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Determinants of Timeliness and Good Corporate Governance at Indonesia Banking Companies

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ABSTRACT
This study examines the direct effect of examining the effect of profitability, GCG on timeliness, while for the indirect effect of testing the effect of profitability on timeliness with GCG as the intervening variable. The data used are banking sector companies listed on the IDX and CGPI of 13 companies for 3 years for the 2017-2019 period. From the results of the study, it can be shown that profitability has an effect on timeliness with GCG as an indirect effect, meaning that stakeholders will give life and the company's performance will accelerate in accordance with the company's expectations. There is also something to do with the accuracy of submitting a company's financial reporting, the public assumes that this company is consistent with what has been produced and has been done, this will also increase the confidence of investors or potential investors because it is clear that the implementation of Good Corporate Governance (GCG) has been going well good.

Keywords: *Profitability, Timeliness and GCG*

1. INTRODUCTION

For the capital market, the timely submission of financial reports is very important not only for internal interests, but also for external interests. Investors who become external parties certainly need information according to a predetermined schedule to reduce the spread of asymmetric financial information and the growth of public investment.[1]

The rapid development of banking at this time has led to increasingly fierce bank competition. This competition has resulted in an increasingly dynamic banking market that requires banks to try to be more effective and efficient. The survival of a company or bank is strongly influenced by corporate governance or corporate governance.

Based on POJK No. 37/POJK.03/2019 concerning Transparency and Publication of Bank Reports and SEOJK No. 9/SEOJK.03/2020 concerning Transparency and Publication of Conventional Commercial Bank Reports, the audit of the Company's Financial Statements for the financial year 2020 has been carried out by an independent, competent, professional and objective Public Accounting Firm in accordance with the Professional Standards of Public Accountants, as well as work agreements and defined audit scope. In order that the audit process is in accordance with the Professional Standards of Public Accountants and the scope of the audit that has been determined and completed on time, regular meetings are held to discuss several significant issues. The Company always strives to improve communication between the Public Accountants, the Audit Committee and the Company's Management in order to minimize the obstacles that occur during the audit process.

Public attention and research on GCG has gained prominence in recent years in various countries including Indonesia. GCG has become a well-known subject of academic research and the mechanisms of GCG vary around the world. GCG is seen as suitable to contribute to sustainable economic development by improving corporate performance. Several studies show that GCG plays an important role in influencing the company's performance in the capital market. Additionally, the primary purpose of starting a business is to improve the well-being of business owners or stakeholders, or to maximize stakeholder wealth by increasing business value. The company's goal is to optimize the stakeholder value that can be achieved through the implementation of the financial management function. Financial decisions can influence other financial decisions and add value to the company. The GCG framework recommends that maximizing

stakeholder value is the result of a GCG mechanism [2].

Timely submission of annual reports is an obligation for companies that go public [3], as well as banking companies that must comply with OJK regulations which state that banking companies must submit structured reports and unstructured reports. OJK will also impose sanctions on companies that do not submit financial reports in a timely manner by providingbased on the findings of the Bank or the Financial Services Authority, an administrative sanction is imposed in the form of a fine of Rp. 100,000 (one hundred thousand rupiah) per incorrect entry and a maximum of Rp. 10,000,000.00 (ten million rupiah) per report.

There are previous studies that have been carried out, including: Companies that follow the CGPI ranking always experience an increase in both quantity and quality every year. This means that their awareness of GCG has increased. CG ratings of go-public companies in Indonesia affect accounting-based performance companies, such as ROA, ROE and EPS. This study also found that there was no effect significant impact on the CGPI rating and the company's growth[2].

Other research states that although the function of an independent board of commissioners has been carried out to oversee the running of the company by ensuring that: that the company has carried out the practices of transparency, disclosure, independence, accountability and practice of justice according to provisions that apply in an economic system but it doesn't have a big impact perform timely financial reporting pelaporan [1].

The researcher assumes that these two variables still give different results by looking at the research location and the research period. In addition, the reason for using these two variables is because when This asset is bigger, the more investment by the company, the faster the sales results, the more money circulation and monopoly activities on the market, the higher the chance to be known to the public so that this will affect the *timeliness*, as well as the company's profitability obtained with the amount of profits that cover the needs of the company can increase the confidence of the owners and investors and see *timeliness* so this company is taken seriously for its company activities.

Based on the results of research that are still under debate with different results, it is deemed necessary to develop further research on the profitability variable on timeliness by using Good Corporate Governance (GCG) as a new thing in this study which is considered capable of influencing the variables to be considered. researched, because the disclosure of financial information is one part of corporate governance implemented by several countries, one of which is implemented in Indonesia. This study also aims to show that this company is consistent with what has been produced and done, this will increase the confidence of investors or potential investors because it is clear that the implementation of Good Corporate Governance (GCG) has been going well. So that with the implementation of balanced corporate governance, the goals and interests of the company will be achieved and get a good reputation in the eyes of the public.

2. RESEARCH METHODS

This study uses banking companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2019 because there are various sectors that can be compared to business viability in each sector, the 2017 to 2019 period on average has displayed GCG reports in accordance with existing regulations. The medium for obtaining this research data is the company's annual report from 2017 to 2019. Sampling uses a purposive sampling method[4]. The samples taken are several techniques, namely samples that have certain requirements in order to be representative of the population, these requirements are general requirements used in a study, including banking companies listed on the IDX from 2017 to 2019 and companies listed on the CGPI during 2017 to 2019. 2019.

This study is to examine the effect of firm size and profitability on timeliness and GCG as an intervening variable. The number of companies that will be examined are 13 banking companies listed on the Indonesia Stock Exchange (IDX) that passed the above sampling from 2017 to 2019 with annual reports and GCG scores for further testing.

The variables used in this study are exogenous variables, namely profitability, researchers use return on assets (ROA) ratio, because ROA shows the company's efficiency in carrying out all its activities to earn a profit [5].

The next variable is the Endogenous variable, namely Timeliness. Timeliness which provides an overview of financial information by company management in order to make timely decisions so that the information does not lose its meaning[3]. For this reason, researchers took the date of

publication of the company's annual report in accordance with the rules of the Financial Services Authority (OJK). NUMBER 63 / POJK.03/2020.

The mediating variable in this study is Good Corporate Governance (GCG). The score obtained from the available CGPI data, so that in this study included in the research sample are companies registered at CGPI with several measurement indicators, including:1. Shareholder rights (subindex A); 2. Board of directors (subindex B); 3. Board of commissioners (sub-index C); 4. Audit committee and internal auditors (sub-index D); 5. Disclosure to investors (sub-index E) (www.mitrariset.com). There are 38 items stated in the CGPI to assess corporate governance which are disclosed in the annual report.

Furthermore, this research will be tested using path analysis method. In addition to testing multiple linear analysis, because this study examines the indirect effect, it is continued to test path analysis between exogenous variables, endogenous variables and intervening variables. In practice, researchers will collect the data to be processed using the software program SPSS.

3. RESULTS AND DISCUSSION

This study will directly examine the effect of profitability on GCG, and indirect testing of company size and profitability on timeliness with GCG as the intervening variable in the 2017-2019 period. The company used is a banking company. The data analysis that will be carried out are: 1. Researchers will test classical assumptions, 2. Researchers will test hypotheses and 3. Researchers will test path analysis.

From the results of the classical assumption test, it can be concluded that multicollinearity test results then the value of VIF is less than 10 from both regression models. Furthermore, the autocorrelation test was conducted and concluded that model 1 has a Durbin Watson value of 1.733. This value is higher and lower than 4 – the upper limit (4 – du) which is 1.7163 < 1.733 < 2.2837 and model 2 has a Durbin Watson value of 1.861 so it can be stated that there is no autocorrelation on firm size, profitability and GCG (model 1) and company size, profitability, GCG and timeliness (model 2).

In the heteroscedasticity test, the absolute residual does not show any symptoms of heteroscedasticity from each factor. It means that the regression model 1 does not contain any heteroscedasticity. The absolute residual regression model 2 does not show any symptoms of heteroscedasticity from each factor not greater than 0.05. It means that it can be stated that the regression model 2 does not contain any heteroscedasticity. The normality test was also carried out, it can be seen that the residual normality indicated by the unstandardized residual variable has a value greater than 0.05, which is significant at 0.90, so it can be concluded that the residual data is a normal portion.

In this study path analysis is used to determine the magnitude of the contribution indicated by the path coefficient of the causal relationship between profitability and GCG variables and the causal relationship between profitability and GCG and timeliness. Path analysis is also used to examine the cause and effect that occurs when the independent variable affects the dependent variable directly or indirectly. After analyzing the data, then the path equation model is made with 2 types of models used in this study.

Model 1 to test the determinants of GCG. For the variable coefficient (Profitability) with the test results (t-test) the Profitability variable with the t-count result of 1.975 with a level of 0.049.

Model 2 to examine the effect of the determinant of timeliness through GCG. The coefficient of variable X1 (Profitability) with a test value (t-test) of the Profitability variable shows the t-count value of -3.149 with a level of 0.002. For the coefficient of Variable X2 (GCG) with a test (t-test) of the GCG variable, the t-count value is -2.145 with a level of 0.032.

In summary, the results of the path analysis of the impacts that will occur on each factor are shown in the table below:

Table 1. Summary of Decomposition of Path Coefficients

Variable Effect	Causal Influence		Total	Conclusion
	Live	Indirect		
X against Y	0.502	-	0.502	
X against Z	0.542	1.1392	0.617	There is Mediation Effect
Z against Y	2,102	-	2,102	

Source: SPSS Processed Data (2021)

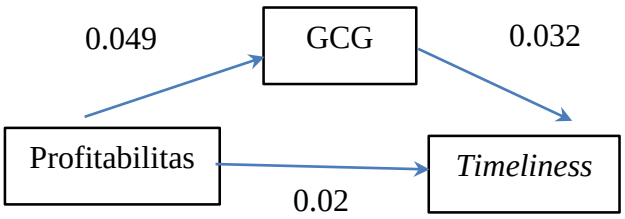
The use of the t test, the aim is to be able to find out the aspects that are in it, the impact that will occur so that the influencing factors can be understood so as to produce something that varies

from other research. The t test is used to test the effect of the independent and dependent variables on the equations of model 1 and model 2. Based on the t test, the following analysis is produced:

Table 2. Test Results (a = 5% or 0.05)

Model	*Unstandardized Coeficients*		Sig.	Conclusion
	B	Std. Error		
Model 1				
(constant)	65,990	7.958	0.000	
profitability	0.542	0.091	0.049	Sig
Model 2				
(constant)	15,756	2,077	0.000	
profitability	0.502	0.038	0.002	Sig
GCG	2.102	0.601	0.032	Sig

Source: SPSS data (2021)



Based on the results conveyed that profitability affects timeliness, this means that profitability also determines the level of trust to external parties because the greater the profit generated and the delivery of financial information is also timely, it will be good news for those who need the information and will respond. positive for investors or potential investors.

Companies that earn large profits then shows a better quality of the company, so that stakeholders will respond quickly to a company's performance according to company expectations. When the profit value is high, it will be related tothe accuracy of the submission of the financial statements of a company, the public assumes that if the company submits financial reports on time, the company is consistent with what has been produced and what it does, this will also increase the confidence of investors or potential investors that the implementation of corporate governance has been going well. So that with good implementation, the goals and interests of a company will be achieved and get a good reputation in the eyes of the public.

Based on the test results that show profitability is one of the effects of GCG, profitability is a manifestation of the achievement and fulfillment of the interests of stakeholders who contribute to creating good corporate governance for the company.

In accordance with the legitimacy theory which explains that this theory is a step for the company to realize its business development in the short and long term [6], so that it becomes a place to show the steps made by the company, most importantly getting a good response in the environment outside the company, so that with this strategy it is clearly seen that governance which is the guideline in managing the company in accordance with the company's expectations regarding profit and sustainability.

The form that must be fulfilled by the company to investors, one of which is to get the maximum profit, this cannot be separated from the participation of all elements in the company. This does not rule out the possibility that when the company has to experience a bitter cry because the results obtained are not satisfactory for the company and the general public, then sometimes companies make various breakthroughs, one of which is optimizing the implementation of governance activities in order to cover up this bitter reality that will occur in every company.[7].

Based on the theory that has been presented previously, the researcher argues that when a company earns pIf the profit is satisfactory, the pleasant responses from various parties will continue to grow. Sa condition of a company that has high profits and large assets from period to period, the company will survive moreover having good corporate governance from several aspects actually adds value to the company, so that the relationship between the company and outsiders has a positive impact.

According to [8] who examines the determinants of the quality of corporate governance implementation, concludes that profitability affects the quality of Good Corporate Governance implementation and this study also proves empirically what previous researchers have done. [8] that governance is the key to building a company that can thrive and survive.

Based on test results which show that GCG is also a determinant of timeliness. This means that timeliness in financial reporting can be a positive thing for corporate governance, with the timeliness of submitting financial information meaning that the governance that has been carried out is good and

meets the requirements in the GCG items that must be met.

Theory legitimacy provides a step for issuers to realize their business development in the short and long term, so that it becomes a place to interpret the steps made by the company, most importantly getting a name and life in the midst of the environment outside the company, so that with the existence of this strategy it is clear that governance that becomes the guideline in managing the company. The company's strategy is to create good corporate governance so that the public or outsiders can see how far the development and condition of the company is[9].

The researcher assumes that with the rules for certainty of a company's financial information, the public assumes that this issuer is consistent with what has been produced and has been done, this will also increase the confidence of investors or potential investors because it is clear that the implementation of Good Corporate Governance (GCG) has been going well. So that with the implementation of Good Corporate Governance (GCG), the company's goals and interests will be achieved and get a good reputation in the eyes of the public.

4. CONCLUSION

Profitability greatly determines the level of trust for investors to invest their capital in the company so that the company must be consistent with what it has done to obtain a high profitability value and as a good company performance in the eyes of investors and the public. From this good performance, it can be seen that the management of the company can run well.

AUTHORS' CONTRIBUTION

This research contributes to the internal and external parties of the company. The role of company management will have an impact on the survival of a company, because with timeliness and good governance it will provide positive energy for external parties, especially investors. Investors will perceive that the company not only manages the company but also has strategies to increase company profits and company performance, of course this will be a form of accountability for those in need.

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