ABSTRACT

Integrity of financial statements is a financial report that displays information on the condition of the company correctly and honestly as it is, without anything being covered up. Basically, financial statements function as a form of corporate management accountability for the assessment of corporate entities both internally and externally.

The purpose of this study is to determine what factors can affect the integrity of financial statements. Whether the variables of firm size, managerial ownership, and profitability have a simultaneous and partial effect on the integrity of financial statements.

The object of this research is the consumer goods industrial sector companies listed on the Indonesia Stock Exchange in 2017-2020. The method used is quantitative. The sampling technique used is purposive sampling withcertain criteria so that the data obtained before the outliers are 76 samples consisting of 19 companies. Panel data regression is an analytical technique used in this study with data processing using Eviews 12 SV. Fixed effectmodel was selected after testing the panel data model selection.

The results of the tests conducted show that firm size, managerial ownership, and profitability have a simultaneous effect on the integrity of financial statements. The partial test shows that the size of the company hasa significant negative effect on the integrity of the financial statements. Managerial ownership and profitability have a significant positive effect on the integrity of financial statements.

Suggestions for further research are recommended to use other independent variables that have an influence on the integrity of financial statements. Researchers can also change the object of research in order to obtain comparable research results.

Keywords: Company Size, Managerial Ownership, Profitability, Integrity of Financial Statements