

Analysis of Factors Affecting Timeliness Publication of Financial Statements: Empirical Study on Manufacturing Companies in Indonesia Stock Exchange

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Abstract This study aims to find empirical evidence about the factors that influence the timeliness of financial reporting of manufacturing companies listed on the Indonesia Stock Exchange. The factors tested in this study are debt to equity ratio, profitability, company size, auditor quality, and auditor turnover. Samples from this study used 43 manufacturing companies x 3 years of research. = 129 financial report data. which is consistently listed on the Indonesia Stock Exchange in the 2014-2016 period taken using the purposive sampling method. These factors are then tested using logistic regression at a 5 percent significance level. The results identified that Debt to Equity Ratio (DER), profitability (ROA), firm size (SIZE), auditor quality (KAP), and auditor turnover (AUDCH). has no effect on the timeliness of financial reporting of manufacturing companies listed

1 INTRODUCTION

Financial reporting means for companies is to communicate various economic measurement information about resources owned and performance to various parties who have an interest in the information. Timeliness of financial reporting is an important characteristic for financial statements where financial reports that are reported in a timely manner will reduce asymmetric information. The longer the time delay in the presentation of a company's financial statements to the public, the more likely there are insider information about the company. If this happens, it will direct the market to no longer work properly. (Fitrah Qulukhil Imaniar, 2016).

One way to measure transparency and quality of financial reporting is timeliness. The time period between the date of the company's financial statements and the date when financial information is announced to the public relates to the quality of financial information reported.

The demand for compliance with the timeliness in submitting financial statements of public companies in Indonesia has been regulated in UU No. 8 Tahun 1995 concerning the capital market. Bapepam also issued a special power of attorney No.

: SKU-194 / MK.01 / 2012. Bapepam also issued an attachment to the decision of the Chairperson of Bapepam and financial institutions regarding the submission of annual issuance reports or public companies No. : KEP-431 / BL / 2012 concerning the obligation to submit annual reports in accordance with the provisions of No.XK6 as contained in the attachment of this decision. for the financial year ending on or after December 31 are late in submitting financial reports in accordance with the provisions stipulated by Bapepam will be subject to administrative sanctions in accordance with applicable regulations.As a result, companies that are late in submitting financial reports in accordance with the provisions stipulated by Bapepam will be subject to administrative sanctions in accordance with applicable regulations.

2 THEORETICAL FRAMEWORK

2.1 Factors Affecting the Accuracy of Financial Reporting Time

In this study, only six factors will influence the timeliness of corporate reporting, namely: debt to

equity ratio, profitability, ownership structure, auditor turnover, auditor quality, and company size.

2.1.1 Debt to Equity Ratio

$$DER = \frac{\text{Total Debt}}{\text{Total Shareholder's Equity}} \times 100\% \quad (1)$$

2.1.2 Profitabilitas

$$ROA = \frac{\text{Net Income}}{\text{Total Asset}} \times 100\% \quad (2)$$

2.1.3 Company Size

The size of the company in this study according to (IAI.2015) company size is measured by the total assets owned by the company.

$$\text{Company Size} = \ln(\text{total assets}) \quad (3)$$

2.1.4 Auditor Quality

Annisa (2004) defines the quality of auditors as a combination of profitability in detecting and reporting material financial report errors. De Angelo concluded that the Public Accountant Office was bigger, the audit quality produced was better. Quality auditors are good news for investors, so management will immediately submit financial reports audited by a reputable Public Accountant Office.

2.1.5 Auditor Change

Substitution of public accountants is done because the expiration of a work contract agreed between the Public Accountant Office and the assignor and has decided not to renew with a new assignment.

The framework of thinking about the relationships between the variables described above can be described as follows:

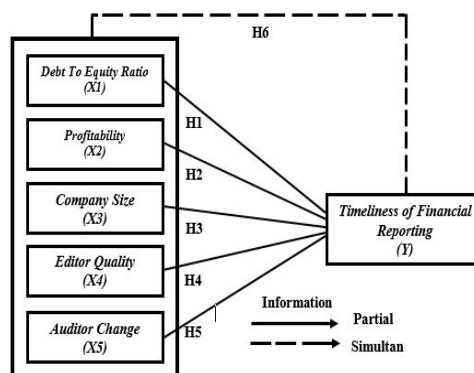


Figure 1: Theoretical Thinking Framework

H1: debt to equity ratio negatively affects the timeliness of financial reporting.

The ratio of debt to equity is also known as the financial leverage ratio. The high debt to equity ratio reflects the high risk of corporate finance. If the company has a little debt, it can still be said that it is reasonable because the debt can increase the cash inflows and can be used to generate more corporate profits. But if the company's debt is too large (Debt to Equity is too large), the company will not be able to pay the loan and interest on the loan.

H2: Profitability has a positive effect on the timeliness of financial reporting.

Profitability shows the company's success in making a profit. With the greater profitability ratio, the better the performance of the company so the company will tend to provide that information to other interested parties.

H3: Firm size has a positive effect on the timeliness of financial reporting.

The size of the company can show how much information is contained in it, while reflecting the awareness of the management regarding the importance of information, both for external parties and internal parties of the company.

H4: Auditor Quality (KAP) has a positive effect on the timeliness of financial reporting.

Sanjaya and Ni Gusti (2016); Calen (2012) defines audit quality as a combination of the probability of detecting and reporting material financial report errors. He concluded that the Public Accountant Office was bigger, the audit quality produced was also better. The quality of auditors auditing companies is very important, qualified auditors are good information so management will

immediately submit audited financial statements by reputable public accounting firms.

H5: Auditor turnover negatively affects the timeliness of the company's financial reporting.

Statement of Auditing Standards (PSA) 16 requires communication both oral and written between the preceding auditor and the substitute auditor before accepting the assignment. In contrast to the first assignment as a result of auditor changes, the reassignment of the auditor has access to all programs used in the past period and work papers related to the program. The number of procedures adopted by a substitute auditor in the auditing process takes longer than if the auditor continues to accept the assignment. This can lead to the length of auditing which results in a delay in the submission of audited financial statements (Ksa, 2003).

3 RESEARCH METHODS

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange. researchers took the population from the basic industrial and chemical sectors, as many as 66 companies and the sample was 43 companies per year in 2014,2015,2016 observations. So that obtained the amount of data (n) A total of 43 x 3 years = 129 data. Sampling in this study uses purposive sampling method, namely the selection of non-random samples whose information is obtained with certain considerations.

The variables in this study consisted of:

a. Dependent Variable

Timeliness of financial reporting (Y) is the period of time to announce audited annual financial reports to the public from the closing date of the company book (December 31) to the date of submission to Bapepam-LK. Timely financial statements will be more useful than those that are not on time.

b. Independent Variables

The independent variables in this study are debt to equity ratio, profitability, firm size, auditor turnover and auditor quality on the timeliness of financial reporting.

4 RESULTS AND ANALYSIS

4.1 Descriptive Statistical Analysis

Table 1: Descriptive Statistics.

	N	Min	Max	Mean	Std. Deviation
DER	43	-4,9	20,5	3,8	4,5
ROA	43	-,88	,62	,13	,3
SIZE	43	37,1	88,7	65,4	16,0
KAP	43	,00	3,0	1,2	1,4
AUDCH	43	,00	3,0	,67	1,0
Valid N (listwise)	43				

In accordance with the description above, it can be interpreted that the average (mean) value for a company that is on time is feasible.

4.2 Simultaneous Influence Analysis

To see the results of simultaneous effects can be seen in the results of the following SPSS output :

Table 2: Iteration History^{a,b,c}.

-2 Log likelihood	Coefficients
	Constant
32.1	-1.5
30.9	-1.9
30.9	-2.0
30.9	-2.
30.9	-2.02

- a. Constant is included in the model.
- b. Initial -2 Log Likelihood: 30,912
- c. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

Table 3 : Iteration Historya,b,c,d.

Iteration	-2 Log likelihood	Coefficients						
		Constant	DER	ROA	SIZE	KAP	AUDCH	
1	28.686	-1.640	.044	1.165	.011	-.128	-.227	
2	25.375	-2.258	-	1.947	.021	-.250	-.513	
3	24.717	-2.499	-.143	2.392	.027	-.314	-.787	
Step 1	4	24.648	-2.491	.168	2.616	.028	-.323	-.931
5	24.646	-2.475	-.173	2.662	.028	-.322	-.958	
6	24.646	-2.475	-	2.663	.028	-.322	-.958	
7	24.646	-2.475	-.173	2.663	.028	-.322	-.958	

- a. Method: Enter
- b. Constant is included in the model.
- c. Initial -2 Log Likelihood: 30,912
- d. Estimation terminated at iteration number 7 because parameter estimates changed by less than ,001.

With $\alpha = 0.05$ and degree of freedom (df) = k = 5, where k is the number of predictor variables, the value $\chi^2 (p)$ of the chi-square distribution table is 11.07048. Because $6.266 < 11.07048$ or $-2 (L0-L1) < \chi^2 (p)$, it can be concluded that together (simultaneously), the five predictor variables (DER, ROA, SIZE, KAP, AUDCH) have no significant effect on the accuracy variable Financial Reporting Time.

4.3 Model Feasibility Test (Goodness of Fit)

Based on the results of the SPSS calculation, the results of Hosmer-Lemeshos are as follows:

Table 4: Hosmer and Lemeshow Test.

Step	Chi-square	df	Sig.
1	6.003	8	.647

Based on the results of SPSS Version 22 shows that the results of the Hosmer and Lemeshow Test are 6.003 and are significant at 0.647 because this value is above 0.05, the model is said to be fit and the model is acceptable.

4.4 Determination Test (Contribution of Variables Free of Bonded Variables)

To see the results of the contribution of independent variables (DER, ROA, SIZE, KAP, and AUDCH) to TW (Y) can be seen in the following Summary Model of the SPSS output:

Table 5: Model Summary.

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	24.646 ^a	.136	.264

- a. Estimation terminated at iteration number 7 because parameter estimates changed by less than ,001.

H1: Debt to Equity Ratio affects the timeliness of corporate financial reporting.

Corporate debt variables measured by debt to equity ratio (DER) show a negative coefficient value of -.173 with a significant variable of $0.360 > 0.05$. This means that it can be concluded that H1 is rejected. Thus it is not proven that corporate debt affects the timeliness of corporate financial reporting.

H2: Profitability affects the timeliness of company financial reporting.

The profitability variable as measured by Return on Assets (ROA) shows a positive coefficient value of -2.663 with a variable significance of $0.225 > 0.05$ (5 percent). This means that it can be concluded that H2 is rejected. Thus it is not proven that the probability affects the timeliness of corporate financial reporting. This result is consistent with research

H3: Company size affects the timeliness of company financial reporting.

Variable Company Size shows a positive coefficient value of 0.028 with a significant variable of $0.498 > 0.05$. This means that it can be concluded that H3 is rejected. Thus it is not proven that company size affects the timeliness of corporate financial reporting.

H4: The quality of the auditor influences the timeliness of the company's financial reporting.

The auditor quality variable (KAP) shows a negative coefficient value of -0.332 with a significant variable of $0.463 > 0.05$ which means that it can be concluded that H4 is rejected. Thus it is proven that the Quality of Auditors (KAP) does not affect the timeliness of the company's financial reporting.

H5: Auditor turnover affects the timeliness of company financial reporting.

The variable auditor change shows a negative coefficient value of 0.958 with a significant variable of $0.253 > 0.05$. This means that H5 is rejected, thus it is not proven that the change of auditor affects the timeliness of the company's financial reporting.

5 CONCLUSION

From the results of data research and discussion, the following conclusions are obtained:

1. The object of the study consisted of 43 companies in a row in 2014 - 2016. Overall the company was on time in financial reporting to Bapepam.
2. The test results with logistic regression show empirical evidence that DER, ROA, SIZE, KAP and AUDCH simultaneously do not have an effect on the timeliness of financial reporting.

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