

The Effect of Company Size, Company Age, Auditor's Opinion, and Public Ownership on the Timeliness of Submitting Financial Statements (Empirical Study on Manufacturing Companies Listed on the Idx For the Period 2011 – 2015)

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ABSTRACT

The purpose of this research is to analyze the effect of Company Size, Company Age, Auditor Opinion, and Public Ownership on Financial Reporting Timeliness of the manufacture company in Indonesia Stock Exchange (IDX) for the period 2011 - 2015. This research type was causal comparative research. Sampling method used purposive sampling. Population of this research is company in manufacture at Indonesian Stock Exchange in 2011, 2012, 2013, 2014, and 2015 with 23 companies as sample. Data that use in this research provide by audited financial report in 2011-2015 that publish in www.idx.co.id. Logistic regression use to test hypothesis. The result of this research show that: (1) Company Size had significant on Financial Reporting Timeliness, as shown by the value of level significant $0.046 < 0.05$.

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1. INTRODUCTION

The growing development of business operations and competition in the stock market requires every company to be able to report audited financial statements in a timely manner. This is because investors need more relevant and timely information. Timeliness is one of the important factors in presenting relevant information. The characteristics of relevant information must have predictive value and be presented in a timely manner. The sooner information is disclosed, the more relevant the information will be for users of financial statements. Users of financial statements desperately need timely information to enable them to immediately conduct analysis and make decisions about the capital that has been or will be invested in the company. In this era of openness, everyone wants accurate and competent information about a report. To find out the truth of an existing report, usually someone will ask another person from an independent party to check or audit that the report

presented is true. One of the most frequently audited reports to get the truth is the company's financial statements.

These financial statements are part of the financial reporting process. Financial reporting covers all aspects related to the provision and delivery of financial information. Information produced by financial statements will be very useful for users of financial statements if the information is presented in a timely and accurate manner. However, not all users of financial statements are people who understand financial statements. Therefore, it is necessary to have an expert who can provide opinions and "translation" of the financial statements that have been made by the company. The expert is a public accountant or auditor. The task of an auditor is to check whether the financial statements of a company are appropriate in the process, namely using applicable accounting standards and whether the financial statements are carried out in accordance with the applicable format as well. An audit opinion is an auditor's statement regarding the fairness of the financial statements of the audited entity. Given the importance of the need for timely financial statement information, manufacturing companies listed on the Indonesia Stock Exchange (IDX) are required to publish annual financial reports accompanied by independent auditor reports on a regular basis to the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK).) then announced it to the public. This is due to the emergence of regulations issued by Bapepam-LK in 2012,

In general, investors consider that the delay in submitting financial statements is a bad sign for the company's health condition (Fitria Ingg Saemargani, 2015). In Indonesia, there are still many cases of violations of the punctuality of the rules that have been issued by Bapepam. These violations range from late submission of reports to securities transactions on the stock exchange. In 2011 there were 62 companies listed on the IDX late in submitting their 2010 annual financial reports. In 2012 there were 54 companies late in submitting their 2011 annual financial statements. In 2013 there were 91 companies late in submitting their 2012 annual financial reports (www.idx.co.id). Many studies related to the timeliness of financial reporting have been carried out and there are still differences in the results of these studies. There are several factors that may affect the timeliness of financial reporting, namely company size, company age, auditor's opinion, and public ownership.

Based on the formulation of the problem above, the objectives of the research to be carried out are as follows:

- a This study aims to determine the effect of company size on the timeliness of submitting financial statements in manufacturing companies listed on the Indonesia Stock Exchange for the period 2011-2015.
- b This study aims to determine the effect of company age on the timeliness of submitting financial reports to manufacturing companies listed on the Indonesia Stock Exchange for the period 2011-2015.
- c This study aims to determine the effect of the auditor's opinion on the timeliness of submitting financial statements in manufacturing companies listed on the Indonesia Stock Exchange for the period 2011-2015.
- d This study aims to determine the effect of public ownership on the timeliness of submitting financial reports to manufacturing companies listed on the Indonesia Stock Exchange for the period 2011-2015.
- e This study aims to determine the effect of company size, company age, auditor's opinion, and public ownership on the timeliness of submitting financial statements in manufacturing companies listed on the Indonesia Stock Exchange for the period 2011-2015.

2. RESEARCH METHOD

2.1 Types of research

This research is a comparative causal research, namely research that states a causal relationship. So, in this study describe the facts that occur clearly and see the effect of each causal variable (X) on the effect variable (Y). In this study, the authors examine the effect of firm size, firm age, auditor's opinion, and public ownership on the timeliness of submitting financial statements. This study uses a quantitative approach, namely research whose analysis is more focused on numerical data that is processed using statistical methods.

2.2 Operational Definition of Research Variables

This study uses two types of variables, namely the dependent variable and the independent variable.

- a) Dependent Variables, namely variables that become the main focus in a study. The variable that becomes the main focus in a study is not later than April 30. Meanwhile, companies that are late are companies that submit financial reports after April 30. This variable is measured using a dummy variable with categories for companies that are not on time (late) in category 0 and for companies that are on time are in category 1.
- b) Independent Variables, namely variables that can affect changes in the dependent variable and have a positive or negative relationship to the dependent variable. The independent variables of this study are company size, company age, auditor's opinion, and public ownership.

- 1) Company Size.

In this study, the size of the company is measured using the company's total assets, namely the log size or natural logarithm which can be formulated as follows:

$$\text{Company Size} = \text{Ln} (\text{total assets})$$

- 2) Company Age

The age of the company in this study used the time span between the year of the company's financial statements and the date the company was listed on the capital market or when it made a public offering / IPO.

$$\text{Company Age} = \text{Year of financial statements} - \text{Year of IPO}$$

- 3) Auditor's Opinion

The auditor's opinion in this study was measured using the interval method, by giving a score as follows:

- a) Unqualified opinion is given a score of 5.
 - b) Unqualified opinion report with explanatory language is given a score of 4.
 - c) A qualified opinion is given a score of 3.
 - d) Adverse opinion is given a score of 2.
 - e) The disclaimer of opinion is given a score of 1.
 - 4) Public Ownership
- Ownership of outsiders in this study is measured by the largest percentage of share ownership owned by outsiders.

2.3 Population and Research Sample

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange in 2011-2015. The sampling technique used is the purposive sampling method based on the suitability of the sample characteristics with the specified sample selection criteria. The criteria set are as follows:

- a) Manufacturing companies listed on the IDX during the period 2011-2015.
- b) The manufacturing company has published an annual financial report for the period 2011-2015, in which there are data and information that can be used in this study.
- c) Manufacturing companies that use Rupiah in their financial statements.

Based on the criteria above, the companies that meet the requirements in this study are 23 companies for 5 years, so the number of observational data used is 115 samples.

Table 1
Company Sample

No	Code	Company name
1	INTP	Indocement Tunggal Prakasa Tbk
2	SMCB	Holcim Indonesia Tbk
3	SMGR	Semen Indonesia (Persero) Tbk
4	TEACHING	Keramika Indonesia Association Tbk
5	MLIA	Mulia Industriindo Tbk
6	TOTO	Surya Toto Indonesia Tbk
7	ALMI	Alumindo Light Metal Industry Tbk
8	TRST	Trias Sentosa Tbk

No	Code	Company name
9	CPIN	Charoen Pokphand Indonesia Tbk
10	SIPD	Sierad Produce Tbk
11	FASW	Fajar Surya Wisesa Tbk
12	Embassy of the Republic of Indonesia	Paper Basuki Rachmat Indonesia Tbk
13	SPMA	Suparma Tbk
14	IMAS	Indomobil Sukses Internasional Tbk
15	SMSM	Happy Perfect Tbk
16	INDF	Indofood Sukses Makmur Tbk
17	MLBI	Multi Bintang Indonesia Tbk
18	BREAD	Nippon Indosari Corpindo Tbk
19	HMSP	HM Sampoerna Tbk
20	INAF	Indofarma Tbk
21	TSPC	Tempo Scan Pacific Tbk
22	TCID	Mandom Indonesia Tbk
23	UNVR	Unilever Indonesia Tbk

2.4 Data collection technique

This study uses data collection techniques in the form of documentation method. This method is done by collecting secondary data in the form of the company's annual financial statements that have been audited. The data was obtained from the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id, www.sahamok.com, and the Indonesian Capital Market Directory (ICMD). The data used are in the form of financial statements of manufacturing companies listed on the Indonesia Stock Exchange in 2011-2015 and related data that serves to calculate the dependent and independent variables.

2.5 Data analysis technique

The data analysis used in this research is descriptive statistics and hypothesis testing.

a Descriptive Statistical Analysis

Descriptive statistics are used to describe and describe the variables in the study. The analytical tools used here are the average (mean), maximum value, minimum value, and standard deviation to describe the research variables.

b Hypothesis testing

Logistic regression analysis is used in this study because the dependent variable is nominal in scale. This logistic regression analysis is used to test whether the variables of company size, company age, auditor's opinion, and public ownership affect the timeliness of submitting company financial statements.

However, hypothesis testing with logistic regression analysis needs to pay attention to the following things:

1) Assessing the Feasibility of the Regression Model

The hypotheses to assess the feasibility of the regression model are:

H0 : There is no difference between the model and the data

H1 : There is a difference between the model and the data

2) Assessing Model Fit and Overall Model Fit

The statistics used are based on the Likelihood function. Likelihood (L) of the model is the probability that the hypothesized model describes the input data. To test the null hypothesis and the alternative hypothesis, L was transformed into $-2\text{Log}L$.

3) Testing the Coefficient of Determination (R²)

This value is obtained by dividing the value of Cox & Snell R Square by its maximum value.

4) Testing the Regression Coefficient

Some things that need to be considered in the regression coefficient test are as follows:

a) The significance level of used is 5% or 0.05 and 10% or 0.1.

b) Criteria for acceptance and rejection of the hypothesis are based on the significant p-value (probability value). If p-value (significant) > then the hypothesis is rejected, otherwise if p-value (significant) < then the hypothesis is accepted.

The logistic regression model used to test the hypothesis is as follows:

$$Ln(TL/1 - TL) = 0 + 1 \text{ SIZE} + 2 \text{ AGE} + 3 \text{ OPINION} + 4 \text{ PUBLIC OWNERSHIP} + e_i$$

Where:

$Ln(TL/1 - TL)$ = Dummy variable on timeliness (category 0 for companies that are not on time and category 1 for companies that are on time)

SIZE = company size

AGE = company age

OPINION = Auditor's Opinion

PUBLIC = Company ownership owned by the public (public ownership)

e_i = Error

5) Testing the Hypothesis Partially and Simultaneously

Regression coefficient can be determined using wald statistic and probability value (sig) is compared with . How to determine the rejection or acceptance of H_0 is based on a significant level (α) 5% with the following criteria: 1) If the asymptotic significance > , then H_0 is accepted. This means that H_a is rejected or the hypothesis which states that the independent variable has an effect on the dependent variable is rejected. 2) If the asymptotic significance.

3. RESULTS AND DISCUSSION

3.1 Descriptive Statistical Analysis Results

The following is a description of the data obtained from financial statement data:

Table 2
Descriptive Statistical Analysis Results

	N	Minimum	Maximum	mean	Std. Deviation
Punctuality	115	0	1	0.97	0.184
Company_Size	115	27.3309	32.1510	29.247648	1.2538112
Age_Company	115	3	33	19.00	5.087
Age_Company	115	4	5	4.81	0.395
Public_Ownership	115	0.0176	0.6601	0.271523	0.1529901
Valid N (listwise)	115				

a Punctuality

The total number of companies that were on time and not on time in submitting annual financial reports for the period 2011, 2012, 2013, 2014, and 2015. It is known that from year to year during the study period, the number of sample companies that submitted timely financial statements fluctuated, namely in 2011 there were 21 (91.30%) companies, in 2012 there were 20 (86.96%) companies, in 2013 there were 21 (91.30%) companies, in 2014 there were 22 (95.65%) companies, and 2015 as many as 21 (91.30%) companies. Thus, during the study period there was an increase and decrease in the number of companies that were not on time in submitting their financial statements, namely in 2011 as many as 2 (8.70%) companies, in 2012 as many as 3 (13.04%) companies, in 2013 as many as 2 (8.70%) companies, in 2014 as many as 1 (4,

b Company Size

Firm size is measured using the log size (natural logarithm) of total assets. The results of the descriptive analysis on the firm size variable have a minimum value of 27.3309, meaning that the firm size measured by the lowest total assets is 27.3309. The maximum value is 32.1510, meaning that the size of the company as measured by the highest total assets is 32.1510. The average value is 29.247648, meaning that the research sample companies have an average firm size of 29.247648. While the standard deviation of 1.2538112, meaning that during the study period, the size of the spread of the firm size variable is 1.2538112.

c Company Age

The age of the company is calculated using the time span between the year of the company's financial statements and the date the company is listed on the capital market or when it makes a public offering / IPO. The results of the descriptive analysis on the variable age of the company have a minimum value of 3, meaning that the age of the company offering shares to the public on the IDX is the lowest age of 3 years. The maximum value is 33, meaning that the age of the company that makes the highest public offering on the IDX is 33 years old. The average value is 19.00, meaning that the research sample companies have an average firm age of 19.00. While the standard deviation

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of 5.087, meaning that during the study period the size of the spread of the variable age of the company was 5.087.

d Auditor's Opinion

The auditor's opinion in this study was measured using the interval method, by giving the following scores:

- 1) Unqualified opinion is given a score of 5.
- 2) Unqualified opinion report with explanatory language is given a score of 4.
- 3) A qualified opinion is given a score of 3.
- 4) Adverse opinion is given a score of 2.
- 5) The disclaimer of opinion is given a score of 1.

The results of this study indicate that as many as 93 companies or 80.87% of the sample companies received an unqualified opinion and as many as 22 companies or 19.13% of the sample companies received an unqualified opinion with explanatory language.

e Public Ownership

Public ownership is measured using the largest percentage of share ownership owned by outsiders. The results of descriptive analysis on the public ownership variable have a minimum value of 0.0176, meaning that public ownership as measured by the lowest percentage of share ownership owned by outsiders is 1.76%. The maximum value is 0.661, meaning that public ownership as measured by the highest percentage of share ownership owned by outsiders is 66.01%. The average value is 0.271523, meaning that the research sample companies have an average public ownership of 27.15%. While the standard deviation of 0.1529901, meaning that during the study period, the size of the spread of the variable public ownership is 0.1529901.

3.2 Hypothesis testing

a Assessing the Feasibility of the Regression Model

Table 3
Hosmer and Lemeshow Test Results

Step	Chi-square	df	Sig
1	3,284	8	0.915

b Assessing Model Fit and Overall Model Fit

The next step is to assess the feasibility of the model (overall model fit). The overall assessment of the model is done by comparing the values between -2 Log Likelihood (-2LL) at the beginning (Block Number = 0), where the model only includes a constant with a value of -2 Log Likelihood (-2LL) at the end (Block Number = 1), where the model includes constants and independent variables. Table 8 shows the value of -2 Log Likelihood (-2LL) block Number = 0, 73.368 and the number in -2 Log Likelihood (-2LL) block Number = 1, which is 54,620. This shows that after entering four independent variables, the final -2 Log Likelihood (-2LL) value decreased by 73,368 to 54,620.

c Testing the Coefficient of Determination (R²)

The magnitude of the coefficient of determination in the logistic regression model is indicated by the value of Nagelkerke R Square.

Table 4
Nagelkerke R Square Test Results

Step	-2 Logs likelihood	Cox & Snell R Square	Nagelkerke R Square
1	54,620a	0.109	0.915

d Testing the Regression Coefficient

$$\ln(TL/1 - TL) = -26,939 + 1,108SIZE - 0.036AGE - 0.006OPINION - 6,281PUBLICOWNERSHIP + e_i$$

The regression equation has the following meaning:

- 1) Constant = -26,939
- 2) Firm size coefficient = 1.108
- 3) Company age coefficient = -0.036
- 4) Auditor's opinion coefficient = -0.006
- 5) Public ownership coefficient = -6.281

e. Testing Hypotheses Partially and Simultaneously

1) Simultaneous hypothesis testing

Table 5
Simultaneous hypothesis testing

Step	B	SE	Wald	df	Sig	Exp(B)
0 Constant	2,351	0.331	50,482	1	0.000	10,500

The results of the simultaneous logistic regression test in table 11 above show that the asymptotic significance (sig) value of 0.000 is less than (α) 0.05. This means that simultaneously the variables of company size, company age, auditor's opinion, and public ownership affect the timeliness of submitting financial statements

2) Partial hypothesis testing

From the SPSS results above, the sign value for each variable is obtained:

- Firm size = 0.046 below 0.05, meaning that the variable has a significant effect.
- Company age = 0.680 above 0.05, meaning that the variable has no significant effect.
- Auditor's opinion = 0.995 above 0.05, meaning that the variable has no significant effect.
- Auditor's opinion = 0.995 above 0.05, meaning that the variable has no significant effect.

4. CONCLUSION

Based on the results of the analysis and discussion described in the previous chapter, the conclusions of this study are as follows:

- Company size has a significant influence on the timeliness of the company's financial statements submission. The size of the company as measured by total assets will affect the company in submitting its financial statements. This is evidenced by looking at the significance level of the company size in the regression coefficient test of 0.046 which is smaller than the significance level of 0.05 (5%).
- The age of the company does not affect the timeliness of submitting financial statements. Young or old the age of the company does not determine the timeliness of submitting financial statements by the company. This is evidenced by looking at the level of significance of the age of the company in the regression coefficient test of 0.680, which is greater than the significance level of 0.05 (5%).
- The auditor's opinion does not affect the timeliness of the submission of financial statements. An audit opinion other than Unqualified (WTP) issued by a Public Accounting Firm does not affect whether or not the company is correct in reporting its financial statements. This is evidenced by looking at the significance level of the auditor's opinion on the regression coefficient test of 0.995, which is greater than the significance level of 0.05 (5%).
- Public ownership has a significant influence on the timeliness of the submission of financial statements. Company ownership by outsiders has great power in influencing the timeliness of the submission of financial statements. This is evidenced by looking at the significance level of the auditor's opinion on the regression coefficient test of 0.013 which is smaller than the significance level of 0.05 (5%).
- The size of the company, the age of the company, the auditor's opinion, and public ownership together have a significant influence on the timeliness of submitting financial statements. This is evidenced by looking at the asymptotic significance (sig) value of 0.000 less than (α) 0.05.

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