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Factors Affecting the Timeliness of Financial Reports: The Case of Borsa İstanbul

Finansal Raporların Zamanlılığına Etki Eden Faktörler: Borsa İstanbul Örneği

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ÖZ

Finansal raporlamada amaç, raporlayan işletmenin finansal durumunu ve performansını ortaya koymak; bu suretle tüm paydaşların ekonomik kararlarına yarar sağlayacak nitelikli finansal bilgiyi sunmaktır. Nitekim kavramsal çerçevede finansal bilginin taşıması gereken niteliksel özellikler sıralanmıştır. Teorik olarak finansal bilginin niteliksel özellikleri taşıması bir gereklilik olsa da pratikte kamuoyu ile paylaşılmış olan raporların belirtilen bu nitelikleri gerçekten haiz olup olmadığı önemli bir araştırma sorusu olmaktadır ve literatürde de bu soruya cevap arayan çok sayıda çalışma yer almaktadır. Bu çalışmanın amacı da ikincil niteliksel özelliklerden biri olan zamanlılık bağlamında, 2015 – 2019 yılları arasında Borsa İstanbul (BIST) Sınai Endeks'te kesintisiz olarak işlem gören 136 şirketin anılan 5 hesap dönemindeki, yıllık finansal raporlarından oluşan örneklem ile (680 gözlem ile) finansal raporların kamuoyuna açıklandığı tarih üzerinde etkili olan faktörlerin incelenmesi ve bu suretle finansal raporlamanın zamanlılığına etki eden faktörlerin belirlenmesidir. Ampirik bulgular; firma büyüklüğü, yüksek likidite, olumlu denetim görüşü almış olmak, 4 büyük bağımsız denetim firması tarafından denetlenmiş olmak ve karlılıktaki artış finansal raporlamadaki gecikmeyi kısaltan etkenler olarak belirlenmiştir. Buna karşın, cari dönemi zararla kapatmış olmak ve finansal tabloların konsolidasyona tabi tutulması zorunluluğunun literatürde de belirtildiği gibi raporlamada gecikme süresini arttırdığı tespit edilmiştir.

ANAHTAR KELİMELER
Finansal Raporlamada Gecikme, Finansal Bilginin Zamanlılığı, Borsa İstanbul

ABSTRACT

Financial reporting aims to reveal the financial position and performance of the reporting entities so that this useful information enables stakeholders to make and evaluate their economic decisions. The qualitative characteristics that financial information should possess are listed in the conceptual framework. Although financial information must have qualitative characteristics in theory, it is an important research question whether the reports presented to public have these qualities, in practice. Therefore, there are many studies in the literature that investigate this question. This study explores the determinants of financial reporting timeliness, one of the secondary qualitative characteristics of financial information. More specifically, this study aims to examine the factors affecting the date when the financial reports are disclosed to the public with a sample of annual financial reports (with 680 observations) of 136 companies traded in Borsa Istanbul Industrials Index (BIST: XUSIN) continuously between 2015 and 2019. Empirical findings show that financial reporting delay is decreasing in firm size, higher liquidity, receiving an unqualified audit opinion, being audited by one of the Big4 accounting firm and experiencing earnings growth. Consistent with prior studies, reporting a loss in the current period, preparing a consolidated financial statement and earnings management appear to lead to an increase in reporting delay.

KEYWORDS
Financial Reporting Delay, Timeliness of Financial Information, Borsa Istanbul

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INTRODUCTION

Financial reports are the primary sources of financial information that users rely on. The usefulness of financial reports in economic decisions depends on the qualitative characteristics of the information in these reports. Timeliness, one of the enhancing qualitative characteristics of the accounting information, refers to the availability of information needed by decision makers within the decision time frame. An information cannot be considered helpful for financial decision making processes if it is available to decision-makers after it is no longer capable of influencing their decisions or it does not have the capacity to impact this process at all. In that sense, timeliness plays an important role in enhancing the usefulness of financial information. This raises a question of how the timeliness of financial reporting can be evaluated.

The period allowed for financial report releases is a matter of legislation or regulation (tax legislation, capital market law, stock exchange regulations). These legislations determine the deadlines for publication of financial reports and audited financial statements for the companies that are subject to statutory audit. However, there is no rule that prevents the companies to publish these financial reports before the required deadlines. Even though it is theoretically possible to issue these reports exactly on the same date as accounting period ends, it cannot be applied in practice. The release date of these financial reports is selected between accounting period end date and legislative deadline. This observation brings to mind the question of what factors affect the timing of releases of financial reports which is discussed by a number of studies in the literature.

Eltham (1968) states that there are two forms of reporting timeliness: reporting delay and reporting interval. Reporting delay is defined as the number days from the accounting period end date to the release date of annual reports. Some studies analyze delays in financial reports while others focus on audit report delays. Moreover, some studies investigate earnings announcement delays instead of delays in the release date of financial reports. Ashton et al. (1987); Ashton et al. (1989); Newton and Ashton (1989); Bamber et al. (1993); Knechel and Payne (2001) and Khlif and Samaha (2014) examine the factors impacting the timeliness of audit reports whereas Givoli and Palmon (1982); Zeghal (1984) and Aubert (2009) study the timeliness of financial reports. Sengupta (2004); Krishnan and Yang (2009); Kross (1981); Chambers and Penman (1984); Bannouh et al. (2019) explore timeliness, with a specific focus on earnings announcement release dates.

This study aims to examine factors that affect the date of publication of annual reports[1] using 680 observations from the annual financial reports of a sample of 136 firms listed on Borsa Istanbul Industrials Index (BIST:XUSIN) during the period 2015-2019.

Following sections are organized as follows. Section 2 discusses related literature. Section 3 identifies the sample and research design. Section 4 reports the results of the empirical tests while Section 5 presents the conclusion.

1. LITERATURE REVIEW

The literature on the timeliness of financial reporting can be split into 3 categories depending on its focus point: timeliness of earnings announcements, market reactions to timely financial reporting and factors that affect the timely disclosure of financial information. Irrespective of the categories, a new study is added to the literature on the timeliness of financial reporting each day.

Kross (1981) assesses timeliness of earnings announcements employing a model in which the dependent variable is the number of days between year-end and the earnings announcement and independent variable is type of earnings news (good vs bad news). He finds that firms release earnings to the public earlier (later) when actual earnings are higher (lower) than expected ones, using 108 public firms listed on the NYSE during 1972-1975.

Givoly and Palmon (1982) examine the determinants of timeliness of earnings announcements for U.S firms and the association between the information content of financial reports and their timeliness. This study analyzes financial reports of 210 companies listed on the NYSE from 1960 to 1974 and suggests that delays in financial reporting are more associated with industry specific features than firm specific ones. In addition, they document a negative relationship between size (measured as sales) and timeliness. Complexity of audit also appears to be a determinant of timeliness. Sengupta (2004) focuses on how firms determine the release date for quarterly earnings and measures reporting delay as days between fiscal period end and quarterly earnings release date.

[1] Capital Markets Board of Turkey (CMB- empowered by the Capital Markets Law) is the regulatory authority in Turkey responsible for making regulations related to preparation and disclosure of financial statements. According CMB, companies should release their annual unconsolidated (consolidated) financial statements within 60 days (70 days) after the fiscal year end. These deadlines for submission dates of interim unconsolidated (consolidated) financial statements are stated as 30 (40) days after the end of interim period.

Chambers and Penman (1984), Atiase et al. (1989) and Haw et al. (2000) examine market reaction to the timeliness of financial reporting. Chambers and Penman (1984) study the relationship between timeliness in the release of financial reports and stock price changes around those releases. They find that variability of stock returns around unexpectedly early release of reports is higher compared to the ones around on time or unexpectedly late releases. Atiase et al. (1989) investigate the association between firm size and timeliness of financial reports as well as stock price reaction to earnings announcements. They show that larger firms release their financial reports earlier than smaller ones do and document a larger stock price reaction to earnings announcements for larger firms regardless of the content of news. Haw et al. (2000) state that companies disclose good news earlier than bad news and provide evidence on the information content of annual reports irrespective of the differences in the content of news and reporting lags. Bannouh et al. (2019) analyze not only determinants of reporting lag but also the effect of it on future stock return using annual and quarterly reports of US companies from 2007 to 2018. They document higher risk adjusted excess returns for firms with shorter reporting lags.

There is an extensive literature on the determinants of timeliness of financial information. While some of them study the delays in release of financial reports, others examine the delays in audit reports. Delay in audit report is defined as days between fiscal period end and audit report release date (Ashton et al., 1987). The delay in audit report is often accepted as one of the major determinants of financial reporting timeliness (Abbott, Parker & Peters, 2012). Bagnoli et al. (2002) and Sengupta (2004) provide further evidence on the impact of audit delays on financial reporting delays. They argue that accounting complexity in a firm may slow down the completion of audit process which in turn may hinder firms to publish their financial reports to the public in a timely manner.

Prior literature points out that firm size, age, type of company (private or public), complexity of operations in a business, type of audit firm and audit opinion, having discontinued operations are possible drivers of reporting lags (Ashton et al., 1987; Ashton et al.., 1989; Newton and Ashton, 1989; Bamber et al., 1993). Aubert (2009) emphasizes the importance of timely release of financial information in an environment where investors' need for relevant information has increased. Hassan (2016) sorts previous studies by the countries examined and classifies Countries as follows: developed countries; emerging economies and the Middle Eastern and Arab countries.

Dyer and McHugh (1975), one of the pioneer studies on timeliness of financial statements, investigate the association between company attributes and reporting delays for firms listed on Sydney Stock Exchange from1965 to 1971. They show a negative (positive) relationship between reporting delay and firm size (fiscal year end date). On the other hand, the association between level of profitability and reporting delay is found to be insignificant by this study. Courtis (1976) provides evidence from public companies in New Zealand on the timeliness of financial statements. His results display that both level of profitability and industry classification have a significant impact on audit delay (number of days from fiscal year-end to date of auditor's report). On the other hand, company age, length of annual report and number of shareholders appear to be unrelated to audit delay.

The study by Ashton et al. (1987) suggests that firms receiving qualified audit opinions, operating in non-financial sectors, held under private ownership, with month of the fiscal year end other than December, having weak internal control systems and less complex data-processing technologies have longer audit delays.

Ashton et al. (1989) provide further evidence on the determinants of audit delay using a sample of firms listed on Toronto Stock Exchange from 1972 to 1981. They also show that industry classification of firms, month of fiscal year-end and firm size have a significant impact on audit delays. Moreover, their results indicate that audits conducted by big audit companies have shorter delays.

Taxation is another factor that can affect the timeliness of financial reports. Davis et al. (1993) support the connection between taxation and audit report delay. According to the study by Knechel and Payne (2001), controversial tax issues (provision of tax services) require additional audit work which in turn leads to longer audit delays. On the other hand, they find that the use of more experienced external audit personnel and the collaboration of management advisory services and audit services decrease the audit report lag.

Al-Ajmi (2008) examines the factors that have an impact on audit lags are assessed by using different measures of audit report lag. This study reports a significant association between reporting lags and company specific variables such as size, profitability and leverage.

The aim of Aubert (2009) is to explore why some managers in French listed companies delay the release of financial information compared to the ones who release them early. The empirical results in this study indicate that financial reports with longer reporting delays contain less new information relative to the ones with less reporting delays.

Abernaty et al. (2016) investigate the impact of managerial ability on financial reporting timeliness among US firms during the period 2003-2014. This study contributes to the financial reporting timeliness literature by showing that financial reporting timeliness improves with managerial ability.

2. SAMPLE AND RESEARCH DESIGN

2.1. Sample

We use panel data in our study. The sample in this study includes all firms listed on Borsa Istanbul Industrials Index (BIST:XUSIN) during the period 2015-2019. Annual financial report release dates are collected from Public Disclosure Platform (KAP) while the rest of the variables are obtained from Datastream. We exclude firm-year observations with missing data for the research variables used in our regressions and require the firms with all necessary data to be present during the 5-year period from 2015 to 2019. These procedures leave us with 680 firm-year observations (136 unique firms) for our tests. Table 1 reports the industry distribution for our sample.

Table 1. Industry Distribution

Datastream Industry Group	Definition	Number of Observations
16	Apparel	10
19	Automotive	55
22	Beverages	25
25	Chemicals	60
28	Constructions	90
34	drugs, cosmetics, healthcare	10
37	electrical	35
40	Electronics	15
46	Food	85
49	machinery and equipment	10
52	metal producers	45
55	metal product manufactures	35
58	oil, gas, coal and related services	10
61	Paper	50
64	printing and publishing	20
73	Textiles	75
85	Miscellaneous	50

2.2. Research Design

In this study, we gather several variables that are viewed as important determinants of financial reporting timeliness by prior literature. To examine the relationship between financial reporting timeliness (delays) and firm characteristics, we employ a comprehensive model that builds on prior studies. The variables are described in Table 2.

Table 2. Variable Definitions

Variable	Definition
Delay	Number of days between fiscal year end date and the release date of financial reports
Size	Natural log of total assets
DACC	Discretionary accruals measured by Kothari et al. 2005
ROE	Income before extraordinary items divided by average total equity
Consolidated	A dummy variable equal to one if the firm prepares consolidated financial statements
Restate	A dummy variable equal to one if the firm issues a restatement during the year

Loss	A dummy variable equal to one if net income for the year is negative
Leverage	Ratio of total liabilities to total assets
Big4	A dummy variable equal to one if the firm is audited by a Big4 accounting firm
Liquidity	Current assets/Current liabilities
Unqualified	A dummy variable equal to one if the type of audit report is unqualified
Ni_growth	A dummy variable equal to one if net income in year t is higher than net income in year t -1

We regress our measure of financial reporting delay (delay) on firm- and audit-specific attributes. This regression is estimated using ordinary least squares (OLS). We also include year and industry fixed effects to control for macroeconomic conditions and industry specific factors. We winsorized all continuous variables at the at the top and bottom one-percentiles to mitigate the effect of outliers.

Larger firms are predicted to release their financial statements in a more timely manner, thus we expect the sign of the coefficient on Size to be negative. Prior literature states several reasons why larger firms tend to release their financial reports sooner. First, having more experienced accounting employees and better internal control systems enable larger firms to release their financial statements on a more timely basis. Second, larger firms are known to be more visible. More visible firms attract more attention and public scrutiny. Thus, these firms are more careful with releasing timely financial information. Another reason is provided by Owusu-Ansah (2000) and Sengupta (2004). They suggest that when the number of analysts following a firm is high (large firms are more likely to be covered by more analysts), firms are under more pressure to release financial information promptly. Finally, larger firms may request the auditors to complete the audit in a shorter period of time since these firms face external pressure to provide financial information sooner (Dyer and McHugh, 1975; Newton and Ashton, 1989; Carslaw and Caplan, 1991).

Prior studies (Givoly and Palmon, 1982; Chambers and Penman, 1984) document that firms have incentives to release good news promptly but to delay bad news. Firms disclosing bad news generally experience longer delay in earnings releases (Begley & Fischer, 1998), thus we predict to find a negative (positive) coefficient on ROE (Loss). Moreover, Alford et al. (2014) examine the characteristics of firms that failed to file their 10-K filings on time and document that firms with negative earnings changes and low liquidity are late filers. Based on these findings, we posit that firms with positive earnings changes which can be regarded as positive earnings news and high liquidity would release their financial reports sooner.

We expect that earnings management is positively associated with financial reporting delays based on the theory of Trueman (1990). He proposes that earnings management can lead to reporting delays in two ways. In the first theory, reporting delays arise because earning management is a time-consuming action. In the second theory, he proposes that firms that manage earnings intentionally release their earnings late so that they can make their earnings management decisions based on the information obtained from the release of earnings by other firms in the same industry. We use discretionary accruals as our earnings management proxy and measure it as the residual from the following model estimated by year using OLS regression based on Kothari et al. (2005):

$$TA_{it} = \alpha_0 + \alpha_1\, 1/AT_{it-1} + \alpha_2(\Delta REV_{it} - \Delta AR_{it}) + \alpha_3 PPE_{it} + \alpha_4 ROA_{it-1} + \varepsilon_{it}$$

Where:

TA = Total accruals calculated as the difference between income before extraordinary items and operating cash flows scaled by beginning assets

AT = Total assets

ΔREV = Change in revenue scaled by beginning assets

ΔAR = Change in receivables scaled by beginning assets

PPE = Gross property, plant, and equipment scaled by beginning assets

ROA = Income before extraordinary items scaled by beginning assets

The size of the audit firm is expected to affect the timeliness of financial reporting. Prior literature suggests that larger audit firms are more likely to perform a more thorough audit and complete it faster since they have more resources and competent employees (Owusu-Ansah, 2000; Owusu-Ansah and Leventis, 2006; Iyoha, 2012). As a result, we expect a negative coefficient on the audit firm size.

Abernathy et al. 2018 find that the type of audit opinion affects the financial reporting lags. They suggest that additional issues experienced by firms without an unqualified audit opinion require careful investigation and lead to lengthy discussions with the auditors, thus result in audit delay which in turn decreases timeliness of the release of financial reports to the public. Accordingly, firms receiving unqualified audit opinion are expected to experience less financial reporting delays.

To test whether financial reporting quality has an impact on the timeliness of financial reporting, we include Restate, a dummy variable equal to one if the firm issues a restatement during the year, in our regression model. We posit a positive relationship between Restate and financial reporting delay.

Prior literature provides two opposing views on the effect of leverage on financial reporting timeliness. On the one hand, agency theory (Jensen and Meckling, 1976) suggests that debt financing increases the supervision on firm performance and managerial activities to mitigate the agency cost arising from the conflict of interest between managers and creditors. Thus, creditors who want to monitor the activities of the firm may pressure firms to release their financial reports promptly. On the other hand, Alford et al. (1994) and several others find that more leveraged firms are less timely reporters. The idea behind this view is that higher leverage increases the probability of financial distress. Based on this view, we expect that leverage is positively associated with financial reporting delay.

More complex firms tend to publish their financial statements later (Leventis and Weetman, 2004; Soltani, 2002). In this study our measure of complexity is an indicator variable for the existence of publishing consolidated financial statements (Consolidated). The differences in complexity, reporting requirements and filing deadlines between consolidated and separate financial statements may result in a longer delay in the release of consolidated ones. As a result, we predict that consolidated has a positive coefficient.

3. RESULTS

3.1. Descriptive Statistics

Table 3 reports the descriptive statistics for all the variables utilized in our study. The mean reporting delay for our sample is 59.52 days, which is comparable to those reported by Suadiye (2019) and Ozcan (2019), with a median of 60 days. The standard deviation of delay is 9.70 days which is slightly less than the one documented by prior research. The firm size in our sample has a mean of 13.09, indicating that our sample is composed of large firms. Since discretionary accruals are the residual from a regression model, their mean is expected to be zero. Our finding in this variable suggests that we have a random sample and a well specified model. On average, firms in our sample can be considered profitable as indicated by a ROE mean of 3%. Table 3 shows that 64% of our firm-year observations prepare consolidated financial statements. We observe a restatement announcement in 37% of our sample suggesting that restating financial statements is a common practice. Almost one-third of our firm year observations report negative net income. Mean leverage is 0.53, indicating that debt is the main source of funding in our sample. 46 % of the sample is audited by one of the big four auditing firms. Unqualified has a mean of 0.40 suggesting that 40% of our firm year observations receive an unqualified opinion. On average, firms in our sample seem to have the ability to pay their current liabilities with current assets, suggested by the mean of Liquidity. Half of our sample consists of firms that experience an earnings growth as indicated by the mean of Ni_growth.

Table 3. Descriptive Statistics

Variable	N	Mean	Median	Q1	Q3	Std Dev
Delay	680	59.52	60.00	54.00	68.00	9.70
Size	680	13.09	12.98	12.00	14.03	1.63
Dacc	680	0.00	-0.01	-0.06	0.05	0.11
ROE	680	0.03	0.09	-0.01	0.18	0.38
Consolidated	680	0.64	1.00	0.00	1.00	0.48
Restate	680	0.37	0.00	0.00	1.00	0.48
Loss	680	0.27	0.00	0.00	1.00	0.44
Leverage	680	0.53	0.55	0.35	0.70	0.22
Big4	680	0.46	0.00	0.00	1.00	0.50
Liquidity	680	1.64	1.29	0.98	1.97	1.08
Unqualified	680	0.40	0.00	0.00	1.00	0.49
Ni_growth	680	0.50	0.00	0.00	1.00	0.50

Table 4 displays Pearson correlations between the variables. Delay is significantly negatively correlated with Size (-0.25048; p= <.0001), ROE (-0.18552; p=<.0001), Big4 (-0.22093; p=<.0001) and Ni_growth (-0.12942; p=0.0007). Even though firms that report a loss, prepare consolidated financial statements and receive unqualified audit opinion seem to experience higher delays in the issuance of their financial reports as indicated by positive and significant correlation coefficients on consolidated, loss and unqualified, we need to perform multivariate analysis to obtain reliable evidence about the relationship between delay and the explanatory variables. In addition, Table 4 also shows significant correlations between some of the independent variables, but regression diagnostics do not reveal significant concerns regarding multicollinearity.

Table 4. Pearson Correlations

Variables	Delay	Size	Dacc	ROE	Consolidated	Restate	Loss	Leverage	Big4	Liquidity	Unqualified	Ni_growth
Delay	1.00000											
Size	-0.25048	1.00000										
	<.0001											
Dacc	0.04536	-0.04225	1.00000									
	0.2375	0.2713										
ROE	-0.18552	0.18184	0.23802	1.00000								
	<.0001	<.0001	<.0001									
Consolidated	0.30925	0.29450	0.03195	0.07668	1.00000							
	<.0001	<.0001	0.4055	0.0456								
Restate	-0.00328	0.05701	-0.05709	-0.00850	0.04723	1.00000						
	0.9320	0.1375	0.1370	0.8249	0.2187							
Loss	0.26794	-0.20503	-0.22481	-0.53349	-0.03566	-0.01317	1.00000					
	<.0001	<.0001	<.0001	<.0001	0.3531	0.7317						
Leverage	0.06305	0.16550	-0.09403	-0.31239	0.06895	0.01047	0.32249	1.00000				
	0.1004	<.0001	0.0142	<.0001	0.0724	0.7852	<.0001					
Big4	-0.22093	0.43398	-0.09376	0.17905	0.01814	0.08068	-0.14194	0.16452	1.00000			
	<.0001	<.0001	0.0145	<.0001	0.6367	0.0354	0.0002	<.0001				
Liquidity	-0.14340	-0.18129	0.10472	0.23332	-0.15806	-0.02846	-0.30739	-0.64301	-0.12104	1.00000		
	0.0002	<.0001	0.0063	<.0001	<.0001	0.4587	<.0001	<.0001	0.0016			
Unqualified	0.15358	-0.63088	0.02029	-0.21587	-0.12712	-0.02035	0.22223	0.08031	-0.37414	-0.00049	1.00000	
	<.0001	<.0001	0.5973	<.0001	0.0009	0.5963	<.0001	0.0363	<.0001	0.9897		
Ni_growth	-0.12942	0.10801	0.12440	0.07052	0.00560	-0.03597	-0.14747	-0.04630	0.02294	0.07343	-0.01087	1.00000
	0.0007	0.0048	0.0012	0.0661	0.8841	0.3489	0.0001	0.2279	0.5503	0.0556	0.7772	

3.2. Multivariate Analyses

Table 5 presents the results of OLS regression analysis on the determinants of financial reporting delays. Delay is significantly and negatively associated with Size. The negative coefficient on Size implies that larger firms issue their financial reports to the public within a shorter period. This result complements the findings of prior literature examining the characteristics that can play a role in determining the timeliness of financial reporting. Dacc loads significantly positively. This evidence supports our expectation that firms that manage earnings disclose financial information in a less timely manner.

Table 5 reports that the coefficient of Consolidated is significantly positive (two-tailed p-value <.0001), in line with the findings of prior studies (e.g., Güleç, 2017; Leventis and Weetman, 2004). This provides further evidence that it takes firms with consolidated financial statements longer to report their financial statements. The coefficients on Loss and Liquidity are 3.77 and -0.85 at 1% and 5% level significance respectively, confirming the prior literature that documents reporting delays experienced by the firms with negative income and lower liquidity.

With respect to the role of auditing in timeliness of financial reporting. A significant and negative association between Big4 and Delay is found. Thus, we observe a decrease in reporting delay if the firm's auditor is a Big4 auditing firm. In addition, Unqualified audit opinion is found to be associated with more timely publication in financial reporting, consistent with the expectation that firms without unqualified audit opinions are more subject to financial reporting cases, leading to reporting delays. Ni_growth loads significantly positively (two-tailed p-value= 0.01), consistent with Kim et al. (2020). This provides further evidence that firms with better performance issue their financial reports within a much shorter period.

The untabulated results for the industry fixed effects are mixed. Firms in paper, food, beverage, electronics, drugs, cosmetics, and healthcare industries seem to experience longer reporting delays while firms in automotive, oil, gas and coal industries release more timely financial reports. Overall, these untabulated results suggest that industry groups appear to be an important factor to understand timeliness of financial reporting.

Table 5. Results of OLS Regression Analysis on Delay

Variable	Parameter Estimate	Standard Error	t Value	Pr > |t|
Intercept	77.95	4.41	17.68	<.0001
Size	-1.76	0.32	-5.47	<.0001
Dacc	7.88	3.00	2.63	0.01
ROE	-1.35	1.03	-1.31	0.19
Consolidated	8.01	0.73	11.05	<.0001
Restate	-0.14	0.69	-0.20	0.84
Loss	3.77	0.91	4.15	<.0001
Leverage	0.52	2.14	0.24	0.81
Big4	-1.51	0.79	-1.92	0.06
Liquidity	-0.85	0.40	-2.15	0.03
Unqualified	-1.89	0.90	-2.11	0.04
Ni_growth	-1.58	0.64	-2.45	0.01
Industry fixed effects	yes			
Year fixed effects	yes			
N	680			
R-Square	0.36			
Adj R-Sq	0.33			

CONCLUSION

In this study, we investigate the effect of firm- and audit-specific characteristics on the timeliness of financial reporting in Turkey. Using a sample of firms listed on Borsa Istanbul Industrials Index (BIST:XUSIN) over the period of 2015 to 2019, this study sheds light on the determinants of delays in financial reporting. By financial reporting delay, we mean the number of days between fiscal year end and the release date of financial reports. We observe significantly positive coefficients on Dacc, Consolidated and Loss. Consistent with prior literature, longer reporting delays are observed for companies that prepare consolidated financial statements and report a loss in the current period. One of the most interesting findings of our study is that less timely release of financial information is observed in firms engaged in earnings management. To the best of our knowledge, this is the first study to provide empirical evidence on the extent to which discretionary accruals explain the timeliness of financial reporting in emerging markets. We also show that that larger companies, companies whose audit reports are unqualified and companies that have higher liquidity, have earnings growth and are audited by one the Big4 accounting firms release their financial statements in a more timely manner. This study contributes to prior literature on the determinants of financial reporting timeliness in emerging markets by using a more comprehensive set of variables, incorporating year and industry fixed effects in our analysis, and providing evidence from a more recent period.

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