeliness**

The board of directors is an individual who has the authority and responsibility for all activities related to the company (Carolina et al., 2020). The board of directors also has an important role in determining the company's policy or strategy that will be chosen and that will affect the sustainability of the company both in the short and long term. By increasing the size of the Board of Directors, it will have a significantly positive effect, because besides ensuring the availability of resources, the company also has a wide network with the external parties of the company (Silvirianita & Tumirin, 2022). Referring to agency theory, when the company has a lot of directors, it will make it easier for the directors to monitor management. As a result, the pressure on the management will be increased and it will minimize the opportunity of management being opportunistic by delaying the submission of financial reports.

In the research of Silvirianita & Tumirin (2022), it was found that the size a board of directors had a significant positive impact on the timeliness of financial reporting. This is because the board of directors is responsible for the shareholders, so that through monitoring activities by the board of directors will put more pressure on management. As a result, there is no other reason for management to postpone financial reporting. In addition, board of director members need to ensure that the company has practiced the principles of good corporate governance. When members of the board of directors have ensured that corporate governance is running well, it will motivate the company to report its finances at the right time. This assumption has been supported by research conducted by Nour et al. (2020).

**H3**: Using the control variables, board size has a positive impact on timeliness of financial reporting.

**Institutional ownership on the timeliness of financial reporting**

Institutional ownership is generally defined as shares that belong to an institution, both in the financial and non-financial sectors. With institutional ownership, it will change the management which causes limited management flexibility (Rianti, 2014). In that way, management will be required to demonstrate their good performance, starting from the disclosure of information about the company’s condition within the financial statements. Therefore, management will get more pressure from the institution to report finances to them on time. Also, the existence of institutional ownership will provide more effective monitoring of the company. As a result, the company will report its finances on time. Referring to agency theory, when the institutional share ownership in the company is significant, the institution will monitor management to prevent them doing things that lead to disadvantages for the institution strength. This will allow management to postpone the submission of financial reports because this postponement will provide losses to the institution. In research conducted by Herninta (2020) it was found that the agency theory can provide an optimum monitoring of management performance.

Based on the previous explanation, it can be seen that institutional ownership is able to have a positive influence on the timeliness of financial reporting. The more institutional share ownership, the greater the role of institutional parties in preventing opportunistic behavior of management, so management is not taking actions that can lead to delays in financial reporting. That is because the shares that belong to the institution have the power
to pressure management in submitting financial reports promptly. This assumption is justified by Verawati (2018) and Aqsa et al. (2020) who found that institutional ownership is able to influence the timeliness of financial reporting, because institutional parties can put pressure on company management to report information in the financial statements at the right time.

**H₄:** Using the control variables, institutional ownership affect timeliness of financial reporting in a positive direction.

**Auditor turnover on timeliness of financial reporting**

Indonesia has become one of the countries that requires a turnover of auditors with a predetermined time limit. However, auditor turnover can also occur voluntarily or based on management decisions. The company can be considered to have switched auditors when the pre-agreed work contract with KAP has expired. However, for companies that do the auditor rotation in a certain period, it is suspected that they need more time to make adjustments with the new auditor. This will surely affect the timeliness of the company in reporting their finances.

The limitation on the period of using public accountant services has been regulated in the Financial Services Authority Regulation Number 13/POJK.03/2017 which states that companies are required to restrict their audit services from the same public accountant for 3 years in a row and when it comes to compliance theory, companies will be motivated to obey these regulations. This means, the companies will replace the auditor after reaching the maximum period of audit service usage.

Based on the previous explanation, it can be argued that auditor turnover can have a negative effect on the timeliness of companies in providing financial reporting, because new auditors may need time to understand their clients' business environment. This assumption is justified by Ujung et al. (2022) through their research on factors that affect the timeliness of financial report submission by manufacturing companies.

**H₅:** Using the control variables, auditor turnover has a negative influence on timeliness of financial reporting.

3. **Research method**

This research uses secondary data from annual financial reports, annual reports, and information that has relevance to the research which is obtained from the official IDX website and official websites of the companies involved. The population of this research is all consumer cyclicals companies that are listed on the Indonesia Stock Exchange in 2019-2021 and obtained 120 companies.

Meanwhile, the research sample was selected through purposive sampling, so the samples used in this research had to meet the specified criteria and 93 companies were found which had fulfilled all the criteria.

The criteria that need to be fulfilled by the sample are: (a) companies included in consumer cyclicals sector companies that are listed on the Indonesia Stock Exchange for the 2019-2021 period in a row and not delisted during research period; (b) consumer cyclicals sector companies that consistently submit financial reports and annual reports during the research period; (c) consumer cyclicals sector companies with the required data during the research period. The researchers used 3 periods of research so that the total observations of this research reached 279.

**Variable measurement**

**Timeliness of financial reporting**

Timeliness of financial reporting is crucial, because it can affect the quality of decisions that are taken by users (Dufrisella & Utami, 2020). This is due to the fact that financial reports which are not submitted on time will reduce the value of the information. Researchers use dummy variables in assessing the timeliness of financial report submission, so a score of 0 will be given to companies that are on time and a score of 1 will be given to companies that submit financial reports that
are not on time (Surachyati et al., 2019; Trisnadevy & Satyawan, 2020).

**XBRL adoption**

XBRL is an electronic language that can be widely used to transmit and exchange information, so it can improve the analysis process and accuracy for those who provide information and those who use business information (Lestari et al., 2021). In this research, XBRL adoption is measured using dummy variables by giving score 1 for companies that have already implemented XBRL on their financial report and score 0 for companies that have not yet implemented XBRL (Lestari et al., 2021).

**Board size**

The board of directors is an individual who has the authority and responsibility for all activities related to the company (Carolina & Tobing, 2019). Meanwhile, the meaning of board size is the number of board members in a company (Silvirianita & Tumirin, 2022; Chukwu et al., 2020).

**Institutional ownership**

Institutional ownership refers to the amount of shares owned by the government, financial institutions, legal institutions, foreign institutions, and other institutions at the end of the year (Suryanto, 2019). The amount of share ownership by institutions in this research is measured by the total amount of shares that the institution owns against the total amount of outstanding shares (Herninta, 2020; Rivandi & Pramudia, 2022; Septiana, 2023).

**Auditor turnover**

Auditor turnover is simply defined as an action that the company takes to cut ties with the previous auditor and then replace it with a new auditor (Yanthi et al., 2020). In this research, researchers measured auditor turnover that occurred after 3 consecutive years using a dummy variable by giving a score of 1 to companies that experienced auditor turnover after 3 years in a row and a score of 0 was given to companies that had no auditor turnover (Hadi & Tifani, 2020).

**Control variable**

This study uses company size and audit opinion as control variables, so that it can accurately analyze the interaction between the independent variable and the dependent variable. The control variables in this study are company size and audit opinion.

**Company size**

A scale describes the size of the company using several indicators is known as company size. (Asriyatun & Syarifudin, 2020). Company size can be measured from the total assets of a company, total sales, and the size of the workforce. On this research, the size of the company is measured using the natural logarithm of total assets (Fujianti & Satria, 2020; Mathuva et al., 2019; Savitri et al., 2019).

**Audit opinion**

Audit opinion is an opinion issued by independent accountants on the financial statements of audited companies (Rahmatia et al., 2020). To measure this variable, the researchers use a dummy variable by giving 1 to companies that obtained an unqualified opinion and 0 for companies that obtained other opinion than unqualified (Farida et al., 2019; Tang & Elvi, 2021; Veronika et al., 2019).

**Regression model**

The data on this research were analyzed using logistic regression since the dependent variables is dichotomous. The logistic regression equation used in this research can be written as:

$$\ln\frac{TL}{1-TL} = \alpha 0_{it} + \beta_{1} XBRL_{it} + \beta_{2} UDD_{it} + \beta_{3} KI_{it} + \beta_{4} PA_{it} + \beta_{5} UP_{it} + \beta_{6} OA_{it} + \varepsilon$$
4. Results and discussion

Descriptive analysis

The total observations used in this research consist of 279 data from 93 cyclicals companies that are listed on the Indonesia stock exchange with a 3 years research period. However, this study has 18 observations from 6 companies that are used as outlier data, so they need to be reduced from the original sample. Thus, the final observations that were used in this research is 261 data from 87 companies. In this research, the researchers used a nominal measuring scale and a ratio measuring scale. The nominal measuring scale is used for the timeliness of financial reporting, XBRL adoption, auditor turnover, and audit opinion. Meanwhile, descriptive statistics with a ratio measurement scale will be used in explaining the condition of board size, institutional ownership, and company size.

Table 2. Descriptive statistics results with nominal scale

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Score = 1</th>
<th>Score = 0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>Timeliness of financial reporting</td>
<td>261</td>
<td>253</td>
<td>96.93%</td>
</tr>
<tr>
<td>XBRL adoption</td>
<td>261</td>
<td>260</td>
<td>99.62%</td>
</tr>
<tr>
<td>Auditor turnover</td>
<td>261</td>
<td>54</td>
<td>20.69%</td>
</tr>
<tr>
<td>Audit opinion</td>
<td>261</td>
<td>105</td>
<td>40.23%</td>
</tr>
</tbody>
</table>

Table 2 presents the test results for 261 observation data during 2019-2021 on a nominal scale. There are 96.93% of companies known to have submitted financial reports on time, so that the majority of companies listed in the consumer cyclicals sector have submitted financial reports on time. The investigation conducted on the adoption of XBRL obtained the results that 99.62% of companies had adopted XBRL in their financial statements, while the other 0.38% had not adopted XBRL in financial reports. Also, it was found that consumer cyclicals sector companies were less likely to change auditors after using the same public accounting services for 3 years in a row during the research period and the majority did not obtain an unqualified opinion on their financial statements.

Table 3. Descriptive statistics results with ratio scale

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board size</td>
<td>261</td>
<td>2.0000</td>
<td>10.0000</td>
<td>4.0459</td>
<td>1.6401</td>
</tr>
<tr>
<td>Institutional ownership</td>
<td>261</td>
<td>0.0101</td>
<td>1.0000</td>
<td>0.7705</td>
<td>0.2207</td>
</tr>
<tr>
<td>Company size</td>
<td>261</td>
<td>22.8369</td>
<td>31.5633</td>
<td>27.8672</td>
<td>1.6456</td>
</tr>
</tbody>
</table>

Table 3 shows the test results for 261 observation data during 2019-2021 on a ratio scale. It is known that the board size variable has a mean value that is bigger than the standard deviation, so the board of directors owned by the company is relatively equal and the majority of companies have 4 directors. In addition, it is also known that the consumer cyclicals sector has the most directors with 10 members and for companies that have 2 members are considered to be companies with the least size of the board of directors. For the institutional ownership, the mean value is higher than the standard deviation, so that the amount of institutional ownership in each company is relatively similar and the majority of institutions own 77.05% of the shares in a company. In the consumer cyclicals sector, there are institutional parties that fully influence the company.

Meanwhile, the company size variable is known to have a mean value which is larger than the standard deviation, so that the data for this variable does not varied and it is known that the majority of companies are categorized as large companies. The highest company has a wealth of 31.5633, while the company with a wealth of 22.8369 is the company with the lowest company size.
Regression results

Goodness of fit test

The decision-making criterion is if the probability value > 0.05, it means that the regression model is appropriate to use because the model is in accordance with the data. Based on table 4, it was found that the probability value was bigger than 0.05, namely 0.986. Thus, the regression model is appropriate to use because there is no difference between the data and the model.

Table 4. Hosmer and Lemeshow test

<table>
<thead>
<tr>
<th>Step</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.832</td>
<td>8</td>
<td>0.986</td>
</tr>
</tbody>
</table>

Overall model fit

When the model hypothesized is in accordance with the data, the initial -2LogL value will be bigger than the final -2LogL value. By referring to table 5, it can be seen that the initial -2LogL value has decreased, so that the initial -2LogL value is bigger than the final -2LogL. Therefore, it can be concluded that the hypothesized model fits the data.

Table 5. Likelihood test

<table>
<thead>
<tr>
<th></th>
<th>Initial -2 Log Likelihood</th>
<th>Final -2 Log Likelihood</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>71.514</td>
<td>41.971</td>
</tr>
</tbody>
</table>

Hypothesis testing

Determination testing

The amount of the coefficient of determination can reflect the relationship between the independent variable and the dependent variable, so the bigger the coefficient value can indicate a tight relationship between variables. By referring to table 6, it is known that the Nagelkerke R Square value is 0.447 or equal to 44.70%.

Thus, the adoption of XBRL the board size, institutional ownership, and auditor turnover using control variables in the form of company size and audit opinion are able to influence the timeliness of financial report submission with 44.70%.

Table 6. Model summary

<table>
<thead>
<tr>
<th>Step</th>
<th>-2 Log Likelihood</th>
<th>Cox &amp; Snell R Square</th>
<th>Nagelkerke R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>41.971</td>
<td>0.107</td>
<td>0.447</td>
</tr>
</tbody>
</table>

Simultaneous testing

With a significance level of 0.05, the criteria used in this hypothesis testing is when the probability ≤ 0.05, then the independent variables simultaneously affect the dependent variable. Based on table 6, it is found that the probability value is smaller than 0.05, which is 0.000048.

Table 7. Omnibus test of model coefficients

<table>
<thead>
<tr>
<th></th>
<th>Chi-Square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td>29.543</td>
<td>6</td>
<td>0.000048</td>
</tr>
<tr>
<td>Block</td>
<td>29.543</td>
<td>6</td>
<td>0.000048</td>
</tr>
<tr>
<td>Model</td>
<td>29.543</td>
<td>6</td>
<td>0.000048</td>
</tr>
</tbody>
</table>
So, that XBRL adoption, the board size, institutional ownership and auditor turnover with company size and audit opinion as control variables simultaneously affect the timeliness of financial report submission.

\[
\ln \frac{TL}{(1-TL)} = -7.492 - 15.130XBRL + 0.471UDD + 3.596KI - 2.229PA + 0.869UP + 0.970OA + \varepsilon
\]

<table>
<thead>
<tr>
<th>Step</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>XBRL</td>
<td>-15.130</td>
<td>40192.99</td>
<td>0.000</td>
<td>1</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>BS</td>
<td>0.471</td>
<td>0.589</td>
<td>0.641</td>
<td>1</td>
<td>0.423</td>
</tr>
<tr>
<td></td>
<td>IO</td>
<td>3.596</td>
<td>1.512</td>
<td>5.656</td>
<td>1</td>
<td>0.017</td>
</tr>
<tr>
<td></td>
<td>AT</td>
<td>-2.229</td>
<td>0.898</td>
<td>6.154</td>
<td>1</td>
<td>0.013</td>
</tr>
<tr>
<td></td>
<td>CS</td>
<td>0.869</td>
<td>0.368</td>
<td>5.560</td>
<td>1</td>
<td>0.018</td>
</tr>
<tr>
<td></td>
<td>AO</td>
<td>0.970</td>
<td>1.227</td>
<td>0.006</td>
<td>1</td>
<td>0.937</td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>-7.492</td>
<td>40192.99</td>
<td>0.000</td>
<td>1</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Note:
BS : Board size,
IO : Institutional ownership,
AT : Auditor turnover,
CS : Company size,
AO : Audit opinion

Result discussion

**XBRL adoption, the board size, institutional ownership, and auditor turnover on financial reporting timeliness**

According to the regression test results contained in table 8, it is known that the coefficient value is not equal to 0, so it can be stated that the adoption of XBRL, the board size, institutional ownership, and auditor turnover as well as involving company size and audit opinion as control variables simultaneously affect the timeliness of financial report submission. Also, with a significance level of 0.05, it is well known that the significance value ≤ 0.05, so that H1 is accepted. The research results are in line with the hypothesis determined at the beginning of the study which states that XBRL adoption, the board size, institutional ownership, and auditor turnover with company size and audit opinion as control variables simultaneously affect on the timeliness of financial report submission in consumer cyclicals sector companies that are listed on the Indonesia Stock Exchange in 2019-2021 period. Furthermore, these results are also able to support the results of research by Verawati (2018), Rupang et al. (2020), Nour et al. (2020), dan Ujung et al. (2022) which state that XBRL adoption, board size, institutional ownership, and auditor changes affect the timeliness of financial report submission.

**Partial testing**

Based on the logistic regression results in Table 8, the logistic regression model equation can be the same as follows:

**Result discussion**

**XBRL adoption on the timeliness of financial reporting**

Regarding the regression test results in table 8, the coefficient value is -15.130. This value can be interpreted that if the company has used the XBRL format in reporting its finances, then the company's chances of submitting its financial reports on time decrease. Also note that the significance value of this variable is greater than 0.05, which causes H2 to be rejected. Thus, the adoption of XBRL with company size and audit opinion as control variables is unable to affect the timeliness of submitting financial reports individually. The results of this study are in reverse relation to the hypothesis that has been determined at the beginning of this research because the majority of consumer cyclicals sector companies that have adopted XBRL in their financial reporting, so the adoption of XBRL cannot be a factor that can expedite the process of submitting financial reports. When it comes to compliance theory, the theory can...
motivate companies to update corporate information systems by adopting XBRL, but the theory is still insufficient in motivating companies to submit financial reports on time and is proven by several companies that still do not adopt XBRL when reporting their finances. That is why the adoption of XBRL has no effect on the timeliness of financial report submission.

According to Aksoy et al. (2021) which examines the board size of 187 companies that were listed on Borsa Istanbul (BIST) and 54 additional non-financial companies indexed by BIST 100 in 2010-2018 states this could happen because of the different levels of resources owned by smaller companies, so that the adoption of XBRL could burden smaller companies.

The results of the research showed that the adoption of XBRL was unable to affect the timeliness of companies to submit their financial reports in all sample companies that were listed on the BIST, but there was a slight influence of XBRL adoption on timeliness for large companies. The results were similar to the research results that were obtained because most of the companies which were classified as big companies had adopted and were known to be on time in submitting financial reports.

The negative sign on the coefficient of this variable raises the inconsistency of the results of the research conducted by Rupang et al. (2020) which states that the adoption of XBRL can increase the chances of companies to provide financial reports to the IDX on time. Lestari et al. (2021) also stated in their research that the adoption of XBRL can expedite the financial reporting process that could lead to companies reporting their finances to IDX on time, so information users can analyze data more efficiently and improve decision making.

We assume the difference in the results of this research comes from the difference in the year of research, because it is known that since 2019 the majority of companies have adopted XBRL.

The board size on financial reporting timeliness

Based on the regression test results shown in table 8, it is known that the coefficient value of the board of directors’ size is positive at 0.471 and this value can be interpreted that each company that has an additional 1 member of the board will increase the company's chances of submitting financial reports on time. Moreover, it is found that the significance value is bigger than 0.05, namely 0.423. This causes H3 rejected, which means that the board size by involving company size and audit opinion as control variables partially has no effect on the timeliness of financial report submission and the research results are inconsistent with the hypothesis stated at the beginning of the research. The research results are not consistent with the agency theory that was used in this research. This may indicate that the presence of many directors does not necessarily guarantee that the monitoring activities will be improved.

Nour et al. (2020) investigates the effect of the board of directors in Jordanian. The research studied 172 companies listed on the Amman Stock Exchange in 2016-2019 and using statistical data analysis package (STATA) in examining the relationship between variables. The results showed that the board of directors has a positive role in overseeing the preparation and publication of financial reports, so that having a board of directors can affect the timeliness of the company in submitting financial reports. But, the results of this research can’t strengthen the statement, because in this research the results of the board size don’t have an effect on the timeliness of financial report submission. The research results that were different from the initial hypothesis were due to the case of companies that submitted their financial reports on time, it was found that the companies did not have a board of directors more than the average value at 4.0711. From all observational data, the total companies that have a board of directors below the average but are known to be on time in reporting their finances reach 61.30% and the results of this research cannot provide evidence that the total board
of directors can influence management to report the company's finances on time.

The research results obtained also can’t support the statement by Silvirianita & Tumirin (2022) which states that companies that have applied the principles of good corporate governance can increase the company's chances of submitting financial reports on time and the board of directors is responsible for ensuring that the company has applied the principles of good corporate governance, so that the number of boards of directors can affect the timeliness of submitting financial reports. We assume the difference in the results is due to the significant difference in the size of the board directors owned by the companies, as in consumer cyclicals sector there is a significant difference in the size of the board of directors. Out of all observation data, only 35.63% of companies have more than 5 members on the board of directors while others have few members on the board of directors.

Institutional ownership on the timeliness of financial reporting

By referring to table 8 which provides information related to regression testing, it can be seen that the positive coefficient value is 3.596 and the significance value was smaller than 0.05, namely 0.017. Through the coefficient value, it can be interpreted that any increase in the proportion of institutional share ownership can increase the company's chances for submitting financial reports on time. Meanwhile, regarding the significance value which is smaller than 0.05, it can be concluded that H4 is accepted. Thus, institutional ownership with company size and audit opinion as control variables individually has a positive influence on the timeliness of financial report submission. The research results are in accordance with the hypothesis that was determined at the beginning of the research.

Based on the financial statements issued by the company, it shows that the proportion of shares owned by institutional parties can influence the company to submit financial reports in a timely manner. For example, the following companies that have a large institutional ownership and submitted their financial reports on time are PT Esta Multi Usaha Tbk., PT Golden Flower Tbk. and PT Pembangunan Jaya Ancol Tbk. So, having a large institutional ownership can affect the company's timeliness in submitting financial reports and the research results are consistent with the research hypothesis. The amount of institutional ownership can show how much the role of institutional parties in preventing opportunistic behavior of management. By doing so, the opportunity for management to take actions that cause losses to the institution can be minimized. One of the actions that can disadvantage the institution is financial reports that are not submitted on time, because it can affect the quality of decisions that are made by the institution. This can prove that the role of the institution in providing pressure to management is considerable with the reporting of finances on time and this is consistent with agency theory. The research results are able to strengthen the theoretical basis mentioned above, because this research obtained similar results. The research results can also support the research results obtained by Verawati (2018) through her research which stated that institutional ownership has a positive effect on the timeliness of financial report submission. In addition, the results of this research can support the statement of Aqsa et al. (2020) which states that the proportion of institutional share ownership of a company is able to describe the amount of power of the institution in putting pressure on management to submit the information contained in the financial statements work on time.

Alabi et al. (2022) empirically studied the effect of ownership structure on financial reporting timeliness in Nigeria by considering 21 insurance companies listed on the Nigerian Stock Exchange (NSE) by 2012-2018. Even though the institutional ownership of the sample firms in Nigeria is dominant as well, their study’s results revealed that the proportion of institutional ownership can exert a negative and significant influence on the timeliness
of financial reporting. It means, an increase in the proportion of shares owned by institutions can decrease the chances of firms to submit financial reports on time. Also, through research conducted by Herninta (2020) on 26 manufacturing companies listed on the IDX during 2012-2017, it is known that the extent of institutional ownership cannot affect any timeliness of financial report submission and we assume that these differences in results are due to differences in the samples used because this research involves more samples of IDX-listed companies. Furthermore, the different types of data analysis techniques could lead to differences in the research results obtained.

**Auditor turnover on timeliness of financial reporting**

Based on table 8, the coefficient value and significance value of the auditor change variable are known. The coefficient value of this variable is -2.229 and the negative value was interpreted as a decrease in the timeliness value of financial report submission when the company made a change of auditors. Meanwhile, the significance value of this variable is known to be smaller than 0.05, which is 0.013. Thus, it can be concluded that if the auditor change with company size and audit opinion as the control variable individually can have a negative effect on the timeliness of financial report submission or in other words H5 is accepted. The research results are similar to the hypothesis that has been determined since the beginning of the research. The research results also do not fit with compliance theory, because in consumer cyclicals sector it was found that many companies did not make auditor replacements after 3 years in row and tended to make auditor replacements before the service usage period reached the maximum limit.

The research results are equal to the research hypothesis because the majority of companies in the consumer cyclicals sector that did not make auditor switching were found submitting financial reports on time and only 19.16% of companies who made a switch of auditors. When the company is indicated to be switching auditors, the auditor needs additional time to be adapted and make adjustments with the company. Obviously it will affect the timeliness of financial reporting. This theory can be supported by the research results that were obtained in this research, because this research shows that auditor turnover has a negative effect on the timeliness of financial report submission. Thus, companies who make auditor switching tend to require additional time leading to delays in submitting financial reports. In addition, through this research it can justify the statement of Ujung et al. (2022) in their research which states that auditor turnover has a negative effect on the timeliness of submitting financial reports caused by a new auditor who replaces the old auditor in a company needs extra time in taking various procedures determined by the company and this will affect the timeliness of the company's financial statements.

However, the results of this research are inconsistent with the results discovered by Ilmiha et al. (2022) and Mardiani et al., (2021). Ilmiha et al. (2022) stated that for manufacturing companies listed on the IDX in 2014-2016 when the turnover of auditors shows a negative score, the company will be on time. Even so, auditor turnover is unable to affect the timeliness of financial report submission by manufacturing companies. Meanwhile Mardiani et al., (2021) also found that auditor turnover cannot affect the timeliness of financial report submission in the manufacturing sector on 2016-2018. We assume that the difference in the results of this research comes from measuring auditor turnover using different indicators, because in this research we measure auditor turnover on a mandatory basis. Moreover, the larger sample size in this research may also trigger the difference in research results.

### 5. Conclusions

This study aims to determine the effect of the timeliness of financial report submission in consumer cyclicals companies during 2019-2021 from the perspective of XBRL adoption and corporate governance which proxied by the board of
director’s size, institutional ownership, and auditor turnover by involving company size and audit opinion as control variables. Through the results of logistic regression analysis that has been conducted, we found that XBRL adoption, board size, institutional ownership, and auditor turnover with company size and audit opinion as control variables are simultaneously able to affect the timeliness of financial report submission. However, partially the adoption of XBRL and board size is not able to assist company in providing financial reports to the public in a more appropriate timely. Meanwhile, institutional ownership has a positive effect so they can accelerate the processing time of financial statements and the turnover of auditors is known to have a negative effect on the timeliness of submitting financial reports.

Based on the research results, there are several research implications, which are hopefully this research will be able to provide information to companies to consider the number of board members they have, the proportion of institutional ownership shares and the auditor switching that they do, because these three factors can affect the process of submitting financial reports in a timely manner. In addition, this research can also be used as a recommendation for investors that before making an investment, it is necessary to consider the timeliness of financial reports submission by the company. The factors that can be considered by investors in determining the company’s ability to submit financial reports on time are the proportion of institutional ownership and auditor switching.

This study has several limitations that are anticipated by further researchers. The limitations of this study are using consumer cyclicals companies as research objects with only 3 years of research period, that is 2019-2021. In addition, this study only involves 4 independent variables including XBRL adoption, board size, institutional ownership and auditor turnover, 2 control variables including company size and audit opinion, and the dependent variable measured through dummy variables. This causes the influence given by the independent variables on the dependent variable to be only 44.7%, while the other 55.3% can be influenced by other variables. Based on the limitations of this study, the researchers would like to provide suggestions that can be taken into consideration for further researchers, which is using independent variables other than the variables already used in this study. In this way, it is possible to know other variables that have a significant effect on the timeliness of financial report submission. Furthermore, to obtain more accurate analysis results, further research can expand by using different objects and extending the research period so that the distribution of sample data can be greater. Future researchers can also use other formulas in measuring the timeliness of submitting financial reports and auditor turnover, as a comparison to this research.

References


