Timeliness of Audited Financial Reports of Jordanian Listed Companies

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ABSTRACT

This study examines the timeliness of annual financial reports published by companies listed on the Amman Stock Exchange (ASE). This study determines whether a company's complies with the JSC requirement by announcing its annual report within the three-month allowable period. In addition, these study determining the association between timeliness and attributes of companies (namely size, profitability, growth, age, leverage, and audit firm size). An analysis of 235 annual financial reports ended on 31 Dec. 2013. Ninety nine companies reported within an allowable reporting lag of three month. The study also provides evidence that there is a significant association between profitability, growth, and audit firm size and timeliness, and the association is in the hypothesized direction. No significant association was evidenced between the timeliness and size, age and leverage of company. Plausible explanations for these findings are provided. The findings may provide some implications for research regarding the timeliness of financial reporting in Jordan.

Keywords: Timeliness, Reporting Lag, Annual Financial Reports.

1. INTRODUCTION

The accounting disclosure is defined as efforts to provide accounting information, and this professional job is normally performed by accountants. The accounting disclosure is very important for all stakeholders as it provides them with the necessary information to reduce the uncertainty and helps them to make suitability economic and financial decisions. Informed data of corporate report for example is vital for economic stability and the promotion of sustained levels of high quality investment by corporation. This is achieved through the preparation of financial reports.

The annual financial reports published by companies are considered one of the most important sources of information due to the diversity of information contained in these reports. In order for financial statements to be relevant, they should have a number of characteristics. One of the most important characteristics is timeliness. In a dynamic business environment, financial information must be available on a timely basis so that sound and effective investment decisions can be made (Jeter & Chaney, 2004). The need for timeliness in financial reporting is recognized by both the accounting profession and the Securities and Exchange Commission (SEC) statement NO.4 of the Accounting Principles Board 1970 which specifies timeliness as one of the objectives of accounting (Givoly & Palmon, 1982).

Companies listed on the Amman Stock Exchange (ASE) in Jordan are required to prepare The Company's annual report within three months at the most of the end of its fiscal year. In 2004 the Amman Stock Exchange issued the "Directives for Listing Securities on the Amman Stock Exchange for the year 2004" regulations, issued by virtue of the provisions of Article 72 of the Securities Law No. 76 of 2002. In paragraph 15 of these regulations, it specified the type of information that the companies listed in the ASE must provide, the periods of providing this information, and the deadlines for providing it.

These regulations were applied since 1 July 2004. Article (15)

A. Companies listed on the ASE shall undertake to provide the ASE with the reports, statements and information stated hereunder:

I. The Company's annual report which includes the board report, the financial statements and the auditors' report, within three months at the most of the end of its fiscal year.

II. Half-yearly report with a comparison with the same period of the previous fiscal year, including the financial statements reviewed by the Company auditors, within one month of the end of its bi-annual fiscal year.

B. A Company listed on the First Market must provide the ASE with a quarterly report reviewed by its auditors and compared with the same period of the previous fiscal year, within one month of the end of the relevant quarter1.

2.LITERATURE REVIEW

One of the earliest studies in the US was undertaken by Zeghal (1984). The researcher conducted a study in the US to determine the effect of timeliness on the informational content of interim and annual financial reports. The analysis
was chiefly motivated by the characteristics of the two types of information and the differences in the regulations, and the rules which govern their disclosure.

According to the study results, accounting reports with shorter delay have a higher informational content than those with longer delay. At the time of release to the capital market, the effect of delay on the information content seems to be more significant in the case of the interim rather than the annual financial reports. This may be explained by the major characteristics which differentiate the information contained in the interim financial reports from that contained in the annual financial reports, and the differences in their role in the investor’s decision process.

In the UK, Hussey and Woolfe (1998) compared various features of the interim financial reports of the companies prepared between the years of 1992 and 1997. By examining the changes in the content and timing of issue of the interim financial report, the study elicited that more companies in the UK were issuing their interim financial reports within 90 days in 1997 than in 1992. The average time lag improved from 68.7 days in 1992 to 62.4 days in 1997. The average financial reporting lags are however longer than that reported by the working committee of Coopers and Lybrand (1992). The difference in results is due to the different samples used in the studies. However, the average number of days reported by Hussey and Woolfe is close enough to the 60 days as recommended by the ASB guidelines issued in 1997.

In Malaysia, Ku Ismail and Chandler (2004) examined the timeliness of quarterly financial reports published by companies listed on the Kuala Lumpur Stock Exchange (KLSE). This study also extended prior research by determining the association between timeliness and each of the following company attributes – size, profitability, growth, and capital structure. An analysis of 117 quarterly financial reports ended on 30 September 2001 was run. Of the 117 companies, they found only one company (0.9%) reported after the due date, and the financial reporting lag being 64 days. This means that the overall compliance rate was very high (99.1%). Evidently, the financial reporting lag of companies in this study was between 32 and 64 days with a mean and median of 55.7 days and 58 days, respectively. This implies that, on average, companies reported about 5 days before the due date. The study also provides evidence that there is a significant association between timeliness and each of the four company attributes, and the association supported the hypothesis of the study.

Butler et al. (2007) examined how the frequency of interim financial reporting affects earnings timeliness, the speed with which accounting information is impounded into price based on a sample of 28,824 reporting-frequency observations from 1950 to 1973. They found little evidence of a difference in either intra period, or long-horizon timeliness, between firms reporting quarterly and those reporting semiannually, even after controlling for self-selection. They found that the increase in reporting frequency had no statistically significant effect on long-horizon timeliness for mandatory increases. Results indicate that, after the switch, voluntary increasers tend to recognize bad news more quickly, but experience no change in the timeliness of good-news recognition.

Turel, A. (2010) examined the relationship between the timeliness and both company specific and audit related factors in a developing country, Turkey. The objectives of this study are two-fold. First, to measure the extend of timeliness in a developing country, Turkey. Second, to establish the impact of both company specific and audit related factors on timeliness of financial reporting in Turkey.

This study reports on the results of an empirical investigation of the timeliness of financial reports by 211 non-financial companies listed on the Istanbul Stock Exchange. The researcher found that 59% of the companies that prepares separate financial statements and 66% of the companies that prepares consolidated financial statements release their financial statements less than the maximum time allowed after the financial year-end. 28% of the companies that prepares separate financial statements and 16% of the companies that prepares consolidated financial statements exceeded the regulatory deadline. The multivariate regression analysis indicates that both sign of income, audit opinion, auditor firm and industry affect timeliness. The findings indicate that the companies that report net income, that have standard audit opinion, and that are operating in manufacturing industry release their financial statements earlier. On the other hand, it is found that the companies that are audited by big four audit firms are late reporters.

Merdekawati, I. Arsjah, R. J. (2011) the researchers analyzed timeliness of financial reporting in Indonesia. In this study timelines of financial reporting are measured by audit lag and reporting lag. This study utilized an unbalanced panel of 700 firm-years of companies listed on the Indonesia Stock Exchange during the period 2007-2009. The mean of audit lag is 74 days and the mean of reporting lag is 94 days. It is found that corporate governance and audit opinion negatively affect both audit lag and reporting lag, whereas firm size positively affects audit lag and reporting lag. Debt ratio only negatively affects reporting lag. Auditor’s firm, profitability, price earnings ratio and dividend payout ratio do not significantly affect either audit lag or reporting lag. Inter-industry analysis of audit lag and reporting lag reported that the financial industry has the shortest audit lag and reporting lag. The trade, service and investment industries have the longest audit lag whereas the property, real estate and building construction industries have the longest reporting lag.

Iyoha (2012) examined the impact of company attributes on the timeliness of financial reports in Nigeria based on a sample of 61 companies’ annual reports for the years 1999-2008. The data were analyzed and results estimated using
Ordinary Least Square (OLS) Regression which was complimented with the panel data estimation technique. The findings reveal that the age of company is the major company attribute that influences the overall quality of timeliness of financial reports in Nigeria. It was also observed that there is a significant difference in the timeliness of financial reporting among industrial sectors in Nigeria. The banking sector is found to be timelier in financial reporting. Though the results suggest that regulations are not enough to ensure that the quality of financial reports are timely in Nigeria, reporting lag may however be reduced by the existence and strict enforcement of rules and regulations of regulatory bodies.

Vuran, B., Adiloğlu, B. (2013) examined the relationship between the timeliness of corporate financial reporting and accounting and auditing related ten variables. In this study firstly timeliness of financial statements is calculated by subtracting the allowable publication date which is requiring by ISE from the publication date of financial statements. After calculating this, reporting timeliness of companies are categorized into three groups for both separate and consolidated audited financial statements. Variables, namely, Total Equity/Total Assets, ROA, ROE, Cash flow From Operations/Interest Expense, Growth in Total Assets are categorized according to their sign and Current Ratio is classified whether it is greater than 1 or not. And the sign of net income, ISE 100, Big 4 and opinion variables are already collected as categoric variables.

For separate audited financial statements sign of net income and sign of ROA are found to be significant at 10% significance level, current ratio and audit opinion are found to be significant at 5% significance level. For separate audited financial statements timeliness of the financial statements are related with the sign of net income, sign of ROA, current ratio and the audit opinion. For consolidated audited financial statements, sign of total equity/ total assets is found to be significant at 5% significance level and sign of cash flow from operations/interest expense is found to be significant at 10% significance level. For consolidated audited financial statements timeliness of the financial statements are related with the sign of total equity/total assets and cash flow from operations/interest expense.

Rahmawati, E (2013) examined the information content and the determinants of the timeliness of Indonesian manufacturing companies during the period 2003 – 2008. The main objective of this study is to test whether there is an association between timeliness of financial reporting and information content and how company characteristics, such as company’ size, company’ profitability, company’ capital structure, complexity of operations and audit factors affect timeliness of financial reporting in an emerging market, Indonesian stock exchange.

The empirical analysis reveals that the significant determinants of timeliness of annual reporting are company size, company capital structure, and audit opinion. Profitability, accounting complexity and audit firm (Big Four or non-Big Four) are not significant determinants of timeliness of financial reporting in Indonesia though these factors have been found to be significant determinants of financial reporting in other countries. Furthermore, no evidence was found to support the information content of timeliness of financial reporting in Indonesian manufacturing firms.

Behrouzi et al. (2013) investigated relationship between audit fees and timeliness of accounting information in the companies that have been listed in Tehran Stock Exchange (TSE).Statistical population of the research was all Iranian companies listed in Tehran Stock Exchange during 2003-2011. The results of multiple regression analysis revealed that audit fees have an inverse relationship with timeliness of accounting information. In other words, as audit fees increase, financial statements are provided more timely for its users. Evidence also shows that when auditor’s report is unqualified opinion, the time of providing accounting information will decrease. The results also indicate that some variables like auditor change, size of the audited company, type of auditor and a loss report will increase the time of providing accounting information. Test of the hypotheses did not confirm the relationship between audit tenure and timeliness of accounting information. It also did not confirm the relationship between debt ratio and timeliness of accounting information.

Hashim et al. (2013) examined the timeliness of financial reporting of 200 listed companies on the main board of Bursa Malaysia. It also examined company-specific factors and audit-related factors as well as its relationship that significantly influenced timely reporting of the sample companies.

The researchers found almost all companies are in compliance with the four months period required by the Bursa Malaysia. The results also indicate that companies are able to report earlier than the regulated time limit. On average companies took about 117 days to publish their annual audited accounts on the Bursa Malaysia Website.

In this study, results of multiple regression analysis indicated that reporting timeliness of Bursa Malaysia listed companies is influenced by their size (measured by total assets at year end) and the audit duration (measured by the time from year end to the auditor sign date). With regards to the size of company, result of this study shows that it has a positive relationship with timely reporting (large companies are having longer reporting lead time). The result of the study found that audit duration is having significant positive relationship with reporting timeliness. This study however shows that timeliness of reporting of sample companies are not influenced by profit (measured by ROE), gearing (measured by total debt to total assets) Industry sector, financial year end and type of auditors (big4 or others).
3. HYPOTHESIS DEVELOPMENT

This section discusses the association between timeliness and company attributes; size, profitability, growth, age, leverage, and audit firm size. Some of the researchers studied the relationship between timeliness of a financial report and specific attributes of a company. The majority of studies concentrated on annual financial reports, and a few of them on interim financial reports. By reviewing previous studies, the most frequently examined characteristics have been company size, profitability, growth, capital structure, and age of company. This study hypothesizes that timeliness is associated with size, profitability, growth, age, leverage, and audit firm size. Following is the discussion on each of the independent variables that are hypothesized to be associated with the timeliness.

Size of Company

One of the characteristics that are often associated with the financial reporting lag of a financial report (annual or interim report) is the size of a company. Ku Ismail & Chandler (2004, p.8) assert that: Large companies are often argued to be early reporters for several reasons. First, large companies are often associated with having more resources, more accounting staff, and more advanced accounting information systems compared to their smaller counterparts. All of these attributes should aid companies in faster reporting. Secondly, larger companies are more in the eyes of the public. Specifically, large companies are likely to be followed by a large number of analysts who usually expect timely information to confirm and revise their expectations. Large companies are thus under greater pressure to announce their reports on a timely basis to avoid speculative trading of their shares.

Size has been found to be, in most studies, a very significant variable, with an inverse relationship between size of company and timeliness in annual financial reports (Al-Ajmi, 2008; Al Jabr, 2006; Davies & Whittred, 1980; Dogan, Coskun, & ‘elik, 2007; Dyer & McHugh, 1975; Iyoha, F.O 2012; Karim, Ahmed, & Islam, 2006; Mahajan & Chander, 2008; Merdekawati, I. Arsjah, R. J. 2013; Owusu-Ansah, 2000; Rahmawati, E. 2013) and in interim financial reports (Ku Ismail & Chandler, 2004). Hashim et al. (2013) found a positive relationship with timely reporting (large companies are having longer reporting lead time).

Based on the above findings, this study hypothesizes that:

H1: There is a significant relationship between the company size and the timeliness of financial reporting.

Company Profitability

Profitability is expected to influence a company’s timely reporting behavior. Companies with successful results will report more quickly than those with failing operations or that has sustained losses. This is because profitability measures a company's efficiency of operations (Owusu-Ansah, 2000). Therefore, the profitability of a company has been hypothesized to be a significant associated with time lag.

Based on signaling theory, by delaying the bad news, management is giving its shareholders a “silent signal” and the opportunity to divest themselves of the firm’s shares before the information reaches the market. Similarly, announcing good news early will ensure that it is not pre-empted by other sources. The stakeholder theory also suggests that in the absence of an opportunity to hide bad news because of mandatory disclosure requirements, managers have the incentive to delay its release (Ku Ismail & Chandler, 2004).

A majority of studies have shown a negative and significant association between profitability of company and financial reporting lag in annual financial reports (Abdullah, 2006; Al-Ajmi, 2008; Al Jabr, 2006; Bowen et al., 1992; Conover, Miller, & Szakmary; 2008; Dogan et al., 2007; Haw, Qi, & Wu, 2000; Iyoha, F.O 2012; Owusu-Ansah, 2000), and in interim financial reports (Ku Ismail & Chandler, 2004). On the other hand, only a few studies have documented insignificant association between profitability of company and timeliness in annual financial reports. (e.g. Davies & Whittred, 1980; Dyer & McHugh, 1975; Hashim et al. 2013; Mahajan & Chander, 2008; Merdekawati, I. Arsjah, R. J. 2013; Rahmawati, E. 2013).

Based on the above theoretical and empirical argument, this study hypothesizes that:

H2: There is a significant relationship between the company profitability and the timeliness of financial reporting.

Company Growth

Growth of company, like profitability is expected to influence a company's timely reporting behavior. In this case, the theoretical arguments to suggest that company profitability is able to help companies publish their financial reports in a timely manner are compatible here (see for example, Ku Ismail & Chandler, 2004). Vuran, B., Adıloğlu, B. (2013) found no evidence to support the effect of growth of company on timeliness. Indeed, previous studies have shown a significant relationship between growth of company and time lag in interim financial reports (Ku Ismail & Chandler, 2004). Hence, this study offers the following hypothesis:

H3: There is a significant relationship between the company growth and the timeliness of financial reporting.

Age of Company

Owusu-Ansah (2000) proposed that promptness in financial reporting by a company is influenced by its age (i.e. its development and growth). This proposition is based on the learning curve theory. The theory suggests that a reduction in reporting time would occur as the number of annual financial reports produced is increased. As a company continues...
and its accountants learn more, the 'teething problems' which would cause unusual delays are minimized. As a result, an older, well-established company is likely to be more proficient in gathering, processing and releasing information when needed because of learning experience gained over many years of existence. In short, older firms might have improved their financial reporting practices over time. Consequently, Owusu-Ansah (2000) managed to document a significant negative relationship between age of company and time lag (financial report lag). However, a few other studies (e.g. Al Jabr, 2006; Mahajan & Chander, 2008) found no association between age of company and timeliness in annual financial reports. But despite some evidence that company age did not influence timeliness, the present study however argues that the contrary is true, based on the theoretical arguments posed above. Hence, based on this argument the hypothesis is formulated:

H4: There is a significant relationship between the age of a company and the timeliness of financial reporting.

Leverage of Company

The leverage of a company is also expected to have an influence on timeliness as iterated by Ku Ismail and Chandler (2004), who noted that:

there are two competing views in the literature concerning the association. One view suggests that highly leveraged firms report faster than the lowly leveraged firms. Based on agency theory, this view contends that higher monitoring costs would be incurred by firms that are highly leveraged. Because high-leveraged firms have the incentive to invest sub-optimally, debt holders normally include clauses in debt contracts to constrain the activities of management (Jensen and Meckling, 1976). Another view holds that highly leveraged firms report more slowly than the lowly leveraged firms (p. 11).

The majority of previous studies have shown a negative and significant association relationship between leverage of company and timeliness in annual financial reports (Al-Ajni, 2008; Al Jabr, 2006), and in interim financial reports (Ku Ismail & Chandler, 2004). (Abdullah, 2006) found a positive association between timeliness of reporting and leverage, in annual financial reports. Mahajan and Chander (2008), however, found that leverage did not significantly influence the financial reporting lag.

Based on the theoretical argument and the majority of previous research, this study hypothesizes that:

H5: There is a significant relationship between the leverage of a company and the timeliness of financial reporting.

Audit Firm Size

In general, audit firm rotation is expected to reduce the timeliness of audit completion as the successive audit firms are forced to build up client-specific knowledge from scratch. Therefore, those audit firms are bounded to incur significant start-up time and costs to become adequately acquainted themselves with clients’ businesses and operations (Lai & Cheuk, 2005).

Bamber, Bamber, & Schoderbek (1993) investigated the determinants of the length of time auditors require to complete the audit or audit report lag (ARL). They found that regarding audit structure, the results showed that greater structure generally led to longer audit report lags, but that accounting firms with greater structure also reacted more quickly to unanticipated events. Some of studies (Behrouzi et al. 2013; Iyoha, F.O 2012; Mahajan and Chander 2008; Merdekawati, I. Arsjah, R. J. 2013) found audit firm size to show negative and significant relationship to financial reporting lag in annual financial reports. Being audited by big six audit firms, companies would take less time in releasing information. On the other hand, (Al-Ajni 2008; Hashim et al. 2013; Rahmawati, E. 2013; Vuran, B., Adıloğlu, B. 2013) found no evidence to support the effect of auditor type (Big Four or non-Big Four) on timeliness. Turel, A. (2010) found that the companies that are audited by big four audit firms are late reports. Hence based on the above theoretical and empirical evidence, this study hypothesizes that:

H6: There is a significant relationship between the size of audit firm and the timeliness of financial reporting.

The Model

Based on the above discussion, the following model is developed to predict timeliness:

\[
TIML = \alpha + \beta_1 \text{LNSIZE} + \beta_2 \text{PROF} + \beta_3 \text{GRO} + \beta_4 \text{AGE} + \beta_5 \text{LGLEVE} + \beta_6 \text{AFSIZE} + \varepsilon
\]

Where:

- TIML = the timeliness, measured by reporting lag; determined whether a company complies with the JSC requirement by announcing its annual report within the three-month allowable period.
- LNSIZE = company size, measured by natural log of total assets;
- PROF = company profitability, measured by return on equity (i.e. net income to owners' equity);
- GRO = company growth, measured by the percentage change in net sales;
4. RESEARCH METHODOLOGY

4.1. Sample Selection and Data Collection
The sample covers the listed Jordanian companies for the year 2013. The companies are divided into three sectors: industrial, services, and financial sector. The number of listed companies is 235 companies where industrial sector companies comprise of 69 companies with the percentage of (29%), 124 services sector companies (including diversified financial services and real estate) which represent 53% from the entire companies participated in the study, and 42 companies represented the financial sector (banks and insurance companies) with the percentage of 18%.

4.2. Measuring Timeliness
There are two aspects of timeliness where financial reporting is concerned: the frequency of the reports and the financial reporting lag (time lag). In this study, timeliness was measured by the financial reporting lag, that is the time interval between the end of the reporting period and the date the financial statements are issued. This study determined whether a company complies with the JSC requirement by announcing its annual report within the three-month allowable period. The announcement date for each company’s annual financial report is available from the annual financial reports or on the JSC website.

4.3. Data Analysis

4.3.1. The Timeliness in the Annual Financial Reports
In this study, timeliness of annual report refers to the reporting lag; the time interval between the end of the reporting period and the date the financial statements are issued. The maximum allowable reporting lag for companies in Jordan is three months. This study determines whether companies adhere to the reporting lag requirement. Out of the 235 companies, ninety-nine companies (42 percent) reported after the due date. This means that the compliance rate was average, where 58 percent of the companies complied with the regulation. Where, the financial year end on 31/12 for all companies.

4.3.2. Association between Timeliness and the Independent Variables
This section reports the findings on the association between timeliness and company attributes; size, profitability, growth, age, leverage of a company, and audit firm size.
In this study, timeliness is measured by the reporting lag that is the time interval between the end of the reporting period and the date the financial statements are issued. This study determined whether a company complies with the JSC requirement by announcing its annual report within the three-month allowable period (used logistic regression analysis).

4.3.3. Logistic Regression Analysis
Results of the logistic regression analysis, using the ENTER method are depicted in Table 1. The Cox & Snell R² of 0.369 and Nagelkerke R² of 0.496 (sig. = 0.01) shows that the model describes 36.9 percent of the variation in timeliness and it is significant at the 5 percent level. There is no sufficient evidence to support the hypotheses that the timeliness is directly related to size, age, and leverage. Thus, the alternative hypotheses (H1, H4, and H5) are rejected at a 5 percent significance level.
Company profitability, growth, and audit firm size are the variables that are significantly associated with timeliness of annual financial reporting. The β and p values suggest that the relationships between company profitability, growth, and audit firm size are positive, and are significant at the 5 percent level.
Results were consistent with previous studies; (Abdullah, 2006; Al-Ajmi, 2008; Al Jabr, 2006; Bowen et al., 1992; Conover, Miller, & Szakmary; 2008; Dogan et al., 2007; Haw, Qi, & Wu, 2000; Iyoha, F-O 2012; Owusu-Ansah, 2000) found a significant association relationship between profitability of company and timeliness in annual reports, and in interim financial reports (Ku Ismail, 2003; Ku Ismail & Chandler, 2004) found that. (Ku Ismail & Chandler, 2004) found a significant association relationship between growth of company and timeliness in interim financial reports. (Behrouzi et al. 2013; Iyoha, F-O 2012; Mahajan and Chander 2008; Merdekawati, I. Arsjah, R. J. 2013) found audit firm size to show a significant relationship to financial reporting lag in annual financial reports.
This implies that companies with higher company profitability comply with the JSC requirement by announcing its annual report within the three-month allowable period. The findings support the hypotheses that the amount of timeliness of annual financial report is directly related to the company profitability. The alternative hypotheses (H2) higher profitability companies take shorter times to publish their annual financial reports are accepted at a 5 percent significance level. As discussed before, the companies with successful results will report more quickly than those with failing operations or that has sustained losses. This is because profitability measures a company’s efficiency of operations (Owusu-Ansah, 2000). Therefore, the profitability of a company has been hypothesized to be a significant associated with time lag.

This implies that companies with higher company growth comply with the JSC requirement by announcing its annual report within the three-month allowable period. The findings provide evidence that there is a significant association between timeliness and company growth. The alternative hypotheses (H3) the higher company growth take shorter times to publish their annual financial reports are accepted at a 5 percent significance level.

This implies that companies with big audit firm size comply with the JSC requirement by announcing its annual report within the three-month allowable period. The findings provide evidence that there is a significant association between timeliness and audit firm size. The alternative hypotheses (H6) the companies with larger audit firms take shorter times to publish their annual financial reports are accepted at a 5 percent significance level.

Therefore, companies with higher profitability, higher growth, and with big audit firm size comply with the JSC requirement by announcing its annual report within the three-month allowable period.

**Table 1:** Logistic regression results of timeliness against independent variables

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<th>Coefficient</th>
<th>p-value</th>
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<tr>
<td>PROF</td>
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<td>0.000*</td>
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<tr>
<td>GRO</td>
<td>0.064</td>
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<td>AFSIZE</td>
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<td>0.028*</td>
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</tbody>
</table>

Cox & Snell $R^2$ of 0.369
Nagelkerke $R^2$ of 0.496
Sig. = 0.01

* Significant at 0.05

Where:

TIML = the timeliness, measured by reporting lag; determined whether a company complies with the JSC requirement by announcing its annual report within the three-month allowable period.

SIZE = company size, measured by total assets.

PROF = company profitability, measured by profit margin (i.e. net profit to net sales).

GRO = company growth, measured by the percentage change in net sales.

AGE = age of a company.

LEVE = leverage of a company, measured by ratio of debt to total assets.

AFSIZE = Audit firm size, classified big firm (big 4 or local firms with international affiliations) and small firms (local firms without international affiliations).

**5. CONCLUSION**

In this study, timeliness of an annual financial report refers to the financial reporting lag, that is the time interval between the end of the reporting period and the date the financial statements are issued. The maximum allowable financial reporting lag for companies in Jordan is three month. Out of the 235 companies, 99 companies (42%) reported after the due date. This means that the compliance rate was average, where 58 percent of the companies complied with the regulation.

Consistent with the literature, based on the results of logistic regression analysis, this study provides evidence that profitability of a company, growth of a company, and audit firm size, influence the timeliness of annual financial reporting. Companies with higher profitability, higher growth, and with big audit firm size comply with the JSC requirement by announcing its annual report within the three-month allowable period. However, there appears to be no evidence that timeliness is influenced by size, age and leverage of company.
References


AUTHOR

Saqer Al-Tahat received the B.S. and M.S. degrees in Accounting from Al al-Bayt University- Jordan in 1999 and 2005, respectively. He obtained his PhD in Financial Accounting from University Utara Malaysia – Malaysia in 2010. He got twelve years of work experience out of which; seven years he worked an Auditor at Jordanian Audit Bureau, and five years an Assistance Prof in Fahad Bin Sultan University and Jerash University.