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# DETERMINANTS OF TIMELINESS OF FINANCIAL STATEMENT PUBLICATION IN SUSTAINABLE BUSINESS

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*ABSTRACK:*
*Companies that have detailed financial reports and publish them on time, without missing anything can be evidence of their responsibility to both internal and external parts of the company. This study aims to examine and obtain empirical evidence of the effect of firm age, firm size, liquidity, profitability and public ownership on the timeliness of financial statement publications. The location of this research is a banking company listed on the Indonesia Stock Exchange. The object of this research is the annual report of banking companies listed on the Indonesia Stock Exchange in 2018 to 2020. Determination of the sample using purposive sampling technique, in order to obtain a sample of 34 companies with observation data for 3 years so that the data used is 102 data. The data analysis technique used is logistic regression analysis. The results of this study indicate that firm size and profitability have a positive effect on the timeliness of financial statement publication, while firm age, liquidity and public ownership have no effect on the timeliness of financial statement publication.*

## INTRODUCTION

In the current era of globalization, doing business is not only looking for profit, but it is necessary to have a sustainable business model to create a healthy and conducive business climate. To keep the business growing and sustainable, it is necessary to prepare financial reports that are useful for monitoring the health condition of the company. Companies that have detailed financial reports and publish them on time, without missing anything can be evidence of their responsibility to both internal and external parts of the company. The financial statements provided by every company that has gone public become one of the important information in a business. Service Authority Regulation (OJK) Number 29/POJK.04/2016 concerning the annual report of public companies states that all companies that have gone public are required to submit financial reports that have been prepared based on Financial Accounting Standards (SAK) and have been audited by a registered public accountant at OJK. Even though there is a new policy from the OJK, it does not guarantee that all companies in the capital market submit their annual financial reports in a timely manner. There are several factors that affect the timeliness of the publication of financial statements. Some of them are company age, company size, liquidity, profitability, public ownership.

Based on the phenomenon and the inconsistent results of previous studies, the purpose of this study is to re-examine the timeliness of financial statement publications, involving the variables of company age, company size, liquidity, profitability, and public ownership.

## LITERATURE REVIEW AND HYPOTHESES

### Agency Theory

Consistent with Jensen and Meckling (1976), business enterprise principle is a theory that states the connection between the major because the owner and the agent as the supervisor in which both are bound in a settlement. The corporation idea also explains the lifestyles of information asymmetry between the principal and the agent. Information asymmetry arises when the agent knows greater approximately internal statistics and the agency's possibilities in the destiny in comparison to the primary who most effective is aware of agency records externally thru the overall performance outcomes made by control (Praptika and Rasmini, 2016).

### Compliance Theory

Compliance theory can inspire a person to conform extra with applicable rules, as well as groups that are looking for to publish economic reports in a timely manner, because other than being a corporation's responsibility to publish financial reports on time, it's going to also be very beneficial for customers of monetary statements.

### Timeliness of Publication of Financial Statements

Timeliness is an important limitation on the publication of financial statements. This variable is measured using a dummy variable, where category 0 is used for companies that are not on time and category 1 is used for companies that are on time. Companies that are categorized as late if their financial statements are reported after the end of the fourth month (120 days), while companies that are on time are companies that submit financial statements before the end of the fourth month (Witasari, 2021).

### Firm Age

The age of the company is the time that has been achieved since its inception to infinity. The age of the company is measured from the date of its establishment as well as from the date it is listed on the Indonesia Stock Exchange (IDX). The age of the company in this study was measured from the year of establishment of the company to the year of research. The following is the formula for calculating the age of the company (Nurul, 2020), namely: Company Age = Year of Research - Year of Company Establishment. Based on the description above, the hypothesis developed in this study is as follows:

**H1: Firm age has a positive effect on the timeliness of the publication of financial statements.**

### Firm Size

Company size is a scale which can classify the size of the company according to various ways, namely: total assets, log size, stock market value, and others. The size of the company size can be based on the total value of assets. In this study, firm size is measured by using total assets. The following is the formula for calculating company size (Sulistyo, 2010:54), namely: SIZE = Total Assets. Based on the description above, the hypothesis developed in this study is as follows:

**H2: Firm size has a positive effect on the timeliness of the publication of financial statements.**

**Liquidity**

Liquidity is the company's ability to meet its short-term obligations that are due in a timely manner. Liquidity in this study is measured by the current ratio (CR) which is a ratio to measure how much the company's ability to pay off its short-term obligations at maturity. The following is the formula for calculating liquidity (Kasmir, 2017:135), namely: CR = (Current Assets/Current Debt) x 100%. Based on the description above, the hypothesis developed in this study is as follows:

**H3: Liquidity has a positive effect on the timeliness of the publication of financial statements.**

**Profitability**

Profitability is the company's ability to earn profits in relation to sales, total assets and own capital. The ratio used to determine the level of profitability of a company in this study is return on assets (ROA). The following is the formula for calculating profitability (Hery, 2015), namely: ROA = (Net Profit/Total Assets) x 100%. Based on the description above, the hypothesis developed in this study is as follows:

**H4: Profitability has a positive effect on the timeliness of the publication of financial statements.**

**Public Ownership**

Public ownership is the percentage of share ownership owned by outsiders (public). Public ownership is measured by the percentage of public ownership of the company's shares of the total outstanding shares, with the following formula (Sanjaya and Wirawati, 2016) namely: Public Ownership = (Outsider Shares/Total shares) x 100%. Based on the description above, the hypothesis developed in this study is as follows:

**H5: Public Ownership has a positive effect on the timeliness of the publication of financial statements.**

## RESEARCH METHODS

The location of this research is in banking companies listed on the Indonesia Stock Exchange (IDX) in 2018 to 2020, by directly accessing the IDX official website. The object of this research is the annual report of banking companies listed on the Indonesia Stock Exchange in 2018 to 2020. The data collection method in this study was carried out by means of a documentation study, namely data collection by viewing the documents and financial statements of banking companies listed on the IDX in 2018 to 2020 by accessing the IDX official website.

The population in this study are banking companies listed on the Indonesia Stock Exchange in 2018 to 2020, with a total population of 43 banking companies. The sample selection of this study used a purposive sampling method with the criteria that have been determined in this study, namely banking companies listed on the IDX in a row in 2018 to 2020. Banking companies whose annual financial statements were found consecutively for the 2018 to 2020 period. Banking companies that have complete data, such as company age, company size, liquidity, profitability, and public ownership. Based on the criteria that have been stated, the samples used in this study were 34 companies with 102 observations.

The data analysis techniques used to answer the developed hypotheses are descriptive statistics, logistic regression analysis, regression model feasibility test (goodness of fit), overall model fit test, determination coefficient test (Nagelkerke R Square), classification matrix, Multicollinearity test and Hypothesis Testing.

## RESULT AND DISCUSSION

**TABLE 1. Descriptive Statistical Test Results**

| Variable | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| TW | 102 | .00 | 1.00 | .9804 | .13933 |
| UP | 102 | 3.00 | 125.00 | 48.0294 | 24.54556 |
| SIZE | 102 | 2.26E+12 | 1.51E+15 | 1,7629E+14 | 3.37414E+14 |
| CR | 102 | 27.38 | 286.08 | 123.7972 | 30.66530 |
| ROA | 102 | -5.06 | 13.58 | 1.0996 | 2.41450 |
| KP | 102 | .00 | 57.72 | 21.5475 | 15.73679 |
| Valid N (listwise) | 102 | | | | |

Source: Data processed by researchers, 2022

Based on Table 1, it is known that the number of observations in the study (N) is 102. The results of the descriptive statistical analysis test, namely Timeliness of Financial Statement Publication (TW) has a minimum value of 0.00 and a maximum value of 1.00. Company Age (UP) has a minimum value of 3.00 and a maximum value of 125.00. Company Size (SIZE) has a minimum value of IDR 2.26 trillion and a maximum value of IDR 151 trillion. Liquidity (CR) has a minimum value of 27.38 and a maximum value of 286.08. Profitability (ROA) has a minimum value of -5.06 and a maximum value of 13.58. Public Ownership (KP) has a minimum value of 0.0028 and a maximum value of 57.72.

**TABLE 2. Logistics Regression Analysis Test Results**

| | B | S.E. | Wald | df | Sig. | Exp(B) |
|---|---|---|---|---|---|---|
| UP | -.019 | .012 | 2.660 | 1 | .103 | .981 |
| SIZE | .000 | .000 | 4.782 | 1 | .029 | 1.000 |
| CR | .007 | .014 | .266 | 1 | .606 | 1.007 |
| ROA | .428 | .180 | 5.646 | 1 | .017 | 1.534 |
| KP | -.027 | .019 | 2.169 | 1 | .141 | .973 |
| Constant | 2.384 | 1.838 | 1.681 | 1 | .195 | 10.846 |

Source: Data processed by researchers, 2022

Table 2 shows the test results with logistic regression at an error level of 5%. The results of testing produce the following models: $Ln = \frac{\mathrm{TW}}{1-\mathrm{TW}} = 2.384 - 0.019UP + 0.000SIZE + 0.007CR + 0.428ROA - 0.027KP$

**TABLE 3. Model Feasibility Test Results**

| Step | Chi-square | df | Sig. |
|---|---|---|---|
| 1 | 9.407 | 8 | .309 |

Source: Data processed by researchers, 2022

Based on Table 3, the Chi-square value is 9.407 with a significance probability of 0.309. Because the probability of significance is > 0.05, this means that there is no difference between the estimated data of the logistic regression model and the observation data, because there is no difference, the regression model deserves further analysis.

**TABLE 4. Overall Model Test Results**

| Iteration | | -2 Log likelihood | Coefficients Constant |
|---|---|---|---|
| Step 0 | 1 | 98.858 | 1.255 |
| | 2 | 98.081 | 1.461 |
| | 3 | 98.078 | 1.474 |
| | 4 | 98.078 | 1.474 |

Source: Data processed by researchers, 2022

**TABLE 5. Overall Model Test Results**

| Iteration | | -2 Log likelihood | Coefficients | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Constant | UP | SIZE | CR | ROA | KP |
| Step 1 | 1 | 84.711 | 1.969 | -.008 | .000 | .001 | .128 | -.017 |
| | 2 | 79.000 | 2.462 | -.016 | .000 | .004 | .321 | -.025 |
| | 3 | 78.313 | 2.440 | -.019 | .000 | .006 | .420 | -.027 |
| | 4 | 78.301 | 2.387 | -.019 | .000 | .007 | .428 | -.027 |
| | 5 | 78.301 | 23.384 | -.019 | .000 | .007 | .428 | -.027 |
| | 6 | 78.301 | 23.384 | -.019 | .000 | .007 | .428 | -.027 |

Source: Data processed by researchers, 2022

Based on tables 4 and 5, it can be obtained that the value of -2 Log Likelihood at block number = 0 is 98.078 while the value of -2 Log Likelihood at block number = 1 is 78.301. This means that there is a decrease so that it shows the regression model is good or it can be said that the hypothesized model fits the data.

**TABLE 6. Determinats Coefficient Test Results**

| Step | -2 Log likelihood | Cox & Snell R Square | Nagelkerke R Square |
|---|---|---|---|
| 1 | 78.301 | .176 | .285 |

Source: Data processed by researchers, 2022

The value of Nagelkerke R Square shows 0.285 which means that the variability of the timeliness variable can be explained by the variables of company age, firm size, liquidity, profitability and public ownership of only 28.5%, while 71.5% is explained by other variables outside this research model.

**TABLE 7. Classification Matrix Results**

| | Observed | | TW .00 | TW 1.00 | Percentage Correct |
|---|---|---|---|---|---|
| Step 1 | TW | .00 | 0 | 2 | .0 |
| | | 1.00 | 0 | 100 | 100.0 |
| | Overall Percentage | | | | 98.0 |

Source: Data processed by researchers, 2022

Based on the test results in table 7 shows the model's predictive ability to accurately predict 0 by 0%, there are 2 samples of companies that do not publish their financial statements in a timely manner and the model is able to predict companies that are on time by 100%, there are 100 samples of companies that publish their financial statements regularly on time. Thus the accuracy of the overall model is 98.0%.

**TABLE 8. Multicollinearity Test Results**

| | | Constant | UP | SIZE | CR | ROA | KP |
|---|---|---|---|---|---|---|---|
| Step 1 | Constant | 1.000 | -.243 | .022 | -.891 | .239 | -.387 |
| | UP | -.243 | 1.000 | -.167 | -.112 | -.235 | .165 |
| | SIZE | .022 | -.167 | 1.000 | .026 | -.429 | -.326 |
| | CR | -.891 | -.112 | .026 | 1.000 | -.173 | .113 |
| | ROA | .239 | -.235 | -.429 | -.173 | 1.000 | -.006 |
| | KP | -.387 | .165 | -.326 | .113 | -.006 | 1.000 |

Source: Data processed by researchers, 2022

The test results show that there is no correlation coefficient between variables whose value is more than 0.8. Thus, it can be concluded that there is no symptom of multicollinearity between independent variables.

**The Effect of Firm Age on the Timeliness of the Publication of Financial Statements.**

The test results show that the age of the company variable has a regression coefficient of -0.019 with a significance level of 0.103, this indicates that the age of the company has no effect on the timeliness of the publication of financial statements. Thus, H1 is rejected. The results of this study are in line with research conducted by Sutisman (2021) and Astuti and Erawati (2018) whose results show that the age of the company does not affect the timeliness of the publication of financial statements.

**The Effect of Firm Size on the Timeliness of the Publication of Financial Statements.**

The test results show that the firm size variable has a regression coefficient of 0.000 with a significance level of 0.029, this indicates that firm size has a positive effect on the timeliness of financial statement publications. Thus, H2 is accepted. The results of this study are in line with research conducted by Utami and Yennisa (2017) and Firdina and Wirama (2017) whose results show that company size has a positive effect on the timeliness of financial statement publications.

**The Effect of Liquidity on the Timeliness of the Publication of Financial Statements.**

The test results show that the liquidity variable has a regression coefficient of 0.007 with a significance level of 0.606, this indicates that liquidity has no effect on the timeliness of financial statement publications. Thus, H3 is rejected. The results of the study are in line with research conducted by Witasari (2021), Magdalena (2020) whose results show that liquidity has no effect on the timeliness of the publication of financial statements.

**The Effect of Profitability on the Timeliness of the Publication of Financial Statements.**

The test results show that the profitability variable has a regression coefficient of 0.428 with a significance level of 0.017, this indicates that profitability has a positive effect on the timeliness of financial statement publications. Thus, H4 is accepted. The results of this study are in line with research conducted by Mariantini (2018) and Astuti and Erawati (2018) whose results show that profitability has a positive effect on the timeliness of financial statement publications.

**The Effect of Public Ownership on the Timeliness of the Publication of Financial Statements.**

The test results show that the public ownership variable has a regression coefficient of -0.027 with a significance level of 0.141, this indicates that public ownership has no effect on the timeliness of the publication of financial statements. Thus, H5 is rejected. The results of this study are in line with research conducted by Adiaksa (2019) and Pebriantini (2019) whose results show that public ownership has no effect on the timeliness of the publication of financial statements.

## CONCLUSION

Based on the results of data analysis and discussion that has been described, it can be concluded that:

1) Firm age does not affect the timeliness of the publication of financial statements.
2) Firm size has a positive effect on the timeliness of the publication of financial statements.
3) Liquidity has no effect on the timeliness of the publication of financial statements.
4) Profitability has a positive effect on the timeliness of the publication of financial statements.
5) Public ownership does not affect the timeliness of the publication of financial statements.

The limitations and suggestions of this research are this research only focuses on banking companies. Suggestions for further research can expand the research sample not only focusing on banking companies or can research other sectors, such as the manufacturing sector. This study only uses five independent variables, namely, company age, company size, profitability liquidity, and public ownership. Suggestions for further research should add research variables such as leverage, audit opinion, institutional ownership so that research results will be better able to predict the timeliness of financial statement publications.

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