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Analysis Of The Influence Of Public Ownership, Number Of Independent Board Of Commissioners And Company Size On Corporate Reporting Timeliness Of Banking Industries In Indonesia

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Abstract:

The purpose of this study is to examine how the quantity of independent boards of commissioners, public ownership, firm size, and listing age affect the promptness of corporate online reporting. Quantitative techniques are used in this study. Banking companies listed on the IDX that meet the established criteria comprise the sample, whereas banking companies registered on the IDX make up the population in this study. Purposive sampling was the method of sampling that was applied. Data for this study were gathered through a variety of techniques, including observation, literature review, and documentation study. This study's data analysis approach makes use of quantitative analysis methods like logical regression analysis and descriptive statistical analysis. It is clear from the analysis and discussion that public ownership has little bearing on how quickly corporations report on the internet. The promptness of corporate online reporting is influenced by the size of the company. There is no relationship between listing age and the promptness of corporate online reporting. The promptness of corporate online reporting is unaffected by the number of independent commissioners.

Keywords: public ownership, company size, listing age, board of commissioners, corporate reporting.

Introduction

The development of information technology in the current era of digitalization is increasingly rapid, especially with the emergence of the internet. This has brought about many changes in communication media, both in society and in the business world. In the business world, for example, many companies have started to think about how to provide company information quickly and accurately (Astuti & Erawati, 2018). Because companies are basically required to provide information to the public, the aim is to make decisions, especially for investors or other stakeholders. So, companies currently use the internet to encourage the conveying of business information. The development of the internet is increasingly rapid, and the number of internet users is increasing because it is easy and there are many benefits that can be obtained by internet users themselves, such as being easy to spread, knowing no boundaries, real-time, low cost, and having high interaction, so it is easy to use. accepted by society. Plus, for users of financial reports who really need up-to-date financial information about a company. All of this is a challenge in itself for companies that go public, one of which is in the banking sector. The high number of internet users will be an opportunity for financial institutions, especially banks, if these institutions are able to take advantage of the situation and adapt to development demands. On the other hand, this can be a problem if the institution is not ready to compete and adapt to existing demands. Therefore, many companies have used the internet as a communication tool to provide information about the company, including disseminating company information by uploading their financial reports via the company website or IDX (Santoso, 2010).

The number of internet users in the world, including Indonesia, is increasing along with rapid technological developments. In this case, Indonesia is the country with the third-most internet users in Asia and the first in Southeast Asia. This causes greater potential for companies to use the internet, such as in submitting or disclosing financial report information. Developments in Indonesia show that there is pressure or demand for transparency regarding the financial condition of companies, so public companies are required to have websites. A website is made up of several web pages with data or information that may be viewed using an internet network system (Tjahjadi, 2011). This regulation was established to increase openness or transparency as well as increase access for shareholders and other stakeholders to the real and latest public company information as a form of implementing good corporate governance and transparency by utilizing technological advances. This phenomenon certainly encourages public companies to be able to adapt to technological developments, especially the internet. Therefore, many companies implement corporate financial information reporting via the internet, which is published on each issuer's website under the term Corporate Internet Reporting (CIR). Even though it is not mandatory, carrying out financial reporting using the internet is in great demand by companies, and this is supported by the ease of obtaining an internet network and the large number of internet users in Indonesia, so companies are expected to be able to convey their financial reporting optimally by using Corporate Internet Reporting (CIR) (Harsanti et al., 2014).

In general, the internet can help companies disseminate information so that financial reports can be obtained by users in a timely and fast manner. Users of financial reports must have access to information as soon as possible in order for them to be satisfied. This is especially true if the financial reports are helpful and can enhance the company's reputation among those who use them. Stated differently, timely delivery of information to users for decision-making makes it valuable (Kawiana et al., 2023). On the other hand, if financial reports are delayed, their advantages would be diminished. Financial report publication delays are a sign that there is a problem with the issuer's or company's financial reporting that needs more time to resolve. Businesses who fail to submit their financial reports on time to the Indonesian Stock Exchange (BEI) risk administrative penalty as well as a written warning. Companies failing to file financial reports within 30 days will face a written warning and fine of IDR 25 million; 60 days late will result in a written warning II and a fine of IDR 50 million; 90-day delays would result in a written warning III and a fine of IDR 150 million. So, the Indonesian Stock Exchange (BEI) will carry out a temporary trading suspension (Lestari, 2014).

The stock exchange regulator will impose penalty on up to 24 issuers or companies listed on the Indonesia Stock Exchange (BEI) for failing to submit financial reports. Over 600 of the 720 firms that are now listed on the Indonesia Stock Exchange (BEI) must provide audited financial reports. Nonetheless, some businesses continue to disregard their responsibilities to file and disseminate financial reports in accordance with capital market laws. For these issuers, BEI has sent a written warning II, and some were also subject to a fine of IDR 50 million for the late submission. In reality, even though many companies have started using internet media and implementing corporate internet reporting (CIR), there are still many companies that are late or not on time in submitting their financial reports. The problem that exists in the aspect of company financial management by management is accountability to stakeholders. One industry that is required to carry out accountability in its financial reports is the banking industry. The banking industry was chosen considering that banks basically carry out activities as financial intermediaries, namely by mobilizing funds on the one hand and, on the other hand, as a channel of funds. Seeing banking activities like this, whether we like it or not, the banking business must be built on trust (Novius, 2019). Regarding financial reports, companies in the banking industry can utilize internet media to carry out accountability for company financial reports. A number of banking companies have utilized the internet to carry out financial reporting and accountability. However, the level of accountability for financial reports between companies in the banking industry will differ from one another (Budiyono & Setyawasih, 2020). Apart from the three factors above, corporate governance can also have an impact on the timeliness of corporate internet reporting because the existence of a corporate governance mechanism can create a conducive environment and is able to provide guarantee protection and supervision to interested parties so that no party acts in accordance with their own interests.

Literature Review

The term "public ownership" refers to the public's ownership of corporation shares. These shares are owned by individual investors, who can include family groups, governmental entities, and investors from outside management. In order to keep shareholders informed, companies with a public ownership structure typically release more information online or through their corporate website. The reason this is thought to be more effective is that not all shareholders reside in the same location as the business. When a firm is publicly owned, management will be more inclined to provide shareholders with as much information as possible via the company website or through reports. Due to public demand, companies with a high percentage of public ownership will also have high levels of disclosure, which can lessen the knowledge asymmetry between shareholders and management (Widaryanti, 2014). This is due to the fact that investors want to be able to track management actions until their interests in the firm are satisfied and they want to get the most comprehensive and rapid information about the company they are investing in. One of the most often used factors to determine the degree of disclosure is the size of the company. Big businesses typically keep up a positive public perception of themselves. Larger corporations therefore typically report more quickly. In general, larger businesses will reveal more information faster than smaller ones. This is a result of the intense pressure that investors and analysts place on big businesses to release their financial data more swiftly (Astuti & Erawati, 2018).

In agency theory, if the company size is larger, the agency costs incurred will also be greater. The agency costs are in the form of costs for disseminating financial reports, including printing costs and costs for sending financial reports to parties addressed by the company. So, to reduce agency costs, companies will tend to disclose more extensive information. Small businesses typically face fierce competition from other businesses. Small businesses typically don't disclose as much internal information to the public as larger businesses do because doing so could negatively impact their standing in the marketplace (Santoso, 2010). More corporate information is typically released online by larger financial organizations than by smaller ones. This argument is supported by agency theory, which holds that there is more information asymmetry between managers and shareholders in large organizations than in small ones. The promptness of corporate online reporting is influenced by the size of the company. This may be understood in light of the demands placed on large firms by the stock market, which forces them to reveal information on their websites more quickly in order to market securities and accomplish their objectives (Tjahjadi, 2011).

The company's age since going public on the Indonesian Stock Exchange is known as its listing age (BEI). Initial Public Offerings (IPOs) are share offerings made by companies seeking to register on the IDX for the first time. Businesses are required to submit financial reports, both those that have registered and those that will register. Following registration or listing, companies are required to publish their financial reports in compliance with the guidelines and regulations that apply to the Indonesian Stock Exchange. A corporation must release a report detailing the outcomes of its operations within a specific timeframe following registration or going public. Firms with a longer listing history possess a greater understanding of the IDX regulations (Harsanti et al., 2014). As part of the BAPEPAM-established accountability measures, corporations with a longer listing history provide more information and publicity than newly listed companies. This is because, in comparison to recently registered companies, companies that have been listed on the IDX for a longer period of time have greater experience releasing their financial reports and therefore prioritize accuracy of information and timeliness in reporting their business activities. Companies with more experience will declare their finances in line with recent advancements. Not just a paper-based reporting system, but also one that uses no paper at all (Kawiana et al., 2023). Commissioners who are independent are those who are not affiliated with the issuer or public corporation and do not hold shares in either of these entities. Independent commissioners push management of the company to use corporate online reporting on the company website to promptly release information. Being able to objectively monitor company performance is one of an independent commissioner's primary responsibilities in order to support the best possible management performance. A neutral third party with the ability to bridge the knowledge gap between shareholders and a company's management is an independent commissioner (Lestari, 2014).

Methodology

Quantitative techniques are used in this study. The annual financial reports and the annual reports of banking companies listed on the Indonesia Stock Exchange (BEI) are the secondary data sources used in this study. The population is the whole set of individuals, occasions, objects, and passions that researchers want to look at. In the meantime, the sample is a portion of the population or a subset. Banking companies listed on the IDX that meet the established criteria comprise the sample, whereas banking companies registered on the IDX make up the population in this study. Purposive sampling was the method of sampling that was employed to choose the sample. Data for this study were gathered through a variety of techniques, including observation, literature review, and documentation study. This study's data analysis approach makes use of quantitative analysis methods like logical regression analysis and descriptive statistical analysis. using logistic regression since the dependent variable the promptness of corporate internet reporting includes a dummy variable. One can ascertain whether the independent variable can forecast the probability of the dependent variable occurring by using logistic regression. The logistic regression analysis method disregards heteroscedasticity and does not require the assumption that the data on the independent variables are normal. Microsoft Excel and SPSS (Statistical Package for Social Sciences) are the tools utilized for data analysis. To gather data for every variable that will be loaded into SPSS, Microsoft Excel is utilized.

Case studies

A significant value of 0.7 has been obtained from hypothesis testing about the impact of public ownership on the timeliness of corporate internet reporting (CIR). This indicates that the promptness of corporate online reporting is unaffected by public ownership. Therefore, it is disproved that public ownership affects how quickly corporations report on the internet. The findings of this study corroborate those of earlier studies, which concluded that public ownership had no bearing on how quickly corporations report on the internet. Because the role of public ownership as part of the monitoring function does not affect the accuracy of the publication of financial reports, this situation arises because, generally speaking, investors in public ownership tend to be passive and inactive in carrying out monitoring activities. This is because these investors are members of the public who do not really understand active investment activities. The findings of this study, however, go counter to earlier research that suggests public ownership affects how quickly corporations report online (CIR). Large agency costs resulting from public ownership will incentivize management of the company to reduce expenses by promptly disclosing financial information online. Companies with large public ownership certainly need to disclose more information through the company website to provide quick information to shareholders. This is because companies with large public ownership will certainly receive strong pressure from investors to report their finances in a timely manner.

A significant value of 0.03 is obtained from hypothesis testing about the impact of firm size on the timeliness of corporate internet reporting (CIR). This indicates that the promptness of corporate online reporting is influenced by the size of the organization. Therefore, it is acknowledged that a company's size affects how quickly its corporate online reporting is released. Previous research supports the premise that there is a relationship between corporate internet reporting timeliness and firm size, with larger organizations typically publishing their financial information online on time. There is a correlation between the size of the organization and the timeliness of corporate online reporting, according to additional research. One factor influencing the timeliness of corporate internet reporting (CIR) is the size of the firm. Due to intense pressure from analysts and investors to release financial information about their companies as soon as possible, large companies typically do so in both traditional and internet media. One of the most often used factors to determine the degree of disclosure is the size of the company. Big businesses are able to deliver greater information because they have sophisticated and comprehensive management information systems. Online financial reporting will be timely under favorable business conditions. Largely profitable businesses frequently post extra information on their website to entice current and future investors. The study's findings, however, run counter to earlier research that indicates that a company's size has little bearing on how quickly its corporate internet reporting (CIR) is released. This is due to the fact that businesses that submit their financial reports on schedule or late do not consider the unique attributes of each business. Both big and small businesses desire to submit their financial reports on schedule. If investor behavior in this instance solely targets big corporations, it is inappropriate. Large corporations are more cautious when disclosing their financial information than small organizations since they are typically under more scrutiny from regulators, investors, and the general public. Because of this, big businesses don't always publish their financial information on time. Aside from that, a lot of items are examined throughout the audit process because the issues that big businesses confront are more complicated than those small businesses encounter. Because of this, a company's size does not ensure that its financial reports will be submitted on time due to the intricacy of its internal issues.

A significant value of 0.3 has been obtained from hypothesis testing about the impact of listing age on the timeliness of corporate internet reporting (CIR). This indicates that the timely delivery of corporate internet reporting is unaffected by the listing's age. Therefore, it is disproved that the age of the listing influences how timely corporate internet reporting is released. Previous study, which indicates that the age of a company's listing has little bearing on the timeliness of corporate online reporting, supports these findings. Because accountants will only need to retake their classes to comprehend the new rules pertaining to the creation of accounting records once the business has expanded into a huge one. Thus, the listing age variable has no bearing on reporting accuracy, and it will not impact the timeliness of corporate internet reporting for companies with short or long listing ages. This implies that a company with a lengthy listing does not necessarily suggest that it will be able to release financial reports online. However, because they want to adhere to current requirements, companies with a recent listing date may be more punctual in releasing their financial reports online. Long-listed companies may experience delays as well because the public has already familiarized and trusted them. Therefore, even though the business does not always post its financial information on time online, this is thought to have little impact on the public's confidence in the business. This runs counter to the hypothesis, which demonstrates that the age of the listing affects how timely corporate internet reporting is, as well as other research that indicates a positive relationship between the age of a company's listing and the timeliness of corporate internet reporting. Long-listed companies are thought to have more experience in reporting corporate information, which naturally makes corporate internet reporting (CIR) timelier.

A significant value of 0.9 was obtained from hypothesis testing about the impact of the number of independent commissioners on the promptness of corporate internet reporting (CIR). This indicates that the promptness of corporate online reporting is unaffected by the number of independent commissioners. Therefore, it is rejected that the quantity of independent boards of commissioners affects how quickly corporations report on the internet. The test findings demonstrate that the timeliness of corporate online reporting is unaffected by a company's size of independent commissioners. The results of this hypothesis are supported by prior study, which shown that the independent board of commissioners had no effect on the promptness of corporate internet reporting (CIR). Businesses with a high percentage of independent commissioners on their boards cannot provide efficient oversight, therefore management of the company disregards the promptness of corporate online reporting. An average variable percentage of 59% is produced by this research for the independent board of commissioners. According to this study, there is no discernible relationship between the independent board of commissioners and the promptness of corporate online reporting. This can be explained by the fact that a company's independent board of commissioners can only be as large as necessary to comply with current regulatory requirements. As a result, an increasingly large independent board of commissioners may not be able to effectively supervise management, particularly when it comes to the practice of timely corporate internet reporting. The findings of this study, however, are at odds with those of previous studies that demonstrate the independent board of commissioners' influence over the promptness of corporate online reporting. This occurs because an independent board of commissioners typically has strong management oversight, which lowers the likelihood of fraud in the financial reports that management presents. As a result, independent commissioners actively participate in examining financial reporting procedures and policies that allow a business to operate on schedule.

Conclusion

It is clear from the analysis and discussion that public ownership has little bearing on how quickly corporations report on the internet. The promptness of corporate online reporting is influenced by the size of the company. There is no relationship between listing age and the promptness of corporate online reporting. The promptness of corporate online reporting is unaffected by the number of independent commissioners. Researchers expect that this study will add to the body of knowledge by shedding light on variables that may affect how quickly banking institutions provide corporate online reports. Company size is the element that affects how timely corporate online reporting is for banking businesses in this study. Executives in the organization should also be able to use the findings from this study to determine what motivates management to submit financial reports on time. There are consequences to this research, namely that the conclusions can only be broadly applied because the study was limited to certain categories of banking organizations. The number of independent boards of commissioners, firm size, listing age, and public ownership are the only independent factors included in this study. The author realizes that the author's knowledge and experience, both theoretically and practically, are limited. In the future, it is hoped that this research will be able to present higher-quality research results with several inputs regarding several things, including: The researcher suggests that future research can use other types of samples, not limited to banking companies that have been registered on the IDX. Researchers suggest that further research can add variations in other variables such as financial performance, liquidity, leverage, audit reputation, and so on. Researchers suggest that further research can increase the number of years or research periods.

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