

The Influence of Good Corporate Governance, Audit Quality, Profitability, and Leverage on Financial Statement Integrity

(Empire Study on Basic Industry & Chemicals Manufacturing Companies In Bei)

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Abstract

The purpose of this study is to obtain empirical evidence related to the effect of Good Corporate Governance as proxied by independent commissioners and audit committees, audit quality as proxied by the big four KAP or non-the big four KAPs, profitability as proxied by ROA, and leverage as proxied by DAR to Integrity of financial statements as measured by conservatism in manufacturing companies in the primary & chemical industry sector on the 2017-2019 BEI. The method used in this research is a descriptive method and quantitative approach, and secondary data sources in annual financial reports. The data analysis method used is Descriptive Statistical Test, Classical Assumption Test, Multiple Linear Regression Analysis Test, and Hypothesis Testing. Sample selection using purposive sampling as many as 43 companies or 129 research samples.

The results showed that independent commissioners, profitability have a significant effect on the integrity of financial statements. In contrast, the audit committee, audit quality, and leverage do not substantially impact the integrity of financial statements. Simultaneous test results show a significant value of 0.000, namely that there is a combined effect of independent variables on the integrity of financial statements. The coefficient of determination test results obtained the Adjusted R Square value of 0.306 or 30.6%. While other variables outside this study explain the remaining 69.4%.

Keywords

Good Corporate Governance, Audit Quality, Profitability, and Leverage

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