THE EFFECT OF PROFITABILITY AND INTELLECTUAL CAPITAL ON FINANCIAL REPORTING TIMELINESS IN LQ45 COMPANIES

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ABSTRACT

Timeliness of financial reporting constitutes a fundamental pillar of corporate transparency and market efficiency, and is therefore frequently linked to firms' financial and intangible performance indicators. Departing from this premise, the present study critically examines the extent to which profitability and intellectual capital influence the timeliness of financial reporting among companies included in the LQ45 index of the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Adopting a quantitative research design, the study utilizes secondary data derived from the annual reports of 27 firms selected through purposive sampling and applies descriptive statistical analysis alongside logistic regression using SPSS 25. The empirical findings demonstrate that profitability does not exert a statistically significant influence on reporting timeliness, thereby challenging conventional assumptions that financially stronger firms are inherently more punctual in disclosure. Conversely, intellectual capital is found to have a statistically significant negative effect, indicating that higher levels of intellectual capital are associated with an increased likelihood of reporting delays. These results offer a critical contribution to the discourse on financial reporting timeliness by underscoring the complex role of intangible assets and by providing salient insights for managers, regulators, and investors in anticipating and interpreting disclosure delays among leading Indonesian corporations.

Keywords: *Financial Reporting Timeliness, Intellectual Capital, Profitability, LQ45 Companies, Indonesia Stock Exchange (IDX)*

A. INTRODUCTION

Timely financial reporting is a crucial pillar of corporate governance and capital market transparency. Timely financial information serves as a means of communication between companies and stakeholders, including investors, creditors, regulators, and the public. Timely reporting also serves as an indicator of a company's credibility in maintaining the quality of information used for economic decision-making (Furwanti et al., 2021). In the capital market context, delays in financial reporting can create information uncertainty, increase investor risk, and potentially impact stock prices and overall market confidence.

In Indonesia, the obligation to submit annual financial reports is regulated by OJK Regulation No. 14/POJK.04/2022, which requires issuers to submit reports no later than three months after the end of the fiscal year (OJK, 2022). However, in practice, a number of companies, including those listed on the LQ45 index, still report late. Data from the Indonesia Stock Exchange shows that late submission of financial reports can undermine investor confidence in the quality of corporate governance. For example, the IDX imposed sanctions on 53 issuers that delayed the submission of audited financial reports as of December 31, 2023, including temporarily suspending trading in some of the issuers' shares (Indonesia Stock Exchange, 2024). This phenomenon raises important academic issues regarding the factors causing delays in a group of companies that should be exemplary of best governance practices.

There are many factors that can influence the timeliness of financial reporting, including profitability, leverage, company size, company age, and intellectual capital (Handayani et al., 2021; Pratiwi, 2023; Rochman & Nur, 2025; Rokhmania et al., 2024).

One factor that needs to be considered is financial performance, which is generally measured using profitability ratios. Profitability describes a company's ability to generate profits from its assets (Kasmir, 2018). Companies with high profitability tend to have better financial and managerial capacity, enabling them to report financial statements in a timely manner (Handayani et al., 2021). Conversely, companies with low profitability often face resource constraints that can hinder timely reporting.

In addition to financial factors, a company's resources also play a crucial role, particularly those related to intellectual capital. Intellectual capital is an intangible asset encompassing human capital, structural capital, and relational capital. This capital can improve the efficiency of business processes and the quality of the information produced (Ramadhan & Laksito, 2022). Research shows that human capital (HCP *)* has a positive effect on reporting timeliness, although structural and relational capital components do not always have a significant effect (Rochman & Nur, 2025). Therefore, sound intellectual capital management is expected to support the timeliness of a company's financial reporting.

Previous research has shown inconsistent results regarding the effect of profitability on the timeliness of financial reporting. This situation indicates the need for further studies with more recent data and a more in-depth analytical approach. Furthermore, the role of intellectual capital as a non-financial factor

influencing the timeliness of reporting has also been understudied, particularly in public companies in Indonesia.

Based on these conditions, this research focuses on companies included in the LQ45 index for the 2022–2024 period. This focus is expected to contribute to the development of the literature on factors influencing reporting quality, as well as provide practical input for companies in improving their reporting systems and intellectual capital management, while also providing considerations for regulators in formulating more effective policies.

B. LITERATURE STUDY

Relevant Theories

This research is based on two main theories: Signaling Theory *and* Compliance Theory. Timely reporting can be understood through signaling theory and compliance theory. According to signaling theory, timely reporting is a positive signal indicating a healthy and transparently managed company. Conversely, late reporting can be perceived as a negative signal that raises doubts about the company's performance and governance (Zandi & Abdullah, 2019). Compliance theory explains that companies are required to comply with applicable regulations, and the ability to report on time reflects the effectiveness of the reporting system and the quality of governance (Aziyah & Yanto, 2020).

Profitability

Profitability reflects a company's ability to generate profits from its assets. A commonly used measure of profitability is Return on Assets (ROA), as it demonstrates a company's efficiency in utilizing total assets to generate profits. Companies with high profitability are believed to be more capable of submitting financial reports on time. However, previous research has been inconsistent. (Handayani et al., 2021) found a significant positive effect of profitability on reporting timeliness, while (Rosita et al., 2023) found no significant effect.

Intellectual Capital

Intellectual capital is an intangible asset consisting of human capital, structural capital, and relational capital. A widely used measure is *the Value Added Intellectual Coefficient* (VAIC™), which calculates the efficiency of human capital (HCE), structural capital (SCE), and capital employed (CEE) in creating company value (Rochman & Nur, 2025). Intellectual capital is believed to improve the efficiency of financial reporting, although previous research has shown mixed findings. For example, (Rochman & Nur, 2025) found that human capital significantly influences reporting timeliness, but structural capital and relational capital do not.

Timeliness of Financial Reporting

Timely financial reporting means submitting reports within the deadlines set by regulators to ensure information remains relevant. Financial Services Authority

(OJK) Regulation No. 14/POJK.04/2022 requires public companies to submit audited annual reports no later than three months after the end of the reporting period. Delays in reporting will diminish the value of the information and reduce investor confidence (OJK, 2022).

C. RESEARCH METHOD

This research focused on companies listed in the LQ45 index on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The study population consisted of all LQ45 companies with complete financial reports for that period. The sample was selected using purposive sampling, selecting companies that met the criteria. The variables studied included profitability, measured by return on assets (ROA), intellectual capital, measured by *the value-added intellectual coefficient* (VAIC), and timeliness of financial reporting, a dummy dependent variable (0 = not timely, 1 = timely).

The research data were obtained from secondary sources, primarily through the official IDX website (www.idx.co.id), as well as literature reviews from relevant journals and books. Data processing and analysis were performed using SPSS version 25, including descriptive statistics to describe data characteristics and logistic regression to test the effect of ROA and VAIC on reporting timeliness. Descriptive statistics include mean , standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness. Logistic regression was chosen because the dependent variable is dichotomous, so that the analysis of the influence of independent variables can be carried out precisely.

The model's fit was evaluated using the Hosmer–Lemeshow Goodness-of-Fit Test, -2 Log Likelihood, Nagelkerke's R^2, and the classification matrix. Hypotheses were tested using the Wald chi-square test (Sig.) in the Variables in the Equation output of SPSS to assess the individual effect of each independent variable on the dependent variable. These procedures ensure that the model is appropriate for analyzing the timeliness of financial reporting among LQ45 companies.

D. RESULTS AND DISCUSSION

The following section presents the results of data analysis examining the effect of profitability and intellectual capital on the timeliness of financial reporting in LQ45 companies. The analysis was conducted using SPSS version 25.

Descriptive Statistics

The purpose of descriptive statistical analysis is to convey information about the characteristics of research variables, especially the average value, minimum value, maximum value, and standard deviation. The results of the descriptive statistical analysis of these variables are presented in the table. (Ghozali, 2018). Based on the results of data processing, the description of the independent variables is shown in Table 1.

Table 1.
Descriptive Statistical Test of Independent Variables
Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
ROA	81	-1.67	72.38	,9376	8,03994
VAIC	81	,07	68.63	14,9983	11.84236
Valid N (listwise)	81				

Source: SPSS 25 output, (processed by researchers 2025)

The descriptive statistics in Table 1 show that the profitability variable (ROA) has an average value of 0.93% with a standard deviation of 8.03. This indicates that the profitability levels of LQ45 companies vary relatively. Intellectual capital (VAIC) has an average value of 14.99 with a standard deviation of 11.84, indicating significant differences between companies in utilizing intellectual capital.

Furthermore, the dependent variable, timeliness of financial reporting, was not included in the descriptive statistics because it is a dummy variable. Therefore, it is presented in the frequency Table 2.

Table 2.
Description of the Frequency of Timeliness of Financial Reporting
PUNCTUALITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not on time	2	2.5	2.5	2.5
	On time	79	97.5	97.5	100.0
	Total	81	100.0	100.0	

Source: SPSS 25 output, (processed by researchers 2025)

Based on Table 2, 79 companies (97.5%) reported their financial reports on time, while only 2 companies (2.5%) did not. These results indicate that the majority of LQ45 companies have a high level of compliance with the financial report submission requirements stipulated by the Financial Services Authority (OJK) regulations.

Logistic Regression Analysis Test

Logistic Regression is used to predict a categorical—typically binary—dependent variable (e.g., 0 or 1; Yes or No) based on one or more independent variables. Unlike linear regression, logistic regression does not estimate the outcome directly; instead, it models the probability of an event occurring using the logistic function so that predicted values remain between 0 and 1, and the relationship between predictors and the outcome is expressed in log-odds (logit) (Islam & Nisha, 2021). This method is appropriate for this study because the dependent variable, financial reporting timeliness, is measured as a dummy variable (0 = not timely; 1 = timely). Therefore, logistic regression is employed to examine whether profitability (ROA) and intellectual capital (VAIC) significantly affect the likelihood that LQ45 companies submit their financial reports on time. The results are interpreted using the coefficient direction (positive/negative), significance value (Sig.), and odds ratio Exp(B), where Exp(B) indicates the change in the odds of timely reporting for a one-unit increase in each independent variable while holding

other variables constant (Islam & Nisha, 2021).

Goodness of Fit Test

A model fit test is used to assess whether the regression model is appropriate and whether it can be used in subsequent research stages. In logistic regression analysis, the model fit test is performed using the Hosmer and Lemeshow Test. If the significance value obtained is greater than 0.05, the regression model is considered suitable and can be applied. Conversely, if the significance value is less than 0.05, the regression model is considered unsuitable. (Rokhmania et al., 2024). The results of the feasibility test of this model are presented in Table 3.

Table 3.
Model Feasibility Test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	14,255	8	,075

Source: SPSS 25 output, (processed by researchers 2025)

The Hosmer and Lemeshow test results showed a significance value of 0.075 (>0.05), indicating that the regression model was suitable for use. The -2 log likelihood value decreased from 30.160 in the initial stage to 13.554 in the final stage, indicating that the regression model was better at explaining the data.

Overall Model Fit Test

The overall model test is conducted by comparing the regression model involving independent variables with a model that does not use dependent variables. This test is conducted by comparing the -2 Log likelihood value at the initial stage (block number = 0) with the -2 Log likelihood value at the final stage (block number = 1). If there is a reduction in the -2 Log likelihood value from the initial to the final stage, then the regression model is considered successful in fitting the data well (Agatharuna et al., 2025). The -2 Log likelihood values at the initial and final stages can be seen in Table 4 and 5.

Table 4 .
Overall Model Test -2 Log Likelihood (-2 LL) Initial

Iteration History [a,b,c]			
Iteration		**-2 Log likelihood**	**Coefficients Constant**
Step 0	1	30,160	1,901
	2	20,597	2,832
	3	18,894	3,421
	4	18,757	3,648
	5	18,755	3,676
	6	18,755	3,676

a. Constant is included in the model.
b. Initial -2 Log Likelihood: 18.755
c. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Source: SPSS 25 output, (processed by researchers 2025)

Table 5.
Overall Model Test -2 Log Likelihood (-2 LL) Final Iteration History [a,b , c,d]

Iteration		-2 Log likelihood	Coefficients		
			Constant	ROA	VAIC
Step 1	1	28,821	2,172	-,002	-,018
	2	17,441	3,545	-,005	-,043
	3	14,272	4,752	-,006	-,069
	4	13,630	5,559	-,003	-,086
	5	13,575	5,855	,008	-,092
	6	13,571	5,886	,024	-,092
	7	13,569	5,885	,046	-,092
	8	13,567	5,881	,098	-,092
	9	13,554	5,848	,584	-,093
	10	13,554	5,851	,669	-,093
	11	13,554	5,851	,666	-,093
	12	13,554	5,851	,666	-,093

a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihood: 18.755
d. Estimation terminated at iteration number 12 because parameter estimates changed by less than .001.

Source: SPSS 25 output, (processed by researchers 2025)

The initial -2 Log Likelihood (-2LL) value of 30.160 decreased to 13.554 after including the independent variables. This decrease indicates that the logistic regression model used better explains the data.

Coefficient of Determination (R^2) Test

The coefficient of determination test aims to measure the extent to which an independent variable can explain a dependent variable. In logistic regression, the coefficient of determination test uses Nagelkerke's R Square, which ranges from 0 to 1. The higher the value, the greater the independent variable's ability to explain the dependent variable. Conversely, the lower the value, the smaller the independent variable's ability to explain the dependent variable. (Ndruru, 2025). The results of the coefficient of determination test can be seen in Table 6.

Table 6.
Coefficient of Determination Test
Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	13,554 [a]	,062	,301

a. Estimation terminated at iteration number 12 because parameter estimates changed by less than .001.

Source: SPSS 25 output, (processed by researchers 2025)

The Nagelkerke R^2 value is 0.301, meaning the independent variables (ROA and VAIC) can explain 30.1% of the variation in the timeliness of financial reporting. The remaining 69.9% is explained by factors outside the model.

Classification Matrix

The classification matrix in logistic regression analysis is used to evaluate the overall accuracy of the model (Ndruru, 2025). In this study, the classification matrix

aims to demonstrate the extent to which the regression model is able to predict the timeliness of financial reporting. The results of this classification matrix can be seen in Table 7 below.

Table 7.
Classification Matrix
Classification Table [a]

	Observed		Predicted		
			PUNCTUALITY		Percentage Correct
			Not on time	On time	
Step 1	PUNCTUALITY	Not on time	1	1	50.0
		On time	0	79	100.0
	Overall Percentage				98.8

a. The cut value is , 500

Source: SPSS 25 output, (processed by researchers 2025)

The classification matrix results showed a prediction accuracy of 98.8%. This indicates that the logistic regression model has excellent ability to predict the timeliness of financial reporting for LQ45 companies.

Hypothesis Testing

Hypothesis testing in logistic regression is conducted using the Wald chi-square test, which assesses whether each independent variable individually affects the dependent variable. The results are presented in the Variables in the Equation table in SPSS. If the significance value (Sig.) is greater than 0.05, the null hypothesis is accepted, indicating that the independent variable has no significant effect on the dependent variable. Conversely, if the Sig. value is less than 0.05, the null hypothesis is rejected, meaning the independent variable has a significant effect on the dependent variable (Ghozali, 2018).

Table 8.
Hypothesis Testing
Variables in the Equation

		B	SE	Wald	df	Sig.	Exp(B)
Step 1 [a]	ROA	,666	4,587	,021	1	,885	1,946
	VAIC	-,093	,042	4,854	1	,028	,911
	Constant	5,851	1,601	13,358	1	,000	347,565

a. Variable(s) entered on step 1: ROA, VAIC.

Source: SPSS 25 output, (processed by researchers 2025)

Based on the estimated parameter values in the Variables in the Equation table, the logistic regression model formed is as follows:

$$Y=5.851 + 0.666ROA – 0.093VAIC + e$$

Predicated on the theoretical premise that the timeliness of financial reporting is a function of corporate financial performance and resource efficiency, the proposed model utilizes *Y* as the dependent variable to represent binary-scaled reporting punctuality. The predictive capacity of the model is driven by two primary determinants: *ROA* (Return on Assets), acting as a profitability indicator that

reflects managerial efficacy in asset management, and *VAIC* (Value Added Intellectual Coefficient), which quantifies the efficiency of intellectual capital utilization. These predictors are systematically synthesized through the error term (*E*), which accounts for the residual variance in *Y* unexplained by the independent variables, thereby ensuring the robustness and validity of the statistical inferences within the framework.

The regression analysis indicates that the timeliness of corporate reporting is influenced differently by profitability and intellectual capital. Profitability has a positive coefficient of 0.666, suggesting a direct relationship with reporting timeliness; however, this effect is not statistically significant, as the significance value exceeds the 5% threshold (0.885 > 0.05). In contrast, intellectual capital exhibits a negative coefficient of −0.093, indicating an inverse relationship with reporting timeliness, and this effect is statistically significant (0.028 < 0.05). Meanwhile, the constant value of 5.851 implies that when ROA and VAIC are assumed to be zero, firms inherently retain a relatively high baseline tendency to submit financial reports in a timely manner.

The Effect of Profitability on the Timeliness of Financial Reporting

The research results show that profitability (ROA) has no significant effect on the timeliness of financial reporting. This suggests that a company's profit level does not determine whether it will submit its financial reports on time.

In theory, higher profitability is expected to encourage management to report promptly as a positive signal to investors. However, in practice, LQ45 companies face the same regulatory requirements to submit financial reports on time, regardless of their profitability. In addition, differences in reporting timelines may be more strongly driven by audit processes and internal reporting complexity than by profit levels.

This finding is consistent with (Rosita et al., 2023), who state that profitability is not a primary determinant of financial reporting compliance. Therefore, the first hypothesis (H_1) is rejected.

The Influence of Intellectual Capital on the Timeliness of Financial Reporting

The research results show that intellectual capital (VAIC) has a significant negative effect on the timeliness of financial reporting. This means that the higher a company's intellectual capital, the greater the likelihood of reporting delays.

This can occur because high levels of intellectual capital reflect the complexity of managing knowledge assets, human resources, and organizational processes. This complexity can slow down the preparation, processing, and verification of financial report data before publication.

This finding supports research (Rochman & Nur, 2025), which found that companies with high levels of intellectual capital require a longer process in preparing reports, thereby increasing the risk of delays. Thus, the second hypothesis (H_2) is accepted.

E. CONCLUSIONS

The results of the study indicate that profitability (ROA) does not significantly influence the timeliness of financial reporting in LQ45 companies listed on the Indonesia Stock Exchange for the 2022–2024 period. This indicates that the size of a company's profit is not the primary factor determining the timeliness of reporting. Conversely, intellectual capital (VAIC) was shown to have a significant negative effect on the timeliness of financial reporting, meaning that the higher a company's intellectual capital, the greater the likelihood of reporting delays. This finding suggests that the complexity of intellectual capital management can prolong the financial reporting process. This study has limitations such as the relatively short observation period of only three years (2022–2024), the use of independent variables limited to profitability and intellectual capital, and the study's scope, which only included LQ45 companies. Therefore, future research is recommended to extend the observation period, add other financial and non-financial variables, and expand the research object to other sectors or indices on the IDX. Furthermore, the use of more complex analytical methods, such as panel data regression or a time series approach, is expected to provide a more comprehensive understanding of the factors influencing the timeliness of financial reporting.

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