Profitability, Leverage, and Institutional Ownership in Explaining Reporting Timeliness

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Abstract	This study investigates the effect of profitability, leverage, and institutional ownership on the timeliness of financial reporting in property and real estate companies listed on the Indonesia Stock Exchange during the 2021–2023 period. Using a quantitative approach with logistic regression analysis, the study employs purposive sampling on 34 companies. The results reveal that none of the three variables significantly influence the timeliness of financial reporting, either partially or simultaneously. These findings suggest that other factors beyond financial indicators might play a more decisive role in timely financial reporting
Keywords	Timeliness; Profitability; Leverage; Institutional Ownership.

1. INTRODUCTION

Timeliness in financial reporting is an essential component in ensuring transparency, accountability, and integrity in capital markets. Timely disclosure of financial information allows stakeholders—such as investors, creditors, analysts, and regulators—to make informed and efficient decisions. The quicker financial data is published, the more relevant and useful it becomes in dynamic economic environments.

In Indonesia, the Financial Services Authority (Otoritas Jasa Keuangan, OJK) mandates all publicly listed companies to submit their audited annual financial reports no later than 90 days after the end of the fiscal year. Despite these clear regulatory deadlines, several companies, particularly in the property and real estate sector, fail to meet them. This sector is characterized by capital-intensive projects, high dependency on economic fluctuations, and long project cycles, which can complicate financial reporting processes and delay submissions.

From a theoretical standpoint, company-specific financial indicators such as profitability, leverage, and institutional ownership are believed to play a significant role in determining the timeliness of financial reporting. Profitability, for instance, may drive management to disclose favorable performance results promptly as a positive signal to investors. Leverage reflects a firm's financial structure and obligations to creditors, possibly increasing pressure for timely disclosures. Institutional ownership,

often associated with enhanced monitoring and governance practices, is also expected to encourage compliance with reporting deadlines.

However, empirical evidence from previous research presents mixed and inconclusive findings. Some studies suggest that higher profitability leads to more timely reporting, while others report no significant relationship. Similar inconsistencies are observed with regard to leverage and institutional ownership. These discrepancies may result from differences in regulatory environments, firm characteristics, or methodological approaches. This research has been conducted by Handayani, L., Danuta, K. S., & Nugraha, G. A. (2021), Setiawati, E., Putri, E., & Devista, N. D. (2021), Wicaksono, D. (2021), Putri, T. H., & Nugroho, L. (2023), Videsia, Y., Agung, R. E. W., & Nurcahyono, N. (2022), Azhari, F., & Nuryatno, M. (2019), and Santika, D., & Nuswandari, C. (2021).

To address these gaps, this study aims to investigate the effect of profitability, leverage, and institutional ownership on the timeliness of financial reporting within Indonesian property and real estate companies. Focusing on the 2021–2023 period, the research seeks to offer sector-specific insights that contribute to the broader understanding of financial disclosure behavior in emerging markets and support better corporate governance policies

METHOD

This is a quantitative, descriptive study involving 34 property and real estate companies listed on the IDX from 2021 to 2023, selected via purposive sampling. Data were collected through documentation of annual financial reports and analyzed using logistic regression with SPSS 26. The dependent variable, timeliness, is a binary dummy: 1 for timely reports and 0 for delays. Independent variables include profitability (ROA), leverage (DER), and institutional ownership percentage.

RESULT DAN DISCUSSION

Descriptive statistics is a statistical method used to collect and present data to provide useful information. This method aims to provide an overview of the data through measures such as the average (mean), standard deviation, variance, maximum, and minimum values of the observed data. Descriptive statistical testing serves to demonstrate the general characteristics of the research object. The descriptive statistical results for the variables profitability (ROA), leverage (DER), institutional ownership, and timeliness of financial reporting (using dummy variables), based on 102 observational data from 34 property and real estate companies listed on the

Indonesia Stock Exchange for the 2021–2023 period, are presented in Table 4.1 below.

Table 4.1

Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	102	.03	41.19	4.7151	5.60626
Leverage	102	.20	3416.21	89.6040	336.24846
Institusional Ownership	102	.00	100.00	65.8564	23.28296
Timeliness	102	.00	1.00	.8137	.39125
Valid N (listwise)	102				

Source: Secondary Data Processing in SPSS 26, 2025

Based on the descriptive statistics of the 102 samples analyzed, the following can be explained:

a. The profitability variable has a minimum value of 0.03% and a maximum of 41.19%, with a mean of 4.7151% and a standard deviation of 5.60626. This indicates that the profitability of companies in the sample is relatively low on average, but there is significant variation between companies.

b. The leverage variable has a minimum value of 0.20 and a maximum of 3416.21, with a mean of 89.6040 and a very high standard deviation of 336.24846. This indicates that there are extreme differences in capital structure between companies, with some companies having very large debts compared to their total assets.

c. The institutional ownership variable ranges from 0% to 100%, with a mean of 65.8564% and a standard deviation of 23.28296. This indicates that most companies in the sample have a fairly dominant portion of institutional ownership, although there

are a few companies with no institutional ownership at all.

d. The timeliness of financial reporting variable, measured using a dummy variable (0 = not timely, 1 = timely), has a mean value of 0.8137 with a standard deviation of 0.39125. This indicates that approximately 81% of companies report their financial statements on time, reflecting a fairly high level of compliance with established reporting deadlines.

Logistic Regression Analysis

Table 4.2

Logistic Regression Analysis Results

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Profitabilitas	.043	.063	.453	1	.501	1.044
	Leverage	.001	.004	.118	1	.732	1.001
	Kepemilikan Institusional	.003	.011	.058	1	.809	1.003
	Constant	1.025	.784	1.706	1	.191	2.786
a. Variable(s) entered on step 1: Profitabilitas, Leverage, Kepemilikan Institusional.							

Based on table 4.2 which is the result of the logistic regression analysis, the logistic regression equation can be formulated as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

$$Y = 1{,}025 + 0{,}043 X^1 + 0{,}001 X^2 + 0{,}003 X_3 + \varepsilon$$

Based on the logistic regression equation above, the effect of the independent variables on the dependent variable can be analyzed, including:

a. A constant value of 1.025 indicates that when profitability, leverage, and institutional ownership are zero, the baseline value of a company's timely reporting is 1.025.

b. A coefficient of 0.043 for the profitability variable indicates that every one-unit increase in profitability increases the company's timely reporting by 0.043. This means that the higher the profitability, the greater the company's tendency to report its financial statements on time.

c. A leverage coefficient of 0.001 indicates that every one-unit increase in leverage increases the company's timely reporting by 0.001. This means that the higher the company's leverage, the smaller the tendency to report on time.

d. A coefficient of 0.003 for institutional ownership indicates that every one-unit increase in the percentage of institutional ownership increases the company's timely reporting by 0.003. This shows that the greater the institutional ownership, the greater the company's tendency to provide timely financial reporting, although the increase is relatively small.

Partial Test Results

1) The profitability variable shows a significance value of 0.501, which is greater than 0.05, indicating no significant effect on timeliness. Furthermore, the Wald statistic value of 0.453 is also below the t-table value of 1.66023. Therefore, H1 is rejected, indicating no significant effect between the profitability variable and the timeliness of financial reporting.

2) The leverage variable has a significance value of 0.732 and a Wald value of 0.118, indicating that leverage also does not significantly affect the timeliness of reporting. This value is far from the specified critical limit, so the hypothesis stating the influence of leverage cannot be accepted. Therefore, H2 is rejected, indicating no significant effect between the leverage variable and the timeliness of financial reporting.

3) The institutional ownership variable recorded a significance value of 0.809, which is the highest value among the three variables, with a Wald value also low at 0.058. So H3 is rejected, meaning that there is no significant influence between the institutional ownership variable and the timeliness of financial reporting variable.

Simultaneous Test Results

The results of the simultaneous test using the method in the table above show a chi-square value of 1.074 with a significance level of 0.783 > 0.05. This indicates that the hypothesis is not accepted. Therefore, there is no effect of profitability, leverage, and institutional ownership on the timeliness of financial reporting.

CONCLUSION

This study concludes that profitability, leverage, and institutional ownership do not significantly influence the timeliness of financial reporting in property and real estate companies in Indonesia. Future research is advised to include qualitative governance indicators and broaden the variable scope to explore deeper causes behind reporting delays

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