The Factors Affecting Timeliness of Corporate Financial Reporting: Empirical Evidence from the Palestinian and Amman Stock Exchange

Author’s Details:
(1) Dr. Omar Al-Juaidi-Assistant Professor of Accounting University college of application & science Palestine
(2) Dr. Ahmed A. M. Al-Affifi-Assistant Professor of Accounting University of Palestine -Palestine

Abstract:
This study reports on the results of an empirical investigation of the factors affect timeliness of annual financial reporting. The sample of study include 180 corporation listed on the Palestinian and Amman Stock Exchange which achieve study’s conditions. Multi-regression test was used to examine the study hypotheses that consist of three groups; internal auditing committee factors, external auditor independence, and demographic factors. The study found that many of listed companies issue their financial report within legal time. However, Some Palestinian corporations don’t have auditing committees according to Palestinian Security Exchange instructions or they don’t comply to disclose information about auditing committee such as number of members, number of meeting, members experience and so on. And finally, there is a significant relationship between Co. age, audit report timeliness, sector type, auditor type and financial report timeliness. Whereas; Co. size, auditor rotation, and auditor report type don’t effect on financial report issuing timeliness.

Keywords: financial reporting, auditing report, timeliness, stock exchange, Audit delay.

1.1. Background and study problem:
Financial reporting is the best method to satisfy the needs of accounting information users. It accurately describe the economic events that have affected the companies’ activities during a year. As well as, it helps in financial predictions and the financial planning that consider as alarm to all users whether external or internal users to avoid potential bankruptcy. Therefore, the timeliness of issuance of financial reporting have more interest of both professional and academic groups around the world, especially in USA and UK (Fadel & Noor; 2006)

Financial disclosures is defined as any intentional release of financial information whether these information compulsory or voluntary is in order to inform the stakeholders. This financial information can be delivered through formal or informal information channels and it may include quantitative or qualitative data (Gibbins et al., 1990).

Financial disclosure includes net income of prior year, mainboard meeting, profit dividends on common stockholder whether cash profit and free shares and a lot of information that can affect investor’s decision regarding to shares holding, purchase or selling. Therefore, because of these many information that were offered in financial markets, the rumors that usually precedes the material financial information disclosure, which is aimed at increase competition in order to enhance the demand on the shares. (Qaqesh and Batayna, 2006)

Palestinian stock exchange and Amman stock exchange is consider as an emerging financial markets that there is no comply in implementation of the law of financial market and investors make their financial decisions randomly and cannot make an excess return by knowledge of past prices. Therefore, the delaying in timeliness of issuing financial reports is considered the main problem in Palestinian financial market and Amman financial market because the delaying may cause wrong decision between investors through rumors and using big investors their power and authorizes to these information before other investors and then make their decision and make unfair profit.

This study will explore the factors affect the timeliness of issuing of financial reporting in order to improve the performance of stock markets through provide all financial information for all investors. Therefore, it will try to find these factors by answering the following questions:
1- Is internal auditing committee effects on the timeliness of issuing of annual financial reporting?
2- Is independence external auditor effect on the timeliness of issuing of annual financial reporting?
3- Is demographic factors effect on the timeliness of issuing of annual financial reporting?
The objective of this study is to understand the reporting practices of the case company in terms of timeliness and quality. The study aims to explain and describe the factors behind the delaying of timeliness of issuing annual financial reports. In addition, it aims to observe and analyze the case company’s perceptions of reporting lag and quality of financial information.

1.2. Review of the relevant literature

The literature on the corporate annual financial reporting timeliness and the factors affected have been studied in many aspects around the world. Corporate size and complexity of operations are used to explain timeliness. Where Givoly & Palmon (1982) pointed out that there is an improvement in the timeliness of annual reports of 210 companies listed on the New York Stock Exchange (NYSE) during the period from 1960 to 1974. Where they found that reporting delays rely on industry types and traditions. While bad news tend to be delayed and that the degree of market reaction to early and late announcements is differential. Abdulla (1996) also agreed with Givoly & Palmon where he provides through an empirical evidence on the attribute of the timeliness annual reports of 26 Bahraini companies that there is a significant negative relationship between timeliness of publication and firm’s profitability, size, and distributed dividends. However, he disagreed with them about the relationship between timeliness and industry membership. He found that there is an insignificant relationship in his study.

Courtis (1976) observed that the companies in his sample took almost 4 months beyond their financial year-end to report to shareholders through examining the relation between four additional corporate attributes and reporting delay of New Zealand listed companies. The attributes examined were company age, number of shareholders, number of pages of annual report, and industry. He found that none of the factors examined was significantly associated with auditors’ signature lag. Also, he found that whereas companies in the fuel and energy and in the finance industries were fast reporters, while those in the mining and exploration and in the service industries were slow reporters.

Timeliness is considered as one of the qualitative characteristics of useful information by the American Accounting Association, where the conceptual framework of financial reporting of accounting standard setters worldwide such as the International Accounting Standards Board (IASB) recognizes timeliness as one of the characteristics which determines the relevance of accounting information. Users need timely information to enable them make a promptly review to decide whether to continue or stop their investment in a company. Delays in disclosing timely information on the preparers’ part would result in greater market inefficiency. (Ismail & Chandler, 2004).

Subsequently, it became increasingly pressure on the external auditors to reduce the time it takes to issue their auditing report and then financial reports, because external auditor's reports are considered one of the most important factor that affect on issuance of the annual financial report AKLE (2012). Where Auditing is considered the communication tool that investors and stockholders use it to know the financial position of firms. As well as, it uses to be as an indicator about the performance of firm’s management. Therefore, the delay of issuing auditing report lead to delaying in issuing annual financial report, and not providing the financial information of firm in the suitable time. And then the financial report will lose its usefulness and convenient which have negative effect on decisions of investors and financial reports users.

Many studies about the issue of the timeliness of financial reports and auditing factors have been conducted. Gilling (1977) investigated the relationship between auditors’ attributes and auditing lag. He found that leading audit firms take less time to sign audit reports than small audit firms in New Zealand. As well as, he pointed out that reporting lag is due to the interaction between a company’s management and its auditors.

Ashton, Willingham and Elliott (1987) found by one of the earliest studies was conducted in the U.S by investigate the impact factors of timeliness of annual reports, measured by audit report lag that audit delay is significantly associated with audit opinions, internal control, audit technology, industry type and end of fiscal year.

Ahmad (2003) stated through investigates the timeliness of corporate annual reporting of 558 annual reports for the year 1998 from Bangladesh, India and Pakistan that the size of the audit firm (measured by the audit fees, number of reporting entity audited by an audit firm and international linkage) is considered the major
reason in delay of the timeliness of corporate annual reporting. Where he indicated that large audit firms take significantly less time in India and Pakistan. While Profitability and corporate size are significant determinants only in Bangladesh.

Türel (2010) studies timeliness of financial reporting among Turkish companies. He resulted that there is a significant association between the auditor firm, the industry, and auditor opinion and the timeliness of reports. Where he indicated that firms which receive an unqualified audit report tend to take less time than others in publishing their reports.

Oladipupo and Izedomi (2013) assessed the factors affected Three types of delay in (75) companies quoted on the Nigerian Stock Exchange from 2000 to 2010 in Nigeria were identified: audit, management and total delays. The results showed that the audit delay was about 163 days while management delay and total delay were 92 days and 255 days respectively. These showed that audit delay contributed more significantly to total delay than the management delay in corporate financial reporting.

Vuran and Adiloğlu (2013) pointed out through examining the relationship between the timeliness of corporate financial reporting and accounting and auditing in listed non-financial companies in Istanbul Stock Exchange for the year 2009 that, for separate audited financial statements timeliness of the financial statements are related with the sign of net income, ROA, current ratio and the audit opinion, while, for consolidated audited financial statements, timeliness of the financial statements are related with the sign of total equity/ total assets and cash flow from operations/interest expense.

1.3. Methodology of study:

This section describes the sample selection and discusses the development of the hypotheses. It includes two subsections: Sample of study and Hypotheses development.

1.3.1. Hypotheses Development

In this study, the three main categories of factors are considered that may have effect on timeliness of disclosure of financial reporting. The categories are factors related to company’s characteristics, factors related to internal audit’s committee, and factors related to independent external auditor.

The first categories are factors related to company’s characteristics will be represented by company’s (size, profitability, age, leverage, sector type). This study predicts that larger companies release their financial reports earlier than smaller companies. This assumption due to two reasons, more public eyes are following larger firms, and they have more accurate and up to date financial and accounting systems which can help them to prepare their reports. Therefore, the first hypothesis of this study is:

**H1: there is no significant relationship between disclosure of timeliness of the financial reports and factors related to company’s characteristics.**

Meanwhile, the second category that includes factors related to internal audit’s committee, it will be represented by an independence of internal auditing committee, number of internal auditing committee, and financial experience of internal auditing committee. Hence, the second hypothesis is:

**H2: there is no significant relationship between disclosure of timeliness of the financial reports and factors related to internal auditing committee.**

Finally, the third category that includes factors related to external audit. It is assumed that in cases the independence of external auditor decreases, the management is reluctant to announce it. In this study, auditing independence measures by auditing report issued timeliness, type of external auditor and its relation with international auditing firms, external auditor rotation, number of external auditing team, expertise’s age of external auditor firm and auditing report type. Thus, the last hypothesis of this study is:

**H3: there is no significant relationship between disclosure of timeliness of the financial reports and factors related to external auditor.**
1.3.2. Proposed model & variables:

**Dependent variable: disclosure of timeliness of the financial reports:**
The timeliness of the financial reports was calculated from the end date of fiscal year to the date of declaration to the financial information users. In this study, the delivery date of the annual financial reports to the Securities Commission is adopted as the date of declaration for the first time, where this method has been used by many studies such as (Azhari & Gharabia 1988; Abu Nssar & Lutfi 1998; Al-Fadel & Noor 2006). While (Owusu 2000) measured the timeliness of disclosure of the financial reports by calculating the duration between the end of fiscal year until the date of the annual ordinary General Assembly meeting to discuss the report of the Board of Directors.

**Independent variables:**

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co. size</td>
<td>Total assets</td>
</tr>
<tr>
<td>Co. profitability</td>
<td>EPS</td>
</tr>
<tr>
<td>Co. Age</td>
<td>Firm startup year</td>
</tr>
<tr>
<td>Sector type</td>
<td>(1 = bank sector), (2 = insurance sector), (3 = servicing sector),</td>
</tr>
<tr>
<td></td>
<td>(4 = industrial sector), (5 = investment sector)</td>
</tr>
<tr>
<td>Leverage</td>
<td>Leverage = total liabilities ÷ total assets</td>
</tr>
<tr>
<td>Auditor type</td>
<td>(0 = local auditor), (1 = foreign auditor)</td>
</tr>
<tr>
<td>Auditing report</td>
<td>From 31 Dec. to the date of issuing of external auditing report</td>
</tr>
<tr>
<td>Auditor rotation*</td>
<td>(0 = auditor rotation), (1 = no auditor rotation)</td>
</tr>
<tr>
<td>Auditing type</td>
<td>(0 = qualified audit report), (1 = unqualified audit report)</td>
</tr>
<tr>
<td>Auditing committee independence</td>
<td>No. of board independent ÷ No. total member of committee</td>
</tr>
<tr>
<td>No. of auditing committee</td>
<td>No. of auditing member announced by the company</td>
</tr>
<tr>
<td>Auditing committee experience</td>
<td>No. of financial experience of board of director ÷ Number total member of committee</td>
</tr>
</tbody>
</table>

*Table (1): the measurement of independent variables
1.3.3. Study population and study sample:
The study population consists of all listed companies in Palestinian exchange market and Jordan exchange market. Where the study chooses tow markets have the same characteristics.

Regarding to target sample, the study choose sample that applies the following conditions:

1- The company must be listed in financial market since 1/1/2007 to 31/12/2014 and it was not stop transactions dealing during this period.
2- The companies have all information related to dependent and independent variables.

Therefore, the study sample was include (180) corporation were achieve previous conditions from (270) listed companies in Palestinian exchange market and Jordan financial market.

1.3.4. Data collection sources:
In order to collect study data, it uses secondary sources that include the financial reports from 2007 to 2014 of published financial reports on the websites of the Jordan and Palestinian financial markets.

1.4. Hypotheses test:
The study used the following tests in order to examine the hypotheses of study:

1.4.1. The frequencies test:
According to table (2), the study found that most of firms of the sample are services and industry firms (46.6%) because the economies of Jordan and Palestine are consumer economy. banking and investment sectors were 16.7% and the insurance sector was accounted for only 10%.

Regarding to auditor type, most companies contract with international auditing firms (87%). This result may due to more experience in dealing with different types of financial issues. As well as, many of the firms in financial market don’t change their external auditor (auditor rotation). Where the study found that around 77% of the study sample re-contract with the same auditor for more than following five years which lead to make hidden or clear relationship between the company and the external auditor. That is clear in the results related to auditing report type, where it pointed out that 98.1% of firms have qualified report.

Regarding to the timeliness of issuing of financial reporting, the results stated that most firms comply with the financial market laws in Palestine and Jordan that related with the timeliness of issuing of financial reporting. Where 71.4% of firms issue their financial reports in the first three months of the following year.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector Type:</strong></td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td>16.7%</td>
</tr>
<tr>
<td>Services</td>
<td>33.3%</td>
</tr>
<tr>
<td>Investment</td>
<td>16.7%</td>
</tr>
<tr>
<td>Insurance</td>
<td>10%</td>
</tr>
<tr>
<td>Industrial</td>
<td>23.3%</td>
</tr>
<tr>
<td><strong>Auditor type:</strong></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>13.3%</td>
</tr>
<tr>
<td>Foreigner</td>
<td>86.7%</td>
</tr>
<tr>
<td><strong>Auditor rotation:</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>23.3%</td>
</tr>
<tr>
<td>No</td>
<td>76.7%</td>
</tr>
<tr>
<td><strong>Auditing report type:</strong></td>
<td></td>
</tr>
<tr>
<td>Qualified</td>
<td>98.1%</td>
</tr>
<tr>
<td>Unqualified</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Financial market law comply:</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>71.4%</td>
</tr>
<tr>
<td>No</td>
<td>28.6%</td>
</tr>
</tbody>
</table>
1.4.2. Statistical descriptive of variables:
According to Statistical descriptive of variables in the table (3), the study found that there is a high standard deviation between the firms type, for example, industrial firms rely on assets is greater than the service firms. As well as, there is a high standard deviation in firms’ age because of the deference in establish ages in the financial markets.

Regarding to leverage variable, there is a variation in the adoption of the financing by debt, where there are companies rely on debt as 100% while there are companies do not resort to debt financing at all. The reason for depending on the debt in Amman and Palestine financial markets is the weak demand for buying the stock when issuing.

Finally, related to the timeliness of issuing auditing report and annual financial report, the study found that the average time to issue the audit report is 70 days of the end of the fiscal year. While the average time to issue the annual financial report is after three months of the following year. There are 20 days between external audit report and financial report of firm. That mean the delaying of the timeliness of external auditing report, the delaying in the timeliness of issuing of annual financial report.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset</td>
<td>1095390.0</td>
<td>2348054940</td>
<td>153282405</td>
<td>319637366</td>
</tr>
<tr>
<td>EPS</td>
<td>0669000.</td>
<td>4.9500</td>
<td>.04143709</td>
<td>.94760388</td>
</tr>
<tr>
<td>Age</td>
<td>7</td>
<td>60</td>
<td>22.500</td>
<td>12.4736</td>
</tr>
<tr>
<td>Debt</td>
<td>0%</td>
<td>36%</td>
<td>26%</td>
<td>40.2%</td>
</tr>
<tr>
<td>Aud. report timeliness</td>
<td>14.0</td>
<td>227.0</td>
<td>69.762</td>
<td>25.1196</td>
</tr>
<tr>
<td>Fin. report timeliness</td>
<td>42.00</td>
<td>263.00</td>
<td>90.5143</td>
<td>23.22291</td>
</tr>
</tbody>
</table>

1.4.3. Normal distribution test:
The normal distribution test was used (Kolmogorov-Smirnov) to examine the close of data from the normal distribution. Where if the probability of K-S test is greater than (5%), it had normal distribution.

According to table (4), the results showed that the K-S test is less than 5% for all variables; which means not approaching the normal distribution. Therefore, it was taking natural logarithm (LN) for these variables to approaching normal distribution.

<table>
<thead>
<tr>
<th>Variable</th>
<th>p-value</th>
<th>K-S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>0.000</td>
<td>4.893</td>
</tr>
<tr>
<td>EPS</td>
<td>0.000</td>
<td>5.135</td>
</tr>
<tr>
<td>Age</td>
<td>0.000</td>
<td>4.116</td>
</tr>
<tr>
<td>Debt</td>
<td>0.000</td>
<td>6.334</td>
</tr>
<tr>
<td>Auditor</td>
<td>0.000</td>
<td>2.356</td>
</tr>
<tr>
<td>Report</td>
<td>0.000</td>
<td>3.238</td>
</tr>
</tbody>
</table>
1.4.4. Person correlation test:

Person correlation test was used in order to make sure that there is no Multi-Collinearity between the independent variables in the regression model. Table (5) shows indicate that there are no strong correlation between the variables. Where the strongest correlation between variables was 0.418 “between Co. Age and assets”. However, this relation is not sufficient to infer the existence of a Multi-Collinearity problem. Therefore, the results of the coefficient of VIF test in the Table (6) were confirmed this conclusion, where the coefficient of the VIF's Co. Age and assets were 1.243 and 1.998, which confirms there is no problem of Multi-Collinearity.
<table>
<thead>
<tr>
<th>Table (5): Person correlation test: there is no correlation between variables which mean more strength for the model</th>
<th>Auditor rotation</th>
<th>audit report type</th>
<th>number of days</th>
<th>Auditor type</th>
<th>Sector type</th>
<th>Co. Age</th>
<th>EPS</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor rotation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>audit report type</td>
<td>Pearson Correlation</td>
<td>.077</td>
<td>.267</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>number of days</td>
<td>Pearson Correlation</td>
<td>-.047</td>
<td>.499</td>
<td>.207</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auditor type</td>
<td>Pearson Correlation</td>
<td>-.247</td>
<td>.000</td>
<td>.431</td>
<td>.000</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leverage</td>
<td>Pearson Correlation</td>
<td>.126</td>
<td>.068</td>
<td>.760</td>
<td>.493</td>
<td>.507</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sector type</td>
<td>Pearson Correlation</td>
<td>-.303</td>
<td>.000</td>
<td>.011</td>
<td>.605</td>
<td>.053</td>
<td>.142</td>
<td>1</td>
</tr>
<tr>
<td>Co. Age</td>
<td>Pearson Correlation</td>
<td>.244</td>
<td>.000</td>
<td>.628</td>
<td>.089</td>
<td>.053</td>
<td>.611</td>
<td>.787</td>
</tr>
<tr>
<td>EPS</td>
<td>Pearson Correlation</td>
<td>.025</td>
<td>.720</td>
<td>.000</td>
<td>.615</td>
<td>.017</td>
<td>.849</td>
<td>.379</td>
</tr>
<tr>
<td>Assets</td>
<td>Pearson Correlation</td>
<td>-.085</td>
<td>.223</td>
<td>.843</td>
<td>.954</td>
<td>.084</td>
<td>.935</td>
<td>.000</td>
</tr>
</tbody>
</table>
1.4.5. **Multi-Collinearity test:**
The study used Collinearity Statistics test in order to examine the independence of each variable of independence variables, where it calculated Tolerance factor for every independent variable, and then finding Variance Inflation Factor (VIF) to measure the degree of the correlation between independent variables. According to table (6), the results found that (VIF) for all variables were less than 5 which means that the model is clear of Multi-Collinearity problem.

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>Assets</td>
<td>.500</td>
</tr>
<tr>
<td>EPS</td>
<td>.738</td>
</tr>
<tr>
<td>Age</td>
<td>.805</td>
</tr>
<tr>
<td>Leverage</td>
<td>.442</td>
</tr>
<tr>
<td>Audit</td>
<td>.754</td>
</tr>
<tr>
<td>Sector</td>
<td>.336</td>
</tr>
<tr>
<td>Auditor</td>
<td>.693</td>
</tr>
<tr>
<td>Change Auditor</td>
<td>.693</td>
</tr>
<tr>
<td>Report</td>
<td>.875</td>
</tr>
</tbody>
</table>

*Table (6): Multi-Collinearity test*

Therefore, the linear regression model that used in this study is:

\[
Y = a_0 + a_1 \text{ Size} + a_2 \text{ EPS} + a_3 \text{ Age} + a_4 \text{ Debt} + a_5 \text{ Auditor's Report} + a_6 \text{ Co. Sec.} + a_7 \text{ T- Auditor} + a_8 \text{ Ch. Auditor} + a_9 \text{ T- Report}
\]

\(Y\): annual financial reporting timeliness.
\(\text{Size}\): firm size.
\(\text{EPS}\): Earning per share.
\(\text{Age}\): firm age.
\(\text{Co. Sec}\): the sector that company belong.
\(\text{Debt}\): percentage of financing by loan.
\(\text{Debt}\): percentage of financing by loan.
\(\text{T-Auditor}\): type of auditor.
\(\text{Auditor's Report}\): the date of audit report.
\(\text{Ch. Auditor}\): Auditor rotation.
\(\text{T-Report}\): Audit report type.
### 1.4.6. Multi-Regression Model and hypotheses test

<table>
<thead>
<tr>
<th>Dep. Variables</th>
<th>Symbol</th>
<th>Coefficient</th>
<th>t-Statistic</th>
<th>SIG.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td>3.748</td>
<td>11.273</td>
<td>.000</td>
</tr>
<tr>
<td>Co. Size</td>
<td>Size</td>
<td>.006</td>
<td>.483</td>
<td>.630</td>
</tr>
<tr>
<td>EPS</td>
<td>EPS</td>
<td>-.001</td>
<td>-.099</td>
<td>.921</td>
</tr>
<tr>
<td>Co. Age</td>
<td>Age</td>
<td>-.097</td>
<td>-2.796</td>
<td>.006</td>
</tr>
<tr>
<td>Co. Financing</td>
<td>Debt</td>
<td>-.007</td>
<td>-.522</td>
<td>.603</td>
</tr>
<tr>
<td>Auditing report timeliness</td>
<td>Auditor's Report</td>
<td>.332</td>
<td>7.619</td>
<td>.000</td>
</tr>
<tr>
<td>Sector type</td>
<td>Co. Sector</td>
<td>-.043</td>
<td>-2.139</td>
<td>.034</td>
</tr>
<tr>
<td>Auditor type</td>
<td>T- Auditor</td>
<td>-.270</td>
<td>-5.157</td>
<td>.000</td>
</tr>
<tr>
<td>Auditor rotation</td>
<td>Ch. Auditor</td>
<td>-.043</td>
<td>-1.027</td>
<td>.306</td>
</tr>
<tr>
<td>Auditing report type</td>
<td>T- Report</td>
<td>-.045</td>
<td>-.377</td>
<td>.707</td>
</tr>
</tbody>
</table>

| F- Statistic | 9.774 |
| P-Value      | .000  |
| R-squared    | .371  |
| Durbin-Watson| 1.251 |
| Redundant Fixed Effects | 0.000 |
| Correlated Random Effects  | 0.3592 |

*Table (7): Linear regression analysis test*

According to linear regression analysis which shown in table (7), it found that there is an effect of independent variables as a group on the dependent variable; where Sig <5% noted that the independent variables explained 47% of the dependent variable, and this percentage is acceptable.

**The testing of hypothesis (1):**

**H1:** there is no significant relationship between disclosure of timeliness of the financial reports and factors related to company’s characteristics.

Based on the results of regression analysis, there is no statistically significant correlation between the characteristics of the company and the timing of the issuance of the annual financial report. This result agreed with other studies such as (Aljahmani 2000, Grabiya & Azhari 1988). Where data analysis found that:

- No relationship between the variables (firm’s size, firm’s probability, firm’s leverage). The results are due to the following reasons:
  1. The companies employ good staff in order to prepare the annual financial reports at the time.
  2. The external audit firms give a large-sized companies more time so as not to delay in the issuing of its annual financial report.
While there are statistical relationship between (Firm’s Age, firm’s type). Where the results are due to the following reasons:

1. The increased of the age of the company will increase the number of annual financial reports, and increase the capacity and expertise of accountants. Therefore the company become more professional and speed in issuing annual financial reports.

2. Some business sectors need to prepare some types of financial reports more than others. Therefore, it takes more time to issue annual financial reports.

The testing of hypothesis (2):
H2: there is no significant relationship between disclosure of timeliness of the financial reports and factors related to internal auditing committee.

It was found through the data collection that there are more than 65% of these companies do not comply to have audit committees. The companies that disclose about the audit Committee, Most of them are not disclose about the necessary information such as the number of members, independence and financial expertise of the members of the Committee. Therefore, the variables that related to internal audit committee factors have been dropped. Hence, the study approved the second hypothesis.

The testing of hypothesis (3):
H3: there is no significant relationship between disclosure of timeliness of the financial reports and factors related to external auditor.

In general, and according to the results of regression analysis, there is statistically significant correlation between the external auditor and its characteristics and the timing of the issuance of the annual financial report. Where data analysis found that:

- There are statistical relationship between (Auditing report timeliness, Auditor type). Where the results are due to the following reasons:
  1. The delay of the time of issuing external auditing report will delay issuing annual financial reports. The delaying may due to the operations size in the audit Company and delaying in receiving the evidences from banks and account receivables.
  2. The auditing firms who related or follow to foreign auditing firms have more experience than local auditing firms. Therefore, they issue there reports in less time which lead to speed in the issuing the annual financial reports in corporations.

- While there is no relationship between the variables (auditor rotation, auditing report type). The results are due to the following reasons:
  1. Whether corporations use the same external auditor for number of the following years or change him it will not effect on the timeliness of issuing financial reports. However, the governance instruments in Jordan financial market recommended that corporations have to change their external auditor every number of years in order to guarantee their external auditing report independence.
  2. The external auditing type (qualified or unqualified) is not effect on the timeliness of issuing financial reports because the collecting evidences methods will be the same.

1.1. Conclusions and recommendations:
Through analysis and discussion of the theoretical and practical aspects, the study found that:

- The average time of financial reporting issuing of corporation is 90 days after finishing fiscal year of listed companies. Therefore, many of listed companies issue their financial report within legal time. Knowing that according to Palestinian Law, issue 18, the maximum time of financial reporting issuing is 90 days.

- The average time of audit report issuing for corporation is 70 days. Therefore, if auditor delays to issue auditing report, listed companies will delay to issue their financial report within legal time.
- Some Palestinian corporations don’t have auditing committees according to Palestinian Security Exchange instructions. Whereas; those corporations who have auditing committees, they don’t comply to disclose information about auditing committee such as number of members, number of meeting, members experience and so on.

- The factors of Co. age, audit report timeliness, Company’s sector type, auditor’s type and its relation with international auditing companies effect on financial report issuing timeliness.

- However, the factors of size, leverage, auditor rotation, and auditor report type don’t effect on financial report issuing timeliness.

The study recommends to:

1- The corporation need to be awareness in the importance of annual financial reporting issuing to provide all financial information to different users within the suitable time.

2- The corporation should comply to make auditing committee in order to contribute to hurry annual financial reporting issuing, as well as, to provide the necessary information that related to auditing committee such as number of members, number of meeting and so on.

3- Oblige the external auditors to not delay in auditing process, where the delay leads to a delay in the issuance of annual financial report.

4- The study recommend to examine other independent factor that may effect on the timeliness of issuing financial reports such as the probability of bankruptcy, stock price, ownership equity and so on.

References:

- Abdulla, J. Y. (1996); The Timeliness of Bahraini Annual Reports. Advances in International Accounting; Vol. 9.


- Abu nassar, M. and Lutfi, M.; (1988); Factors influencing the delay issuance of the annual financial reports of Jordanian companies; DIRASAT journal for administrative sciences, ISSN: 1026-373x; Vol. (25).


- AKLE, Y.; (2011); the relationship between financial reporting timeliness and attributes of companies listed on Egyptian stock exchange "an empirical study"; Internal Auditing & Risk Management journal, ISSN 2065-8168; Vol. (23)
- Davis, B, and Whittred, G.P.; (1980); The association between selected corporate attributes and timeliness in corporate reporting: further analysis, Abacus June.


- Gharaba, F.; Azhari, B.; (1988); the timing of issuance of the annual financial report in the Jordanian corporation, DIRASAT journal for administrative sciences, ISSN: 1026-373x; Vol. (25).


- Ismail, K., and Chandler, R.; (2004); The Timeliness of Quarterly Financial Reports of Companies in Malaysia; Asian Review of Accounting; ISSN: 1321-7348; Vol. (12).

- Masoud; M.; (2005); the impact of the timing of issuance of the financial statements on the stock prices and trading volume: A Case Study on the Jordanian public corporation, PhD thesis, the Arab Academy for Banking and Financial Sciences, Jordan.

- Mohanadi; M.; (2004); Impact of accounting disclosure of published annual financial reports on stock prices: A Case Study in the Jordanian industrial corporations, Master dissertation; Al-Bayt University; Jordan.


- Qaqish; M; Bataineh; H.; 2006; the determinants of the reporting Lag for Jordanian companies listed on the Amman Stock Exchange; The Arab Journal of Accounting, University of Bahrain; Vol. (12).

