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Profitability and Ownership Structure as Determinants of Financial Reporting Timeliness in Healthcare Companies Listed on the Indonesian Stock Exchange

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Abstract

Background: Timeliness of financial reporting is a crucial indicator of financial reporting quality, as it affects the relevance and usefulness of information for stakeholders. In the healthcare sector, which has experienced significant growth, internal company factors such as profitability and ownership structure are assumed to influence the timeliness of financial reporting.
Objective: This study aims to examine the effect of profitability and ownership structure on the timeliness of financial reporting in healthcare companies listed on the Indonesia Stock Exchange.
Methods: This study employed a purposive sampling method, selecting 20 healthcare companies that were consistently listed on the Indonesia Stock Exchange during 2020. The data were analyzed using logistic regression with a significance level of 5%.
Results: The results of hypothesis testing indicate that profitability has a significant effect on the timeliness of financial reporting. In contrast, ownership structure does not have a significant effect on the timeliness of corporate financial reporting.
Conclusion: The findings demonstrate that profitability plays an important role in determining the timeliness of financial reporting in healthcare companies, while ownership structure does not significantly influence reporting timeliness. This suggests that financial performance is a more decisive factor than ownership characteristics in encouraging timely financial reporting.

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INTRODUCTION

Financial statements have a crucial role as a means of communication between business people, connecting the company with interested parties, and reflecting the financial condition and performance of the company (Daniri, 2008; Persianti, 2023; Sinaga et al., 2022). Although in Indonesia it is stipulated that issuers or public companies are obliged to submit audited reports in a timely manner, there are still companies that are late in submitting their financial statements. According to Aryati (2005), such delays can reduce the benefits and quality of information contained in financial statements. Timeliness plays an important role in presenting relevant information. Such relevance is necessary so that users of financial statements can make informed economic decisions. Financial statements must be made available to decision-makers in a timely manner before the information loses its ability to influence economic decisions. Delays in reporting can result in the resulting information losing its relevance (Meihana et al., 2021; Meiryani et al., 2020; Solikhah et al., 2020). The Financial Services Authority has regulated the timeliness of submission of financial statements of companies listed on the Indonesia Stock Exchange through regulation No. 29/POJK.04/2016 on the annual reports of Issuers or public companies (Irawati, 2020.; Noor, 2023; Setyowati & Agung Prabowo, 2021). This provision states that the annual report must be submitted no later than the end of the fourth month after the fiscal year ends. Penalties of fines and even temporary cessation of trading in recorded company securities can be applied if the company does not comply with such provisions.

Several cases in Indonesia, including those that occurred in 2021 as reported by www.cnbcindonesia.com, indicate that some issuers have not submitted financial statements for the first quarter of the year. The Indonesia Stock Exchange (BEI) imposes a suspension if the company does not fulfill such obligations within the specified time limit, with fines imposed from the 91st day from the expiration of the financial statement deadline. Thus, the Indonesia Stock Exchange (BEI) issued a level III written warning and imposed a fine of Rp. 150 million to each issuer who submitted financial statements late. The EIB imposes these sanctions in accordance with provisions II.6.3 of Regulation No I-H which governs sanctions, in particular to listed companies that have not submitted financial statements and/or have not paid Interim Financial Statements as of 31 March 2021. Of the total 33 issuers affected by sanctions, including those established by SOE Minister Erick Thohir, namely PT Mahaka Media Tbk (ABBA), and port service container issuer PT Dewasa FreightTbk (DEAL). Of the 33 companies, only the two companies are still actively traded on the exchange, while the other 31 issuers' share trades are 'locked' or suspended by the exchange for various reasons. One of the issuers, PT Polaris Investman Tbk (PLAS), has suffered the longest suspension since December 28, 2018.

Audited financial statements have a crucial role as a source of information for investors to evaluate the creditworthiness of a company's financial reporting before they make decisions about the allocation of their resources. Annual reports involving external auditors can increase investor confidence (Koroy, 2008), and therefore, auditors need to present financial statements that provide relevant information (Arifin et al., 2022). Based on many factors, including profitability and ownership structure, it is estimated to affect the timeliness of the submission of financial statements. Profitability within a company indicates a company's ability and performance in generating profits for shareholders, while ownership structure is an important indicator for determining the value of a company (Hasty & Herawaty, 2017; Meidiawati & Mildawati, 2016; Pasaribu & Sulasmiyati, 2016). The structure of public ownership also influences the timeliness of a company's financial reporting to the public, with the concentration of ownership from outside parties tending to make companies present financial statements well (Astuti, 2007; Deviyanti, 2012; Indarti & Extaliyus, 2013; Respati, 2004; Savitri, 2010).

Previous studies, such as those conducted by Utari & Amin (2011), show that profitability has an influence on the timeliness of financial reporting, with varying results. Another factor that can affect the delay in the submission of financial statements is the ownership structure. However, Various cases of late reporting from large companies, as well as mixed results from previous studies, prompted researchers to re-test the influence of profitability and ownership structure on the timeliness of corporate financial reporting in Indonesia.

Despite extensive empirical studies examining the determinants of financial reporting timeliness, the existing literature shows inconsistent findings, particularly regarding the role of ownership structure. While several studies report that ownership structure significantly influences reporting timeliness, other studies provide contradictory evidence, indicating no significant effect. Moreover, most prior research has predominantly focused on manufacturing firms, mixed-sector samples, or companies included in specific market indices, with limited attention given to the healthcare sector, which operates under stricter regulatory requirements and heightened information sensitivity. This lack of sector-specific evidence indicates a clear research gap concerning how internal company characteristics influence reporting timeliness within healthcare companies in emerging markets such as Indonesia.

This study offers novel contributions to the literature in several important aspects. First, it provides sector-specific empirical evidence by focusing exclusively on healthcare companies listed on the Indonesia Stock Exchange, a sector that has received relatively limited scholarly attention in prior timeliness studies. Second, this research examines financial reporting timeliness during a highly regulated reporting period, capturing corporate behavior under increased regulatory pressure. Third, the study presents counter-evidence by demonstrating that ownership structure does not significantly affect reporting timeliness, thereby challenging the assumption that ownership mechanisms uniformly enhance reporting discipline. By integrating profitability and ownership structure within a healthcare-sector context using a binary timeliness approach, this study extends and refines existing theories on financial reporting timeliness.

Although numerous studies have examined the determinants of financial reporting timeliness, empirical findings remain inconclusive, particularly regarding the role of ownership structure. Moreover, limited attention has been given to the healthcare sector, which operates under stricter regulatory and information disclosure requirements. This study addresses this gap by providing sector-specific evidence from healthcare companies listed on the Indonesia Stock Exchange during a highly regulated reporting period.

METHOD

Punctuality became a dependent variable in this study, while profitability and ownership structure became independent variables. Time scoring is performed by assigning a value of 1 for reports that are delivered on time and 0 for those that are not on time, using dummy variables. The subject of this study was all Heathcare companies listed on the Indonesia Stock Exchange during 2020, with sampling using the purposive method. Quantitative analysis is carried out by descriptive statistical methods and hypothesis tests, as well as using logistic regression. The logistic regression model used in this study was formulated as follows:

$$\mathbf{Ln(KW/1\text{-}KW) = \alpha + b_1ROA + b_3OWN + \varepsilon}$$

Description:

Ln(KW/1-KW)	=	Accuracy of Financial Reporting
α	=	Konstanta
b_1-b_2	=	Koefisien regresi
ROA	=	*Return On Asset*
DER	=	*Debt to Equity Ratio*
ε	=	*error*

Evaluation of logistic regression results involves several stages, such as assessing the feasibility of the regression model, assessment of the overall model fit, and testing the regression coefficients. Assessment criteria include probability, -2 Log Likelihood (LL), and a Wald test with a 5% significance level.

RESULTS AND DISCUSSION

Result

The study focused on 20 Healthcare companies listed on the Indonesia Stock Exchange in 2020.

Research Instrument Test Results

1. Descriptive Statistical Test Results As an analysis of the research data, here is a descriptive statistical summary for each variable with 20 observational

Tabel 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitabilitas	20	,19	268,68	50,6875	82,90215
Own	20	4,93	99,90	43,8700	24,46951
Ketepatan Waktu	20	,00	1,00	,7500	,44426
Valid N (listwise)	20				

In this study, two measurement scales were used, namely the ratio scale and the nominal scale. Variables included in the ratio scale include return on assets (ROA) and public ownership (PPP). Based on the results of the analysis in Table 4.5, the profitability variable measured by the return on assets (ROA) of the entire sample during the study year showed a mean value of 50,6875, with a standard deviation of 82,90215, indicating a favorable return. Meanwhile, the public ownership of the entire sample during the study year had an average value of 43,8700, with a standard deviation of 24,46951, indicating that the companies sampled in the study had less than 50% public ownership.

As for the timely variable, which uses a nominal scale, the entire company sampled during the study year had a mean timeliness (TIME) of 0,7500, with a standard deviation of 0,44426. Therefore, in this case, it is not possible to find the minimum, maximum, average, and standard deviation values for each of the variables. Hypothesis test results evaluate the impact of profitability (ROA) and public ownership (owner) on the timeliness of financial reporting using the enter method at a significance level α (alpha) of 5% in binary logistic regression. Hypothesis testing includes evaluating the feasibility of the regression model, evaluating the overall model, and evaluating the regression coefficients.

2. Evaluation of the Feasibility of the Regression Model (Goodness of Fit)

The initial stage in the evaluation is to assess the viability and validity of the regression model. The suitability of the model can be tested using the Hosmer and Lemeshow Tests, which are useful for testing the accuracy of the model. The test results showed a Hosmer and Lemeshow statistical value of 7.419 with a significant probability of 0.492. Significance values greater than 0.05 indicate that the regression model used in this study could be considered worthy of use in additional analyses.

Tabel 2. Hosmer and Lemeshow Test

Step	**Chi-square**	**df**	**Sig.**
1	7.419	8	0.492

3. Overall Model Fit Test

The next step is to evaluate the model's overall fitness. This feasibility test is seen in Table 4.7 by considering the number at the beginning -2 Log Likelihood (LL) = 0, which amounts to 99,700, and the number at the beginning -2 Log Likelihood (LL) = 191,384. The -2 Log Likelihood decrease value between number 0 and number 1 is 99,700 — 91,284 = 8,316, indicating that the proposed regression model fits the existing data.

Tabel 3. Overall modelfit testt

Block number = 0 -2 Log likelihood	Block number = 1 -2 log likelihood
99,700	91,384

In addition, fit model evaluation also involves the use of Cox and Snell's R and Nagelkerke's R. The results of the analysis using SPSS 27, as shown in Table 4.8, show that Cox and Snell's R values reached 0.064, while Nagelkerke R2 had a value of 0.117. These results indicate that about 11.7% of the variability in the dependent variables can be explained by the variability in the independent variables included in the study. The rest, which is 88.3%, or the remaining value, is influenced by other factors that were not included in the study. Those additional factors involve DER, company size, unusual items, industry risk, price gain ratio, debt repayment date, corporate governance, KAP, solvency, internal auditor, insider ownership, current ratio, REO, growth, liquidity, money shortage, price gain ratio, debt repayment date, auditor turnover, and type of financial statement.

Tabel 4. Model Summary

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	91.384	0.064	0.117

4. Regression Coefficient Testing

The final step in this analysis is to test the regression coefficients. Hypothesis testing on logistic regression models is carried out in two stages, namely partially and simultaneously. Details of test results can be found in Table 4.9 for partial testing and Table 4.10 for simultaneous testing. Both tables show logistic regression test results at a 5% significance level.

Tabel 5. Variables in the Equation

		B	**S.E.**	**Wald**	**Df**	**Sig.**	**Exp(B)**	**95% C.I.for EXP(B)**	
								Lower	**Upper**
Step 1a	X1	3,993	3,197	1,560	1	,012	54,238	,103	28563,780
	X2	-3,283	1,672	3,853	1	,054	,038	,001	,995
	Constant	1,928	,744	6,719	1	,010	6,875		

a. Variable(s) entered on step 1: X1, X2.

*)significance at the five percent level

The results of testing hypothesis 1a showed that profitability has a significant influence on the accuracy of the company's financial reporting, with a variable profitability regression coefficient (ROA) of 3.993 and a variable probability of 0.012, which is below the significance level of 0.05. Therefore, it can be concluded that Hypothesis 1a is accepted. This is in line with agency theory which emphasizes the importance of companies conveying information to shareholders, both positive and negative news. Therefore, the level of profitability is considered positive news and should be conveyed as quickly as possible to the owners.

Meanwhile, the results of the test of hypothesis 1b show that public ownership does not have a significant influence on the accuracy of the company's financial reporting. The value of the regression coefficient of the public ownership variable (OWNER) is -3.282 with a variable probability of 0.054, which is higher than the significance level of 0.05. Therefore, in the context of this regression model, Hypothesis 1b was rejected, suggesting that public ownership does not have a significant effect on the accuracy of financial reporting. The description indicates that insignificant results may be due to the fact that both large and small companies with public ownership have a tendency to publish their financial statements as quickly as possible, along with the desire of the owners to understand the development of their company's business.

Tabel 6. Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 0	Constant	1,858	,261	50,776	1	,000	6,412

The results of testing hypothesis 2 show that profitability and public ownership have a simultaneous influence on the timeliness of the company's financial reporting. The value of asymptotic significance (sig) is 0.000, lower than the significance level (α) of 0.05, as seen in table 4.10 of the results of simultaneous logistic regression testing. Therefore, it can be concluded that the timing of a company's financial reporting is influenced by probability, and public ownership. This finding confirms the acceptance of hypothesis 2 in the regression model.

Discussion

Profitability and the Timeliness of Financial Reporting

The results of this study indicate that profitability, as measured by Return on Assets (ROA), has a significant positive effect on the timeliness of financial reporting in healthcare companies. This finding suggests that companies with higher profitability tend to submit their financial statements more promptly. From a signaling theory perspective, high profitability represents good news that management is incentivized to disclose quickly to the market in order to strengthen investor confidence and enhance corporate reputation. Timely disclosure allows firms to signal superior performance and reduce information asymmetry between management and external stakeholders. This result is consistent with agency theory, which posits that managers of profitable firms are more motivated to reduce agency costs by providing timely and transparent information to principals.

Ownership Structure and the Timeliness of Financial Reporting

Contrary to some expectations, this study finds that public ownership does **not have a significant effect** on the timeliness of financial reporting. Although ownership structure is often assumed to enhance monitoring mechanisms, the empirical results suggest that the proportion of public ownership alone is insufficient to accelerate reporting timeliness in healthcare companies. One possible explanation is that regulatory enforcement by the capital market authority applies uniformly to all listed firms, regardless of ownership dispersion, thereby reducing the marginal monitoring effect of public shareholders. In the context of healthcare companies, strict compliance requirements may diminish the role of ownership structure as a differentiating factor in reporting behavior.

Simultaneous Effect of Profitability and Ownership Structure

The simultaneous testing results demonstrate that profitability and public ownership collectively influence the timeliness of financial reporting. Although ownership structure does not show a significant individual effect, its inclusion alongside profitability improves the overall explanatory power of the model. This finding indicates that timeliness is a multifactorial phenomenon, shaped by financial performance and governance-related characteristics operating together rather than in isolation.

However, the relatively low Nagelkerke R Square value (11.7%) suggests that most of the variation in reporting timeliness is explained by other factors not included in this study, such as firm size, leverage, audit characteristics, corporate governance mechanisms, and auditor reputation. This implies that while profitability plays a key role, it is not the sole determinant of timely financial reporting, especially in a highly regulated sector such as healthcare.

Implications for Theory and Practice

From a theoretical perspective, this study reinforces signaling and agency theories by demonstrating that financial performance remains a dominant driver of disclosure behavior. The insignificant role of ownership structure suggests that governance mechanisms may operate differently across sectors, particularly in industries subject to stringent regulatory oversight. Practically, the findings highlight the importance for regulators and investors to focus not only on ownership characteristics but also on financial performance indicators when assessing reporting discipline. For healthcare companies, maintaining strong profitability appears to be a critical factor in ensuring timely financial reporting. Meanwhile, policymakers should recognize that compliance enforcement mechanisms may outweigh ownership-based monitoring in promoting reporting punctuality.

CONCLUSION

This study examines the effect of profitability and ownership structure on the timeliness of financial reporting among healthcare companies listed on the Indonesia Stock Exchange. The findings demonstrate that profitability has a significant positive influence on reporting timeliness, indicating that companies with stronger financial performance are more likely to submit their financial statements on time. Higher profitability encourages management to disclose financial information promptly as a positive signal to stakeholders and to maintain credibility in the capital market. In contrast, ownership structure does not show a significant individual effect on the timeliness of financial reporting.

This suggests that, within the healthcare sector, the proportion of public ownership alone is insufficient to drive faster reporting. Uniform regulatory enforcement and strict reporting requirements appear to reduce the differentiating role of ownership dispersion in influencing disclosure behavior. Simultaneously, profitability and ownership structure collectively affect reporting timeliness, although the explanatory power of the model remains relatively limited. This indicates that the timeliness of financial reporting is influenced by multiple factors beyond those examined in this study. Overall, the results highlight profitability as a key determinant of timely financial reporting in the healthcare sector, while underscoring the need to consider additional financial, governance, and audit-related factors to better explain variations in reporting timeliness.

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AUTHOR CONTRIBUTION STATEMENT

Mediaty contributed to the conceptualization of the study, research design, and supervision. Fitri Anto was responsible for data collection, data processing, and statistical analysis. Abdul Hamid Habbe contributed to theoretical development, interpretation of results, and critical revision of the manuscript. All authors jointly participated in drafting, reviewing, and approving the final version of the manuscript.

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