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Analysis of the Effect of Financial Distress, Profitability, and Leverage on Delays in Submitting Interim Financial Reports

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ABSTRAK

This research aims to provide empirical evidence regarding the factors that influence the timeliness of submitting interim financial reports to companies listed on the Indonesia Stock Exchange. The population used in this research is companies that received sanctions in the form of written warnings in the second quarter of 2022 by the Indonesian Stock Exchange. The approach used is a qualitative approach with logistic regression analysis as a data analysis method because this method is suitable for research that has a dependent variable that is measured by a dummy variable. Determining the research sample used the purposive sampling method which resulted in a sample of 162 companies. This research provides evidence that financial distress has a negative and significant influence on the timeliness of submitting interim financial reports, while profitability and leverage do not affect the company's timeliness in submitting its interim financial reports.

Keywords: Interim Financial Reports, Timeliness, Financial Distress, Profitability, Leverage.

1. Introduction

Financial reports are data that contain important information and are prepared based on standards (Kieso, 2013). Financial reports are a very useful source of information because financial reports describe financial performance, changes in equity, cash flows, and existing assets in the company. Financial reports are said to be useful when the financial information presented is relevant, reliable, comparable, and understandable (IAI, 2018). Therefore, financial reports are very important for companies as a tool to communicate these conditions to outside parties who have an interest in a certain period. An interim report is a financial report that provides information about a company's condition for less than one year. Interim financial reports must be reported by every issuer listed on the Indonesia Stock Exchange (BEI). This regulation is by the decision issued by the IDX in regulation number I-E regarding the obligation to submit information. Point III.1.1 Listed companies are required to submit regular financial reports to the stock exchange which include annual financial reports and interim financial reports. Interim reports are regulated in PSAK 3 which was later revised in 2010. Interim reports must be made by companies registered with capital market supervisory bodies such as the Securities Exchange Commission in the United States and the Stock Exchange in Indonesia, this is so that all companies can demonstrate their performance to other parties. stakeholders. Interim financial reports provide an overview of the income and expenses of the interim period. Comparing certain interim financial reports with previous periods provides greater benefits for report users, such as determining trends in financial position and performance when interim financial reports are compared with interim financial reports for previous periods and determining seasonal cyclical tendencies of business activities if the interim financial report is compared with the same interim in the previous accounting period (Mardika, 2021). With this interim report, entities can provide information earlier (on time) as one of the qualitative characteristics of financial reports, report users can speed up the tactical decision-making needed to be more efficient, rather than waiting for the annual financial report to be published after the end of the year. Current issues can be revealed in this interim financial report because it is usually accompanied by future projections based on current conditions and the assumptions used (Supriyanto, 2022).

Based on regulation number I-E regarding the obligation to submit information, point III.1.1.5 states that Interim Financial Reports that are not audited by a Public Accountant shall be no later than 1 (one) month after the date of the Interim Financial Report in question. The Interim Financial Report is reviewed on a limited basis by a Public Accountant, no later than 2 (2) months after the date of the Interim Financial Report. Interim Financial Report audited by a Public Accountant, submitted no later than 3 (three) months after the date of the Interim Financial Report. With these regulations, issuers become more disciplined in conveying financial information. If an issuer violates the delivery of information in the form of financial reports not on time, sanctions will be given in the form of warnings, fines, and suspension of share trading as stated in the Decree of the Directors of the Jakarta Stock Exchange Number: Kep-307/BEJ/07-2004 concerning Regulation Number I-H concerning Sanctions. Timeliness in submitting financial reports is an important factor in presenting relevant information. The timeliness of financial reporting is a basic element for financial report notes. Financial reports as information will be useful if the information they contain is provided promptly to decision-makers before the information loses its ability to influence decision-making. If there is an undue delay in reporting, the resulting information will lose its relevance. The need for timeliness of financial reporting

has been clearly stated in the basic framework for preparing financial report presentations timeliness is one of the qualitative characteristics that must be met, so that the financial reports presented are relevant for decision-making.

One of the factors that influences delays in submitting financial reports is financial distress. Financial difficulties or financial distress are triggered by economic problems in the company, causing the company's inability to avoid this. Usually, companies will experience losses in the last few years and are unable to pay off their obligations when they fall due and eventually experience financial distress or even bankruptcy. Profitability is an indicator of a company's success in generating profits so the higher the profitability, the higher the company's ability to generate profits for the company (Hilmi & Ali, 2008). Dyer & McHugh's (1975) research shows that companies that make a profit tend to submit their financial reports on time and vice versa if they experience a loss. Carslaw & Kaplan (1991) found that companies experiencing losses asked their auditors to schedule their audits later than they should, as a result of which their financial reports were submitted late. These two studies state that companies will tend to delay submitting financial reports if they company believe there is bad news in the financial reports because it affects the quality of earnings. Companies that have high profitability can say that the company's financial reports contain good news and companies that experience good news will tend to submit their financial reports on time. This also applies if the company's profitability is low, which means bad news, so the company tends not to submit its financial reports on time.

Another factor that influences delays in submitting financial reports is leverage or what is usually called solvency. Leverage shows the company's ability to use all its assets to pay all existing debts. Leverage refers to how far a company relies on creditors to finance company assets. Weston & Copeland (1995) stated that the leverage ratio measures the level of company assets that have been financed by the use of debt. A company that has high financial leverage means it has a lot of debt to external parties. This means that the company has a high financial risk because it is possible to experience financial distress due to high debt. Research by Schwartz & Soo (1996) shows that companies experiencing financial difficulties tend to be less timely in submitting their financial reports than companies that are not experiencing financial difficulties. Financial difficulties are also bad news, so companies in conditions like this tend not to be timely in their financial reporting. Valentina & Gayatri (2018) state that leverage does not affect the timeliness of financial reporting. In line with Kartasari (2012) who states that leverage does not affect the timeliness of financial reporting.

Some companies are late in submitting interim financial reports, as can be seen from BEI announcement No. Peng-LK-00013/BEI.PP1/09-2022 which provides written warnings I to 59 listed companies that have not submitted interim financial reports ending as of 30 June 2022, the phenomenon of delays in publishing financial reports is interesting to examine, especially for interim financial reports that are not audited and not reviewed on a limited basis by a public accountant. Because if you look at its benefits, interim financial reports can provide report users with fast and accurate information or data in the context of policy-making, both for investment purposes, drafting regulations, and other needs. Therefore, this research uses company interim financial reports compared to annual financial reports which have also been frequently used in previous research. Based on the background stated above, the author is interested in conducting research with the title "\Analysis of the Effect of Financial Distress, Profitability, Leverage on Delays in Submitting Interim Financial Reports.

2. Theoretical Foundations and Hypothesis Development

Signaling Theory

The originator of this signal theory was Spence who conducted research entitled Job Market Signaling in 1973. Spence (1973) stated that asymmetric information occurs in the employment market. Therefore, Spence created a signal criterion to add strength to decision-making. Signal theory states that a good company will provide a good signal to society and the market, especially because the market is expected to be able to characterize which companies are good and which companies are not good (Suhadak et al., 2019). Signal theory also focuses on the importance of the information provided and released by the company because it will have an impact on many things that influence the company, such as the level of investment in the company (Agustina & Baroroh, 2016). If the information conveyed is good, then the market and public response will also be good (Purwanto & Agustin, 2017). Signaling Theory emphasizes the importance of information released by the company on investment decisions by parties outside the company. Information is an important element for investors and business people because information essentially provides information, notes, or descriptions of past, present, and future conditions for the survival of a company. Complete, relevant, accurate, and timely information is needed by investors in the capital market as an analytical tool for making investment decisions.

Compliance Theory

Compliance theory was coined by Stanley Milgram (1963), compliance is the motivation of a person, group, or organization to act or not act by established rules. An individual tends to obey laws that they deem appropriate and consistent with their internal norms. Normative commitment through personal morality (normative commitment through morality) means fulfilling the law because the law is considered a necessity, while normative commitment through legitimacy means obeying the rules because the authority that makes the law has the right to dictate to the perpetrator (Shaena et al., 2020). The implementation of compliance theory in organizations refers to two aspects. Some companies comply voluntarily and some companies comply because they are afraid of sanctions or fines. Companies that submit their financial reports on time voluntarily will consider that this action is a moral act that will have an impact on the company's reputation. Secondly, companies tend to comply with the provisions, in this case, the timeliness of financial reporting, because it is considered a necessity and because the authority that prepares these provisions has the right to dictate behavior to report its finances at the specified time. This is done by the company to avoid sanctions or fines (Susandya et al., 2018).

Interim Financial Report

Interim financial reports, which cover a period of less than one year, provide timely information about the entity's progress during the year. Interim financial reports can be for one week, one month, a quarter, or several quarters. Public companies are required to publish quarterly reports and the rapid stock market reaction to the public release of such quarterly information indicates that investors and other users of financial statements are closely watching these reports (Baker et al., 2016). In DSAK (2010) an interim financial report is a financial report, either a complete financial report or a summary financial report for an interim period. An interim period is a financial reporting period that is shorter than a full financial year. Based on several definitions of interim financial reports, it can be concluded that interim financial reports are complete financial reports or concise financial reports that provide cumulative information regarding the company's condition for an interim period of less than one year.

Financial Distress

Financial distress is a situation where a company's finances are in an unhealthy state or crisis, which precedes bankruptcy. Financial difficulties occur when a company is unable to pay or when cash flow projections find that the company will soon be unable to fulfill its obligations and a company fails to run its business to generate profits (Narayana & Yadnyana, 2017b). The high probability of bankruptcy is bad news for the company. To avoid poor quality financial reporting, companies often try to improve it, but this takes a lot of time and often delays the preparation of financial reports. Financial difficulties experienced by a company can cause delays in reporting finances on time, to avoid poor-quality financial reports. The financial difficulties experienced by companies greatly influence the timeliness of the publication of financial reports (Annisa & Syofyan, 2023).

Profitability

The profitability ratio or profitability ratio shows the company's success in generating profits. Dyer & McHugh's (1975) research shows that companies that make a profit tend to submit their financial reports on time and vice versa if they experience a loss. Carslaw & Kaplan (1991) found that companies experiencing losses asked their auditors to schedule their audits later than they should, as a result of which their financial reports were submitted late. These two studies state that companies will tend to delay submitting financial reports if the company believe there is bad news in the financial reports because it affects the quality of earnings. And conversely, the company will be on time in submitting financial reports if the company believes there is good news. Companies that have high profitability can say that the company's financial reports contain good news and companies that experience good news will tend to submit their financial reports on time. This also applies if the company's profitability is low, which means bad news, so the company tends not to submit its financial reports on time.

Leverage

Leverage menunjukkan kewajiban keuangannya apabila perusahaan tersebut dilikuidasikan, baik kewajiban keuangan jangka pendek maupun jangka panjang (Munawir, 2010). *Leverage* menunjukkan sejauh mana aktiva perusahaan dibiayai dengan utang (Kasmir, 2014). Pembiayaan dengan utang menimbulkan beban yang bersifat tetap. Artinya seberapa besar beban utang yang ditanggung perusahaan dibandingkan dengan aktivanya. Penggunaan rasio *leverage* bagi perusahaan memberikan banyak manfaat yang dapat dipetik, baik rasio rendah maupun rasio tinggi. *Leverage* merupakan salah satu faktor yang nantinya dapat memengaruhi ketepatan waktu pelaporan keuangan. Besar kecilnya tingkat *leverage* sebagai pengukuran kinerja manajemen memengaruhi keinginan manajemen untuk melaporkan kinerjanya. Apabila suatu perusahaan mengalami tingkat *leverage* yang rendah maka pihak manajemen akan cenderung tepat waktu dalam menyampaikan laporan keuangan perusahaannya, sedangkan perusahaan yang mengalami tingkat *leverage* yang tinggi akan cenderung lebih lama dalam menyampaikan laporan keuangan perusahaannya.

Timeliness

Timeliness is the availability of information to decision-makers when needed before the information loses its power to influence decisions (Suwardjono, 2014). Timeliness is an important constraint on the publication of financial reports. Even if financial information is useful when it is relevant and presented honestly, its usefulness can be enhanced only if it is available promptly. Timeliness means conveying available information to decision-makers at the right time to influence the decisions they make (Lam & Lau, 2014). Users of financial report information need report disclosure quickly and on time so that the accuracy of financial reports is maintained and provides high utility value for carrying out analysis and making decisions to predict future company performance. Therefore, timeliness is an important factor in presenting financial reports to the public and companies are expected not to delay presenting their financial reports so that the information does not lose its ability to influence decision-making.

Hypothesis Development

Financial distress is a stage of decline in financial conditions that occurs before a company is declared bankrupt (Platt & Platt, 2002). Financial distress is usually characterized by cash flow showing negative values, poor financial ratios, and being unable to pay debts that are due. In signal theory, a good company will provide a good signal to the public and the market, especially because the market is expected to be able to characterize which companies are good and which companies are not good. One type of information released by a company that can be a good or bad signal for parties outside the company, especially for investors, is the company's interim financial report. Financial distress can cause the quality of financial reports to become poor (Narayana & Yadnyana, 2017a). To overcome this problem, the company will try to fix it, so it will take longer, which will result in the period for publishing interim financial reports to the public. The research of Maharani et al. (2020); Putri & Latrini (2018); Sumariani & Wahyuni (2022) proves that there is an influence between financial distress and the timeliness of submitting financial reports. Therefore, the hypothesis proposed by the author is as follows:

H1: A high probability of financial distress has a significant negative effect on the timeliness of submitting interim financial reports.

Profitability is an indicator of a company's success in generating profits so the higher the profitability, the higher the company's ability to generate profits for the company (Valentina & Gayatri, 2018). In signal theory, a good company will provide good signals to society and the market. Signal theory also emphasizes the importance of the information provided and released by the company because it will have an impact on many things that influence the company, such as the level of investment in the company. High profitability is a good signal for the public, especially users of financial reports, so companies try to provide this information promptly. Therefore, companies that can generate profits tend to be more timely in submitting their financial reports compared to companies that experience losses. The higher the company's profitability, the more there is no reason for the company to delay submitting financial reports to the public. The research of Handayani et al. (2021); Fortuna & Khristiana (2021); Kasin & Arfianti (2018) proves that profitability has a positive effect on the timeliness of submitting financial reports. The profits obtained by the company (profit) are good news for the company so that the company will not delay conveying information that contains good news. Based on the explanation above, the following hypothesis is formulated:

H2: Profitability has a significant positive effect on the timeliness of submitting interim financial reports.

Signal theory emphasizes the importance of information released by the company on the investment decisions of parties outside the company. Information is an important element for investors and business people because information essentially provides information, notes, or descriptions of past, current, and future conditions for the survival of a company. According to Asnawi & WIjaya (2015), leverage (solvency) shows the ability to pay for the long term. In other words, leverage is used to find out how far a company relies on debt to finance the company's assets or equity. For investors, leverage can show a company's ability to meet long-term obligations. Janrosl (2018), said that a company that has high leverage means it is dependent on loans or debt to finance its operational activities, so this is bad news and will affect the timeliness of financial reporting. Meanwhile, companies that have low leverage finance their investments more with their capital. In the research of Handayani et al. (2021); Fortuna & Khristiana (2021) leverage influences the timeliness of submitting financial reports. Based on the explanation above, the following hypothesis can be formulated:

H3: Leverage has a significant negative effect on the timeliness of submitting interim financial reports.

3. Methodology

Research design

In this research, the type of research used is quantitative research, because this research is related to numbers and the object of this research is companies that received written warnings in the first quarter of 2022 from the Indonesia Stock Exchange (BEI). The aim of quantitative research using descriptive methods in this research is to find out how significant the influence of the probability of financial distress, profitability, and leverage is on the timeliness of submitting the company's interim financial reports. The sample was selected using the probability-purposive method, with the following criteria:

1. Companies listed on the Indonesian Stock Exchange.

2. Companies that receive written warnings for the first quarter of 2022 by the Indonesian Stock Exchange.

3. Companies that have published interim financial reports for the first, second, and third quarters of 2020-2022 which have not been fully audited.

Operational Definition and Variable Measurement

The variable of main concern in this research is one dependent variable, namely the timeliness of submitting interim financial reports. The three independent variables in this research are financial distress, profitability, and leverage. Overall, the variables in this research consist of 4 variables, namely financial distress, profitability, leverage, and timeliness of submitting interim financial reports.

Data analysis method

Statistical analysis of the data used in this research is logistic regression analysis. According to Ghozali (2018), logistic regression analysis is a regression that tests whether there is a probability that the dependent variable can be predicted by the independent variable. Logistic regression analysis does not require a normal distribution in the independent variables (Ghozali, 2018). Therefore, logistic regression analysis does not require normality tests, heteroscedasticity tests, and classical assumption tests on the independent variables. The logistic regression analysis model used to test the hypothesis is as follows:

$$Y = \beta_0 + \beta_1 FDS + \beta_2 PROF + \beta_3 LEV + e$$

Information:

Y = Timeliness

β_0 = Constant Regression Coefficient

β_1- β_3 = Regression Coefficient of each proxy

FDS = Financial Distress

PROF = Profitability

LEV = Leverage

E = Error Term

4. Result and Discussion

Research Population

Table 1 - Process for Determining Research Samples

No	Criteria	Quantity
1.	Companies subject to written warning sanctions in the second quarter of 2022	59
2.	Companies that do not have complete interim reports for quarters I, II, and III for 2020-2022	(41)
3.	Total companies that meet the sample selection criteria	18
4.	**Amount of research data**	**162**

Based on Table 1, it can be seen that the number of companies subject to the first written warning sanction in the second quarter of 2022 by the Indonesian Stock Exchange that meets the sample criteria is 18 companies. The total data for this research is 162 samples obtained from 18 companies with complete interim reports for quarters I, II, and III for 2020-2022.

Results of Descriptive Statistical Analysis

Table 2 - Results of Descriptive Statistical Analysis

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Timeliness	162	0	1	,52	,501
FDS	162	-2,43	4,40	,0655	,95469
PROF	162	-,26	,32	-,0043	,06310
LEV	162	-547,79	187,45	,6541	48,77136
Valid N (listwise)	162				

From Table 2 above, it can be seen that the mean value for the variable Timeliness of Submitting Interim Financial Reports is 0.52, meaning that it is 52% of the company's punctuality level in submitting financial reports. In this study, the resulting standard deviation value was 0.501 lower than the average value. Then the resulting minimum and maximum values are 0 and 1 respectively. The financial distress variable in this study has a mean value of 0.0655. The minimum value of financial distress was -2.43 in the Bakrie Sumatra Plantations Tbk company in the first quarter of 2020 and the maximum value was in the Hensel Davest Indonesia Tbk company of 4.40 in the third quarter of 2022. The standard deviation obtained was 0.95469 This shows that the maximum increase in the financial distress variable is +0.95469 and the maximum decrease in the average financial distress variable is -0.95469. The profitability variable in this study has a mean value of -0.0043. The minimum value of profitability is -0.26 at the Garuda Maintenace Facility Aero Asia Tbk company in the third quarter of 2020 and the maximum value is at Dosni Roha Indonesia Tbk at 0.32 in the second quarter of 2021. The standard deviation obtained is 0.06310 This shows that the maximum increase in the profitability variable is +0.06310 and the maximum decrease in the average profitability variable is -0.06310. The leverage variable in this study has a mean value of 0.6541. The minimum leverage value is -547.79 at the Bukit Uluwatu Villa Tbk company in the second quarter of 2022 and the maximum value is at the Visi Media Asia Tbk company at 187.45 in the third quarter of 2020. The standard deviation obtained is 48.77136 p. This shows that the maximum increase in the leverage variable is +48.77136 and the maximum decrease in the average leverage variable is -48.77136.

Regression Model Feasibility Test Results (Goodness Fit Test)

Table 3 - Hosmer and Lemeshow Test

Hosmer and Lemeshow Test			
Step	**Chi-square**	**df**	**Sig.**
1	13,680	8	,091

The SPSS output results presented in Table 4.3 show that the chi-square value is 13.680 with a significance (p) of 0.091. Based on these results, with a significance value greater than 0.05 ($p > 0.05$), the model can be concluded to be able to predict the observed values, or the model is said to fit the data and the model is acceptable so that this model can be used for further analysis.

Test Results Assess the Overall Model (Overall Model Fit)

Table 4 - Test Results Assessing the Entire Model (Block Number = 0)

Iteration History[a,b,c]			
			Coefficients
Iteration		**-2 Log likelihood**	**Constant**
Step 0	1	224,184	,099
	2	224,184	,099

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 224,184

c. Estimation terminated at iteration number 2 because parameter estimates changed by less than ,001.

Table 5 - Test Results Assessing the Entire Model (Block Number = 1)

Iteration History[a,b,c,d]						
			Coefficients			
Iteration		**-2 Log likelihood**	**Constant**	**FDS**	**PROF**	**LEV**
Step 1	1	214,928	,073	,444	1,055	,002
	2	214,736	,079	,523	,928	,003
	3	214,735	,079	,528	,922	,003
	4	214,735	,079	,528	,922	,003

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 224,184

d. Estimation terminated at iteration number 4 because parameter estimates changed by less than ,001.

Table 4 shows the -2 Log Likelihood (-2LogL) value in the first block (block number = 0). The -2LogL value is 224.184. Then the next -2LogL value (block number = 1) is shown in Table 5. In the table, it can be seen that -2 Log Likehood (-2LogL) in block number = 1 after entering the three independent variables financial distress, profitability, and leverage becomes 214.735. As shown in Tables 4 and 5, the initial -2 Log Likehood (2LogL) value (block number = 0) is 224.184 and the subsequent -2 Log Likehood (2LogL) (block number = 1) is 214.735. This means a decrease of 9,449. This decrease in the 2LogL value indicates a better regression model or in other words the hypothesized model fits the data.

Hypothesis Test Results

1. Coefficient of Determination

Table 6 – Determination Coefficient Test Results (Nagelkerke R Square)

Model Summary			
Step	**-2 Log likelihood**	**Cox & Snell R Square**	**Nagelkerke R Square**
1	214,735a	,057	,076

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than ,001.

Based on the SPSS output results shown in Table 4.6, it can be seen that the Nagelkerke R Square value is 0.076. This means that the variability of the dependent variable that can be explained by the independent variable is 7.6%. Meanwhile, the remaining 92.4% is explained by other factors not examined in this study.

3. Hypothesis Testing

Table 7 – Hypothesis Testing

Variables in the Equation							
		B	**S.E.**	**Wald**	**df**	**Sig.**	**Exp(B)**
Step 1[a]	FDS	-,528	,217	5,920	1	,015	1,696
	PROF	,922	2,780	,110	1	,740	2,513
	LEV	,003	,005	,447	1	,504	1,003
	Constant	,079	,163	,237	1	,627	1,082

a. Variable(s) entered on step 1: FDS, PROF, LEV.

Table 8 – Sample Mean Values

Group Statistics					
	Ketepatan Waktu	N	Mean	Std. Deviation	Std. Error Mean
FDS	Late	77	-,1581	,76291	,08694
	On-time	85	,2680	1,06444	,11545
PROF	Late	77	-,0105	,05474	,00624
	On-time	85	,0014	,06965	,00755
LEV	Late	77	-2,4255	67,70590	7,71580
	On-time	85	3,4439	19,87441	2,15568

Table 9 – Difference Test Results

Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
FDS	Equal variances assumed	3,718	,056	-2,901	160	,004	-,42602	,14685
	Equal variances not assumed			-2,948	152,189	,004	-,42602	,14453
PROF	Equal variances assumed	,432	,512	-1,202	160	,231	-,01192	,00991
	Equal variances not assumed			-1,216	156,958	,226	-,01192	,00980
LEV	Equal variances assumed	1,432	,233	-,764	160	,446	-5,86944	7,68298
	Equal variances not assumed			-,733	87,843	,466	-5,86944	8,01128

4. Discussion

The analysis used in this research is logistic regression analysis, namely by looking at the influence of financial distress, profitability, and leverage on delays in submitting interim financial reports for companies listed on the Indonesia Stock Exchange (BEI). This regression test analysis is to test how far all the variables are dependent. The regression coefficient results can be determined using the probability value (Sig) which can be seen in Table 7. Based on the output results in Table 7, the logistic regression model equation in this study is as follows:

$$Y = 0,079 - 0,528FDS + 0,922PROF + 0,003LEV + e$$

A constant of 0.079 means that if the Financial Distress level (FDS), Profitability level (PROF), and Leverage level (LEV) values are assumed to be constant, then Y (Timeliness of Submission of Interim Financial Reports) is 0.079.

Based on the test results, it is stated that financial distress has a significant negative effect on the timeliness of submitting interim financial reports. This can be seen from the significance value of 0.015 which is smaller than 0.05 and the coefficient value of -0.528. The negative direction means that the greater the probability that a company experiences financial distress, the company tends to delay the publication of financial reports because this reflects poor conditions within the company. This result is also supported by the difference in the average value of financial distress which can be seen in table 9. Sig. (2-tailed) is 0.004, which means that there is a significant difference in the average financial distress score in companies that are late with an average of -0.1581, while companies that submit interim financial reports on time have an average of 0, 2680 as shown in Table 8. A high probability of bankruptcy is bad news for the company. To avoid poor quality financial reporting, companies often try to improve it, but this takes a lot of time and often delays the preparation of financial reports. This is by signal theory which states that a good company will provide a good signal to the public and the market, especially because the market is expected to be able to characterize which companies are good and which companies are not good. When a company experiences bad financial conditions, such as financial difficulties, the company will be careful when publishing the company's interim report because the report that will be issued by the company will later be received as a signal for users of the interim report, and if the published report gives a signal negative, it will also have a negative impact on the company. The results of this research are in line with research by Pramesti & Suputra (2019); Narayana & Yadnyana (2017); Trisnadevy & Satyawan (2020); Nopayanti & Ariyanto (2018) which shows that financial distress results influence the timeliness of submitting financial reports.

The research results show that the Beta correlation coefficient is 0.922, which means there is a positive relationship between profitability and the timeliness of submitting financial reports. Apart from that, this is indicated by a significance value of 0.740 which is greater than 0.05, which means it is not significant or in other words, H2 is not supported. The test results show that the second hypothesis is not supported because profitability does not have a significant influence on the timeliness of submitting the company's interim financial reports. This result is also supported by the absence of a significant difference in the average profitability value of companies that are late compared to companies that submit interim reports on time. Table 9 shows the Sig value. (2-tailed) profitability 0.231. Late companies have an average value of -0.0105 while companies that are on time have an average profitability of 0.0014. This can be interpreted as meaning that the size of profitability will not affect the timeliness of submitting financial reports, thus indicating that companies that experience profits or losses in financial reporting ignore information about profitability. This is because every company is required to submit its interim reports promptly. Apart from that, there are mandatory and binding regulations for companies to submit their interim financial reports. This is by compliance theory where every company must comply with existing regulations. Late companies will be subject to various fines and sanctions.

This will be a major consideration for companies to submit their interim reports promptly. Apart from that, management as the party responsible for the company will try to do what is best for the company, namely by trying to submit interim financial reports promptly. The results of this research are researched by Valentina & Gayatri (2018); Carolina & L. Tobing (2019); Nurmiati (2016); Fortuna & Khristiana (2021) which shows that profitability does not affect the timeliness of submitting financial reports.

The research results show a correlation coefficient of 0.003, which means there is a positive relationship between leverage and the timeliness of submitting financial reports. Apart from that, this is indicated by a significance value of 0.504 which is greater than 0.05, which means it is not significant or in other words, H3 is not supported. Companies with a high leverage ratio tend to have a low ability to fulfill their obligations because if the company's leverage value is known to be high, this will make the delivery of the company's investment information bad for investors. This will give rise to a tendency to be careful in preparing the company's financial reports so that the company still appears to have low financial risk and does not appear to be experiencing financial difficulties. This result is also supported by the absence of a significant difference in the average leverage value of companies that are late and companies that submit interim reports on time. Table 9 shows the Sig value. (2-tailed) leverage of 0.446. Late companies have an average value of -2.4255 while companies that are on time have an average leverage of 3.4439. However, considering the current economic conditions related to debt problems, it is considered normal and not an extraordinary problem for a company as long as there is still a possibility of resolution, so information about debt is ignored by the company. Compliance theory requires companies to comply with existing laws and regulations, especially regarding time limits for submitting financial reports by applicable regulations so that financial reports are delivered and provide benefits to stakeholders. The results of this research are researched by Valentina & Gayatri (2018); Fortuna & Khristiana (2021); Carolina & L. Tobing (2019) found that leverage does not affect the timeliness of submitting financial reports.

5. Conclusions and Suggestions

Conclusion

From the results of the data analysis and discussion described in the previous chapter, the following conclusions can be drawn:

1. Financial distress has a negative and significant effect on the timeliness of submitting interim financial reports. The large probability of financial distress causes companies to be careful in submitting interim financial reports, so companies tend to delay publishing interim reports promptly.
2. Profitability does not have a positive effect on the timeliness of submitting interim financial reports. This is because every company is required to submit its interim reports promptly. Apart from that, there are mandatory and binding regulations for companies to submit interim financial reports.
3. Leverage has no positive effect on the timeliness of the company's interim financial reporting. This is because management does not consider a high DER as bad news for the company which results in delays in submitting financial reports and debt problems are considered normal and not an extraordinary problem for a company as long as there is still a possibility of resolution, so that information about debt is ignored by the company.

Saran

This research still has several shortcomings, therefore suggestions that can be given for further research are as follows:

1. 1. For further research, it is recommended to use research samples from companies in other sectors listed on the IDX with a longer research period, so that the research results can provide an overview of the financial performance conditions of companies in Indonesia.
2. 2. For further research, it is recommended to add other variables and other proxies that are thought to influence the timeliness of submitting interim financial reports.
3. 3. For further research, it is recommended that other research methods be used to obtain more valid research results.

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