

ABSTRACT

The integrity of financial statements is a condition in which financial statements and statements by companies are presented honestly and accurately, without being covered up or hidden, so that the information received by users of financial statements can be accounted for by the company. Financial reports are used by users in making decisions as an information tool that provides an overview of the company's performance and development. In assessing the level of integrity of financial statements, conservatism proxies can be used. Conservatism in accounting is synonymous with the presentation of financial statements that are full of caution against doubts and risks related to the state of a business company in order to minimize fraud in financial reports and errors in decision making.

The purpose of this study is to determine the effect of earnings management, intellectual capital, and related party transactions on the integrity of financial reports in manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2021. The population in this study is the manufacturing sector listed on the Indonesia Stock Exchange (IDX) for 2018-2021.

The sampling technique used was purposive sampling and the number of samples used in this study were 408 samples consisting of 102 companies with a research period of 4 years. The data analysis method uses panel data regression analysis using Eviews 9 software by carrying out several stages of testing.

The results of this study show that earnings management, intellectual capital, and related party transactions simultaneously influence the integrity of financial statements. Partially, earnings management has a negative effect on the integrity of financial statements. Meanwhile, intellectual capital and related party transactions have no effect on the integrity of financial statements.

This research is expected to be a reference in understanding the integrity of financial statements using accounting conservatism calculations with several calculation factors with the independent variables of earnings management, intellectual capital, and related party transactions.

Keywords: earning management, Integrity financial statement, intellectual capital, and related party transaction.