

ABSTRACT



Melita Mulyani Saputra/33150564/2019/ The Effect of Corporate Governance Mechanisms on the Integrity of Financial Statements in Manufacturing Companies Listed on the Indonesia Stock Exchange Period 2016-2018/Advisors : Rizka Indri Arfianti S.E.,Ak.,M.M.,M.Ak.

Each company presents financial statements as a form of accountability to the parties concerned. Financial statements are structured presentations of the financial position and financial performance of an entity. But not all companies present financial statements with integrity, therefore researchers use institutional ownership proxy, managerial ownership, independent commissioners and audit committees to measure the integrity of financial statements. The purpose of this research is to determine whether institutional ownership, managerial ownership, independent commissioners and audit committees affect the integrity of financial statements.

Integrity of financial statement is a financial report that shows the actual condition of a company, which mean that nothing is kept secret/closed/manipulated in the company. The theory that used in this research is agency theory. The theory used in this research is agency theory, which explains the relationship between agent and principal.

The objects in this study are manufacturing companies listed on the Indonesia Stock Exchange for the period of 2016-2018, as many as 34 companies with 102 samples over a 3 year observation period. Tests carried out in the form of descriptive statistical analysis, coefficient similarity test, classic assumption test, and multiple regression analysis test. Tests carried out in the form of descriptive statistical analysis, coefficient similarity test, classic assumption test, and multiple regression analysis test.

Based on the results of this research, institutional ownership variable has a sig value of 0.0135 (<0.05) and t value in a positive direction, which means institutional ownership has a positive effect on the integrity of financial statements and also the audit committee variable has a sig value of 0.0005 (<0.05), which means the audit committee affect the integrity of financial statements, while the managerial ownership variable has a sig value of 0.290 (>0.05) which means managerial ownership does not affect the integrity of financial statements and the independent commissioner variable has a sig value of 0.436 (>0.05) which means that the independent commissioner has no effect on the integrity of the financial statement.

The conclusions of this research indicate that institutional ownership and audit committee have sufficient evidence of a positive effect on the integrity of financial statements, meanwhile managerial ownership and independent commissioners are not enough evidence to affect the integrity of financial statements.

Keywords : Institutional ownership, Managerial ownership, independent commissioners and audit committee

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26/9/2019