Study of The Timeliness of Annual Financial Reporting for Public Companies on The Indonesia Stock Exchange During the Covid-19 Pandemic

ABSTRACT

Aims: Study this regarding the timeliness, aim test influence companysize, leverage, profitability and internal control system (ICS) on timeliness in companies listed on the Indonesia Stock Exchange (IDX).
Study design:correlational.
Place and Duration of Study: The Indonesia Stock Exchange in 2020
Methodology: Population study this is whole companies listed on the Indonesia Stock Exchange in 2020. Sample 84 is determined based on the formula Slovin, with a simple random sampling technique. The analytical method used multiple linear regression with SPSS 24 program.
Results: Profitability and ICS significantly negatively affect timeliness reporting finance, while leverage has a positive impact; as for the size company, no influence on timeliness reporting finance.
Conclusion: Research results support signalling theory, providing empirical proof that timeliness will also be the more appropriate time for companies with high profitability and ICS.

Keywords: timeliness, internal control system, profitability, leverage, companysize.

1. INTRODUCTION

During the Covid-19 pandemic, society and business restrictions impacted the system reporting finance. Authority Service Finance (OJK) has to emit Policy relaxation and annual report finance the audit, which was originally from April 30 to June 30 year next for Indonesian Stock Exchange issuers [1]. Besides, the IAPI and IFAC [2] have also emitted remote audit guidelines for carrying out the distance audit process far. The second policy intended to give leniency and reporting process finances so that could serve appropriate time. Reporting finance at the proper time is a matter urgent for internal stakeholders making decision economy. Lateness reporting will become a bad precedent for a company and potentially harm making decision economy. Although so, the phenomenon of enhancement of lateness delivery report finance is still occurring annually by a company listed on the Indonesia Stock Exchange. In 2019 42 companies were late [3], and in 2020 52 were late [4].

The timeliness of reporting finance is a full day from the end yearbook fiscal until with date audit report [5]. Research results earlier still there is a different opinion about the influence size company, leverage and profitability on timeliness, therefore that motivating done study again, especially during the covid 19 pandemic.

Suadiye [5], Tinumbia et al. [6], and Gulec [7] disclose the size company's influential negative significance against timeliness. Negative influence indicates that if the size company is bigger, then time the reporting is shorter or, in other words, the right time. In connection with the more big size company, then source the power they have is also increasing big, incl ownership technology and more advanced information for processing information faster and accurately. However, AlNajran and Faleel [8] revealed the size company's influential positive significance against timeliness. Influence positively indicates that if the company size is bigger, it needs a long time to report. Its relationship with the big company, then transaction the more complex, so it needs more time to process and arrange the report. Opinion from another author revealed that the size company does not influence timeliness [9,10,11,12].

Handayani et al. [13] and Pujiatmi and Ismawati [14] revealed leverage influence negatively significant against timeliness. Negative impact indicates that the higher leverage, then reporting finance more quickly. It could occur when management responds to positive requirements by registering appropriate time from the creditor. On the side other, the increased ability to pay a debt will respond positively by the market [15], so management will try immediately publish, and with such, the timeliness of the short. Different Wulandari [16] and Dewayani et al. [17] revealed that leverage has an effect positively significant to the timeliness, which indicates enhancement debt caused need more many time for reporting because need time more for validity value and confirmation to a creditor. However, other researchers disclose that leverage does not influence timeliness [7, 9, 10, 11].

Suadiye [5], Gulec [7], AlNajran and Faleel [8], and Aula and Budisusetyo [11] disclose profitability influential negative against timeliness. Negative influence indicates that the more profit increases, the shorter the delivery report. A profitable company is a good news so that it will respond positively to the market; therefore that management will try immediately report finance to the public [18]. However, Surachyati et al. [10] and Handayani et al. [13] disclose that profitability is influential positive against timeliness. Influence positively indicates if profit increases, then time delivery report will also increase, probably very caused management will carefully count profit, so need a long time. Mappadang et al. [9] and Ekienabor and Oluwole [12] disclose that profitability is not influential against timeliness.

Variable urgent Another thing that affects timeliness is the company's internal control system. System internal control involves the board of commissioners, management, and personnel another, designed to give adequate belief about the achievement of three objectives: effectiveness and efficiency operation, reliability reporting finance and compliance to applicable laws and regulations [19]. If a company has good internal control, then the effectiveness and efficiency of information processes will be reliable to speed up the reporting process finance. Besides, the company with good internal control will more obey regulations reporting from an authority, so will appropriate time. Mu'afiah [20] and Indrayani&Wiratmaja [21] disclosed their research results that the ICS negatively affected time audit completion. Hence, the impact on time more reporting was short.

There is a phenomenon of the lateness of delivery report finance audits and results other research such, then interesting study back, especially during the covid 19 pandemic, so you can know variable what effect against timeliness, so could use intake Policy accuracy reporting finance company.

2. LITERATURE REVIEW AND HYPOTHESIS

2.1 Signaling Theory

Approach perceived signalling theory suitable for examining timeliness during a pandemic covid 19. The signalling theory reveals published information companies as announcements will give a sign for inside investors taking investment decisions [18]. Information could be bad news or good news. The accuracy of reporting finance is good news because it could interpret that management has obeyed the rules of reporting and performing ok. On the contrary, lateness in reporting finance is bad news. It could become precedent bad for a company because it could interpret management face problem information and compliance reporting. Brigham and Houston [22] revealed that publication information is urgent for investors and actor's businesses because the information, in essence, service description, notes, or picture, fine for the past state, the moment this, as well as the future, come for continuity life company and how the effect on the company.

2.2Preparation hypothesis

2.2.1 Influence size company against timeliness.

The size company was bigger, which showed that the company had developed forward, so is news well, because that management will quickly publish. The explanation this in line with the results study by Suadiye [5], Tinumbia et al. [6] and Gulec [7], which revealed that the size company has an influential negative significance on timeliness. Connection negative indicates that the bigger the company, the shorter the period because the source power big can use to process information faster. There is no experience constraint in reporting, so that time reporting will be quicker. On base prediction such, then hypothesis 1(H1): size company influential negative against timeliness.

2.2.2 Effect of leverage on timeliness.

Leverage is the company's ability to meet its obligations with equity or owned assets [22]. Wulandari [16] and Dewayani et al. [17] disclose that leverage has an effect positively significant to the timeliness, which indicates enhancement debt caused need more many time for reporting because need time more for validation mark payable and confirmation to a creditor. On base prediction hypothesis 2 (H2): leverage influential positive to timeliness.

2.2.3 Influence profitability against timeliness.

Profitability is the ability company to obtain profit [22]. Profitability tall is news good to interested parties; therefore, that information will be delivered faster [23]. Opinion in accordance with the results of research by AlNajran and Faleel [8], Suadiye [5], Aula and Budisusetyo [11] and Gulec [7], which states that profitability influential negative significant against timeliness. Negative influence indicates that the more profit increases, the shorter the delivery report. On base prediction such, then hypothesis 3 (H3): profitability influential negative to timeliness.

2.2.4 Influence internal control system on timeliness

The internal control system involves the board of commissioners, management, and personnel another, designed to give adequate belief about the achievement of three objectives: effectiveness and efficiency operation, reliability reporting finance and compliance to applicable laws and regulations [19]. If the company has good internal control, then the effectiveness and efficiency of information processes will be reliable to speed up the financial reporting process. Besides, the company with good internal control will more obey regulations reporting from an authority, so will appropriate time. It has been tested empirically that the internal control system negatively affects time audit completion, so it impacts on time more reporting short [20,21]. Thus, hypothesis fourth (H4): system internal control influential negative to timeliness.

Based on the above study, then could depictedresearch framework as follows:

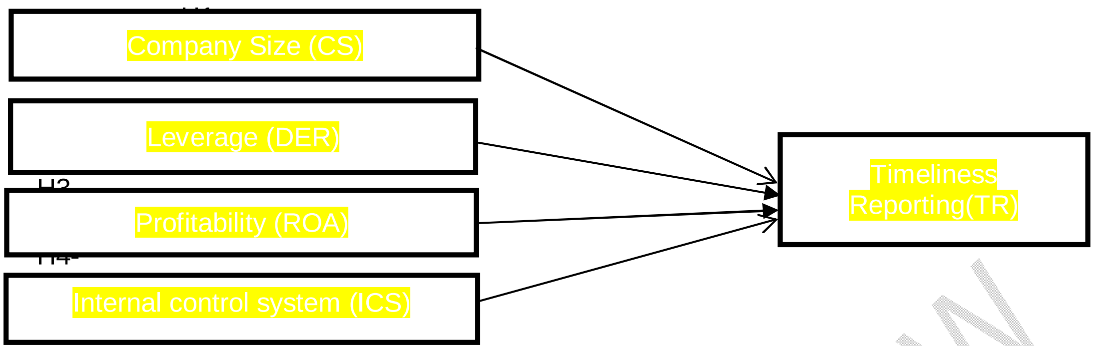

Figure 1.Research Framework
Source: developed in the study (2022)

3. METHOD

The design of this study includes the correlation group, aiming to determine the effect of the independent variables (CS, DER, ROA and ICS) on the dependent variable (TR), as shown in Figure 1. Research Framework.

Thepopulation study showed that there were 786 companies listed on the Indonesia Stock Exchange in 2020. The sample study was determined with simple random sampling with method vote issuers, as the total sample 84 taken use formula Slovin.

Documentation or studies library is used for collecting data in a study. Data obtained from publication report finance companies listed on the Indonesia Stock Exchange (IDX) accessed through: www.idx.co.id. The technique analysis used is multiple linear regression with equality as follows:

$$TR = \alpha + \beta_1 CS + \beta_2 DER + \beta_3 ROA + \beta_4 ICS + e$$

Where:

TR : Timeliness Reporting,full day from the end of the yearbook fiscal until with date audit report [5].
CS : Corporate size= Ln Total Assets [5].
DER : Leverage is proxied by debt to equity ratio (DER)= debt shared equity [22].
ROA : Profitability proxy Return on Assets (ROA)= profit divided by total assets [22].
ICS : Internal Control System: measured with audit opinion, 1 (one)=WTP (fair without exceptions) and 0 (zero)= other than WTP [24].
α : constant
β1-4_ : coefficient regression
e : error

Stages analysis multiple linear regression includes classical assumption test, fit test and hypothesis test and overall steps processed with the SPSS 24 program.

4. RESULTS AND DISCUSSION

4.1 Test Results of Classic Assumption of the Multiple Linear Regression.

Using analysis multiple linear regression requires a classic assumption test to avoid bias in an interesting conclusion. The classic assumption test includes normality, multicollinearity, autocorrelation, and hyteroscadicity tests [25].

The results of the histogram graph in Figure 2 shows that the data bar chart is inside the curve, and referring to Ghozali's opinion [25], the data is normally distributed.

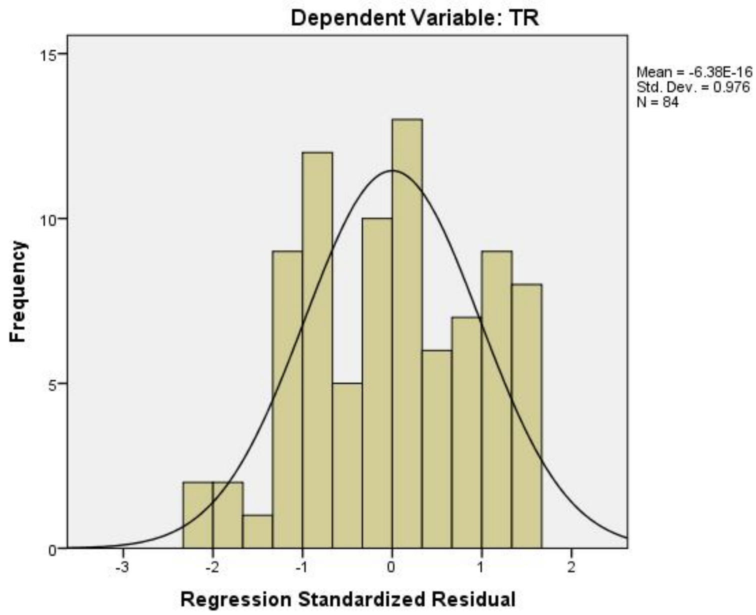

Figure 2 Histogram Graph

Table 1 shows all variables with tolerance values above 0.1 and VIF values less than 10, and referring to Ghozali's opinion [25], the regression model is free of multicollinear problems.

Table 1. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	std. Error	Betas	t	Sig.	tolerance	VIF
1	(Constant)	157,724	31,618		4,988	.000		
	CS	-1,277	2,541	-.049	-.503	.617	.911	1,098
	DER	1,445	.620	.225	2,331	022	.947	1,056
	ROA	-.210	093	-.228	-2,246	.028	.853	1.172
	ICS	-31,167	6,742	-.464	-4,623	.000	.874	1,144

a. Dependent Variable: TR

Table 2 shows the Durbin-Watson value of 1.985, and referring to Santoso's opinion [26], the regression model is free of autocorrelation problems.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.552 [a]	.304	.269	25020	1995

a. Predictors: (Constant), ICS, CS, DER, ROA
b. Dependent Variable: TR

The results of the scatterplot graph in Figure 3 show that the data is spread above and below the 0 axes, and does not form a specific pattern, and referring to Ghozali's opinion [25], the regression is free of the hiteroscadicity problem.

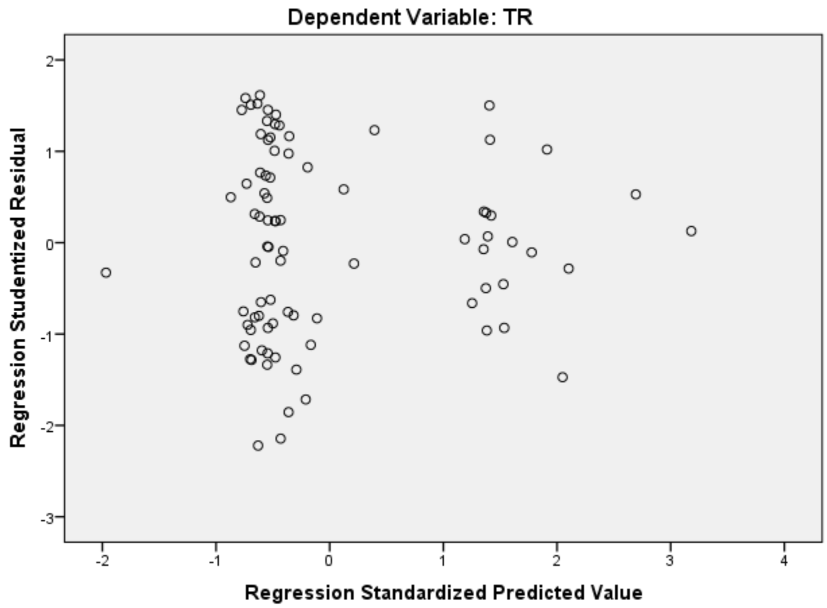

Figure 3: Scatterplot Graph

4.2. Model Feasibility Results.

Table 3 shows a sig value of 0.000 less than 0.05, and referring to Ghozali's opinion [25], the multiple linear regression model is feasible. In addition, table 2 shows the adjusted R square value of 0.269, meaning that firm size, debt to equity ratio, return on assets, and internal control system can explain the effect on the timeliness of 26.9%. In comparison, the remaining 73.1% is influenced by other variables.

Table 3. ANOVA

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	21648.458	4	5412.114	8,646	.000[b]
	Residual	49453.102	79	625,989		
	Total	71101.560	83			

a. Dependent Variable: TR
b. Predictors: (Constant), ICS, CS, DER, ROA

4.3. Hypothesis Test Results.

The hypothesis test use criteria result mark significance; if the same with or not enough of 0.05, then the hypothesis is accepted, and if more than 0.05, then the hypothesis is rejected [25].

4.3.1.Test results of hypothesis 1.

Table 1 shows that company size (CS) has a coefficient of -1.277 and sig. 0.617 is bigger than 0.05, then indicates size company influential negative not significant to the timeliness, with thereby hypothesis 1 is rejected. This show that big-size company nor small must obey the rule of periodization delivery report finances to avoid catching sanctions. Research results from this in line with research conducted by Mappadang et al. [9], Surachyati et al. [10], Aula and Budisusetyo [11], and Ekienabor and Oluwole [12], who stated that size company has no influential to timeliness. However, results study the opposite with research conducted by Suadiye[5], Tinumbia et al. [6] and Gulec [7], who stated that the size company influential negative on timeliness.

4.3.2.Test results of hypothesis 2.

Table 1 shows the Debt to Equity Ratio (DER) with a coefficient of 1,445 and a sig. 0.022 small of 0.05, then indicating leverage influential positive significant to the timeliness, with thereby hypothesis 2 being accepted. The more debt increase in total accounts and values money, then need more testing and confirmation deep, so needed time to draft report longer finances. Study this in line with research conducted by Wulandari[16] and Dewayani et al. [17], which revealed positive significance.

4.3.3.Test results of hypothesis 3.

Table 1 shows the Return on Assets (ROA) coefficient -0.210 and sig. 0.028, small of 0.05, indicates that profitability is influential and negatively significant to the timeliness, with thereby hypothesis 3 being accepted. This is because the company that owns profitability tall is news good for investors, so management will immediately publish a report finance. Research results from this are in line with Suadiye [5], Gulec [7], AlNajran and Faleel [8], and Aula and Budisusetyo [11], who stated that profitability is influential negative against timeliness.

4.3.4.Test results of hypothesis 4.

Table 1 shows the Internal Control System (ICS) with a coefficient of -31,167 and a sig. 0.000, small of 0.05, indicates that the internal control system has an effect negatively significant against timeliness, so hypothesis 4 is accepted. A good internal control system will produce accurate information, effectiveness and efficient operation, so report more appropriate time. Research results from this support research conducted by Mu'afiah [20] and Indrayani&Wiratmaja [21] that System Internal Control is influential negatively significant to timeliness.

5. CONCLUSION

During the Covid-19 pandemic, research was done to conclude that profitability and internal control systems affect a negative significance on timeliness, and leverage effect a positive significance on timeliness. In contrast, the size company does not influence timeliness.

Limitations in the study lay in the small sample and adjusted R square value of 0.269, which is variable independent (companysize, leverage, profitability, and ICS) and can only explain 26.9% against timeliness. In contrast, the remaining 73.1% is explained by other variables not included in the models. On base limitations, the recommended next study could add sample research and other variables that can affect timeliness, for example, liquidity ratio, activities ratio, market ratio, GCG, etc.

Research results support signalling theory, providing empirical proof that timeliness will also be a more appropriate time for companies with high profitability and ICS. Unlike a company with increased leverage, time reporting will also be longer. Kindly practical results study this expected to give leadership benefits to office accountant public, auditors and investors to pay attention to profitability, ICS and leverage in reporting finance, so no occur delay.

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