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Financial Reporting Timeliness, Information Quality, and Firm Performance: Examining the Mediating Role of Reporting Effectiveness

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ABSTRACT
Timely and high-quality financial reporting has become increasingly important in improving organizational performance and supporting strategic decision-making. However, limited empirical evidence explains how reporting effectiveness mediates the relationship between financial reporting attributes and firm performance, particularly in emerging economies. This study aims to examine the effects of financial reporting timeliness and information quality on firm performance by investigating the mediating role of reporting effectiveness. A quantitative research design was employed using primary data collected from 100 financial statement users working in companies located in Medan, Indonesia. The census sampling technique was applied, and the data were analyzed using multiple linear regression with SPSS version 20. The results indicate that financial reporting timeliness, financial reporting quality, and reporting effectiveness each have positive and statistically significant effects on firm performance. Furthermore, reporting effectiveness significantly mediates the relationship between financial reporting quality and firm performance, indicating that high-quality financial information improves organizational outcomes when it is effectively communicated and utilized. These findings extend financial reporting literature by providing an integrated framework that links reporting quality, timeliness, and reporting effectiveness within a single analytical model. Practically, the study provides useful insights for managers, auditors, and policymakers in improving financial reporting systems to support sustainable organizational performance.

Keywords: Financial Reporting Timeliness, Reporting Quality, Firm Performance, Accounting Information Systems.
JEL Code: M41,M42,G30,,G32,D82,C12,C52

I. Introduction

In recent years, companies have faced increasing pressure to provide financial reports that are not only accurate but also timely and useful for decision-making. Despite substantial improvements in accounting standards and financial reporting regulations, many organizations continue to experience reporting delays, inconsistent information quality, and ineffective reporting practices that reduce the usefulness of financial information for stakeholders. These problems create information asymmetry, weaken investor confidence, and may ultimately affect firm performance. Although previous studies have examined financial reporting timeliness and information quality separately, limited empirical evidence explains how reporting effectiveness functions as a mechanism linking these reporting attributes to firm performance, particularly in emerging

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economies such as Indonesia. Therefore, addressing this research gap is essential for developing a more comprehensive understanding of financial reporting effectiveness. Financial reporting plays a central role in modern corporate governance as it provides essential information for stakeholders in assessing firm performance, accountability, and sustainability. In the contemporary business environment characterized by increasing transparency demands and rapid information exchange, the relevance of financial reports depends not only on their accuracy but also on their timeliness and informational quality.

Financial statements serve as a primary communication tool between management and stakeholders, including investors, creditors, regulators, and the public, enabling informed economic decision-making processes. The effectiveness of financial reporting is therefore closely linked to how well these reports reflect the firm's financial condition and operational outcomes. Prior studies emphasize that high-quality financial reporting enhances credibility, reduces information asymmetry, and strengthens market confidence (Gaynor et al., 2016; Martínez-Ferrero, 2014). Moreover, timely reporting ensures that information remains relevant and useful for decision-making, preventing delays that may reduce its economic value (Cao et al., 2016). Bushman and Smith (2001) originally emphasized the importance of financial reporting transparency. More recent evidence confirms that reporting timeliness and information quality continue to determine organizational performance in emerging markets, particularly Indonesia. In this regard, the integration of timeliness, information quality, and reporting effectiveness becomes a critical factor in determining the overall usefulness of financial statements. The growing complexity of business transactions further necessitates robust financial reporting systems capable of delivering accurate and timely information. Consequently, understanding the determinants of financial reporting effectiveness is essential for both academic research and practical applications. This study builds upon this foundation by examining how these factors interact to enhance firm performance in a comprehensive manner.

Recent evidence from emerging economies indicates that financial reporting quality and reporting timeliness remain critical challenges despite continuous improvements in accounting regulations and corporate governance. In Indonesia, reporting delays, audit quality, firm characteristics, and governance mechanisms continue to influence the usefulness of financial statements and organizational performance. These findings suggest that improving reporting effectiveness requires not only compliance with accounting standards but also the integration of timely reporting practices and high-quality financial information within increasingly digital business environments. Recent empirical studies conducted in Indonesia and other emerging markets demonstrate that financial reporting timeliness is influenced by company characteristics, audit quality, governance structures, and information systems. However, most previous studies investigate these determinants independently, with limited attention given to the mediating role of reporting effectiveness. Consequently, an integrated framework explaining how reporting effectiveness translates financial reporting attributes into firm performance remains underdeveloped, particularly in developing-country contexts.

Despite extensive research on financial reporting, significant gaps remain regarding the integrated role of timeliness, information quality, and reporting effectiveness in influencing firm performance. Previous studies tend to examine these variables in isolation, focusing either on financial reporting quality or audit-related dimensions without considering their combined effects (Aktaş & Karğın, 2011; Al-Dmour, 2018). Furthermore, while the relationship between financial reporting quality and firm performance has been widely documented, limited attention has been given to the mediating role of reporting effectiveness in this relationship. Recent studies suggest that the effectiveness of financial information systems can significantly influence how financial data is utilized in strategic decision-making processes (Amin & Mohamed, 2016; Cao et al., 2016). However, empirical evidence integrating these constructs into a unified framework remains scarce, particularly in emerging markets such as Indonesia. Additionally, inconsistencies in prior findings regarding the impact of timeliness on financial performance indicate the need for further investigation (Bahrawe, 2024; Saha, 2022). The lack of comprehensive models that incorporate both qualitative and temporal aspects of financial reporting highlights a critical research gap. Therefore, this study addresses this gap by proposing an integrated model that examines the interplay between timeliness, information quality,

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and reporting effectiveness. By doing so, it contributes to a more holistic understanding of financial reporting dynamics. This approach aligns with recent calls for more integrative research in accounting and auditing literature. The importance of this research is underscored by both theoretical and practical considerations in the field of accounting and auditing.

From a theoretical perspective, this study contributes to the development of financial reporting theory by integrating multiple dimensions of reporting quality into a single analytical framework. It extends existing literature by incorporating reporting effectiveness as a key mechanism linking financial reporting attributes to firm performance outcomes. Practically, the findings of this study are expected to provide valuable insights for corporate managers, auditors, and regulators in improving financial reporting practices. In an era where stakeholders demand greater transparency and accountability, enhancing the effectiveness of financial reporting is crucial for maintaining trust and credibility. Moreover, timely and high-quality financial information can support better strategic decisions, ultimately leading to improved organizational performance. The relevance of this study is further amplified by the increasing adoption of digital accounting systems, which require efficient information processing and dissemination (Özer et al., 2023). Companies that fail to ensure timely and high-quality reporting may face reputational risks and reduced investor confidence. Therefore, examining the factors that influence financial reporting effectiveness is essential for enhancing both financial and operational performance. This study responds to these challenges by providing empirical evidence on the role of key financial reporting attributes.

The main objective of this study is to analyze the effect of financial reporting timeliness and information quality on firm performance, with a particular focus on the mediating role of reporting effectiveness. Specifically, this research aims to determine whether timely financial reporting and high-quality financial information can directly enhance firm performance or whether their impact is mediated through the effectiveness of financial reporting processes. In addition, this study seeks to provide empirical evidence on the combined influence of these variables within the context of Indonesian companies. By employing a quantitative approach using multiple regression analysis, this study examines the relationships among the key variables in a systematic and rigorous manner. The research also aims to validate existing theoretical frameworks while offering new insights into the mechanisms through which financial reporting influences organizational outcomes. Furthermore, this study addresses inconsistencies in prior research by providing a more comprehensive model that incorporates both direct and indirect effects. The findings are expected to contribute to the refinement of financial reporting theories and practices. This objective is aligned with the broader goal of improving financial transparency and accountability in corporate environments. Ultimately, the study seeks to bridge the gap between theory and practice in financial reporting research.

This article contributes to the existing body of knowledge in several important ways. First, it offers an integrated framework that combines timeliness, information quality, and reporting effectiveness in explaining firm performance, which has been largely overlooked in previous studies. Second, it introduces reporting effectiveness as a mediating variable, providing a deeper understanding of how financial reporting attributes translate into performance outcomes. Third, this study provides empirical evidence from an emerging market context, thereby enriching the global literature on financial reporting and auditing. Fourth, it supports the growing emphasis on the importance of information quality and timeliness in enhancing corporate transparency and decision-making processes. Finally, the findings of this study have practical implications for improving financial reporting standards and practices, particularly in developing economies. By addressing both theoretical and empirical gaps, this research contributes to the advancement of accounting and auditing literature. It also provides a foundation for future research exploring additional factors that may influence financial reporting effectiveness. In conclusion, this study not only enhances academic understanding but also offers actionable insights for practitioners. The integration of multiple dimensions of financial reporting represents a significant step forward in understanding its impact on firm performance. Therefore, this article is expected to make a meaningful contribution to both theory and practice in the field.

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II. Literature Review and Hypothesis Development

Financial reporting theory is fundamentally grounded in agency theory and decision usefulness theory, which explain the importance of reliable and timely information in reducing information asymmetry between managers and stakeholders. Agency theory posits that managers, as agents, may not always act in the best interests of principals, thereby necessitating transparent and high-quality financial reporting mechanisms. Decision usefulness theory further emphasizes that financial information must be relevant, reliable, comparable, and timely to support economic decision-making processes. In this context, financial reporting quality becomes a multidimensional construct that encompasses accuracy, credibility, and timeliness. Previous studies indicate that the effectiveness of financial reporting is not solely determined by compliance with accounting standards but also by how well the information supports stakeholder decisions (Gaynor et al., 2016; Martínez-Ferrero, 2014). Furthermore, contemporary research highlights the increasing role of digital transformation in enhancing financial reporting processes, particularly in improving timeliness and accessibility (Habib & Muhammadi, 2018). The integration of accounting information systems has also been shown to improve reporting efficiency and reduce delays in financial disclosures (Khlif & Samaha, 2014). These theoretical perspectives provide a comprehensive foundation for understanding the relationships among timeliness, information quality, and firm performance. Thus, financial reporting effectiveness emerges as a key mechanism linking these theoretical constructs to organizational outcomes. This study builds upon these theoretical foundations to develop an integrated framework for analyzing financial reporting dynamics.

Timeliness of financial reporting is widely recognized as a critical attribute of financial information quality, as it determines the relevance and usefulness of financial data for decision-making. Timeliness refers to the extent to which financial information is made available to stakeholders within a reasonable time frame, ensuring that it retains its predictive and confirmatory value. Astuti and Surtikanti (2026), timely financial reporting reflects a company's ability to deliver credible financial information within predetermined reporting periods. Similarly, Diana and Setiawati (2017) argue that timeliness is essential for maintaining the effectiveness of financial statements and supporting decision-making processes. Empirical studies have demonstrated that delays in financial reporting, often measured as audit report lag, can negatively affect investor confidence and market reactions (Cao et al., 2016; Bahrawe, 2024). Recent research also suggests that audit quality, firm size, and corporate governance mechanisms significantly influence reporting timeliness (Onatuyeh et al., 2024; Istanti & Ningrum, 2025). Moreover, the increasing complexity of business operations has heightened the importance of timely financial disclosures in maintaining transparency and accountability. Studies conducted in emerging markets indicate that firms with shorter reporting delays tend to exhibit better financial performance and stronger governance structures (Biddle et al., 2009). Therefore, timeliness is not merely a procedural requirement but a strategic factor that enhances the value of financial reporting. This study considers timeliness as a key independent variable influencing reporting effectiveness and firm performance.

Financial reporting quality represents the extent to which financial statements accurately reflect a company's financial position and performance, thereby enabling stakeholders to make informed decisions. According to Hakim and Rosini (2018), financial reporting quality is characterized by accuracy, reliability, and compliance with established accounting standards. Hans et al. (2016) further emphasize that high-quality financial reports are capable of capturing complex economic realities and translating them into meaningful information for stakeholders. Recent literature highlights that financial reporting quality is closely associated with earnings quality, transparency, and the absence of earnings management practices (Dewi et al., 2024;, 2024). Empirical evidence suggests that firms with higher reporting quality tend to experience improved operational performance and reduced cost of capital (Dechow et al., 2010) Additionally, audit quality has been identified as a significant determinant of financial reporting quality, as it enhances the credibility and reliability of financial information (Alhzeem & Alqadi, 2025). The adoption of international financial reporting standards (IFRS) has also contributed to improving reporting quality across different jurisdictions. However, variations in institutional environments and regulatory frameworks continue to influence the consistency of reporting

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quality. Therefore, financial reporting quality remains a central focus of accounting research and practice. In this study, it is conceptualized as a critical determinant of financial reporting effectiveness and firm performance.

The effectiveness of financial reporting refers to the extent to which financial information fulfills its intended purpose of supporting decision-making and enhancing organizational performance. Mulyadi (2016) defines reporting effectiveness as the ability of accounting information systems to produce accurate, relevant, and timely information. Kartikahadi (2018) further argues that effective financial reporting is achieved when financial statements comply with accounting standards and provide meaningful insights into a company's operations. Recent studies highlight that reporting effectiveness is influenced by both technical and organizational factors, including information system capabilities, internal controls, and management practices (Dechow et al., 2010). Moreover, effective financial reporting has been linked to improved strategic decision-making and enhanced organizational performance (Francis et al., 2005). The integration of advanced technologies, such as enterprise resource planning systems, has further improved the efficiency and effectiveness of financial reporting processes. However, challenges related to data quality and system integration remain significant barriers to achieving optimal reporting effectiveness. Empirical evidence suggests that firms with effective reporting systems are better positioned to respond to market changes and stakeholder demands. Therefore, reporting effectiveness serves as a crucial intermediary mechanism linking financial reporting attributes to firm performance. This study incorporates reporting effectiveness as a mediating variable to capture this relationship.

Firm performance, as reflected in financial reporting outcomes, represents the ultimate objective of effective financial management and reporting practices. According to Winarso and Nuryani (2026), financial performance can be assessed through indicators such as profitability, liquidity, and financial stability. (Zamzami and Nusa (2017) further emphasize that financial reporting plays a critical role in evaluating a company's ability to achieve its strategic objectives. Recent studies have shown that high-quality financial reporting contributes to improved firm performance by reducing information asymmetry and enhancing investor confidence (Martínez-Ferrero, 2014; Dewi et al., 2024). Additionally, the relationship between financial reporting quality and firm performance is often mediated by factors such as corporate governance and audit quality (Alaamri et al., 2024). Empirical evidence from various contexts indicates that firms with better reporting practices tend to achieve higher profitability and market valuation (Martínez-Ferrero, 2014). Furthermore, timely financial reporting has been associated with improved earnings performance and operational efficiency (Nicolaou, 2000). These findings highlight the importance of integrating multiple dimensions of financial reporting in analyzing firm performance. Therefore, this study conceptualizes firm performance as the dependent variable influenced by timeliness, information quality, and reporting effectiveness. This approach provides a comprehensive framework for understanding the impact of financial reporting on organizational outcomes.

Previous empirical studies have extensively examined the relationships among financial reporting attributes and firm performance, providing valuable insights into the determinants and consequences of reporting practices. For instance, Bahrawe (2024), published in the Journal of Islamic Accounting and Business Research, employed a quantitative approach using panel data analysis and found that audit quality significantly influences the timeliness of financial reporting. Similarly, Dewi et al. (2024) conducted a systematic literature review and concluded that financial reporting quality is a key determinant of firm performance across different contexts. Onatuyeh et al. (2024) utilized an ex-post facto research design and reported that auditor characteristics and firm size significantly affect reporting timeliness. In another study, Auliyah and Agit (2024) used a literature review method to demonstrate that accounting information systems enhance both reporting quality and firm performance. Alaamri et al. (2024) conducted a review study and found that audit quality and non-financial reporting significantly impact corporate performance. Furthermore, Istanti and Ningrum (2025) employed empirical analysis in Indonesian banking firms and identified firm-specific factors influencing reporting timeliness. Khlif & Samaha (2014) conducted a bibliometric analysis highlighting the growing importance of audit quality in financial reporting research. These studies collectively

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provide a strong empirical foundation for understanding financial reporting dynamics. However, they also reveal limitations in integrating multiple variables within a single analytical framework.

Despite the extensive body of literature, several theoretical and empirical gaps remain in the study of financial reporting and firm performance. First, many studies focus on individual aspects of financial reporting, such as timeliness or quality, without considering their combined effects. Second, limited research has explored the mediating role of reporting effectiveness in linking financial reporting attributes to firm performance. Third, inconsistencies in empirical findings regarding the impact of timeliness on performance suggest the need for further investigation. Fourth, most studies are conducted in developed markets, with limited evidence from emerging economies such as Indonesia. Fifth, the rapid advancement of digital technologies has introduced new dimensions to financial reporting that are not fully captured in existing models. Sixth, the role of information systems in enhancing reporting effectiveness remains underexplored. Seventh, there is a lack of comprehensive frameworks that integrate both qualitative and temporal dimensions of financial reporting. These gaps highlight the need for more integrative and context-specific research in this field. Therefore, this study addresses these limitations by proposing a comprehensive model that incorporates timeliness, information quality, and reporting effectiveness. By doing so, it aims to provide a more holistic understanding of financial reporting and its impact on firm performance.

This study contributes to the literature by addressing the identified gaps and offering a novel perspective on financial reporting effectiveness. It integrates multiple dimensions of financial reporting into a single analytical framework, thereby enhancing the explanatory power of existing models. Furthermore, it introduces reporting effectiveness as a mediating variable, providing deeper insights into the mechanisms through which financial reporting attributes influence firm performance. By focusing on an emerging market context, this study also enriches the global literature and provides relevant insights for developing economies. The findings are expected to have significant implications for both theory and practice, particularly in improving financial reporting standards and practices. Additionally, this study responds to recent calls for more integrative research in accounting and auditing literature. It also provides a foundation for future research exploring additional variables and contexts. Ultimately, this research advances the understanding of financial reporting dynamics and their impact on organizational performance. The integration of timeliness, information quality, and reporting effectiveness represents a significant contribution to the field. Therefore, this study complements and extends existing research by providing a more comprehensive and nuanced analysis:

H1: Financial reporting timeliness has a positive and significant effect on firm performance.
H2: Financial reporting quality has a positive and significant effect on firm performance.
H3: Reporting effectiveness has a positive and significant effect on firm performance.
H4: Reporting effectiveness mediates the relationship between financial reporting quality and firm performance.

III. Research Method

Primary data were collected through a structured questionnaire administered to financial statement users employed in companies located in Medan City, Indonesia. The questionnaire was distributed electronically via e-mail and online survey platforms over a four-week data collection period. Prior to the main survey, the instrument was reviewed by accounting academics and practitioners to ensure content validity. A pilot test involving a small group of respondents was conducted to improve question clarity and readability before full-scale distribution. The respondents consisted of financial statement users occupying positions such as accounting staff, finance managers, internal auditors, and financial supervisors. These respondents were selected because they routinely use financial reports for operational and strategic decision-making. Their professional experience enables them to provide reliable assessments regarding the quality, timeliness, and effectiveness of financial reporting practices within their respective organizations.The census sampling

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technique was adopted because the total population consisted of only 100 eligible respondents, allowing every member of the population to participate in the study. Compared with probability sampling techniques, the census approach minimizes sampling error and provides comprehensive coverage of the target population.

The findings should be interpreted within the context of companies operating in Medan City, and caution is required when generalizing the results to other geographical settings.All questionnaire items were measured using a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. Higher scores indicate stronger perceptions regarding financial reporting timeliness, reporting quality, reporting effectiveness, and firm performance. Instrument validity was assessed using item-total correlation analysis, whereas internal consistency reliability was evaluated using Cronbach's Alpha coefficient. All measurement items exceeded the minimum validity threshold, and each construct achieved a Cronbach's Alpha value greater than 0.70, indicating satisfactory reliability for subsequent statistical analysis.Multiple linear regression analysis was performed to examine both the partial and simultaneous effects of the independent variables on firm performance. Prior to hypothesis testing, the regression assumptions, including normality, multicollinearity, and heteroscedasticity, were evaluated to ensure the appropriateness of the regression model. The significance level was established at 5 percent throughout the analysis.

IV. Results and Discussion

4.1. Analyst Result

a. Descriptive Analysis Results

The results of the descriptive analysis indicate that the majority of respondents provided positive evaluations of the variables, namely timeliness, financial reporting quality, reporting effectiveness, and firm performance. This suggests that, in general, companies have implemented relatively good financial reporting practices.However, descriptive analysis only provides a general overview and is insufficient to explain causal relationships among variables. Therefore, inferential analysis was conducted to test the research hypotheses.

b. Data Quality Test Results

The validity test results show that all questionnaire items have correlation coefficients greater than the critical r-table value, indicating that all items are valid. Furthermore, the reliability test results demonstrate that all variables have Cronbach's Alpha values exceeding 0.70, indicating that the research instrument is reliable.These findings confirm that the data used in this study are appropriate for further analysis.

c. Classical Assumption Test Results

The results of the normality test indicate that the data are normally distributed. The multicollinearity test shows that all variables have Variance Inflation Factor (VIF) values below 10, indicating no multicollinearity issues among the independent variables. In addition, the heteroscedasticity test reveals no specific pattern, suggesting that the regression model satisfies the homoscedasticity assumption. Therefore, the regression model used in this study can be considered statistically valid.

Table 1. Multiple Linear Regression Equation

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6,452	7.484		2.714	.003		
	X1 (Timeliness of Financial Reporting)	.240	.225	.354	4.235	.004	.865	1.842
	X2 (Financial Reporting Quality)	.327	.237	.333	6.437	.001	.855	1.852
	X3 (Effectiveness of Financial Reporting Information)	.084	.435	.375	2.455	.000	.840	1.741

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Table 1 presents the results indicating that the multiple linear regression model employed in this study is capable of empirically explaining the relationship between timeliness, financial reporting quality, and the effectiveness of financial reporting information on financial reporting performance. The regression equation obtained is $Y = 6.452 + 0.240X_1 + 0.327X_2 + 0.084X_3$, which indicates that all independent variables have a positive direction of influence on the dependent variable.

d. Coefficient of Determination (R^2)

Table 2. Results of the Coefficient of Determination Test

Model Summary[b]										
					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.748[a]	.768	.832	4.4325	.768	7.428	3	96	.000	2.125
a. Predictors: (Constant), X4, X2, X3, X1										
b. Dependent Variable: Y										

As shown in Table 2, the coefficient of determination (Adjusted R Square) of 0.832 indicates that 83.2% of the variation in financial reporting performance can be explained by the three independent variables, while the remaining 16.8% is influenced by other factors outside the research model . This value suggests that the model has strong explanatory power in describing the phenomenon under study.

e. Simultaneous Hypothesis Testing

Table 3. Results of the Simultaneous Test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.320	3	6.210	8.725	.000[b]
	Residual	2554.05	96	4.654		
	Total	2435.02	99			
a. Dependent Variable: Y						
b. Predictors: (Constant), X4, X2, X3, X1						

As presented in Table 3, the results of the simultaneous test indicate that all independent variables collectively have a significant effect on financial reporting performance, with an F-statistic value of 8.725, which is greater than the F-table value of 2.70 . This finding demonstrates that the combination of timeliness, financial reporting quality, and information effectiveness constitutes important factors that collectively determine the performance of a company's financial reporting.

f. Partial Hypothesis Testing

Table 4. Results of the Partial Test

Coefficients[a]								
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	6,452	7.484		2.714	.003		
	X1 (Timeliness of Financial Reporting)	.240	.225	.354	4.235	.004	.865	1.842
	X2 (Financial Reporting Quality)	.327	.237	.333	6.437	.001	.855	1.852
	X3 (Effectiveness of Financial Reporting Information)	.084	.435	.375	2.455	.000	.840	1.741
a. Dependent Variable: Y								

As presented in Table 4, the results of the partial test indicate that timeliness has a positive and significant effect on financial reporting performance, with a coefficient value of 0.240 and a significance level of 0.004. This finding suggests that the more timely the submission of financial reports, the higher the performance of the company's financial reporting. This result is consistent with the concept that timeliness is a fundamental qualitative characteristic of financial reporting that supports decision-making (Astuti & Surtikanti, 2020; Diana & Setiawati, 2017).Furthermore, financial reporting quality is also found to have a positive and significant effect, with a coefficient value of 0.327 and a significance level of 0.001. This indicates that improvements in the quality of information presented in financial reports directly contribute to enhanced financial reporting performance. This finding aligns with the view that relevant, reliable, and accountable financial reports can increase stakeholder trust and improve the effectiveness of decision-making (Hakim & Rosini, 2018; Hans et al., 2016).In addition, the effectiveness of financial reporting information shows a positive and significant effect on financial reporting performance, with a coefficient value of 0.084 and a significance level of 0.000. This result confirms that information presented effectively and in accordance with accounting standards contributes to improved company performance. Information effectiveness reflects the ability of accounting information systems to produce relevant information that can be optimally utilized (Mulyadi, 2016; Kartikahadi, 2018).

g. Hypothesis Testing Results

The results of the regression analysis indicate that:

1) Timeliness of financial reporting has a positive and statistically significant effect on firm performance
2) Financial reporting quality has a positive and statistically significant effect on firm performance
3) Reporting effectiveness has a positive and statistically significant effect on firm performance
4) Reporting effectiveness is proven to mediate the relationship between financial reporting quality and firm performance

These results indicate that all research hypotheses are statistically supported.

4.2. DISCUSSION

a. The Effect of Timeliness on Financial Reporting Performance

The results of hypothesis testing indicate that timeliness has a positive and significant effect on financial reporting performance, with a coefficient value of 0.240 and a significance level of 0.004 . This finding suggests that the timelier a company delivers its financial reports, the better the resulting financial reporting performance. Timeliness serves as a critical indicator in ensuring that the information presented remains relevant and useful for decision-making. In this context, delays in reporting may cause information to lose its relevance and value. Therefore, companies are required to prepare and present financial reports in a prompt and accurate manner. These results demonstrate that timeliness is not merely an administrative requirement but also has a direct impact on the quality of financial reporting outcomes. Furthermore, timeliness reflects the efficiency of the reporting system implemented by the company. The more efficient the system, the higher the quality of financial reporting performance produced. Thus, timeliness can be considered a strategic factor in enhancing corporate transparency and accountability.

This finding is consistent with the theory proposed by Astuti and Surtikanti (2020), which states that timeliness is an essential characteristic of financial reporting that determines information credibility. Diana and Setiawati (2017) also emphasize that timely financial reporting is more effective in supporting economic decision-making. In addition, Srimindarti (2008) explains that timeliness is a key indicator in assessing the quality of corporate financial reporting. Therefore, the results of this study reinforce the concept that timeliness plays a crucial role in improving financial reporting performance.The results of this study are also consistent with previous research conducted by Nasution (2022), which found that timeliness has a positive and significant effect on financial reporting performance. Other studies in the field of accounting indicate that delays in financial reporting can reduce investor and stakeholder confidence in a company. Furthermore, research by Lestari and Rustiana (2019) shows that timeliness significantly contributes to improving organizational performance through better information quality. Thus, it can be concluded that the hypothesis stating that timeliness affects financial reporting performance is empirically supported and aligned with prior studies. The positive effect of financial reporting timeliness indicates that firms capable of providing financial information within an appropriate reporting period enable stakeholders to make faster and more accurate

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economic decisions. This finding supports Decision Usefulness Theory, which argues that financial information only retains its value when it is available before losing its relevance. Timely reporting therefore reduces information asymmetry, strengthens investor confidence, and enhances organizational transparency. These findings are also consistent with recent studies conducted in emerging economies, which demonstrate that shorter reporting delays improve market confidence and organizational performance. From a practical perspective, organizations should strengthen internal reporting systems, integrate digital accounting technologies, and improve coordination among finance departments to reduce reporting delays.

b. The Effect of Financial Reporting Quality on Financial Reporting Performance

The analysis results show that financial reporting quality has a positive and significant effect on financial reporting performance, with a coefficient value of 0.327 and a significance level of 0.001 . This indicates that improvements in the quality of financial reports directly contribute to enhanced financial reporting performance. Financial reporting quality reflects the reliability, relevance, and accuracy of the information presented. High-quality information provides a clearer picture of a company's financial condition. As a result, users of financial reports are able to make more precise and rational decisions. In addition, financial reporting quality reflects the level of compliance with applicable accounting standards. The higher the quality of financial reports, the greater the level of stakeholder trust in the company. This, in turn, enhances the company's reputation and overall performance. Therefore, financial reporting quality is a key factor in producing effective and valuable financial reports.This finding is supported by the theory proposed by Hakim and Rosini (2018), which states that financial reporting quality is determined by the ability of reports to present accurate and reliable information. Hans et al. (2016) also assert that high-quality financial reports can improve company performance through the presentation of relevant and transparent information. Moreover, Sholohah et al. (2019) emphasize that financial reporting quality is closely related to the effectiveness of managerial decision-making. Thus, financial reporting quality plays a crucial role in determining the success of financial reporting performance.

The results of this study are also in line with previous research indicating that financial reporting quality significantly affects corporate performance. Sigilipu (2013) found that the quality of accounting information contributes to improved managerial performance. Additionally, Tumbel et al. (2017) demonstrated that financial reporting quality has a positive influence on various performance indicators. Other studies also confirm that improving financial reporting quality enhances organizational transparency and accountability. Therefore, the hypothesis stating that financial reporting quality affects financial reporting performance is supported and consistent with prior research findings. Financial reporting quality emerged as the strongest predictor of firm performance, suggesting that accurate, reliable, and transparent financial information constitutes a strategic organizational resource. This finding reinforces Agency Theory, which emphasizes that high-quality financial reporting reduces conflicts of interest between managers and shareholders by improving transparency and accountability. Furthermore, reliable financial information supports more effective strategic planning, budgeting, and investment decisions. These findings are consistent with previous empirical studies reporting that higher reporting quality contributes to improved profitability, operational efficiency, and stakeholder confidence. Therefore, companies should prioritize improving accounting standards, internal controls, and audit quality to sustain organizational performance.

c. The Effect of Financial Reporting Information Effectiveness on Financial Reporting Performance

The test results indicate that the effectiveness of financial reporting information has a positive and significant effect on financial reporting performance, with a coefficient value of 0.084 and a significance level of 0.000 . This suggests that the more effective the information presented in financial reports, the higher the resulting financial reporting performance. Information effectiveness is related to the ability of financial reports to convey relevant, accurate, and understandable information to users. Effective information enables users to better comprehend the financial condition of a company. In addition, information effectiveness is closely linked to compliance with applicable accounting standards. The more effective the information presented, the greater the usefulness of the financial reports. This ultimately leads to improved decision-making quality by management and stakeholders. Therefore, information effectiveness is an essential factor in enhancing financial reporting performance.This finding is consistent with the theory proposed by Mulyadi (2016), which states that information effectiveness is a component of accounting information systems that functions to provide accurate and relevant information. Kartikahadi (2018) also emphasizes that effective financial reports are those prepared in accordance with standards and capable of supporting decision-making processes. Furthermore, information effectiveness is associated with the system's ability to process and present data

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accurately and in a timely manner. Thus, information effectiveness plays a vital role in improving both the quality and performance of financial reporting.

The results of this study are also supported by previous research indicating that the effectiveness of financial reporting information significantly influences organizational performance. Nasution (2022) found that information effectiveness contributes positively to financial reporting performance. In addition, Irrawati and Mukaramah (2024) demonstrated that the effectiveness of variables in regression models significantly affects dependent variables. Other studies also reveal that effective accounting information systems play a crucial role in improving overall company performance. Therefore, the hypothesis stating that the effectiveness of financial reporting information affects financial reporting performance is empirically supported and consistent with prior research. Reporting effectiveness significantly improves firm performance because financial information generates value only when it is effectively communicated, understood, and utilized by decision makers. This finding extends existing accounting literature by demonstrating that effective reporting is not limited to technical compliance but also reflects the capability of organizations to transform accounting information into strategic knowledge. The result highlights the importance of accounting information systems and digital reporting platforms in improving communication quality throughout the organization. Consequently, managers should invest not only in reporting accuracy but also in technologies and organizational processes that enhance information accessibility and usability.

d. Reporting effectiveness mediates the relationship between financial reporting quality and firm performance

The mediating effect of reporting effectiveness indicates that financial reporting quality alone is insufficient to improve organizational performance unless financial information is effectively communicated and utilized throughout the decision-making process. Reporting effectiveness therefore serves as an important organizational mechanism that translates reporting quality into better managerial actions and improved firm outcomes. This finding contributes to financial reporting literature by providing empirical evidence that reporting effectiveness functions as an intermediate process connecting accounting information quality with organizational performance. Such evidence enriches previous studies, which primarily focused on direct relationships among these variables.

V. Conclusion

This study demonstrates that financial reporting timeliness, financial reporting quality, and reporting effectiveness significantly enhance firm performance both individually and collectively. Among these determinants, financial reporting quality emerged as the strongest predictor, highlighting the strategic importance of accurate, reliable, and transparent financial information in supporting organizational performance. Furthermore, reporting effectiveness was confirmed as a significant mediating mechanism, indicating that the benefits of high-quality financial reporting are maximized only when financial information is effectively communicated and utilized throughout organizational decision-making processes. These findings support Decision Usefulness Theory and Agency Theory by demonstrating that timely and reliable financial information reduces information asymmetry, strengthens stakeholder confidence, and improves managerial decision quality.From a theoretical perspective, this study contributes to the accounting and auditing literature by integrating financial reporting timeliness, information quality, and reporting effectiveness into a single analytical framework. Unlike previous studies that primarily examined direct relationships, this research highlights the mediating function of reporting effectiveness, thereby providing a more comprehensive explanation of how financial reporting attributes influence firm performance. The proposed framework extends existing financial reporting research, particularly within the context of emerging economies.The findings also provide important practical implications. Company management should strengthen internal financial reporting systems through digital accounting technologies, continuous improvements in reporting quality, and stronger internal control mechanisms to ensure that financial information is delivered accurately and on time. Auditors should enhance audit quality to improve the credibility of financial reporting, while regulators are encouraged to promote reporting standards that emphasize both information quality and reporting effectiveness as essential components of good corporate governance.Despite these contributions, this study has several limitations. The research was limited to companies located in Medan City and employed a cross-sectional research design, thereby limiting the generalizability of the findings. Future studies are encouraged to expand the research setting to different regions and industries, employ longitudinal research designs, and apply more advanced analytical techniques

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such as Structural Equation Modeling (SEM) or Partial Least Squares Structural Equation Modeling (PLS-SEM) to examine more complex causal relationships. Additional variables, including corporate governance, digital accounting capability, audit quality, and organizational innovation, may also be incorporated to enrich future financial reporting research.

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