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Integrity of Financial Statements Reviewed from Corporate Governance, Leverage, and Company Size

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ABSTRACT

This study aims to determine the influence of institutional ownership, managerial ownership, independent commissioners, audit committees, leverage, and company size on the integrity of financial statements in infrastructure companies listed on the Indonesia Stock Exchange (IDX) in 2020-2023. The population in this study is infrastructure companies listed on the Indonesia Stock Exchange (IDX) in 2020-2023. This study uses a purposive sampling technique, obtained from 10 companies so that the number of samples used is 40 observation data. The analysis used in this study is multiple regression analysis using SPSS version 26 as a calculation tool. Based on the results in this study, it is shown that institutional ownership, managerial ownership, independent commissioners, and leverage have no effect on the integrity of financial statements. Meanwhile, the size of the company showed a negative effect on the integrity of the financial statements and the audit committee had a positive effect on the integrity of the financial statements.

Keywords: Institutional ownership, managerial ownership, independent commissioner, audit committee, leverage, company size, and integrity of financial statements.

INTRODUCTION

Developments in the business world encourage large companies to conduct in-depth assessments to improve the company's value and performance through the development of innovative business activities (Febbiyanti & Utsman, 2023). This makes the competition that occurs in the business world even tighter, so that public and non-public companies will try to survive in running their business and can continue to compete with other competitors. The fierce competition that occurs strongly triggers company management to provide the best value from their company, one of which is with good financial statements (Anggraeni et al., 2020). In the process, financial statements must be made correctly and honestly, so that the financial statements have high integrity (Johana & Djuitaningsih, 2020).

Integrity financial statements are financial statements that display the actual condition of a company. Nurhalizah et al., (2023) explained that financial statements have integrity if they can meet the quality of reliability and in accordance with accounting principles. The reliability of this information depends heavily on the ability to adequately describe the information in its actual conditions. Information about financial statements that are presented honestly will be very useful in decision-making. Zakaria & Purwohedi, (2023) emphasized that the integrity of financial statements involves honest and accurate information and there is no manipulation of financial statement data intentionally with the aim of misleading its users in assessing the company (Nurcahyono & Purwanto, 2024).

The integrity of financial statements is how financial statements must contain correct or factual information related to the company's financial position, performance, and cash flow (Zakaria & Purwohedi, 2023). This aims to ensure that the company can fulfill its responsibilities to its stakeholders and that the high integrity of the financial statements in the information presented can influence its users in decision-making (Alfitri et al., 2022). The integrity of financial statements is still an issue worth considering, because in reality not all companies are able to realize the integrity of financial statements. This is evident from the fact that there are still many companies that publish financial statements with low integrity, so there are often cases of manipulation of financial statement data (Khasanah et al., 2022).

There are several cases of manipulation of financial statements carried out by infrastructure companies in Indonesia, one of which is PT Waskita Karya (WSKT). In 2017-2018, Waskita had posted a profit of Rp 4.2 – 4.6 trillion. This is the highest achievement in history. However, when the pandemic occurred in 2020, Waskita's finances suffered a loss of Rp 9.3 trillion. Then in 2021, Waskita managed to reduce the loss to Rp 1.09 trillion. However, the losses experienced increased again in 2022 to Rp 1.89 trillion, until at the beginning of 2023 Waskita reported losses worth Rp 2.07 trillion (CNBC Indonesia, 2023). The same thing also happened to PT. Wijaya Karya (WIKA) who manipulated financial statements. Based on the financial statements of PT. Wijaya Karya in 2023 suffered a loss of IDR 1.88 trillion, an increase of 14.37% from the previous year. Meanwhile, the company actually posted an increase in revenue of 28.81% to IDR 9.25 trillion. However, it is reported that PT. Wijaya Karya has debts worth IDR 56.70 trillion (Warta Ekonomi, 2023).

The Deputy Minister of SOEs stated that there was an element of manipulation in the financial statements of PT. Waskita Karya and PT. Wijaya Karya which is not in accordance with the facts. Published financial reports show that there have been profits for many years. However, in reality, *the cash flow* of the infrastructure company has never shown positive performance. Based on the case, it shows that there is still dishonesty in the disclosure of financial statements that do not have integrity. In an effort to improve the integrity of financial statements, the role of corporate governance is needed (Roqijah et al., 2022; Timoty et al., 2023). Therefore, the existence of institutional ownership, managerial ownership, independent commissioners, and audit committees are part of corporate governance that plays a role in carrying out the company's monitoring function. In addition, there are other factors to improve the integrity of financial statements, namely *leverage* and company size.

Institutional Ownership is the amount of shares owned by other companies, both domestically and abroad. Institutional ownership can direct management through an effective oversight process as an effort to improve business performance. The supervision process is carried out to avoid the possibility of manipulation of financial statements with the aim of attracting investors (Anastasia et al., 2023).

High institutional ownership can lead to a large amount of surveillance efforts, which can hinder opportunistic attitudes. The existence of institutional shares in the company can increase supervision of managers' attitudes when preventing possible misstatements in financial statements, thereby increasing the integrity of financial statements. This is in line with research conducted by Indrasti (2020), Naysilla A et al., (2023), and Oktaviani et al., (2021) showing that institutional ownership positively affects the integrity of financial statements. However, in contrast to the research conducted by Azzah & Triani, (2021), Cahyo et al., (2022), and Fahmi & Nabila (2020) reported that institutional ownership has a negative effect on the integrity of financial statements.

Managerial ownership is the stock owned by a manager and director of a company. The manager who owns the company's shares will adjust his interests as a manager and shareholder. This is because the ownership of the shares will motivate the management to improve its performance, so that the wishes of shareholders and the management itself can be fulfilled. In addition, managerial ownership can help in limiting management deviant behavior (Fitria & Triyanto, 2020).

The results of a study conducted by Johana & Djuitaningsih (2020), Suzan & Wulan (2022), and Anastasia et al., (2023) show that managerial ownership has a positive effect on the integrity of financial statements. This is because managerial ownership can determine the policies and decision-making processes applied to the company, so that company managers with a percentage of management ownership will have greater responsibility and can report their financial statements with honest and integrity information. Meanwhile, according to Suzan & Rizaldi, (2024), Cahyo et al., (2022), and Liliany & Arisman (2021) managerial ownership has a negative effect on the integrity of financial statements. This is because managerial ownership provides a dual role for management that dominant ownership can cause managers to obtain higher authority in presenting financial statements, resulting in the potential for manipulation and violation of the integrity of financial statements (Herianto et al., 2023).

Independent commissioners are members of the commissioners who are not bound by the company's management, other commissioners, controlling shareholders, or other relationships that have the potential to affect their abilities (Izdihar & Karmudiandri, 2022). Members of the commissioner have the duty to monitor and evaluate the activities of the entity and can identify information errors. Independent commissioners can be a balancer in decision-making, especially to provide protection to minority shareholders and other stakeholders and have effectiveness that can be seen from the supervisory function and the high integrity of the financial statements presented (Wijaya, 2022).

The higher the number of independent commissioners, the higher the level of corporate audit because the level of supervision over the large number of independent commissioners is better than the small number (Christanty et al., 2023; Nurcahyono et al., 2023). The high level of supervision makes financial reports more relevant, namely being able to provide predictions of future economic conditions to its users. This is in line with research conducted by Azzah & Triani (2021), Anggraeni et al., (2020), and Maychandra & Nelvirita, (2023) which stated that independent commissioners have a positive effect on the integrity of financial statements. In contrast to the research results of Wijaya (2022), Sembiring et al., (2022), and Oktaviani et al., (2021) stated that independent commissioners have a negative effect on the integrity of financial statements. This is because in carrying out supervision, the existence of independent commissioners is less effective. The large number of independent commissioners causes problems and differences of opinion, resulting in a decline in the integrity of financial statements.

The audit committee is part of corporate governance that has the task of assisting the board of commissioners, internal auditors and external auditors (Zakaria & Purwohedi, 2023). The existence of an audit committee is considered important because it has a role in ensuring the presentation of financial statements reasonably and is in accordance with applicable accounting principles, so that a high proportion of audit committees can improve the integrity of the financial statements presented (Emayanti & Muliati, 2020).

Based on the rules set by the Financial Services Authority (OJK) No. 55/PJOK.04/2015 concerning the establishment and work guidelines of the audit committee, it is stated that the total of all audit committees consists of at least three members which means that the higher the size of the audit committee, the higher the level of audit. This is in line with research conducted by Anggraeni et al., (2020), Emayanti & Muliati (2020), and Johana & Djuitaningsih (2020) which stated that the audit committee has a positive effect on the integrity of financial statements. However, it is different from the results found by Ayu Nurhalizah et al., (2023), Wulandari et al., (2021), and Manuari & Devi, (2021) who stated that the audit committee has no effect on the integrity of financial statements.

Leverage is a financial ratio that evaluates a company's ability to meet its short-term and long-term financial commitments (Suzan & Rizaldi, 2024). When a company has relatively high debt, the risk faced is also higher. This will later result in the company experiencing financial difficulties and cause management to commit violations of financial statements, thereby reducing the integrity of financial statements. In general, investors will avoid companies with high debt because it can pose a higher risk (Kristianingrum et al., 2022).

The high and low value of *leverage* in a company is a factor that affects the integrity of financial statements. The higher the *leverage*, the obligation of the company to provide information in the form of a wider presentation of financial statements. This is supported by research (Suzan & Rizaldi, 2024), Cahyo et al., (2022), and Suzan & Wulan, (2022) which states that *leverage* has a positive effect on the integrity of financial statements. In contrast to research conducted by Nurhalizah et al., (2023), Febbiyanti & Uthman, (2023), and (Manuari & Devi, 2021) stated that *leverage* has a negative effect on the integrity of financial statements, because if the *value of leverage* is lower, the integrity of financial statements will increase. Low corporate debt indicates that the company has lower risk compared to high *leverage*.

The size of the company is the size of the company based on the total assets owned (Febbiyanti & Utsman, 2023). The size of the company is considered to be able to affect the integrity of financial statements where companies with large sizes will face greater demands from stakeholders in the presentation of financial statements with integrity.

Large-scale companies have the ability to present financial statements with integrity and enable companies to maintain trust and relationships with *stakeholders*. This is in line with research conducted by Zakaria & Purwohedi, (2023), Rivandi et al., (2022), and Febrilyanti, (2020) which states that company size has a positive effect on the integrity of financial statements. In contrast to the findings of Cahyo et al., (2022), Oktaviani et al., (2021), and Indrasti, (2020) which stated that company size has a negative effect on the integrity of financial statements. This is because the larger the size of the company, the more information access for the public will be, so that intervention by external parties can reduce the integrity of financial statements.

This research is a development of research conducted by (Suzan & Rizaldi, 2024). The difference with the previous study is by increasing the number of variables of independent commissioners, audit committees, and company sizes because in previous studies there were still many inconsistent results, as well as replacing a broader research sector.

LITERATURE REVIEW

Agency Theory

The agency theory put forward by Jensen & Meckling (1976) explains that there is a contractual relationship that occurs between *the principal* and the agent, where *the principal* (owner) gives his authority to the agent (management) to manage the company. This relationship can cause problems with the completeness of information, namely when all company conditions are not fully known by the party concerned. The interaction between *the principal* and the agent in a contract is called agency theory (Izdihar & Karmudiandri, 2022). In a contract, the factor that must be met in order to be efficient is to have information of the same amount (symmetrical). However, symmetrical information does not always occur, which means that information asymmetry occurs more often which can cause conflicts. This is because in reality the agent as the party who has the information does not fully inform the *principal* for various reasons, resulting in an information imbalance (Gufranita et al., 2022; Pratiwi et al., 2022).

The integrity of financial statements has to do with agency theory. This theory suggests that principals are separated from agents when running a company, the problem of agency arises because each party seeks to maximize its utility functions. The implementation of corporate governance can reduce agency problems and improve the integrity of financial statements (Wijaya, 2022). Corporate governance is also expected to serve as a tool to give investors confidence that they will receive a satisfactory return on the funds invested.

Leverage is related to agency theory in explaining the relationship between debt ratios and the integrity of financial statements. This is because the high level of leverage results in companies having an obligation to present financial statements with integrity to their users (Emayanti & Muliati, 2020). Companies that have large amounts of debt will incur higher agency costs so the company will tend to make wider financial disclosures. The size of the company is also related to the agency theory, namely that a large-scale company will incur large agency costs, because the larger size of the company makes shareholders worried. Information related to the size of the company can also be used as a basis for investors in making investment decisions and checking whether the company's financial statements are presented honestly.

The Effect of Institutional Ownership on the Integrity of Financial Statements

Institutional ownership is an ownership structure that has an important influence on management performance. The greater the institutional ownership, the greater the incentive to supervise management, thus providing a great opportunity to optimize company value and increase company performance (Fitria & Triyanto, 2020). Agency conflicts that occur from agency theory explain that supervision carried out by institutional ownership can make management focus its attention on the company's performance, so as to minimize data manipulation and misrepresentation in financial statements (Oktaviani et al., 2021). The above statement is in line with research conducted by Indrasti, (2020), Anastasia et al., (2023), and Oktaviani et al., (2021) that institutional ownership has a positive effect on the integrity of financial statements. Institutional shareholders have an important role in conducting supervision because they are neutral. This attitude makes them more objective and impartial, thus encouraging managers to present financial statements reasonably and will improve the integrity of financial statements.

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

The Influence of Managerial Ownership on the Integrity of Financial Statements

Managerial ownership is stock ownership by management, so the manager will have a role as manager and shareholder (Suzan & Wulan, 2022). The existence of managerial ownership can help management to prepare good financial statements so as not to harm shareholders and themselves. Agency problems will arise if the percentage of managerial ownership < 100%, it will trigger managers to behave opportunistically (Oktaviani et al., 2021). The agency conflict can be resolved with supervision, but later agency costs will arise. In an effort to reduce the agency's costs, namely by increasing management share ownership (Nurcahyono & Kristiana, 2019; Nurcahyono & Sinarasri, 2023). Managerial ownership can improve the balance of information, so it will reduce the problems that arise in agency theory. The larger the shareholding, the management will have responsibility when making decisions and presenting financial statements with honest information, so that financial statements with integrity will be presented. This is in line with research conducted by Johana & Djuitaningsih (2020), Suzan & Wulan (2022), and Anastasia et al., (2023) revealing that managerial ownership has a positive effect on the integrity of financial statements.

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

The Influence of Independent Commissioners on the Integrity of Financial Statements

Independent commissioners are external members of the company who have a role in monitoring and evaluating the activities of entities in the aggregate. The existence of independent commissioners in agency theory, clarity on management performance can be improved by being able to minimize deviant behavior carried out by managers (Anggita & Pohan, 2022). The above statement is in line with research conducted by Azzah & Triani, (2021), Anggraeni et al., (2020), and Maychandra & Nelvirita, (2023) revealing that independent commissioners have a positive effect on the integrity of financial statements. This is because the higher the independent commissioner, the more integrity financial statements will be caused.

H3: Independent commissioners have a positive effect on the integrity of financial statements.

The Influence of the Audit Committee on the Integrity of Financial Statements

The audit committee is a body formed to assist the board of commissioners and has responsibility for the management control system and the preparation of financial reports (Maychandra & Nelvirita, 2023). The performance of the audit committee is expected to be able to make corporate governance run well, so that it will improve the company's

performance. In the agency theory of interest problems that often occur, the audit committee is able to reduce these problems. This is because the size of the audit committee can balance the expectations of management and shareholders (Anggita & Pohan, 2022). This statement is supported by research conducted by Anggraeni et al., (2020), Emayanti & Muliati (2020), and Johana & Djuitaningsih, (2020) audit committees have a positive effect on the integrity of financial statements. The existence of an audit committee can help in avoiding irregularities. The larger the audit committee, the higher the integrity of the financial statements presented.
H4: The audit committee has a positive effect on the integrity of financial statements.

The Effect of *Leverage* on the Integrity of Financial Statements
Leverage is a tool to evaluate businesses in fulfilling their short-term and long-term obligations with their assets. Companies with high levels of *leverage* are financially risky, but they also have the potential to generate more profits. In the agency theory, it is explained that the higher the *leverage* ratio, the better the transfer of prosperity from creditors (Nurhalizah et al., 2023). Companies that have large amounts of debt will incur higher agency costs so the company will tend to make wider financial disclosures.
The above statement is in line with research conducted by Suzan & Rizaldi, (2024), Cahyo et al., (2022), and Suzan & Wulan, (2022) stating that *leverage* has a positive effect on the integrity of financial statements. *High leverage* will present information and data with integrity, so *that stakeholders* can make good and appropriate decisions.
H5: *leverage* has a positive effect on the integrity of financial statements.

The Effect of Company Size on the Integrity of Financial Statements
Company size is the scale of a company which is classified into large scale and small scale. The size of the company is related to the agency theory because the larger the size of a company, the greater the agency cost and can trigger concerns by shareholders. Information related to the size of the company can also be used as a basis for investors in making investment decisions and checking whether the company's financial statements are presented honestly (Rahma et al., 2022). This is because the size of the company is seen from the amount of assets owned and it is part of the information disclosed by the company. (Indrasti, 2020). The above statement is in line with research conducted by Zakaria & Purwohedi (2023), Rivandi et al., (2022), and Febrilyanti (2020) revealing that company size has a positive effect on the integrity of financial statements. The larger the size of the company, the higher the integrity of the financial statements presented. This is because a company with good financial condition will make investors see that the integrity of the company's financial statements has increased.
H6: The size of the company has a positive effect on the integrity of the financial statements.

RESEARCH METHOD

This study uses quantitative research with a descriptive approach. The quantitative descriptive approach in this study is a study that shows variables supported by data in the form of numbers and measurable. The purpose of this study is to determine the influence of corporate governance, *leverage*, and company size on the integrity of financial statements of infrastructure companies listed on the Indonesia Stock Exchange (IDX) in the period 2020-2023. The population of this study is infrastructure companies listed on the Indonesia Stock Exchange in 2020-2023, the sampling method used is purposive sampling. The operational definition of variables is as follows.

Table 1. Variable Measurement

Variable	Measurement
Integrity of Financial Statements	$MBV = \frac{Stock\ Market\ Price}{Book\ Value\ of\ Shares}$
Institutional Ownership	$\text{INST} = \frac{Shares\ Owned\ by\ Institution}{Total\ Outstanding\ Shares} \text{ X } 100\%$
Managerial Ownership	$\text{MOWN} = \frac{Shares\ Owned\ by\ Institution}{Total\ Outstanding\ Shares} \text{ X } 100\%$
Independent Commissioner	$\text{IND} = \frac{Total\ Independent\ Commissioners}{Total\ Board\ of\ Commissioners}$
Audit committee	KA = Total Audit committee
Leverage	$\text{LVRG} = \frac{Total\ Debt}{Total\ Asset}$
Company size	Size = LN (Total asset)

The data analysis in this study uses multiple regression analysis. The regression equation is as follows.

$$MBV = \alpha + \beta 1\ INST + \beta 2\ MOWN + \beta 3\ IND + \beta 4\ KA + \beta 5\ LVRG + \beta 6\ SIZE + e$$

Based on the regression equation above, MBV is a dependent variable of this study in the context of financial statement integrity. α shows the value of constants, β is the regression coefficient of each independent variable in this study, namely Institutional Ownership (INST), Managerial Ownership (MOWN), Independent Commissioner (IND), Audit Committee (KA), Leverage (LVRG), and Company Size (SIZE). While e represents the error value.

RESULTS

Descriptive Statistical Analysis

The results of statistical descriptive analysis of the research sample can be seen in the table which shows the minimum, maximum, mean, and standard deviation values for each variable used in this study.

From table 2, it can be explained that the integrity of financial statements in infrastructure sector companies has an average value of 1.54. This variable has the highest value of 6.83 and the lowest value of 0.18 and a standard deviation of 1.60 describing the average deviation of financial statement integrity of 1.6%. A standard deviation greater than average indicates that it has a large or heterogeneous data distribution. An average score close to the lowest value illustrates that the majority of infrastructure sector companies tend to present financial statements with low integrity.

The institutional ownership variable has a range between the highest value of 0.85 and the lowest value of 0.12. This variable has a standard deviation value of 0.15 and an average of 0.61 which shows that the share ownership by institutions is an average of 61% of all company shares. An average value that is close to the lowest value means that the ownership of shares by the institution is high. Institutional shareholding that is getting bigger will be more effective in supervising opportunistic management behavior. The managerial ownership variable had the lowest value of 0.00 and the highest value of 0.78. This variable has a standard deviation value of 0.17 and an average value of 0.09 which indicates that the average managerial share ownership is 9% of all company shares. An average value close to the lowest value means that managerial share ownership in the sample is still very low, so managerial share ownership is not to control the company but only to individual ownership.

Table 2. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Integrity of Financial Statements	0.18	6.83	1.54	1.60
Institutional Ownership	0.12	0.85	0.61	0.15
Managerial Ownership	0.00	0.78	0.09	0.17
Independent Commissioner	0.13	0.71	0.37	0.13
Audit Committee	2.00	6.00	3.25	0.78
Leverage	0.15	4.59	0.83	0.84
Company Size	26.80	32.50	30.65	1.60

The independent commissioner variable had a range between the highest value of 0.71 and the lowest value of 0.13. This variable has a standard deviation value of 0.13 and an average of 0.37 which shows that the independent commissioners owned in the sample averaged 37%. This is in accordance with the decree of the board of directors of PT. Jakarta Stock Exchange (BEJ) Number Kep-315/BEJ/06-2000 and in the regulation it is explained that companies listed on the Indonesia Stock Exchange (IDX) are required to have independent commissioners at least 30% of the total number of commissioners The audit committee variable had the lowest score of 2.00 and the highest value of 6.00. This variable has an average of 3.25 with a standard deviation of 0.78. An average value greater than the standard deviation indicates that the level of data distribution of the audit committee tends to be small or homogeneous. With the lowest score of 2.00 and the highest score of 6.00, it can be interpreted that the entire company has an audit committee in the range of 2-6. This shows that there are companies that have an audit committee less than the stipulated provisions, namely a minimum of 3 audit committees in accordance with the provisions of BAPEPAM Kep-643/BL/2012 regarding the requirement for membership of the audit committee to be at least 3 people.

The Leverage variable has the lowest value of 0.15 and the highest value of 4.59. This variable has an average of 0.83 with a standard deviation of 0.84. A standard deviation value greater than the average indicates that it has a large or heterogeneous data distribution. The average value that is close to the lowest value describes a company in paying its long-term debt and its short-term debt is still low. The company size variable had the lowest value of 26.80 and the highest value of 32.50. This variable yielded an average of 30.65 with a standard deviation of 1.60. A standard deviation of a smaller than average value indicates that the distribution of variable data on firm size is small or homogeneous. An average value that is close to the highest value indicates that the company has large assets, because generally the larger the number of company assets, the larger the size of the company.

Multiple Linear Regression Analysis
This test aims to determine the influence between independent variables and dependent variables. In this study, multiple regression analysis processed with SPSS software was used (Ghozali, 2013). The following are the results of the multiple linear regression analysis test.

Table 3. Multiple Regression Test Results

Variable	Beta	Sig
(Constant)		0.194
Institutional Ownership	0.092	0.644
Managerial Ownership	-0.163	0.397
Independent Commissioner	0.183	0.206
Audit Committee	-0.616	0.000
Leverage	0.267	0.103
Company Size	0.374	0.030
R-Square	0.419	

DISCUSSION

The Effect of Institutional Ownership on the Integrity of Financial Statements
Based on the test results in table 3, it shows that institutional ownership has a beta value of 0.092 and a significant value of 0.644 > 0.05. From these results, there is no clear relationship between the variable of institutional ownership and the integrity of financial statements. Therefore, the hypothesis (H1) which states that institutional ownership has a positive effect on the integrity of financial statements, is rejected. The findings of this study show that increasing institutional ownership cannot affect the integrity of financial statements. The breadth of institutional ownership can help management and shareholders align their goals so that the company can present its financial statements with integrity. But in fact, this study shows that institutional ownership is not effective in reducing agency conflicts that arise.

Large institutional ownership usually does not mean better institutional control over the company. In other words, institutional investors who own large amounts of shares will act independently of the company's management, and institutions will not have ownership that allows them to influence policy decisions. As a result, company management needs help to align its interests with the actors, which can certainly result in agency conflicts. The high percentage of share ownership by institutions makes the integrity of financial statements low. The results of this study are in line with the findings of Suzan & Rizaldi, (2024) and Izdihar & Karmudiandri, (2022) which prove that institutional ownership has no effect on the integrity of financial statements, due to the lack of supervisory function by the company's institutional shareholders.

The Influence of Managerial Ownership on the Integrity of Financial Statements
Based on the test results, it shows that managerial ownership has a beta value of -0.163 and a significant value of 0.397 > 0.05. From these results, there is no clear relationship

between the variables of managerial ownership and the integrity of financial statements. Therefore, the hypothesis (H2) which states that managerial ownership has a positive effect on the integrity of financial statements, is rejected. It can be said that the condition of managerial ownership has no effect on the integrity of the report, because the ownership of shares owned by the management cannot guarantee the integrity of the financial statements. However, it will improve management performance in the disclosure of financial statements.

This research cannot support the agency theory. To reduce agency costs, namely by increasing managerial ownership shares so that managers get direct benefits from decision-making (Agustin et al., 2023; Fizabaniyah et al., 2023). In addition, it can also minimize the problem of conflict of interest between the management and the principal by harmonizing the interests of the two. However, this is not in line with the hypothesis test where an increase or decrease in managerial shares cannot minimize agency problems arising from the relationship between managers and principals so that the company cannot meet the company's value by presenting financial statement information that has integrity. The results of this study are in line with the findings of Oktaviani et al., (2021) and Maychandra & Nelvirita, (2023) which revealed that managerial ownership has no effect on the integrity of financial statements.

The Influence of Independent Commissioners on the Integrity of Financial Statements

Based on the test results, it shows that the independent commissioner has a beta value of 0.183 and a significant value of 0.206 > 0.05. From these results, there is no clear relationship between the independent commissioner variable and the integrity of financial statements. Therefore, the hypothesis (H3) which states that independent commissioners have a positive effect on the integrity of financial statements, is rejected. This means that most of the board of commissioners owns majority shares so that the board of commissioners is no longer independent when carrying out supervisory duties.

This study cannot support the agency theory, because increasing the number of independent commissioners cannot necessarily increase the effectiveness of corporate supervision. Therefore, the effectiveness of supervision over management carried out by independent commissioners has not been able to minimize agency problems. In terms of duties and functions, independent commissioners as supervisors do not have a direct effect on the parts that make financial statements with integrity. The results of this study are in line with the findings of Novianti & Isynuwardhana, (2021) and Wulandari et al., (2021) which reveal that independent commissioners have no effect on the integrity of financial statements. This is because the formation and presence of independent commissioners in an entity is carried out to fulfill formal regulations or regulations that are set, but are not capable of enforcing good governance.

The Influence of the Audit Committee on the Integrity of Financial Statements

Based on the test results, it shows that the audit committee has a beta value of -0.616 and a significant value of 0.000 < 0.05. From these results, there is a relationship between the audit committee and the integrity of financial statements which has a negative coefficient direction. Therefore, the hypothesis (H4) which states that the audit committee has a positive effect on the integrity of the financial statements, is rejected. It can be said that the audit committee has a negative effect on the integrity of financial statements. This shows that the supervision of the audit committee is still slightly ineffective in relation to quantity, but depends on the quality of the audit committee members.

This research supports the agency theory, namely in the agency theory of interest problems that often occur, the audit committee is able to reduce these problems. This is because the size of the audit committee can balance the expectations of management and shareholders. The results of this study are in line with the findings of Fahmi & Nabila, (2020) which proves that the audit committee has a negative effect on the integrity of financial statements. The direction of the negative coefficient indicates that the existence of the audit committee is only limited to fulfilling regulations, but is not accompanied by effective performance (Nurcahyono et al., 2022). In addition, there is a tendency for the audit committee to not be able to show its independent position, this indicates that the influence of executive power is still greater than that of the audit committee.

The Effect of Leverage on the Integrity of Financial Statements
Based on the test results, it shows that the leverage has a beta value of 0.267 and a significant value of 0.103 > 0.05. From these results, there is a relationship between leverage and the integrity of financial statements. Therefore, the hypothesis (H5) which states that leverage has a positive effect on the integrity of financial statements, is rejected. It can be said that leverage has no effect on the integrity of financial statements. This means that the higher the leverage, the lower the value of the integrity of the financial statements, so that the value of the assets of a company financed by high-interest debt has a high risk of repayment of obligations as well. As a result, managers will carry out profit management which has an impact on decreasing the integrity of financial statements.

This study is not in accordance with the agency theory which explains that conflicts of interest occur between agents and principals, which is not proven in this study where the higher the leverage, the longer the reporting process and the longer the time it takes, triggering managers to manipulate financial statement data. The high debt ratio does not cause managers to manipulate to display healthy financial statements, but it also does not make them act cautiously in presenting financial statements, so high or low leverage does not affect the integrity of financial statements. The results of this study are in line with the findings of Azzah & Triani, (2021) and Febrilyanti, (2020) which prove that leverage has no effect on the integrity of financial statements, because companies can still control and pay off their debts with high profits.

The Effect of Company Size on the Integrity of Financial Statements
Based on the test results, it shows that the size of the company has a beta value of 0.374 and a significant value of 0.030 < 0.05. From these results, there is a relationship between the size of the company and the integrity of financial statements. Therefore, the hypothesis (H6) which states that the size of the company has a positive effect on the integrity of the financial statements, is accepted. This proves that the larger the size of the company seen from the total assets of a company, the greater the integrity of the financial statements. In addition, large companies tend to receive great attention from the public, causing companies to be more careful in presenting financial reports.

This research supports the agency theory that explains that the larger the size of a company, the greater the agency cost and can trigger concerns by shareholders. Information related to the size of the company can also be used as a basis for investors in making investment decisions and checking whether the company's financial statements are presented honestly. The results of this study are in line with the findings of Rivandi et al., (2022) and Zakaria & Purwohedi, (2023) who stated that company size plays an important role in the presentation of integrity financial statements. The larger the size of the company, the more information will be disclosed honestly so that it reflects the integrity of financial statements.

CONCLUSION

Based on the results of research and discussion on the influence of institutional ownership, managerial ownership, independent commissioners, audit committees, leverage, and company size on the integrity of financial statements in infrastructure companies listed on the Indonesia Stock Exchange for the 2020-2023 period. In the previous section, several conclusions can be drawn as follows:

1. Institutional ownership has no effect on the integrity of financial statements. The monitoring function carried out by institutions or institutions outside the company on management performance is less effective. This condition occurs because the institution that holds many shares plays a role outside the company's management, which has an impact on the difficulty of the supervision process.
2. Managerial ownership has no effect on the integrity of financial statements. This happens because management has a dual role in the company, namely as the owner of the company as well as the manager of the company. This provides a great opportunity for management to do things that are not beneficial to investors and make decisions that tend to prioritize the interests of management.
3. Independent commissioners have no effect on the integrity of financial statements. This is because most of the board of commissioners owns majority shares so that the board of commissioners is no longer independent when carrying out supervisory duties.
4. The audit committee has a negative effect on the integrity of financial statements. This is because the supervision of the audit committee is still a little ineffective related to quantity, but depends on the quality of the audit committee members. The direction of the negative coefficient indicates that the existence of the audit committee is only limited to fulfilling regulations, but is not accompanied by effective performance.
5. Leverage has no effect on the integrity of financial statements. This is because the higher the leverage, the lower the integrity value of financial statements, so that the value of a company's assets financed by high-interest debt has a high risk of repayment of obligations as well. As a result, managers will carry out profit management which has an impact on decreasing the integrity of financial statements.
6. The size of the company has a positive effect on the integrity of financial statements. This means that the larger the size of the company seen from the total assets of a company, the greater the integrity of the financial statements. In addition, large companies tend to be more careful in presenting financial reports.

This study has limitations that are taken into consideration, the limitation in this study is that this study has a test result that is still relatively low on the R-Square result, which is 0.419, meaning that 41.9% of the distribution of dependent variables can be explained by independent variables and the remaining 58.1% cannot be explained by independent variables or can be explained by variables outside the independent variables. Based on the findings and limitations of this study, the suggestion for the next study is to add other independent variables and moderation or mediation variables and increase the sample by extending the observation period to 5 years.

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