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Araştırma Makalesi/Research Article

THE INVESTIGATION OF FACTORS AFFECTING TIMELINESS OF FINANCIAL STATEMENTS: EVIDENCE FROM TURKEY

MALİ TABLOLARIN ZAMANLILIĞINA ETKİ EDEN FAKTÖRLERİN İNCELENMESİ: TÜRKİYE ÖRNEĞİ

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Abstract

In the current economic environment, the timeliness of corporate financial reporting is one of the important factors that have impact on the efficiency of financial markets. Delay in disclosure of financial statements prominently decreases the efficiency of financial markets. This study aims to analyze factors that influence timely corporate financial reporting by using a sample that includes 90 manufacturing firms listed on Borsa Istanbul over the period of 2014-2017. The results of regression analysis reveal that firm size, type of audit firm, board independency, profitability and leverage significantly affect the timeliness of financial statements. The findings of empirical analysis provide vital implications for regulatory agencies.

Keywords: Financial Statements, Timeliness, Financial Reporting, Borsa Istanbul

Öz

Günümüzün ekonomik ortamında, finansal raporlamanın zamanlamasının finansal piyasaların etkinliği üzerinde önemli etkileri bulunmaktadır. Mali tabloların geç yayınlanması, finansal piyasaların etkinliğini önemli derecede azaltmaktadır. Bu çalışmada, 2014-2017 yılları arasında Borsa İstanbul'da işlem görmüş 90 şirketin finansal raporlama zamanlamasına etki eden faktörlerin incelenmesi amaçlanmıştır. Regresyon analizinin sonuçlarına göre; firma büyüklüğü, denetim şirketinin türü, bağımsız yönetim kurulu üye oranı, karlılık ve borçluluk oranının mali tabloların sunum tarihi üzerinde önemli etkileri bulunmaktadır. Ampirik analizin sonuçlarının, düzenleyici kurumlar için önemli sonuçları bulunmaktadır.

Anahtar Kelimeler: Mali Tablolar, Zamanlılık, Finansal Raporlama, Borsa İstanbul

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GENİŞLETİLMİŞ ÖZET

Araştırmanın Amaçları

Mali tablolar, yatırımcıların ve kreditörlerin karar verme sürecinde önemli bir role sahiptir. Finansal piyasaların etkinliği mali tabloların kalitesine oldukça bağlıdır. Zamanlılık kavramı, mali tabloların sahip olması gereken önemli niteliklerinden biridir. Zamanında piyasa katılımcılarına sunulmayan mali tabloların faydası yok denecek kadar azdır. Mali tabloların tam zamanında sunumu yöneticiler, şirket sahipleri ve diğer paydaşlar arasındaki bilgi asimetrisini önemli derecede azaltmaktadır. Düzenleyici kurumlar, şirketlerin mali tablolarının kamuoyuna zamanında sunulması için etkili önlemler almaktadır. Bu çalışma şirketlerin mali tabloların sunum tarihlerine etki eden faktörleri gelişen bir ekonomide, Türkiye'de, analiz etmeyi amaçlamaktadır. Bu alandaki araştırmalar, genel olarak gelişmiş ülkeler bağlamında yapılmış olup gelişmekte olan ülkelerde sınırlı sayıda yapılmıştır.

Araştırma Soruları

Literatürde yapılan çalışmalar, mali tabloların sunum tarihine etki eden faktörlerin hangilerini incelemiştir? Mali tabloların sunum tarihi ile şirket büyüklüğü arasındaki ilişki nasıldır? Mali tabloların sunum tarihi ile bağımsız denetçinin niteliği arasındaki ilişki nasıldır? Mali tabloların sunum tarihi ile yönetim kurulunun bağımsızlığı arasındaki ilişki nasıldır? Mali tabloların sunum tarihi ile karlılık oranı arasındaki ilişki nasıldır? Mali tabloların sunum tarihi ile borçluluk oranı arasındaki ilişki nasıldır? Şirketlerin mali tabloları zamanında yayınlaması için hangi tür düzenlemeler yapılmalıdır?

Literatür Araştırması

Ulusal ve uluslararası literatürde, mali tabloların sunum tarihine etki eden faktörleri inceleyen birçok çalışmanın olduğu görülmektedir. Bu çalışmalarda kullanılan ampirik modeller kullanılan değişkenlere göre farklılık göstermektedir. Söz konusu çalışmalarda, şirketlerin kurumsal yönetim politikalarının verimli olmasının mali tabloların zamanında yayınlanmasına olumlu etkileri olduğuna dair kanıtlar ortaya koyulmaktadır. Literatürde genellikle, teknolojik altyapısı ve kaliteli insan kaynaklarına sahip olan işletmelerin mali tabloları kamuoyuna zamanında açıkladığı tespit edilmiştir. Mali tabloların yayınlanma süreleri ile ilgili düzenlemeler ülkeden ülkeye farklılık gösterdiğinden bu konuda yapılan araştırmalar farklı sonuçlara ulaşmaktadır. Bunlara ek olarak, uluslararası alanda yapılan çalışmalarda ekonomik yapının ve şirketlerin faliyet göstermiş olduğu sektörün dinamiklerinin mali tabloların sunum tarihi üzerinde önemli etkilere sahip olduğu ispat edilmektedir.

Araştırma Metodolojisi

Bu çalışmada kullanılan bağımlı ve bağımsız değişkenler Atiase vd. (1989), Aubert (2009), Leventis ve Weetman (2004) ve Conover vd. (2008) tarafından yapılan çalışmalar temel alınarak belirlenmiştir. Araştırmada kullanılan veriler Kamuyu Aydınlatma Platformu'ndan elde edilmiştir. Bu çalışma 2014-2017 yılları arasında Borsa İstanbul'da işlem gören 90 üretim şirketinin verilerini kapsamaktadır. Çalışmanın amaçları doğrultusunda altı adet hipotez (şirket büyüklüğü, bağımsız denetçini niteliği, yönetim kurulunun bağımsızlığı, karlılık oranı ve borçluluk oranı) geliştirilmiştir. Poisson regresyon analizi bu hipotezleri test etmek için kullanılmıştır. Bu çalışmada bağımlı ve bağımsız değişkenlerin temel karakteristik özellikleri tanımlayıcı istatistik değerleri hesaplanarak ortaya koyulmuştur. Pearson korelasyon analizi yardımıyla bağımlı değişken ve bağımsız değişken arasındaki ilişki araştırılmıştır.

Sonuç ve Değerlendirme

Bu araştırmada piyasa katılımcıları için gittikçe önemi artan mali tabloların zamanında sunumu kavramsal ve ampirik olarak incelenmiştir. Regresyon analizi sonuçlarına göre mali tabloların yayınlanma süreleri ile şirket büyüklüğü, bağımsız denetçini niteliği, yönetim kurulunun bağımsızlığı ve karlılık oranı arasında istatiksel olarak anlamlı ve negatif bir ilişki olduğu tespit edilmiştir. Bunlara ek olarak, mali tabloların yayınlanma süreleri ile borçluluk oranı arasında istatiksel olarak anlamlı ve pozitif bir ilişki olduğu saptanmıştır. Sonuç olarak, firmaya özgü faktörlerin mali tabloların sunum tarihi üzerinde önemli etkiye sahip olduğu görülmektedir. Bu araştırmanın sonuçları mali tabloların sunum tarihine etki eden temel faktörler ile ilgili ampirik kanıtları sunarak, piyasa katılımcılarının kararlarına önemli katkılar sağlayacaktır.

INTRODUCTION

Financial statements reported by firms play a vital role in the decisions of investors, creditors and shareholders. The efficiency of financial markets strongly depends on the quality of financial statements reported by firms. Timeliness is one of the qualitative characteristics that enhance the usefulness of financial statements. The timing of financial statement disclosure grabs the attention of many researchers in the recent decade. Timeliness of corporate financial reporting has become much more important than ever before due to massive changes in both business operations and technology (Ansah and Leventis, 2006).

International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) regard timeliness as one of the prominent aspects of financial statements. Accounting information tends to become stale over time. In the competitive business environment, stale accounting information is less relevant to creditors and investors. There is an inverse relationship between the long reporting delays and relevance of financial information (Atiase et al., 1989; Lawrence and Glover, 1998).

In the business environment, timely reporting of financial statements significantly decreases insider trading and information asymmetry between firm management and shareholders (Leventis and Weetman, 2004). Therefore, research into factors affecting timeliness of corporate financial reporting helps regulatory agencies formulate new policies that enhance efficiency of financial markets.

All business entities are expected to disseminate financial statements as quickly as possible to prevent irrational investment decisions (Grosman, 1981). Creditors, shareholders and investors cast doubts on the quality of financial statement when a firm delays in disclosing its financial statements (Whittred and Zimmer, 1984). Standard setting bodies and regulatory agencies should take necessary actions to mitigate delays in the disclosure of financial statements.

Although regulatory agencies put significant pressure on firms listed on stock exchanges to timely report financial statements, firms may fail to provide timely financial information due to firm-specific and macroeconomic factors. Ashton et al. (1989) and McGee (2007) state that the sign of net income, auditor size, auditor specialization, culture and economic system affect the timeliness of financial statements. It is also worth mentioning that industry dynamics prominently affect the timeliness of financial statements.

The ultimate objective of this paper is to explore the factors that have influence on timeliness of corporate financial reporting by employing a multivariate model. The rest of present study is structured as follows. First section puts forward the literature review and hypothesis development. Second section reveals the research design and sample data. Fourth section discusses the results of regression analysis. The last section provides concluding remarks and suggestions for future research studies.

1. THE REGULATORY FRAMEWORK FOR TIMELY REPORTING

In this section, the regulatory framework for timely reporting is presented. Turkish Commercial Code requires that firms have to prepare balance sheet, statement of cash flow, profit and loss statement, statement of changes in equity and notes to financial statements at the end of accounting period. Capital Markets Board of Turkey (CMB) and The Public Oversight, Accounting and Auditing Standards Authority are the main authority for setting down principles and rules pertaining to financial statements to be disclosed by firms. Capital Markets Board of Turkey (CMB) and The Public Oversight, Accounting and Auditing Standards Authority have taken important actions to improve the timeliness of financial reporting in the recent decades. Regulations aim to encourage firms to timely report their financial statements.

Capital Markets Board of Turkey (CMB) states that annual unconsolidated financial statements should be disclosed within 60 days after the close of accounting period, annual consolidated financial statements should be disclosed within 70 days after the close of accounting period. On the other hand, interim unconsolidated financial statements should be disclosed within 30 days after the close of accounting period, interim consolidated financial statements should be disclosed within 40 days after the close of accounting period.

Table 1: Legal Requirements for Timely Reporting

Financial Statements			
Annual Financial Statement		Interim Financial Statements	
Consolidated Financial Statements	Unconsolidated Financial Statements	Consolidated Financial Statements	Unconsolidated Financial Statements
70 Days	60 Days	40 Days	30 Days

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

In this section, previous literature and research hypotheses are presented. Timeliness of corporate financial reporting is one of the most controversial issues in the current economic environment. Over the last decade, numerous studies have investigated the factors that impact timeliness of financial statements and different results reported by these studies urge further research studies. There is an extensive literature on timeliness of financial statements. Most of these research studies focus on firm-specific and audit related factors.

There is a number of studies that examine the impacts of firm-specific and audit-related factors on the timeliness of financial reporting in Turkey. Türel (2010) used multivariate regression model to analyze the factors affecting the timeliness of financial statements of 211 non-financial firms listed on Borsa Istanbul. According to the results, audit opinion, financial performance, type of audit firm and industry influence the timeliness of financial statements. Güleç (2017) used panel data regression model to identify factors that affect timeliness of financial statements. The results of panel data regression reveal that type of audit firm, firm size and dividend per share have significant negative effects on the timeliness of financial statements. Tuan (2016) investigated the relationship between timeliness of financial statements and audit committee by using a sample that consists of 223 firm-year observations from 2007 to 2014. The results of empirical analysis indicate that audit committee members' financial expertise and professional expertise prominently mitigate the reporting lag.

Firm size is considered one of the important factors that affect financial reporting process. Firm size is found to be related with reporting lags for firms listed on stock exchange (Clatworthy and Peel, 2016; Aubert, 2009). Even though large-sized firms have well-educated accounting staff and sophisticated accounting information systems, these firms may fail to timely report financial statements. Generally speaking, audit delays are minimum in large-sized firms (Ansah, 2000). There is a greater outside interest in the affairs of large-sized firms. The managements of large-sized firms try to mitigate reporting lag so as to deal with greater outside interest (Davies and Whittred, 1980). Large-sized firms are under huge pressure for timely reporting of financial statements to prevent disruptive speculative moves. Iyoha (2012), Rahmawati (2013) and Karim et al. (2006) support the assertion that there is a negative relationship between reporting lag and firm size. Consistent with previous literature, the following hypothesis is formulated as follows:

H1: There is a negative relationship between reporting lag and firm size.

Audit services are an inevitable part of competitive business environment. According to the agency theory perspective, the larger audit firms are very effective in reducing agency costs (Firth and Smith, 1992; Francis and Wilson, 1988). Audit firms play a prominent role in the timeliness of corporate financial reporting. Big-4 auditors have strong incentive to differentiate their audit service from non-Big-4 auditors. To protect their reputation in the competitive business environment, Big-4 auditors are inclined to collaborate with client firms for timely reporting of financial statements. It is expected that firms audited by Big-4 auditors have lesser reporting lead time than firms audited by non-Big 4 auditors. It stems from the fact that Big-4 auditors have advanced technology and well-educated and experienced staff so that they can complete financial statement audit on time (Ashton et al., 1987; Afify, 2009; Giroux and McLelland; 2000). This discussion leads us to formulate the following hypothesis.

H2: Firms audited by Big-4 auditors are expected to have lower delay in corporate financial reporting than firms audited by non-Big-4 auditors.

Board structure has prominent impacts on monitoring the firm management on behalf of shareholders. Outside board members significantly enhance the effectiveness of board of directors in the financial reporting process (Jensen and Meckling, 1976). The proportion of outside board members significantly affects the accuracy, reliability, understandability and timeliness of financial statements. Kelton and Yang (2008) argued that the inclusion of independent board members increases disclosure level and mitigates managerial opportunism. Lack of outside board members may cause serious agency problems. Abdelsalam and Street (2007), Ezat and El-Masry (2008) and Afify (2009) claim that a higher proportion of outside board members leads firms to timely report the financial statements. Consistent with previous literature, it is expected that greater board independence helps firms more timely report financial statements. Thus, the following hypothesis is formulated as follows.

H3: There is a negative relationship between reporting lag and board independency.

Profitability ratios are used to evaluate firms' financial performance during a specified period of time. The profitability level of firms has vital impacts on financial market participants' decision. Positive financial performance leads to the rise in the market value of the firm. On the whole, auditing process in loss firms is relatively long, especially when risks of accounting fraud and bankruptcy exist in these firms. Owusu and Ansah (2000), Iyoha (2012), Haw et al. (2000) found that there is a negative relationship between profitability and timeliness of financial statements. Loss firms may tend to delay in disclosing financial information to minimize the impacts of poor financial performance in the stock market. On the other hand, profitable firms want to report financial statements timely in order to enhance stockholders' confidence and prove effectiveness of business operations (Inchausti, 1997). Thus, the following hypothesis is formulated as follows.

H4: There is a negative relationship between reporting lag and profitability.

The leverage ratio enables financial market participants to analyze the firms' capital structure comprehensively. The leverage ratio has massive impacts on financial reporting process. Creditors issue contracts with various clauses that constrain managerial decisions in a way that protects their interests. Adebayo and Adebiyi (2016) claim that highly-leveraged firms are expected to disclose more information related with their ability to pay off debts. Aljabr (2007), Deloof and Weet (2003) and Conover et al. (2008) support the assertion that highly-leveraged firms are timely reporters. On the contrary, Owusu-Ansah (2000), Carslaw and Kaplan (1991) posit that highly-leveraged firms are more likely to report late since auditors of highly- leveraged firms have to perform a detailed audit work in order to minimize the litigation risk, which may extend the duration of audit assignment. Based on above discussion, the following hypothesis is formulated as follows.

H5: There is a negative relationship between reporting lag and leverage ratio.

3. RESEARCH DESIGN

3.1. Sample Selection

In this section of the study, sample selection and variables are presented. The sample is composed of 90 manufacturing firms listed on Borsa Istanbul, over in three year period from 2014 to 2017. Financial firms are excluded from the sample, since these firms operate under strictly regulated environment. The website of public disclosure platform (www.kap.gov.tr) is used to collect the data of sample firms. Table 2 presents the industrial classifications of sample firms.

Table 2: Distribution of Sample Firms by Industry

Industry	Number of Firms	Percentage
Metal	19	21.1 %
Chemical and Petrol	16	17.7 %
Food and Beverage	14	15.5 %
Metal	12	13.3 %
Textile and Leather	10	11.1 %
Wood and Paper	10	11.1 %
Construction	6	6.6 %
Mining	3	3.3 %
Total	90	100 %

Sample firms operate in eight different industries. The highest represented industry in the sample is metal industry followed by chemical and petrol industry (17.7 %). Construction (6.6 %) and mining (3.3 %) represent the smallest groups. As can be seen from table 2, the sample firms can be regarded as a good representative of all manufacturing firms operating in Turkey.

3.2. Model Specification

The reliability of empirical analysis strongly depends on the selection of correct variables for the model. Therefore, the model specification is critically important step in the empirical research. In determining empirical variables, previous studies (Atiase et al., 1989; Aubert, 2009; Leventis and Weetman, 2004; Conover et al., 2008) are meticulously analyzed. To analyze the influence of the selected firm-specific factors on timeliness of financial reporting of sample firms, the following poisson regression model is estimated.

$$REPLAG_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 AUDITOR_{it} + \beta_3 BIND_{it} + \beta_4 PROF_{it} + \beta_5 LEV_{it} + \varepsilon_{it} \qquad (1)$$

in which;

β_0: the intercept

$REPLAG_{it}$: the number of days between the end of accounting period and the day on which the sample firm publicly discloses its financial statements.

$SIZE_{it}$: natural logarithm of total assets for the sample firm i for year t

$AUDITOR_{it}$: audit firm type, a dummy variable takes the value of 1 if the audit firm is one of the Big 4 auditors, 0 otherwise.

$BIND_{it}$: board independency measured by percentage of outside directors for the sample firm i for year t

$PROF_{it}$: profitability measured by profit margin for the sample firm i for year t

LEV_{it}: ratio of total liabilities to total assets for the sample firm i for year t

ε_{it}: error term

4. EMPIRICAL ANALYSIS

4.1. Pattern of Reporting Lag

Table 3 shows the pattern of reporting lags. Of the 270 financial statements, 49 financial statements (18.14%) are reported after the regulatory deadline. Table 3 reveals that 221 financial statements (81.77%) are reported by sample firms before the due date. Two percent of financial statements are reported exactly on the regulatory deadline. The table indicates that 129 out of 270 financial statements are reported within 50-69 days after the end of accounting period, representing the highest percentage of financial statements (47.77%). It is evident that the rate of overall compliance is quite high.

Table 3: Pattern of Reporting Lags

Days to report Financial Statements	Frequency	Percent
Less than 30 days	4	1.48
30-50	83	30.71
50-69	129	47.77
70 (due date)	5	0.02
71-90	49	18.14
Total	270	100

4.2. Descriptive Statistics

Descriptive statistics enable us to shed light on the properties of research variables. Table 4 reports descriptive statistics for research variables. The result of descriptive statistics shows that it takes sample firms approximately 60 days, on average, to disclose their financial statements to the public. The standard deviation for reporting lag is 17.878 days, implying large variability in timely reporting by sample firms. Additionally, descriptive statistics reveal that financial statements of sample firms have never been disclosed in less than 19 days and have never been as late as 84 days from 2014 to 2017. With respect to size measured by natural logarithm of the sample firm's total assets, it ranged from 5 to 14, with a mean of 10.025. The table demonstrated that the average ratio of outside directors in the sample is 0.261. It is also found that 53.3 % of sample firms are audited by one of Big-4 audit firms. This indicates that audit market in Turkey is heavily dominated by Big-4 audit firms. Profit margin ranges from -0.138 to 0.160, with a mean of 0.048. The mean of leverage ratio is 0.588 with standard deviation of 0.074, attesting to the fact that sample firms finance their assets mainly with debts and rely less on equity.

Table 4: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
REPLAG	270	60.311	17.878	19	84
SIZE	270	10.025	2.497	5	14
AUDITOR	270	0.533	0.500	0	1
BIND	270	0.261	0.082	0.141	0.420
PROF	270	0.048	0.068	-0.138	0.160
LEV	270	0.588	0.074	0.340	0.710

4.3. Correlation Analysis

Pearson correlation coefficient matrix is provided to investigate the strength of the relationship among research variables. Table 5 presents the Pearson correlation coefficient matrix. Consistent with expectations, reporting lag is negatively and significantly correlated with firm size, auditor type, board independency and profitability. The correlation between reporting lag and leverage is positive and statistically significant at the 1% level. Tabachnick and Fidell (2001) state that multicollinearity can pose a serious threat to the model estimates when the correlation among research variables is 0.90 or above. Table 5 indicates that no correlation is found to be higher than 0.90, suggesting that multicollinearity is not a serious problem. Taken together, the results of correlation analysis yield initial support for research hypotheses.

Table 5: Pearson Correlation

	REPLAG	SIZE	AUDITOR	BIND	PROF	LEV
REPLAG	1	-0.658***	-0.614***	-0.646***	-0.522***	0.573***
SIZE	-0.658***	1	0.482***	0.520***	0.359***	-0.550***
AUDITOR	-0.614***	0.482***	1	0.623***	0.311**	-0.330***
BIND	-0.646***	0.520***	0.623***	1	0.527***	-0.607***
PROF	-0.522**	0.359**	0.311**	0.527***	1	-0.547***
LEV	0.573***	-0.550***	-0.330***	-0.607***	-0.547***	1

Notes: *, ** and *** Correlation are significant at the 10%, 5% and 1% levels, respectively.

4.4. Regression Results

In this part of the study, regression results are discussed. Poisson regression is employed to analyze the impacts of the selected firm-specific factors on timeliness of financial statements. Poisson regression model, a log-linear model, is more appropriate when the dependent variable takes non-negative integer values (Winkelmann, 2008; Kennedy, 2003). The results of regression analysis are shown in Table 6.

Regression analysis indicates that coefficient on firm size is negative and statistically significant ($p<0.01$), suggesting that large-sized firms are likely to report financial statements earlier than small-sized firms. This result supports the findings of Carslaw and Kaplan (1991), Iyoha (2012), Rahmawati (2013) and Karim et al. (2006). This finding can be explained by the view that large-sized firms have advanced accounting systems and qualified employees to expedite financial reporting process. Moreover, large-sized firms have more stakeholders demanding for timely financial information, causing great pressure on these firms to mitigate delay in releasing of financial statements. Hypothesis 1 that there is a negative relationship between reporting lag and firm size is accepted.

The attained finding demonstrates that the coefficient on audit firm type is negative and statistically significant (coefficient=-0.268, p<0.01), indicating that the engagement of Big-4 auditors can shorten financial reporting lag. This result reinforces the findings of Ashton et al.(1987), Afify (2009), Efobi and Okougbo (2014) and Giroux and McLelland (2000). This finding supports the statement that audit firm type plays a vital role in the timeliness of financial statements. One of the possible explanation for this result is that Big-4 auditors complete audit process within a relatively shorter period of time. Hypothesis 2 that firms audited by Big-4 auditors are expected to have lower delay in corporate financial reporting than firms audited by non-Big-4 auditors is accepted.

The negative and statistically significant coefficient on the board independency variable indicates that firms with high a higher level of board independency report their financial statements in a timely way. This finding is similar to that of Afify (2009), Abdelsalam and Street (2008) and Ezat and El-Masry (2008). The larger percentage of outside board members mean the more effective monitoring mechanisms that go into effect immediately when the problem regarding the preparation of financial statements is detected, thereby mitigating financial reporting lag. Hypothesis 3 that there is a negative relationship between reporting lag and board independency is accepted.

Regression analysis shows that coefficient on profitability is negative and statistically significant in the empirical model (coefficient=-0.403, p<0.01). This finding demonstrates that profitability enhances the timelines of financial statements. In addition to that, this result provides a prominent evidence that high performing firms tend to report financial statements as early as possible to substantiate good financial performance and increase stockholders' confidence. This result supports the findings of Owusu and Ansah (2000), Iyoha (2012) and Clatworthy and Peel (2016). Hypothesis 4 that there is a negative relationship between reporting lag and profitability is accepted.

The results of regression analysis reveal that the coefficient on leverage is positive and statistically significant (coefficient=0.584, p<0.05), implying that highly-leveraged firms take a longer time to disclose their financial statements. This finding contradicts that of Aljabr (2007), Deloof and Weet (2003) and Conover et al. (2008). Hypothesis 5 that there is a negative relationship between reporting lag and leverage ratio is rejected. It is worth mentioning that adjusted r-squared reveals that 40.3% of variation in reporting lag is explained by predictor variables.

Table 6: Poisson Regression Results

Variables	Coefficient	z-Statistic	P>z
SIZE	-0.020***	-3.130	0.002
AUDITOR	-0.268***	-5.870	0.000
BIND	-1.493***	-4.110	0.000
PROF	-0.403***	-3.570	0.000
LEV	0.584**	2.450	0.014
INTERCEPT	4.324***	22.470	0.000
N	270		
Adjusted R-squared	0.403		
Prob > Chi-2	0.000		

Notes: *, ** and *** represent statistical significance level at the 10%, 5% and 1% levels, respectively.

CONCLUDING REMARKS

Information relevance is heavily influenced by timeliness of financial statements. In the current business climate, stockholders, creditors and investors put pressure on firms to provide timely financial statements. In the absence of timely accounting information, financial market participants fail to make accurate and rational decisions. The investigation of factors affecting timeliness of financial statements enables regulatory agencies and standard setting bodies to set up new regulations and policies that enhance the timeliness of financial statements. Turkish firms that are slow in disclosing financial statements may face adverse consequences with respect to reputation, credit rating and ability to raise equity.

In this paper, poisson regression model is used to investigate the effect of each factor on the timeliness of financial statements. Using a large sample of manufacturing firms listed on Borsa Istanbul, empirical analysis revealed that large-sized firms, firms audited by one of the Big-4 auditors, firms with high a higher level of board independency and highly profitable firms promptly disclose their financial statements to the public. Additionally, I found no empirical evidence that there is a negative relationship between reporting lag and leverage ratio.

Taken together, the results of empirical analysis yield further evidence on the timeliness of financial statements. The results of empirical analysis are consistent with previous studies. However, the results of empirical analysis cannot be generalizable to the financial firms since these firms are excluded from the sample. Future studies may employ advanced multivariate models to investigate the determinants of timeliness of financial reporting. Incorporating corporate governance characteristics into the empirical analysis may shed more light on the factors affecting the timeliness of financial statements.

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