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The Effect of Late Publication Financial Statements on Stock Prices with Company Reputation as Moderator in Companies Listed on the IDX Period 2020-2022

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Abstract
This study aims to analyze the effect of delays in the publication of financial statements on stock prices, by considering corporate reputation as a moderating variable in companies listed on the Indonesia Stock Exchange and have experienced delays in the publication of financial statements in 2020-2022. To test this relationship, this study uses audited annual financial report data of 89 companies that are late and listed on the Indonesia Stock Exchange for the period 2020-2022. This research sample was selected using purposive sampling. Data analysis was carried out using the IBM SPSS 22 analysis tool and using simple linear regression techniques. The results showed that late in publication of financial statements had no significant positive effect on stock prices. This shows that late in the publication of financial statements has no influence on stock prices. This study also found that company reputation is able to moderate the effect of late publication of financial statements on stock prices.

Abstrak
Penelitian ini bertujuan untuk menganalisis pengaruh keterlambatan publikasi laporan keuangan terhadap harga saham, dengan mempertimbangkan reputasi perusahaan sebagai variabel moderasi pada perusahaan yang terdaftar di Bursa Efek Indonesia dan telah mengalami keterlambatan publikasi laporan keuangan pada tahun 2020-2022. Untuk menguji hubungan tersebut, penelitian ini menggunakan data laporan keuangan tahunan yang telah diaudit dari 89 perusahaan yang terlambat dan tercatat di Bursa Efek Indonesia periode 2020-2022. Sampel penelitian ini dipilih dengan menggunakan purposive sampling. Analisis data dilakukan dengan menggunakan alat analisis IBM SPSS 22 dan menggunakan teknik regresi linier sederhana. Hasil penelitian menunjukkan bahwa terlambat publikasi laporan keuangan tidak berdampak positif signifikan terhadap harga saham. Hal ini menunjukkan bahwa terlambat publikasi laporan keuangan tidak berpengaruh terhadap harga saham. Penelitian ini juga menemukan bahwa reputasi perusahaan mampu memoderasi pengaruh keterlambatan publikasi laporan keuangan terhadap harga saham.

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1. Introduction

The capital market is a financial system that facilitates meetings between parties who need funds (companies or governments) and parties who have funds (investors). In the capital market there are several financial instruments that are traded including stocks, bonds, and deviratives. The main purpose of the capital market is to provide a channel for long-term financing for companies, as well as providing investors with a place to invest and generate profits. The development of the capital market in Indonesia is very rapid characterized by the increase in companies going public to trade their shares every year and seen on the Indonesia Stock Exchange website until 2023 touched 900 companies. With this large number of companies, it indicates that the capital market where buying and selling shares is carried out is very rapidly developing and active. Buying and selling shares occurs between companies and investors through the Indonesia Stock Exchange website and on the website investors will also see the stock price of each company before finally deciding to invest.

In tandem with the advancements in the realm of capital markets, investors require dependable and transparent information to aid in their decision-making process. To satisfy the demands of investors, every business is therefore required to release annual financial reports. Investors rely on the company's financial statements, which are available on the Indonesia Stock Exchange and must comply with all rules and regulations because they will undoubtedly be a benchmark and source of information for all interested parties, both internal and external. Investors and shareholders utilize financial reports to access pertinent information, particularly regarding financial conditions that are significant to them. Financial reports are also considered to be able to estimate the company's prospects in the future which will be used as a consideration for investors or shareholders to continue to entrust their investment to the company or not.

For investors, the timeliness of financial reporting is very important for making investment decisions, this is supported by the government by issuing regulations on the capital market Law (UU) No. 8 of 1995 which explicitly explains that companies that have gone public or have traded their shares publicly are required to submit periodic reports and other incidental reports to Bapepam or the Capital Market Supervisory Agency which in 2011 has been replaced by the Financial Services Authority. OJK Regulation No.14 Article 4 of 2022 sets out the procedure for submitting financial statements, stating that "annual financial statements must or shall be submitted to the Financial Services Authority and announced to the public no later than the end of the third month after the date of the financial statements." With this, the date of the annual financial statements is December 31, so the latest the company must report and publish the financial statements is March 31. If the company publishes before or on March 31, the company is considered on time in publishing the financial statements, but on the contrary, if after that date, the company is said to have delayed the publication of financial statements and has the obligation to pay a fine set by Government Regulations.

The losses in the form of sanctions and fines that will be obtained by the company if it experiences delays in terms of submission or publication of financial reports vary according to how long the company experiences delays. Provision II.6.1 of Exchange Regulation Number I-H regarding Sanctions, For up to 30 calendar days following the deadline for filing Financial Statements, the Exchange will issue Written Warning 1 for late submission of Financial Statements. Provision II.6.2. Exchange Regulation Number I-H regarding Sanctions stipulatesthat if, between the 31st and the 60th calendar day after the deadline for submitting Financial Statements, the Listed Company still does not comply with the requirement to submit Financial Statements, the Exchange will issue Written Warning II and impose a fine of Rp50.000.000. Provision II.6.3. Exchange Regulation No. I-H regarding sanctions stipulatesthat if the Listed Company fails to pay the Written Warning II fine between the 61st and 90th calendar days after the deadline for submitting the Financial Statements, the Exchange will issue a Written Warning III and impose an additional fine of Rp150.000.000. And if the company still has not submitted the financial report, in accordance with Government Regulation Number 45 of 1995 concerning the implementation of activities in the capital market sector, Article 63 Letter E, a fine of Rp1.000.000 will be imposed for each day of delay with a maximum total fine of Rp500.000.000.

Based on data contained on the Indonesia Stock Exchange website (www.idx.co.id), in 2021 the Indonesia Stock Exchange (IDX) announced that 88 listed companies were late in submitting financial reports for the period of the financial year ending December 31, 2020 with a percentage of 12.30% of the total issuing companies. And in 2022 there were 91 listed companies that were late in submitting financial reports for the period December 31, 2021 with a percentage of 11.59% of all issuing companies, and the latest is in 2023 the Indonesia Stock Exchange (IDX) announced that there were 61 listed companies that were late in submitting financial reports for the period of the financial year ending December 31, 2022 with a percentage of 7.11% of all issuing companies. When viewed from the data from 2020 to 2022, the percentage of late companies has decreased, this is simultaneous with the increase in the number of listed companies from year to year. Although it appears that there is a decrease in the number of late companies from the 2021 to 2022 financial year, there is also an increase in the number of late companies from the 2020 to 2021 financial year and more than 50 issuers still submit their financial reports beyond the deadline, indicating that some businesses continue to disregard the rules and the consequences of filing financial reports after the deadline.

The results of research undertaken by previous studies have demonstrated that stock prices might be impacted by delays in the publication of financial reports such as the results of research conducted by (Rindika & Setyaningsih, 2021) that the reporting delay hypothesis has a significant effect on stock prices, this shows that the time span for the issuance of a company's financial statements is one of the aspects seen by investors. Similar research was also conducted by (Suryapraja, 2020) found the results that audit delay does affect investor reactions because audit delay is an important factor in investor decision making, where the information contained in the company's annual financial statements is a signal and key for investors to invest shares or not. Different results of research conducted by (Ayu et al., 2019) with the result that the financial reporting untimeliness variable has no effect on market reaction, this is because investors will react without paying attention to whether the company is on time or not in submitting its financial statements, this result is in line with the results of research by Murwaningsari (2008). There is also similar research by (Nuari & Setyani, 2017) which says that there is no significant difference in trading volume before and after the financial statements are released, this indicates that the effect of investor reactions to financial reports is not significant, this is because the published financial statements do not contain the information needed by investors and the information in the financial statements cannot change investor confidence and investment decisions to be taken.

In the end, researchers added moderating variables in this study because there were several studies that said that the publication of financial statements had no significant effect on stock prices, and by adding moderating variables, it was hoped that it could change the results of research that initially had no significant effect to a significant effect. Since corporate reputation is thought to be a factor that moderates the effect of late financial statement publication on the firm's stock price, it is employed as a moderating variable. For investors, a company's reputation, which is derived from how its performance is perceived, can send out two types of signals positive signals, or good news; or negative signals, or bad news.

Signaling theory is the theory applied to this occurrence. According to this hypothesis, a decision made by management of the firm can reveal to investors how the management perceives the company's future. In this situation, the management of the firm will provide financial statements, which investors will use to assess the state and prospects of the business. Financial statements delays can have an impact on a business's stock price since they may cause investors to react negatively, as shown by changes in the stock price of the company.

2. Method

2.1. Depend Variable (Y)

The dependent variable in this research is stock price. The stock price used in this research has also been determined, namely the closing stock price (*closing price*) at the deadline for submitting financial reports according to Bapepam, namely March 31. March 31 was chosen because it allows the stock price to be influenced by the independent variables of this research so that it is more relevant in decision making (Oshiana, 2018). Ln (Natural Logarithm) is used in this research because the scale used is a nominal scale and a dummy scale, so the data must be transformed to a nominal scale using Ln in order to obtain normal data and meet the regression requirements (Chandra & Arisman, 2016).

2.2. Independent Variable (X)

The delay in the release of financial reports is the independent variable in this study that is thought to have an impact on the dependent variable. This variable is utilized in accordance with Regulation Number and Law No. 8 of 1995 regulating Capital Markets. If the audited annual financial report shows a date less than or equal to 31 March, it can be said that the company is on time in carrying out the publication of its audited financial report, but it will be said to be late in publishing the financial report if the financial report shows a date later than 31 March (Rachmawati, 2008). This independent variable is measured using variables dummy, this method is used to quantify data that was originally qualitative data. This variable is categorical using values 1 and 0, for financial reports published on time it will get a value of 1, then for reports published late it will get a value of 0 (Diputra & Anna, 2014) (Frans & Ilham, 2022).

2.3. Moderating Variable (M)

Company reputation can be measured using ratios *Market to Book* (MTB). The MtB ratio is a ratio used to compare stock prices to the company's book value. The MtB ratio can show how much the company is worth in the market. If the MtB value is high, it shows that the company has a good value or reputation in the market (Ocak & Findik, 2019). On the other hand, a low MtB value indicates that there is a loss or failure of the company and poor company behavior (Etale et al., 2016). The MtB ratio is calculated by dividing the market value per share (*market price*) with book value per share (*book price*) and *book pric*e is obtained from the company's total equity divided by the number of shares outstanding. The stock price used is the company's stock price at the end of the book closing.

2.4. Population and Sample

The research's population consists of issuer firms that are listed on the Indonesia Stock Exchange (BEI) and that, according to the BEI's notification regarding the submission of audited financial reports, encountered delays in 2020–2022. The issuer companies that have encountered delays encompass a diverse range of industries, from the manufacturing to the service sectors. The population of this research is Issuer companies that have experienced delays in publishing financial reports in the 2020-2022 period is are 146 companies, and the sample which use in this research are 89 companies that have financial statements complete for 2020-2022.

2.5. Data Types and Sources

The data used in this study are quantitative, or data that can be expressed as numbers. Qualitative data can also be turned to numbers and examined by statistical computations. This study employed secondary data for its data collection. Secondary data is gathered from trustworthy, current sources. The Indonesian Stock Exchange's official website provided the yearly financial reports (audited) of a few companies for the 2020–2022 period, which served as the source of secondary data for this study.

2.6. Method of Collecting Data

The documentation method used for this data collection was acquired by gathering audited financial reports from companies listed between 2020 and 2022 on the Indonesia Stock Exchange (BEI) website, as well as from the companies' respective official websites. The Indonesia Stock Exchange's official website is www.idx.co.id.

2.7. Data Analysis Tools

The data analysis technique used in this research is Simple Linear Regression Analysis and is assisted by software analysis tools *Statistical Package For Social Sciences* or better known as the SPSS

22 program. In this research there are several analytical methods used, including: Descriptive Statistics, Normality Test, Model Feasibility Test, Simple Linier Regression Analysis, Moderation Regression Analysis (MRA), T test, and Coefficient of Determination Test (R^2).

3. Result and Discussion

3.1. Descriptive Statistical Analysis

The research sample consisted of 89 companies from the companies have late of publication of financial statements from 2020-2022 which consist of several sectors, namely the agriculture sector, basic industry and chemical sector, consumer good industry sector, finance sector, infrastructure, utilities, and transportation sector, mining sector, miscellaneous industry sector, property, real estate and building sector, technology sector, trade, services & investment sector.

When presenting and describing data in the form of tables, graphs, or summary metrics like average, standard deviation, variance, maximum, and minimum, descriptive statistics are utilized. An overview of the dependent variable is the company's stock price, the moderating variable is the company's reputation, and the independent variable is the delay in publishing financial reports—can be observed in this study.

Table 1. Descriptive Statistical Analysis Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
LATE	158	0	1	.25	.436
STOCK	158	3.09	7.31	4.9332	.96718
IMAGE	158	-.68	1.86	.5677	.54241
Valid N (listwise)	158				

The following table displays the outcomes of descriptive statistics that the Late in Publication of Financial Reports variable has the following values 0 is the minimum, 1 is the maximum, 0.25 is the average, and 0.436 is the standard deviation. And then the closing price stock price variable has the following values 3.09 is the minimum, 7.31 is the maximum, 4.9332 is the average, and 0.96718 is the standard deviation. The last is the company reputation variable has the following values -0.68 is the minimum, 1.86 is the maximum, 0.5677 is the average, and 0.54241 is the standard deviation.

The results of the regression analysis were preceded by the first classical assumption test, namely the normality test with the Kolmogorov-Smirnov test on the residual values of the research model and the Asymp value was obtained. From table test results One-Sample Kolmogrov-Smirnov it is known that value Monte Carlo Mr. (2-tailed) of 0.387. Because the value is 0.387 > 0.05, it can be concluded that the residual data is normally distributed so that the data used in this research meets the assumptions of the normality test so that it does not give rise to biased results later. The next is F test, the model feasibility test is passed by the regression model if the significance value is less than 0.05. It is known that the F value is 5.122 with a significance value of 0.007 < 0.05. Based on the results obtained, it can be concluded that the regression model can or is appropriate to use in other terms, delay in publication of financial reports and moderation of company reputation can predict its effect on stock prices.

3.2. Hypothesis Test

To find out if the delay in financial report publication as the independent variable (X) had an impact on the stock prices as the dependent variable (Y), the t test was used. The independent variable has a significant impact on the dependent variable if the significance value is less than or equal to 0.05, which is the threshold used for this test.

Table 2. **Regression Analysis Results and Hypothesis Test Results**

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.916	.089		55.060	.000
	LATE	.070	.177	.031	.393	.695

The variable delay in publishing financial reports has a significance value of 0.695 based on the t test results mentioned above. These findings demonstrate that the variable delay in financial report publication has no discernible impact on stock prices, with a significance value of ̃ > 0.05. This leads to the conclusion that the first hypothesis (H1) **rejected.**

The moderating variable's ability to either strengthen or diminish the link between the independent and dependent variables is examined in this study using the coefficient of determination test. The R Square values before and after the moderating variable show this outcome.

Table 3. **Coefficient of Determination Test Before Moderating Variable**

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.031[a]	.001	-.005	.96980

Table 4. **Coefficient of Determination Test After Moderating Variable**

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.256[a]	.066	.048	.94392

From these two results, it is known that the R Square value increased after the moderating variable was introduced because the R Square value in the first equation before adding the moderating variable, the R Square value is 0.001< the R Square value in the second equation after adding the moderating variable, it is known that the R Square value is 0.066. With this information, it can be concluded that the moderating variable can strengthen the influence of the independent variable on the dependent variable, and with this the second hypothesis (H2) **accepted**.

This finding contradicts the theory used. The theory used is signal theory where information shared by the company will get a response from investors so that it will influence stock price movements. This happens because perhaps investors only need the information contained in the financial reports without looking at when the financial reports were published, whether they were on time or late and whether the company received a fine or not. Knowledge regarding the limits for submitting financial reports is also poorly understood and understandable by investors so that investors may not understand whether the company is late or not and therefore do not pay attention to this matter. It is common knowledge that if investors use fundamental analysis, they will need financial reports as a basis for decision making, and the important thing that will be seen and paid attention to is the information in the financial reports such as income, liquidity, profits and so on. The point for investors is that if financial reports are available then that is a good thing regardless of when the report is published. So the publication time is a small thing and is not important information to pay attention to.

Overall, delays in publishing financial reports do not have a significant effect on stock prices so that if the company is late in publishing financial reports it does not change investors' investment decisions so it does not affect stock prices in the market. This is also supported by the results of several previous studies. Because there have been several studies that have found that there is no influence between the two, the researchers finally added a moderating variable which they hope can change the results which initially had no effect to become influential after adding the moderating variable in this research.

In the previous first hypothesis, delays in the publication of financial reports could affect stock prices. However, when this moderating variable is added, it can strengthen the relationship between the two, namely the relationship between the independent variable, namely the delay in publication of financial reports and the dependent variable, namely stock prices, so that initially it has no effect. If the moderating variable is added, it becomes influential. This means that initially investors did not pay attention to when the financial reports were published, whether it was late or not, if they already trusted the company. However, if investors see that the company has a poor or even bad reputation, investors will be more careful in looking at any information conveyed by the company, including the timing of the publication of financial reports, because of the sense of trust that is not given to the company. Investors consider that if a company has a reputation that is not good or even bad, then if the company is also late in publishing financial reports then there is certainly a big question mark that is worth asking, namely why the company was late, whether there are problems in it that could later harm investors. So it takes quite a long time to prepare a financial report, especially since the financial report seen is an audited financial report where the report contains an audit opinion which can explain the actual condition of the company.

Overall, by being late in publishing financial reports and supported by having a bad reputation, the company will experience movement or even a decline in stock prices on the market due to changes in investment decisions made by investors because they use these two things as considerations for decision making. In this case, it also indicates that the company's reputation has succeeded in moderating, namely strengthening the influence of delays in the publication of financial reports on stock prices.

4. Conclusion

This research was conducted to see the effect of delays in the publication of financial reports on stock prices and the company's reputation as a moderator for companies listed on the Indonesia Stock Exchange for the 2020-2022 period. Based on the results of the analysis carried out, the following conclusions were obtained that the Late in the publication of financial statements do not have a significant positive effect to stock prices. This means that the delay in publication of financial reports which should reduce stock prices does not have a significant effect on the increase or decrease in stock prices, possibly because investors need the information in financial reports more than the time when the report is published. And then company reputation is able to moderate the effect of late publication of financial statements on stock prices. This means that a bad reputation will make investors pay more attention to delays in publications made by the company and suspect there are problems in it, so they avoid greater risks by switching to investing in other companies and in the end this will reduce demand for shares and lower stock prices.

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