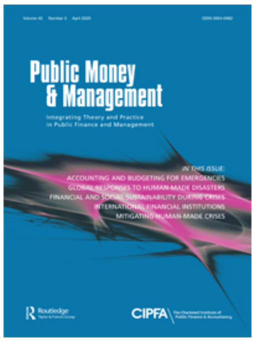

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# Navigating timeliness: Decoupling in corporate external reporting by Indonesian state-owned enterprises (SOEs)

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**IMPACT**

This article reveals the challenges of timely reporting in Indonesian state-owned enterprises, which is crucial for effective public financial management. Insights on decoupling shed light on governance gaps, informing policy improvements for transparency and accountability. These findings extend beyond Indonesia, offering valuable lessons for global public sector management, emphasising the importance of aligning regulations with reporting practices.

**ABSTRACT**

The objective of this study is to understand how Indonesian state-owned enterprises (SOEs) deal with the challenges of timely reporting. Through interviews with 18 managers responsible for corporate external reporting, this research examines the mechanisms driving SOEs' reporting practices. Indonesian SOEs often adopt formal reporting structures mandated by institutional pressures, such as regulatory requirements and societal expectations, yet they may not fully implement them in practice, opting for decoupling to balance external conformity with internal flexibility. This article sheds light on how SOEs navigate this tension, offering insights into the complexities of organizational behaviour and governance in the public sector. By uncovering decoupling practices in corporate external reporting, the research contributes to advancing institutional theory, providing valuable implications for enhancing transparency, accountability, and governance mechanisms in Indonesian SOEs and beyond.

**KEYWORDS**

Corporate external reporting; decoupling; Indonesia; institutional theory; public financial management; reporting practices; state-owned enterprises

## Introduction

State-owned enterprises (SOEs) are crucial for managing public funds, delivering public services, driving economic development, and handling strategic resources (Bałtowski & Kwiatkowski, 2022). Due to their significant reliance on public money, timely corporate external reporting by SOEs is vital. It ensures transparency and accountability, allowing stakeholders to evaluate SOEs' financial health, performance, and governance (Peña & Jorge, 2019). Timely reporting also enables effective oversight by regulatory authorities, helping identify risks, mitigate financial irregularities, and ensure compliance (Al-Mulla & Bradbury, 2020). This promotes efficient public financial management, resource allocation, and protects stakeholders' interests (Brown, 2021). Thus, timely reporting by SOEs is essential for transparency, accountability, and effective public sector governance.

Research on reporting timeliness has been ongoing since the 1970s and remains a significant concern for scholars today. Dyer and McHugh (1975) noted that larger firms tend to report more quickly due to their greater public visibility. Meanwhile, Courtis (1976) found that slow reporters, often from the service, mining, and exploration sectors, exhibit lower profitability compared to fast reporters, mainly from fuel, energy, and finance sectors. Chambers and Penman (1984) discovered that financial reports released earlier than expected have greater stock price impacts than those released on time or later than expected, with early reports often conveying positive news and late reports signalling negative news. Moving forward, Aksoy et al. (2021) investigated the effects of ownership structure, board attributes, and eXtensible Business Reporting Language (XBRL) adoption on financial reporting timeliness, revealing that companies with high institutional ownership and female board members tend to file reports earlier, while profitable firms file promptly, and highly-leveraged ones often file late. XBRL adoption enhances timeliness among Borsa Istanbul (BIST or Istanbul Stock Exchange) 100 companies due to technological agility, but lower institutional ownership and qualified audit opinions are associated with delayed filing. Hasan and Islam (2023) found that coercive and normative pressures positively influence the timeliness of corporate internet reporting, with mimetic pressures also contributing positively, all through quantitative analyses. However, there is a lack of qualitative research on corporate reporting timeliness, particularly in developing countries, that thoroughly investigates the challenges and responses to timely reporting pressures. Therefore, this article employs a qualitative approach to explore the management of timely corporate external reporting by Indonesian SOEs. Specifically, it seeks to answer the research questions: 'What challenges do Indonesian SOEs encounter in timely corporate external reporting, and how do they address these challenges?'

Indonesia offers a unique context for studying the timeliness of various corporate reports due to its developing economy and diverse corporate landscape. Indonesian SOEs, which are significant drivers of development and major public fund recipients, face unique challenges in corporate governance and accountability (Tjahjadi et al., 2024). Understanding their reporting practices is crucial for promoting transparency and effective public financial management. Indonesia's dynamic regulatory environment and cultural diversity provide valuable insights into corporate reporting mechanisms (Harun et al., 2019). This study advances corporate governance knowledge and offers lessons for other emerging economies facing similar reporting challenges.

This article contributes to institutional theory and the practice of timely reporting for Indonesian SOEs. The findings have a broad relevance, providing lessons for other countries facing similar reporting challenges. Indonesia's regulatory environment and corporate landscape offer a rich context for this study, informing global institutional theory and practice. This research improves transparency, accountability, and public financial management in Indonesia and other nations with similar governance challenges.

## Literature review

### *Timeliness of corporate external reporting from the perspective of Indonesian SOEs*

The timeliness of corporate external reporting is influenced by numerous factors, each with its own complexities and implications. Regulatory requirements serve as a foundational element, establishing deadlines for financial reporting to uphold transparency and accountability. While vital for market integrity, these regulations can at times be rigid and fail to align with organizations' operational realities (Clatworthy & Peel, 2016). Consequently, organizations may find themselves scrambling to meet deadlines, potentially compromising report quality and accuracy (Singh et al., 2022).

In Indonesia, Financial Services Authority Regulation (*Peraturan Otoritas Jasa Keuangan* or POJK) No. 29/POJK.04/2016 sets out specific reporting mandates for companies listed on the Indonesian Stock Exchange (IDX), including SOEs listed on the IDX (Financial Services Authority, 2016). According to this regulation, these entities must submit their financial reports to the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK) by the end of the fourth month following the conclusion of the fiscal year. Additionally, POJK No. 51/POJK.03/2017, which focuses on sustainable finance implementation in Indonesia, requires IDX-listed companies (including SOEs listed on the IDX) to provide sustainability reports to the OJK by the end of the fourth month of the subsequent fiscal year, detailing their performance, issues, and sustainability agenda (Financial Services Authority, 2017). Furthermore, the Minister of SOEs' Regulation No. PER-09/MBU/07/2015 concerning partnership and community development programmes (*Program Kemitraan dan Bina Lingkungan* or PKBL) mandates that all SOEs (both listed on IDX and unlisted) report the utilization of their corporate social responsibility (CSR) funds to the Ministry of SOEs by the end of the fourth month of the subsequent fiscal year (Minister of State-Owned Enterprises, 2015).

The consequences of non-compliance with regulatory reporting requirements are severe and far-reaching. In addition to potential fines and penalties, companies risk reputational damage and loss of investor confidence. Increased scrutiny from stakeholders can lead to questioning the integrity of financial reporting. Repeated non-compliance may result in stricter regulatory oversight, impacting the company's ability to operate in certain markets. Ultimately, failure to comply undermines credibility and trustworthiness, jeopardizing long-term viability and sustainability. In Indonesia, the delayed submission of annual reports, sustainability reports, and PKBL reports constitutes a violation of regulations (POJK No. 29/POJK.04/2016; POJK No. 51/POJK.03/2017; Minister of SOEs Regulation No. PER-09/MBU/07/2015). Administrative sanctions—in the form of written warnings, fines, restrictions, business activity suspension or termination, and revocation of business licenses—are imposed for the delayed submission of these reports.

Effective management of SOEs relies on clear organizational policies and procedures to shape reporting timelines. Given their public role and responsibility in managing public funds, efficient processes and data collection are essential for timely financial disclosure (Al-Mulla & Bradbury, 2020). However, bureaucratic systems or outdated technology can cause delays (Jackson & Allen, 2024). SOEs must balance compliance with regulatory requirements and operational efficiency. Excessive red tape can impede timely reporting, while lax procedures can compromise accuracy and transparency, risking public trust in their management of funds (Peña & Jorge, 2019).

The transformation of SOE reporting through technological advancements, like automation and digitization, promises increased efficiency and accuracy (Jackson & Allen, 2024). However, this progress hinges on robust infrastructure and skilled personnel, necessitating substantial investment in technology and workforce development (Bałtowski & Kwiatkowski, 2022). The rapid pace of technological change further complicates this landscape, requiring continuous adaptation to stay competitive and effectively manage public funds (Singh et al., 2022). Additionally, SOEs face the intricate challenge of complex reporting standards, particularly for multinationals navigating diverse regulations (Harun et al., 2019). This complexity demands significant time and resources, risking delays in reporting. Continuous training for finance professionals is vital to ensure compliance and uphold transparency. External pressures from stakeholders, including investors and creditors, add another layer of complexity, as SOEs must balance the need for timely reporting with the imperative of accuracy and transparency (Villiers, 2022). Rushed reporting can result in errors (Al-Mulla & Bradbury, 2020). Therefore, while technological and regulatory challenges are formidable, SOEs must strategically manage these pressures, prioritizing accurate and transparent reporting to maintain accountability and public trust in their management of funds (Tullio et al., 2022).

### *Decoupling in institutional theory*

Institutional theory explains how social structures (rules, norms and routines) 'become established as authoritative guidelines for social behaviour' (Ritzer, 2005, p. 408). The theory links the organizational practices and societal values in explaining why organizations tend to take on similar characteristics and processes, including similar reporting practices (Deegan, 2014). Deegan (2014) proposes that reporting practices serve as a means to establish corporate accountability. Companies adopt these practices to maintain legitimacy, viewing non-adherence negatively due to institutional pressure (Meyer & Rowan, 1977). The widespread adoption of these practices results in institutional isomorphism (DiMaggio & Powell, 1983), where organizations mimic successful peers (Singh et al., 2021). Additionally, normative pressures influence reporting standards, exemplified by the GRI framework (Higgins et al., 2018). Cultural and professional norms further shape reporting practices (Higgins et al., 2018). Coercive isomorphism stems from external pressures driven by resource dependency or societal expectations (DiMaggio & Powell, 1991; Midin et al., 2017). These pressures can manifest as force, persuasion, or invitation (DiMaggio & Powell, 1983).

DiMaggio and Powell (1983) adapted Weber's concept of the 'iron cage' to explain isomorphism, where organizations are constrained by societal values, beliefs, norms, and rules. Without this constraint, isomorphism would not occur as organizations would not conform to institutional myths. Oliver (1991) further elaborated on this, proposing a typology of organizational responses to institutional processes, ranging from conformity to non-conformity. Conformity to institutional myths is seen as the primary response when organizations are in the iron cage, constrained by societal constructs. However, organizations can also compromise, avoid, defy, or manipulate institutional processes when actors perceive myths from outside the iron cage, offering alternative perspectives.

Organizations not only respond to external pressures but also social expectations of legitimacy (Bromley & Powell, 2012). To gain societal approval, they aim to meet stakeholder aspirations, often conflicting with internal objectives. Conforming may hinder operations, while non-conformity risks legitimacy (Boxenbaum & Jonsson, 2017). Amid this dilemma, organizations may claim conformity while deviating (Heese et al., 2016). Bromley and Powell (2012) liken this to 'smoke and mirrors', where organizations appear compliant with formal rules for legitimacy but internally operate differently (Jamali, 2010). This creates a gap between claim and action, termed 'institutional decoupling' (Boxenbaum & Jonsson, 2017). The 'policy–practice gap' reflects this disparity, driven by socially constructed pressures for legitimacy while maintaining internal flexibility (Bromley & Powell, 2012).

Oliver (1991) suggests that organizations employ decoupling as a strategic manoeuvre in response to socially constructed processes, using what he terms as 'compromise tactics' (p. 153). These tactics involve conforming to institutional rules while simultaneously promoting their own interests, diverging from mere acquiescence. This indicates that organizations face a dual dilemma when societal expectations clash with internal objectives. They navigate this by: outwardly adopting formal policies to gain legitimacy as per societal norms, and internally maintaining customary practices to safeguard against negative impacts on operations, particularly when conformity conflicts with internal goals like efficiency or autonomy.

Decoupling policy from practice has engaged scholars of neo-institutionalism. For instance, Jamali (2010) explored how multinational corporations in Europe and Asia maintained a policy–practice gap, engaging in 'ceremonial conformity' (p. 617) by formally adopting international accountability standards (IAS) without corresponding practices to safeguard internal operations. Similarly, Behnam and MacLean (2011) argued that companies decouple formal policy adoption from practice to gain legitimacy while maintaining business-as-usual methods. This strategic decoupling, according to George et al. (2006), aims to mitigate stakeholder conflicts arising from societal pressures conflicting with internal objectives. Crilly et al. (2012) added that information asymmetry enables such decoupling, evidenced by companies in China exploiting it in CSR reporting. Luo et al. (2017) highlighted how conflicting pressures from central and local governments in China prompted companies to adopt CSR reporting hastily but with poor quality, indicative of responding to institutional complexity. Moreover, Crilly et al. (2012) suggested that divergent responses to institutional pressure stem from managers' perceptions; exploiting information asymmetry poses risks to organizational reputation (Tashman et al., 2019). Global stakeholders recognize constraints faced by multinational corporations from emerging countries, implying the need to address decoupling attempts and information asymmetry for genuine CSR performance (Tashman et al., 2019).

## Research methods

To reiterate, the objective of our study was to understand how Indonesian SOEs grapple with the challenges of timely corporate external reporting—including annual reporting, sustainability reporting, and PKBL reporting. Unlike previous studies that have predominantly employed quantitative approaches, we used qualitative approach to examine the nuanced experiences, perspectives, and strategies of SOEs in navigating the complexities of reporting timeliness.

Data were collected through the conduct of semi-structured interviews (see Table 1 for the list of questions). Interviews were chosen as the preferred data collection method for several reasons. For example, unlike surveys, interviews allow for in-depth exploration and understanding of the nuanced experiences, perspectives, and strategies of Indonesian SOEs in grappling with the challenges of timely corporate external reporting. Additionally, interviews enable rapport-building between the interviewer and the interviewee, fostering trust and encouraging participants to share candid and detailed responses. This personal interaction allows for the exploration of unanticipated topics and the clarification of responses, enhancing the richness and validity of the data collected. Moreover, interviews provide flexibility in adapting questions and probing for further detail based on

**Table 1.** Semi-structured interview guidelines.

| No. | Interview questions |
|---|---|
| 1 | Can you describe the process of preparing and submitting annual report, sustainability report, and PKBL report in your company? |
| 2 | What are the main challenges your company faces in ensuring timely submission of its annual report, sustainability report, and PKBL report? |
| 3 | How does your company prioritize annual reporting alongside other reporting obligations (i.e. sustainability and PKBL reporting)? |
| 4 | What are the key factors that influence the timeliness of annual, sustainability, and PKBL reporting in your company? |
| 5 | Can you discuss any specific strategies or initiatives implemented by your company to address challenges related to timely reporting? |
| 6 | How does your company approach the preparation and submission of sustainability and PKBL reports, and how does this process differ from annual reporting obligations? |
| 7 | What are the main obstacles your company encounters in meeting deadlines for non-financial reporting (sustainability and PKBL reporting) compare with financial reporting (annual reporting)? |
| 8 | How do regulatory requirements and industry norms impact the timeliness of external reporting in your company? |
| 9 | Can you provide examples of successful practices or interventions that have improved the timeliness of reporting in your company? |
| 10 | How does your company ensure co-ordination and collaboration between different departments or units involved in external reporting? |

the responses received, ensuring comprehensive coverage of the research objectives. Overall, we considered that interviews would be the most suitable method for capturing the multifaceted nature of the research topic and generating rich, context-specific data that contributes to a deeper understanding of the challenges and practices surrounding timely corporate external reporting in Indonesian SOEs.

The interviews were conducted face-to-face between June and August 2023, involving 18 respondents responsible for corporate external reporting. These respondents held the title of manager in sustainability reporting or an equivalent position (for example corporate secretary, investor relations manager, CSR manager). Table 2 presents an overview of the key attributes of the interviews and the interviewees.

The average age of the respondents was 42.41 years old—a relatively mature and experienced group. In terms of educational background, 10 interviewees held bachelor's degrees, while eight interviewees had master's degrees. Gender distribution among the interviewees was relatively balanced, with 11 male interviewees and seven female interviewees. On average, managers had 3.78 years of experience in their current positions at the time of the interviews, reflecting a mix of seasoned professionals and relatively new entrants to their roles. The average duration of the interviews was approximately 82.61 minutes, indicating a substantial amount of time dedicated to capturing the rich insights and perspectives of the respondents.

The interviews were conducted in Indonesian (Bahasa) with the full consent of the interviewees, and their responses were audio recorded. To ensure transparency and confidentiality, each interviewee's identity was protected by using a numerical identifier, such as 'Interviewee 1' to 'Interviewee 18'. The audio-recorded interviews were listened to multiple times and carefully transcribed. The transcribed interviews underwent thematic analysis, facilitating the identification of recurring topics, patterns, and significant information (Braun & Clarke, 2006). This method played a critical role in uncovering meaningful results and gaining insights into various aspects of the interviewees' experiences and viewpoints (Xu & Zammit, 2020). Thematic analysis involves systematically identifying patterns and meanings in qualitative data through transcription and interview review. Codes are generated to mark relevant segments and organize them into potential themes, refined through constant comparison and supported by illustrative quotations. The categories/themes emerged through a combination of top-down and bottom-up approaches, with flexibility ensured during interviews to explore topics beyond cultural dimensions. Thematic analysis allowed for both deductive and inductive coding, initially based on predefined cultural dimensions but evolving organically during data immersion. Open-ended and non-leading questions in the interview protocol aimed to minimize biases and enable comprehensive topic exploration.

## Research findings

Our interviewees explained that corporate external reporting usually starts with collecting data from various departments, which is then compiled and analysed to ensure accuracy and completeness of information. This data is then used to draft the reports, which undergo multiple rounds of review before submission to regulatory authorities. Despite the outward commitment to adhering to external deadlines, internal inefficiencies often impede the timely submission of reports. The majority of interviewees highlighted that delays in data validation and verification processes were a significant challenge in achieving timely corporate external reporting. In response, they strategically manage the balance between meeting external regulatory deadlines and maintaining internal operational efficiency. They achieve this by streamlining data collection and analysis processes and implementing customized systems and workflows, thereby ensuring compliance with regulatory requirements while safeguarding their internal operations.

For instance, Interviewee 3 highlighted this challenge:

> *Even though we stick to the regulatory deadlines for reporting on the surface, we often face delays internally for several reasons. First off, our complex organizational structure makes it hard to co-ordinate data collection across different departments. Then, the sheer amount of data we need to process can overwhelm our resources, creating bottlenecks in our workflow. On top of that, our outdated reporting systems and technology slow down data processing. Finally, our internal approval processes and review procedures add extra layers of complexity and bureaucracy, dragging out the reporting timeline. All these factors together cause delays in collecting and analysing data, which impacts how quickly we can get our reports done … in response [we] strategically balance external expectations with internal operational realities. While we outwardly commit to regulatory deadlines, internally, we prioritize streamlining data collection and analysis processes to improve efficiency. By leveraging our knowledge and experience, we have*

**Table 2.** Characteristics of interviews and interviewees.

| Interviewee | Industry | Experience (years) | Age | Education | Sex | Interview duration (minutes) |
|---|---|---|---|---|---|---|
| 1 | Energy, oil and gas | 4 | 38 | Master | Male | 85 |
| 2 | Health | 2 | 45 | Bachelor | Female | 81 |
| 3 | Manufacture | 4 | 50 | Master | Male | 82 |
| 4 | Mineral and coal | 5 | 42 | Master | Female | 85 |
| 5 | Food and fertilisers | 3 | 34 | Bachelor | Male | 80 |
| 6 | Plantation and forestry | 4 | 48 | Bachelor | Male | 82 |
| 7 | Insurance and pension fund | 4 | 39 | Bachelor | Female | 84 |
| 8 | Mining | 3 | 44 | Master | Male | 80 |
| 9 | Banking | 4 | 37 | Bachelor | Female | 85 |
| 10 | Manufacturing | 5 | 52 | Bachelor | Male | 83 |
| 11 | Health | 3 | 36 | Bachelor | Male | 84 |
| 12 | Telecommunication and media | 4 | 43 | Master | Male | 80 |
| 13 | Energy, oil and gas | 2 | 49 | Master | Female | 83 |
| 14 | Tourism | 4 | 35 | Bachelor | Male | 85 |
| 15 | Logistics | 4 | 41 | Master | Male | 82 |
| 16 | Infrastructures | 3 | 46 | Master | Female | 80 |
| 17 | Food and fertilisers | 6 | 33 | Bachelor | Female | 82 |
| 18 | Plantation and forestry | 4 | 47 | Bachelor | Male | 84 |

*implemented customized data management systems and workflows tailored to our specific needs. This allows us to maintain compliance with regulatory requirements while safeguarding our internal operations.*

Indonesian SOEs employ decoupling strategies to navigate the challenges of corporate external timeliness. As Oliver (1991) suggests, organizations use decoupling as a strategic manoeuvre to balance societal expectations with internal objectives:

*We follow standardized reporting formats and timelines mandated by regulatory authorities to demonstrate compliance with reporting requirements. However, internally, we adopt customized data collection and analysis methods tailored to our specific operational needs and challenges. This involves using internally developed software systems or databases to streamline data collection processes and ensure accuracy. By maintaining these practices, we can optimise our internal reporting processes and minimize errors or delays that may arise from relying solely on standardized reporting methods* (Interviewee 11).

This reflects a decoupling strategy where SOEs conform to institutional rules outwardly while safeguarding their internal operations. They outwardly adopt formal policies to gain legitimacy, aligning with societal norms, while internally maintaining customary practices to ensure efficiency and autonomy, even when conformity conflicts with internal goals.

Co-ordination and communication barriers in Indonesian SOEs present another substantial challenge in ensuring the timeliness of corporate external reporting, as acknowledged by the vast majority of interviewees. Despite formalized reporting processes, departmental silos and decentralized systems often hinder effective co-ordination and data collection efforts. As a result, there are delays in data consolidation and analysis, impacting the timely submission of reports:

*One of the biggest challenges is co-ordinating data collection efforts across different departments and units. Often, there are delays in obtaining relevant information, which can impact the overall timeline for report preparation and submission* (Interviewee 8).

Interviewee 18 explained further:

*Even though we have formal reporting processes, the lack of communication between departments and our decentralized systems often slows things down. Each department tends to work in its own bubble, which makes it tough to gather and consolidate data efficiently. Plus, different departments might use various tools or software, creating compatibility issues and data inconsistencies. Because of this, we face delays in pulling everything together and analysing the data, which impacts how quickly we can submit our reports.*

To overcome co-ordination and communication barriers in their organizations, Indonesian SOEs foster open communication channels and cross-departmental collaboration. Despite facing departmental silos and decentralized systems, SOEs prioritize outward collaboration to meet external reporting deadlines:

*We've established regular communication channels with different departments to ensure smooth co-ordination and data exchange. For example, we hold weekly inter-departmental meetings where representatives from each unit share updates and address any data collection issues. Additionally, we've implemented an integrated digital platform that allows real-time data sharing and tracking across departments. This system helps us identify bottlenecks early and facilitates quicker resolution of any discrepancies. By fostering a culture of open communication and leveraging technology, we aim to streamline our reporting processes and ensure timely submission of accurate reports* (Interviewee 2).

The majority of interviewees felt that the conflicting pressures from stakeholders impose a significant burden on Indonesian SOEs to meet external reporting deadlines. Balancing these conflicting demands requires strategic decision-making and resource allocation to ensure compliance with regulatory requirements while effectively managing internal operations:

*Investors demand timely and transparent reporting to assess our financial health and performance, influencing the need for accurate financial disclosures. Meanwhile, regulatory bodies impose strict deadlines and reporting requirements to ensure compliance with legal standards and maintain market integrity* (Interviewee 7).

Similarly, Interviewee 12 said:

*Internal processes, including data collection, analysis, and review, are essential for compiling comprehensive reports, however, the stringent timelines imposed by stakeholders often clash with the time-consuming nature of these processes. Additionally, resource constraints, such as outdated reporting systems and competing organizational priorities, further exacerbate the challenges, leading to delays in report preparation.*

This reflects the societal pressure on SOEs to maintain transparency and accountability in their operations, often leading to heightened expectations for timely reporting. However, internal complexities and resource constraints hinder their ability to meet these expectations consistently. Thus, SOEs face a dual challenge of balancing external pressures for timely reporting with internal operational constraints, highlighting the intricate relationship between societal expectations and organizational realities in the context of corporate external reporting timeliness.

Decoupling policy from practice is a common phenomenon observed in multinational corporations, as highlighted by Jamali (2010). Indonesian SOEs, facing similar challenges, engage in ceremonial conformity by formally adopting reporting standards while maintaining business-as-usual methods internally. Interviewee 1 noted:

*We adopt international reporting standards to gain legitimacy, but internally, we prioritize our operational methods to ensure timely reporting.*

This strategic decoupling aims to mitigate conflicts arising from societal pressures conflicting with internal objectives, reflecting SOEs' adaptation to institutional complexity.

The majority of interviewees highlighted the detrimental effects of information asymmetry in SOEs, illustrating how internal communication barriers and access to critical data hinder their ability to meet reporting deadlines effectively. The majority of interviewees emphasised the detrimental effects of information asymmetry in SOEs, illustrating how internal communication barriers and access to critical data hinder their ability to meet reporting deadlines effectively:

*… when information doesn't flow smoothly between departments, it really messes up our reporting deadlines. Take the finance department, for instance. If they don't get updates or accurate info from sales or procurement on time, it causes delays; and when we don't have all the right data at the right time, it's like trying to piece together a puzzle blindfolded. It just makes it tough to keep everything in sync for our external reporting. So, yeah, that's a big challenge we face* (Interviewee 16).

This highlights the internal communication barriers and asymmetrical access to critical data, which impede the timely compilation and verification of information necessary for external reporting obligations. Consequently, SOEs face heightened challenges in aligning internal processes with external reporting requirements, leading to delays and inconsistencies in meeting regulatory deadlines.

Information asymmetry enables decoupling in organizations, as emphasised by Crilly et al. (2012). Indonesian SOEs exploit this asymmetry to manage conflicting pressures from regulatory bodies and internal operations:

> *Say the finance department needs sales data to complete their report, but they haven't received it on time. Instead of waiting around, they proactively reach out to the sales team, follow up, and find alternative sources to gather the necessary information. They might use past data or estimates to fill in the gaps temporarily until the accurate data arrives. This way, even though there are communication gaps between departments, we ensure our reporting deadlines are met. It's like we're juggling multiple tasks simultaneously, but we always find a way to get it done on time* (Interviewee 16).

This illustrates how an SOE adopts a decoupling strategy by addressing internal communication challenges creatively to meet external reporting obligations.

Resource constraints and competing priorities further exacerbate the challenges faced by Indonesian SOEs in corporate external timeliness, as acknowledged by the majority of interviewees. In response to questions about prioritizing reporting obligations, Interviewee 5 explained:

> *You know, we have to prioritize our annual financial reporting because it's required by regulations, so we can't afford to miss those deadlines. But when it comes to sustainability and PKBL reporting, we sometimes have to push those back. Even though we want to be committed to all types of reporting, the reality is that we don't always have enough resources or time to do everything at once. For example, if we're short-staffed or dealing with a major project, we might have to delay the non-financial reports to make sure the financial ones are done right. It's a constant balancing act between meeting regulatory demands and managing our internal workload.*

Similarly, Interviewee 14 acknowledged:

> *Sustainability reporting is really demanding because it involves a lot of stakeholder engagement and materiality assessments, and these activities are incredibly time-consuming. Even though we hire a consultant to help with the reporting, it's still challenging to meet the regulatory deadlines. We have to gather input from various stakeholders, assess what's most important or material to them, and ensure all this information is accurately reflected in the report. Despite having extra hands on deck, co-ordinating all these efforts and compiling the data in a meaningful way is a complex process that often pushes us right up against our deadlines.*

Limited resources and competing priorities sometimes force organizations to prioritize certain reporting obligations over others. As a result, non-financial reporting, such as sustainability and PKBL reporting, may take a back seat, leading to delays in submission. This strategic prioritization reflects a decoupling strategy, where SOEs outwardly commit to all forms of reporting to maintain legitimacy, but internally adjust their priorities based on resource availability and operational constraints.

## Discussion of research findings

Our findings highlight the challenges that Indonesian SOEs are facing in managing timely corporate external reporting. Regulatory requirements, as foundational elements of reporting timelines, aim to uphold transparency and accountability in organizations. These regulations are critical for ensuring that SOEs, which manage public money, maintain high standards of financial disclosure and public accountability. However, these regulations can sometimes present rigid structures that do not align seamlessly with operational realities, as discussed by Deegan (2014) and Meyer and Rowan (1977). Adherence to strict deadlines, mandated by regulations in Indonesia, can lead to rushed reports. In these situations, SOEs may prioritize meeting deadlines over ensuring the quality and accuracy of their reports, potentially compromising the integrity of disclosures (Singh et al., 2021). The management of public money in SOEs adds another layer of complexity to these reporting challenges. Public funds necessitate an even greater emphasis on transparency and accountability, as mismanagement can lead to significant public trust issues and potential legal repercussions. The pressure to meet regulatory deadlines can result in incomplete or inaccurate financial reports, which undermines the principles of public financial management. This highlights a critical tension between regulatory compliance and the ethical stewardship of public resources.

A significant research finding that emerged from our study is decoupling (Oliver, 1991). Decoupling is when organizations outwardly adopt formal policies to gain legitimacy while internally maintaining customary practices to safeguard against negative impacts on operations. This dual dilemma, highlighted by Bromley and Powell (2012), occurs when societal expectations clash with internal objectives. For SOEs managing public funds, the pressure to conform to institutional rules, while ensuring efficient internal operations, is particularly pronounced. SOEs may employ decoupling tactics to present a compliant front to regulators and stakeholders while adapting internal processes to manage operational realities effectively. The concept of institutional decoupling, characterised by a gap between claims and actions, is particularly relevant in the context of reporting practices in SOEs (Boxenbaum & Jonsson, 2017). Jamali (2010) observed similar patterns among multinational corporations in Europe and Asia, where formal adoption of international accountability standards was accompanied by a lack of corresponding practices to safeguard internal operations.

Moreover, the discussion surrounding decoupling offers insights into the complexity of organizational responses to institutional pressures. Behnam and MacLean (2011) argue that companies may decouple formal policy adoption from practice to gain legitimacy while maintaining business-as-usual methods. This strategic decoupling aims to mitigate stakeholder conflicts arising from societal pressures conflicting with internal objectives. For SOEs, managing public money and adhering to public accountability standards, such a strategy can help balance the need for regulatory compliance with the operational need to ensure effective and efficient use of public funds. As highlighted by Crilly et al. (2012), information asymmetry enables such decoupling, allowing companies to exploit gaps between formal policies and actual practices. However, Tashman et al. (2019) note that this approach poses risks to organizational reputation, particularly when conflicting pressures from central and local governments prompt hasty adoption of CSR reporting with poor quality.

Our findings highlight the importance of understanding and navigating external pressures from stakeholders, which play a crucial role in influencing reporting timelines for SOEs. Stakeholders expect timely and accurate reports to assess the financial health and performance of SOEs, which directly impacts their trust and confidence in these organizations. For SOEs, which are accountable to the public for the management of public funds, maintaining stakeholder trust is paramount. Balancing the expectations of these stakeholders with the need for accuracy and transparency is essential to maintaining this trust. The pursuit of timeliness in reporting must be carefully managed to avoid rushed reporting efforts that may result in errors and misinterpretations, as discussed by Singh et al. (2021). Thus, SOEs must adopt strategies that prioritize accurate and transparent reporting while managing external pressures effectively, ensuring that the stewardship of public money is conducted with the highest standards of accountability and integrity.

## Conclusion

### *Limitations and future research*

Our study had some limitations. For example, the qualitative nature of the research may limit the generalizability of findings beyond the context of Indonesian SOEs. While qualitative research provides rich insights into the experiences and perspectives of participants, it may lack the statistical rigor of quantitative studies. Additionally, the study's reliance on interviews with managers responsible for corporate external reporting may introduce bias or subjectivity in the data collected. Moreover, the scope of the research is limited to understanding challenges and strategies related to timely reporting, overlooking other aspects of corporate governance and performance in SOEs.

Future research could address these limitations and expand on the insights gained from this study. Conducting comparative studies across different countries and regions could provide a more comprehensive understanding of the factors influencing timely reporting practices in SOEs. By examining variations in regulatory frameworks, cultural norms, and organizational structures, researchers should be able to identify commonalities and differences in reporting behaviours and the implications for corporate governance. Furthermore, longitudinal studies tracking changes in reporting practices over time could shed light on the effectiveness of regulatory interventions and organizational initiatives aimed at improving reporting timeliness. Additionally, exploring the impact of technological advancements, such as automation and data analytics, on reporting efficiency and accuracy could offer valuable insights into future trends and developments in corporate external reporting. Lastly, integrating multiple research methodologies, including qualitative and quantitative approaches, could provide a holistic understanding of the complexities surrounding timely reporting practices and their implications for public financial management and governance in SOEs.

### *Summary and practical lessons*

Unlike previous studies that have predominantly employed quantitative approaches, we investigated the nuanced experiences, perspectives, and strategies of SOEs in navigating the complexities of reporting timeliness. Indonesian SOEs face numerous challenges in meeting their timelines. First, internal inefficiencies—in the form of delays in data collection, analysis, and review processes—due to the complexity of the organizational structure, the volume of data to be processed, outdated reporting systems, and internal approval procedures. Second, co-ordination and communication barriers, due to departmental silos and decentralized systems in SOEs. Third, conflicting societal expectations. Fourth, resource constraints and competing priorities.

In response to these challenges, Indonesian SOEs navigate a delicate balance between external reporting obligations and internal operational realities through a decoupling strategy. By ensuring timely reporting, they uphold transparency and accountability in the use of public money. However, their internal prioritization of operational efficiency, while outwardly conforming to reporting standards, highlights the nuanced approach needed to manage public funds effectively. This strategic alignment enables SOEs to fulfil their reporting obligations while simultaneously safeguarding the efficiency and autonomy necessary for prudent management of public resources. Thus, decoupling in the context of corporate external reporting timeliness is a crucial mechanism for Indonesian SOEs to uphold accountability and transparency in the management of public funds.

The article makes several contributions to institutional theory and the practice of timely reporting. By focusing on Indonesian SOEs, we shed light on the internal mechanisms and external pressures influencing reporting practices but also offer insights applicable to SOEs globally. The challenges of timely corporate external reporting, including navigating regulatory requirements and societal expectations, are universal—transcending national boundaries and prevalent across diverse economic and regulatory environments. Therefore, the strategies and lessons learned from this study can be adapted and implemented by SOEs in other countries facing similar challenges, contributing to the advancement of best practices in corporate governance and reporting internationally. Moreover, the article highlights the critical role of transparency and accountability in SOEs for ensuring the efficient use of public funds and maintaining public trust.

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