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The Influence of Corporate Governance and Leverage on The Integrity of Financial Statements with Firm Size as a Moderation Variable

Dertina Eftaria Br Munthe[1], Keulana Erwin[2], Tetty Yuliati[3]

[1,2,3]Department of Accounting, Faculty of Economics and Business, Universitas Sumatera Utara, Indonesia

Corresponding Author: Dertina Eftaria Br Munthe

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ABSTRACT

This research aims to test and analyze the influence of institutional ownership, managerial ownership, and audit committee and leverage on the integrity of financial reports. This research design is classified as an associative-causal type of research with a population of all transportation companies listed on the Indonesia Stock Exchange that are active during the 2018-2022 period totaling 46 companies. In determining the sample size, researchers used a purposive sampling technique so that the number of samples observed was 23 companies. Data collection techniques in this research used documentation and a literature study. After the data is obtained, the analysis will be carried out using descriptive statistical analysis, classical assumption testing, panel data regression model selection, moderated regression analysis, and hypothesis testing. From the data analysis, the result can be given that the F-calculation is obtained with a value of 0.17. while the F-table has a value of 2.19, it can be concluded that F-count ≤ F-Table or 0.17≤2.19 with a significant value of 0.084562 ≥ 0.05 so that institutional ownership, managerial ownership, audit committee and leverage simultaneously have no effect and are not significant to the integrity of financial statements. Further research is needed using other more dominant variables that reflect a company's value to obtain valid results.

Keywords: *corporate governance, institutional ownership, integrity of financial reports, managerial ownership, audit committee and leverage*

INTRODUCTION

The integrity of financial reports provides accurate information and is independent of deliberate actions by management to manipulate financial reports. The integrity of financial reports is important because it reflects the company's value. Based on Styawan (2019), integrity in financial reports can be seen from the fulfilment of reliability quality, which consists of 3 components: verifiability, representational faithfulness, and neutrality. So, financial reports with integrity must be verified by an independent accountant, present information per reality, and reflect the substance of transactions. The information presented is neutral and does not take sides with certain individuals or agencies.

Over time, many cases of manipulation of financial reports prove that the integrity of financial reports has not been implemented under applicable regulations. It means the company presents financial information that does not meet actual conditions. One of the companies in Indonesia that is recorded as having manipulated financial reports is Garuda Indonesia (Persero) Tbk. This was because two Garuda Indonesia commissioners were proven to have refused to sign the financial report in 2018. In their report, the company got a net profit of US$809 thousand in 2018 compared to 2017, which experienced a loss of US$216.58 million (Kepramareni, 2022).

In the third quarter of 2018, the company experienced a loss of US$ 114.08 million, so the net profit information was considered suspicious. In this case, the commissioner of Garuda Indonesia (Persero) Tbk. Rejects the recording of cooperation transactions in providing connectivity services (Wi-Fi) on flights with PT Mahata Aero Teknologi (Mahata) in revenue posts. This is because there were no payment transactions carried out by PT Mahata Aero in 2018 amounting to US$239.94 million. If the nominal value of the collaboration is not included as income, the company will suffer a loss of US$ 244.96 million. The irregularities in the financial reports caused the Financial Audit Agency (BPK) to ask the Public Accounting Firm (KAP) to conduct an audit. Apart from that, this case caused investors' confidence to decrease because they saw that the company did not have the integrity of its financial reports.

Another case is the case of PT Kereta Api Indonesia (KAI). PT KAI detected fraud in the presentation of financial reports. This is a form of fraud that can mislead investors and other stakeholders. This case is also related to the issue of violating the code of ethics for the accounting profession. There is suspected data manipulation in PT KAI's 2005 financial report, in which the state-owned company recorded a profit of IDR 6.9 billion. However, the company lost IDR 63 billion if researched and studied more thoroughly. PT KAI Commissioner Hekinus Manao, the Director of Information and Accounting at the Directorate General of State Treasury, Ministry of Finance, said that the S. Manan Public Accounting Office had audited the financial report. The audit of PT KAI's financial reports for 2003 and previous years was carried out by the BPK, while for 2004, it was audited by the BPK and public accountants.

The cases above are closely related to the integrity of the company's financial reports because the existence of cases of financial report manipulation means that the integrity of the company's financial reports is weak. So, the integrity of financial reports is essential for companies. This is because the information is used as consideration for decision-making for interested parties. The integrity of the company's financial reports will be achieved if the company can implement corporate governance. The implementation of corporate governance aims to produce financial reports that are appropriate to the situation and have integrity because these reports receive direct supervision by the board of commissioners. Other corporate governance factors influencing integrity besides the board of commissioners are institutional ownership, managerial ownership and the audit committee.

In this study, researchers used corporate governance variables: institutional ownership, managerial ownership, and audit committee. Apart from corporate governance, researchers added audit committees and leverage variables.

Researchers also include firm size as a moderating variable. The importance of including this firm size variable is to obtain empirical evidence and find out the extent to which the firm size variable can moderate the variables of managerial ownership, institutional ownership, audit committee and leverage on the integrity of financial reports.

Research on institutional ownership on the integrity of financial reports conducted by previous researchers by Oktaviani et al. (2021) found that institutional ownership had a positive effect on the integrity of financial reports. Meanwhile, Priharta (2017) found that institutional ownership had a negative effect on the integrity of financial reports. In contrast to Fajar and Nurbaiti (2021), the results obtained from institutional ownership do not affect the integrity of financial reports.

Research on managerial ownership and the integrity of financial reports conducted by Fatimah et al. (2020) showed that managerial ownership positively affected the integrity of financial reports. Sinulingga et al. (2020) found that managerial ownership had a negative effect on the integrity of financial reports. Meanwhile, Oktaviani et al. (2021)

found that managerial ownership did not affect the integrity of financial reports.

Febriyanti (2020) shows that the audit committee has a significant positive effect on the integrity of financial reports. Meanwhile, Kartika and Nurhayati (2018) found that the audit committee significantly negatively affected the integrity of financial reports. In contrast to Oktaviani (2021), the results showed that the audit committee did not significantly affect the integrity of financial reports.

Wahyuliza and Geni (2021) show that firm size positively affects the integrity of financial reports. Meanwhile, Fatimah et al. (2020) state that firm size has a negative effect on the integrity of financial reports. In contrast to Nugraheni (2021), firm size does not significantly affect the integrity of financial reports.

Febriyanti (2020) found that leverage positively affected the integrity of financial reports. Meanwhile, Fatimah et al. (2020) found that leverage had a negative effect on the integrity of financial reports. Research conducted by Wahyuliza and Geni (2021) regarding leverage on report integrity concluded that the leverage variable does not influence the integrity of financial reports.

Based on the phenomenon explained in the background, Financial Report Integrity is still very interesting to research because there is still diversity in the results of previous research, and previous research did not use moderating variables. In contrast, this research uses a moderating variable, namely Firm Size.

LITERATURE REVIEW

Integrity of Financial Reports

According to SFAC No.2, Financial Report Integrity is all information in financial reports that is presented fairly, unbiased, and honestly (Saad & Abdillah, 2019). Financial reports with high integrity will influence the decisions of financial report users in making decisions (Mayangsari, 2003). The requirements for a financial report to have integrity are if the financial report meets the quality of reliability (Kieso et al., 2008), namely:

1. Verifiability
   An independent accountant must verify the accounting information presented in financial statements. The company's financial reports have conditions like other companies' financial reports, so you will get similar results when audited.
2. Neutrality
   The information contained in financial reports does not favour any party.
3. Representational faithfulness
   The numbers and information in the financial reports are per what happened.

The integrity of financial reports is not recorded in the financial reports. Several methods can be used to measure the integrity of a company's financial reports, for example, using the principles of conservatism, earnings management, statements by external auditors expressing their opinions regarding the company's condition, etc. In this research, measuring the integrity of financial reports uses the accounting principle of conservatism.

Meanwhile, measuring the integrity of financial reports, according to Saad and Abdillah (2019), uses the following formula:

$$\mathbf{IFR_{It}} = \frac{\textbf{Market Price per Share}}{\textbf{Book Value per Share}}$$

Under the condition:

1. If IFR < 1 is obtained, that is low. This means that the integrity of the company's financial reports is still low.
2. If an IFR value > 1 is obtained, that is high. This means that the integrity of the company's financial reports is good.

Firm Size

Firm size shows the company's characteristics in the form of how large or small a company is. Based on Law No. 20 of 2008, there are four types of firm sizes:

micro, small, medium, and large. Companies with significant total assets usually have a higher efficiency level in company operations than companies with low total assets. Therefore, companies that have large total assets can generate high profits. This is one of the considerations for investors when investing capital in the company. According to Dewi & Praptoyo (2022), firm size describes the size of the company resulting from the amount of capital used by the company, the total assets, and the total turnover achieved by the company. According to Hartono (2016:685), the firm size can be measured based on the size of its assets with the logarithm of the company's total assets. This study measures firm size by the logarithm of the company's total assets. This aims to facilitate calculations of total assets, usually of large value, without changing the actual number of assets. The calculation for firm size uses the Debt Equity Ratio (DER) according to Dewi & Praptoyo (2022) with the following formula:

$$\textbf{Firm Size} = \frac{\textbf{Total Assets}}{\textbf{Equity Value}}$$

Firm size is influenced by total assets on the company's equity value. The greater the company's total assets, the greater the equity value so that the firm size can be categorized as large.

Corporate Governance

The development finance supervisory body defines Corporate Governance as commitment, rules of the game, and practices for conducting business healthily and ethically. The principles used as a reference in developing, implementing, and evaluating GCG are transparency, accountability, responsibility, independence and fairness. Good corporate governance is essential because it aims to increase the company's success in the view of capital owners, commissioners, and other stakeholders.

The implementation of good governance certainly has various goals; apart from overcoming problems related to the relationship between shareholders and the company, this implementation also encourages awareness of the transparency process carried out by the company, which, of course, will provide a good view for investors as well as prospects long term company. The other benefits are as follows:

1. Increasing an organisation's efficiency, effectiveness, and sustainability contributes to the welfare of shareholders, employees, and other stakeholders. It is an elegant solution for facing future organizational challenges.
2. Increase the legitimacy of organizations managed openly, fairly, and accountable.
3. Recognize and protect the rights and obligations of shareholders and stakeholders.

Corporate Governance is a process and structure used by a company to increase business success and corporate accountability in order to realize shareholder value in the long term while still paying attention to the interests of other stakeholders, namely:

1. Institutional Ownership

Institutional ownership is the company's shareholders by the government, financial institutions, legal entities, foreign institutions and other institutions (Wardhani & Samrotun, 2020). Institutional ownership shows shareholders' influence on a company's financial reporting performance. The greater the institutional ownership, the greater the voting power and encouragement of the financial institution to supervise management and, as a result, can provide greater encouragement for management to optimize company performance. These effective supervisory measures can safeguard shareholder wealth. The existence of adequate supervision causes the use of debt to

decrease. Therefore, the role of debt as a monitoring tool has been taken over by institutional ownership. Monitoring actions by institutional ownership can reduce opportunistic or self-serving behavior by managers and allow managers to focus more on company performance.
The percentage of institutional ownership can be measured by calculating institutional ownership according to Wardhani & Samrotun (2020), namely:

$$\mathbf{IO} = \frac{\textbf{Total Institutions Shares}}{\textbf{Stock Outstanding}}$$

Institutional ownership can indicate a solid corporate governance mechanism that can be used to monitor company management. The influence of institutional ownership on company management can be significant and can be used to align management interests with shareholders.

2. Managerial Ownership

Managerial ownership is included in one of the characteristics of Good Corporate Governance. One mechanism managerial ownership uses to reduce the conflict caused by the separation of ownership and control between the two parties (owners and managers) is offering managers to participate in stock option programs known as stock-based compensation. The shares given to managers are what is meant by managerial ownership. The higher the managerial ownership, the more likely the manager is to practice earnings management.
Internal parties share management ownership with the company's managers (Wardhani & Samrotun, 2020). This management ownership will increase the balance of information between shareholders and management, thereby reducing problems that arise in agency theory. The percentage of management ownership can be measured by calculating managerial ownership according to Wardhani & Samrotun (2020), namely:

$$\mathbf{MO} = \frac{\textbf{Manager Share Ownership}}{\textbf{Stock Outstanding}}$$

Managerial ownership is compensation that a company provides to its employees. Mathematically, the value of managerial ownership is obtained from the presentation of company shares owned by directors and commissioners. Shareholder ownership by managers is expected to act following the wishes of the principals because managers will be motivated to improve performance. The size of the number of managerial shareholdings in the company indicates the similarity of interests between managers and shareholders.

Committee Audit

The board of commissioners forms the audit committee to carry out supervisory duties on company management (Ulfa & Challen, 2020). The audit committee is also considered a liaison between shareholders, the board of commissioners, and management in handling control issues. Based on BEJ Circular Letter Number SE-008/BEJ/12-2001, the audit committee membership consists of at least three people, including the chairman of the audit committee. There is only one member of this committee who comes from the commissioners. The committee member from the commissioners is an independent commissioner of the listed company and the audit committee's chairman. Other members who are not independent commissioners must come from independent external parties.
As regulated in the Decree of the Chairman of Bapepam Number Kep-29/PM/2004, which is a regulation that requires companies to form an audit committee, the duties of the audit committee include:

a) Reviewing financial information that will be released by the company, such as financial reports, projections and other financial information,
b) Reviewing the company's compliance with laws and regulations in the capital market sector and other laws and regulations relating to the

company's activities,

c) Reviewing the implementation of audits by internal auditors,
d) Reporting to the commissioner various risks faced by the company and the implementation of risk management by the directors,
e) Review and report to the board of commissioners on complaints relating to the issuer,
f) Maintain the confidentiality of documents, data, and company secrets.

In this research, the audit committee is measured by the number of audit committees from independent commissioners divided by the number of audit committees according to Ulfa & Challen (2020) as follows:

$$\mathbf{CA} = \frac{\textbf{Number of Audit Committees}}{\textbf{Total Audit Committee}} \mathbf{x\ 100\%}$$

The Audit Committee consists of at least 3 (three) people from Independent Commissioners and parties from outside the Company. The Audit Committee can appoint staff or the Audit Committee Secretariat to carry out daily tasks if necessary. The Board must approve this appointment of Commissioners.

Leverage

According to Kasmir (2014), leverage is a ratio that measures how much a company's activities are financed with debt. In another opinion, Febrilyantri (2020) states that the leverage ratio is a ratio used to measure how much a company is financed with debt. Using too much debt will endanger the company because it will fall into the extreme debt category where the company is trapped in a high level of debt, and it is difficult to get rid of the debt burden.

The greater the company's debt, the greater the risks it will face; therefore, shareholders (investors) will look at the amount of debt the company has because this will be a consideration in deciding to invest.

This leverage ratio compares the company's overall debt load to its equity. In other words, this ratio shows how many company assets are owned by shareholders compared to those owned by creditors (debt providers). If shareholders have more assets, then the company is said to be less leveraged. However, if creditors (debt providers) own most assets, then the company in question is said to have a high level of leverage. This solvency or leverage ratio helps management and investors understand the risk level of their company's capital structure.

The calculation process for the leverage variable, according to Febrilyantri (2020), is as follows:

$$\textbf{Leverage} = \frac{\textbf{Total Liabilites}}{\textbf{Total Assets}}$$

Leverage is influenced by total debt to total company assets. The greater the company's total debt, the greater the amount to finance the company's total assets.

Framework

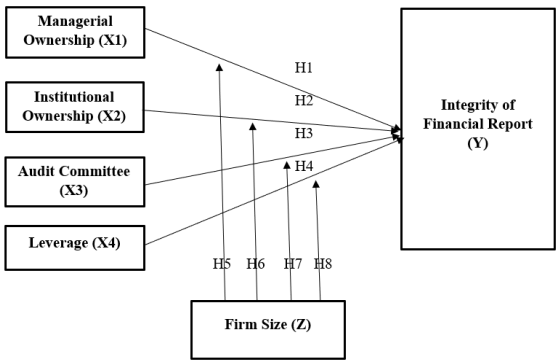

Figure 1. Framework

H1: Managerial ownership influences the integrity of financial reports
H2: Institutional ownership influences the integrity of financial reports
H3: The audit committee influences the integrity of financial reports
H4: Leverage affects the integrity of financial reports

H5: Managerial ownership influences the integrity of financial reports with firm size as a moderating variable
H6: Institutional ownership influences the integrity of financial reports with firm size as a moderating variable
H7: The audit committee influences the integrity of financial reports with firm size as a moderating variable
H8: Leverage influences the integrity of financial reports with firm size as a moderating variable.

MATERIALS & METHODS

This research is classified as an associative-causal type of research, helpful in explaining phenomena in the correlation framework between variables. This type of research aims to identify causal relationships between various variables (Erlina, 2011). The type of research used in this study is descriptive quantitative. The population in this research is all transportation companies listed on the Indonesia Stock Exchange that are active during the 2018-2022 period, totalling 46 companies. According to Sugiyono (2019:136), the sample is part of the number and characteristics of the population. In determining the sample size, the researcher used a purposive sampling technique where the researcher determined the sample size based on the criteria determined when choosing to be used as samples in the research. The number of samples that researchers took was 23 companies. Panel data was used as a data analysis method for this research using Stata 17 software.

RESULT

A. Selection Of Estimation Models

Three models use panel data regression, namely: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (FEM) by carrying out three models of reform in realizing the regression model, namely Chow Test, Hausman Test, and Lagrange Multiplier.

Chow Test

Chow's Test was used to determine whether the Common Effect Model or Fixed Effect Model is the most appropriate for the regression model. There are hypotheses in carrying out this test, namely:
H0 = Probability > 0.05, then CEM is used
H1 = Probability < 0.05, then FEM is used.

Table 1. Chow Test Result

F(21, 88) =	1.46
Prob > F =	0.1127

Source: Stata 17 Data Processing

Table 1 above shows the probability (P-value) of cross section F of 0.1127 > 0.05. Then, it is concluded that H0 is accepted and H1 is rejected, which means that the model selected and used is the Common Effect Model (CEM).

Hausman Test

The Hausman Test was used to determine whether the Fixed Efficiency Model (FEM) or Random Effect Model (REM) is the most appropriate in determining the regression model. There are hypotheses in interpreting the test, namely:
H0 = Probability > 0.05, then use REM,
H1 = Probability < 0.05, then FEM is used

Table 2. Hausman Test Result

	Coefficients			
	(b) fem	(B) rem	(b-B) Difference	sqrt(diag(V_b-V_B)) Std. err.
KEPEMILI~IAL	11.09188	-2.598599	13.69048	36.02964
KEPEMILI~NAL	.0105305	-.0286175	.0391481	.1343995
LEVERAGE	-.0965545	-2.517802	2.421247	6.456564

Source: Stata 17 Data Processing

Table 2 shows the probability value 0.9443 ≤ 0.05. So, it can be concluded that the hypothesis H0 is rejected and H2 is accepted. The model selected and used is the Random Effect Model (REM), which is a model that can be used.

Lagrange Multiplier (LM) Test

Multiplier lagrange test as a test to find out which method is more appropriate to use between the Common Effect Model and the

Random Effect Model with the following criteria:

1. If the p-value value ≥ 0.05, then H0 is accepted, so it is said to be the Common Effect Model as the most appropriate model to use.
2. If the p-value value is ≤ 0.05, then H0 is rejected, so the Random Effect Model is said to be used as the most appropriate model.

The hypothesis used as follows:
H0: Common Effect Model (CEM)
H1: Random Effect Model (REM)

Table 3. Lagrange Multiplier Test Result

Estimated results:

	Var	SD = sqrt(Var)
INTEGRI~N	997.8921	31.58943
e	941.6363	30.68609
u	131.1422	11.45173

Test: Var(u) = 0
chibar2(01) = 1.14
Prob > chibar2 = 0.1432

Source: Stata 17 Data Processing

Table 3 above shows the Breusch-Pagan cross-section ≤ 0.05, namely 0.1432 ≤ 0.05, so hypothesis H0 is accepted and H1 is rejected, meaning the Common Effect Model (CEM) is more appropriate.
For the three-panel data models above, strengthening the panel data estimation model and analyzing the data in this research is the Common Effect Model (CEM).

B. Classic Assumption Test

Normality Test

The normality test is carried out to understand and test significance <5%, which means the data is not normally distributed. Conversely, the data is normally distributed if the significant value is >5%. Normality testing in research using One-Sample Kogmolorog Smirnov can be reviewed as follows:

Table 4. Normality Test Results

Variable	Obs	W	V	z	Prob>z
INTEGRITAS~N	115	0.27092	67.682	9.421	0.00000
KEPEMILI~IAL	115	0.47533	48.707	8.686	0.00000
KEPEMILI~NAL	115	0.07815	85.578	9.946	0.00000
KOMITEAUDIT	115	0.99784	0.200	-3.594	0.99984
LEVERAGE	115	0.74232	23.921	7.096	0.00000
UKURANPERU~N	115	0.86548	12.488	5.644	0.00000

Source: Stata 17 Data Processing

Based on Table 4, it can be concluded that the financial integrity variable (Y) has a significant value of 0.000<0.05, meaning the distribution is not normal; for the managerial ownership variable (X1), the significance value is 0.000<0.005, meaning the distribution is not normal. The significance value of the institutional ownership variable (X2) is 0.000<0.05, which means the distribution is abnormal. The audit committee variable (X3) has a significance value of 0.99984 <0.05, which means the normal distribution. The leverage variable (X4) has a significance value of 0.0000 <0.05, which means the distribution is not normal, and the firm size variable (Z) has a significance value of 0.0000<0.05, which means the distribution is not normal.

Multicollinearity Test

Multicollinearity test to determine the correlation between independent variables. To know whether multicollinearity is occurring. The results of the multicollinearity test can be seen in the following table:

Table 5. Multicollinearity Test

Variable	VIF	1/VIF
KOMITEAUDIT	1.11	0.902038
KEPEMILI~IAL	1.11	0.903334
LEVERAGE	1.03	0.968505
KEPEMILI~NAL	1.00	0.997373
Mean VIF	1.06	

Source: Stata 17 Data Processing

Table 5 shows that all independent variables have a tolerance value above 0.1 and a VIF (Variance Inflation Factor) value <10, so it can be concluded that the regression model in this study does not have multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test aims to determine if there is an inequality in the residual variance of the observations in the regression model. This research was tested using the Glejser statistical test. This can be seen in the following table:

Table 6. Heteroscedasticity Test

```
Breusch-Pagan/Cook-Weisberg test for heteroskedasticity
Assumption: Normal error terms
Variable: Fitted values of INTEGRITASLAPORANKEUANGAN

H0: Constant variance

    chi2(1) =   3.62
Prob > chi2 = 0.0571
```

Source: Stata 17 Data Processing

Based on Table 6, the results of the heteroscedasticity test show that financial report integrity as a dependent variable, committee, managerial ownership, institutional ownership, leverage as an independent variable, and firm size as a moderating variable have probability significance values above α (0.05), which means that heteroscedasticity does not occur. Meanwhile, the board of commissioner's size variable is below α (0.05), meaning heteroscedasticity occurs.

Autocorrelation Test

Autocorrelation test to understand the correlation of confounding variables in the estimation results. The autocorrelation test in research uses the Durbin-Watson test (DW Test) with a significant value of 0.005 or 5%. It can be seen in Table 7 below:

Table 7. Durbin Watson

Model	Durbin Watson	Kesimpulan
I	2,1012	Tidak terjadi autokorelasi

Source: Stata 17 Data Processing

The Durbin-Watson value formula occurs if the values are two and 4-two (two<DW<4), then the result is that there is no autocorrelation problem. Meanwhile, this research has a Durbin-Watson value of 2.012. So that autocorrelation occurs.

C. Regression Model Analysis Results

Appropriate methods are needed to test the effect of leverage and corporate governance on the integrity of financial reports with firm size as a moderating variable; in this case, researchers use the Hierarchical Regression Analysis method. This method can be used for two similarities. The first similarity aims at the main impact or influence between the independent variables on the dependent variable. The second equation is used to understand the impact of the moderating effect of connecting the independent variable to the dependent variable. In this research, the analysis was processed using the Stata 17 program. The results can be reviewed as follows:

Table 8. Model I Regression Results

Source	SS	df	MS	Number of obs	=	115
				F(4, 110)	=	0.17
Model	719.229861	4	179.807465	Prob > F	=	0.9508
Residual	113040.473	110	1027.64066	R-squared	=	0.0063
				Adj R-squared	=	-0.0298
Total	113759.702	114	997.892127	Root MSE	=	32.057

INTEGRITASLAPORANKEUAN~N	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
KEPEMILIKANMANAJERIAL	-4.013812	15.00347	-0.27	0.790	-33.74717	25.71954
KEPEMILIKANINSTITUSIONAL	-.052495	.3318707	-0.16	0.875	-.7101848	.6051949
KOMITEAUDIT	-2.552688	8.778751	-0.29	0.772	-19.95011	14.84474
LEVERAGE	-3.018781	4.547851	-0.66	0.508	-12.03155	5.993992
_cons	17.71453	26.30046	0.67	0.502	-34.40681	69.83588

Source: Stata 17 Data Processing

The regression analysis in Table 8 determines the regression equation as follows:

IFR = α + β1MO + β2IO+β3AC+β4LEV(I)
IFR = 17,71453 + β1-4,013812+ β-,052495+β3-3,553688+β4-3.081781 (I)

Table 9. Model II Regression Results

INTEGRITASLAPORANKEUAN~N	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
KEPEMILIKANMANAJERIAL	-658.8641	730.2645	-0.90	0.367	-2090.156	772.428
KEPEMILIKANINSTITUSIONAL	39.62654	217.2597	0.18	0.855	-386.1946	465.4477
KOMITEAUDIT	110.6264	209.2315	0.53	0.597	-299.4598	520.7125
LEVERAGE	-2.510203	5.877843	-0.43	0.669	-14.03056	9.010158
UKURANPERUSAHAAN	11.52387	22.34906	0.52	0.606	-32.27949	55.32723
X1Z	23.50972	26.09708	0.90	0.368	-27.63961	74.65905
X2Z	-1.40142	7.678418	-0.18	0.855	-16.45084	13.648
X3Z	-3.595354	7.011109	-0.51	0.608	-17.33687	10.14617
_cons	-343.0621	664.8397	-0.52	0.606	-1646.124	959.9999
sigma_u	13.348015					
sigma_e	31.223044					
rho	.15452045	(fraction of variance due to u_i)				

Source: Stata 17 Data Processing

The results of the regression analysis in Table 9 show the regression equation as follows:

IFR = α + β1 MO + β2IO + β3 AC + β 4 LEV + β5 (MO*FS) + β6 (MO*FS) + β7 (AC* FS) + β8 (LEV* FS) (II)
IFR = -343,0621 + β1 -658.8641 + β2 39.62654 + β3 110,6264 + β4 -2,2510203 + β511.52387 + β6 23,50972 + β7 -1.40142 + β8 -3,595354 (II)

Hypothesis Testing

t-test

To determine the independent variable's impact on the dependent variable in a divided

manner. So, it needs to be tested partially (t-test). The impact of the t-test in this research can be seen in Table 10 as follows:

Table 10. t Test Results

INTEGRITASLAPORANKEUAN~N	Coefficient	Std. err.	z	P>|z|	[95% conf.	interval]
KEPEMILIKANMANAJERIAL	-658.8641	730.2645	-0.90	0.367	-2090.156	772.428
KEPEMILIKANINSTITUSIONAL	39.62654	217.2597	0.18	0.855	-386.1946	465.4477
KOMITEAUDIT	110.6264	209.2315	0.53	0.597	-299.4598	520.7125
LEVERAGE	-2.510203	5.877843	-0.43	0.669	-14.03056	9.010158
UKURANPERUSAHAAN	11.52387	22.34906	0.52	0.606	-32.27949	55.32723
X1Z	23.50972	26.09708	0.90	0.368	-27.63961	74.65905
X2Z	-1.40142	7.678418	-0.18	0.855	-16.45084	13.648
X3Z	-3.595354	7.011109	-0.51	0.608	-17.33687	10.14617
_cons	-343.0621	664.8397	-0.52	0.606	-1646.124	959.9999
sigma_u	13.348015					
sigma_e	31.223044					
rho	.15452045	(fraction of variance due to u_i)				

Source: Stata 17 Data Processing

Based on the table above, it can be concluded that:

1. Managerial ownership does not significantly influence the integrity of financial reports.
2. Institutional ownership does not significantly influence the integrity of financial reports.
3. The audit committee does not significantly influence the integrity of financial reports.
4. Leverage does not significantly influence the integrity of financial statements.
5. Moderating firm size does not significantly affect managerial ownership on the integrity of financial reports.
6. Firm size does not significantly influence institutional ownership on the integrity of financial reports.
7. Firm size does not significantly influence the audit committee's financial report integrity.
8. Firm size does not significantly affect leverage on the integrity of financial reports.

Test f

To determine whether independent variables have a dependent impact simultaneously, it is necessary to carry out an F-test. The f-test results are reviewed in the following table:

Table 11. Test f

Source	SS	df	MS	Number of obs	=	115
				F(4, 110)	=	0.17
Model	719.229861	4	179.807465	Prob > F	=	0.9508
Residual	113040.473	110	1027.64066	R-squared	=	0.0063
				Adj R-squared	=	-0.0298
Total	113759.702	114	997.892127	Root MSE	=	32.057

INTEGRITASLAPORANKEUAN~N	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
KEPEMILIKANMANAJERIAL	-4.013812	15.00347	-0.27	0.790	-33.74717	25.71954
KEPEMILIKANINSTITUSIONAL	-.052495	.3318707	-0.16	0.875	-.7101848	.6051949
KOMITEAUDIT	-2.552688	8.778751	-0.29	0.772	-19.95011	14.84474
LEVERAGE	-3.018781	4.547851	-0.66	0.508	-12.03155	5.993992
_cons	17.71453	26.30046	0.67	0.502	-34.40681	69.83588

Source: Stata 17 Data Processing

The test results in Table 11 are the research results of the selected regression model, namely the common effect model (CEM). The panel data regression model obtained an F-calculation with a value of 0.17. While the F-table has a value of 2.19, it can be concluded that F-count ≤ F-Table or 0.17 ≤ 2.19 with a significant value of 0.084562 ≥ 0.05. The conclusion is that Ha is rejected and Ho is accepted, which means that the independent variables, namely institutional ownership, managerial ownership, audit committee, and leverage, simultaneously have no effect and are not significant to the integrity of financial reports.

Determination Coefficient Test

The coefficient of determination test results determines the extent of the influence of the regression ability of the independent variable on the dependent. The results of the Coefficient of Determination can be seen in Table 13. The adjusted R2 results are obtained with a value of 0.064. The conclusion is that the independent variable is 6.3%, while the remainder, with a value of 93.7%, is influenced by other variables not in this study.

CONCLUSION

The conclusions obtained in this research are:

1. The results of the first hypothesis test showed that the institutional ownership variable did not influence the integrity of financial reports.
2. The results of the second hypothesis test show that the managerial ownership variable does not influence the integrity of financial reports.

3. The results of the third hypothesis test showed that the audit committee variable did not influence the integrity of financial reports.
4. The results of the third and fourth hypothesis tests showed that the leverage variable did not influence the integrity of financial reports.
5. The results of the fifth hypothesis test showed that the firm size variable did not moderate the institutional ownership variable on the integrity of financial reports.
6. The results of the sixth hypothesis test showed that the firm size variable did not moderate the managerial ownership variable on the integrity of financial reports.
7. The results of the seventh hypothesis test showed that the firm size variable did not moderate the audit committee variable on the integrity of financial reports.
8. The results of the eighth hypothesis test showed that the firm size variable did not moderate the leverage variable on the integrity of financial reports.

LIMITATIONS

Meanwhile, the limitations of this research are:

1. This research only has one (1) research object: study companies in the transportation sub-sector companies listed on the Indonesian Stock Exchange for 2018-2022.
2. This research only has four independent variables, namely institutional ownership, managerial ownership, audit committee and leverage and one moderating variable, namely firm size, to detect the integrity of financial reports in the company. Meanwhile, several variables may still influence the integrity of financial reports.
3. This research only has three years, namely 2018-2022.
4. For further research, you can choose another research location so the sample used can be larger and generalized.

SUGGESTIONS

Based on the conclusions of this research, several suggestions can be made, namely as follows:

1. For academics, by highlighting the role of good corporate governance and leverage on the integrity of financial reports, 6.3% can be achieved, but other factors influence the remaining 93.7%.
2. For companies, by promoting good corporate governance, good corporate governance can be seen by reviewing the integrity of financial reports.
3. For investors, serve as a reference material for investors to invest capital and carefully review financial performance.
4. For other researchers, increase the research period to provide more samples to make the results more accurate. Use other more dominant variables that reflect a company's value to get valid results.

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