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## **Financial Reporting Timeliness and Value Relevance of Accounting Information**

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### **Abstract**

Corporate financial reporting timeliness is an important factor for sustainable economic growth. On average, Malaysian companies take four months to produce their audited financial reports, due to financial reporting lags, rather than three months as practice in other markets. The delay in producing financial report sends a bad signal to investors, and this would discourage foreign investment in Malaysia and this delay also may affect the value relevance of accounting information. Thus, the objective of this paper is to have an in-depth understanding on the effect of financial reporting timeliness (FRT) on value relevance and performance of the firm. Data on FRT, financial information and firm characteristics is collected from annual reports and Datastream. Sample of this study is 100 listed companies randomly selected from Main Board of Bursa Malaysia for the year 2018 to 2021. Data is analysed using panel data multiple regression analysis. Findings of the study reveal that the information on FRT has value relevance and investors emphasize more on earnings per share as compared to book value when pricing the share. Furthermore, firm performance proxied by return on assets (ROA) exhibits positive and significant relationship with FRT which indicates that firm with high accounting performance tends to shorten the period of FRT. The findings provide better understanding about the issue of FRT, the effect of FRT on value relevance of accounting information and firm sustainability. This study is timely to address the issue of timeliness in financial reporting which affects transparency and firm sustainability that enhance confidence of foreign investors to invest in Malaysia market.

### **Keywords**

Financial Reporting Timeliness, Value Relevance, Firm Sustainability

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### **1.0 Introduction**

Malaysia aims to be one of the top 20 economic growth nations in the world as stated in the National Transformation Agenda 2050 (TN50). Sustainable economic growth is identified as one of the important factors to achieve the aim. The UK Department for Environment, Food, and Rural Affairs (DEFRA) (2009) defined sustainable economic growth as a rate of growth that needs to be maintained without creating other significant economic problems, especially for future generations. There is clearly a deal between rapid economic growth today and growth in the future. In order to create a sustainable economic growth, investments from potential and existing investors including both local and foreign investors are crucial. Investments from these investors will increase the capital of the companies, create more profit and increase companies' share prices. In order to attract investments from investors, companies should provide both financial and non- financial information in a timely manner.

International Accounting Standard Board (IASB) (2010) claimed that the main purpose of financial reporting is to provide financial information about the business that is useful to present and potential equity investors, lenders and creditors in making decisions in their capacity as capital providers. This implies that, financial reporting must provide the basis in assisting investors to choose among alternative use of scarce resources. As a result, accounting information that translate in firm's financial reporting

must be at a higher quality, useful and have a value relevance that make a difference in investment decisions by the investors.

Issues on the need to improve financial reporting quality (FRQ) and increase transparency in financial reporting are highlighted in the Malaysian Code on Corporate Governance (MCCG) (Bardos, 2011, SC, 2017). One metric of FRQ and transparency is timeliness (Al-Ajmi, 2008; Rusmin & Evans, 2017). The timeliness of a financial report is seen as a critical characteristic of financial accounting information. This is because timeliness improves the usefulness and the economic value of the information supplied and improves the investors' confidence by enhancing decision-making and reducing information asymmetry, especially in emerging markets such as Malaysia.

In addition to that, little is known about the value-relevance of financial reporting timeliness which captures its ability to influence companies' share prices. Thus, the objectives of this study are two-fold: the first objective is to examine the value-relevance of the financial reporting timeliness and how it impacts the firms' share prices. The second objective is to investigate whether financial reporting timeliness influences firm's sustainability which is proxied by firm performance.

To fulfil the above-mentioned research objectives, the study collects data from the annual reports of listed companies (non-financial sectors) in the Main Market of Bursa Malaysia. The findings from the multiple regression analysis might be useful to the policy makers to identify some determinants to enhance the timeliness of the financial reports, to provide some empirical support to align the time frame with the other markets, and to ensure that financial reporting quality in Malaysian market is competitive and at par with standard in other markets.

The remainder of this paper is organized as follows. The second section describes literature review and hypotheses development. The third section explains research methodology while the fourth section presents results and discussion. The final section summarizes conclusion of this study.

## **2.0 Literature Review And Hypotheses Development**

The main purpose of financial reporting is to provide useful accounting information to various stakeholders for their economic decision making. In other words, financial reporting must assist investors in making different investment decision (Badu & Appiah, 2018). Thus, the firm's financial reporting should be produced in a timely manner and has a value relevance.

There are several elements captured in firms' audited report which include the financial statements that summarize the economic activities and the financial report that expresses the auditor's opinion on whether a firm's financial statements comply with GAAP and are free from material misstatement. This financial report is important to the shareholders to take their investment decision as the auditor opinion put emphasis on the credibility of financial statements. Financial report timeliness or commonly known as financial report lag (FRL) is defined as the period between the fiscal year-end and the date of financial report (Habib et al., 2019; Wan-Hussin et al., 2018, Durand, 2019; Ghafran & Yasmin, 2018). Previous studies have shown that FRL impacts the timeliness of earnings announcement, causes auditor switching (Mande & Son, 2011), and results in restatements and non-standard opinions in the following years (Chan et al., 2016). Timeliness relates to transparency which is one of the important items cited in the MCCG (2017).

Timely information is necessary for market participants to make investment decisions (Habib, Bhuiyan, Huang, & Miah, 2019). In Malaysia, it is statute in Section 248 Company Act 2016 that firms are given

a period of maximum six months to produce the audited annual report. Meanwhile, Section 258 requires companies to release their audited annual report 21 days before their annual general meeting. Currently the time frame for preparing annual reports has been reduced in stages from six months to four months (the existing requirement). The Corporate Governance Watch 2016 report reiterated the lack of financial reporting timeliness in Malaysia. Malaysia is slightly behind other countries on providing audited financial reports. Malaysian listed companies have four months to produce their audited financial report (published in an annual report), rather than the standard three months in other markets (CLSA and ACGA, 2016). The financial reporting lags of Malaysian companies are also relatively longer (average of 100 days) compared to the average of 40 to 80 days in other countries (Akhor, Dabor & Okafor, 2019). This practice would lead to a delay in releasing the audited financial statements in the annual reports.

Interestingly, some empirical evidence show that some companies manage to submit financial reports earlier than the recommended period. As the improvements in financial reporting lag have a significant effect on the timeliness of audited financial reports (Dong, Robinson, & Xu, 2018), thus there is a need to improve the timeliness of the issuance of annual reports. To investors, improvement in financial reporting lag is an important step towards a better choice of resource allocations and improving market efficiency. As a result, Malaysian companies should be able to prepare the audited annual reports at par with the standard in other markets.

The failure to submit audited financial reports in a timely manner may affect the usefulness and the value relevance of accounting information supplied to the users of financial statements, which, in turn, would diminish the economic value of the information (Al-Ajmi, 2008). Thus, the decisions based on financial statement information may be affected by a delay in information release (Carslaw & Kaplan, 1991). Many researchers have reported that the timeliness of the release of the auditor report is related to the length of the financial reporting lag (Chan, Luo, & Mo, 2016; Dong et al., 2018; Habib & Muhammadi, 2018). Therefore, the time spent by auditors on their work can be an influential factor in the timeliness of the release of earnings information to the market (Habib & Muhammadi, 2018). Given the possible negative effects of a delay in issuing financial reports by firms, an understanding of the possible determinants of the financial reporting lag is likely to provide insights into the audit efficiency and helps researchers and practitioners work towards solutions to reduce these lags (Durand, 2019).

Previous studies also found that financial reporting timeliness has a significant influence on firm performance (Alkhatib & Marji, 2012). For example, Nelson and Shukeri (2011) found that firms suffering losses are predicted to have a longer audit delay as compared to those firms making profits. Khan and Abdul Rahim (2016) observed the impact of financial reporting lag on firm performance and their results indicate that audit reporting lag (ARL) has a negative relationship with firm performance measured by ROE. This negative sign indicates that when financial performances of companies are high (good news), companies have the tendency to disclose their performances early to the public. Their findings are consistent with the results obtained from previous studies by Dogan et al, (2007) and Nelson and Shukeri (2011) which explained that the losses firms tend to delay in releasing their annual reports. The reason may be due to low profitability firms try to hide information from their shareholders and investors which might risk the firms' performance and reputation. In contrast. Bijalwan and Madan (2013) observed that transparency (timeliness) and disclosure are positively related to firm performance. On the other hand, Hassan et al. (2008) noticed that there is no relationship between transparency of financial reporting timeliness and firm performance for Malaysian firms.

In summary, the timeliness of financial report is said to enhance the value relevance of the accounting information that captures the ability of financial statements information to influence share prices (Bowerman & Sharma, 2016). Value relevance of financial report is predominantly significant to investors, accounting practitioners, regulators and other interested parties who make use of accounting information for investment decisions. Moreover, the development of effective capital markets, partly through good accounting, is an important way of promoting growth in the emerging economies (Reddy & Sharma, 2014). A study by Mauna, Lassoued and Sassi (2018) that examined whether financial reporting lag improves the value relevance of past and current earnings for future earnings, revealed that a change in the current stock price of banks with a higher financial reporting lag contains more information about their future earnings than does a change in the stock price with a lower financial reporting lag. Their results provide implications that regulators of capital markets, standards setters and accounting practitioners need to consistently improve the quality of financial reporting disclosures to boost the confidence of users to rely on financial statements as the basis for choosing among alternative use of scarce resources. Based on the findings from previous studies, this study proposes that :

H1: Financial reporting timeliness influences the value-relevance of accounting information.

H2: Financial reporting timeliness influences the firm's sustainability economic growth.

### **2.1 Underlying theory**

To test the proposed hypotheses, this study applies agency theory that focuses on principal agent relationship that has brought some problems to agency cost and information asymmetry (Jensen & Meckling, 1976). The separation of ownership and control creates the agency problem, in such a case whereby management as a rational human being tends to set his/her personal interest ahead of shareholders. This agency problem leads to information asymmetry that gives rise to adverse selection problem which leads to under-valuation of the firm's equity in the marketplace, causing loss of wealth to the shareholders (Wiseman et al., 2012).

## **3.0 Research Method**

### **3.1 Description of Methodology**

This study employs quantitative method by using secondary data from annual report and Datastream. The data on firm annual reports is retrieved from the Bursa Malaysia website ([www.bursamalaysia.com](http://www.bursamalaysia.com)), while the financial data is retrieved from the Thomson Advance Database (Datastream). The period of study is from 2018 to 2021. The selection of year 2018 to 2021 is due to the implementation of revised MCCG in 2017 and before the effective date of revised MCCG 2021. Thus, the study focuses on the implementation of MCCG 2017. Population of the study is public listed companies (non-financial sector) in the Main Board of Bursa Malaysia. Listed companies in the Main Board are selected because they are established companies that have met the standards in terms of quality, size and operations. These companies also demonstrate that they have achieved minimum profit track record or minimum size measured by market capitalization. Sample is selected randomly for each sector as classified under Bursa Malaysia listing sectors such as construction, industrial product, customer product and services. Multiple regression analysis for panel data is used to analyse the data.

Specifically, the following regression model is employed to analyse the value relevance of financial reporting timeliness.

$$Pit = \alpha + \beta_1EPSit + \beta_2BVit + \beta_3FRTit + \beta_4EPS*FRTit + \beta_5BV*FRTit + \beta_6FSIZEit + \beta_7FLEVit + \beta_8EBITit + \beta_9BIG4it + \epsilon_{it} \quad (\text{Eq. 1})$$

Whereby:

Pit is stock price per share for firm i four months after fiscal t year end,

EPSit is annual earnings per share,

BVit is book value per share at the end of financial year,

FRTit represents financial report timeliness that equals one for early submission of financial report (less or equal to 120 days), and equals zero otherwise.

EPS\*FRTit is moderating effect of FRT and earnings per share

BV\*FRTit is moderating effect of FRT on book value.

FSIZEit is firm size measured as natural log of total assets, and

FLEVit is firm leverage measured as total liabilities divided by total assets.

EBITit is firm earnings before interest and tax

BIG4 is “1” if auditor firm is either KPMG, Deloitte, Ernst & Young or PwC, and “0” otherwise

Firm size, firm leverage, earnings before interest and tax and BIG4 are controlled variables.

In determining the relationship between financial report timeliness and firm sustainable economic growth the following model is developed.

$$FPit = \alpha + \beta_1 FRTit + \beta_2 MCAPit + \beta_3 PFSIZEit + \beta_4 BIG4it + \beta_5 LEVit + \epsilon it. \quad (Eq.2)$$

Whereby:

FPit is firm sustainable economic growth measured by return on assets (ROA) and TOBIN Q.

ROA is earnings before interest and tax (EBIT) divided with total assets; while TOBIN Q is firm index's market value to its book or replacement value measured by market value divided with total assets.

FRTit represents financial report timeliness that is defined as the period between the fiscal year-end and the date of financial report.

MCAPit is firm market capitalization

FSIZEit is natural log of firm total assets.

BIG4it is “1” if auditor firm is either KPMG, Deloitte, Ernst & Young or PwC.

FLEVit is firm leverage measured as total liabilities divided by total assets.

#### **4.0 Research Findings**

This section discusses findings of the study including results from descriptive statistics, correlation analysis and regression analysis. Sample of the study is 100 randomly selected companies listed on Main Board of Bursa Malaysia from different sectors. Sample of the companies covered from year 2018 until 2021 with a total of 400 firm observations.

#### **4.1 Descriptive Statistics**

The descriptive statistics provide a summary explanation of sample size related to the variable's combination or variation. Table 1 displays the descriptive statistic incorporate the minimum, maximum, mean and standard deviation values of the dependent and independent variables. The mean for the financial reporting timeliness (FRT) for all years is 83 days, with the minimum of 17 days and the maximum of 270 days. As FRT is classified to a dummy of 120 days (for firms having less than 120 days as “1”), 89% of the companies produced the audit report not more than 120 days as recommended by Company Act 2016. For the overall sample that covers four years period from 2018 till 2021, the average share price has a minimum value of RM0.02 and maximum value of RM146.10 with the mean of RM6.92. The earnings per share (EPS) of the firms range from RM0 to RM3.07. On average the EPS

is RM0.36 which indicates that firms are able to pay some returns to their shareholders' investments. The book value (BV) denotes the shareholders' part of the firm's assets; with the minimum value of 0, maximum value of 20.30 and average of 2.94. These figures explain that shareholders do have their portion if the firms are liquidated.

The firm size ranges from 3.6 million to 88.7 million with the mean of RM41.9 million. The ratio of firm liabilities to total assets (leverage) is from 0 to 93% with the mean of 79%. Based on the mean of leverage, it seems that firms having higher debt ratio as the total debt is more than 50% of total assets. Profitability that is measured by earnings before interest and tax (EBIT) shows that some of the companies suffer a loss with a minimum value of RM-3,218,241.00 and the maximum profit of RM13,312,954. On average the profitability of the sample firm is RM1,043,020. About 72.43% of the companies are audited by BIG4 audit firms either by KPMG, Deloitte, Ernst & Young and PwC.

**Table 1: Descriptive Statistics**

Variables	Minimum	Maximum	Mean	Std. Deviation
SPRICE	0.02	146.10	6.92	14.97
FRT (Days)	17	270	83	33.91
FRT (120 Days)	0.00	1.00	0.89	0.31
EPS	0.00	3.07	0.36	0.50
BV	0.00	20.30	2.94	3.57
FSIZE	3,624,320	88,666,715	41,900,439	11,717,900
LEVERAGE	0.00	0.93	0.79	5.09
EBIT	-3,218,241	13,312,954	1,043,020	1,998,681
MCAP	1.79	15,718,000	3,335,391	2,022,831
ROA	-1.00	1.03	0.08	0.14
BIG4	0.00	1.00	0.72	0.45
TOBIN Q	0.00	0.07	0.23	0.14

#### 4.2 Correlation

Table 2 shows the correlation between financial reporting timeliness (FRT), external audit characteristic (BIG4) and firm characteristics. The result indicates that FRT has negative and significant correlation with firms' share price (SPRICE), earnings per share (EPS), book value (BV), size (FSIZE), market capitalization (MCAP), return on assets (ROA) and BIG4 audit firms. These suggest that BIG4 audit firms with the resources available tend to reduce the FRT. Large companies measured by total assets and market capitalization also reduce FRT. Further, firms with higher profitability (ROA) and value (share price, EPS and BV) also correlate with lower FRT. These association suggest large firms with healthy performance possess high resources and are able to hire a good and reputable auditor that is able to produce audit report in a shorter period.

**Table 2: Correlation Analysis**

	1	2	3	4	5	6	7	8	9	10	11
1.FRT	1	-0.22**	-0.24**	-0.23**	-0.24**	-0.09	-0.06	-0.23*	-0.14**	-0.35**	-0.02
2.SPRICE		1	0.68**	0.26**	-0.05	0.19**	0.06	0.21**	0.25**	0.19*	0.04
3.EPS			1	0.55**	0.13**	0.24*	0.00	0.18*	0.14**	0.23**	-0.09
4.BV				1	0.36**	0.28**	0.08	0.17*	-0.17	0.26**	-0.11*
5.FSIZE					1	0.66**	0.10*	0.61**	-0.09	0.48*	0.04
6.EBIT						1	0.14*	0.45**	0.19**	0.26**	-0.01
7.LEV							1	-0.15**	-0.28**	0.06	-0.01
8.MCAP								1	0.05	0.34**	-0.54**

<b>9.ROA</b>									1	0.08	-0.01
<b>10.BIG 4</b>										1	0.02
<b>11.TOBINQ</b>											1

### 4.3 Regression Analysis

The first objective of this study is to examine the influence of financial reporting timeliness on the value-relevance of accounting information. Little is known about the value-relevance of financial reporting timeliness which captures its ability to influence companies' share prices. Thus, this study explores the effect of financial reporting timeliness on the value relevance of accounting information that is proxied by book value and earnings per share. It focuses on the relationship between share price valued at the end of the year with financial reporting timeliness, book value and earnings per share. This study also examines the moderating effect of financial reporting timeliness on book value and earnings per share as depicted in **Equation 1**. To test the moderating effect, the financial reporting timeliness (FRT) is determined as “1” for the FRT is less than or equal to 120 days (four month after year end) and “0” otherwise. This classification is based on gazetted statue by Companies Acts 2016.

Table 3 reports the regression results for share prices on FRT, earnings per share and book values to determine the value relevance of accounting information. The model is significant at less than 1% level. The R square is 0.498 and the adjusted R square is 0.485. This result indicates that 50% of the variation share price is determined by the book value of share, earnings per share and FRT. The coefficient of FRT is -0.038 with t-statistics value of -1.916 and the p-value is significant at 5% level. The negative relationship between FRT and share price indicates firms that produce shorter financial reporting timeliness portray a good signal to the investors. The value of share increases due the earlier financial information published by the firms that give more valuable information to the investors. Besides, investors also believe that companies are in a good condition as they are able to publish audited financial report based on recommendation by regulators.

The slope coefficient on both firms' book value and earnings per share exhibit positive relationship with FRT, however the relationship is insignificant. The positive sign for both of EPS and book value indicates that the value of share price is positively influenced by the increasing in both book value and EPS. This suggests that faster financial reporting might coincide with higher book values and EPS. The insignificant results for both EPS and book value may be due to the determination of EPS and book value That is subject to some estimation and judgement. Other than that, the accounting information (EPS and BV) is less timely to influence the share price of the firms. Timely reporting may lead to more efficient markets where information is quickly incorporated into share prices. Thus, the impact of book value and earnings per share tends to be a lagging indicator in determining the value of firms' shares.

**Table 3: Regression Analysis – Share Price and FRT**

Variable	Unstandardized Coefficients	Std Error	t-stat	p-value
<b>Constant</b>	9.945	4.749	2.094	0.037
<b>FRT</b>	-0.038	0.020	-1.916	0.056**
<b>EPS</b>	2.638	6.340	0.416	0.678
<b>BV</b>	1.098	0.724	1.517	0.130
<b>FRT*EPS</b>	18.089	6.482	2.791	0.006***
<b>FRT*BV</b>	-1.743	0.743	-2.346	0.020**
<b>FSIZE</b>	-2.441	0.932	-2.620	0.009***
<b>LEV</b>	0.023	0.575	0.387	0.699
<b>BIG4</b>	1.790	1.504	1.190	0.235

<b>EBIT</b>	1.757	0.651	2.697	0.007***
<b>R (R<sup>2</sup>)</b>	0.498 (0.485)			

In contrast, FRT negatively moderates the relationship between book value and share price. A negative moderation suggests that while higher book values typically indicate greater asset base or equity, which traditionally correlates with higher share prices, this relationship is weakened or lessened when financial reporting is more timely. In other words, the positive impact of book value on share price is not as strong when financial reporting is timely.

Overall, the findings suggest that financial reporting timeliness plays a significant role in moderating the relationships between fundamental financial metrics (such as book value and EPS) and share prices. Timely reporting enhances transparency and market efficiency, influencing how investors interpret and value stocks based on these metrics. Therefore, companies and investors alike should consider the implications of reporting practices on market perceptions and investment decisions.

Firm size measured by total assets has a negative significant relationship with share price which indicates small firms is more attractive to investor to invest. This may be due to less volatility of changes of market value of share in small firms. In contrast, firms with high profitability increase the value of share. Further, firm leverage and audited by BIG 4 do exhibit positive insignificant relationship with share price.

As relate with value relevance, this study also examines the influence of financial reporting timeliness on the firm sustainability economic growth. The regression results are presented in Table 4(a) and Table 4(b). Firm sustainability economic growth is measured by firm profitability proxied by return on assets (ROA) and TOBIN Q. Both models are significant at 1 % level and adjusted R squared are 45.3% and 49.5%, respectively. These indicate that 45.3% (49.5%) of variation in firm's ROA (TOBIN Q) are explained by FRT and other firm characteristics. Table 4(a) and Table 4(b) reveal that FRT has a positive significant relationship with firm performance measured by ROA but not with TOBIN Q. These results suggest FRT influence the accounting performance but not the market performance. This implies that shorter FRT increases the accounting value of the firms.

**Table 4(a): Regression analysis -ROA**

<b>Variable</b>	<b>Unstandardized Coefficients</b>	<b>Std Error</b>	<b>t-stat</b>	<b>p-value</b>
<b>Constant</b>	0.247	0.037	6.629	0.001
<b>FRT120</b>	0.032	0.016	2.043	0.042**
<b>FSIZE</b>	-0.060	0.007	-8.245	0.001***
<b>LEV</b>	0.093	0.005	17.009	0.001***
<b>BIG4</b>	0.033	0.013	2.514	0.012***
<b>MCAP</b>	0.037	0.006	6.667	0.001***
<b>R (R<sup>2</sup>)</b>	0.461(0.453)			

**Table 4(b): Regression analysis -TOBIN Q**

<b>Variable</b>	<b>Unstandardized Coefficients</b>	<b>Std Error</b>	<b>t-stat</b>	<b>p-value</b>
<b>Constant</b>	0.149	0.029	5.170	0.001
<b>FRT120</b>	-0.009	0.012	-0.772	0.442
<b>FSIZE</b>	-0.065	0.006	-11.395	0.001***
<b>LEV</b>	0.023	0.004	5.322	0.001***

<b>BIG4</b>	-0.006	0.010	-0.654	0.513
<b>MCAP</b>	0.087	0.004	19.787	0.001***
R (R <sup>2</sup> )	0.501(0.495)			

For both performance model, result of regression shows that firms with high leverage and market capitalization exhibit a positive relationship with firm performance. Firms audited by BIG4 audit firms also exhibit positive relationship with performance. This may be due to high audit fee charged by BIG4, thus only large firms are able to hire them. However, larger firms measured by total assets have low performance as the coefficient is negative and significant at 1% level. In contrast, firms with high market capitalization exhibit high performance for both ROA and TOBIN Q models.

## 5.0 Discussion

This study focuses on the influence of financial reporting timeliness on the value relevance of accounting information that is perceived important by stakeholders in making their investment decision. Result of this study explains that investors perceive that book value and EPS are less important in determining the share price. However, their interaction with financial reporting timeliness boost the value relevance of both book value and EPS. Finding of this study is in line with Abdollahi, Pitenoei and Gerayli (2020) as their study reveal that auditor's report and audit firm size are positively and significantly correlated with two indicators of the value relevance of accounting information including value relevance of earnings and book value per share.

Financial reporting timeliness has a significant impact increasing the performance of the firm. This implies that positive performance of the firms reduces the time in producing their financial reports. This study also investigates whether financial reporting timeliness affects firms' sustainability economic growth measured by return on assets and TOBIN's Q. Finding of this study indicates that shorter period of financial reporting timeliness increases firm performance. This finding is similar with Khan and Abdul Rahim (2016) and Arianpoor (2020) as both studies show that audit report lag has a negative and significant relationship with ROA and ROE. The latter author suggests that a decrease in the number of days spent by independent auditors for signing annual reports would probably enhance firm performance.

## 6.0 Conclusion

The timeliness of financial reporting plays a crucial role in ensuring the value relevance of accounting information by providing up-to-date, reliable, and transparent information that fosters investors' confidence and market stability. Timely reporting allows investors to make decisions based on the most recent performance data of a firm, reducing the information asymmetry between firm insiders and external investors. Delays in financial reporting can lead to outdated information, which diminishes its usefulness and relevance for investment decisions.

Findings of this study would enhance understanding on the effect of financial reporting timeliness on the share price and firm's sustainable economic growth. Longer financial reporting timeliness can undermine the quality and reliability of financial information, increasing information asymmetry and potentially leading to less informed investment decisions

This study has some policy implications especially in promoting foreign investors to invest in Malaysia with regards to economic growth of Malaysian firms and achieving effective MCCG Code. It highlights the importance of transparency and timeliness in communicating company information to various stakeholders stipulated under Principle C of MCCG which is integrity in corporate reporting and meaningful relationship with stakeholders. Timely reporting is often seen as a sign of good corporate

governance and management transparency. Companies with timely reporting practices may be perceived as better managed, which could influence investor sentiment and share valuation.

The issue of timeliness in financial reporting is a concern to the information provider whereby users may opt for other sources of information other than the financial report to get early information. This would endanger the accounting profession. Somehow accounting professional bodies and regulators have to find ways to cater the timeliness issue and to align the time frame with other markets or other issues to be considered in relation to increase transparency. Thus, findings from this study would provide insights to the related parties on which mechanisms to be strengthened

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Tarikh : 20 Januari 2023



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Kelulusan daripada pihak tuan dalam perkara ini amat dihargai.

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Saya yang menjalankan amanah,

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