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THE INFLUENCE OF PROFITABILITY, LIQUIDITY, LEVERAGE , AND ACTIVITIES ON THE TIMELINESS OF SUBMITTING FINANCIAL STATEMENTS

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ABSTRACT

This study aims to see the effect of profitability, liquidity, leverage, and activity ratios on the timeliness of financial statement submission. The population of this study were food and beverage companies listed on the Indonesia Stock Exchange (IDX) between 2013 and 2017. The sample was taken by purposive sampling with 85 samples. Quantitative research methods used. Secondary data, especially the company's annual financial statements obtained from the official website of the IDX, are used in the sampling technique. Logistic regression analysis method was used with SPSS version 25.0. The findings show that profitability, liquidity, leverage, and activity ratios all have a significant impact on the timeliness of financial statement submissions. partially, the activity ratio variable affects the timeliness of financial report submission. While the variables of profitability, liquidity and leverage have no effect on the timeliness of submitting financial statements.

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1. INTRODUCTION

In this era of globalization, the need for financial information is very important, especially for decision makers. The company's internal and external parties need financial information as consideration in making decisions. Financial statements are a tool that an entity can use to communicate financial conditions to interested parties, both internal and external to the entity. Financial statements are an essential component of the financial reporting process. Financial reporting is a vehicle through which businesses can communicate various information and economic measurements about their resources and performance to various parties who are interested in the information. Financial reporting encompasses more than just financial statements. In financial reporting, not only financial statements but all information related directly or indirectly to information provided by the accounting system, namely information about company resources, debt, *earnings* , and so on [1].

Bapepam issued an attachment to the Decree of the Chairman of Bapepam Number: KEP-80/PM/1996 which requires every issuer and public company to submit company financial reports, namely annual financial reports and independent auditor reports to Bapepam at the end of the fourth month (120 days) after the date of the report [2].

The timeliness of financial report submission can affect the quality of financial reports because the timeliness indicates that the information provided is new, and the information indicates that the financial statements are of good quality. The relevance of a financial report can be obtained if it is presented in a timely manner. Therefore, timeliness is an important limitation in the publication of financial statements [3].

The letter explains that people who use time incorrectly (in this case the submission of company financial reports that are not on time) will be among the losers. Similarly, companies that submit

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financial reports on time will give a bad signal about the company's prospects in the future so that it can result in company losses, because they can be subject to administrative sanctions and fines.

If the company is late in submitting its financial statements and has been subject to the above sanctions and fines, the Indonesia Stock Exchange (IDX) will temporarily suspend trading (Astuti and Teguh, 2018). Companies that are categorized as not being on time (late) in submitting financial statements if they report after March 31, and companies that are on time are companies that submit financial reports starting from the end of the financial year until March 31 or 90 days of the following year [4].

The Statement of Financial Accounting Standards (PSAK) No. 1 par. 38. 2009 states that the benefits of a report will be reduced if the report is not available on time. Timeliness of financial report submission is important, because the information in financial statements is used by users in making decisions [5]. Financial reporting timeliness is the availability of information when it is needed or the quality of information that is good in terms of time. The timely submission of financial reports can be influenced by several factors, namely profitability, liquidity, *leverage,* and activity.

Profitability is one indicator of the company's success in being able to generate profits so that the higher the profitability, the higher the company's ability to generate profits for the company [6]. Profitability influences the timeliness of submitting the company's financial statements because it demonstrates the company's success in generating profits. Profit, therefore, is good news for the company [7]. The liquidity ratio measures the company's ability to pay its short-term obligations by utilizing the current ratio that the company has available [8]. The ability of a company to hold cash in order to pay off its short-term debt is referred to as liquidity. The higher the level of liquidity, the company will show its ability to quickly submit its financial statements to the public because the company does not have problems in its short-term debt [9]. Leverage ratio describes the company's debt to capital and assets. This ratio measures the level of investment (assets) of the company that has been financed by debt [10]. *Leverage* refers to how far a company depends on creditors in financing the company's assets [11]. The activity ratio is a ratio used to measure the speed of asset estimates in the statement of financial position to generate sales and ultimately generate cash [12].

2. METHOD

This research is quantitative research. The population of this study consisted of companies listed on the Indonesia Stock Exchange (IDX) in the food and beverage subsector of the manufacturing sector between 2013-2017. Purposive sampling was used to select the sample for this study. In 2013-2017, the Indonesia Stock Exchange (IDX) listed 26 manufacturing companies. There are 17 companies that meet the criteria, with 5 years of research and 85 company observations.

3. RELUST AND DISCUSSION

Descriptive statistics

Table 1. Descriptive statistics

	N	Min	Max	Mean	Std. Deviation
ROA	85	-,07	,66	,0891	,11658
CR	85	,14	8.64	1.9529	1.42786
DER	85	,10	5.20	1.1704	,82008
TATTOO	85	,10	3.06	1.2140	,65379
Valid N (listwise)	85				

Source: Data processed from *SPSS 25.0*

Table 1 attached above shows that the number of observations on food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2013 to 2017 in this study contained 85 data.

The profitability variable in the form of ROA shows an average of 0.0891 with a standard deviation of 0.11658 and a min value of -0.07 and a max value of 0.66. This shows that the average ROA of the sample companies has a positive value which indicates that the sample companies have the ability to generate profits, although the results tend to be low. This is indicated by the average value below 1.00.

The liquidity variable in the form of CR shows an average of 1.9529 with a standard deviation of 1.42786 and a min value of 0.14 and a max value of 8.64. This shows that on average the sample companies do not have the ability to pay off their short-term obligations, this is indicated by an average value below 2.00 which has poor liquidity.

leverage variable in the form of DER shows an average of 1.1704 with a standard deviation of 0.82008 and a min value of 0.10 and a max value of 5.20. This shows that the DER variable is relatively good, namely with a small fluctuation in the DER value in the sample companies. A *debt to equity ratio* (DER) value above 1.00 indicates that companies tend to use debt as a source of corporate funding.

The activity ratio variable in the form of TATO shows an average of 1.2140 with a standard deviation of 0.65379 and a min value of 0.10 and a max value of 3.06. This shows that the use of company assets that are sampled for sales is quite efficient. This is indicated by the average value above 1.00.

Assessing the Feasibility of the Regression Model (*Goodness of Fit Test*)

Table 2. *Hosmer and Lemeshow Test*

Step	Chi-square	df	Sig.
1	6,830	7	,447

Source: Results of data processing with *SPSS 25.0*

The statistical value of Hosmer and Lemeshow is 6.830 in the table, with a sig probability of 0.447>0.05 which indicates that H0 is accepted. This shows that the regression model is suitable for use in subsequent analyzes and can predict the value of observations.

Testing the Coefficient of Determination (R^2)

Table 3. *Naglekerke R Square*

Model Summary

Step	-2 Logs likelihood	Cox & Snell R Square	NagelkerkeR Square
1	47,404 [a]	,258	,448

Source: Results of data processing with *SPSS 25.0*

Simultaneous Logistic Regression Test

Table 4. *Omnibus Test of Model Coefficients*

		Chi-square	df	Sig.
Step 1	Step	25,318	4	,000
	Block	25,318	4	,000
	Model	25,318	4	,000

Source: Results of data processing with *SPSS 25.0*

Based on table, a significant value of 0.000<0.05, it can be concluded that the independent variables consisting of profitability, liquidity, *leverage* , activities simultaneously (together) have a significant effect on the dependent variable, namely the timeliness of financial report submission.

Result of Regression Coefficient (Logistic Regression)

Tabel 5. *Variables in the Equation*

		B	SE	Wald	df	Sig.	Exp(B)
Step 1 [a]	ROA	5.537	10.354	,286	1	.593	253.842
	CR	0.037	,392	,009	1	,925	1.038
	DER	,756	,542	1,948	1	,163	2,130
	TATTOO	4,004	1,380	8,423	1	,004	54,834
	Constant	-3,126	1,798	3,021	1	,082	.044

Source: Results of data processing with *SPSS 25.0*

The test results with logistic regression produce the following logistic regression models:

$$\mathbf{KW = -3.126 + 5.537\ ROA + 0.037\ CR + 0.756\ DER + 4.004\ TATO + e}$$

KW = Timeliness of Financial Report Submission
$\beta_1 - \beta_4$ = Regression Coefficient
α = Constant
ROA = Profitability Measurement
CR = Liquidity Measurement
DER = Is a Leverage Measurement
TATO = Is an Activity Measurement
e = Error

Hypothesis test

1. Profitability as measured by Return On Assets (ROA) is 0.593 with a regression coefficient of 5.537. Significance level 0.593 > 0.05. That is, H1 is rejected. profitability has no effect on the timeliness of financial statement submission.
2. Liquidity is measured using the Current Ratio (CR) of 0.925 with a regression coefficient of 0.037. The significance level is 0.925 > 0.05. That is, H2 is rejected. liquidity has no effect on the timeliness of financial report submission.
3. Leverage is measured using the Debt to Equity Ratio (DER) of 0.163 with a regression coefficient of 0.756. The significance level is 0.163 > 0.05. That is, H3 is rejected. leverage has no effect on the timeliness of financial statement submission.
4. The activity ratio as measured by Total Asset Turnover (TATO) is 0.004 with a regression coefficient of 4.04. Significance level 0.004<0.05. That is, H4 is accepted. the activity ratio has a significant effect on the timeliness of submitting financial statements.

4. CONLUSION

Based on previous research and discussion, it can be concluded that profitability, liquidity, leverage, and activity simultaneously have a significant effect on the timeliness of financial statement submission. Partially, profitability, liquidity, and leverage have no effect on the timeliness of submitting financial statements. While the activity variable has a positive and significant effect on the timeliness of submitting financial statements.

For further research, it is necessary to expand the research sample to all companies listed on the Indonesia Stock Exchange, so that more variety and number of samples are obtained, with the hope that the research results will be better.

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