

# THE EFFECT OF INDEPENDENT COMMISSIONERS, BOARD OF DIRECTORS SIZE, AND AUDIT OPINION ON THE TIMELINESS OF FINANCIAL REPORTING

(A Study Of Manufacturing Companies In The Industrial Sector Listed On The Indonesian Stock Exchange For The 2020–2023 Period)

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## Abstract

This study examines the role of Independent Commissioners, Board of Directors Size, and Audit Opinion in influencing the timeliness of financial reporting. Using a quantitative approach with panel data regression, secondary data from corporate financial statements were analyzed. Model selection through the Chow, Hausman, and Lagrange Multiplier tests indicated the Common Effect Model (CEM) as the most suitable. The findings show that, both individually and simultaneously, the three governance variables do not significantly affect reporting timeliness. The limited explanatory power of the model suggests that other factors outside governance mechanisms play a more dominant role. These results highlight the need for broader investigation into determinants of timely financial disclosure, particularly in emerging market contexts.

**Keywords:** *Independent Commissioners, Board of Directors Size, Audit Opinion, Timeliness of Financial Reporting*

## INTRODUCTION

Timeliness of financial reporting is widely recognized as one of the essential qualitative characteristics of financial statements in supporting corporate transparency and accountability. Financial statements submitted promptly provide relevant, reliable, and useful information for stakeholders—including investors, creditors, regulators, and the public—in making economic decisions. Conversely, delays in submission reduce information relevance, increase information asymmetry, and diminish users' confidence in corporate performance and financial condition (Ashton, Graul, & Newton, 1989; Atiase, Bamber, & Tse, 1989). In the context of capital markets, timeliness has become a major concern for regulators because it is directly related to investor protection and market efficiency. Public companies are required to submit audited annual financial statements within deadlines stipulated by authorities such as the U.S. Securities and Exchange Commission and the Indonesian Financial Services Authority (OJK). However, in practice, delays persist, indicating that regulatory compliance alone is insufficient to ensure timely reporting (McGee, 2004; Annaert et al., 2002). This highlights the importance of examining internal corporate factors that may influence reporting timeliness. Corporate governance is considered one of the key internal mechanisms affecting timeliness. Effective governance creates sound monitoring and control systems over management, thereby enabling financial reporting to be carried out in accordance with standards and deadlines. Governance mechanisms are commonly reflected in the structure and roles of corporate organs, such as the board of commissioners, board of directors, and independent auditors (Rosly, Shafie, & Ishak, 2024). Independent commissioners play a strategic role in overseeing management policies and performance. Their presence is expected to enhance objectivity and minimize conflicts of interest, thereby encouraging management to prepare and submit financial statements on time. Nevertheless, empirical studies show mixed evidence regarding their effectiveness in promoting timely reporting (Zandi & Abdullah, 2019). Similarly, board size is often debated: larger

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boards may face coordination problems, while smaller boards are considered more efficient in decision-making, raising questions about their impact on reporting timeliness (Ghani & Azmi, 2022). Audit opinion, issued by independent auditors, represents a professional assessment of financial statement fairness and is often perceived as a signal of reporting quality. Companies with favorable audit opinions are assumed to have stronger reporting systems, potentially enabling timely submission. However, empirical findings suggest that audit opinion does not consistently correspond with reporting timeliness (Ozcan, 2019). Previous studies have produced inconsistent results regarding the effects of independent commissioners, board size, and audit opinion on timeliness, reflecting a research gap that warrants further investigation. Based on this gap, the present study aims to analyze the effect of Independent Commissioners, Board of Directors Size, and Audit Opinion on the Timeliness of Financial Reporting using panel data regression analysis. This study contributes to the accounting and corporate governance literature and provides practical implications for companies and regulators in improving financial reporting quality.

## LITERATURE REVIEW

### Timeliness of Financial Reporting

Timeliness is a fundamental qualitative characteristic of financial statements that enhances information relevance and supports effective decision-making. Financial reports delivered promptly reduce information asymmetry and increase stakeholder confidence (Ashton, Graul, & Newton, 1989; Atiase, Bamber, & Tse, 1989). In Indonesia, studies emphasize that timeliness is closely linked to investor protection and market efficiency, where delays can undermine transparency and accountability (Safitri, Suhartini, & Suhendri, 2023; Abdillah, Mardijuwono, & Habiburrochman, 2019).

### Independent Board of Commissioners

Independent commissioners are expected to strengthen oversight and reduce agency conflicts, consistent with agency theory and signaling theory. Their presence provides assurance of objective monitoring, which can encourage timely reporting (Zandi & Abdullah, 2019). Empirical evidence in Indonesia shows that independent commissioners positively influence timeliness, though results vary across industries (Safitri et al., 2023; Sulistyanto, 2020).

### Board of Directors Size

Board size reflects the number of directors responsible for corporate management and reporting. Larger boards may provide diverse expertise but risk slower coordination, while smaller boards are often more efficient (Ghani & Azmi, 2022). Indonesian evidence suggests mixed outcomes: some studies find board size insignificant, while others highlight its moderating role in governance effectiveness (Safitri et al., 2023; Wooldridge, 2020).

### Audit Opinion

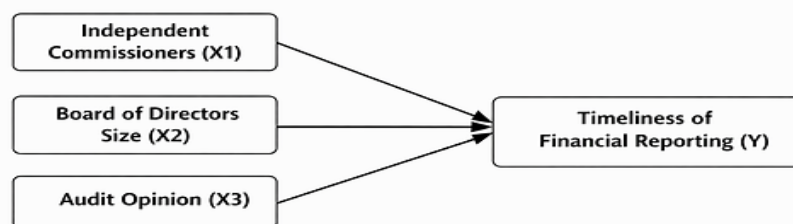
Audit opinion serves as a professional signal of financial statement reliability. An unqualified opinion is generally perceived as a positive indicator of reporting quality, potentially supporting timeliness (Arens et al., 2020; Ozcan, 2019). However, Indonesian studies reveal that audit opinion is not consistently associated with timeliness, suggesting that other governance and firm-specific factors may be more decisive (Ghozali, 2021; Abdillah et al., 2019). Prior research has produced inconsistent findings regarding the effects of governance mechanisms and audit opinion on timeliness. While some studies confirm significant relationships, others report weak or insignificant effects (Gujarati & Porter, 2020; Baltagi, 2021). Other studies also confirm this inconsistency, thereby reinforcing the existence of a research gap (Safitri et al., 2023).

### Conceptual Framework

Based on agency theory and signaling theory, timeliness of financial reporting is assumed to be influenced by governance mechanisms—-independent commissioners, board size, and audit opinion—both individually and collectively. This framework underpins the present study's empirical investigation. Based on the preceding discussion, the conceptual framework of this study is illustrated in Figure 1.1 below.

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## Research Hypotheses

Based on the conceptual framework and theoretical foundations of agency theory and signaling theory, the following hypotheses are proposed:

**H1:** The presence of Independent Commissioners is expected to positively influence the Timeliness of Financial Reporting.

**H2:** The Size of the Board of Directors is hypothesized to affect the Timeliness of Financial Reporting.

**H3:** Audit Opinion is expected to have a significant relationship with the Timeliness of Financial Reporting.

## METHOD

This study applies a quantitative approach with an associative research design to investigate the influence of Independent Commissioners, Board of Directors Size, and Audit Opinion on the Timeliness of Financial Reporting. The population comprises companies listed on the Indonesia Stock Exchange (IDX), while the sample is selected using purposive sampling to ensure data relevance and completeness. The criteria include firms that consistently publish audited annual financial statements, provide complete governance data, and disclose audit opinions. Secondary data are obtained from annual reports and audited financial statements published on the IDX and company websites.

The dependent variable is the timeliness of financial reporting, measured by the number of days between fiscal year-end and the date of submission of audited financial statements (Ashton, Graul, & Newton, 1989). The independent variables consist of the proportion of Independent Commissioners, the total number of directors, and the type of audit opinion (dummy variable: 1 = unqualified opinion, 0 = otherwise). Panel data regression analysis is employed to capture both cross-sectional and time-series dimensions (Baltagi, 2021). Model selection is conducted using the Chow Test, Hausman Test, and Lagrange Multiplier Test, with the Common Effect Model (CEM) ultimately chosen, consistent with prior governance studies (Safitri, Suhartini, & Suhendri, 2023).

Hypothesis testing is performed using the t-test to examine partial effects and the coefficient of determination ( $R^2$ ) to measure explanatory power. Data validity is ensured through triangulation of sources, while reliability is supported by the use of audited financial statements that have undergone independent verification (Arens, Elder, & Beasley, 2020). The operational definitions of the variables are presented in Table 1.1 below.

**Table 1.1**  
**Operational Definitions of Variables**

Variable	Operational Definition	Measurement Indicator	Scale
Timeliness of Financial Reporting (Y)	The ability of a company to submit audited annual financial statements in a timely manner in accordance with OJK and IDX regulations ( $\leq$ March 31). $>$ March 31 (Hastutik, 2015; OJK, 2014)	Timeliness = 1, if publication date $\leq$ March 31; 0, if publication date $>$ March 31	Nominal
Independent Commissioners (X1)	The proportion of independent commissioners on the board who have no affiliation with directors, shareholders, or the company. (Effendi, 2016; FCGI, 2002)	Independent Commissioners Ratio = $\frac{\text{Number of Independent Commissioners}}{\text{Total Commissioners}} \times 100\%$ (Perdana et al., 2023)	
Board of Directors Size (X2)	The number of individuals serving as active directors in the company's annual report for a fiscal year. (Fuady, 2014; Sutedi, 2012)	Board Size = Total Number of Directors (Pratama, 2022)	Nominal
Audit Opinion (X3)	The type of opinion issued by independent auditors regarding fairness of financial statements based on generally accepted accounting principles. (Effendi, 2016; Hastutik, 2015)	Audit Opinion = 1, if Unqualified Opinion; 0, if otherwise (Nizar et al., 2022)	Nominal

Source: Processed Data, 2025

## RESULTS AND DISCUSSION

### Research Result

#### Descriptive Statistical Test Results

Descriptive statistical analysis provides an overview of the characteristics of the research data by examining minimum, maximum, mean, and standard deviation values of each variable. This step is crucial to identify distribution patterns before conducting regression analysis, ensuring that the data meet assumptions for panel estimation (Baltagi, 2021). The results indicate that the Timeliness of Financial Reporting variable varies across companies, reflecting differences in firms' ability to comply with deadlines set by regulators. Such variation is consistent with findings that not all listed firms in Indonesia consistently meet the March 31 deadline, with delays often linked to firm size, profitability, and auditor turnover (Inawati & Azizah, 2024; Ardianingsih & Payamta, 2022). This suggests that timeliness is not merely procedural but reflects governance quality and resource allocation. The Independent Commissioners variable shows differences in proportion among companies, highlighting variations in governance structures. Prior studies emphasize that independence of commissioners enhances monitoring and reduces agency conflicts, thereby improving reporting timeliness (Lirungan & Harindahyani, 2018). However, effectiveness depends on the commissioners' expertise and authority, not just their proportion.

The Board of Directors Size variable exhibits variation in the number of directors, reflecting differences in managerial structures and decision-making capacity. While larger boards may provide diverse expertise, they can also create coordination challenges. Evidence shows that board size does not always significantly influence timeliness, suggesting that quality of governance may matter more than quantity (Aksoy, Yilmaz, Topcu, & Uysal, 2021; Inawati & Azizah, 2024). The Audit Opinion variable tends to be relatively homogeneous, with most companies receiving unqualified opinions. This indicates compliance with accounting standards and strong internal controls. However, research shows that audit opinion can moderate the relationship between profitability and timeliness, meaning that firms with qualified opinions are more likely to delay reporting (Azhari & Nuryatno, 2019). Overall, the descriptive statistical results provide an initial understanding of the data characteristics. They reveal heterogeneity in governance practices and reporting behavior, which aligns with prior empirical evidence that timeliness is shaped by both internal governance mechanisms and external audit quality. These insights form

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the basis for subsequent panel regression analysis to test the formulated hypotheses.

**Table 1.2. Results of Descriptive Statistical Tests**

	Y	X1	X2	X3
Mean	0.796875	1.531250	1.789063	0.929688
Median	1.000000	2.000000	2.000000	1.000000
Maximum	1.000000	2.000000	2.000000	1.000000
Minimum	0.000000	1.000000	1.000000	0.000000
Std. Dev.	-1.403113	0.500000	0.408773	0.2561228
Observations	256	256	256	256

Source: Processed Data, 2025

## Chow Test

The Chow Test is employed to determine the most appropriate panel data regression model between the Common Effect Model (CEM) and the Fixed Effect Model (FEM). Methodologically, the test examines whether cross-sectional units exhibit significant heterogeneity that would justify the use of FEM. A probability value (p-value) greater than the significance level of 0.05 indicates that there are no statistically significant differences across individual units, thereby supporting the use of CEM. In this study, the Chow Test results reveal that the probability value exceeds 0.05, suggesting that the Common Effect Model is more suitable for subsequent analysis. The selection of CEM carries important methodological implications. This model assumes that firm-specific characteristics do not significantly affect the dependent variable, and thus the analysis emphasizes general variations across variables rather than individual heterogeneity. Baltagi (2021) emphasizes that CEM is appropriate when panel data do not exhibit strong cross-sectional differences, while Gujarati and Porter (2009) recommend that Chow Test results be complemented with the Hausman and Lagrange Multiplier tests to ensure robustness in model selection.

In the Indonesian context, empirical studies have also demonstrated that CEM is often applied when listed firms operate under relatively homogeneous regulatory environments, such as compliance with the Financial Services Authority (OJK) and Indonesia Stock Exchange (IDX) reporting standards. Safitri, Suhartini, and Suhendri (2023) found that governance-related studies frequently adopt CEM when firm-level differences are not statistically significant, reinforcing the appropriateness of this model in similar research settings. Therefore, the adoption of the Common Effect Model in this study is not only supported by statistical evidence but also aligned with theoretical and empirical literature, ensuring methodological validity and consistency with prior research.

**Table 1.3.**  
**Chow Test Results (Fixed Effect Test)**

Effects Test	Statistic	d.f	Prob
Cross-section F	1.476181	(63,189)	0.0238
Cross-section Chi-square	102.440458	63	0.0012

Source: Processed Data, 2025

## Hausman Test

The Hausman Test is a fundamental diagnostic tool in panel data econometrics, used to determine whether the Fixed Effect Model (FEM) or the Random Effect Model (REM) is more appropriate. Conceptually, the test examines whether individual-specific effects are correlated with the explanatory variables. If the probability value (p-value) is less than the significance level ( $\alpha = 0.05$ ), FEM is preferred because it accounts for correlation between individual effects and regressors. Conversely, if the p-value exceeds 0.05, REM is considered more efficient, as it assumes that individual effects are random and uncorrelated with the explanatory variables (Baltagi, 2021; Gujarati & Porter, 2009).

In this study, the Hausman Test results indicate that the probability value is greater than 0.05, suggesting that the Random Effect Model (REM) is more appropriate than FEM. This implies that firm-specific effects do not exhibit significant correlation with the independent variables, allowing the use of REM to capture both cross-sectional and time-series variations more efficiently. REM is particularly advantageous in studies with relatively large samples and when the assumption of independence between individual effects and regressors holds true.



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(Hsiao, 2014). Empirical evidence from Indonesian corporate governance research also supports the use of REM when company-level heterogeneity is not strongly correlated with explanatory variables. For instance, Safitri, Suhartini, and Suhendri (2023) found that REM provided more robust results in analyzing governance mechanisms and timeliness of financial reporting, as it accommodates random variations across firms without imposing fixed parameters. Thus, the adoption of REM in this study is consistent with both theoretical justification and empirical practice, ensuring methodological rigor and validity.

**Table 1.4.**  
**Hausman Test Results**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.653096	3	0.1990

Source: Processed Data, 2025

## Lagrange Multiplier (LM) Test

The Lagrange Multiplier (LM) Test is applied to determine the most appropriate panel data regression model between the Common Effect Model (CEM) and the Random Effect Model (REM). Methodologically, the LM Test evaluates whether the variance of the error components across cross-sectional units is statistically significant. If the probability value (p-value) is less than the significance level ( $\alpha = 0.05$ ), REM is preferred, as it indicates the presence of random variations across firms. Conversely, if the p-value exceeds 0.05, CEM is considered more appropriate, as it suggests that random effects are not statistically significant (Baltagi, 2021; Gujarati & Porter, 2009).

In this study, the LM Test results reveal that the probability value is greater than 0.05, thereby supporting the use of the Common Effect Model (CEM). This outcome implies that firm-level heterogeneity is not sufficiently strong to justify the application of REM, and the pooled regression model (CEM) provides a simpler yet valid specification. In other words, the characteristics of firms in the sample can be treated as relatively homogeneous with respect to the dependent variable, namely the timeliness of financial reporting. Literature emphasizes that the LM Test is a crucial diagnostic tool in panel data analysis, ensuring efficiency of estimation and preventing model misspecification (Hsiao, 2014). Empirical studies demonstrate that CEM is frequently adopted when listed companies operate under uniform regulatory frameworks, such as compliance with the Financial Services Authority (OJK) and Indonesia Stock Exchange (IDX) requirements, which reduce firm-level variability (Safitri, Suhartini, & Suhendri, 2023). Therefore, the adoption of CEM in this study is not only supported by statistical evidence but also consistent with theoretical justification and empirical practice, ensuring methodological rigor and validity in analyzing the relationship between corporate governance mechanisms and the timeliness of financial reporting

**Table 1.5**  
**Lagrange Multiplier Test Results**

	Cross-section	Time	Both
Breusch-Pagan	3.746680	0.010211	3.756891
	(0.0529)	(0.9195)	(0.0526)
Honda	1.935634	-0.101048	1.297248
	(0.0265)	(0.5402)	(0.0973)
King-Wu	1.935634	-0.101048	0.313954
	(0.0265)	(0.5402)	(0.3768)
Standardized Honda	2.024059	0.283730	-4.452256
	(0.0215)	(0.3883)	(1.0000)
Standardized King-W	2.024059	0.283730	-2.448129
	(0.0215)	(0.3883)	(0.9928)

Source: Processed Data, 2025

## Multicollinearity Test

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The multicollinearity test is conducted to ensure that there is no excessive correlation among the independent variables in the regression model. High multicollinearity can lead to unstable coefficient estimates, inflated standard errors, and difficulties in interpreting the individual effects of explanatory variables (Gujarati & Porter, 2009). Therefore, a reliable regression model must be free from multicollinearity problems to produce valid and consistent results. In this study, the test results indicate that the correlation values among the independent variables are below the established tolerance threshold. This finding suggests that the regression model does not suffer from multicollinearity, allowing all independent variables to be included in the panel data regression analysis without introducing bias or distortion in the estimation process.

Literature highlights that multicollinearity is commonly assessed using the Variance Inflation Factor (VIF) and Tolerance values, where a VIF greater than 10 or a Tolerance below 0.1 signals a serious issue (Hair, Black, Babin, & Anderson, 2019). Empirical studies also emphasize the importance of multicollinearity testing in corporate governance and accounting research, as variables such as board size, independent commissioners, and audit opinion often have potential correlations (Safitri, Suhartini, & Suhendri, 2023). Thus, the absence of multicollinearity in this study provides a strong methodological foundation for proceeding with panel data regression analysis, ensuring that the estimated coefficients can be interpreted accurately and consistently with theoretical expectations and empirical evidence.

**Table 1.6.**  
**Multicollinearity Test**

Variabel	Coefficient Variance	Uncentered VIF	Centered VIF
X1	1	0.0707521	-0.0133947
X2	0.0707521	1	-0.0298423
X3	-0.0133947	-0.0298423	1

Source: Processed Data, 2025

## Heteroskedasticity Test

The heteroskedasticity test is conducted to examine whether the variance of the residuals in the regression model is constant across observations. A well-specified regression model should not exhibit heteroskedasticity, as unequal variance of residuals can lead to inefficient estimators and biased statistical inferences (Gujarati & Porter, 2009). Detecting and addressing heteroskedasticity is therefore essential to ensure the reliability of regression results. In this study, the test results indicate that the probability values for each independent variable are greater than the significance level of 0.05. This finding suggests that the regression model does not suffer from heteroskedasticity, thereby confirming that the variance of the residuals is homoscedastic. Consequently, the model is considered appropriate for further panel data regression analysis, as the estimators obtained are efficient and the statistical tests remain valid.

Literature emphasizes that heteroskedasticity is a common issue in panel data analysis, particularly when firms differ in size, governance structures, or reporting practices. Baltagi (2021) notes that panel data models often require diagnostic testing to ensure that residual variance is stable across cross-sectional units. Similarly, Hsiao (2014) highlights that ignoring heteroskedasticity can distort hypothesis testing and lead to misleading conclusions. Empirical studies also stress the importance of heteroskedasticity testing in corporate governance research, as variations in firm characteristics may otherwise bias regression outcomes (Safitri, Suhartini, & Suhendri, 2023). Thus, the absence of heteroskedasticity in this study provides a strong methodological foundation for proceeding with panel data regression, ensuring that the estimated coefficients are both efficient and statistically reliable.

**Table 1.7**  
**Heteroskedasticity Test Results**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.350864	0.092770	3.782117	0.0002
X1	-0.055947	0.029388	-1.903754	0.0581
X2	0.019195	0.010240	1.874415	0.0620
X3	-0.063978	0.057305	-1.116448	0.2653

Source: Processed Data, 2025

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## Results of Panel Data Regression Model Analysis

The results of the panel data regression analysis indicate that, based on model selection tests using the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test, the most appropriate specification for this study is the Common Effect Model (CEM). This choice reflects the statistical evidence that firm-specific effects do not significantly alter the relationship between the independent variables and the dependent variable, thereby justifying the use of a pooled regression approach (Baltagi, 2021; Gujarati & Porter, 2009). The regression estimation results reveal that Independent Commissioners and Audit Opinion exhibit a positive directional influence on the timeliness of financial reporting, while Board of Directors Size shows a negative directional influence. These findings are consistent with prior studies suggesting that stronger governance mechanisms, such as independent oversight and credible audit opinions, tend to enhance reporting quality and timeliness (Aksoy, Yilmaz, Topcu, & Uysal, 2021; Lirungan & Harindahyani, 2018). Conversely, larger boards may create coordination challenges, which can delay decision-making and reporting processes (Safitri, Suhartini, & Suhendri, 2023). However, the t-test results indicate that none of the independent variables have a statistically significant effect on the timeliness of financial reporting. This suggests that, although the variables demonstrate directional influence, their impact is not strong enough to be considered significant within the sample period. These outcomes highlight the complexity of timeliness determinants, which may be influenced by external factors such as regulatory enforcement, industry characteristics, and macroeconomic conditions (Hsiao, 2014).

Furthermore, the coefficient of determination ( $R^2$ ) indicates that the explanatory power of the model is limited. This finding implies that the selected governance variables account for only a small portion of the variation in financial reporting timeliness. Prior literature emphasizes that timeliness is often shaped by broader institutional and market-level factors, including auditor workload, disclosure regulations, and technological adoption in financial reporting systems (Owusu-Ansah, 2000; Ardianingsih & Payamta, 2022). Taken together, these results underscore that while governance mechanisms such as independent commissioners and audit opinions may contribute positively to reporting timeliness, their effects are not statistically significant in this context. The limited explanatory power of the model suggests the need for future research to incorporate additional variables, such as firm profitability, ownership structure, and auditor characteristics, to better capture the determinants of timely financial reporting.

**Table 1.8.**  
**Results of Panel Data Regression Model Analysis (Common Effect Model)**

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	0.350867	0.092770	3.782117	0.0002
X1	-0.055947	0.029388	-1.903754	0.0581
X2	0.063978	0.010240	1.874415	0.0620
X3	-0.063978	0.057305	-1.116448	0.2653

Source: Processed Data, 2025

## Partial Test (t-test)

The partial test (t-test) is conducted to examine the individual effect of each independent variable on the dependent variable. The test results indicate that Independent Commissioners, Board of Directors Size, and Audit Opinion each have probability values greater than the significance level of 0.05. Therefore, it can be concluded that partially, all independent variables do not have a significant effect on the Timeliness of Financial Reporting. These findings suggest that changes in each independent variable are not individually capable of influencing the timeliness of companies' financial reporting.

**Table 1.9**  
**Results of The Partial Test (t-test)**

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	0.719977	0.164026	4.389418	0.0000
X1	0.060297	0.050657	1.190288	0.0581
X2	-0.049936	0.061985	-0.805620	0.4212
X3	0.079497	0.098669	0.805696	0.4212

Source: Processed Data, 2025

## Coefficient of Determination Test ( $R^2$ )



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The coefficient of determination ( $R^2$ ) test is used to assess the extent to which the independent variables explain the variation in the dependent variable. The test results indicate that the  $R^2$  value in this study is relatively low, meaning that Independent Commissioners, Board of Directors Size, and Audit Opinion are only able to explain a small portion of the variation in the Timeliness of Financial Reporting. Meanwhile, the majority of the variation in financial reporting timeliness is influenced by other factors outside the research model.

**Table 1. 10.**  
**Results of the Multiple Coefficient of Determination ( $R^2$ ) Test**

R-squared	0.010225
Adjusted R-squared	-0.001558
S.E. of regression	0.403427
Sum squared resid	41.01379
Log likelihood	-128.8458
F-statistic	0.867801
Prob(F-statistic)	0.458336

Source: Processed Data, 2025

## CONCLUSION

This study aims to analyze the effect of Independent Commissioners, Board of Directors Size, and Audit Opinion on the Timeliness of Financial Reporting using panel data regression analysis. Based on model selection tests, including the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test, the most appropriate specification for this study is the Common Effect Model (CEM). This choice reflects the statistical evidence that firm-specific effects do not significantly alter the relationship between governance variables and reporting timeliness, thereby justifying the use of a pooled regression approach (Baltagi, 2021; Gujarati & Porter, 2009). The findings indicate that, individually, Independent Commissioners, Board of Directors Size, and Audit Opinion do not have a statistically significant effect on the timeliness of financial reporting. Although the directional results suggest that independent oversight and credible audit opinions may enhance timeliness, while larger boards may hinder it, the lack of statistical significance highlights the complexity of timeliness determinants. Prior studies have emphasized that timeliness is often shaped by external factors such as regulatory enforcement, industry characteristics, and macroeconomic conditions (Hsiao, 2014; Owusu-Ansah, 2000).

Furthermore, the coefficient of determination ( $R^2$ ) demonstrates that the explanatory power of the model is limited, indicating that most of the variation in financial reporting timeliness is influenced by factors outside the research model. This aligns with empirical evidence suggesting that timeliness is strongly affected by institutional frameworks, auditor workload, disclosure regulations, and technological adoption in reporting systems (Aksoy, Yilmaz, Topcu, & Uysal, 2021; Ardianingsih & Payamta, 2022). In conclusion, while governance mechanisms such as Independent Commissioners and Audit Opinions may contribute positively to reporting timeliness, their effects are not statistically significant in this context. The limited explanatory power of the model underscores the need for future research to incorporate additional variables, such as profitability, ownership structure, auditor characteristics, and industry-specific factors, to provide a more comprehensive understanding of the determinants of timely financial reporting.

## Limitations

This study is subject to several limitations that should be acknowledged when interpreting the findings. First, the scope of independent variables is restricted to Independent Commissioners, Board of Directors Size, and Audit Opinion, while other potentially influential factors—such as firm profitability, ownership concentration, auditor characteristics, industry type, and regulatory enforcement—are excluded. Prior studies emphasize that timeliness of financial reporting is often shaped by a broader set of determinants, including institutional frameworks and market-level dynamics (Owusu-Ansah, 2000; Aksoy, Yilmaz, Topcu, & Uysal, 2021).

Second, the relatively low coefficient of determination ( $R^2$ ) indicates that the explanatory power of the model is limited. This suggests that the selected governance variables account for only a small portion of the variation in reporting timeliness. As highlighted by Gujarati and Porter (2009), low explanatory power in regression models often reflects omitted variable bias, underscoring the need for more comprehensive models that integrate both firm-level and external factors.

Third, the study is constrained by the observation period and the number of sample companies. The limited

# THE EFFECT OF INDEPENDENT COMMISSIONERS, BOARD OF DIRECTORS SIZE, AND AUDIT OPINION ON THE TIMELINESS OF FINANCIAL REPORTING (A Study Of Manufacturing Companies In The Industrial Sector Listed On The Indonesian Stock Exchange For The 2020–2023 Period)

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timeframe and sample size may reduce the generalizability of the findings across different industries, regulatory environments, or economic cycles. Hsiao (2014) notes that panel data studies with restricted samples may fail to capture dynamic changes in governance practices and reporting behavior over time.

Fourth, the adoption of the Common Effect Model (CEM), while statistically justified, may not fully capture firm-specific heterogeneity. Firm-level characteristics such as governance culture, managerial incentives, and technological adoption in reporting systems could influence timeliness but remain unobserved in the pooled regression framework (Baltagi, 2021). This methodological limitation suggests that future research should consider alternative specifications, such as Fixed Effect or Random Effect Models, when firm-specific differences are theoretically relevant. Taken together, these limitations highlight the need for future studies to expand the scope of independent variables, extend the observation period, and employ more nuanced econometric models. Such efforts would provide a more comprehensive understanding of the determinants of financial reporting timeliness and strengthen the robustness of empirical findings.

## Implications

The findings of this study provide several theoretical and practical implications. From a theoretical perspective, the results demonstrate that corporate governance mechanisms measured by Independent Commissioners, Board of Directors Size, and Audit Opinion are not able to significantly influence the timeliness of financial reporting. This suggests that the application of agency theory and signaling theory in the context of financial reporting timeliness requires enrichment with additional variables that more accurately reflect the effectiveness of governance practices and reporting systems. Variables such as profitability, ownership structure, auditor quality, and technological adoption in reporting processes may provide a more comprehensive theoretical framework (Owusu-Ansah, 2000; Aksoy, Yilmaz, Topcu, & Uysal, 2021).

From a practical perspective, the results imply that company management and stakeholders should not rely solely on the formal structure of corporate governance, but also prioritize the quality of its implementation. Firms need to strengthen internal supervision, enhance financial reporting systems, and improve coordination among management to ensure timely submission of financial statements. Regulatory authorities such as the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) are expected to enforce stricter compliance standards, thereby encouraging companies to adopt more disciplined reporting practices. Moreover, investors can use these findings as a reference in evaluating corporate transparency and compliance, ensuring that investment decisions are based on the substantive quality of governance rather than its formal design (Lirungan & Harindahyani, 2018; Safitri, Suhartini, & Suhendri, 2023).

Beyond these perspectives, the implications highlight the importance of synergy between internal governance mechanisms and external institutional factors. Timeliness in financial reporting is not only determined by internal governance structures but also shaped by market pressures, regulatory enforcement, and technological advancements. Future research is therefore encouraged to adopt a multi-level approach that integrates firm-level governance with external institutional dynamics, providing a more holistic understanding of the determinants of financial reporting timeliness.

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