The Impact of Liquidity and Audit Opinion on Financial Reporting Timeliness in Retail Companies Listed on the Indonesia Stock Exchange

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Abstract

This study analyzes the effects of liquidity and audit opinion, separately and together, on the timeliness of financial reporting in retail companies listed on the Indonesia Stock Exchange (IDX). Delays in financial reporting among public companies highlight the study's importance, as timeliness helps keep information relevant for investors and stakeholders. This study uses a quantitative approach, employing binary logistic regression to analyze secondary data from annual financial reports. Liquidity has a positive and significant effect on timely reporting; companies with good liquidity tend to submit financial reports on time, which sends a positive signal to the market. Audit opinion shows no significant effect on timeliness; receiving an Unqualified Opinion (WTP) does not guarantee timely reporting, as other internal factors may influence reporting processes more. Together, liquidity and audit opinion significantly affect reporting timeliness in these retail firms.

Keywords: Timeliness, Financial Reporting, Liquidity, Audit Opinion, Retail Companies.

INTRODUCTION

Financial statements are the primary medium through which companies communicate financial performance and position to investors, creditors, regulators, and other stakeholders. The usefulness of financial statements depends not only on their accuracy and reliability but also on their timeliness. Information reported after the prescribed deadline loses much of its relevance because economic decisions are often made based on the most current information available. Therefore, timeliness has become one of the fundamental qualitative characteristics of financial reporting under international accounting standards and Indonesian Financial Accounting Standards.

In Indonesia, publicly listed companies are required to submit audited annual financial statements within the reporting deadline established by the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX). Failure to comply with these regulations may result in administrative sanctions, financial penalties, or even temporary suspension of stock trading. Although these regulations have been implemented for many years, several listed companies continue to experience delays in submitting audited financial reports. Such delays reduce market transparency, increase information asymmetry between managers and investors, and potentially weaken investor confidence in corporate governance.

The retail industry provides an interesting context for investigating financial reporting timeliness because it experienced substantial operational and financial challenges during and after the COVID-19 pandemic. Changes in consumer purchasing behavior, supply chain disruptions, inflationary pressures, and declining purchasing power significantly affected corporate liquidity and operational performance. These conditions may influence management's ability to complete financial reporting processes efficiently while simultaneously affecting the external audit process.

Liquidity is considered one of the important determinants of reporting timeliness because it reflects a company's capability to meet short-term financial obligations. Companies with strong liquidity generally possess healthier cash flows, more efficient financial management, and fewer financial constraints, allowing management to prepare financial statements more effectively and submit them within the regulatory deadline. From the perspective of Agency Theory, timely reporting reduces information asymmetry between managers (agents) and shareholders (principals), whereas Compliance Theory suggests that financially healthy firms are more capable of complying with mandatory reporting regulations.

Another factor frequently examined in previous studies is audit opinion. Audit opinion represents the auditor's professional judgment regarding whether financial statements fairly present a company's financial condition in accordance with applicable accounting standards. Companies receiving an unqualified opinion are generally expected to disclose their financial reports more quickly because favorable audit results constitute positive signals to the capital market. However, previous empirical findings remain inconsistent regarding whether audit opinion significantly influences reporting timeliness.

Several studies have reported contradictory results. Veronika et al. (2019) found that audit opinion does not significantly influence reporting timeliness, while Videsia et al. (2022) concluded that audit opinion positively affects the timely submission of financial statements. Similarly, previous studies examining liquidity have produced inconsistent findings. Putri and Nugroho (2023) reported that liquidity significantly improves reporting timeliness, whereas Rialdy (2022) found no significant relationship between liquidity and timely financial reporting. These inconsistent findings indicate the existence of a research gap that requires further empirical investigation using different industrial sectors and more recent observation periods.

Compared with previous research, this study offers several contributions. First, it focuses specifically on Indonesian retail companies during the 2019–2023 period. Second, it simultaneously examines liquidity and audit opinion using binary logistic regression, which is appropriate because financial reporting timeliness is measured as a binary variable. Third, this study provides updated empirical evidence that enriches the literature concerning determinants of financial reporting timeliness in emerging capital markets.

Therefore, this study aims to examine the individual and simultaneous effects of liquidity and audit opinion on the timeliness of financial reporting among retail companies listed on the Indonesia Stock Exchange. The findings are expected to contribute to the development of accounting literature while providing practical implications for corporate management, auditors, regulators, and investors in improving financial reporting quality and regulatory compliance.

RESEARCH METHODOLOGY

This study employed a quantitative explanatory research design to examine the causal relationships between liquidity, audit opinion, and the timeliness of financial reporting. An explanatory approach was considered

appropriate because the study aimed to test hypotheses regarding the influence of independent variables on a dependent variable using statistical analysis. Quantitative research enables objective measurement of variables and empirical testing of theoretical relationships based on numerical data.

Research Design

The research focused on retail companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 observation period. This period was selected because it covers the COVID-19 pandemic and the subsequent post-pandemic recovery, both of which significantly affected corporate financial conditions, particularly liquidity management and financial reporting practices.

The study relied exclusively on secondary data obtained from audited annual reports and financial statements published on the official Indonesia Stock Exchange website (https://www.idx.co.id) and the respective corporate websites. Secondary data were selected because they provide objective, publicly available, and verifiable financial information required for hypothesis testing.

Population and Sample

The population consisted of all retail companies listed on the Indonesia Stock Exchange during the 2019–2023 period. Based on the IDX industrial classification, the population comprised 32 listed retail companies**.**

The sample was selected using the purposive sampling technique. This non-probability sampling method allows researchers to select observations that satisfy predetermined research criteria. Companies were included in the sample if they met the following requirements:

1. The company was continuously listed on the Indonesia Stock Exchange during 2019–2023.
2. The company published audited annual financial statements consecutively throughout the observation period.
3. The financial statements contained complete information required to measure all research variables.
4. The company used December 31 as the fiscal year-end.
5. The company did not experience delisting or prolonged trading suspension during the observation period.

Companies failing to satisfy these criteria were excluded from the final sample.

Variables and Operational Definitions

The study consisted of one dependent variable and two independent variables.

Dependent Variable

Timeliness of Financial Reporting (Y)

Timeliness of financial reporting refers to the company's ability to submit audited annual financial statements within the reporting deadline established by the Financial Services Authority (OJK) and the Indonesia Stock Exchange.

The variable was measured using a **dummy variable**, where:

- **1 = Timely submission** (financial statements submitted on or before the regulatory deadline)

- **0 = Late submission** (financial statements submitted after the regulatory deadline)

Since the dependent variable is binary, binary logistic regression was considered the most appropriate analytical technique.

Independent Variables

Liquidity (X_1)

Liquidity represents the company's capability to fulfill its short-term financial obligations using current assets. Companies with stronger liquidity are expected to experience fewer financial constraints and possess greater capacity to complete financial reporting on time.

Liquidity was measured using the Current Ratio (CR):

$$\text{Current Ratio (CR)} = \frac{\textit{Current Assets}}{\textit{Current Liabilities}}$$

Where:

Current Assets = total assets that can be converted into cash within one year
Current Liabilities = total obligations that must be settled within one year

Higher current ratio values indicate better liquidity performance.

Audit Opinion (X_2)

Audit opinion reflects the independent auditor's professional assessment regarding whether the financial statements fairly present the company's financial position in accordance with Indonesian Financial Accounting Standards.

This variable was measured using a **dummy variable**:

- **1 = Unqualified Opinion**
- **0 = Other Audit Opinions**

Data Collection Technique

The research utilized documentary techniques by collecting audited annual reports and financial statements from publicly available sources. Financial reports were downloaded from the Indonesia Stock Exchange database and supplemented by corporate annual reports published on company websites. Additional supporting literature was obtained from recent accounting journals, books, government regulations, and previous empirical studies.

Data Analysis Technique

The collected data were analyzed using IBM SPSS Statistics. Because the dependent variable consists of only two categories (timely and untimely reporting), the study employed Binary Logistic Regression Analysis**.**

The logistic regression model is expressed as follows:

Logistic Regression Model

$$\ln\left(\frac{P}{1-P}\right) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

P = Probability of timely financial reporting ($0 < P < 1$)
$1 - P$ = Probability of untimely financial reporting
α = Constant
β_1 = Regression coefficient for Liquidity (X_1)
β_2 = Regression coefficient for Audit Opinion (X_2)
X_1 = Liquidity (Current Ratio)
X_2 = Audit Opinion (Dummy Variable)
ε = Error term

Descriptive Statistics

Descriptive statistical analysis was performed to summarize the characteristics of each variable through the calculation of minimum values, maximum values, means, and standard deviations. This analysis provides an overview of the distribution and variability of the research data before hypothesis testing.

Model Fitness Test

The appropriateness of the logistic regression model was evaluated using the **Hosmer–Lemeshow Goodness-of-Fit Test**. A significance value greater than 0.05 indicates that the regression model adequately fits the observed data.

Overall Model Fit

The overall performance of the regression model was assessed by comparing the **−2 Log Likelihood (-2LL)** values between the initial model (Block 0) and the final model (Block 1). A decrease in the -2LL statistic indicates an improvement in model fit after incorporating the independent variables.

Coefficient of Determination

The explanatory power of the regression model was measured using **Nagelkerke's R^2**, which estimates the proportion of variation in financial reporting timeliness explained jointly by liquidity and audit opinion.

Classification Accuracy

The predictive capability of the logistic regression model was evaluated using the Classification Matrix, which measures the percentage of observations correctly classified into timely and untimely reporting categories.

Hypothesis Testing

Partial Effect (Wald Test)

The Wald statistic was employed to examine the individual effect of each independent variable on financial reporting timeliness.

Decision criteria:

- **p-value < 0.05:** significant effect
- **p-value ≥ 0.05:** no significant effect

Simultaneous Effect (Omnibus Test of Model Coefficients)

The Omnibus Test was conducted to determine whether liquidity and audit opinion jointly influence financial reporting timeliness.

Decision criteria:

- **p-value < 0.05:** independent variables jointly affect the dependent variable.
- **p-value ≥ 0.05:** independent variables do not jointly affect the dependent variable.

RESULTS AND DISCUSSION

Research Sample

This study investigated retail companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 observation period. After applying the

purposive sampling criteria, 25 companies met the research requirements, resulting in 125 firm-year observations used for statistical analysis. The sample represents various retail subsectors, including food retail, supermarkets, department stores, apparel retailers, automotive retailers, pharmaceutical distributors, and electronics retailers.

Descriptive Statistics

Table 1 presents the descriptive statistics of all research variables.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity (Current Ratio)	125	0.02	6.12	1.6985	1.26692
Audit Opinion	125	0	1	0.8400	0.36808
Timeliness of Financial Reporting	125	0	1	0.6480	0.47952

Source: Processed SPSS Output (2026)

The average Current Ratio of **1.6985** indicates that the sampled retail companies generally maintained an adequate level of liquidity to satisfy short-term obligations. Meanwhile, the mean value of the audit opinion variable (**0.8400**) suggests that most companies received an unqualified audit opinion during the observation period. Furthermore, the average value of the timeliness variable (**0.6480**) implies that approximately 64.8% of the observations submitted audited financial statements within the regulatory deadline.

Model Fitness Evaluation

The Hosmer–Lemeshow Goodness-of-Fit test produced a significance value of **0.178**, which exceeds the 0.05 threshold. Therefore, the logistic regression model adequately fits the observed data and is suitable for hypothesis testing.

Table 2. Hosmer–Lemeshow Test

Indicator	Value
Chi-Square	11.443
Significance	0.178

Source: Processed SPSS Output (2026)

The overall model fit also improved considerably after introducing the independent variables. The **−2 Log Likelihood** decreased from **151.283** (initial model) to **100.483** (final model), indicating that liquidity and audit opinion substantially improved the predictive capability of the regression model.

Coefficient of Determination

The explanatory power of the logistic regression model is presented in Table 3.

Table 3. Coefficient of Determination

Indicator	Value
Cox & Snell R^2	0.390
Nagelkerke R^2	0.536

Source: Processed SPSS Output (2026)

The Nagelkerke R^2 value of **0.536** indicates that liquidity and audit opinion jointly explain **53.6%** of the variation in financial reporting timeliness. The remaining **46.4%** is attributable to other variables that were not included in the present model, such as profitability, leverage, firm size, audit report lag, audit quality, and corporate governance practices.

Classification Accuracy

The classification matrix demonstrates that the logistic regression model

correctly classified **81%** of the observations.

Table 4. Classification Matrix

Indicator	Percentage
Prediction Accuracy	81%

Source: Processed SPSS Output (2026)

This relatively high prediction accuracy confirms that the estimated model performs well in distinguishing companies that submit financial statements on time from those that experience reporting delays.

Hypothesis Testing

Table 5. Binary Logistic Regression Results

Variable	Coefficient (B)	Wald	Sig.	Decision
Liquidity	0.959	7.842	0.005	Accepted
Audit Opinion	21.442	0.000	0.998	Rejected

Source: Processed SPSS Output (2026)

The logistic regression equation is expressed as follows:

$$-21.756 + 0.959X1 + 21.442X2$$

The positive coefficient for liquidity indicates that companies with higher liquidity are more likely to submit financial statements on time. Conversely, although the audit opinion coefficient is positive, its significance value (0.998) indicates that audit opinion does not significantly influence reporting timeliness.

The Omnibus Test yielded a significance value of **0.000**, indicating that liquidity and audit opinion jointly have a statistically significant effect on the timeliness of financial reporting.

Discussion

Effect of Liquidity on Financial Reporting Timeliness

The empirical results demonstrate that liquidity has a positive and statistically significant effect on the timeliness of financial reporting. Companies with stronger liquidity tend to complete financial reporting processes more efficiently because adequate working capital supports routine operational activities, accounting procedures, and audit completion. Financially healthy firms generally experience fewer constraints in preparing audited financial statements, thereby increasing compliance with regulatory reporting deadlines.

From the perspective of Agency Theory, timely reporting reduces information asymmetry between managers and shareholders. Managers of financially healthy firms are more willing to disclose favorable financial information promptly because such disclosure signals efficient financial management. Similarly, Signaling Theory suggests that strong liquidity represents good news, encouraging companies to publish financial statements earlier to strengthen investor confidence.

These findings are consistent with previous studies reporting that liquidity significantly improves reporting timeliness among Indonesian listed companies, confirming that adequate short-term financial capacity facilitates regulatory compliance.

Effect of Audit Opinion on Financial Reporting Timeliness

Unlike liquidity, audit opinion was found to have no statistically

significant effect on financial reporting timeliness. Although most sampled companies received unqualified audit opinions, this condition did not necessarily accelerate financial statement submission.

This finding suggests that audit opinion primarily reflects the fairness of financial statement presentation rather than the speed of the reporting process. Companies receiving favorable audit opinions may still experience reporting delays because of lengthy audit procedures, internal administrative processes, complex business transactions, or resource limitations.

The result supports previous empirical evidence indicating that audit opinion alone is insufficient to explain differences in reporting timeliness, as internal organizational factors often play a more decisive role.

Joint Effect of Liquidity and Audit Opinion

The Omnibus Test confirms that liquidity and audit opinion jointly influence financial reporting timeliness. Although audit opinion does not exhibit an individual significant effect, its inclusion contributes to improving the overall explanatory capability of the regression model.

These findings indicate that financial reporting timeliness is multidimensional and cannot be explained by a single determinant. Internal financial strength, external assurance, and other organizational characteristics collectively shape corporate compliance with reporting regulations. Consequently, future studies should incorporate additional explanatory variables, including profitability, firm size, leverage, audit report lag, audit quality, and corporate governance mechanisms, to obtain a more comprehensive understanding of financial reporting timeliness.

CONCLUSION

This study examined the influence of liquidity and audit opinion on the timeliness of financial reporting among retail companies listed on the Indonesia Stock Exchange during the 2019–2023 period using binary logistic regression analysis.

The empirical findings demonstrate that liquidity has a positive and statistically significant effect on the timeliness of financial reporting. Companies with higher liquidity are more likely to submit audited financial statements within the regulatory deadline because stronger short-term financial capacity supports smoother operational activities and facilitates the preparation of financial reports. These findings confirm that sound financial conditions encourage greater compliance with financial reporting regulations.

Conversely, audit opinion was found to have no statistically significant effect on financial reporting timeliness. This result indicates that obtaining an unqualified audit opinion does not necessarily guarantee timely financial reporting, as the reporting process is also influenced by internal organizational factors, audit complexity, administrative efficiency, and managerial readiness.

Simultaneously, liquidity and audit opinion significantly influence financial reporting timeliness, indicating that both variables contribute collectively to explaining companies' compliance with reporting deadlines. Nevertheless, the explanatory power of the model suggests that other determinants beyond

the scope of this study also play important roles in influencing reporting timeliness.

Overall, this study contributes to the accounting literature by providing updated empirical evidence regarding the determinants of financial reporting timeliness in Indonesia's retail industry during the post-pandemic period. The findings also provide practical implications for corporate management, auditors, regulators, and investors in strengthening financial reporting quality and regulatory compliance.

RECOMMENDATION

Based on the findings of this study, several recommendations are proposed.

First, corporate management should maintain adequate liquidity because healthy financial conditions facilitate timely financial reporting and improve compliance with regulatory requirements. Strong liquidity management also enhances investor confidence by ensuring that financial information is disclosed promptly.

Second, company management should strengthen internal accounting systems, improve coordination with external auditors, and enhance the effectiveness of financial reporting processes in order to minimize reporting delays regardless of the audit opinion received.

Third, regulators, including the Indonesia Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), should continue strengthening supervision and enforcement of reporting deadlines while encouraging improvements in corporate governance practices.

Finally, future researchers are encouraged to extend this research by incorporating additional explanatory variables such as profitability, leverage, firm size, audit report lag, audit quality, ownership structure, corporate governance mechanisms, and environmental uncertainty. Expanding the observation period and including companies from other industrial sectors may also improve the generalizability of future findings.

ACKNOWLEDGMENTS

The authors would like to express their sincere gratitude to the Master of Accounting Program, Graduate School, Universitas Gorontalo, for providing academic support throughout this research. The authors also appreciate the Indonesia Stock Exchange (IDX) for providing access to publicly available financial statements used in this study. Finally, sincere appreciation is extended to supervisors, lecturers, colleagues, and all individuals whose valuable guidance and constructive suggestions contributed to the completion of this research.

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