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ANALYSIS OF FACTORS AFFECTING THE TIMELINESS OF FINANCIAL REPORTING ON BIMBEL AHE IN PATI

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Abstract: This study aims to analyze the factors that affect the timeliness of financial reporting at Bimbel Ahe in Pati.The results showed that the profitability variable in this study was return on assets (ROA) showing the regression coefficient value of 109.722 with a sig value. of 0.626 above the significance of 0.05 (5%), thus it is proven that profitability has no effect on the timeliness of the presentation of financial statements, the leverage variable in this study is the debt to asset ratio (DAR) showing the regression coefficient value of -1.015 with a sig value . of 0.912 above the significance of 0.05 (5%), thus it is proven that leverage has no effect on the timeliness of the presentation of financial statements and the internal audit record variable in this study is the opinion of a public accountant or auditor about the financial statements whether qualified or qualified opinion (WDP) and unqualified opinion or unqualified (WTP) show the regression coefficient value of 18.869 with a value of sig. of 0.998 above the significance of 0.05 (5%), thus it is evident that the internal audit records have no effect on the timeliness of the presentation of financial statements. Thus, it is possible that the results will significantly affect the accuracy of the presentation of financial statements.

Keywords: *Profitability, Leverage, Internal Audit Record and Timelines of Financial Reporting*

1. Introduction

Financial statements are useful information if the information contained therein is provided in a timely manner so that the information does not lose its ability to be considered in making economic decisions. One of the important factors in financial delivery is timeliness. If there is a delay in financial reporting, the resulting information will lose its relevance.

Financial reporting is one source of information that is often used by shareholders. One of the important information for users related to financial statements is information on profitability and financial leverage of the company. In the research of Pradipta and Suryono, (2017) Financial reporting is considered by investors as good news and bad news. Good news means that the information presented can be used as a benchmark in making investment decisions as well as information in applying for credit at the bank. As for bad news, it has the understanding that the information presented cannot fulfill key information so that investors and creditors view that the financial report is still useful but needs to be improved. Financial statement information submitted in a timely manner will reduce information asymmetry.

Timeliness of financial reporting is influenced by factors such as company size, profitability, debt to equity ratio, auditor quality, audit opinion, and external ownership structure. Company size is a scale that measures large or small companies based on total asset value, total sales, market capitalization, number of workers and so on. The greater the assets, the greater the capital invested, the more sales, the more money circulation and the greater the market capitalization, the greater the company is known in the community (Pradipta and Suryono, 2017).

Profitability is the company's ability to generate profits related to total assets, own capital and sales. High profitability indicates that the company has a high ability to earn profits. Companies with good performance tend to provide information to other interested parties and submit their financial reports on time. Research conducted by Pradipta and Suryono, (2017), Sanjaya and Wirawati, (2016), Riswan and Saputri, (2016) shows that profitability has a positive effect on the timeliness of financial reporting. In contrast to this, the results of research conducted by Imaniar and Kurnia, (2016), Suryanto and Pahala, (2016), Budiyanto and Aditya, (2015) state that profitability negatively affects the timeliness of financial reporting.

Debt to equity ratio is a ratio that describes the relationship between the company's debt to its own capital. The higher the debt to equity ratio indicates the higher the company's financial risk where the proportion of own capital is low to finance debt, so the management tends to delay the submission of financial statements. Pradipta and Suryono, (2017) and Riswan and Saputri, (2016) in their research show the results that the debt to equity ratio has a significant positive effect on the timeliness of financial reporting. In contrast to this, the test results of Sanjaya and Wirawati, (2016) along with Budiyanto and Aditya, (2015) in their research state that a negative debt to equity ratio significantly affects the timeliness of financial reporting.

Auditor quality can be seen from the size of the public accounting firm which can be measured based on the number of employees, the number of clients, and the reputation of Pradipta and Suryono, (2017). Large Public Accounting Firms can complete their audit work on time because of their high reputation, skilled, reliable employees and flexible schedules. The results of research conducted by Pradipta and Suryono, (2017) state that auditor quality has a positive effect on the timeliness of financial reporting. The results of research conducted by Budiyanto and Aditya, (2015) show that auditor quality has a negative effect on the timeliness of financial reporting.

Audit opinion is the opinion of a public accountant or independent auditor on the annual report of the company that has been audited. 4 forms of audit opinion include unqualified opinion, qualified opinion, unqualified opinion, and disclaimer of opinion. The unqualified opinion obtained by the company will encourage more timely submission of its financial statements because it is good news from the auditor and tends not to be timely when receiving an opinion other than an unqualified opinion because it is considered bad news, Choiruddin, (2015). The results of research conducted by Choiruddin, (2015) show that a positive audit opinion has a significant effect on the timeliness of financial reporting.

Many studies on the factors that influence the timeliness of financial reporting have been carried out and produced different results, this has prompted researchers to examine more deeply the factors that affect the timeliness of reporting. This study uses the variables of profitability, leverage, auditor quality, and audit opinion.

2. Research Method

The population in this research is Bimbel Ahe Pati's financial statements, while the sample is Bimbel Ahe Pati's Financial Statements for the 2016-2022 period. The variables used in this study consist of the dependent variable and the independent variable. The dependent variable is the timeliness of financial reporting, while the independent variables are Profitability, Leverage and Internal Audit Records. This study uses multiple linear regression analysis with the equation Y=a+b1X1+b2.X2+b3.X3+e

Tabel 1
Variable Operational Definition

NO	Variable	Variable Definition	Indicator
1.	Profitability (X1)	Profitability is the ability of a company to generate profits during a certain period. To assess the profitability of the company in this study is to use Return On Assets (ROA)	$ROA = \frac{Net\ Income\ After\ Tax}{Average\ Total\ Asset} x\ 100\%$
2.	Leverage (X2)	Leverage is the amount of debt used as capital to buy company assets	$Debt\ to\ asset\ ratio = \frac{Total\ hutang}{Total\ asset}\ x\ 100\%$
3.	Internal audit records (X3)	Internal audit records provided by the auditor after auditing the company's financial statements that indicate whether the company's financial statements have been prepared in accordance with accounting principles	Dummy Variable: 1= *qualified opinion* 0= *unqualified opinion*
4	Timeliness of financial reporting (Y)	Timeliness of financial reporting is the time span for announcing the audited annual financial statements to the public from the closing date of the company's books	Dummy Variable: 1= On time 0= Not on time

Source: Processed primary data, 2022

3. Results and Discussion

Logistic regression analysis was used to test the research hypotheses. Logistic regression is used to test the probability that the dependent variable can be predicted with the independent variable. The following are the results of the logistic regression analysis that has been carried out:

Table 2
Logistics Regression Analysis Results

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Profitabilitas	109.722	219.052	.251	1	.616	4.483E47
	Leverage	-1.015	9.222	.012	1	.912	.362
	Catatan audit internal	18.869	7.373E3	.000	1	.998	1.566E8
	Constant	1.433	2.245	.408	1	.523	4.193
a. Variable(s) entered on step 1: x1, x2, x3.							

The linear regression equation formed is:

Y= 1,433 + 109,722 X1 – 1,015 X2 + 18,869 X3

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From the multiple linear regression equation above, it can be analyzed as follows :

a. Profitability
Based on the results of the logistic regression test, the regression coefficient value of the profitability variable was 109.722 and the value of sig. of 0.616. The significance value > 0.05 indicates that profitability has no effect on the timeliness of submitting financial statements.

b. Leverage
Based on the results of the logistic regression analysis, the regression coefficient value of the leverage variable is -1.015 and the value of sig. of 0.912. The significance value > 0.05 indicates that leverage has no effect on the timeliness of financial statement submission.

c. Internal audit records
Based on the results of the logistic regression analysis, the regression coefficient value of the internal audit record variable is 18.869 and the value of sig. of 0.998. The significance value > 0.05 indicates that the internal audit records have no effect on the timeliness of the submission of financial statements.

Goodness of Fit

The statistical value of Hosmer and Lemeshow Goodness of Fit is 1.714 with a significance probability of 0.989 where 0.989 > 0.05 then the null hypothesis cannot be rejected (H0 is accepted). This means that the regression model used in this study is suitable for further analysis, because there is no significant difference between the predicted classification and the observed classification.

4. Discussion

The Effect of Profitability on Timeliness of Financial Report Submission

Profitability has no effect on the timeliness of submitting financial statements, the profitability variable in this study is Return on Assets (ROA) showing the profitability regression coefficient (ROA) of 109,722 with a sig value. of 0.616 above the significance of 0.05 (5%). This means that H1 is rejected, thus it is proven that profitability has no effect on the timeliness of the presentation of the 2016-2020 financial statements.

This result is not in accordance with the logic of the existing theory in this case Signaling theory and agency theory as well as the results of research conducted by Schwart in Harefa, (2017); Imaniar and Kurnia, (2016); Pradipta and Suryono, (2017); Sulistyawan, (2018); Choiruddin, (2015). In this study, the measurement of profitability is only focused on Return On Assets (ROA). While the ROA only measures the rate of return on investment assets. Meanwhile, investors want to know the financial statements as a whole. Therefore, it is not in accordance with the existing theory.

This is because Return On Assets (ROA) is not the only indicator that can be used to measure profitability. There are still other factors that can be used to measure company profitability. Such as return on capital or ROE. The investors do not see from their asset investment alone. For this reason, the owner/management of the AHE Bimbel may not pay much attention to the calculation of ROA. Because this study only uses Return On Assets (ROA) to measure profitability, the results of the analysis are not significant. The results of this study support the results of previous research by Valentina, (2018); Riswan and Saputri, (2016).

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Effect of Leverage on Timeliness of Financial Report Submission

Leverage has no significant effect on the accuracy of the submission of financial statements. The company's leverage is important to find out the extent to which the company has the ability to pay off its debts, both long-term and short-term, through its assets. The greater the ratio number obtained, the greater the debt the company has, and the greater the company's obligations that must be met. Based on the results of the study, the regression coefficient value of leverage is -1.015 with a value of sig. of 0.912 above the significance of 0.05 (5%), thus it can be concluded that the Debt to Asset Ratio has no partial effect on the timeliness of the presentation of financial statements. This means that H2 is rejected, thus it is proven that leverage has no effect on the timeliness of the presentation of the 2016-2020 financial statements.

Leverage has no effect on the timeliness of submitting financial statements. (Setiawan and Widyawati, 2014) state that both companies that are on time and not on time in their financial reporting ignore information about debt. This is contrary to previous research conducted by Ismawati, (2018); Ha et al., (2018); Ferdina et al., (2017); and Adebayo and Adebiyi, (2016) which state that leverage affects the timeliness of financial statement presentation

This research is not in line with the theory which states that the higher the company's assets are financed by debt, the interest expense that must be paid by the company will also increase which will reduce the company's profit. This study shows that many of the company's assets are financed by debt so that it does not have a major impact on the accuracy of financial reporting.

The Effect of Internal Audit Records on Timeliness of Financial Report Submission

Internal audit records have no effect on the timeliness of submitting financial statements, the internal audit records variable shows a regression coefficient value of 18.869 with a sig value. of 0.998 above the significance of 0.05 (5%). This means that H3 is rejected, thus it is proven that the internal audit records have no effect on the timeliness of the presentation of the 2016-2020 financial statements.

Internal audit records have no effect on the timely submission of financial statements. Marathani (2013) states that companies that get opinions other than unqualified can submit their financial statements on time. There is a rule in the attachment of Bapepam no X.2 which states that companies must submit financial reports along with internal audit records from accountants, so that internal audit records are not considered by companies in submitting financial reports. If the company does not want to be penalized for violating Bapepam regulations, the company must immediately submit its financial report because if it is not submitted immediately, it will be subject to sanctions in the form of fines that must be paid by the company for the delay.

The results of this study are in accordance with the results of research by Imaniar and Kurnia, (2016) and Pradipta and Suryono, (2017) which show that audit opinion has no effect on the timeliness of submitting financial statements.

5. Conclusion

a. Profitability has no effect on the timeliness of submission of AHE Bimbel financial reports for the 2016-2020 observation year.
b. Leverage has no effect on the timeliness of submission of AHE Bimbel financial reports for the 2016-2020 observation year.
c. Internal audit records have no effect on the timeliness of submission of AHE Bimbel financial reports for the 2016-2020 observation year.

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