Corporate Size Relations, Audit Opinion, Reputation of Public Accounting Offices, Institutional Ownership of Timeliness for Delivery of Financial Statements the Manufacturing Company Listed in Indonesia Stock Exchange

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Abstract
Objective – This study aims to examine the relationship of company size, audit opinion, the reputation of public accounting firms, and institutional ownership on the timeliness of financial statement submission. The four independent variables will be tested with the dependent variable, namely the timeliness of financial statement submission.

Design/methodology – The sample of this research is 327 companies that have financial statements on the Indonesia Stock Exchange during the 2015-2017 observation year. The analytical method used in this study is correlational analysis.

Results – The results of this study indicate that the size of the company, the reputation of the public accounting firm, and institutional ownership are related to the timeliness of financial statement submission, while the audit opinion shows no relationship with the timeliness of financial statement submission.

Keywords: Timeliness of Financial Statement Submission, Company Size, Audit Opinion, Reputation of Public Accounting Firm, Institutional Ownership.

1. Introduction

A financial statement is a reporting record that provides information about the financial condition of the company for a certain period. Information on the company's financial statements that are carried out on time will provide an overview of the financial position, company performance, and changes in the financial position of a company that is useful for debtors, creditors, and the board of commissioners in decision making. Punctuality in delivering financial reporting will provide useful information for the stock market. Accusations that are not supposed to release financial reporting will increase uncertainty related to taking investment actions. Entities must balance the relative usefulness of the report in a timely manner, the accuracy of the information provided in financial reports to provide information in a timely manner, it is often necessary to report before all aspects of the transaction or other events are known, so as not to damage the reliability of the information. Timeliness is information that is delivered on time to be used before losing the usefulness of the users of financial statements and the capacity is still available in decision making (Ikatan Akuntansi Indonesia, 2012).

Based on investment market and financial institution supervision regulations number: KEP-345/BL/2011 regarding the periodic presentation of financial information of issuers, reveals that the financial statements of companies listed on the Indonesia Stock Exchange at the time of delivery of the financial statements are the most late to be reported at the end of the month or 90 days after closing the book, if the company is late in reporting its financial statements, then get sanctions from the Indonesia Stock Exchange.

Large categorized companies can be seen from several aspects, the size of a small company map can be assessed from the number of assets, company sales, market capitalization, as well as the total workforce and so on. Companies that already have large assets would be more appropriate to report the financial reporting compared to companies that have low assets. Large companies that can get a large turnover in the capital market compared to small companies. This means that large companies will get an easier access from the capital market (Sartono, 2010: 249).

An audit opinion is a responsibility issued by a public accounting firm in giving its opinion on the fairness of financial reporting compiled by the company's accountant staff and is responsible for management. Al Daoud, Ismail, & Lode (2014) and Vuran & Adiloglu (2013) said that audit opinion is related to the timeliness of financial statements.

According to Attarie (2016), the reputation of financial public accounting firms is the level of popularity of KAP that audits corporate financial reporting. Companies in providing financial statement information will affect the company's performance to the factory must be accurate and reliable, so they are asked to use the right public accounting firm staff. In addition, to be able to increase the credibility of financial reporting, the company must use a public accounting firm that has a reputation or good name. This is directed by the office of a public account company affiliated with a large, universally accepted KAP, known as a company that is among the top four worldwide. The large office accounts mentioned have accountants who behave better than small accounts.

High outside ownership can lead to tighter monitoring efforts by the institution in the company so that it can hamper the manager's performance. According to Thanatawee (2014) proving that large institutional ownership by institutions will have a bonus for monitoring corporate decision-makers. This connects the behavior of large shareholders to take over supervisory duties to the agent's poor performance if the institutional party does not feel satisfied with the agent's performance, they immediately sell their shares with a predetermined channel.

2. Literature Review and Hypothesis Development

Timeliness of Submitting Financial Statements

According to SFAC No. 8 on the Conceptual Framework for Financial Reporting, useful financial information must be able to represent the actual reality in a relevant and appropriate manner. The usefulness of financial information will increase if the information can be compared (comparable), verifiable, and understandable. Comparability, verifiability, timeliness, and understandability are qualitative characteristics that add to the usefulness of the report and can also help in making decisions appropriately to explain a phenomenon. The lack of reporting means that information is available to decision-makers in a timely manner so that they are able to influence their decisions.

Punctuality

According to the statement of Financial Accounting Standards (PSAK) which reads no. 1 paragraph 43 regarding the timeliness, it explains that if there is an undue delay in financial reporting, the information produced will lose its relevance (Ikatan Akuntan Indonesia (IAI), 2007). Reports that are presented in a timely manner will not affect or reduce or even lose their ability as a predictive aid, especially for the wearer. Information reported is not a time when it is needed, will not have value for the basis for determining future actions.

Company Size

The size of the company revealed by researchers (Sartono, 2010) Agus Sartono, (2010: 249), large companies that already have high assets will be easier to obtain assets in the investment market compared to smaller companies. Because there is the ease of access, it can be interpreted that large size companies have more flexible flexibility.

Audit Opinion

The auditor can be interpreted as an authority that holds an important role in the preparation of high-quality financial reporting on the stock market. The auditor is obliged to provide a guarantee for the fairness of the financial reporting which is prepared and issued by the company. The guarantee on the financial reporting is given by the auditor through the Audit opinion (Choiruddin, 2015).

The reputation of a Public Accounting Firm

Auditor's reputation is a factor that can increase auditor dependency. The reputation of the public accounting firm is based on giving confidence to the auditor service users that they have the power to monitor general matters that cannot be observed. The public accounting firm's reputation can also be used as a proxy for the audit scale. The public account office is a business entity that has obtained permission from the Minister as a guideline for public accountants in providing their services (Menteri Keuangan, 2008). The responsibilities of public accounting firms, especially auditors, must provide adequate information with high-quality financial reports for investors to make decisions.

Institutional Ownership

Institutional ownership is an index of company shares owned by a body or institution from outside the company of the number of shares issued by the company. Meanwhile, according to Soesetio (2008), institutional ownership is ownership of shares from external companies in the form of institutions, such as other companies or other institutions.

Effect of Company Size on Timeliness of Financial Report Submission

The size of the company with the timeliness of the delivery of financial statements has a relationship, among others, discovered by Sartono (2010:249), which concludes that the size of the company is closely related to the timeliness of financial statement submission.

Companies that have large sizes are guaranteed to be able to present their reports more quickly to the Indonesia Stock Exchange, therefore large-scale companies will obtain capital more quickly in the stock market compared to small-sized companies. This means that companies that have large assets tend to be late when submitting their reports because companies that already have large assets already have standard operating procedures consistently, then their financial statement delivery time is more appropriate.

H1: The relationship between company size and timeliness of financial statement submission.

The Effect of Audit Opinions on the Timeliness of Submitting Financial Statements

The opinion obtained by the company will reflect the quality of the financial statements, Vuran & Adiloglu (2013), argues that the audit opinion will determine the increased timeliness of financial reporting. Companies that have good audit opinions will immediately convey this good information to shareholders. This means that their financial statements are fairly presented without any material misstatement. Therefore the company also immediately submits financial reporting to the exchange which is their obligation.

Companies that obtain quality audit opinions, then reflect the company has prepared financial reports with good quality too. The quality audit opinion will have a large impact on the parties' trust in the company. This will have an impact on increasing the value of the company. the better the audit opinion, the company value will increase. Conversely, the less good the audit opinion, the lower the company's value.

H2: The relationship between audit opinions with the timeliness of financial statement submission.

The Effect of the Public Accounting Firm's Reputation on the Timeliness of Submitting Financial Statements

The reputation of the public accounting firm is related to the timeliness of the delivery of financial reporting found by (Attarie, 2016). The relationship can be seen in terms of the reputation of the public account office for the timeliness of the financial statement presentation.

Companies in submitting financial statement information on company quality can carry out external audits through public account offices in increasing the credibility of accurate or relevant financial statements to the public. This is demonstrated by public accounting firms affiliated with large public accounting firms that are universally known, known as the top four accounting firms throughout the world, including the big four namely Price Water House Coopers, Ernst & Young, Klynveld Peat Marwick Goerdeler, and Deloitte Touche Tohmatsu. Large public accounting firms can be said to have accountants who behave better than small accounting firms.

H3: The relationship between the reputation of a public accounting firm and the timeliness of financial reporting.

The Effect of Institutional Ownership on the Timeliness of Submitting Financial Statements

Institutional ownership has a relationship with the timeliness of financial statement submissions found by (Bamahros & Wan-Hussin, 2016), revealing that high institutional ownership causes companies to become institutional monitoring. Therefore the higher the institutional ownership, the more timely the delivery of financial reporting. Vice versa, the lower the institutional ownership, the timeliness of the delivery of financial reporting will decrease. Or in other words, there is a relationship between institutional ownership and the timeliness of financial reporting.

Companies that have high institutional ownership, the time to submit financial statements to the stock exchange has been eagerly awaited by shareholders, this is because institutional ownership has a dominant composition as a shareholder in the company, so high ownership will be a more timely submission of financial statements to the authorities.

H4: The relationship between institutional ownership and the timely submission of financial statements.

Based on the relationship between variables that have been described in the framework of thought, then the relationship can be briefly seen in figure 1.

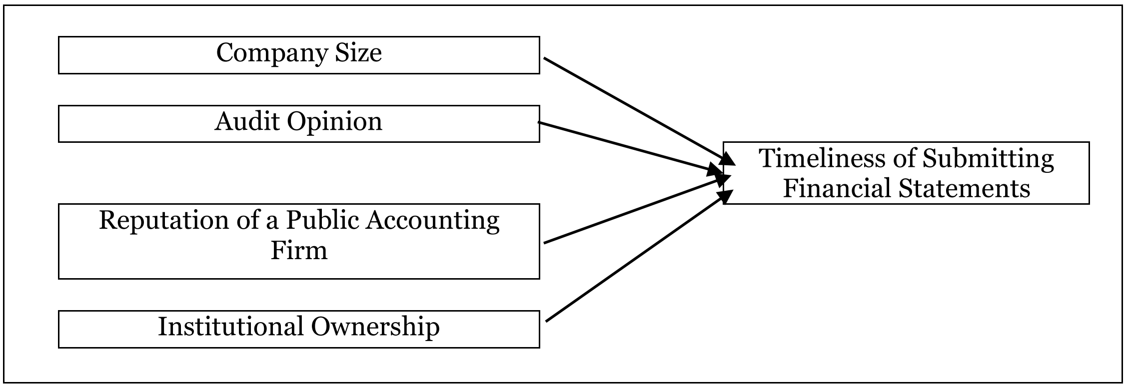

Figure 1. Schematic Framework

Corporate Size Relations, Audit Opinion, Institutional Ownership, Financial Statements

3. Research Method

Furthermore, the measurement of variables in the study aims to operationalize each research variable. The Timeliness of Submitting Financial Statements presented by, Company Size found by Basyaib (2007:122) Audit Opinion presented by Professional Standards of Public Accountants, (PSA 29 SA Section 508), Reputation of Public Accountant Firms presented by DeAngelo (1981), and Ownership Institutionally presented by (Thanatawee, 2014).

The data analysis method used in this study is the Phi (Φ) correlation using the Statistical Package software tool for Social Science (SPSS) with the following equation:

$$Y = \rho 1X1 + \rho 1X2 + \rho 1X3 + \rho 1X4 + \varepsilon 1$$

Information:

Y = Timeliness of financial statement submission
X1 = Company size
X2 = Audit opinion
X3 = The reputation of a public accounting firm
X4 = Institutional ownership
ε = Epsilon (error term)

4. Result and Discussion

Data Normality Results

Data normality test results to test whether the regression model, the dependent variable with the independent variables that are normally distributed data or abnormal distribution. through observing the residual value we can know whether the variables to be studied can be distributed normally or not.

Table 1. Data Normality Test

		Unstandardized Residual
N		327
Normal Parameters	Mean	0,0000
	Std. Deviation	0,4007
Most Extreme Differences	Absolute	0,312
	Positive	0,166
	Negative	-0,312
Kolmogorov-Smirnov Z		5,638
Asymp. Significant (2-tailed)		0,000

Source: Data processed (2019)

Based on the results of the Kolmogorov Smirnov test, the Z value of 5.638 is known, while the value of the Most Extreme Differences positive is 0.166 and the Asymp value. Sig of 0.000 <0.05, it can be concluded that the variables of company size, audit opinion, KAP reputation, institutional ownership, and timeliness of financial statement submission are not normally distributed.

Correlation Phi (ϕ) X1

The results of this correlation test aim to determine the relationship between company size and the timeliness of financial statement submission. Symmetric Measures test results, the size of the company with the accuracy of the delivery of financial statements known to Phi correlation of 0.112, with a significant value of 0.396. Complete can be seen below.

Table 2. Size of Companies with Timeliness

		Company Size					Total
		Very Small (1)	Small (2)	Medium (3)	Large (4)	Very Large (5)	
Punctuality	Not on time	57	6	3	0	6	72

	On time	196	15	15	1	28	255
Total		253	21	18	1	34	327

Table 3. Symmetric Measures

		Value	Approx. Sig.
Nominall by Nominal	Phi	0.112	0.396
	Cramer's V	0.112	0.396
N of Valid Cases: 327			

Based on table 2 you can see the Sig. company size of 0.396> 0.05, or Phi H1: ρ1> ρ2. This means that the correlation value accepts H1. Then H0 is rejected, meaning that there is no relationship between company size and the timeliness of financial reporting.

Correlation Phi (ϕ) X2

The results of this correlation aim to determine the relationship between audit opinions with the timeliness of financial delivery. Symmetric Measures test results, audit opinion to the timeline of financial reporting delivery known to Phi correlation of 0.018 with Sig. amounted to 0.745. Complete can be seen below.

Table 4. Opinion Audit with Timeliness

		Audit Opinion		
		Opinion Non-FWE	Opinion FWE	Total
Punctuality	Not on time	8	64	72
	On time	25	230	255
Total		33	294	327

Table 5. Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	0.018	0.745
	Cramer's V	0.018	0.745
N of Valid Cases: 327			

Based on table 5 shows the value of Sig. Audit opinion of 0.745> 0.05, or Phi H1: ρ1> ρ2. This means that the correlation value rejects H1. Then H0 is accepted, meaning that there is no relationship between audit opinion with the timeliness of financial reporting.

Correlation Phi (ϕ) X3

The results of this correlation test aim to determine the relationship of the reputation of the public accounting firm with the timeliness of financial statement submission. Symmetric Measures test results, the reputation of the public accounting firm to the timeliness of submission of financial statements known Phi correlation of 0.160 with the value of Sig. in the amount of 0.004. In brief, it can be seen below.

Table 6. Reputation of Public Accounting Firm with Timeliness

		Reputation of Public		
		Non-Big Four	Big Four	Total
Punctuality	Not on time	55	17	72

	On time	147	108	255
Total		202	125	327

Table 7. Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	0.160	0.004
	Cramer's V	0.160	0.004
N of Valid Cases: 327			

Based on Table 4.6 you can see the Sig. Reputation of Public is 0.004 <0.05, or Phi H1: ρ1 = ρ2. This means that the correlation value accepts H0. So H1 is rejected, meaning that there is a relationship between the reputation of the public accounting firm and the timeliness of delivering financial statements.

Correlation Phi (ϕ) X4

The results of this correlation test aim to find out the relationship between institutional ownership and the timeliness of financial statement submission. Symmetric Measures test results, the reputation of the public accounting firm to the timeliness of financial reporting is known to Phi correlation of 0.072 with Sig. amounted to 0.190. In brief, it can be seen below.

Table 8. Institutional Ownership with Timeliness

		Institutional Ownership		Total
		Non-Institutional Ownership	Institutional Ownership	
Punctuality	Not on time	11	61	72
	On time	25	230	255
Total		36	291	327

Table 9. Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	0.072	0.190
	Cramer's V	0.072	0.190
N of Valid Cases: 327			

Based on table 7 we can see the Sig. Institutional ownership of 0.190> 0.05, or Phi H1: ρ1> ρ2. This means that the correlation value rejects H0. Then H1 is accepted, meaning there is no relationship between institutional ownership and the timeliness of financial reporting.

Discussion

H1: Correlation between Company Size and Timeliness of Financial Report Submission

Statistical test results show that the coefficient value of Phi H1: ρ1> ρ2. This means that the correlation test accepts H1, then H0 is rejected, so it can be concluded that there is no relationship between company size and the timeliness of financial reporting. The size of the company with the timeliness of financial reporting, basically the larger the size of the company owned by the company, the more accurate the time of financial reporting. In other words, the larger the size of the company, the more timely the delivery of financial reporting to the authorities.

The results of this study are not relevant to research conducted by Sartono (2010:249) while Akani, 2017) states that company size has a relationship with the timeliness of financial reporting. On the other hand, the results of this researcher support the results of researches conducted by Okoeguale (2012) which states that company size has no relationship with the timeliness of financial reporting. So that the results of this study also cannot support the existing theory basis stating that the greater the company, the company will be less consistent with a predetermined time in delivering financial reporting.

H2: Relationship between Audit Opinion and Timeliness of Submission of Financial Statements

Statistical test results show that the coefficient value of Phi H1: ρ1 = ρ2. This means that the correlation test rejects H1, then H0 is accepted, it can be concluded that there is no relationship between audit opinion and timely delivery of financial reporting. Companies that get WTP from audits for financial reporting tend to be more timely submitting their financial statements because besides WTP is good news from auditors and tend to not be a timely submission of financial statements if they receive an opinion called other than WTP because it is considered bad news.

The results of this study are consistent with researcher Al Daoud et al., (2014) & Vuran & Adiloglu (2013) revealed that audit opinion is related to the timeliness of financial statement submission.

H3: The Relationship of the Public Accounting Firm's Reputation with the Timeliness of Submitting Financial Statements

Statistical test results found that the coefficient value of Phi H1: ρ1> ρ2. This means that the correlation test rejects H0, then H1 is accepted, it can be concluded that there is a relationship between the reputation of the public accounting firm and the timeliness of the delivery of financial statements.

The relationship of KAP's reputation with the timely submission of financial statements shows the results of Table 4.6, the reputation of KAP Non-Big Four is 55 companies while Big Four is 17 companies. This shows that non-Big Four companies will have a more timely submission of financial statements compared to Big Four. This study is not in accordance with Longoria Theory in this researcher, therefore public accounting firms that have Big Four actually do not deliver timely financial reporting.

This researcher is not in line with the results of Hasniar & Widyatmini (2012) research. Revealed that the reputation of the public accounting firm had nothing to do with the timeliness of the delivery of financial reporting.

H4: The Relationship of Institutional Ownership with the Timeliness of Submitting Financial Statements

Statistical test results found that the coefficient value of Phi H1: ρ1 = ρ2. This means that the correlation test rejects H1, then H0 is accepted, so it can be concluded that there is no relationship between institutional ownership and the timeliness of financial reporting because the number of shares they have institutional parties is a lot so that the institution feels more ownership by providing monitoring and control over the delivery time finance report.

The results are in line with research by Rianti (2014) and Fujianti (2015) revealing that institutional ownership has no relationship with the timeliness of financial reporting.

5. Conclusions and Recommendations

1) Company size has no relationship with the timeliness of financial reporting.
2) The audit opinion is not related to the timeliness of financial statement submission.

3) The reputation of the public accounting firm is related to the timeliness of financial reporting.
4) Institutional ownership has no relationship with the timeliness of financial reporting.

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