

FACTORS AFFECTING THE TIMELESS OF SUBMITTING FINANCIAL STATEMENTS (EMPIRICAL STUDY OF MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2018-2021)

Monica Rahardian Ary Helmina¹, Niki Wulandari²
^{1,2} University of Lambung Mangkurat

Correspondence		
Email: monicarahardian@ulm.ac.id	No. Telp:	
Submitted: 15 July 2024	Accepted: 24 July 2024	Published: 25 July 2024

ABSTRACT

The aim of the research was to find about what factors can influence the timeliness of submitting a company's financial report. The research population and sample were 156 manufacturing companies listed on the IDX for the 2019-2021 period. The variables taken to assess timeliness are profitability, leverage, company size, audit quality, managerial ownership, institutional ownership, and audit opinion. Secondary data in the form of company financial reports were collected and then analyzed using the logistic regression method. Based on the research results, evidence was obtained that the variables that influence the timeliness of submitting financial reports are profitability, company size, audit quality, managerial ownership, institutional ownership, and audit opinion. The variable of leverage have no effect on the timeliness submission on financial statement.

Keywords: *Timeliness of Financial Reports; Profitability; Leverage; Company Size; Audit Quality; Managerial Ownership; Institutional Ownership; and Audi Opinion*

INTRODUCTION

Financial statements are an important and vital aspect for companies. Containing information about the conditions and all events that occur in a company, financial statements are useful to assist users in making economic decisions for a company. Each user of financial statement information has different interests. Because of the information contained in it, the timeliness of the report is very important. Financial reports must be presented in a timely manner, so that the need for information in the financial statements can be of good use to all parties concerned.

For companies that have public status are required to submit reports on their performance to the public. Companies that have gone public or listed on the stock exchange are required to submit their financial reports to the Financial Services Authority. The Financial Services Authority states that issuers or public companies must submit annual financial reports no later than the end of the fourth month after the financial year ends. The Covid-19 pandemic that occurred around the world had an impact on all aspects, as well as the economy and capital market. Responding to this, the Financial Services Authority issued the latest policy regarding the obligation to submit financial reports for companies. The deadline for submitting financial statements is extended to 2 (two) months from the deadline for submitting financial statements.

In actual practice, there are still many violations. There are still public companies that do not submit their company's financial statements. Based on OJK's announcement in 2018 regarding the submission of audited financial reports, there were 10 public companies that did not submit their company's financial reports. And in 2019 the companies that did not report rose to 42 companies. And in 2020 it also rose again to 52 companies that did not report their company's financial statements. And in 2021 there was another increase to 92 companies. From this data, it can be seen that there is an increase in the non-compliance of public companies to report the results of their financial statements in a timely manner from year to year.

This research is a development of research (Herninta, 2020) which is related to the factors that affect the timeliness of submission in the company's financial statements. By taking the same variables, namely profitability, leverage, company size, audit quality (KAP),

managerial ownership, and institutional ownership, as well as audit opinion. The research sample is manufacturing companies listed on the Indonesia Stock Exchange for the period 2018-2021.

In connection with the explanation above, a study was conducted with the topic “Factors Affecting the Timeliness of Submitting Financial Statements (Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange for the Period 2018-2021)”.

THEORETICAL BACKGROUND

Agency Theory

According to (Jensen & Smith, 1984) explains that agency theory is a concept that explains the contractual relationship that occurs between the principal and the agent. The principal here is the owner of the company who gives power to the agent, namely the company management to manage the company. The company management as the manager of the company is responsible to the owner and is obliged to convey information about the company to the owner of the company. Financial reports are a form of management accountability. Through the financial statements management will convey all information related to the company to the owner of the company.

Timeliness

According to (Nurmiati, 2016) timeliness is the time span required for companies to submit financial reports to the Financial Services Authority. The submission of financial reports is calculated from the closing date of the company's books to the date of submission to the Financial Services Authority. Financial reports contain important information needed for users to make an information decision. The timeliness of submitting financial reports can affect the benefits of these financial reports. The more timely the financial statements are submitted, the more useful the financial statement information is for the users.

HYPOTHESIS DEVELOPMENT

Relation of Profitability to the Timeliness of Submitting Financial Statements

Profitability is a measure of the company's financial performance as seen from the profit earned by the company in a reporting period. Profitability value can help show the effectiveness of company management in managing company resources to generate profits. The higher the profitability value, it will provide good news to outsiders so that it can encourage management to report the results of its financial statements in a timely manner (Asriyatun & Syarifudin, 2020).

The results of previous research belonging to (Herninta, 2020) prove that there is an influence between profitability on the timeliness of submitting financial reports. Meanwhile, the results of other research conducted (Nurmiati, 2016) state that there is no influence caused by the company's profitability on the timeliness of submitting financial reports.

H1: Profitability affects the timeliness of submitting financial reports in manufacturing companies listed on the IDX 2018-2021.

Relation of Leverage to the Timeliness of Submitting Financial Statements

Jumingan, 2005 states Leverage as a ratio used to measure how much of the company's assets come from debt or capital. The leverage value shows how much the company's debt value is, the greater the leverage value, the greater the debt value. A large debt value will also affects financial statement reporting. If the value of debt is high, it can indicate that the

company has a high risk of financial difficulties. This can affect managers in submitting their financial reports.

Previous research (Nurmiati, 2016) and (Herninta, 2020) found evidence that there is an influence between leverage and the timeliness of submitting company financial reports. Meanwhile, other research (Valentina & Gayatri, 2018) proves that leverage has no effect on the timeliness of companies in submitting their financial reports.

H2: Leverage affects the timeliness of submitting financial reports in manufacturing companies listed on the IDX for the 2018-2021 period.

Relation of Company Size to the Timeliness of Submitting Financial Statements

Company size is one of the scales where companies are grouped based on their size in several ways, such as through total sales, total asset value, number and so on (Asriyatun & Syarifudin, 2020). A large company must have large resources as well. With the support of sufficient and adequate resources, the company will be able to submit financial reports in a timely manner.

The results of previous research by (Nurmiati, 2016) and (Valentina & Gayatri, 2018) prove that company size affects accuracy. Different from the results of research (Bangabau & Asyikin, 2021) which states that company size has no effect on the timeliness of companies in submitting their reports.

H3: Company size affects the timeliness of submitting financial reports in manufacturing companies listed on the IDX for the 2018-2021 period.

Relation of Audit Quality (KAP) to the Timeliness of Submitting Financial Statements

The size of the public accounting firm (KAP) certainly affects the quality of the audit provided by KAP. Large KAP with a good and positive reputation are considered to be more efficient in auditing the company's financial statements (Asriyatun & Syarifudin, 2020) Large KAP such as Big Four KAP or internationally affiliated KAP are considered to have better quality.

The results of previous research (Fitria, 2021) prove that audit quality (KAP) affects the timeliness of companies in submitting financial reports to the public. Meanwhile, the results of research (Herninta, 2020), and (Santika & Nuswandari, 2021) state that audit quality (KAP) has no effect on the timeliness of submitting company financial reports.

H4: Audit quality (KAP) affects the timeliness of submitting financial reports in manufacturing companies listed on the IDX for the 2018-2021 period.

Relation of Managerial Ownership and Timeliness of Submitting Financial Statements

Ownership of company shares owned by parties within the company is called managerial ownership. Usually the shares are owned by the company's directors and commissioners. Managerial ownership in a company will have a positive impact. Through managerial ownership, the company managers also take part in making company decisions, thereby encouraging the company to increase its efforts to generate maximum profit. So that in the end it also encourages the timely submission of financial reports.

Research (Herninta, 2020) proves that the timeliness of submitting financial reports is influenced by managerial ownership in a company. Meanwhile, research (Maedah & Rahmat, 2020) states that managerial ownership has no effect on the timeliness of submitting company financial reports.

H5: Managerial ownership affects the timeliness of submitting financial reports of manufacturing companies listed on the IDX for the 2018-2021 period.

Relation of Institutional Ownership and Timeliness of Submitting Financial Statements

Company shares owned by parties from institutions outside the company are called institutional ownership. Through institutional ownership in a company, it can lead to oversight of the company's management performance so that management will avoid behavior that is considered detrimental to the principal, for example, management will be more timely in reporting its financial statements.

The results of previous research (Hilmi & Ali, 2008) prove the influence of institutional ownership on the timeliness of submission financial statement. In contrast to (Santika & Nuswandari, 2021) and (Herninta, 2020) state that institutional ownership has no effect on timeliness.

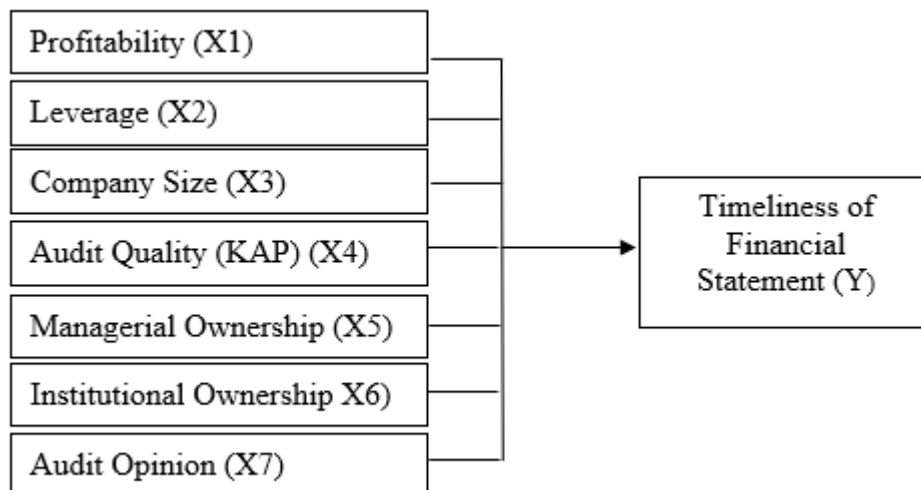
H6: Institutional ownership affects the timeliness of submitting financial reports of manufacturing companies listed on the IDX for the 2018-2021 period.

Relation of Audit Opinion to the Timeliness of Submitting Corporate Financial Statements

Audit opinion is an opinion expressed by the auditor regarding the fairness of a financial report prepared by the company manager. Companies that receive an unqualified opinion will tend to be more timely in submitting their financial reports to the public, because this can be good news so that management will submit them immediately (Videsia, Agung, & Nurcahyono, 2022).

The results of previous research by (Videsia, Agung, & Nurcahyono, 2022) prove that audit opinion affects the timeliness of submitting company financial reports. Meanwhile, different results from (Herninta, 2020) state that the timeliness of submitting company financial reports is not influenced by the audit opinion obtained by the company on its financial statements.

H7: Audit opinion affects the timeliness of submitting financial reports in manufacturing companies listed on the IDX for the 2018-2021 period.



METHOD, DATA AND ANALYSIS

This type of research is quantitative research. The type of data used is secondary data, namely financial statement data from manufacturing companies obtained from the site www.idx.co.id and the company's official website. The research population is manufacturing companies listed on the IDX for the period 2018-2021. The research sample was selected using purposive sampling.

Operational Definition and Variable Indicators

1. Timeliness of Financial Report Submission

The variable of timeliness of financial report submission will be projected using a dummy variable. Giving category 1 is for companies that report their financial statements before April 30 in the financial year ending for the 2019-2019 financial year before June 30 at the end of the financial year ending for 2020-2021. Category 0 is for companies that report their financial statements after April 30 for the financial year ending in 2018-2019 and after June 30 after the financial year ends for 2020-2021.

2. Profitability

Profitability is measured by Return on Assets (ROA). ROA is a ratio that measures the amount of net profit generated by the company against the value of the company's total assets. The ROA value shows a measure of the effectiveness of the company's asset management in making a profit. ROA is calculated by dividing the total net profit generated by the company by the company's total assets (Herninta, 2020).

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}}$$

3. Leverage

The leverage variable is calculated using the Debt to Equity Ratio (DER). DER is a ratio that calculates how much of the company's capital is used to pay its obligations. DER is calculated by dividing the company's total debt to the company's total capital (Kasmir, 2010)..

$$DER = \frac{\text{Total Debt}}{\text{Total Capital}}$$

4. Company Size

Company size is one of the scales that classifies companies by assessing their size and size based on several ways. The size of the company in this study is calculated using the total value of the assets owned by the company. Company size is calculated using the natural logarithm (Ln) of total assets.

5. Audit Quality (KAP)

Audit quality (KAP) is projected with a dummy variable. Category 1 for companies that use the services of the Big 4 or internationally affiliated KAP in auditing their company's financial statements. Category 0 is for companies that use services other than KAP other than the Big 4 KAP to audit their company's financial statements (Herninta, 2020).

6. Managerial Ownership

Managerial ownership is the company's shares from parties within the company, namely the directors and commissioners. Managerial ownership is measured by calculating the percentage of managerial ownership divided by the number of shares outstanding in the company (Herninta, 2020).

$$\frac{\text{Total Managerial Ownership}}{\text{Total shares outstanding}} \times 100\%$$

7. Institutional Ownership

Institutional ownership is the ownership of company shares by institutions, companies or institutions that exist outside the company. Institutional ownership is measured by calculating the percentage of institutional ownership divided by the number of shares outstanding in the company (Herninta, 2020).

$$\frac{\text{Total Institutional Ownership}}{\text{Total shares outstanding}} \times 100\%$$

8. Audit Opinion

Audit opinion is measured by giving a number, namely 1 for companies that get an unqualified opinion. 2 for companies that get an unqualified opinion with Explanatory Language. 3 for companies that get a Qualified Opinion. 4 for companies that get an Adverse Opinion. And 5 for companies that get a Disclaimer of Opinion.

Data Analysis Technique

In the research conducted, a quantitative analysis method was used using statistical analysis through a logistic regression approach. Using logistic regression analysis because the dependent variable in this study is dummy. The data collected is then processed using the Statistical Package for Social Science (SPSS) version 26 software. The following stages need to be considered in testing using logistic regression analysis, namely:

1. Assessing the feasibility of the regression model
2. Assess the overall research model
3. Coefficient of determination
4. Regression coefficient

DISCUSSION

Reliability and Validity

The research data is data obtained from the financial statements of manufacturing companies listed on the Indonesia Stock Exchange during the 2018-2021 period. The companies sampled in this study were 156 companies with an observation time of 4 years. The total observation data for this study is 624 data. The following are the results and discussion of the research that has been done

1. Descriptive Statistics of Research Variables

Tabel 1 Descriptive Statistics of Research Variables

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	624	-1.0498	.6072	.028824	.1223190
Leverage	624	-137.4201	786.9310	2.350372	32.4033862
Company Size	624	25.3102	33.5372	28.584754	1.5963647
Audit Quality (KAP)	624	.0000	1.0000	.349359	.4771500
Managerial Ownership	624	.0000	95.6250	7.700070	18.2452213
Institutional Ownership	624	.0000	99.9431	66.807463	24.6086307
Audit Opinion	624	1.0000	5.0000	1.415064	.5397497

Source: Data processed by the author, 2023

The descriptive analysis results in the table above explain the minimum value, maximum value, average (mean), and standard deviation of each independent variable tested.

2. Regression Model Feasibility Test

Tabel 2 Hosmer and Lemeshon test

Step	Chi-Square	Df	Sig.
1	7.818	8	.451

Source: output spss 26, 2023

The table above shows the chi-square value is 7.818 with a significance value of 0.451. It can be seen that the significance value is more than 0.05, indicating that the regression model has met the feasibility for further analysis and no model modification is required.

3. Overall model test

Tabel 3 Value Comparison

Step	-2 Log Likelihood Awal	Step	-2 Log Likelihood Akhir
0	323.328	1	270.874

Source: Output SPSS 26, 2023

4. Determination Coefficient Test

Tabel 4 Determination Coefficient Test

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	270.874 ^a	.081	.199

Source: Output SPSS 26, 2023

The test results in the table above provide information that the coefficient value shown by Nagelkerke R Square is 0.199. This value means that 19.9% of the variation in the dependent variable can be explained by the independent variables used.

5. Classification Table

Table 5 Classification Table

Observation		Prediction		
		Timelines		Oon time percentation
		Late	On time	
Timeliness	Late	0	45	.0
	On time	0	579	100.0
Total				92.8

Sumber: Output SPSS 26, 2023

The classification table provides information that based on the observation results there are 45 company financial reports that are not reported in a timely manner. While the remaining 579 company report data were reported on time. In this study 92% of the sample can be predicted correctly by logistic regression as a whole.

RESULT

Tabel 6 Hypothesis Testing Results

		B	S.E	Wald	Df	Sig.	Exp(B)	Keterangan
1	Profitability	2.462	1.101	4.999	1	.025	11.730	Hypothesis accepted
	Leverage	.035	.023	2.231	1	.135	1.035	Hypothesis rejected
	Company Size	.308	.131	5.568	1	.018	1.361	Hypothesis accepted
	Audit Quality (KAP)	-1.103	.413	7.130	1	.008	.332	Hypothesis accepted
	Managerial Ownership	.049	.021	5.746	1	.017	1.051	Hypothesis accepted
	Instituional Ownership	.017	.009	3.996	1	.046	1.017	Hypothesis accepted
	Audit Opinion	-1.231	.317	15.043	1	.000	.292	Hypothesis accepted
	Constant	-5.285	3.731	2.007	1	.157	.005	

Source: Output SPSS 26, 2023

Referring to the table of hypothesis testing results above, the regression equation obtained is:

$$Y = -5.285 + 2.462X_1 + 0.035X_2 + 0.308X_3 - 1.103X_4 + 0.049X_5 + 0.017X_6 - 1.231X_7 + e$$

Referring to the regression equation, the following interpretation can be obtained:

1. The constant value shows a value of -5.285, providing information that the probability of timeliness of financial report submission increases if all independent variables are constant.
2. The logistic regression coefficient for the profitability variable of 2.462 indicates that companies reporting financial reports will increase along with high company profitability provided that other variables are constant.
3. The logistic regression coefficient for the leverage variable of 0.035 indicates that the probability that the company will submit its financial statements on time will increase for companies that have high leverage provided that the other variables are constant.
4. The logistic regression coefficient of the company size variable of 0.308 indicates that the probability that the company will submit its financial statements will increase for companies with high total assets, provided that other variables are constant.
5. The logistic regression coefficient of the audit quality variable (KAP) of -1.103 indicates that if the audit quality variable (KAP) increases, it will increase the timeliness of the company reporting financial statements provided that the other variables are constant.

6. Regression coefficient

CONCLUSIONS

This study aims to determine the effect of profitability, leverage, company size, managerial ownership, audit quality (KAP) institutional ownership, and audit opinion on the timeliness of submitting financial reports of manufacturing companies listed on the Indonesia Stock Exchange in the 2018-2021 period. The results showed that the variables of profitability, audit opinion, audit quality (KAP), company size, managerial ownership, and institutional ownership had an effect on the timeliness of submitting financial reports of manufacturing companies for the period 2018-2021. Meanwhile, the leverage variable has no effect on the timeliness of submitting financial reports of manufacturing companies for the 2018-2021 period.

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