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FINANCIAL REPORTING TIMELINESS: A SCOPE REVIEW OF CURRENT LITERATURE

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ABSTRACT

Purpose- A key factor in ensuring that stakeholders can make well-informed decisions based on accurate and up-to-date information is financial reporting timeliness. This involves the timely release of financial statements, which are essential for providing investors, creditors, and other stakeholders with an overview of a company's financial status. Timely financial reporting allows stakeholders to react quickly to changes in a company's financial situation and make informed investment decisions. It also helps to build trust and confidence in a company's management and financial reporting processes, ultimately leading to greater transparency and accountability. This study aims to provide a scope review of current literature on financial reporting timeliness by analyzing the number of publications on this topic in Web of Science.
Methodology- A systematic search of academic databases and search engines was conducted using keywords such as "financial reporting timeliness," "audit report lag" and "audit report delay".
Findings- We found that there are more than 150 publications on the topicality of financial reporting on the Web of Science alone from 2012-2023. Over the past few years, there has been a steady and consistent increase in the number of publications dedicated to exploring the topic of financial reporting timeliness, specifically focusing on the audit report lag.
Conclusion- The review highlights key themes, including factors contributing to audit report delays, the impact of audit report delays on financial reporting timeliness, and potential solutions for improving audit report timeliness. The findings reveal that audit report delays can have significant consequences for financial reporting timeliness, and consequently, for stakeholders' decision-making processes. This scope review underscores the importance of addressing audit report delays to maintain timely financial reporting and proposes future research directions for further exploration.

Keywords: Financial reporting timeliness, audit report lag, auidt report delay, scope review
JEL Codes: M40, M41, M42

1. INTRODUCTION

Financial reporting timeliness is essential for providing stakeholders with accurate, up-to-date information, enabling informed decision-making processes (Al-Ajmi, 2008). The audit process, which serves as an independent assessment of a company's financial statements, plays a critical role in enhancing the credibility and reliability of financial information (DeFond & Zhang, 2014). However, delays in audit report completion may affect financial reporting timeliness, leading to potential adverse consequences for stakeholders and the overall efficiency of capital markets (Knechel et al., 2013). Therefore, it is important for companies to ensure that the audit process is completed in a timely manner to maintain the trust and confidence of stakeholders and promote the efficiency of capital markets. Additionally, regulatory bodies should enforce strict deadlines for audit report completion to prevent delays and promote financial reporting timeliness.

This scope review aims to provide an overview of the current literature financial reporting timeliness. The review synthesizes existing research on factors contributing to financial reporting delay, the impact on finnacial reporting delays, and potential solutions for improving finnacial reporting timeliness. Additionally, the review identifies gaps in the literature and proposes future research directions. Overall, this review provides a comprehensive understanding of the importance of timely financial reporting and its impact on various stakeholders. The findings can be useful for regulators, standard-setters, and companies to improve their financial reporting practices and enhance transparency in the financial markets.

2. LITERATURE REVIEW

Financial reporting timeliness refers to the total number of days between the end of the financial period and the date the firm announces its audit report (Ashton et al., 1987). Timeliness of financial reporting is important for investors and stakeholders as it provides them with up-to-date information to make informed decisions about the company's financial health and future prospects. Delayed financial reporting may negatively impact a company's reputation and may lead to legal and regulatory consequences (Cao et al., 2015). Determining the factors affecting the financial reporting timeliness is important in terms of directing the decisions taken by the users of financial reports (Abernathy et al., 2017). The financial reporting timeliness can be influenced by various factors such as firm based, audit based, and the corporate governance based. Therefore, understanding these factors can help companies improve their financial reporting process and provide more reliable information to stakeholders.

According to the principles regarding the timeliness of financial reporting in the Turkish Capital Market, companies that make consolidated reporting must disclose their financial reports to the public within 70 days following the end of their accounting period, and companies that do not make consolidated reporting must disclose their financial reports to the public within 60 days (SPK, 2013). This is in line with international standards and aims to provide investors with timely and accurate information to make informed decisions. Failure to comply with these regulations may result in penalties or legal action.

When the literature is examined, it is seen that the determinants of financial reporting timeliness are classified in three main groups: firm-based, audit-based and corporate governance-based determinants (Abernathy et al., 2017). A number of firm-specific factors, such as firm size, firm complexity, leverage, firm age, and industry dynamics in which the firm participates, are included in firm-based determinants (Al-Ajmi, 2008; Habib et al., 2019). A number of audit-specific factors, such as audit quality, audit opinion, auditor tenure and experience, and internal audit features, are included in the category of audit-based determinants (Leventis et al., 2005; Dao and Pham, 2014). A few corporate governance-specific factors, such those of the board and audit committee, are also included in corporate governance-based determinants (Sultana et al., 2015; Baatwah et al., 2015). The identification of these determinants is crucial in understanding the factors that affect financial reporting quality. By examining these determinants, stakeholders can gain insights into the potential risks and weaknesses of a company's financial reporting practices.

Studies on financial reporting timeliness continue to increase today. This is because timely financial reporting is crucial for investors, creditors, and other stakeholders to make informed decisions about a company's financial health. In today's society, studies on financial reporting timeliness are becoming more prevalent than ever before. With advancements in technology and increased scrutiny on financial reporting practices, the importance of timely financial reporting has become even more apparent (Kim et al., 2013). Companies are under pressure to provide accurate financial information in a timely manner, and researchers are working diligently to understand the impact of timely reporting on investors, stakeholders, and the overall financial market.

3. SEARCH FOR LITERATURE

A comprehensive search for literature was conducted to identify relevant studies on financial reporting timeliness. Our search process consisted of the following steps: selection of databases, keyword search.

Selection of Database - Key academic databases were chosen to source articles, including Web of Science. These databases were selected due to their coverage of a wide range of publications in the fields of accounting, finance, and auditing.

Web of Science - Web of Science, a multidisciplinary research database, offers comprehensive coverage of high-quality research articles from peer-reviewed journals. Its citation indexing feature allows for the identification of influential articles in a particular field and facilitates tracking the development of research trends over time (Harzing & Alakangas, 2016).

Core Concepts

- **Financial reporting timeliness:** The concept of financial reporting timeliness refers to the availability of financial statements and disclosures to stakeholders in a timely manner, allowing them to make informed decisions (Givoly & Palmon, 1982). Timely financial reporting is crucial for maintaining transparency, trust, and confidence in the capital markets (Robert Knechel et al., 2013).

- **Audit report delay:** Audit report delay, also known as audit report lag or audit reporting delay, is the time between a company's fiscal year-end and the date when the auditor's report is signed (Ashton et al., 1987). Audit report delays can result in reduced financial reporting timeliness, affecting the usefulness of the information for decision-making by stakeholders (Bamber et al., 1993).

- **Audit report lag:** Similar to audit report delay and audit reporting delay, audit report lag denotes the duration between the end of a company's fiscal year and the issuance of the auditor's report (Owusu-Ansah, 2000). Longer audit report lags can negatively impact the perceived quality of the audit and the usefulness of the financial information for stakeholders (Robert Knechel et al., 2013).

Table 1 shows the keywords determined through the core concept and the search results on Web of Science.

Table 1: Search Results from Core Concept

Search	Keyword	Terms	Results
CC1	Financial reporting timeliness	Word Search	28
CC2	Audit report delay	Word Search	17
CC3	Audit report lag	Word Search	148

Figure 1: Distribution of search results on "financial reporting timeliness" by years

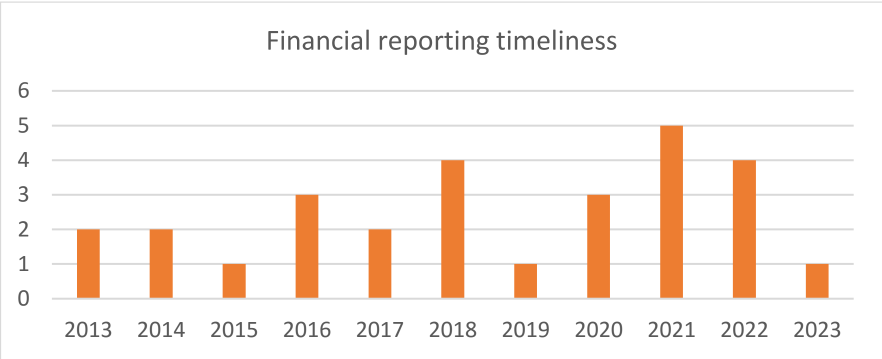


Figure 2. Distribution of search results on "Audit report delay" by years

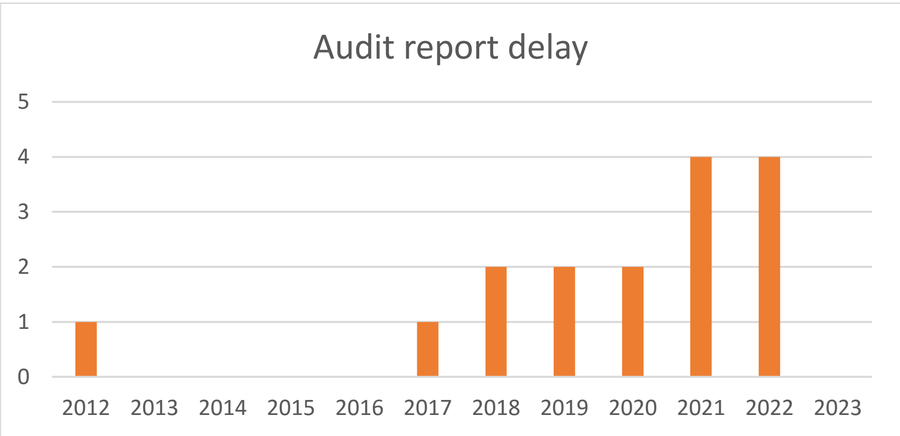
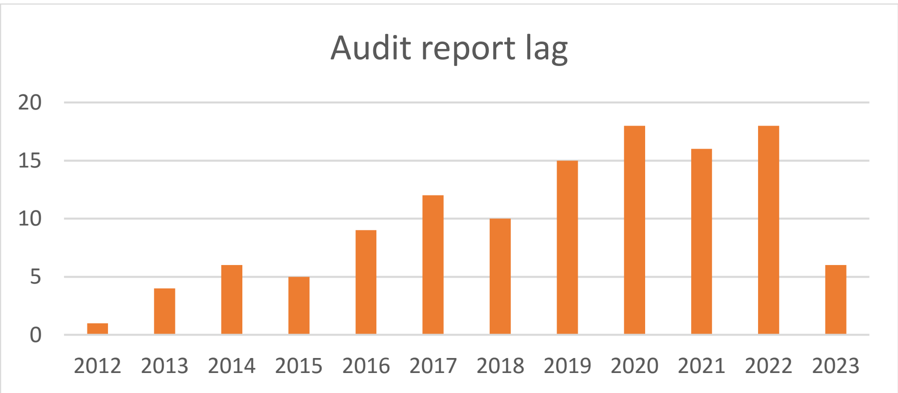


Figure 3. Distribution of search results on "Audit report lag" by years



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The search results were analyzed and presented according to their distribution across different years. Figures 1 to 3 illustrate this distribution, revealing trends and patterns in the research related to the core concepts of the article.

Upon examining Figure 1, the search results for "financial reporting timeliness" demonstrate a consistent and steady increase in publications over the years, indicating growing interest in this area. Figure 2, focusing on "audit report delay," reveals a gap in the literature between 2013 and 2016, as no publications were found during this four-year period. This suggests a potential area of interest for future research.

In contrast, Figure 3, which examines the "audit report lag" search results, shows a continuous and consistently increasing trend in the number of publications, highlighting the sustained attention given to this aspect of audit timeliness.

These findings provide valuable insights into the research landscape of financial reporting timeliness and audit-related concepts, helping to identify areas that require further exploration and investigation. By understanding the trends and gaps in the existing literature, researchers can better address the challenges and opportunities in improving audit report timeliness and financial reporting quality.

4. CONCLUSION

Financial reporting timeliness is a crucial aspect of financial reporting that has been studied extensively in the accounting literature. The timely disclosure of financial information is essential for investors, creditors, and other stakeholders to make informed decisions about a company's financial health. In recent years, there has been an increasing interest in studying the determinants and consequences of financial reporting timeliness. This study aims to provide a scope review of current literature on financial reporting timeliness by analyzing the number of publications on this topic in Web of Science. By doing so, we hope to shed light on the current state of research on this important topic and identify potential areas for future research.

After conducting a search using relevant keywords such as "financial reporting timeliness," "audit report lag," and "audit report delay," we found that there are more than 150 publications on the topicality of financial reporting on the Web of Science alone from 2012-2023. This indicates a significant level of interest and attention given to the topic by scholars and researchers. The publications cover a wide range of subtopics related to financial reporting timeliness, including its impact on firm performance, the role of regulatory bodies in enforcing timely disclosures, and the effect of technological advancements on reporting efficiency. The sheer volume and diversity of research on this topic demonstrate its importance in the field of accounting and finance. Overall, this scope review emphasizes the need for companies to prioritize timely financial reporting as it can have significant implications for their reputation and market value.

Over the past few years, there has been a steady and consistent increase in the number of publications dedicated to exploring the topic of financial reporting timeliness, specifically focusing on the audit report lag. This trend is indicative of a growing concern within the financial industry about the importance of timely and accurate reporting, and the potential consequences of delays or inaccuracies in audit reporting. The increase in publications indicates a growing interest in this area, as financial reporting timeliness continues to be a crucial matter in the world of finance, particularly in the modern era where information is readily available at our fingertips. It is vital to stay up-to-date with these developments, particularly for businesses that rely on financial reporting for their operations.

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