

The Influence of Institutional Ownership, Audit Committee, Independent Commissioner, Auditors Switching on The Integrity of Financial Statement and Audit Quality as a Moderation Variable in Manufactured Companies Listed on The Indonesian Stock Exchange in 2017-2021

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DOI: <https://doi.org/10.52403/ijrr.20240226>

ABSTRACT

This research aims to determine the influence of institutional ownership, audit committee, independent commissioners, and auditors switching on the integrity of financial reports in consumer goods industrial sector companies listed on the Indonesia Stock Exchange. This research also aims to determine whether audit quality can be used as a moderating variable for the relationship between institutional ownership, audit committee, independent commissioner, auditor switching, and financial report integrity. The research design carried out was causal relationship research with a quantitative approach. The sample in this research was 35 companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2017-2021. The type of data used in this research is secondary data. The sample research technique uses purposive sampling. The data analysis technique uses multiple linear regression analysis and a residual test for moderating variables. The results of this study show that partially institutional ownership and auditors switching have a positive and significant effect on the company's financial performance. Meanwhile, the audit committee and independent commissioners do not significantly influence the integrity of financial reports. Other results also show that audit quality can moderate the influence of institutional ownership and change of auditors but cannot significantly moderate the

audit committee and independent commissioners on the integrity of financial reports in manufacturing companies in the consumer goods industry listed on the Indonesia Stock Exchange.

Keywords: *institutional ownership, audit committee, independent commissioner, change of auditor, financial report integrity, audit quality*

INTRODUCTION

All companies compete to develop their own companies in the business world. To survive in the competitive business world, one of the efforts to face this competition is to carry out fraudulent practices by presenting irrelevant and manipulative financial reports. Agustida and Pratomo (2019) stated that financial reports are essential for companies. Therefore, management covers the actual situation in the financial reports by manipulating the financial reports so that the financial performance always looks positive. This financial report is then published to inform investors, employees, government, and the public interested in the company. It means that financial reports must have high integrity to give users a better understanding of the financial reports. Integrity is a requirement for everyone in the public interest. Integrity requires auditors to be fair

and honest and observe audit standards and norms. However, many companies do not provide high-integrity financial reports, so there are indications of misstatements in these companies. Doubts by users of financial reports regarding the integrity of these financial reports create speculation regarding corporate governance. Independent commissioners, institutional ownership, and managerial ownership are parts of the structure with contributions and supervisory positions.

Financial reports also show the results of management's accountability for using the resources entrusted to them. This report can be used by internal parties such as commissioners, directors, and employees and external parties such as investors, creditors, and others. Quality financial reports must provide relevant and valuable information for users in making economic and investment decisions (Musa et al., 2018). The case involving the manipulation of financial reports was carried out by PT Garuda Indonesia Tbk (GIIA). The financial report has irregularities in the net profit section. In 2018, it recorded a net profit of US\$ 809.85 thousand, equivalent to IDR 11.33 billion (exchange rate IDR 14,000). This profit was due to soaring other business revenues totaling US\$ 306.88 million. It turned out that two commissioners were reluctant to sign the financial report. They objected to the recognition of income from the Cooperation Agreement for the Provision of In-Flight Connectivity Services between PT Mahata Aero Teknologi and PT Citilink Indonesia.

This recognition is deemed not following PSAK No. 23. Garuda Indonesia management recognizes income from Mahata of US\$ 239,940,000, of which US\$ 28,000,000 is part of the proceeds obtained from PT Sriwijaya Air. Even though the money was still in the form of receivables, the company admitted that it was included in revenue. As the largest shareholder, the government carries out supervision through appointed commissioners. As a company

listed on the capital market, Garuda Indonesia is considered not transparent and will reduce public trust. (source: www.finance.detik.com).

The following case is PT Timah Tbk, where employees of the Tin Employees Association (IKT) held a speech in front of the Ministry of BUMN, the essence of which was to convey their demand that the board of directors immediately resign. PT Timah Tbk has made errors and omissions during its three years in office since 2013. The directors of PT Timah Tbk have been accused of manipulating financial reports. IKT also believes the directors have committed many lies to the public through the media. For example, the press release for the first semester of the 2015 financial report stated that efficiency and strategy had resulted in positive performance. In the first semester of 2015, operating profit and loss amounted to Rp 59M (source: www.economy.okezone.com).

The phenomenon of financial scandals shows a form of failure in the integrity of financial reports to meet the information needs of financial report users.

In this research, the author will analyze several factors that influence the integrity of financial reports: institutional ownership, audit committee, independent commissioner, and change of auditor. The author adds the audit quality variable as a moderating variable. This research will be conducted at manufacturing companies in the consumer goods industry sector. The reason is that this industrial sector is considered to have quite a significant influence on the dynamics of trading on the Indonesian Stock Exchange. The products produced by this industrial sector are very commonly embedded in every activity of stakeholders, so this requires companies to present financial reports with integrity to maintain the trust of stakeholders. There are differences between the results of one researcher and another. Azzah and Triani (2021) stated that institutional ownership positively affects the integrity of financial reports. However, Julius et al. (2021) noted

that institutional ownership has a negative effect on the integrity of financial reports. In their research, Pratiwi and Nofriyanti (2021) stated that audit committees negatively affect the integrity of financial reports. However, Sofia (2018) says that the audit committee positively influences the integrity of financial reports. According to research by Amelia et al. (2021), independent commissioners positively affect the integrity of financial reports. The results differ from research conducted by Novianti and Isyuardhana (2021), which states that independent commissioners negatively affect the integrity of financial reports.

Based on the description of the phenomenon above, researchers are interested in researching the integrity of financial statements with the title "The Influence of Institutional Ownership, Audit Committees, Independent Commissioners, Change of Auditors on the Integrity of Financial Statements with Audit Quality as a Moderating Variable in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2017-2021."

LITERATURE REVIEW

Financial Reports Integrity

Financial report integrity is a financial report that displays the actual condition of a company without anything being hidden or covered up (Hardiningsih, 2010). Quality financial reports are financial reports that have integrity, where the financial reports issued by a company or organization are correct, accurate, and trustworthy. The integrity of financial reports can be measured using two methods, namely the conservatism index method and the existence of financial report manipulation, which is usually measured by earnings management. Integrity forces auditors to be fair and honest and to further observe ethical standards to protect the public interest.

With the integrity of financial reports, it is hoped that company management will be free from distrust by users of financial

reports. This trust must exist to show that the company and management are free from false information, data manipulation, and inaccurate financial information provided, which gives rise to information that misleads the public.

Financial reports are information media that summarize all company activities and are usually reported or presented in the form of profit and loss reports, cash flow reports, capital change reports, balance sheets, and notes on financial reports at a specific time and are ultimately used as a tool. Information in making policies or decisions for users of financial reports following their respective interests. Submission of financial reports must also be under actual circumstances.

Financial reports are an accounting process that can be used to communicate between financial data or company activities and interested parties (Yasmeen et al., 2015). Financial reports are records of information presented by a company that contains the company's financial data. The Indonesian Accountants Association (IAI, 2017) in PSAK No.1 states that financial reports provide information about an entity's financial position, financial performance, and cash value flow for most report users in making economic decisions. Financial reports show the results of management's responsibility for using the resources entrusted to them.

The integrity of financial statements in this study is measured by subtracting total accruals, namely net income plus depreciation minus operational cash flow, with operating accruals, namely receivables, inventories, and prepaid expenses minus debts, costs to be paid, and taxes payable.

$$\text{FRI} = \text{Total Accrual} - \text{Operating Accrual}$$

Information:

$$\text{Total Accrual: Net Income} + \text{Depreciation} - \text{Operating Cash Flow}$$

Operating Accrual: Receivables + Inventory + Prepaid expenses – Payables – Expenses to be paid – Taxes payable

Audit Quality

Audit quality is whether an audit carried out by the auditor is good or not. It can be seen from the work carried out by auditors compared to existing audit standards. According to Ulum (2009:11), audit standards are guidelines for auditors carrying out their professional responsibilities. These standards include considerations regarding their professional qualities, such as expertise and independence, reporting requirements, and evidentiary materials. Audit quality aims to convince the profession of clients and the public regarding the professional quality of auditors. Good performance measurement can be achieved if auditors apply audit standards and principles, act freely without taking sides (independently), and comply with the professional code of ethics.

Audit quality occurs when auditors work according to existing professional standards. IAPI has the authority to set auditing standards and rules that all members and public accountants, including independent auditors, must fulfill. In carrying out audits in Indonesia, IAPI sets Professional Public Accountant Standards (SPAP). SPAP is a codification of various technical standard statements that are a guide in providing services for public accountants in Indonesia. The standards included in SPAP are auditing standards, attestation standards, accounting and review service standards, consultant service standards, and quality control standards.

Audit quality is determined by two things, namely competence and independence, which potentially influence each other. Furthermore, financial report users' perceptions of audit quality are a function of their perceptions of the auditor's

independence and competence. Audit quality will be created if an independent and competent auditor does so. Skills or competencies will be developed with high work experience.

In this research, Audit Quality is measured using a dummy variable, namely where the company will be given a value of 1 if there is a collaboration with KAPA or OAA, and the company will be given a value of 0 if there is no affiliated collaboration with KAPA or OAA.

Institutional Ownership

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$$IO = \frac{\text{Institutional Shares}}{\text{Total Outstanding Shares}}$$

Audit Committee

The Audit Committee is tasked with overseeing financial reports produced by management independently, so the role of the audit committee will be to improve financial reports with integrity and be able to reduce agency problems that occur. It is hoped that good supervision will motivate management to produce sound financial reports so that management is considered successful as an agent in managing the company. With supervision by the audit committee, the company will also have financial reports with integrity.

The research results of Sofia (2018) show that the audit committee variable has been proven to influence the integrity of financial reports significantly positively. These results support the argument that increasing the number of audit committees with accounting backgrounds has been proven to increase the level of integrity of financial reports. The audit committee's function is closely related to accounting

and finance, so if the audit committee has sufficient understanding to carry out the function of reviewing financial reports, the quality of the financial reports will be better and have more integrity. It differs from research conducted by Irma et al. (2021), which states that the Audit Committee has a negative and significant effect on financial reports.

$$AU = \text{Total of Audit Committee Members}$$

Independent Commissioner

Independent commissioners, an independent board of commissioners sourced from external sources of the company, function to assess and monitor the results of the company's performance as a whole and act as mediators if there are differences of opinion between management within the company. Broad and comprehensive management is expected to produce a more reliable and impartial level of information disclosure that can be expected from companies with a higher proportion of independent commissioners (Saskotama, 2014). This statement is supported by research that states that the existence of independent commissioners in a company can affect the integrity of a financial report produced by management because, within the company, there is a body that directly supervises and protects the rights of minority parties outside the company's management (Indrasari and Yuliandhari, 2016).

Irawati and Fakhruddin (2016) stated that independent commissioners positively influence the integrity of financial reports. The measurement of this variable is based on the number of members of the company's board of commissioners listed in the financial report (Veres et al., 2013).

$$IC = \frac{\text{Total of Independent Commissioners}}{\text{Total Number of Board of Commissioners}}$$

Auditor Switching

High-quality audits are considered part of a complex control system and can reduce the relative inability of dispersed corporate

ownership to monitor and control management actions. The ability of company owners to carry out the monitoring function becomes low, thereby encouraging the potential for wealth transfer by managers to be higher so that the agency costs will be higher. This increase in agency costs will cause companies to switch to higher-quality auditors.

The results of research conducted by Auditya and Wijayanti (2013) state that auditor switching has a significant effect on the integrity of financial reports so that auditor switching will have an impact on the high integrity of a company's financial reports, the ability of the new auditor will add value to the supervision carried out in the presentation of reports of company finances. In contrast to the research above, Sari and Indarto (2018) show that auditor switching does not affect the quality of financial reports.

In this research, auditor switching is measured using a dummy variable, namely by giving 1 for companies that change their auditors and 0 for companies that do not.

Framework

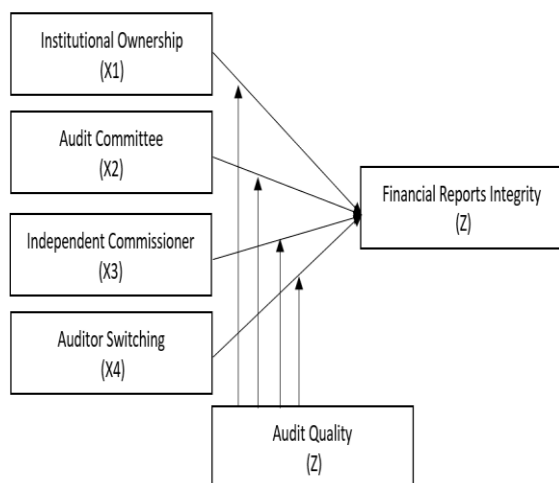


Figure 1. Framework

H1: Institutional Ownership has a positive effect on the Integrity of Financial Reports

H2: The audit committee has a positive effect on the integrity of financial statements

H3: Independent Commissioners have a positive effect on the Integrity of Financial Reports

H4: Auditor switching has a positive effect on the Integrity of Financial Reports

H5: Audit Quality has a positive effect in moderating the relationship between Institutional Ownership and Financial Report Integrity

H6: The Audit Committee has a negative effect in moderating the relationship between Institutional Ownership and Financial Report Integrity

H7: Audit Quality has a positive effect in moderating the relationship between Independent Commissioners and the Integrity of Financial Reports

H8: Audit quality has a negative effect on moderating the relationship between auditor turnover and financial statement integrity

MATERIALS & METHODS

The type of research carried out is causal associative. Associative research is a problem formulation that asks about the relationship between two or more variables. This research used a population of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. The data used is secondary data, namely financial reports for 2017 to 2021 obtained through the official website of the Indonesia Stock Exchange (IDX), www.idx.co.id. This research aims to test the hypothesis and explain the relationship between the variables studied. The independent variables used in this research are Institutional Ownership, Audit Committee, Independent Commissioner, and Change of Auditor. The dependent variable used is Financial Report Integrity. The moderating variable used is Audit Quality as a Moderating Variable.

The sampling technique used in this research is the Purposive Sampling technique. The purposive sampling technique is a technique for selecting or determining samples using specific

criteria. The criteria for companies in this research are data on manufacturing companies listed on the Indonesian Stock Exchange in 2017-2021.

The data analysis technique used in this research uses the EViews software tool.

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 (REM) 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

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.102105	(34,136)	0.0000
Cross-section Chi-square	100.466943	34	0.0000

Source: EViews 10, Data Processed by Researchers (2023)

The table above shows the Prob 0.0000, which means less than 0.05, so the Fixed Effect Model (FEM) is better to use compared to 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

Test Summary	Chi-Sq Statistic	Chi-Sq. d. f.	Prob.
Cross-section random	2.487256	4	0.6469

Source: EViews 10, Data Processed by Researchers (2023)

Based on the results of the Hausman test in Table 2 above, the random cross-section probability value is 0.6469, greater than 0.05 (H0 is accepted, H1 is rejected). From the following results, the Random Effect Model (REM) is the best model to use.

Lagrange Multiplier Test

The Lagrange multiplier test is used to choose between the common effect model or the random effect model most appropriate for the panel data regression equation model. The hypothesis used in the Lagrange multiplier test is as follows:

H0: The best estimation model to use is the Common Effect Model.

H1: The best estimation model to use is the Random Effect Model.

Table 3. Lagrange Multiplier Results

Breusch-Pagan	Test Hypothesis		
	Cross-section	Time	Both
	25.26204	0.001714	25.26375
	(0.0000)	(0.9670)	(0.0000)

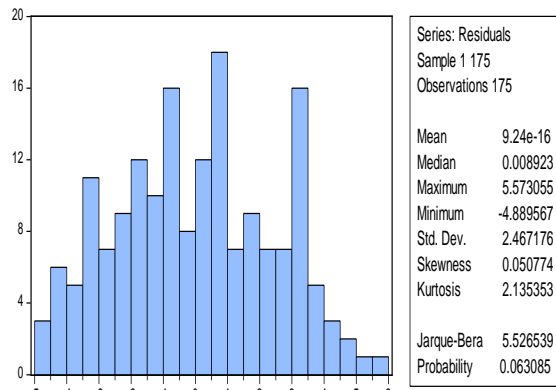
Source: EViews 10, Data Processed by Researchers (2023)

The LM test results above show that the LM value is $0.0000 < 0.05$ (H0 is rejected, H1 is accepted), so the most appropriate regression model for this research is the Random Effect Model.

B. Classic Assumption Test

1. Normality Test

The normality test aims to determine whether the residuals are normally distributed. The normality test can be detected using the method developed by Jarque Bera (JB). The data is normally distributed if the Jarque Bera (JB) probability value is > 0.05. However, the data is not normally distributed if the Jarque Bera (JB) probability value is < 0.05. The results of normality testing in this research can be seen based on the output results as follows:



Source: EViews 10, Data Processed by Researchers (2023)

Figure 2. Normality Test Results

Based on Figure 2, it is known that the probability value of the J-B statistic is 0.063085, which is greater than the significance level of 0.05. Based on the results of the J-B test, the assumption of normality is met.

2. Heteroscedasticity Test

The Breusch-pagan test determines to test whether heteroscedasticity occurs or not. The following are the results of heteroscedasticity testing using the Breusch-Pagan test in tabular form:

Table 4. Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	1.965191	Prob. F(4,85)	0.1071
Obs*R-squared	7.618995	Prob. Chi-Square(4)	0.1066

Source: EViews 10, Data Processed by Researchers (2023)

Based on the results of the Breusch-Pagan test in Table 4, it is known that the value of Prob Chi-Square is $0.1066 > 0.05$, which means there is no heteroscedasticity.

3. Multicollinearity Test

The multicollinearity test is used to find out whether there is a correlation (relationship) between the independent variables in a regression model. The results of multicollinearity testing in this research can be seen based on the following results.

Table 5. Multicollinearity Test Results

Independent Variable	VIF
Institutional Ownership (IO)	1.106
Audit Committee (AC)	1.079
Independent Commissioner (IC)	1.083
Audit Switching (AS)	1.105

Source: EViews 10, Data Processed by Researchers (2023)

Based on the table above, the results of the multicollinearity test show no symptoms of multicollinearity between independent variables because the VIF value is < 10 (Ghozali, 2013).

4. Autocorrelation Test

Assumptions regarding the independence of residuals (non-autocorrelation) can be tested using the Durbin-Watson test. The results of the autocorrelation test in this study can be seen based on the following results.

Table 6. Autocorrelation Test Results (Durbin-Watson)

Log Likelihood	286.2854	Hannan-Quinnriter	-2.540031
F-Statistic	3.349879	Durbin-Watson Stat	2.534621

Source: EViews 10, Data Processed by Researchers (2023)

Based on Table 6, the value of the Durbin-Watson statistic is 2.534621. The Durbin-Watson statistical value lies between 1 and 3, namely $1 < 2.534621 < 3$, so the non-autocorrelation assumption is met. In other words, the residuals have no symptoms of high autocorrelation.

C. Research Hypothesis Test

1. Regression Analysis with Panel Data

The analysis technique used in this research is multiple linear regression with panel data to determine the influence of institutional ownership, audit committee, independent commissioner, and auditor switching on financial reports' integrity. In choosing the estimation method above, the estimation method used in this research is the Random Effect Model.

The following are the results of multiple linear regression analysis using the Random Effect Model:

Table 7. Random Effect Model Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.041647	0.037627	1.106860	0.2699
IO	0.043163	0.028942	1.491375	0.1377
AC	-0.001714	0.009484	-0.180718	0.8568
IC	-0.116396	0.038887	-2.993151	0.0032
AS	0.043019	0.016274	2.643459	0.0090
Root MSE	0.062800	R-squared		0.082887
Mean dependent var		Adjusted R-squared	0.061308	
var	0.024202	S.E. of regression	0.063716	
S.D. dependent var	0.065764	Sum squared resid	0.690163	
Akaike info criterion	-2.640594	Log likelihood	236.0519	
Schwarz criterion	-2.550171	F-statistic	3.841086	
Hannan-Quinn criter.	-2.603916	Prob(F-statistic)	0.005146	
Durbin-Watson stat	1.481498			

Source: EViews 10, Data Processed by Researchers (2023)

Based on the table above, the equation is **FRI = 0.041 + 0.043 (IO) – 0.001 (AC) – 0.116 (IC) + 0.043 (AS) + e**

From the equation above it can be explained as follows:

1. Constant (α) = 0.041 shows a constant result, where if the value of all independent variables is equal to zero, then the company's Financial Report Integrity variable is equal to 0.041.
2. Institutional Ownership Coefficient (KI) = 0.04, meaning that based on this research, if the values of other variables remain constant and Institutional Ownership increases by 1 unit, Financial Report Integrity will increase by 0.004 (0.4%). The Unstandardized Coefficients B value is positive. It shows a positive relationship between Institutional Ownership and Financial Report Integrity. It means that if institutional ownership increases, the integrity of the company's financial statements will also increase.
3. Audit Committee Coefficient (KA) = -0.001, meaning that based on this research, if the values of other variables remain constant and the Audit Committee decreases by 1 unit, the Integrity of Financial Reports will decrease by 0.001 (1%). The Unstandardized Coefficients B value is

negative. It shows a negative relationship between the Audit Committee and the Integrity of Financial Reports. If the Audit Committee increases, the integrity of the Company's Financial Reports will decrease.

4. Independent Commissioner Coefficient (KoI) = -0.207, meaning that based on this research, if the values of other variables remain constant and the Independent Commissioner experiences a decrease of 1 unit, the Integrity of Financial Reports will decrease by 0.207 (20.7%). The Unstandardized Coefficients B value is positive. It shows a negative relationship between Independent Commissioners and Financial Report Integrity. It means that if the number of independent commissioners increases, the integrity of the company's financial reports will decrease.
5. Auditor switching Coefficient (PA) = 0.081, meaning that based on this research, if the values of other variables remain constant and the Independent Commissioner experiences an increase of 1 unit, the Integrity of Financial Reports will decrease by 0.081 (8.1%). The Unstandardized Coefficients B value is positive. It shows a positive relationship between Auditor switching and Financial Report Integrity. It means that if auditor turnover increases, the integrity of the company's financial statements will increase.
6. Standard Error (e) shows the level of confounding Error in this study of 5% (0.05)

2. Simultaneous F statistical test

The F test is used to see the effect of independent variables (institutional ownership, audit committee, change of auditor, change of auditor) on the dependent variable (integrity of financial statements) simultaneously. This effect must be tested to see whether a t-test (partial) can continue this regression model. Suppose the F test results

conclude that all independent variables significantly affect the dependent variable. In that case, this regression model can be continued by carrying out a t-test. On the other hand, if it has no effect, then the t-test (partial test) does not need to be carried out because none of the independent variables affect the dependent variable.

Based on Table 7 above, the Prob value is known. (F-Statistic) is believed to be $0.005146 < 0.05$, so it can be concluded that all independent variables, namely Institutional Ownership (IO), Audit Committee (AC), Independent Commissioner (IC), and Auditor Switching (AS), simultaneously have a significant effect on the Financial Report Integrity (FRI).

3. Partial Significant Test (T-Test)

The t-statistical test shows how much influence an independent variable has in explaining the dependent variable. The hypothesis is formulated as follows:

H0: $X_i = 0$, meaning the independent variable does not have a significant influence

H1: $X_1 \neq 0$, meaning the independent variable has a significant influence

Acceptance or rejection of a hypothesis in a study can be done using the following criteria:

1. If the t statistical significance value is > 0.05 , then H0 is accepted. It means that an individual independent variable does not influence the dependent variable.
2. If the t statistical significance value is < 0.05 , then H1 is rejected. It means that an independent variable individually influences the dependent variable.

Table 7 above shows that:

1. It is known that Institutional Ownership (KI) has a positive effect on the Integrity of Financial Reports (ILK) with a coefficient value of 0.043 and is not significant with the Prob value. $0.137 > 0.05$.
2. It is known that the Audit Committee (KA) has a negative effect on the Integrity of Financial Reports (ILK)

with a coefficient value of -0.001 and is not significant with the Prob value. $0.856 > 0.05$.

3. It is known that the Change of Auditor (KoI) has a negative effect on the Integrity of Financial Reports (ILK) with a coefficient value of -0.116 and is significant with a Prob value. $0.003 < 0.05$.
4. It is known that the Change of Auditor (PA) has a positive effect on the Integrity of Financial Reports (ILK) with a coefficient value of 0.043 and is significant with a Prob value. $0.009 < 0.05$.

Coefficient of Determination Test

The coefficient of determination test determines the magnitude of the model's contribution in explaining the dependent variable. Based on the results of data processing, the following results were obtained:

Table 7. Coefficient of Determination Test Results

Root MSE	0.046315	R-squared	0.501163
Mean dependent var	0.024202	Adjusted R-squared	0.337422
S.D. dependent var	0.065764	S.E. of regression	0.053531
Akaike info criterion	-2.803830	Sum squared resid	0.375394
Schwarz criterion	-2.008112	Log likelihood	289.3351
Hannan-Quinn criter.	-2.481064	F-statistic	3.060714
Durbin-Watson stat	2.609077	Prob(F-statistic)	0.000001

Source: EViews 10, Data Processed by Researchers (2023)

Based on the results above, the coefficient of determination (R-squared) is $R^2 = 0.501$. This value can be interpreted as meaning that Institutional Ownership (IO), Audit Committee (AC), Independent Commissioner (IC), and Auditor Switching (AS) simultaneously influence the Integrity of Financial Report Integrity (FRI) by 50.1%, the remaining 49.9%. % influenced by other factors.

Moderating Regression Analysis (MRA)

The Moderating Regression Analysis (MRA) test determines whether the moderating variable can moderate the relationship between the independent and dependent variables. In this research, the MRA regression equation model is as follows:

Table 8. Moderated Regression Analysis (MRA) Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.105279	0.101638	1.035828	0.3018
IO	0.004957	0.059957	0.082677	0.9342
AC	-0.001215	0.028596	-0.042481	0.9662
IC	-0.207950	0.116118	-1.790842	0.0752
AS	0.081566	0.043647	1.868754	0.0634
AQ	-0.060296	0.075274	-0.801023	0.4243
IO_AQ	0.003779	0.011731	0.322118	0.7478
AC_AQ	-0.002161	0.002987	-0.723312	0.4705
IC_AQ	-0.037232	0.019406	-1.918579	0.0567
AS_AQ	0.015872	0.012580	1.261663	0.2088

Source: EViews 10, Data Processed by Researchers (2023)

Based on the table above, the equation is:

$$FRI = 0.105 + 0.004 (IO) - 0.002 (AC) - 0.207 (IC) + 0.081 (AS) + 0.037 (IO \cdot AQ) - 0.002 (AC \cdot AQ) - 0.037 (IC \cdot AQ) + 0.01 (AS \cdot AQ) + \epsilon$$

Audit Quality Testing (AQ) in Moderating the Effect of Institutional Ownership (IO) on the Financial Reports Integrity (FRI)

Table 9. Moderating Test H5

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IO_AQ	0.003779	0.011731	0.322118	0.7478
C	0.020857	0.011518	1.810703	0.0719

Source: EViews 10, Data Processed by Researchers (2023)

Based on the results of the moderation test in the table above, it is known that the value of Prob in the IO_AQ line is $0.7478 > 0.05$, and the coefficient value is positive at 0.003. It can be concluded that Audit Quality is insignificant in moderating Institutional Ownership's influence on Financial Report Integrity.

Testing Audit Quality (AQ) in Moderating the Influence of the Audit Committee (AC) on the Financial Reports Integrity (FRI)

Table 10. Moderating Test H6

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AC_AQ	-0.002161	0.002987	-0.723312	0.4705
C	0.032412	0.012395	2.614927	0.0097

Source: EViews 10, Data Processed by Researchers (2023)

Based on the results of the moderation test in the table above, it is known that the value of Prob in the AC_AQ line is $0.470 > 0.05$, and the coefficient value is negative at 0.002. So, it can be concluded that Audit Quality cannot

moderate the Influence of the Audit Committee on the Financial Report Integrity.

Audit Quality Testing (AQ) in Moderating the Influence of Independent Commissioners (IC) on the Financial Reports' Integrity (FRI)

Table 11. H7 Moderating Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IC_AQ	-0.037232	0.019406	-1.918579	0.0567
C	0.042839	0.010895	3.931930	0.0001

Source: EViews 10, Data Processed by Researchers (2023)

Based on the results of the moderation test in the table above, it is known that the value of Prob in the IC_AQ line is $0.56 > 0.05$, and the coefficient value is negative at 0.037. So, it can be concluded that Audit Quality cannot moderate the Effect of Auditor Replacement on the Financial Report Integrity.

Audit Quality Testing (AQ) in Moderating the Effect of Auditor Switching (AS) on the Financial Reports Integrity (FRI)

Table 12. Moderating Test H8

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AS_AQ	0.015872	0.012580	1.261663	0.2088
C	0.022206	0.005209	4.263211	0.0000

Source: EViews 10, Data Processed by Researchers (2023)

Based on the results of the moderation test in the table above, it is known that the value of Prob in the AS_AQ line is $0.208 > 0.05$, and the coefficient value is positive at 0.015. It can be concluded that audit quality has no significant effect on moderating the impact of auditor replacement on financial report integrity.

CONCLUSION

Based on the research results in the chapter above, it can be concluded that:

1. Institutional ownership significantly influences the integrity of financial statements in manufacturing companies in the consumer goods sector, so hypothesis 1 is accepted.
2. The Audit Committee does not significantly influence the integrity of

financial statements in manufacturing companies in the consumer goods sector, so hypothesis 2 is rejected.

3. Independent Commissioners do not significantly influence the Integrity of Financial Reports in manufacturing companies in the consumer goods sector, so hypothesis 3 is rejected.
4. Change of Auditor significantly influences the Integrity of Financial Reports in manufacturing companies in the consumer goods sector, so hypothesis 4 is accepted.
5. Audit quality does not significantly influence institutional ownership's influence on the integrity of financial statements in manufacturing companies in the consumer goods sector, so hypothesis 5 is accepted.
6. Audit quality significantly influences the Audit Committee's influence on the integrity of financial statements in manufacturing companies in the consumer goods sector, so hypothesis 6 is accepted.
7. Audit quality does not significantly influence institutional ownership's influence on the integrity of financial statements in manufacturing companies in the consumer goods sector, so hypothesis 7 is rejected.
8. Audit quality significantly influences moderating the effect of auditor switching on the integrity of financial reports in manufacturing companies in the consumer goods sector, so hypothesis 8 is accepted.

LIMITATIONS

This research has several limitations that future researchers can correct for better results. The limitations of this research are:

1. Researchers have only examined some of the variables that might influence the integrity of financial statements. However, several variables, such as company size, managerial ownership, and leverage, might significantly affect them.

2. The existence of other moderating variables, such as whistleblowing or firm size, might reduce the limited significance of the moderating variables.

SUGGESTIONS

Based on the research results and the explanations presented above, several suggestions can be made as follows:

1. For further research, we will re-examine the influence of other variables that can influence the integrity of companies' financial reports on the Indonesian Stock Exchange. This research can also be used as a reference or supporting material for future research.
2. In the results of this research, we can see that Audit Quality cannot be used as a moderating variable in looking at the influence of institutional ownership, audit committee, Change of Auditor, and change of auditor on the integrity of financial reports in companies in the food and beverage industry listed on the Stock Exchange Indonesia. So, in future research, audit quality can be re-examined as an intervening or independent variable.

Declaration by Authors

Acknowledgement: None

Source of Funding: None

Conflict of Interest: The authors declare no conflict of interest.

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How to cite this article: Vivi Novila Dachi, Idhar Yahya, Chandra Situmeang. The influence of institutional ownership, audit committee, independent commissioner, auditors switching on the integrity of financial statement and audit quality as a moderation variable in manufactured companies listed on the Indonesian Stock Exchange in 2017-2021. *International Journal of Research and Review*. 2024; 11(2): 239-251. DOI: <https://doi.org/10.52403/ijrr.20240226>
