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ERP Implementation, Earnings Management, and Financial Reporting Quality in Indonesian Consumer Noncyclical Firms

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Abstract

Purpose: This study investigates whether the adoption of Enterprise Resource Planning (ERP) systems and the practice of earnings management shape the quality of financial reporting, proxied by reporting timeliness.

Research Methodology: The sample consists of consumer noncyclicals firms listed on the Indonesia Stock Exchange (IDX) from 2022 to 2024. Purposive sampling yielded 46 firms and 138 firm year observations. ERP implementation was measured with a dummy variable, earnings management with absolute discretionary accruals from the Modified Jones Model, and reporting quality with the number of days between fiscal year end and publication of the audited annual financial statements. Leverage served as the control variable. Panel data regression with a Fixed Effect Model (FEM) was estimated in EViews 14.

Results: Individually, neither ERP implementation (p=0.46) nor earnings management (p=0.11) has a significant effect on financial reporting quality. Jointly, ERP implementation, earnings management, and leverage explain about 45.66% of the variation in timeliness.

Conclusions: The obligation to meet the reporting deadlines set by the Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) appears to carry more weight than internal technological efficiency or managers' accrual based discretion, and the length of the external audit process seems to drive publication timing.

Limitations: The observation window covers only three years and a single sector, so the findings may not generalize to other industries.

Contributions: The study adds to the accounting information systems and corporate governance literature and offers practical implications for OJK and investors regarding the determinants of disclosure timeliness.

Keywords: *Earnings Management, Enterprise Resource Planning, Financial Reporting Quality, Leverage, Timeliness*

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1. Introduction

The quality of financial statements is the foundation on which strategic business decisions are made, and it also determines how credible a company appears to investors, creditors, and other stakeholders. High quality financial statements need to contain information that is accurate, relevant, timely, and reliable so that users can make rational economic decisions (Abu, Saleh, & Vo, 2025). As operations become more complex and the demand for transparency grows, the timely publication of financial statements has become a critical issue in the digital era. This is especially true for industries that are

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closely tied to people's basic needs. The consumer noncyclicals sector within manufacturing is one of the strategic sectors of the Indonesian economy, and it has been expected to lead the recovery and stay stable in the period after the pandemic.

Data from Badan Pusat Badan (2024) show that growth in the manufacturing sector has fluctuated. It stood at 3.39% in 2021, rose to 4.89% in 2022, and then eased to 4.64% in 2023 and 4.43% in 2024. Even so, the sector remains one of the backbones of national Gross Domestic Product (GDP). Global competition and economic fluctuation put pressure on management to keep financial performance looking stable in the eyes of the public, and in some circumstances this pressure can trigger opportunistic managerial behavior in the form of earnings management (Algrady, & Xie, 2022; Akbar, Ridarmelli, Wijayanti, Pramesworo, & Esti, 2024).

Earnings management occurs when managers use the flexibility available in accounting standards to modify reported earnings in order to reach certain targets, such as protecting the firm's reputation or attracting investors (Habib, Ranasinghe, Wu, Biswas, & Ahmad, 2022). Indonesia has seen several high profile cases of this kind, for example the revenue inflation at PT Tiga Pilar Sejahtera Food Tbk and indications of window dressing at PT Indofarma Tbk. Practices like these obscure a company's real economic condition and, in theory, lower the quality of its financial statements, because the accounting adjustments involved can lengthen the time needed to finalize the statements and delay their publication to capital market authorities.

To reduce these risks and narrow the information asymmetry between agents and principals, companies have increasingly adopted integrated systems in the form of Enterprise Resource Planning (ERP) as technology has developed. Through ERP, business functions such as accounting, production, and logistics are combined into a single centralized database that provides a clear audit trail and allows transactions to be monitored in real time (Moll & Yigitbasioglu, 2019). This integration is expected to strengthen internal control, so that management has less room to manipulate data on its own. At the same time, it is expected to speed up the preparation of financial statements, so that financial information reaches the public on time (Papiorek & Hiebl, 2024).

Although ERP is designed to strengthen internal control, the empirical evidence on whether it improves reporting quality and curbs opportunistic behavior is still inconsistent. Devi and Aryani (2024) and Jovita and Wedari (2024) found that ERP implementation significantly reduces earnings management and improves reporting quality, and Steelyana (2026) reported a positive effect of ERP on earnings quality. In contrast, Roup and Purwanto (2022) found that earnings management did not decline significantly after ERP adoption, and Hsiung and Chen (2024) showed that longer ERP use reduces accrual based earnings management but increases real earnings management. A similar inconsistency appears in research on reporting timeliness. Lestari and Musrady (2023) found that ERP on its own has no significant effect on timeliness, while studies of earnings management and audit report lag report effects in opposite directions (Antoro, Anggraini, & Sasmi, 2026).

Starting from this research gap, the present study examines the effect of ERP implementation and earnings management on financial reporting quality in consumer noncyclicals firms listed on the Indonesia Stock Exchange (IDX) during 2022 to 2024. Leverage is included as a control variable to avoid estimation bias in the panel data regression. The results are expected to strengthen agency theory and to provide practical input for management, investors, and the Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) in overseeing the transparency of financial reporting in Indonesia.

2. Literature Review and Hypothesis/es Development

2.1 Agency Theory

Agency theory explains the contractual relationship between the owners of a company, as principals, and management, as agents who are given authority to run the company's operations (Panda & Leepsa, 2017). Because the two parties have different interests, conflict can arise as each tries to pursue its own benefit. In addition, management holds more information than the owners, which

creates information asymmetry (Lesmono & Siregar, 2021). This situation opens the door for managers to behave opportunistically, and earnings management is one way they can do so. Such behavior can lower the quality of financial reporting and delay the delivery of financial statements to shareholders. Agency theory also suggests that monitoring mechanisms, including external audit and information systems that leave a clear record of transactions, can reduce these costs by limiting the room for discretion (Panda and Leepsa, 2017; Nuhu, Ahmad, & Lim, 2024).

2.2 Financial Reporting Quality

Financial reporting quality reflects the ability of financial statements to provide reliable, relevant, and useful information that supports users' economic decisions (Abu, Saleh, & Vo, 2025). In this study, financial reporting quality is measured through timeliness, that is, the interval between the end of a company's fiscal year and the date its annual financial statements, audited by a public accounting firm, are published. The shorter this interval, the more timely the company's reporting. Financial statements delivered on time are considered more relevant and useful, because the information still reflects the company's current financial condition when investors and other stakeholders make their investment decisions (Ebaid, 2022).

Research on audit report lag and reporting timeliness shows that the time needed to publish financial statements depends on many factors. Meta analyses identify firm size, profitability, leverage, audit firm characteristics, audit opinion, and governance mechanisms as recurring determinants (Habib, Bhuiyan, Huang, & Miah, 2019; Durand, 2019; Abernathy, Barnes, Stefaniak, & Weisbarth, 2017). In the Indonesian setting, Endri, Dewi, and Pramono (2024) found that profitability, audit opinion, and the size of the public accounting firm shorten audit report lag. These findings suggest that timeliness is shaped not only by what happens inside the company but also by the audit process and the regulatory environment.

2.3 Enterprise Resource Planning

Enterprise Resource Planning (ERP) is a technology based information system that integrates a company's main business processes, from accounting and manufacturing to inventory, human resources, and distribution, into one centralized database (Mahmood, Khan, & Bokhari, 2020). Real time information flows and a systematic audit trail are the defining features of ERP, which reduces the risk of errors from manual recording. ERP therefore functions as a strategic governance instrument that strengthens internal control, so that the financial statements it produces are more transparent and reliable (Al, & Teoh, 2023; Nawawi, & Fazri, 2022). Studies also show that ERP changes the way accounting work is organized, restructuring processes and redefining employees' roles (Martins & Santos, 2021). At the same time, ERP is not free of problems, since workarounds and manual compensating controls can weaken the internal control benefits that the system is supposed to deliver (Pernsteiner, Drum, & Revak, 2018).

2.4 Earnings Management

In earnings management, managers alter the reported earnings figure by using the flexibility of accounting policies and the professional judgment allowed by accounting standards (Habib, Bhuiyan, Huang, & Miah, 2019; Algrady, & Xie, 2022). The practice is driven by contractual motives, capital market pressure, tax considerations, and the pursuit of managerial bonus targets (Akbar, Ridarmelli, Wijayanti, Pramesworo, & Esti, 2024). Because the reported earnings no longer reflect the firm's real operating performance, manipulation through discretionary accruals undermines the reliability of accounting information (Sutopo, Adiati, & Siddi, 2021). Managers can also shift between accrual based and real activities earnings management depending on costs and constraints (Khunkaew & Qingxiang, 2019). Ownership structure, external audit quality, and ESG performance have been shown to influence how much earnings management Indonesian and regional firms engage in (Primacintya & Kusuma, 2025).

2.5 Enterprise Resource Planning and Financial Reporting Quality

In the era of manufacturing digitalization, the adoption of an integrated information technology architecture in the form of ERP plays a strategic role in determining the reliability of corporate data governance, because it consolidates business processes into a single database. From the perspective of agency theory, ERP implementation is a strong digital internal control instrument for narrowing the information asymmetry between management and owners. This view is in line with the argument of Nawawi and Fazri (2022) about the smooth flow of reliable information, and with Roup and Purwanto (2022), who emphasize the role of this technology in strengthening corporate governance. Automated and real time data processing can eliminate the manual reconciliation steps that usually pile up at the end of the fiscal period. A systematic audit trail also makes the work of external auditors easier, so the company can finalize its financial statements sooner (Moll & Yigitbasioglu, 2019). Empirical studies support this reasoning. Jovita and Wedari (2024) and Steelyana (2026) found that ERP improves earnings quality, and Abu Abu, Saleh, and Vo (2025) showed that ERP adoption improves the relevance and faithful representation of accounting information. Technology based reporting tools such as eXtensible Business Reporting Language (XBRL) have also been linked to better reporting outcomes (Lestari, & Musrady, 2023; Saragih, & Ali, 2024). Based on this reasoning, the first hypothesis is formulated as follows.

H_1: ERP implementation has a positive effect on financial reporting quality.

2.6 Earnings Management and Financial Reporting Quality

Earnings management is a managerial action that deliberately intervenes in or changes the net income reported in external financial statements by exploiting the latitude in accounting rules. This opportunistic behavior is driven by contractual motives such as meeting bonus targets, maximizing share value, or avoiding violations of long term debt contracts (Habib, Ranasinghe, Wu, Biswas, & Ahmad, 2022; Trung, Liem, Thuy, Elgammal, & Elgammal, 2020). Agency theory suggests that firms with more aggressive accruals face greater audit risk. Complex accrual accounts can raise auditors' suspicions and prolong fieldwork by the public accounting firm, which in turn can delay the release of the financial statements (Nuhu, Ahmad, & Lim, 2024). Seen this way, earnings management can become a major obstacle to timely reporting.

The empirical evidence, however, is mixed. Noviarty, Puspitasari, and Heniwati (2021) found that earnings management is significantly related to audit report lag in Indonesian mining firms, although in their sample higher earnings management was associated with a shorter lag. Fakhfakh and Jarboui (2022) likewise found that Tunisian firms that manage earnings upward tend to release their statements sooner, with audit risk mediating the relationship. Antoro, Anggraini, and Sasmi (2026), on the other hand, found no significant effect of earnings management on timeliness in Indonesian food and beverage firms. Following the agency argument that accrual manipulation increases audit effort and delays publication, the second hypothesis is formulated as follows.

H_2: Earnings management has a negative effect on financial reporting quality.

The relationships tested in this study are summarized in Figure 1.

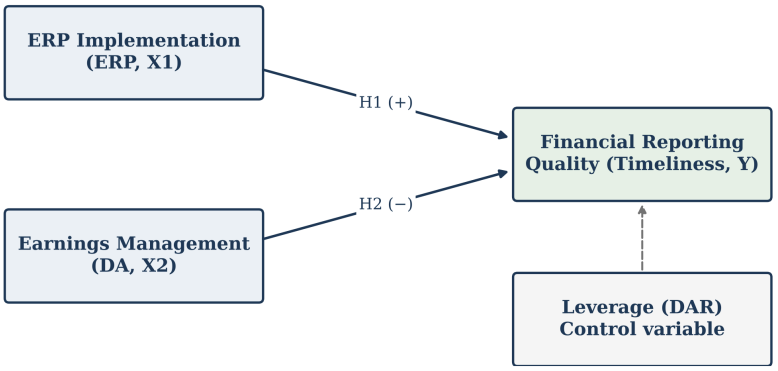


Figure 1. Research framework

Figure 1 shows the two hypothesized paths and the control variable. ERP implementation is expected to improve financial reporting quality (H_1), because integrated systems speed up data processing and leave a clear audit trail that makes the external audit easier. Earnings management is expected to reduce financial reporting quality (H_2), because complex accrual adjustments increase audit risk and lengthen the time needed to finalize the statements. Leverage enters the model as a control variable, shown with a dashed arrow, because firms with heavier debt face closer scrutiny from creditors and auditors, which may also affect how quickly they publish their reports. Because quality is measured by the number of days until publication, a positive effect on quality corresponds to a negative coefficient on the number of days, and a negative effect on quality corresponds to a positive coefficient.

3. Research Methodology

3.1 Research Design and Data

This study is quantitative and uses secondary data to test its hypotheses. The data were collected from the annual reports and sustainability reports of consumer noncyclicals firms listed on the Indonesia Stock Exchange (Indonesia Stock Exchange, 2024), supplemented by relevant articles and scientific journals.

3.2 Population and Sample

The population consists of all consumer noncyclicals firms listed on the IDX from 2022 to 2024. The sample was selected through purposive sampling, that is, selection based on criteria aligned with the research objectives. This process yielded 46 firms and 138 observations (46 firms over three years of observation).

3.3 Variable Measurement

Financial reporting quality (Y) is proxied by timeliness, because late delivery of information can weaken the economic decisions of capital market participants. The measurement is objective, namely the number of calendar days from the end of the fiscal year until the official audited annual financial statements are published on the exchange. Financial reporting quality is therefore viewed in terms of how openly and promptly the company delivers its accounting information to stakeholders. The calculation follows Formula 1, in which timeliness for firm i in year t is obtained by subtracting the fiscal year end date from the publication date of the audited annual financial statements. A smaller number of days indicates higher reporting quality.

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$$TIMELINESS_{it} = Publicationdate_{it} - Fiscalyearend_{it} \quad (1)$$

ERP implementation (X_1) refers to an integrated, technology based information system that combines and manages a company's core business processes, such as production, accounting, inventory, and distribution, in a single centralized database. ERP implementation is measured with a dummy variable. A value of 1 is assigned to firms whose annual reports explicitly state the use of an integrated ERP system, such as SAP, Oracle, or Microsoft Dynamics, in the observation year, and a value of 0 is assigned to firms that do not use one (Jovita, & Wedari, 2024; Devi, & Aryani, 2024).

Earnings management (X_2) is the alteration of reported net income through the latitude in accrual accounting policies allowed by accounting standards. This study uses the absolute value of Discretionary Accruals (DA) to measure the intensity of earnings manipulation, estimated with the Modified Jones Model, which adjusts for changes in receivables and is widely used in earnings management research (Primacintya & Kusuma, 2025). Total Accruals (TAC) are first calculated, Non Discretionary Accruals (NDA) are then estimated, and the discretionary component is obtained as the difference. As shown in Formula 2, total accruals are calculated as net income minus cash flow from operations. Formula 3 then regresses total accruals, scaled by lagged total assets, on the inverse of lagged total assets, the change in revenue, and gross property, plant, and equipment to obtain the coefficients *β1*, *β2*, and *β3*. These coefficients are used in Formula 4 to estimate nondiscretionary accruals, with the change in revenue adjusted for the change in receivables. Finally, Formula 5 derives discretionary accruals as the difference between scaled total accruals and nondiscretionary accruals, and the absolute value of this result is used as the measure of earnings management.

$$TAC_{it} = NI_{it} - CFO_{it} \quad (2)$$

$$\frac{TAC_{it}}{A_{it-1}} = \beta_1 \frac{1}{A_{it-1}} + \beta_2 \frac{\Delta Rev_{it}}{A_{it-1}} + \beta_3 \frac{PPE_{it}}{A_{it-1}} + \epsilon_{it} \quad (3)$$

$$NDA_{it} = \beta_1 \frac{1}{A_{it-1}} + \beta_2 \frac{\Delta Rev_{it} - \Delta Rec_{it}}{A_{it-1}} + \beta_3 \frac{PPE_{it}}{A_{it-1}} \quad (4)$$

$$DA_{it} = \frac{TAC_{it}}{A_{it-1}} - NDA_{it} \quad (5)$$

In these equations, *NI* is net income, CFO is cash flow from operations, A is total assets, Δ*Rev* is the change in revenue, Δ*Rec* is the change in receivables, and PPE is gross property, plant, and equipment.

Leverage is used as a control variable to account for the level of financial risk and debt, which in theory can influence publication behavior (Trung, Liem, Thuy, Elgammal, & Elgammal, 2020). It is proxied by the Debt to Asset Ratio (DAR) (Kasmir, 2024). As expressed in Formula 6 , leverage for firm i in year t is calculated by dividing total liabilities by total assets, so a higher ratio indicates that a larger share of the firm’s assets is financed by debt.

$$LEV_{it} = \frac{Totalliabilities_{it}}{Totalassets_{it}} \quad (6)$$

3.4 Data Analysis

The data were analyzed with panel data regression. According to Ghozali and Ratmono (2020), panel data regression has three estimation models, namely the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). The Chow test and the Hausman test were used to choose among them, and the FEM was selected to examine the effect of the independent variables on the dependent variable over the observation period. The regression model used in this study is presented in Formula 7, which expresses financial reporting quality for firm i in year t as a function of ERP implementation and earnings management, with leverage included as a control variable.

$$FRQ_{it} = \alpha + \beta_1 ERP_{it} + \beta_2 EM_{it} + \beta_3 LEV_{it} + \epsilon_{it} \quad (7)$$

In this equation, FRQ is financial reporting quality measured by timeliness, ERP is ERP implementation, EM is earnings management, LEV is leverage, α is the constant, β1 to β3 are the regression coefficients, and ε is the error term. The analysis was carried out in EViews 14.

4. Results and Discussions

4.1 Descriptive Statistics

Table 1. Descriptive statistics

	N	FRQ	ERP	EM	LEV
Mean	138	111.12	0.60	0.08	0.53
Median	138	118.00	1.00	0.05	0.46
Maximum	138	174.00	1.00	0.79	5.22
Minimum	138	48.00	0.00	0.00	0.00
Std. Dev.	138	18.35	0.49	0.10	0.54

Based on Table 1, the descriptive statistics are based on 138 observations from 46 sample firms over the 2022 to 2024 period. Financial reporting quality (*Y*) has a mean of 111.12 days with a standard deviation of 18.35 days. Its minimum and maximum values are 48.00 days and 174.00 days. This means that, on average, the sample firms needed about 111 days to publish their annual financial statements. The median of 118 days is slightly above the mean, which indicates that more than half of the observations took longer than the average to publish, while a few firms that published very early pull the mean down.

ERP implementation (X_1) has a mean of 0.60 with a standard deviation of 0.49. This shows that 60.14% of the sample firms had implemented an integrated ERP system, while the rest had not. Earnings management (X_2) has a relatively low mean of 0.08 with a standard deviation of 0.10. Its values range from 0.00 to 0.79, which indicates that the level of accrual based earnings manipulation among the sample firms is generally low and fairly homogeneous. As the control variable, leverage has a mean of 0.53 with a standard deviation of 0.54. Its minimum value is 0.00, and its maximum reaches 5.22. The mean indicates that about 53% of the sample firms' total assets were financed with debt.

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4.2 Model Selection Tests

Table 2. Model selection test results

Test	Statistic	Prob.	Decision
Chow	3.52	0.00	FEM
Hausman	13.41	0.01	FEM

Table 2 reports the tests used to choose among the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). In the Chow test, the cross section probability is 0.000, below 0.05, so the FEM is more appropriate than the CEM. The Hausman test then produces a cross section random probability of 0.01, also below 0.05, which means the FEM is more appropriate than the REM. Based on these two tests, the FEM is chosen as the best model for testing the effect of ERP implementation and earnings management on financial reporting quality. Because the FEM is preferred in both comparisons, a Lagrange Multiplier test between the CEM and the REM is not needed. The choice of the FEM also implies that differences among firms that do not change over time, such as their business models or long standing reporting habits, play an important role in explaining how quickly they publish.

4.3 Panel Data Regression Analysis

Table 3. Panel data regression results (Fixed Effect Model)

Variable	N	Coefficient	Std. Error	t Statistic	Prob.
C	138	346.92	273.00	1.27	0.21
ERP	138	−4.71	6.39	−0.74	0.46
EM	138	23.31	14.40	1.62	0.11
LEV	138	0.44	4.28	0.10	0.92

Table 3 presents the results of the panel data regression estimated with the Fixed Effect Model, and the estimated coefficients are written into the regression model shown in Formula 8. The panel data regression estimates in Table 3 show a constant of 346.92. This means that if ERP implementation, earnings management, and leverage were all zero, the time needed to deliver the financial statements would be estimated at 346.92 days. The coefficient for ERP implementation is −4.71. The negative sign suggests that firms using ERP tend to report faster, by about 4.71 days, ceteris paribus. This finding hints that an integrated ERP system can make data processing and the preparation of financial statements more efficient.

$$FRQ_{it} = 346.92 - 4.71ERP_{it} + 23.31EM_{it} + 0.44LEV_{it} + \epsilon_{it} \tag{8}$$

The coefficient for earnings management is a positive 23.31, which means that more earnings management tends to delay the publication of financial statements by 23.31 days, holding the other variables constant. This may reflect difficulties in preparing statements that involve earnings manipulation. Leverage, as the control variable, has a positive coefficient of 0.44, so higher debt tends to come with later publication. In other words, firms carrying greater debt risk may need more time to deliver their annual financial statements. Formula 8 thus summarizes these relationships, showing that ERP implementation shortens the reporting period while earnings management and leverage lengthen it, although the significance of each coefficient is tested separately in the following section.

4.4 Coefficient of Determination

Table 4. Coefficient of determination and model fit

Statistic	Value	Statistic	Value
R squared	0.65	Mean dependent var	111.12
Adjusted *R* squared	0.46	S.D. dependent var	18.35

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Statistic	Value	Statistic	Value
S.E. of regression	13.53	Sum squared resid	16104.28
F statistic	3.35	Durbin Watson stat	2.46
Prob (*F* statistic)	0.00		

The adjusted R^2 of 0.46 indicates that about 45.66% of the variation in financial reporting quality can be explained by the variables in the research model, namely ERP implementation, earnings management, and leverage as the control variable. The remaining 54.34% is influenced by other factors not included in this model. Table 4 also shows an *F* statistic of 3.35 with a probability of 0.00, which indicates that the variables in the model are jointly significant. The gap between the R^2 of 0.65 and the adjusted value of 0.46 reflects the many firm specific intercepts estimated in the Fixed Effect Model (FEM), which raise the raw R^2 but are penalized in the adjusted figure. The Durbin Watson statistic of 2.46 and the standard error of regression of 13.53 days complete the picture of model fit.

4.5 Individual Parameter Significance Test

The *t* test was used to examine the partial effect of each independent variable on financial reporting quality in the panel data regression model, based on the estimates in Table 3. First, ERP implementation has a probability of 0.46 (>0.05), so it has no significant effect on financial reporting quality. Second, earnings management has a probability of 0.11 (>0.05), so it also has no significant effect on financial reporting quality. Third, leverage, as the control variable, has a probability of 0.92 (>0.05), so it likewise has no significant effect on financial reporting quality.

4.6 Effect of Enterprise Resource Planning on Financial Reporting Quality

The regression results in Table 3 show that ERP implementation has a coefficient of −4.71 with a probability of 0.46, which is above the 5% significance level (0.05). This means that, partially, ERP implementation does not affect financial reporting quality, so the proposed hypothesis is not supported and is rejected. This result is consistent with Lestari and Musrady (2023), who also concluded that ERP has no significant effect on financial reporting timeliness. In consumer noncyclicals firms, therefore, adopting and integrating an ERP system has not been shown to speed up the delivery of financial statements.

The absence of an effect may be explained by the fact that publication does not depend only on the efficiency of a company's internal systems. Preparing financial statements still requires an audit by an independent public accounting firm, the completion of fieldwork, and the approval and endorsement of the statements by the board of commissioners. Administrative obstacles, bureaucratic procedures, and external factors in the audit process can therefore affect how long publication takes, so the technological efficiency of ERP does not necessarily translate directly into faster release of financial statements to capital market authorities.

4.7 Effect of Earnings Management on Financial Reporting Quality

The regression results show that earnings management does not affect financial reporting quality as proxied by timeliness. Its probability of 0.11 exceeds the 5% significance level (0.05), so Hypothesis 2 is not supported. This means that differences in the level of accrual based earnings management among the sample firms are not clearly reflected in how long they take to publish their financial statements during the observation period.

From the perspective of agency theory, earnings management can be seen as opportunistic behavior by managers who exploit information asymmetry for personal gain. However, the insignificant result suggests that small fluctuations in accrual based earnings management are not a key determinant of publication timeliness. In Indonesia, investors and market authorities do not appear to treat variation in earnings management as a factor that determines how quickly reports are released. This finding is in line with Antoro et al. (2026), who argue that reporting deadline rules push companies to meet their deadlines in order to avoid administrative sanctions from the exchange. Compliance with reporting

requirements therefore becomes the company's priority, whatever its level of earnings management. In short, earnings management does not automatically delay publication as long as supervision and regulatory compliance work effectively.

4.8 Discussion

Taken together, the results suggest that the timing of financial reporting in Indonesian consumer noncyclicals firms is driven less by internal technology or managerial discretion than by the external audit process and the regulatory calendar. The insignificant ERP effect agrees with evidence that the benefits of ERP for audit and reporting depend on how well the system is embedded in day to day processes and that workarounds can offset its control advantages (Pernsteiner, Drum, & Revak, 2018; Mahmood, Khan, & Bokhari, 2020). It also fits the view that ERP mainly improves the content of accounting information, such as its relevance and faithful representation, rather than the speed at which audited statements reach the market (Lestari & Musrady, 2023). The meta analytic literature on audit report lag points to auditor characteristics, audit opinion, and client complexity as the main determinants of delay (Abernathy, Barnes, Stefaniak, & Weisbarth, 2017), and in Indonesia the size of the audit firm and the audit opinion have been found to matter (Endri, Dewi, & Pramono, 2024). These factors lie largely outside the reach of an internal information system.

The insignificant earnings management effect is consistent with the mixed evidence in prior studies. Some studies find that firms managing earnings upward publish sooner (Noviarty et al., 2021), while others find no effect (Antoro, Anggraini, & Sasmi, 2026). The low and fairly homogeneous level of discretionary accruals in the sample, with a mean of 0.08, may leave too little variation for an effect on timeliness to emerge. The insignificant leverage coefficient similarly differs from studies in which leverage is linked to reporting delay (Ebaid, 2022), suggesting that debt levels in this sector do not change how firms respond to regulatory deadlines.

5. Conclusions

This study examined the effect of Enterprise Resource Planning (ERP) implementation and earnings management on financial reporting quality as proxied by timeliness. The object of the study was consumer noncyclicals firms listed on the Indonesia Stock Exchange during 2022 to 2024, with a sample of 46 firms and 138 observations. The results show that ERP has a negative but insignificant coefficient on financial reporting quality. This means that the use of internal information technology systems has not been shown to speed up the delivery of reports. The length of reporting on the IDX appears to be determined more by external factors, especially the length of the audit process and the completion of administrative work at the public accounting firm. Earnings management has a positive coefficient but is also insignificant. The relatively small variation in accrual based earnings management among the sample firms does not automatically delay publication, because companies continue to prioritize meeting deadlines to avoid administrative sanctions from capital market authorities. Simultaneously, the model has an adjusted R^2 of 0.46. ERP implementation, earnings management, and leverage together explain about 45.66% of the variation in financial reporting quality, while the remaining 54.34% is explained by other factors outside the model.

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Conflict of Interest

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