The International Journal of Humanities & Social Studies

ISSN 2321 9203

www.theijhss.com

THE INTERNATIONAL JOURNAL
HUMANITIES & SOCIAL STUDIE

Editorial Board

Editorial Advisory

Table of Contents

Articles

The International Journal of Humanities & Social Studies

ISSN 2321 - 9203

Volume 6 Issue 9

September, 2018

www.theijhss.com

THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

Factors That Determine the Speed of Financial Statement Completion: The Case Study of Textile Manufacturing Company Listed in Indonesian Stock Exchange

I Wayan Widnyana
Lecturer, Department of Management, University of Mahasaraswati Denpasar, Indonesia
I Wayan Suarjana
Lecturer, Department of Management, University of Mahasaraswati, Denpasar, Indonesia
I Nyoman Mustika
Lecturer, Department of Management, University of Mahasaraswati Denpasar, Indonesia

Abstract
This study aims to analyze the factors that influence the timeliness of the submission of financial statements of textile and garment sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX). The factors tested in this study are profitability, liquidity, financial leverage and company size as independent variables while timeliness is the dependent variable. The sample of this study consisted of 42 companies listed on the Indonesia Stock Exchange (IDX) and submitted financial statements to Bapepam in the 2013-2015 period. The data used in this study are secondary data and sample selection using purposive methods. The analytical tool used was logistic regression analysis at a 5% significance level. The results of hypothesis testing show that the company's liquidity and size have a significant effect on the timeliness of the submission of financial statements. However, there is no evidence that profitability and financial leverage affect the timeliness of the submission of financial statements.

Keywords: *Profitability, liquidity, financial leverage, company size*

1. Introduction

The textile and garment industry in Indonesia are one of the backbones of the manufacturing industry and is a national priority industry that is still prospective to be developed. The textile and garment industry contribute significantly to economic growth, in addition to creating substantial employment, this industry encourages increased domestic and foreign investment. Current economic conditions have created intense competition among companies in the industry. Competition makes each company increasingly improve performance so that its goals can be achieved. Every investor must expect a high rate of return and do not want the risk of his investment. Therefore, investors will only invest in less risky sectors. For this reason, before deciding to invest, investors must first have the right knowledge and understanding of the company's performance through financial statements that have been published so that it can be used as a basis for making investment decisions. To assist investors in making investment decisions, companies need to do financial reporting. Accounting presents information about the company's financial performance which can be seen from the financial statements.

Demands for compliance with timeliness in the submission of public financial reports in Indonesia are regulated in Law No. 8 of 1995 concerning the Capital Market and subsequently regulated in the Decree of the Chairman of Bapepam No.80 / PM / 1996. This regulation states that issuers and public companies must submit annual financial reports that have been audited by an independent accountant, no later than the end of the fourth month (120 days) after the date of the company's financial statements. But then Bapepam tightened the regulation with the issuance of the Decree of the Chairman of the Capital Market Supervisory Agency Number 36 / PM / 2003 concerning the Obligation to Submit Periodic Financial Reports. In its attachment, namely Bapepam Regulation Number X.K.2, it is stated that the annual financial statements must be accompanied by an accountant's report with a common opinion and submitted to Bapepam no later than the end of the third month (90 days) after the date of the financial statements.

Companies that are late in submitting their financial statements in a timely manner will be subject to administrative sanctions and fines, in accordance with the provisions stipulated by the law. Indonesia Stock Exchange (IDX) through the decision of the directors of PT. The Jakarta Stock Exchange Number 306 / BEJ / 07-2004 issued a regulation for periodic recording of Number I-E concerning the obligation to submit information, the time limit for which was adjusted according to Bapepam regulation No. X.K.2. The Indonesia Stock Exchange also issued a decision on the directors of PT. Jakarta Stock Exchange Number 307 / BEJ / 07-2004 namely Rule Number I-H About Sanctions. For companies that are not compliant with these regulations, it is stated that there are four forms of sanctions imposed consisting of: 1) Written warning I, for the delay in submitting financial reports up to 30 (thirty) calendar days from the deadline for submission of financial statements; 2) Written warning II and fine of Rp 50,000,000, - if starting from the 31st to 60th calendar days since the deadline for submission of financial statements, the company is recorded as still not fulfilling the obligation to submit financial statements; 3) Written warning III and fine of Rp 150,000,000, - starting from the 60th calendar day to the 90th calendar day since the deadline for submission of financial statements, the listed company still does not fulfill the obligation to submit a financial report or submit a financial report but does not fulfill the obligation to pay a fine as referred to in the provisions of rule II above; 4) Temporary suspension of trade in the event of a financial report obligation and or the aforementioned fine has not been carried out by the company Keluarnya peraturan-peraturan tersebut merupakan cerminan bahwa pihak pembuat peraturan cukup serius menanggapi kasus ketidakpatuhan dalam penyampaian laporan keuangan.

2. Literature and Hypothesis

2.1. Obeydience Theory

Compliance theory can encourage someone to be more compliant with applicable regulations, as well as companies that try to submit financial statements in a timely manner because in addition to being an obligation of the company to submit financial statements on time, it will also be very useful for users of financial statements.

2.2. Agency Theory

In the implementation of agency theory requires the agent to provide detailed and relevant information on funding the company's capital costs. In reality, it is not as easy as that the principal obtains the information needed or the agent provides the information to the principal. Differences of interest between the two parties cause the agent to give or hold the information requested by the principal if it is profitable for the agent, even though it is an obligation for the agent to provide information needed by the principal. Therefore, research on timeliness is a further development of agency theory which shows differences in views and interests between principal and agent (Jensen and Mekling, 1976) in Ukago (2004).

2.3. Financial Statement

According to Baridwan (2004) in Dwiyanti (2010), Timely means that information must be submitted as early as possible to be used as a basis to assist in making economic decisions and to avoid delays in decision making. This financial report is made by the management in order to account for the tasks charged to him by the owner of the company.

2.4. Financial Statement Reporting

Financial reporting does not only include financial statements but also other ways of communicating related information, both directly and indirectly. Financial reporting is expected to provide information about the company's financial performance over a period and how the management of a company uses its management responsibilities to the owner. Financial reporting is not designed to measure the value of a business enterprise directly, but the information presented may help those who want to estimate its value.

2.5. Profitability

Profitability is the ability of companies to generate profits at certain levels of sales, assets, and share capital (Hanafi and Halim, 2008, p. 85). Profitability is one indicator of the company's success to be able to generate profits so that the higher the profitability, the higher the company's ability to generate profits for the company.

2.6. Liquidity

Liquidity is the availability of resources (ability) of a company to fulfill its short-term liabilities that are due, by looking at the company's current assets relative to its current debt. The liquidity of a company is often indicated by the current ratio of comparing current assets with current liabilities. This ratio can provide a measure of liquidity that is fast, easy to use and can be the best indicator of the extent to which claims from short-term creditors have been covered by assets that are expected to be converted to cash quickly enough (Brigham & Houston, 2006).

2.7. Financial Leverage

Leverage is a tool to measure how far a company depends on creditors in financing company assets. Companies that have high leverage mean that they rely heavily on outside loans to finance their assets, while companies that have low leverage are more likely to finance their assets with their own capital. Thus, the higher leverage means the higher the risk because there is a possibility that the company cannot pay off its obligations in the form of principal and interest (Soekadi, 1990) in Dwiyanti (2010).

2.8. Company Size

The size of the company can be based on the total value of assets, total sales, market capitalization, number of workers and so on. The greater the value of these items, the greater the size of the company. In detail, large companies are often followed by a large number of analysts who always expect timely information to strengthen and review their expectations. Large companies are under pressure to announce their financial statements on time to avoid speculation in trading the company's shares (Owusu-Ansah, 2008).

2.9. Punctuality

One way to measure transparency and financial reporting quality is timeliness. Timeliness does not guarantee relevance, but relevance is not possible without timeliness. Therefore, timeliness is an important limitation on the publication of financial statements. Timeliness also shows that financial statements must be presented at regular intervals to show changes in the state of the company which in turn may affect the predictions and decisions of users.

3. Hipothesis Formulation

3.1. Profitability with Timely Submission of Financial Statements

Companies that have high profitability can be said that the company's financial statements contain good news and companies that have good news will tend to submit their financial statements on time. This also applies if the company's profitability is low where it contains bad news, so the company tends to not timely submit its financial statements. Based on this explanation, the following research hypothesis is proposed:

- H1:Profitability has a significant positive effect on the timely delivery of financial statements.

3.2. Liquidity with the Timely Delivery of Financial Statements

Companies that have a high level of liquidity indicate that the company has a high ability to pay off its short-term liabilities. While the low level of liquidity indicates that the company cannot fulfill its short-term obligations properly. Companies that have high liquidity are good news for the company and tend to immediately issue their financial statements, so that they will be timely in the delivery of financial reporting. Based on this explanation, the following research hypothesis is proposed:

- H2: Liquidity has a significant positive effect on the timeliness of the submission of financial statements.

3.3. Financial Leverage with the Timely Delivery of Financial Statements

To measure the level of financial leverage a company can use a debt to equity ratio (DER). The high debt to equity ratio reflects the high financial risk of the company. High corporate financial risk indicates that companies experience financial distress due to high liabilities. Corporate financial difficulties are bad news that will affect the company's condition in the public eye. The management tends to delay the submission of financial statements that contain bad news because the available time will be used to reduce the debt to equity ratio as low as possible. Based on this explanation, the following research hypothesis is proposed:

- H3: Financial Leverage has a significant negative effect on the timeliness of the submission of financial statements.

3.4. Company Size with the Timeliness of Submitting Financial Statements

Company size influences the timeliness of submission of financial statements. The larger the size of the company, the more resources it has, the more accounting staff and sophisticated information systems and the strong internal control system that will be faster in the completion of financial statements. In addition, large companies will also be timelier in submitting financial statements to maintain the image or image of the company in the public eye. Based on this explanation, the following research hypothesis is proposed:

- H4: Company size has a significant positive effect on the timely delivery of financial statements.

4. Research Methodology

4.1. Variable Operational Definition

The operational definition of variables in this study are as follows:

4.1.1. Profitability

Profitability is one indicator of the company's success (management effectiveness) to be able to generate profits so that the higher the profitability, the higher the company's ability to generate profits for the company. In this study, profitability is proxied by return on assets (ROA). Return on assets (ROA) is the most important ratio in the existing profitability ratio (Ang, 1997). This ratio can be calculated as follows:

$$\text{Return on Assets (ROA)} = \frac{\text{Earning After Tax}}{\text{Total Asset}}$$

4.1.2. Liquidity

Is the company's ability to pay off its short-term liabilities when they are due. The liquidity ratio measures the company's short-term liquidity capability by looking at the company's current assets relative to its current liabilities. This variable is proxied by the current ratio (CR). Current Ratio measures a company's ability to meet its short-term liabilities by using its current assets. This ratio can be calculated as follows:

$$\text{Current Ratio (CR)} = \frac{\text{Current Asset}}{\text{Current Liabilitie s}}$$

4.1.3. Financial Leverage

Financial leverage is a reflection of the company's capital structure. Leverage ratio is a leverage ratio that uses debt money to obtain profits (Ang, 1997). This variable is proxied by a debt to equity ratio (DER). This ratio illustrates the ratio of liabilities and equity in corporate funding and shows the ability of the company's own capital to fulfill all of its obligations. Debt to Equity Ratio (DER) = $\frac{\text{Total Liabilities}}{\text{Total Equity}}$

4.1.4. Company Size

The size of the company can be accessed from several aspects. The size of the company can be based on the total value of assets, total sales, market capitalization, number of workers and so on. The greater the value of these items, the greater the size of the company. In this study, the size of the company is proxied by using Ln total assets. The use of natural logs (Ln) in this study is intended to reduce excessive data fluctuations. If the value of total assets is directly used then the variable value will be very large, even billion. By using natural log, the value of billions or even trillions are simplified, without changing the proportion of the actual original value.

Company Size = Ln Total Asset

4.1.5. Punctuality

Baridwan (2000) states that timely means information that must arrive as early as possible to be used as a basis for economic decision making and to avoid delays in these decisions. In accordance with regulation X.K.2 issued by BAPEPAM and supported by the latest BAPEPAM regulation, X.K.6 dated December 7, 2006, the audited annual financial reporting is said to be timely if submitted before or no later than the end of the third month after the date of the company's annual financial report. Timeliness can be measured using a dummy variable, where category 0 is for companies that are not on time and category 1 for companies that are on time.

4.2. Types and Data Sources

The type of data used in this study is secondary data in the form of annual financial statements of textile and garment sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX). Data for this study were obtained through the website www.idx.co.id and the International Capital Market Directory (ICMD).

4.3. Population and Sample

The population used in this study were textile and garment sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2013, 2014, and 2015. The sampling technique in this study was the selection of samples with consideration, namely the type of sample selection not random information obtained by using certain considerations and generally adjusted to the purpose or problem of the research (Indriantoro and Supomo, 1999). Teknik Analysis Data

4.3.1. Assessing Feasibility Of Regression Models

Pay attention to the output of Hosmer and Lemeshow with the hypothesis:

- H0: There is no significant difference between the classifications predicted by the observed classification.
- H1: There are significant differences between the classifications predicted by the observed classification.

4.3.2. Assessing the Overall Model (Overall Fit Model)

Note the number -2 Log Likelihood (LL) at the beginning (block Number = 0) and the number -2 Log Likelihood on block Number = 1. If there is a decrease in the number -2 Log Likelihood (block Number = 0 - block Number = 1) shows the model good regression. Log Likelihood in logistic regression is similar to "sum of squared error" in the regression model so that a decrease in Log Likelihood shows a good regression model.

4.3.3. Test Regression Coefficients

Some things to note in the regression coefficient test are:

The significant level used is 5%, Mason (1999) in Ukago (2004) states that there is no significant level that can be applied for all tests. Criteria for acceptance and rejection of hypotheses are based on significant p-value (probability value) if p-value (significant)> a (5%), then the alternative hypothesis is rejected. Conversely if the p-value <a (5%), then the hypothesis is accepted.

5. Results and Discussion

5.1. Results of the Feasibility Test of the Goodness of Fit Model

Step	Chi-Square	Df	Sig.
1	3.783	8	.876

Table 1: The Result of Goodness of Fit
Hosmer and Lemeshow Testsource: Appendix 2

The first step is to assess the feasibility of the regression model. From the Hosmer and Lemeshow Test table view in Table 1 shows that the value of the Hosmer and Lemeshow Goodness of Fit statistic is 3,783 with a significance probability 0,876 where 0,876> 0,05 then the null hypothesis cannot be rejected (H0 is accepted). This means that the regression model used in this study is suitable to be used for further analysis, because there is no significant difference between the classifications predicted by the observed classification.

5.2. Overall Fit Model

Iteration	-2 Log likelihood
Step 0	53,467
Step 1	34,731

Table 2: Overall Fit Model
Source: Appendix 2

The next step assesses the feasibility of the model (overall model fit). Table 2 shows the feasibility test by observing the number at the beginning of the Likelihood Log (LL) block Number = 0, amounting to 53,467 and the number at -2 Log Likelihood (LL) block Number = 1, equal to 34,731. This shows a decrease in the value of -2 Log Likelihood in block 0 and block 1 at 53,467 - 34,731 = 18,737 and has a significant significance of 0,001 <0,05. This means that overall the logistic regression model used is a good model.

5.3. Regression Coefficient Test Results

The final stage is the regression coefficient test where the results can be seen in Table 3. The table shows the results of testing with logistic regression at a significant level of 5 percent.

	B	Sig.	Hasil
Step Profitability	-.003	.534	UnSig
1(a) Liquidity	1.602	.049	Sig
Financial Leverage	.456	.204	UnSig
Company Size	.559	.047	Sig
Constant	-9.543	.031	Sig

Table 3: Results of Testing with Logistic Regression
Source: Appendix 2

From the logistic regression equation testing, logistic regression model is obtained as follows:

$$Ln = \frac{TW}{1 - TW} = -9{,}543 - 0{,}003 + 1.602 + 0.456 + 0.559 + \varepsilon$$

6. Discussion

6.1. Profitability

The results of logistic regression testing show that the company's profitability variable does not affect the timeliness of the submission of financial statements. This can be seen from the hypothesis test where the profitability value is not significant at 0.534 and the regression coefficient value is -0.003. The level of significance used is at the error level of 5% (0.05), meaning the value of 0.534> 0.05. Thus this study cannot accept the first hypothesis (H1) which states that profitability has a positive effect on the timeliness of the submission of financial statements. Then also seen the direction of regression keofisien in this study is negative, which means that the higher the level of profitability significantly affects the lower level of timeliness of the submission of financial statements.

6.2. Liquidity

Logistic regression test results show that the variable liquidity of the company affects the timeliness of the submission of financial statements. This can be seen from the hypothesis test where the liquidity value is significant at 0.049 and the regression coefficient value is 1.602. The significance level used is at the error level of 5% (0.05), meaning the value of 0.049 <0.05. Thus this study accepts the second hypothesis (H2) which states that liquidity has a positive effect on the timeliness of the submission of financial statements. These results are consistent with the results of research conducted by Utari Hilmi and Syaiful Ali (2013), which shows that companies that have a high level of liquidity indicate that the company has a high ability to pay off its short-term obligations. This is good news so that companies with this condition tend to timely submit their financial statements.

6.3. Financial Leverage

Logistic regression testing results show that the company's financial leverage variable does not affect the timeliness of the submission of financial statements. This can be seen from the hypothesis test where the value of financial leverage is not significant at 0.204 and the regression coefficient value is 0.456. The significance level used is at the error level of 5% (0.05), meaning that the value of 0.204> 0.05. Thus this study does not accept the third hypothesis (H3) which states that financial leverage negatively affects the timeliness of the delivery of financial statements. This indicates that both the right time companies and companies that do not timely ignore information about the debt to equity ratio (DER).

6.4. Company Size

The results of logistic regression testing show that the company size variable affects the timeliness of the submission of financial statements. This can be seen from the hypothesis test where the company size is significant at 0.047 and the regression coefficient value is 0.559. The level of significance used is at the error level of 5% (0.05), meaning the value of 0.047 <0.05. Thus this study accepts the fourth hypothesis (H4) which states that the size of the company has a positive effect on the timeliness of the submission of financial statements. The results of this study support the existing theoretical foundation which states that the larger a company, the company will be more timely in delivering financial statements, because the larger the company, the more resources it has, the more accounting staff and sophisticated information systems and systems strong internal control so that it will be faster in the completion of financial statements.

7. Conclusions and Suggestions

Based on logistic regression testing that has been carried out, conclusions can be drawn as follows:

- Profitability does not affect the timeliness of the submission of financial statements. Then the direction of regression keofisien in this study is negative, which means that the higher the level of profitability significantly affects the lower level of timeliness of the submission of financial statements.
- Company liquidity affects the timeliness of the submission of financial statements. The level of liquidity of a company influences the company to submit its financial statements in a timely manner to increase creditors' trust in the company in paying the company's short-term obligations.
- Financial leverage of a company does not affect the timeliness of the submission of financial statements. The low and low level of financial leverage of a company does not affect the company to deliver its financial statements on time. This condition has a coefficient direction that is contrary to the logic of the theory. Where in the current economic conditions the company applies debt, problems are considered normal and not an extraordinary problem for a company as long as there is a possibility of settlement, so that information about debt is ignored by the company.
- Company size affects the timeliness of submitting financial statements. The larger the size of the company, the more resources it has, the more accounting staff and sophisticated information systems and the strong internal control system that will be faster in the completion of financial statements. In addition, large companies will also be timelier in submitting financial statements to maintain the image or image of the company in the public eye.

7.1 Suggestion

Based on the results of the conclusion, the following suggestions can be submitted:

- The next researcher is advised to extend the study period so that he can see the trends that occur in the long term so that it will describe the actual conditions that occur.
- This study has several limitations, namely only using the variables Profitability, Liquidity, Financial Leverage and Company Size, therefore the researcher is then advised to multiply the variables or use other variables.
- Disclosure of the factors that influence the timeliness of the submission of financial statements that have been tested in this study should be applied consistently to increase the value of the company in submitting its report.

8. References

i. Baridwan, Zaki. 1997. Intermediate Accounting. Edisi Ketujuh. Cetakan Kelima. Yogyakarta: BPEE.
ii. Dwiyanti, Rini. 2010. Analisis Faktor-Faktor Yang Mempengaruhi Ketepatan Waktu Pelaporan Keuangan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. Skripsi. Program Studi Akuntansi Fakultas Ekonomi Universitas Diponegoro.
iii. Fakhruddin dan Darmadji. 2011. Pasar Modal Indonesia. Jakarta: Salemba Empat.
iv. Hanafi, Mamduh M. dan Abdul Halim. 2005. Analisis Laporan Keuangan. Edisi Kedua. Yogyakarta: UPP AMP YKPN.
v. Hendriksen, Eldon S. dan Michael F. Van Breda. 2000. Teori Akunting (Terjemahan). Edisi Kelima. Buku Kesatu. Batam Centre : Interaksara.
vi. Hilmi, Utari dan Syaiful Ali. 2013. Analisis Faktor-Faktor yang Mempengaruhi Ketepatan Waktu Penyampaian Laporan Keuangan (Studi Empiris Pada Perusahaan-perusahaan yang Terdaftar di BEJ). Simposium Nasional Akuntansi XI Ikatan Akuntan Indonesia.
vii. Indonesian Capital Market Directory tahun 2013
viii. Indonesian Capital Market Directory tahun 2014
ix. Indonesian Capital Market Directory tahun 2015
x. Kuncoro, Mudrajad. 2001. Metode Kuantitatif Teori dan Aplikasi untuk Bisnis dan Ekonomi. Edisi Pertama. Cetakan Pertama. Yogyakarta : UPP AMP YKPN.
xi. Mulyadi. 2002. Auditing. Edisi Keenam. Jakarta : Salemba Empat.
xii. Nugraha, Rezza dan Hapsari. 2013. Pengaruh Leverage, Profitabilitas, Ukuran Perusahaan terhadap Ketepatan Waktu Penyampaian Laporan Keuangan. Jurnal Bisnis. Universitas Telkom.
xiii. Oktorina, Megawati dan Michell Suharli. 2005. Studi Empiris Terhadap Faktor Penentu Kepatuhan Ketepatan Waktu Pelaporan Keuangan. Jurnal Ekonomi dan Bisnis, Vol 5, No.2, pp.119-132.

xiv. Sleh, Rachmad dan Susilowati. 2004. Studi Empiris Ketepatan Waktu Pelaporan Keuangan Perusahaan Manufaktur di Bursa Efek Jakarta. Jurnal Bisnis Strategi, Vol 13, pp. 67-80.
xv. Sulistyanto, H. Sri. 2008. Manajemen Laba: Teori dan Model Empiris. Jakarta : PT Grasindo.
xvi. Supriati dan Yuliasri Rolinda. 2007. Analisis Faktor-Faktor yang Mempengaruhi Audit Delay (Studi Empiris pada Perusahaan Manufaktur dan Finansial di Indonesia). Jurnal Ekonomi Bisnis dan Akuntansi Ventura, Vol 10, No. 7, pp. 109-126.
xvii. www.bapepam.go.id
xviii. www.idx.co.id