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THE EFFECT OF PROFITABILITY, MANAGERIAL OWNERSHIP, GENDER DIVERSITY, AND AUDIT QUALITY ON THE INTEGRITY OF FINANCIAL STATEMENTS

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh profitabilitas, kepemilikan manajerial, *gender diversity*, dan kualitas audit terhadap integritas laporan keuangan pada perusahaan sektor perbankan yang terdaftar di Bursa Efek Indonesia pada tahun 2019 hingga 2023. Data dikumpulkan dengan menggunakan metode purposive sampling, sehingga menghasilkan sampel sebanyak 180 perusahaan. Analisis dilakukan dengan menggunakan regresi linier berganda dengan dukungan software SPSS 27. Hasil penelitian menunjukkan bahwa profitabilitas berpengaruh positif terhadap integritas laporan keuangan, sedangkan kepemilikan manajerial berpengaruh negatif. Selain itu, keragaman gender dan kualitas audit ditemukan tidak berdampak pada integritas laporan keuangan. Namun jika dipertimbangkan secara bersama-sama, keempat faktor tersebut mempunyai pengaruh positif dan signifikan terhadap integritas laporan keuangan.

Kata kunci: Profitabilitas, Kepemilikan Manajerial, *Gender Diversity*, Kualitas Audit, Integritas Laporan Keuangan

ABSTRACT

This research explores the effect of profitability, managerial ownership, gender diversity, and audit quality on the integrity of financial statements in banking sector companies listed on the Indonesia Stock Exchange between 2019 and 2023. Data was collected using a purposive sampling method, resulting in a sample of 180 companies. The analysis was performed using multiple linear regression with the support of SPSS 27 software. The findings revealed that profitability has a positive effect on the integrity of financial statements, while managerial ownership negatively affects it. Additionally, gender diversity and audit quality were found to have no impact on financial statement integrity. However, when considered together, these four factors have a positive and significant influence on the integrity of financial statements.

Keywords: Profitability, Managerial Ownership, Gender Diversity, Audit Quality, Financial Statement Integrity

INTRODUCTION

The Indonesian Stock Exchange records the growth of a number of banks every year. As of 2023, there are 58 banking companies registered on the official website of the Indonesia Stock Exchange (IDX). This increase indicates rising competition, which demands companies to present financial statements with integrity. Financial statements are a communication tool used by companies to convey financial information to interested parties to be used as a consideration in making economic decisions, which can affect the financial condition of a company (Adinda & Hendratno, 2022). In presenting financial statements, every company must ensure that the financial statements are presented with integrity. Financial statements with integrity are presented based on the true and fair condition of the company, without concealing any information. In line with Statement of Financial Accounting Concept (SFAC) No. 2, it is explained that financial statements with integrity must present information fairly, accurately, honestly, and without bias (Anggreni et al., 2024). The integrity of financial statements also ensures that the financial reports are created with two important characteristics: relevance and reliability (Rizaldi et al., 2022). However, in reality, realising financial statements with high integrity remains difficult. Many companies engage in practices of financial statement manipulation by presenting false information in their reports (Maulidah &

Santoso, 2020). One case of low financial statement integrity in the banking sector occurred with PT Bank Tabungan Pensiunan Nasional Syariah (BTPN Syariah) in 2019. In this case, employees and community officers at PT BTPN Syariah branch in South Kalimantan embezzled customer funds and were caught by the bank's audit team. Then, PT BTPN branch in Bali, a bank employee committed fraud by misappropriating customer funds and falsifying financial documents (Saadah, 2024).

Another case of financial statement manipulation occurred at PT Bank Tabungan Negara (BTN) in 2020. PT Bank BTN engaged in window dressing by transferring bad loans to PT PPA, which then purchased the non-performing loans. Moreover, the management misappropriated Rp100 billion in funds, which had been allocated for housing projects but were instead used to pay off debts. The increase in credit in 2015 also violated credit analysis, which was deemed non-visible. In relation to window dressing, the management of PT Bank BTN transferred bad loans to PT PPA, allowing them to purchase the non-performing loans.

The manipulation of financial reports has resulted in a decline in the integrity of the company's financial reports, leading users of financial statement information to lose trust in the data presented (Purwantiningsih & Anggaeni, 2021). Referring to previous research, various factors have been identified that can affect the level of financial statement integrity. The first factor that influence is profitability. Every company has the primary objective of generating profit. Profitability is a ratio that measures a company's ability to utilize its assets to generate earnings over a specific period (Nabila et al., 2023). A high level of profitability indicates a firm has good potential for generating profits. In this case, profitability ratios can encourage management to present financial statements with integrity (Anisya et al., 2023). This aligns with the findings of Nabila et al., (2023), Arif & Suzan (2022), and Purwantiningsih & Anggaeni (2021) which propose that profitability has a noteworthy positive affect on the integrity of financial reports. On the contrary, study by Harum et al., (2020), Maharani & Khristiana (2022), and Christian et al., (2023)state that profitability has no effect on financial statements integrity.

The second factor that can influence the integrity of financial statements is managerial ownership. Managerial ownership allows management to act not only as managers but also as company owners, which can serve as a control over management actions and motivate them to display financial statements accurate and have integrity (Azzah & Triani, 2024). This is consistent with the findings of Azzah & Triani (2024), Setiadi & Dewi (2023), and Damayanti et al., (2023) which propose that managerial ownership has a significant positive effect on financial statements integrity. Meanwhile, according to research by Indriyani et al., (2023), and Sinulingga et al., (2020) show that managerial ownership has a significant negative effect on the integrity of financial statements. In addition, research by Wardhani & Samrotun (2020), Maychandra & Nelvirita, (2023), and Santoso & Andarsari (2022) show that managerial ownership does not influence the integrity of financial statements.

The third factor influencing the financial statements integrity is gender diversity. Gender diversity is defined as the presence, variety, and presentation of female directors in a company that can have a good influence and result on the integrity of financial statements (Rakasiwi Syamsuddin, 2022). The increasing presence of women in top management positions can significantly impact decision-making within organizations (Dewi et al., 2024). This is in line with the research of Pramaisella & Lestari (2023), and Dobija et al., (2022) which propose that gender diversity has a significant positive effect on the integrity of financial statements. Meanwhile, referring to Dewi et al., (2024) shows that gender diversity has a significant negative effect on the integrity of financial statements. On the contrary, research by Suhendra (2020) shows that gender diversity has no effect on the integrity of financial statements.

The fourth factor influencing the integrity of financial statements is audit quality. Audit quality is the ability of an auditor to detect substantial inaccuracies or misrepresentations in the accounting system and report these violations (Lubis & Salisma, 2023). Financial reports that have high audit quality will provide reliable and integrity financial reports (Purwantiningsih & Anggaeni, 2021). This is consistent with the findings of Juliana & Radita (2019), Damayanti et al., (2023) and Purwantiningsih & Anggaeni (2021) which propose that audit quality has a significant positive effect on the integrity of financial statements. Conversely, according to research Novyarni et al., (2022), Reschiwati & Aryanty (2024), and Isdiyanti et al., (2024) show that audit quality does not influence on the integrity of financial statements.

This study differs in several significant ways from previous studies. First, there are differences in the research period. Previous research used the 2017-2020 time period, while this study focuses on the 2019-2023 period. Second, in terms of research subjects, previous research examined manufacturing firms within the food and beverage industry, while this study examined banking companies traded on the Indonesia Stock Exchange. Third, difference lies in the independent variables used. While previous studies used managerial ownership, firm size, and audit quality, this study uses managerial ownership, audit quality and adds profitability and gender diversity as new variables.

Financial statements integrity is related to agency theory and signaling theory. Agency theory posits that conflicts of interest between managers (agents) and shareholders (principals) arise due to disparity in information between management and company owners. This information imbalance is often exploited by management for personal gain (Jensen & Meckling, 1976). Meanwhile, signaling theory explains how companies can signals based on the information contained in the company's financial statements to stakeholders, in order to minimize information asymmetry (Liliany & Arisman, 2021). Financial statements with integrity can serve as a positive signal to investors and creditors, indicating that the company is well-managed and has strong future prospects, thereby increasing its attractiveness for investment or lending. Effective integrity management through mechanisms such as profitability monitoring, managerial ownership, gender diversity, and high-quality audits can reduce information asymmetry, bridge the gap between agents and principals, and send positive signals to stakeholders.

METHOD

The hypothesis in this study is formulated based on a theoretical analysis of previous research. Nabila et al., (2023) define profitability is a financial ratio used to measure a company's ability to generate profits based on the resources it employs. Following the research of Anisya et al., (2023), Arif & Suzan (2022), and Purwantiningsih & Anggaeni (2021), profitability has a significant beneficial impact on the integrity of financial reporting. Higher profitability levels in a company will motivate management to present information truthfully, thus enhancing financial statements integrity.

H1: Profitability has a positive effect on the integrity of financial statements.

Managerial ownership, as defined by Damayanti et al., (2023), refers to the ownership of a company's outstanding shares by its management. Research conducted by Azzah & Triani (2024), Setiadi & Dewi (2023), and Damayanti et al., (2023) explain managerial ownership has a significant positive effect on the integrity of financial statements. This indicates that a higher percentage of managerial ownership is associated with increased financial statements integrity.

H2: Managerial ownership has a positive effect on the integrity of financial statements.

Gender Diversity, from the perspective of Rakasiwi Syamsuddin (2022), is the existence, variety and presentation of female directors, which can influence decision-making processes due to women's generally more flexible communication styles when engaging with stakeholders. Following the research of Pramaisella & Lestari (2023), and Dobija et al., (2022), gender diversity has a significant positive effect on the integrity of financial statements. This demonstrates that, greater gender diversity on boards or in management positions is associated with improved financial reporting integrity.

H3: Gender Diversity has a positive effect on the integrity of financial statements.

Furthermore, audit quality refers to an auditor's capability to identify and disclose inconsistencies in the client's accounting records, adhering to auditing standards and the public accountant's code of ethics (Juliana & Radita, 2019). Pursuant to research conducted by Wahyuni (2022), and Purwantiningsih & Anggaeni 2021) which propose that audit quality has a significant positive effect on the integrity of financial statements.

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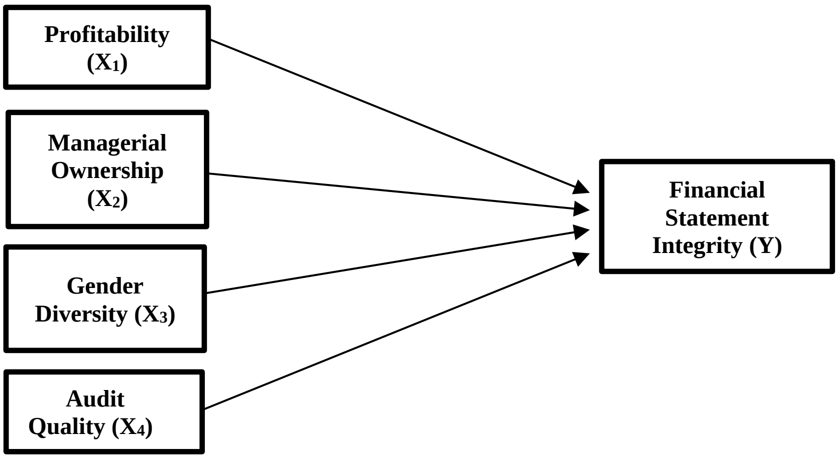

Figure 1. Research Model
Source: Research Data, 2024

In accordance with the research model outlined earlier, this study adopts a quantitative research methodology with scientific characteristics, including clarity, objectivity, reliable measurement, rationality, and a systematically structured methodology. This study focuses on profitability, managerial ownership, gender diversity, audit quality, and financial statement integrity in banking companies listed on the Indonesia Stock Exchange (IDX). It examines a

Table 1. Variable Measurement

Variable	Proxy	Scale
Profitability	$ROA = \frac{\text{Net Income}}{\text{Total As}}$	Ratio
Managerial Ownership	$\frac{\text{The managements ownership stake in the company}}{\text{Total number of shares outstanding}} \times 100$	Ratio
Gender Diversity	1 = a company with a female director 0 = a company with no female directors	Nominal
Audit Quality	$\frac{\text{Number of Clients in the Industry Sector}}{\text{Number of Issuers in The Industry}} \times 100$	Nominal
Financial Statement Integrity	$MBV = \frac{\text{Market Price of Shares}}{\text{Book Value of Shares}}$	Ratio

Source : Some Research, 2024

High audit quality ensures the preparation of financial statements with integrity, serving as a foundation for decision-making. H4: Audit Quality has a positive effect on the integrity of financial statements single dependent variable, financial statement integrity, along with four independent: profitability (X_1), managerial ownership (X_2), gender diversity (X_3), and audit quality (X_4). There are 36 companies that can be used as samples, selected using purposive sampling from a population of 55 companies. This research uses secondary data, obtained through literature study and documentation.

The data analysis process and hypothesis testing used in this study include classical assumption tests, such as normality, multicollinearity, heteroscedasticity, and autocorrelation tests. Hypothesis testing is conducted using multiple linear regression analysis, a partial T test, a simultaneous F test, and the coefficient of determination (R squared test). The totality of data analysis performed in this research using spss version 27 software tools.

The research model applied for multiple linear regression in this study is as follows :

$Y = \alpha + \beta 1X_1 + \beta 2X_2 + \beta 3X_3 + \beta 4X_4 + e$

Information :

Y	: Financial Statement Integrity
a	: Constant
β1, β2, β3, β4	: Regression Coefficients
X1	: Profitability
X2	: Managerial Ownership
X3	: Gender Diversity

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X4 : Audit Quality
e : Error Term

RESULTS AND DISCUSSION

In this study, data were collected from all banking companies listed on the Indonesia Stock Exchange (IDX) during the period from 2019 to 2023. However, only 36 companies met the criteria to be included as samples, resulting in a total of 180 observations.

Table 2. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Financial Statements Integrity	180	.21	35.48	2.0873	4.23558
Profitability	180	-15.89	4.76	.7022	2.81937
Managerial Ownership	180	.00	4.79	.2480	.88913
Gender Diversity	180	.00	1.00	.6833	.4664
Audit Quality	180	.00	1.00	.5056	.50136
Valid N (listwise)	180				

Source : SPSS Output, 2024

According to the results presented in Table 2 of the descriptive statistics, the financial statement integrity variable (Y) has values that range from a minimum of 0.21 to a maximum of 35.48, with an average of 2.0873 and a standard deviation of 4.23558. The profitability variable (X_1) ranges from -15.89 to 4.76, with a mean of 0.7022 and a standard deviation of 2.81937. The managerial ownership variable (X_2) varies between 0.00 and 4.79, with an average of 0.248 and a standard deviation of 0.88913. The Gender Diversity variable (X_3) ranges from 0.00 to 1.00, with an average of 0.6833 and a standard deviation of 0.46647. Lastly, the Audit Quality variable (X_4) ranges from 0.00 to 1.00, with a mean of 0.5056 and a standard deviation of 0.50136.

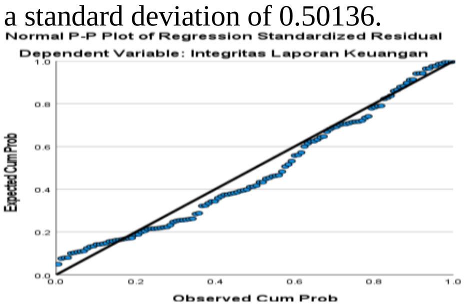

Figure 2. Normality Test
Source : SPSS Output, 2024

The regression model in this study meets the normality assumption, as indicated by the Normal P-P Plot of Regression Standardized Residuals. The points are closely aligned with the diagonal line, suggesting that the residuals follow a normal distribution

Table 3. Multicollinearity Test

Model		Tolerance	VIF
1	(Constant)		
	Profitability	.730	1.370
	Managerial Ownership	.680	1.470
	Gender Diversity	.785	1.273
	Audit Quality	.813	1.230

Source : SPSS Output, 2024

As shown in Table 3, all independent variables, namely profitability, managerial ownership, gender diversity, and audit quality, exhibit tolerance values greater than 0.1 and Variance Inflation Factors (VIF) less than 10. Therefore, the analysis indicates that there is no evidence of multicollinearity among the independent variables in the model.

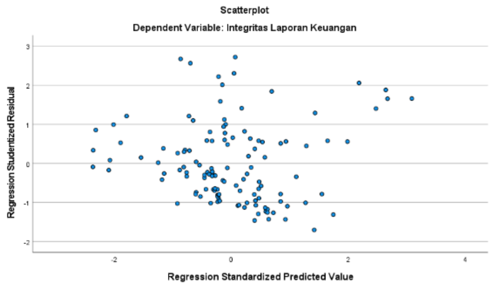

Figure 3. Heteroscedasticity Test
Source : SPSS Output, 2024

According to the test results presented in Figure 3, the points in the scatterplot are clearly displayed, and these points are scattered randomly around the Y-axis, with some values above zero and others below, The data does not exhibit heteroscedasticity in the regression model used in this research, this shows that there is no similarity in the variance between one residual and another observation.

Table 4. Autocorrelation Test

Model	Durbin-Watson
1	1.838

Source : SPSS Output, 2024

Table 4 shows that based on the results from the DW table, the value of DU with the given criteria is 1.7739, which is smaller than 4 – DU (4 – 1.7739 = 2.2261). This satisfies the criteria (DU < D < 4 – DU = 1.7739 < 1.838 < 2.2261). Based

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on the decision-making criteria for the autocorrelation test, it can be concluded that there are no signs of autocorrelation in this study.

Table 5. Multile Linear Regression Analysis and t – test

M		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta		t	Sig.
1	(Const)		.917	.113		8.102	.000
	Profitability	.273	.273	.050	.521	5.449	.000
	Managerial Ownership	-12.499	-12.499	3.970	-.312	-3.149	.002
	Gender Diversity	-.018	-.018	.125	-.013	-.141	.888
	Audit Quality	-.075	-.075	.108	-.062	-.689	.492

Source : SPSS Output, 2024

The findings from the multiple linear regression analysis in Table 5 produce the following regression equation:
Financial Statement Integrity = 0,917 + 0,273X_1 – 12,499X_2 – 0,018X_3 – 0,075X_4 + e

According to the outcomes of the T-test presented above, it can be interpreted the profitability has a significance value of 0.000, which is below 0.05, and a positive coefficient, thus the first hypothesis (H1) is accepted. On the other hand, the managerial ownership has a significance value of 0.002, which is below 0.05, and since the coefficient is negative, the second hypothesis (H2) is rejected. Additionally, gender diversity and audit quality have significance values of 0.888 and 0.492, respectively, both of which are above 0.05, leading to the rejection of the third hypothesis (H3) and the fourth hypothesis (H4).

Table 6. F – Test (Simultaneous)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.135	4	2.284	7.729	.000
	Residual	35.162	119	.295		
	Total	44.297	123			

Source : SPSS Output, 2024

According to the results of the F-test in Table 6 above, the computed F-value is 7.729, while the table F-value is 2.45. This result shows that the computed F-value (7.729) is greater than the table F-value (2.45). Furthermore, the significance value obtained is 0.000, This indicates that the F-significance value is lower than the predetermined significance level of 0.05. As a result, collectively, the independent variables appear to influence the dependent variable.

Table 7. Determination Coefficient (R2) Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.454[a]	.206	.180	.54358

Source : SPSS Output, 2024

The R-squared test reveals an Adjusted R-squared value of 0.180 (18%) in this study. This suggests that the independent variables examined (profitability, managerial ownership, gender diversity, and audit quality) account for 18% of the changes in financial statement integrity, with the remaining 82% potentially explained by other variables.

Profitability has a positive effect on financial statement integrity. This is reflected in the significant value in Table 4 of the T-statistic test, where the significance value of profitability is smaller than the significance level of 0.05 (0.00 < 0.05). Additionally, the coefficient value of profitability is positive (0.273). Therefore, the first hypothesis (H1), which indicates that profitability has a significant positive financial statement integrity, is accepted. The findings of this study align with the research by Anisya et al., (2023), Arif & Suzan (2022), and Purwantiningsih & Anggaeni (2021). This positive relationship suggests that as a company's profitability increases, so does the integrity of its financial statements, because higher profitability motivates management to present accurate and truthful financial information, thus ensuring the creation of financial statements with integrity. This contradicts the statement made by Harum et al., (2020), Maharani & Khristiana (2022), and

Christian et al., (2023), who state that profitability does not affect financial statement integrity. In line with signaling theory, high profitability sends a signal that the company can provide dividends to investors and demonstrates good asset management and operational effectiveness. From the agency theory perspective, management, as agents, must present accurate and reliable financial information to ensure the integrity of financial statements. As profitability increases, it motivates company management to present truthful and accurate financial information, leading to the creation of financial statements with integrity. Based on the author's observation on PT. Bank Tabungan Negara (Persero) Tbk's financial statements, there has been a continuous increase in profitability ratios (ROA) for the past five years, with the highest ROA in 2023 at 1.07. The increase in the company's ROA indicates that the company has been effectively utilizing its assets to generate profit. This situation can enhance the integrity of the financial statements, as evidenced by the improved integrity of PT. Bank Tabungan Negara (Persero) Tbk's financial statements over the past five years.

Managerial ownership has a negative effect on financial statement integrity. This is reflected in the significance value in Table 4 of the T-statistic test, where the significance value for managerial falls below the significance level of 0.05 (0.02 < 0.05). Additionally, the coefficient value for managerial ownership is negative (-12.499). Therefore, the second hypothesis (H2), which states that managerial ownership has a positive and significant effect on financial statement integrity, is rejected. The findings of this study accordance with the study conducted by Fairuzzaman & Damayanty (2024), Indriyani et al., (2023), and Sinulingga et al., (2020). High level of shares held by management fails to bridge the interests of the agents and the owners of the company, and the negative effect may be due to the dual role of management as both agents and owners of the company. A rise in the share of managerial ownership in a company can facilitate management in fulfilling its personal interests, which can negatively impact the integrity of the financial statements. However, the results of this study differ from the findings of Azzah & Triani (2024), Setiadi & Dewi (2023), and Damayanti et al., (2023), who state that managerial ownership can improve financial statement integrity. From the perspective of agency theory, high managerial ownership should be able to enhance financial statement integrity. However, in practice, this does not always occur because management decisions tend to be opportunistic, which may motivate them to manipulate financial statements. Furthermore, the presence of information asymmetry often encourages management to manipulate financial statements through earnings management. Based on the author's observation of the financial statements of PT. Bank Sinarmas Tbk and PT Bank China Construction Bank Indonesia Tbk over a five-year period, it was found that when the proportion of managerial ownership decreased, the integrity of the financial statements of these companies actually increased, which aligns with the findings of this study.

Gender diversity does not have an impact on the integrity of financial statements. This is reflected in the significant value shown in Table 4 of the T-Statistic test, where the significance value of gender diversity exceeds the significance level of 0.888 (0.888 > 0.05). Therefore, the third hypothesis (H3), which states that gender diversity affects the integrity of financial statements, is rejected. The findings of this study do not correspond with the study carried out by Dobija et al., (2022) and Dewi et al., (2024)However, this study aligns with the research conducted by Suhendra (2020). The difference in characteristics between female and male directors in a company does not influence the decision-making process of the company's directors, thus ensuring the integrity of the financial reports in a firm cannot be determined based on the gender or sex of the company's directors. Agency theory suggests that gender diversity can address agency problems because the characteristics of female directors are believed to enable better decision-making. However, in practice, the diverse perspectives in decision-making caused by gender diversity do not appear to influence the improvement of financial statement integrity. Based on the researcher's observation of banking companies, gender differences do not contribute to financial statement integrity, as the nature of a director cannot be determined by their gender.

Audit quality does not influence the integrity of financial reports. This is reflected in the significant value shown in Table 4 of the T-Statistic test, where the significance value of audit quality is greater than the significance level of 0.492 (0.492 > 0.05). Therefore, the fourth hypothesis (H4), which states that audit quality affects the integrity of financial reports, is rejected. The findings of this study are consistent with the study conducted by Novyarni et al., (2022), Reschiwati & Aryanty (2024), and

Isdiyanti et al. (2024). Audit quality, as measured by auditor specialization, does not influence the integrity of financial reports. The presence of specialized or non-specialized auditors does not enable them to effectively monitor and evaluate management policies when preparing financial statements. The integrity of a company's financial reporting ultimately hinges on the actions of its management. Even with rigorous audits conducted by industry experts, the integrity of these statements can still be compromised if management engages in unethical or fraudulent practices. The findings differ from those of studies conducted by Juliana & Radita (2019), Damayanti et al., (2023) , and Purwantiningsih & Anggaeni (2021), which state that audit quality has a significant positive effect on financial statement integrity. Agency theory suggests that agency problems can arise due to information asymmetry between the principal and the agent. Good audit quality is expected to address these agency issues (Pertiwi et al., 2021). However, in practice, the level of audit quality does not appear to influence the integrity of financial statements, as auditors are not responsible for the content of the financial statements; their responsibility is limited to the opinion they express. Based on an analysis of the financial statements of PT. Bank Woori Saudara Indonesia 1906 Tbk, which has used both specialized and non-specialized auditors, the data analysis shows that in 2021, when the bank used a specialized industry auditor, there was no different audit opinion or findings compared to the previous year, 2020, when the audit was conducted by a non-specialized industry auditor. This supports the lack of a relationship between financial statement integrity and audit quality as projected by specialized industry auditors.

CONCLUSION

According to the results of hypothesis testing, it can be determined that profitability has a significant and positive influence on the integrity of financial statements. In line with signaling theory, high profitability provides a positive signal to investors and other stakeholders. Furthermore, this study supports agency theory, where high profitability can reduce information asymmetry between the agent and the principal. Managerial ownership has a significant negative effect. This could happen in reality because, when making management decisions, the behavior may be opportunistic, motivating managers to engage in financial statement manipulation. Additionally, gender diversity does not influence the integrity of financial reports, as the differences in characteristics of female directors, according to agency theory, do not affect decision-making within the company. Therefore, the integrity of financial reports cannot be determined by the gender of the company's directors. Moreover, the hypothesis analysis reveals that audit quality does not influence financial statements integrity. This is due to the fact that auditors with industry specialization are unable to resolve agency issues, as the auditor's responsibility is limited to the opinion they issue.

The limitations of this study include the use of a sample consisting limited to banks listed on the IDX within a limited time frame, from 2019 to 2023. As a result, the findings of this study cannot be generalized or fully reflect the overall condition of companies in terms of financial statement integrity. Additionally, this research only employs four independent variables, which can explain only 18% of the variation in the dependent variable, financial statement integrity. Furthermore, the research relies exclusively on secondary data without considering other factors that may not be directly reflected in the companies' financial reports. Future research is suggested to extend the research period and incorporate additional independent variables that could potentially the integrity of financial statements. It is also suggested to use different proxies for the variables in order to provide a more comprehensive analysis. Furthermore, expanding the scope of research on financial statement integrity to include other sectors, such as real estate, LQ-45, consumer goods, and other industries, would provide a broader understanding of the issue.

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