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Timeliness of Financial Reporting: The Effect of Profitability, Financial Distress and Operational Complexity Moderated by Firm Size

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Abstract. Timely financial reporting is a widespread challenge, affecting numerous publicly traded companies in Indonesia. An examination of data from the Indonesia Stock Exchange (IDX) website, spanning the years 2010 to 2020, reveals that many companies submitted their financial reports past the deadline. The number of late submissions fluctuated over this period, with a noticeable decrease in 2010-2012 and 2016, followed by significant increases in 2013-2015 and 2018-2020. The year 2020 saw the highest number of late filers (96 companies), followed by 2015 (63 companies). This research delves into the elements that impact how quickly manufacturing companies listed on the Indonesia Stock Exchange (IDX) release their financial reports. This research investigates the influence of several factors on the promptness of corporate reporting. Specifically, it examines how a company's profitability, financial distress, and the intricacy of its business operations impact the timeliness of its reporting. It also considers whether the size of a company influences these relationships. This study employs a quantitative approach, utilizing panel data regression and moderated regression analysis (MRA) with EViews 10 software to examine associations within the data. The results showed that profitability and complexity have a negative effect on the timeliness of financial reporting, while financial distress has a positive effect. Firm Size can moderate the effect of profitability on the timeliness of financial reporting. However, it cannot moderate the effect of financial distress and operating complexity on the timeliness of financial reporting.

Keywords: Financial Distress, Financial Reporting, Firm Size, Operational Complexity, Profitability, Timeliness

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Introduction

Indonesia's capital market is experiencing rapid growth, fueled in part by the increasing professionalism of public accountants who ensure the quality of financial information (Syahadati & Adi, 2021). Since financial reports reflect a company's performance and accountability, their timely release is crucial for transparency and informed decision-making (Dyer & McHugh, 1975; (Kesuma, L, & Machpuddin, 2016). The speed of an audit directly impacts on the timeliness of these reports; lengthy audits often lead to delays in reporting (Anazira, Darmayanti, & Novianti, 2020). Although the Indonesian Financial Services Authority (OJK) requires all publicly listed companies to deliver their financial reports no later than four months after their fiscal year ends (as stipulated in OJK Regulation No. 29/POJK.04/2016), numerous companies still fail to comply with this requirement, even with the threat of penalties.

An analysis of IDX data from 2010 to 2020 reveals fluctuating trends in late reporting. While instances of late submissions decreased in 2010-2012 and 2016, they rose significantly in 2013-2015 and 2018-2020. The year 2020 recorded the highest number of late filers (96 companies), followed by 2015 (63 companies). This persistent issue highlights the need for further investigation into the factors influencing reporting timeliness.

This study examines how a company's profitability, financial distress, and operational complexity affect the timeliness of its financial reporting. It also explores whether the size of a company influences these relationships. This research employs a quantitative methodology and associative analysis to examine the factors that influence the timeliness of reporting. The study employs panel data regression and moderated regression analysis (MRA), with the assistance of EViews 10 software, to examine the relationships between the variables.

Understanding the dynamics of financial reporting timeliness is essential for companies, investors, and regulators alike. This research aims to provide insights into this process, contributing to improved corporate performance, greater transparency, and more informed investment decisions. This research aims to enhance financial reporting in Indonesia by examining factors influencing timeliness. Identifying and analyzing these factors provides insights for improvements in the reporting process.

Literature Review

Theoretical Background

From an agency theory perspective, a timely audit plays a crucial role in minimizing information asymmetry. When auditors complete their work promptly and release audited financial reports quickly, it reduces the gap in knowledge between company management (the agent) and external stakeholders like investors (the principal). This increased transparency enables investors to develop a clearer and more current understanding of a company's financial health, which in turn minimizes the possibility of conflicts of interest.

Compliance theory, on the other hand, highlights the importance of adhering to rules and regulations. As Lunenburg (2012) suggests, compliance is essential for organizational effectiveness and involves integrating various management approaches. The Indonesian Financial Services Authority (OJK) has established a regulatory framework for the timely disclosure of financial reports. Specifically, OJK Regulation No. 29/POJK.04/2016 stipulates that all companies listed on the stock exchange must submit their financial reports within four months of the end of their fiscal year. Despite these regulations, many companies struggle to comply, leading to delays in financial reporting.

Investors rely heavily on timely financial information to make well-informed investment choices. Prompt access to a company's financial reports is essential for effective decision-making in the investment process. Information theory underscores the significance of financial reports in conveying vital information to investors and other stakeholders. Signal theory suggests that a company's commitment to timely reporting can serve as a positive signal to the market, indicating transparency and good corporate governance. On the other hand, if a company is late submitting its financial reports, this can be seen as a red flag. It may lead to questions about the company's financial stability or its dedication to open and honest communication with stakeholders.

Timeliness of Financial Reporting

Every company listed on the Indonesia Stock Exchange (IDX) must comply with regulatory standards, which include those related to the prompt release of financial reports. This timely reporting is crucial to ensure that the information remains relevant

and useful for decision-making by investors and other stakeholders. Financial reports serve as a vital tool for individuals to assess a company's performance and make informed investment choices.

The prompt submission of financial reports is essential for maintaining the relevance and value of the information they contain. Relevant information enables accurate predictions and informed assessments of a company's financial health. Therefore, adhering to reporting deadlines is crucial for companies to provide stakeholders with timely and decision-useful information.

Profitability

To gauge a company's profitability, this study relies on Return on Assets (ROA) as the primary measure. Research suggests that companies that promptly disclose their financial results tend to be viewed more positively by the public, especially when compared to those that are slow to report financial losses or other negative news (Dye & Sridhar, 1995, as cited in Owusu-Ansah, 2000). This positive perception is likely because timely reporting signals operational efficiency and sound financial performance. A company's financial performance serves as an important indicator to investors and reflects the effectiveness of its management. Publicly listed companies experiencing financial distress tend to have longer audit delays than private companies. This suggests that auditors exercise greater caution and conduct more thorough reviews when assessing companies with losses or low profitability, likely to mitigate potential risks and ensure the accuracy of the reported financial information.

Financial Distress

Financial distress, as described by Muflihah, 2017, refers to a company's precarious financial situation that threatens its ability to continue operating. This distress typically begins when a company struggles to meet its financial obligations, particularly those related to liquidation or solvency.

Muflihah (2017) further explains that a company facing financial distress may attract the attention of investors and creditors who become concerned about the company's ability to repay investments or loans. If the company fails to address these financial challenges effectively, it may be forced to cease operations or declare bankruptcy.

One common method for identifying companies experiencing financial distress is through ratio analysis. When analyzing a company's financial health, a crucial metric is the solvency ratio. As explained by Kasmir (2019), this ratio reveals the degree to which a company relies on borrowed funds to finance its assets. A high solvency ratio can indicate a higher risk of financial distress, as the company relies heavily on borrowed funds to finance its operations.

Operational Complexity

The complexity of a company's operations can be gauged by the number of subsidiaries it owns. When a parent company holds a majority stake (over 50%) in other entities, these subsidiaries' financial performance must be consolidated into the parent company's financial statements. This consolidation process increases the complexity of the audit, as auditors need to examine the financial records of multiple entities, which can lengthen the time required to complete the audit (Anggradewi & Haryanto, 2014).

Firm Size

In this study, firm size is considered a moderate factor. Larger companies typically possess substantial assets and often face greater scrutiny from stakeholders due to their higher public profile. This increased attention can put pressure on larger companies to ensure timely financial reporting (Putra & Putra, 2016).

Hypothesis

The following are the hypotheses in this study.

H1: Profitability affects the timeliness of financial reporting

H2: Financial distress affects the timeliness of financial reporting

H3: Operational Complexity affects the timeliness of financial reporting

H4: Firm size can mediate the effect of profitability on the timeliness of financial reporting

H5: Firm size can mediate the effect of financial distress on the timeliness of financial reporting

H6: Firm size can mediate the effect of operational complexity on the timeliness of financial reporting

The research model can be seen in the following figure.

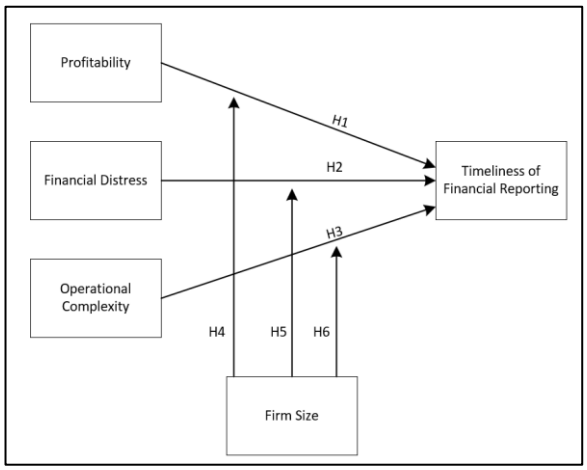

Fig 1. Research Model

Research Methods

This study examines the effect of profitability, financial distress, and operational complexity on the timeliness of financial reporting, and whether firm size affects these relationships. The research analyzes data from 194 manufacturing companies listed on the IDX between 2016 and 2020, resulting in 970 company-year observations. This study uses secondary data taken from the IDX website and company annual reports. These resources and relevant academic literature provide the foundation for analyzing the research questions.

Data Analysis Techniques

A quantitative methodology is used in this research to examine the correlation between various factors and the promptness of financial reporting. EViews 10 software is used to conduct statistical analysis, leveraging its capabilities in handling panel data, which combines both time series and cross-sectional data. This is appropriate given the study's dataset, which includes observations from multiple companies over several years.

Panel Data Regression Model

The analysis utilizes a panel data regression model to examine the data. To determine the most suitable model (Common Effects, Fixed Effects, or Random Effects), rigorous diagnostic tests are performed. These tests include the F-test (Chow Test), Lagrange Multiplier test, and Hausman test, which helps assess the characteristics of the data and select the model that best fits its properties.

Data Integrity Checks

Before conducting the main analysis, the data is examined for potential issues that could affect the reliability of the results. Specifically, the study checks for multicollinearity, which occurs when independent variables are highly correlated, and heteroscedasticity, which refers to non-constant variance of errors. Addressing these potential issues helps ensure the robustness of the regression analysis.

Hypothesis Testing

To test specific research hypotheses, the study employs two main approaches:

a. Partial testing (t-tests): This method is used to evaluate the individual effects of each independent variable (profitability, financial distress, and operational complexity) on the dependent variable (timeliness of financial reporting).
b. Moderated Regression Analysis (MRA): This technique is used to examine how firm size, as a moderating variable, influences the relationships between the independent variables and the dependent variable. MRA helps determine if the impact of profitability, financial distress, or operational complexity on reporting timeliness changes depending on the size of the company.

Results

Assumption Test and Model Suitability

Following the model selection process, the Random Effects Model (REM) was deemed the most suitable for this analysis. Therefore, the Generalized Least Squares (GLS) method is employed for the regression

analysis. While this study involves panel data, not all classical assumptions of linear regression are required to be fully met. However, tests for multicollinearity and heteroscedasticity are conducted to ensure the reliability of the results.

Multicollinearity Test

Multicollinearity, which occurs when independent variables are highly correlated, can distort the interpretation of regression coefficients. To assess multicollinearity, this study examines Variance Inflation Factors (VIFs) and tolerance values. Generally, a VIF greater than 10 or a tolerance value below 0.1 suggests potential multicollinearity issues. The results of the multicollinearity test are presented in the following table.

Table 1
Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	622.9918	419.2445	NA
ROA	0.000941	1.024116	1.007951
DER	5.21E-06	1.075007	1.004849
KP	0.044240	1.982675	1.400795
UP	0.796588	435.9383	1.404047

Source: Processed Data (2022)

The table above presents the results of the multicollinearity test. As the table shows, multicollinearity does not appear to be a concern in this study, as all variables have Variance Inflation Factor (VIF) values below the threshold of 10. It is shown that the independent variables are not interrelated, allowing for reliable interpretation of their individual effects in the regression analysis.

Heteroscedasticity Test

Heteroscedasticity, another potential issue in regression analysis, occurs when the variability of errors is not constant across all levels of the independent variables. To detect heteroscedasticity, the Breusch-Pagan-Godfrey test is employed. This test examines the relationship between the absolute residuals (the differences between observed and predicted values) and the independent variables. A p-value greater than 0.05 means there is no statistically significant evidence of heteroscedasticity. The following table shows the Breusch-Pagan-Godfrey test results.

Table 2
Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1258.682	4027.130	0.312551	0.7547
ROA	-0.344928	4.950628	-0.069674	0.9445
DER	-0.169948	0.368437	-0.461268	0.6448
KP	-12.48737	33.93619	-0.367966	0.7130
UP	-14.22466	144.0029	-0.098780	0.9214

Source: Processed Data (2022)

There is no problem of heteroscedasticity, as shown by the table above.

Model Estimation Method Test

To determine the most suitable model for analyzing the panel data, a series of tests are conducted. The first is the Chow test, which helps decide between a pooled (standard) model and a fixed effects model. If the Chow test suggests that a pooled model is appropriate, the Lagrange Multiplier (LM) test is then used to determine whether a random effects model might be a better fit. If the LM test favors the standard model (Common Effects), no further testing is needed. However, if the LM test indicates that a random effects model is preferable, the Hausman test is then employed to make the final decision between fixed effects and random effects. The results of the Chow test are presented in the table below.

Table 3
Chow Test Results

Effects Test	Statistic	df.	Prob.
Cross-section F	3.150372	(104,416)	0.0000
Cross-section Chi-square	304.956761	104	0.0000

Source: Processed Data (2022)

The results of the Chow test, as displayed in Table 3, indicate that a fixed effects model is more appropriate than a pooled model for this panel dataset. The extremely low p-value (0.0000) associated with the chi-square statistic strongly suggests that the fixed effects model, which accounts for individual differences between companies, is a better fit for the data. To confirm this, a Hausman test is performed to

compare the fixed effects and random effects models. The test results are below.

Table 4
Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. df.	Prob.
Cross-section random	17.209871	4	0.0018

Source: Processed Data (2022)

The Hausman test, as shown in Table 4, provides evidence in favor of a fixed effects model for this analysis. The p-value associated with the cross-section random effects is 0.0018, which falls below the significance level of 0.05. This result indicates that the fixed effects model, which accounts for individual differences across companies, is statistically preferable to the random effects model. Therefore, the model selection process concludes with the adoption of the fixed effects approach, and further testing with the Lagrange Multiplier test is not required.

Table 5
Hausman Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	86.76002	1.483867	58.46888	0.0000
ROA	-0.060667	0.030234	-2.006568	0.0453
DER	0.004770	0.002260	2.110252	0.0353
KP	-0.409821	0.175764	-2.331659	0.0201

Effects Specification

Period fixed (dummy variables)

R-squared	0.086017	Mean dependent var	85.31619
Adjusted R-squared	0.073642	S.D. dependent var	28.62789
S.E. of regression	27.55363	Akaike info criterion	9.485266
Sum squared resid	392507.6	Schwarz criterion	9.550232
Log-likelihood	-2481.882	Hannan-Quinn criter	9.510705
F-statistic	6.950885	Durbin-Watson stat	1.256428
Prob(F-statistic)	0.000000		

Source: Processed Data (2022)

T-test

A t-test aims to determine how each independent variable uniquely affects the dependent variable. In other words, it examines whether each factor, when considered in isolation, has a statistically significant effect on the outcome variable. The findings of this t-test analysis are presented below.

Table 6
T Test Results

Variable Relationship		Coefficient	Prob	Result
ROA	*Timeliness*	-0.060667	0.0453	H1 Accepted
DER	*of financial*	0.004770	0.0353	H2 Accepted
KP	*reporting*	-0.409821	0.0201	H3 Accepted

Source: Processed Data (2022)

The results presented in the table above can be summarized as follows:

a. The negative coefficient (-0.060667) and low p-value (0.0453) suggest that Return on Asset (ROA; proxied by profitability) is negatively related to the timeliness of financial reporting.
b. The positive coefficient (0.004770) and low p-value (0.0353) suggest that the Debt-to-Equity Ratio (DER; proxied by Financial Distress) is positively related to the timeliness of financial reporting.
c. The negative coefficient (-0.409821) and low p-value (0.0201) suggest that Operational Complexity (KP) is negatively related to the timeliness of financial reporting.

Coefficient of Determination Test (R^2)

The coefficient of determination (R-squared or R^2) is a statistical measure that indicates the proportion of variability in a dependent variable that is explained by the independent variables in a regression model. A value of 0 suggests that the independent variables have no explanatory power, while a value of 1 indicates that they perfectly explain the variation in the dependent variable. The analysis indicates that the included factors (ROA, DER, and KP) explain approximately 7.36% of the variation in the timeliness of financial reporting. This suggests that other factors not included in the model, such as firm size, industry-specific characteristics, or regulatory changes, may play a more significant role in determining when companies submit their financial reports.

F Test

The F-test is used to assess the overall significance of a regression model. It determines whether all the independent variables together have a significant impact on the dependent variable. As shown in Table

5, the F-statistic for this model is 6.950885, with a corresponding p-value of 0.00000. This very low p-value indicates that the independent variables (ROA, DER, and KP), when considered together, significantly influence the timeliness of financial reporting.

Moderated Regression Analysis Test

This study examines the role of capital structure as a moderating variable. The goal is to assess whether capital structure significantly influences the relationships between the independent variables (profitability, financial distress, and operational complexity) and the dependent variable (timeliness of financial reporting). In other words, does a company's capital structure amplify or diminish the effects of these factors on reporting timeliness? The following moderation tests are conducted to address this question.

Table 7
Model 2 With Moderation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	187.1262	24.24953	7.716696	0.0000
UP	-3.595366	0.867100	-4.146428	0.0000

Source: Processed Data (2022)

The moderated panel data regression analysis yielded the following equation:

A.D. = 187.1262 - 3.595366 * SIZE

where:
1. A.D. represents the Audit Delay
2. SIZE represents the firm size

This equation can be interpreted as follows:
a. The constant term of 187.1262, with a statistically significant p-value of 0.0000, indicates that when firm size is not considered (held constant), the predicted audit delay is 187.1262.
b. The coefficient for firm size (-3.595366), with a statistically significant p-value of 0.0049, suggests that firm size has a negative impact on audit delays. In other words, larger companies tend to have shorter audit delays, indicating faster financial reporting.

Table 8
Moderated Regression Analysis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	134.8270	28.96412	4.654966	0.0000
UP	1.782412	0.334474	5.328998	0.0000
DER	0.026740	0.098715	0.270879	0.7866
KP	3.230642	2.897723	1.114890	0.2654
UP	-1.708300	1.026787	-1.663733	0.0968
M1	-0.078248	0.014069	-5.561849	0.0000
M2	-0.000766	0.003427	-0.223397	0.8233
M3	-0.105721	0.094213	-1.122146	0.2623
Effects Specification				
The period fixed (dummy variables)				
R-squared	0.167472	Mean dependent var		85.31619
Adjusted R-squared	0.149621	S.D. dependent var		28.62789
S.E. of regression	26.39950	Akaike info criterion		9.407159
Sum squared resid	357527.0	Schwarz criterion		9.504608
Log likelihood	-2457.379	Hannan-Quinn criter		9.445318
F-statistic	9.381415	Durbin-Watson stat		1.484871
Prob(F-statistic)	0.000000			

Source: Processed Data (2022)

The F-test was conducted to assess the overall fit of the regression model. The results show a statistically significant F-statistic of 9.381415 (p = 0.000000), indicating that the model, which includes the interaction terms ROA*SIZE, DER*SIZE, and KP*SIZE, effectively explains the variation in the accuracy of financial statements. The adjusted R-squared value indicates that the interaction terms in the model account for approximately 15% of the observed variation. The remaining 85% is attributed to other unmeasured factors.

The moderated regression analysis produced the following equation:

A.D. = 134.8270 - 0.078248 * M1 - 0.000766 * M2 - 0.105721 * M3

where:
1. A.D. represents Audit Delay
2. M1 represents the interaction between ROA and SIZE
3. M2 represents the interaction between DER and SIZE
4. M3 represents the interaction between KP and SIZE

This equation reveals the following:
a. The constant term is 134.8270 (p = 0.0235), meaning that when all other variables are held constant, the expected audit delay is 134.8270.

b. The coefficient for the interaction between ROA and SIZE (M1) is -0.078248 (p = 0.0000). This indicates that firm size strengthens the influence of ROA on financial reporting timeliness, supporting Hypothesis 4 (H4).
c. The coefficient for the interaction between DER and SIZE (M2) is -0.000766 (p = 0.8233). This suggests that firm size does not significantly moderate the relationship between DER and financial reporting timeliness, leading to the rejection of Hypothesis 5 (H5).
d. The coefficient for the interaction between KP and SIZE (M3) is -0.105721 (p = 0.2623). This indicates that firm size does not significantly moderate the relationship between KP and financial reporting timeliness, leading to the rejection of Hypothesis 6 (H6).

Discussion

1. The Effect of Profitability on Timeliness of Financial Reporting

   There is a clear link between a company's profitability and how quickly they get their financial reports out. The analysis of profitability, using Return on Assets (ROA) as a proxy, indicates a statistically significant negative association with audit delay (t-statistic = -2.006568, p = 0.0453). This finding supports Hypothesis 1, which proposes that profitability affects the timeliness of financial reporting. In addition, it is also in line with signal theory. The theory states that stakeholders can interpret a company's actions as positive or negative. In this context, low profitability can be a negative signal. Companies with low profitability may try to delay financial reporting to hide their poor performance or face difficulties in preparing financial statements due to a lack of resources. Delays in financial reporting, especially when accompanied by low profitability, can create uncertainty and doubt among investors. Investors may question the company's ability to generate profits and manage its finances effectively. This study's results align with research conducted by Aigienohuwa and Uniamikogbo (2021).

2. The Effect of Financial Distress on Timeliness of Financial Reporting

   Some intriguing patterns are revealed when the effect of financial troubles on a company's reporting speed is examined. The analysis, using Debt-to-Equity Ratio (DER) as an indicator of financial distress, shows a statistically significant positive relationship with audit delay (t-statistic = 2.110252, p = 0.0353). This finding supports Hypothesis 2, which proposes that financial distress affects the timeliness of financial reporting. In addition, this finding is in line with signal theory. The theory states that companies committed to timely financial reporting send positive signals to the market. This indicates transparency and good corporate governance. In the context of financial distress, companies that are experiencing financial difficulties may be more motivated to send these positive signals. By reporting financials on time, they seek to reassure investors and stakeholders that they are open about their financial condition and remain committed to the principles of good governance. Delays in financial reporting can be seen as a negative signal, raising questions about a company's financial stability or its commitment to open and honest communication. For companies in financial distress, reporting delays can exacerbate existing negative perceptions. Therefore, they are incentivized to report financials on time to avoid further negative signals. Companies in financial distress may need additional capital from investors. Timely financial reporting can attract investors by showing that the company is transparent and reliable despite difficulties. This study's results align with research conducted by Bella and Budiantoro (2023).
3. The Effect of Operational Complexity on Timeliness of Financial Reporting

   This research also examined the link between the intricacy of a company's business structure and the speed at which it publishes its financial reports. The analysis reveals a statistically significant negative association between the complexity of a company's operations and the timeliness of its financial reporting (t-statistic = -2.331659, p = 0.0201). The results of this study support

Hypothesis 3. In addition, this study's results align with compliance theory. The complexity of operations can make it difficult for companies to collect, process and verify the financial data needed for reporting. This can lead to difficulties meeting reporting requirements and deadlines set by regulators, as mandated by OJK in Regulation No. 29/POJK.04/2016. This theory emphasizes the importance of following rules and regulations, including financial reporting deadlines. Failure to comply with these rules, which may be due to the complexity of operations, can lead to delays reporting and sanctions from regulators. The results of this study are also in line with research conducted by AlNajran and Faleel (2021).

4. Firm Size Moderates the Effect of Profitability on the Timeliness of Financial Reporting

   Statistical analysis indicates that firm size significantly moderates the relationship between profitability and the timeliness of financial reporting (t-statistic = -5.561849, p = 0.000). The results of this study support Hypothesis 4. This is also in line with agency theory. The theory emphasizes the existence of information asymmetry between management (agent) and investors (principal). Large companies tend to have more complex structures and more information to process. This can increase information asymmetry. firm size may be a moderating variable because larger companies have more resources to produce timely financial reports. They may have larger accounting departments, more sophisticated systems, and easier access to auditors. Larger and more profitable companies may have stronger incentives to report their financial performance promptly to attract investors and maintain a good reputation. This study's results align with research conducted by Andriyanto, Sakti, and Neliana (2024).

5. Firm Size Moderates the Effect of Financial Distress on the Timeliness of Financial Reporting

   The analysis of the interaction between firm size and financial distress reveals a non-significant moderating effect. The statistical test shows a t-statistic of -0.223397 with a p-value of 0.8233, which is greater than the 0.05 significance level. The results of this study do not support Hypothesis 5. This aligns with research conducted by Aprilliant et al. (2020). The results of this study indicate that large and small companies, when experiencing financial difficulties, tend to have the same behavior regarding the timeliness of financial reporting. All public companies, regardless of size, are bound by the same regulations regarding financial reporting and the deadline for submission. Sanctions for late reporting also apply equally to all companies. This encourages all large and small companies to prioritize the timeliness of reporting despite experiencing financial difficulties. Companies that are late in submitting financial reports, whether large or small, will face the same reputational risks. Investors and creditors are likely to view companies that do not adhere to reporting deadlines negatively, which may make it more difficult for them to access the capital markets in the future. While large companies may have more resources, financial difficulties may limit their ability to allocate these resources to the financial reporting process. On the other hand, smaller companies may have limited resources, but they may be more agile in addressing issues and meeting reporting deadlines.

6. Firm Size Moderates the Effect of Operational Complexity on Timeliness of Financial Reporting

   An examination of the interaction between operational complexity and firm size reveals that firm size does not have a significant moderating effect on the relationship between operational complexity and audit delays. The statistical analysis shows a t-statistic of -1.122146 with a p-value of 0.2623, exceeding the 0.05 threshold for statistical significance. The results of this study do not support Hypothesis 6. This aligns with research conducted by Putra and Wiratmaja (2019). Large companies with complex operations are not always slower in reporting their finances than small companies with simpler operations, and vice versa. Companies in Indonesia, regardless of the size and complexity of their operations, must follow the same accounting standards (PSAK) and are required to use a structured reporting system. This helps ensure consistency and eases the reporting process, thereby reducing the impact of operating complexity on timeliness. In addition, the development of information technology has made it easier for companies to manage and process financial data, even for companies with complex operations. For example, Enterprise Resource

Planning (ERP) systems can integrate data from various departments and simplify the reporting process.

Conclusions

This study examined the factors influencing the timeliness of financial reporting in manufacturing companies listed on the Indonesia Stock Exchange. The following key conclusions emerged from the analysis:

1. Profitability: Profitability negatively affects the timeliness of financial reporting. Firm size can moderate this effect.
2. Financial Distress: Financial distress positively affects the timeliness of financial reporting. However, firm size cannot moderate this effect.
3. Operational Complexity: Operational complexity negatively affects the timeliness of financial reporting. However, firm size cannot moderate this effect.

Based on the results, the following recommendations are offered:

1. For Companies: Prioritize the timeliness of financial reporting, especially when profitability is declining or facing financial difficulties, and manage the complexity of operations efficiently.
2. For Auditors: Raise awareness of potential financial reporting delays in companies with low profitability or complex operations.
3. For Investors: Consider profitability, reporting timeliness, and operations complexity when assessing corporate performance and governance.

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