16. CREATING INTEGRATED FINANCIAL STATEMENTS THROUGH GOOD CORPORATE GOVERNANCE_ THE ACTIVE ROLE OF EARNING MANAGEMENT AS AN INTERVENING VARIABLE_Sinta 2.pdf

by

Submission date: 22-Dec-2022 03:56PM (UTC+0700)

Submission ID: 1985804645

File name: 16. CREATING INTEGRATED FINANCIAL STATEMENTS THROUGH GOOD CORPORATE GOVERNANCE_ THE ACTIVE ROLE OF EARNING MANAGEMENT AS AN INTERVENING VARIABLE_Sinta 2.pdf (450.73K)

Word count: 6115

Character count: 36475

E-ISSN : 2549-3280 P-ISSN : 2549-5933

INTEGRATED JOURNAL OF BUSINESS AND ECONOMICS

Email: ijbe.feubb@gmail.com
Laman: http://ojs.ijbe-research.com/index.php/IJBE/index

CREATING INTEGRATED FINANCIAL STATEMENTS THROUGH GOOD CORPORATE GOVERNANCE: THE ACTIVE ROLE OF EARNING MANAGEMENT AS AN INTERVENING VARIABLE

Sriyono Sriyono[a*] Supardi Supardi[b], Detak Prapanca[c], Hanifah Novia Sofi[d]

[a,b,c,d] *Universitas Muhammadiyah Sidoarjo, Indonesia*

sriyono@umsida.ac.id

Abstract

Many previous researchers have carried out research on the integrity of financial statements. The newness of this study is to use earning management as an intervening variable, where this research has not been carried out. Therefore, this research will be important information for company management for creating integrated financial statements. The purpose of this study is to determine whether earnings management can become an intervening variable towards an integrated report through the components of good corporate governance. This type of research is quantitative research, the population used is manufacturing companies listed on the Indonesia Stock Exchange. The sampling technique used is purposive sampling. The data analysis technique used is to test the classical assumptions first, then test the estimation of the panel data regression model and then test the hypothesis analysis with the t-test. The analysis results found a relationship between several components of good corporate governance that can affect the integrity of financial statements, including institutional ownership, managerial ownership, and independent commissioners and earnings management. The conclusion obtained is that the Earning management variable is not able to mediate the strengthening of the integrity of financial statements report.

Article Info

- **Received** : 6th August, 2022
- **Revised** : 22th October, 2022
- **Published** : 31th October, 2022
- **Pages** : 255-269
- **DOI** : 10.33019/ijbe.v6i3.555
- **JEL** : G32, O16
- **Keywords** : *Integrity of Financial Statements, Earning Management, Good Corporate Governance*

This work is licensed under a Creative Commons Attribution 4.0 International License

1. Introduction

Competition in the business world in increasing investment from external parties requirescompanies to improve the performance of financial statements through the integrity of financial reports. (Atiningsih, 2018). The integrity of financial statements is very important because it willshow the quality of information fairly, free from error and bias, and honestly, which has three components: *verifiability, representational, faithfulness,* and *neutrality* (Gayatri & I Dewa, 2013). Financial statements with integrity are very important because they will influence users of financial statements to make decisions. The integrity of financial statements is one of the sources of information that must be formally published as a means of accountability for the Management to the owner's resource manager (Sriyono, et al., 2020). Publication of financial statements as a product of complete accounting information produced by the company cannot be separated from the process of Management of earnings (Abata, M., & Stephen Oseko. 2016). But in reality, realizing the integrity of financial statements is difficult because of many factors that influence them (Fauziah, S., & Rosina Ria. 2019; Prananti, 2018). It is evident from several cases that occurred because of making doubts about the level of integrity of financial statements. (Dade, N.,& Endra, P., 2017). The update of this study is not only the use of earning management variables as intervening through good corporate governance but it also shows the character of society in developing countries. Are they capable of being part of good company management. as it is known that the character of the community advancing and developing is definitely different.

Case report manipulation financial that occurred undermine confidence in the integrity of financial statement users of financial statement. Case manipulation of accounting involve many camps, and the majority of these camps are internal company parties, for example, CEOs, commissioners, audit committees, internal auditors (Alkurdi, A., 2017). The disclosure of this data manipulation case has lowered public confidence, especially in financial matters, and is marked by the decline in the company's stock price. The decline in stock prices is a disadvantage for the company because it makes people hesitate to own some of the company's shares. In the actual manipulation case, it involves the company's internal parties and involves external parties, namely external auditors who influence data manipulation, so that they are also responsible for manipulating accounting data (Hardiningsih, 2013 and Patrick, E., 2015).

Financial manipulation has occurred in one of the largest Japanese companies, namely Toshiba, in May 2015, which shocked the world. The manipulation of the financial statements byToshiba was caused by the suspicion that the company had a profit of up to the US $ 1.2 billion over the last five years. The financial manipulation scandal that occurred shows the weak integrity of the financial statements presented by the company. In Indonesia, also there are cases of presenting reports with weak integrity, such as the case of PT Kimia Farma Tbk and the case of Bank Lippo.In addition, weak integrity of financial statements also involved three mining companies, namelyPT Arutmin Indonesia, PT Kaltim Prima Coal, and the parent company, PT Bumi Resources Tbk.These companies are alleged to have engineered sales reports that caused the state to suffer lossesof up

This work is licensed under a Creative Commons Attribution 4.0 International License

to US$620.49 million (Atik, 2015). The integrity of the financial statements is needed because if the company carries out the integrity of the financial statements, the financial statements presented show true and honest information. (Siahaan, 2017 According to Statement of Financial Accounting Concepts (SFAC) No. 2, the quality of information guarantees that information is reasonably free from errors and biases and honestly, namely presenting things that should state. (Sulistyanto, S. 2014). The perceived integrity of financial reports by the company through financial quality increases investorconfidence in the company's financial information during the crisis, thereby reducing the risk of accidents (Da Silva, 2019). To create in financial statements with integrity, companies need to implement *Good Corporate Governance*. *Good Corporate Governance* is a principle of a corporation that is run sothat the company is healthy and needs to be applied in managing the company so that the company's vision and mission can be achieved (Nurmansyah, 2019 Good information will have apositive impact on stock prices so that it can increase and stimulate companies not to manipulate accounting data by presenting or displaying certain information to avoid falling stock prices (Andry, P., and Dewi, P. 2019). If this is done, then continuously, it can impact the community whereas users of financial reports, because they are not given the honest and correct information in financial statements, so that the community, in this case, feels disadvantaged.

This study uses profit management as an intervening variable because researchers want to prove whether profit management does have the ability to mediate? In previous studies, it turned out that the results were different. For example, the research carried out by Putri, Livia Lemmuela dan Deviesa, 2017 shows that profit management is able to mediate, however, according to the results of the study Feviana, Dwi Lia and Supatmi (2021) and Mayliza, et al., (2019) that profit management is incapable of mediating. Based on this research, researchers want to prove whether profit management is capable of mediation. This study aims to determine whether earnings management can mediate the strengthening of the integrity of financial statements through good corporate governance. That is very important to know because knowing this condition will make it easier for Management to strengthen the integrity of financial statements. The contribution of this research is very large for company management because it provides important information for companies on how to strengthen the integrity of financial statement.

2. Literature Review

Agency theory has an important role in good and correct company management. Agency theory is used to relate independence, *corporate governance*. According to Jensen and Meckling (1976), there are two forms of agency correlation, namely between managers and shareholders (*shareholders*) and between managers and lenders (*bondholders*). Thus, this study explains that independent commissioners, institutional ownership, and managerial ownership in the company can reduce agency conflicts and create financial statement integrity. Institutional ownership will encourage a more optimal increase in the supervision of management performance (Parinduri, 2018). Institutional shareholders have higher resources and professionalism to monitor company assets and can test reliability in analyzing information. Research conducted by Harum supports this, I Made (2016) finding that institutional ownership has a significant positive impact on financial statement

This work is licensed under a Creative Commons Attribution 4.0 International License

integrity. This is consistent with Pradika and Jan Hoesada's (2019) study, which states that institutional ownership has a significant impact on the integrity of financial statements.

That will avoid the risk of corporate corruption. The risk of corporate corruption will hurtthe CEO's performance (Rosa, 2021). Independent commissioners in the company are tasked withoverseeing and balancing in making decisions to protect the rights of parties outside of the company's Management to minimize the Management's special interests that lead to the integrityof the company's financial statements. The higher the number of independent commissioners in acompany, the higher the integrity of the financial statements presented. Research conduct by Gede (2013), which state that independent commissioners have a significant positive effect on theintegrity of financial statements.

Managerial ownership affects the integrity of financial statements (Inayati, Nur Isna Dan Azizah, Siti Nur, 2021) because company managers are required to have good performance for the company, and a manager also has a responsibility to convey the interests of shareholders because managers also own shares, somanagers have the position as shareholders and as the board of commissioners. (Onasi, 2017 Share ownership by Management can encourage Management's desire to make the best decisions for theprincipal to produce financial reports with more integrity. That is supported by Sauqi and Endar Pituringsi's (2017) research, which states that managerial ownership has a significant positive effect on the integrity of financial statements.

Earnings management is any action taken by management that may affect the earnings reported in the financial statements. In financial reporting, when there are circumstances in which management fails to achieve its stated earnings targets, management uses the flexibility provided by accounting standards in preparing financial statements to change reported earnings (Haque, 2016). Management is motivated to work well to generate maximum value or profit for the company. Management tends to select and apply accounting policies that can provide better earnings information. Results management is caused by an information asymmetry where managers have information about performance and the company. Therefore, the presence of earning management affects the completeness of the financial statements. This is supported by research conducted by Paulina and Lailah Fujianti (2018), which states that earnings management has an insignificant positive effect on the integrity of financial statements because the use of earnings management as a communication tool from internal to external parties can identify that earnings management is something that wants *stakeholders*. People from outside the company (Nurdiniah & Pradika, 2017). Since institutional ownership is a way of monitoring management's performance in corporate management, institutional oversight of corporate governance encourages management to focus more on company performance, thereby It is expected that they will act less, commit fraud, and disregard the interests of others. Especially the interests of others (Sriyono, 2021) Institutional ownership affects the integrity of financial statements because the higher the percentage of shares owned by institutions, it can affect preparing financial statements, so it is possible to improve the integrity of financial statements.

This work is licensed under a Creative Commons Attribution 4.0 International License

That is supported by research conductedby Jao (2011), Fajri and Misdiyono (2018), This states that institutional ownership has a very positive impact on earning management.

Independent commissioners act as representatives of shareholders or owners to carry outa mechanism *monitoring* for the board of directors' actions. The existence of an independent commissioner in a company is expected to be able to reduce the behavior of *opportunistic* managers in conducting earnings management to create indirect mechanism of *corporate governance*. That is supported by E Janrosl and Joyce Lim (2019) research, which states that independent commissioners have a significant positive effect on earnings management.

Managerial ownership is share ownership owned by the company's board of commissioners and directors, excluding public and institutional ownership. Managerial ownershipbecomes a mechanism to reduce agency problems from managers by aligning the interests of shareholder managers (Okpala, 2012). That is supported by Suaidah and Langgeng Prayitno (2018) research, which states that managerial ownership has a significant effect on earnings management. That shows that large management ownership is believed to influence to limit the behavior of managers in carrying out laboratory management. Several additional variables, such as intervening and moderating variables, strengthen the relationship between variables in some studies. (Enni. 2016; James LR, Brett JM., 1984). In addition, the existence of earning management in the conceptual framework is expected to functionas an intervening variable. If the earning management variable can mediate, it will be more convincing that the earning management variable can become an intervening variable (Istianingsih,& Aloysius Harry Mukti., 2017).

3. Research Methods

Definition Operational Variable

Institutional Ownership (X1)

Ownership by institutions or others originating from outside the company's Management

$$X1 = \frac{\text{Number of shares owned by the institution}}{\text{Total shares outstanding}}$$

Independent Commissioner (X2)

Members of the board of commissioners who are not affiliated by the board of directors, other members of the board of commissioners, and shareholders.

$$X_2 = \frac{\text{Number of independen commissioners}}{\text{Total number of commissioners}}$$

Managerial Ownership (X_3)

Shareholders from Management who are actively involved in making management decisions (directors and commissioners).

This work is licensed under a Creative Commons Attribution 4.0 International License

$$X_3 = \frac{\text{Number of management shares}}{\text{Total shares outstanding}}$$

Integrity Financial Statement (Y)
Financial report that displays information on the actual condition of the company

$$Y = \frac{\text{Stock Price}}{\text{Stock Book Value}}$$

Earning Management (Z)
Earning management is the manager's effort tointervene in the information in the financial statements

$$Z = TAC / AiT - NDAC_{it}$$

Population and Sample
The population used is manufacturing companies in the basic materials and chemicals sector listed on the Indonesian Stock Exchange for the period 2015-2019. The sampling technique used purposive sampling through several criteria determined by the researcher.

Table 1. Purposive Criteria Sample

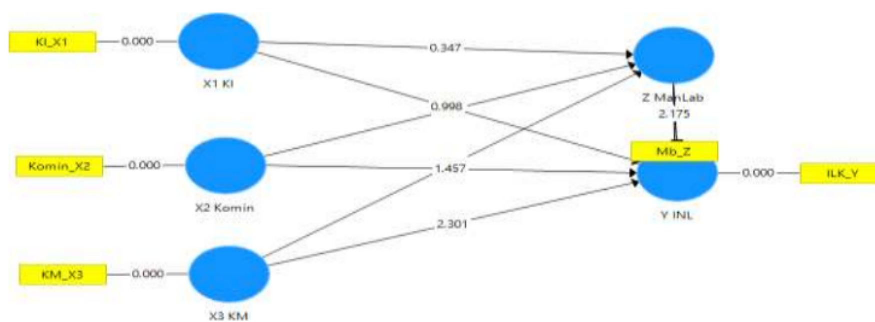
Criteria	Number
Basic and Chemical Industry Companies listed on the Indonesia Stock Exchange	67
Basic and Chemical Industry Companies that do not publish annual financial *reports* in a row in 2015-2019	(27)
Company Financial Statements basic and chemical industry sectors in 2015-2019 that did notprovide data related to research variables	(19)
Companies in the basic and chemical industry sector in 2015-2019 presented financialstatements that did not use rupiah currency (Rp)	(11)
Companies that met the criteria	10
Total number of sample companies (10 companies x 5 years from 2015-2019 period)	50

The right analytical technique used in this study is to use *path analysis*, evaluation of the researchmodel through the tests *Outer Model* and *Inner Model* (Ghozali and Latan, 2014).

4. Results

Before the hypothesis test is carried out, validation and reliability tests are carried out. Based on the statistical results of the validation test results, all values are greater than 0.7 and the rability test is also qualified, which is greater than 0.6 and reliability.

This work is licensed under a Creative Commons Attribution 4.0 International License



Source: Data Processing with SmartPLS 3.0

Figure 2. Structural Model

Path Analysis Test Results

Table 2. Regresion Analysis Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Institutional Ownership Integrity Financial Report	0.126	0.145	0.126	0.998	0.319
Independent commissioner Integrity financial Report	-0.214	-0.195	0.147	1,457	0.146
Managerial ownership integrity Financial Report	0.580	0.289	0.252	2,301	0.022
Earnings management integrity Financial Report	0.447	0.393	0.205	2,175	0.030
Institutional Ownership EarningsManagement	0.047	0.049	0.136	0.347	0.729
Independent Commissioner Earnings management	0.226	0.224	0.171	1.324	0.186
Ownership Managerial Earnings Management	0.585	0.598	0.206	2,832	0.005

Source: Data Processing with Smart PLS

The results of the analysis in Table 2 explain that the relationship between Managerial ownership and integrity Financial Report, Earnings management and integrity Financial Report, Ownership Managerial and Earnings Management has a direct relationship, because has P-value smaller than 0.05. Meanwhile, the relationship between Institutional Ownership and Integrity Financial Report,

This work is licensed under a Creative Commons Attribution 4.0 International License

Independent commissioner and integrity financial Report, Institutional Ownership and Earnings Management, Independent Commissioner and Earnings management has no relationship because has P-value higher than 0.05

Path Analysis Test Result

Table 3. Test Results of Intervening

Model Intervening	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Intervening Model 1 Managerial ownership Learning Management Integrity Financial Report	0.261	0.234	0.152	1.723	0.035
Intervening Model 2 Institutional ownership Earnings management integrity Financial Report	0.021	0.022	0.056	0.379	0.705
Intervening Model 3. independent commissioner Earning Management Integrity financial Report	0.101	0.085	0.0086	1.177	0.240

Source: Processing Data Result

Based on analysis in Table 3 explain that the relationship between Managerial ownership and integrity Financial Report has an indirect relationship through earning management, because has P-value smaller than 0.05. Meanwhile, Institutional Ownership and Integrity Financial Statement, Independent commissioner and integrity financial statement has no an indirect relationship, because has P-value smaller than 0.05.

Intervening Model 1

Based on the results of Table 3, managerial ownership has a significant effect on the integrity of the financial statements. Theoretically, the high level of managerial ownership in a company, the higher the shares owned by the company's management. And the company will increase auditing on the company's financial reporting, and there is a slight possibility of financialstatement fraud occurring. That shows that the company does not make reports in a conservative manner (Geimechi, G., 2015). This shows that the greater the proportion of managerial ownershipin the company, the integrity of the company's financial statements will be better and more stable. The results of this study are in line with the research of Gaddafi and Wahyuddin (2018).

This study also proves that managerial ownership influences earnings management (Lutheran, E., Ileh., & Ilmainir. 2016). That is because a manager who owns shares also has a personal interest, such as the return obtained from his share ownership. Managerial ability plays an important role in the quality of financial reporting (Meca, 2018). Besides that, a manager can manipulate earnings either in increasing

This work is licensed under a Creative Commons Attribution 4.0 International License

profits or reducing profits for his interests. One of the motivations of Management to do this is because of the bonus plan that will give, and the managerwants a high bonus. That means that the higher the share ownership owned by the Management, the higher the possibility of doing earnings management. The results of this study are consistent with a study conducted by Himawan (2016) that manager ownership affects earning management, but this study is consistent with a study conducted by Anggraeni and Basuki (2013).

Earning management, on the other hand, has a significant impact on the integrity of financial statements. This situation occurs because earning management is a management action that can affect the revenue reported in the financial statements. Earning management is the intervention of managers in external financial reporting for their own benefit (managers). This may lead to misleading financial statement users in making investment decisions because the financial statements are not highly complete. So that Management must increase the level of earnings management of a company so that the level of integrity of its financial statements becomes better, but this study is not in line with research conducted by Latifah (2015).

Based on the results of Table 5, the results of testing the *indirect effect of the* relationship between managerial ownership to the integrity of financial statements through earnings management significant effect, this proves that the existence of managerial ownership can controlearnings management which in the end earnings management can strengthen the integrity of financial statements (Wira, H., & Muhyar. 2019). This means that the management of earning management is able to become a mediating variable to the relationship of managerial ownership to the integrity of financial statement

Intervening Model 2

The results in Table 3 show that institutional ownership has no significant effect on the integrity of financial statements. This happens because the institutions that own shares have many roles outside the company's Management, making it difficult for the monitoring process to cause the implementation of the integrity of financial statements to be less influenced by institutional ownership. The greater the number of independent non-executive directors on the nominating committee, the higher the quality of disclosure in the integrated report. Consistent with the earnings quality literature, we find that companies that provide high-quality integrated reporting information tend to adopt lighter earnings management techniques. (Pavlopoulos, 2017). The results of this study are in line with the research of Kootanaee and Jalal Seyyedi (2013), which states that institutional ownership does not have a significant effect on the integrity of financial statements. Still, this research is not in line with research that has been conducted (Hasanuddin. 2018) which states that institutional ownership influences the integrity of financial statements.

Large ownership should give institutional investors the power to scrutinize the company's operations. In practice, however, institutional ownership does not limit income control, as institutional investors focus on current income. In addition,

This work is licensed under a Creative Commons Attribution 4.0 International License

institutional ownership does not affect earnings management; this means that institutional ownership cannot control the Management, so it cannot reduce earnings management.

Based on Table 4, the results of testing the *indirect effect of the* relationship between institutional ownership to the integrity of financial statements through earnings management as anintervening variable have no significant effect. This study is in line with research conducted by (Hassan and Ahmed. 2013) which states that institutional ownership does not affect earnings management. Still, this research is not in line with research conducted by Onasis Dini (2017), which states that institutional ownership influences management profit. So the conclusion of this intervening model is in line with the results of this study in line with research conducted by Latifah(2015). This means that the management of profit can't to become a mediating variable to the relationship of institutional ownership to the integrity of financial statement.

Intervening Model 3

In Table 4, the results show that the independent commissioner variable does not affect theintegrity of the financial statements. The results of this study are an indication that the existence of an independent commissioner in a company is only a form of regulatory compliance and showsthat the independent commissioner in charge of supervising and balancing decisions to protect therights of parties outside the company's Management has not been able to minimize the existence of special interests from the Management involved. Leads to the integrity of the company's financial statements. The effectiveness of independent commissioners is not enough to be represented only by the number of members but also to consider the experience, competence, and adequate knowledge of each independent commissioner. The results of this study are in line with the research of Ulfa Anniza & Auliffi (2019). Still, this research is not in line with the research conducted by Permatasari and Argianti (2019).

Meanwhile, the relationship between independent commissioners and earnings Management does not have a significant effect; these results indicate that the role of independentcommissioners does not exist to control the preparation of financial statements if it is notintegrated. (Foroghi, D., 2013). That shows that the company's Management has more ability to make integrated reports. On the other hand, the earnings management relationship significantly affects integrated financial statements; this means that company management has good competence to make financial statements more integrated and this will reduce the company's risk (Sari, et al., 2020).

Based on Table 4, the results of testing the *indirect effect of the* relationship between independent commissioners to the integrity of financial statements through earnings management as the intervening variable is not significant. Independent commissioners do not influence earnings management; it is possible that the addition of independent commissioners only fulfills formal requirements, while the majority shareholder still plays an important role so that the performance of independent commissioners does not increase or even decline. The results of this

This work is licensed under a Creative Commons Attribution 4.0 International License

study are in line with research conducted by Himawan (2016), but this research is not in line with research conducted by Hendra and Heri Koesharjono (2018). This means that the management of profit can't to become a mediating variable to the relationship of t the independent commissioner to the integrity of financial statement

5. Conclusion and Suggestion

Earnings management can only mediate the relationship between managerial ownership onthe integrity of financial statements, while for the other variables, earnings management cannot meditate. That proves that not all components of good corporate governance can control earnings management carried out by company management to do better. The results of this research providea major contribution to the Management of good corporate governance, meaning that not all components of good corporate governance can have the role expected by investors, namely to prevent the making of earnings management that will harm investors.

References

Abata, M., & Stephen Oseko. 2016. Corporate governance and Management of earnings: empiricalevidence from selected Nigerian-listed companies. *International Journal of Investment Management and Financial Innovations*. Volume 13, Issue 2.

Alkurdi, A., Al-Nimer, M., & Dabaghia, M. 2017. Accounting Conservatism and Ownership Structure Effect: Evidence from Industria and Financial Jordanian Listed Companies.*International Journal of Economics and Financial Issues, 7*(2), 608- 619.

Andry, P., and Dewi, P. 2019. Determinants of Earnings Management and Its Implications on theIntegrity of the Financial Statements. *International Journal of Economics, Management, andAccounting*, *KnE Social*Sciences, page 974–995.

Anggi, Rizkita. 2015. The Influence of Managerial Ownership, Company Size, and Audit Qualityon the Integrity of Financial Statements (Case study in the property and real estate sector listed on the Indonesia Stock Exchange 2010-2014). *Journal of management science*: Vol.2,No.3

Anggraeni R. Meitha and Hadiprajitno P. Basuki 2013 "The Influence of Managerial Ownership Structure, Company Size, and Practices *Corporate Governance* on Earnings Management" *Journal of Economics & Business*, Vol. 2, No. 3

Atiningsih, Suci. (2018). The Influence of Corporate Governance and Leverage on the Integrity ofFinancial Statements. *Journal of Applied Management and Accounting Sciences* Vol. 9 No.2 2018. p-ISSN 2086-3748.

Ayu, Ida Sri Gayatri and I Dewa Gede Dharma Suputra. 2013. The Influence of Corporate Governance, Company Size, and Leverage on the Integrity of Financial Statements. *Udayana University Accounting E-Journal* 5.2 (2013): 345-360.

Bollen KA. (1987). Total direct and indirect effects in structural equation models. In: Clog CC, editor. Sociological methodology. *American Sociological Association*; Washington, DC: 1987. pp. 37–69.

Dade, N., & Endra, P. (2017). Effect of Good Corporate Governance, KAP Reputation, Its Size and Leverage on Integrity of Financial Statement. *International Journal of Economics and Financial Issues, 7(4), 174-181*.

Da Silva, P.P (2019), Corporate Governance, Earnings Quality and Idiosyncratic Crash Risk During The 2007–2008 Financial Crisis, *Journal of Multinational Financial Management*, Vol 51, 61-79

This work is licensed under a Creative Commons Attribution 4.0 International License

E Janrosl, VS, & Lim, J. 2019. Analysis of the Effect of Good Corporate Governance on Earnings Management in Banking Companies listed on the IDX. *Owner of Research & Accounting Journal*, *3*(2), 226.

Enni. 2016. Corporate governance mechanism and the moderating effect of independence on the integrity of financial reporting. *International Journal of Investment Management and Financial Innovations*. Volume 13, Issue 4.

Feviana, Dwi Lia and Supatmi 2021, Good Corporate Governance Affects Company Value with Earnings Management as Intervening Variables In BUMN, Nternational Journal of Social Science and Business. Volume 5, Number 1, Tahun 2021, Pp.16-25.

Fajri, Yuri Andika and Misdiyono. 2018. The Effect of Good Corporate Governance Mechanism,Financial Performance, and IFRS Adoption on Earning Management Practices. *InternationalJournal of Science and Research*. ISSN 2319-7064

Fauziah, S., & Rosinta Ria. 2019. Factors Affecting the Integrity of Manufacturing Company Financial Statements in Indonesian Stock Exchange and Malaysian Stock Exchange. *International Journal of Recent Technology and Engineering*, Vol. 8, Issues. November 4th:2277-3878.

Foroghi, D., Amiri, H., Fallah, ZN 2013. Corporate Governance and Conservatism. *International Journal of Academic Research in Accounting, Finance and Management Science*, *3*(4), 61-71.

Gayatri, Ida Ayu Sri and I Dewa Gede Dharma. 2013. The Influence of Corporate Governance, Company Size and Leverage on the Integrity of Financial Statements. *Udayana University Accounting E-Journal*, 5(2),345-360.

Geimechi, G., & Khodabakhsi, N. 2015. Factor Affecting the Level of Accounting Conservatismin The Financial Statements of The Listed Companies in Tehran Stock Exchange. *International Journal of Accounting Research, 2*(4), 41-46.

Ghazal, I., & Latan. 2014. *Partial Least Square Concepts, Techniques and Applications Using theSmartPLS 3.0 Program for Empirical Research*. Semarang: Diponegoro University Semarang.

Hardiningsih, Pancawati. 2013. The Influence of Independence, Corporate Governance, and AuditQuality on the Integrity of Financial Statements. *Accounting Studies, Vol. 2 No. February 1,2010:61 – 76*

Harum, Ni Kadek Sari Dewi and I Made Pande Dwiana Putra. 2016. The Effect of Corporate Governance Mechanisms on the Integrity of Financial Statements. *Udayana University Accounting E-Journal*. Vol.15.3., pp 2269-2296.

Hasanuddin. 2018. The Influence of Good Corporate Governance, and Quality of Audit Against the Integrity of Financial Statements. *International Journal Economics Management and Social Science*. Vol. 1. Issue 3 September.

Hassan and Ahmed. 2013. Corporate governance, earnings management and financial performance: A case of Nigerian manufacturing firms. *American international journal of contemporary research*, Vol 2. No. 7 pp.214-226.

Hendra, Joni dan Heri Koesharjono. 2018. Implication of Good Corporate Governance and Leverage on Earning Management. *International Journal of Social Science and Business*. Vol.2 Number 1.

Haque, A., Mughal, A., & Zahid, Z. 2016. Earning Management and the Role of Accounting Conservatism at Firm Level. *International Journal of Economics and Finance*, 8(2), 197– 205.

Himawan, Ferdinandus A. 2016. Pengaruh Mekanisme *Good Corporate Governance* terhadap Manajemen Laba. *Jurnal Akuntansi dan Keuangan*, Vol. 19, No. 2.

Istianingsih, & Aloysius Harry Mukti. 2017, Does Corporate Governance as a Moderating Variable Influence the Relationships Between Asymmetry Information and Earning Management? International Business Management, 11(4), 859-864.

This work is licensed under a Creative Commons Attribution 4.0 International License

Inayati, Nur Isna Dan Azizah, Siti Nur, 2021, The Effect of Audit Quality, Managerial Ownership, And Audit Committee on The Integrity of Financial Statements (Empirical Study on Manufacturing Companies Listed on The Idx 2015-2019), Jurnal Akuntansi dan Pajak, vol 22, No 1, 1-9

James LR, Brett JM. (1984), Mediators, moderators and tests for mediation. *Journal of Applied Psychology,* 69:307–321

Jao, Rovert GP 2014. Corporate Governance, Ukuran Perusahaan, dan Leverage Terhadap Manajemen Laba Perusahaan Manufaktur Indonesia. *Journal of Accounting & Auditing*, *8*(1), 43–54.

Jensen, MC dan WH Meckling. 1976. Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. Journal of Financial Economics.vol 13, pp. 305-360

Khaddafi, Muammar dan Wahyuddin. 2018. Effect of Corporate Governance Mechanism, Independence, and Management of Earning Integrity of Financial Statements. *InternationalJournal Economics,* Vol. 19, No. 164

Kootanaee, Akbar Javadian dan Jalal Seyyedi. 2013. Accounting Conservatism and Corporate Governance's Mechanism: Evidence from Tehran Stock Exchange. *International Journal Economics, Bussiness and Finance*. Vol. 1, No. 10

Latifah, G. 2015. Pengaruh Good Corporate Governance, Leverage terhadap Integritas Laporan Keuangan dengan Manajemen Laba sebagai Variabel Intervening. *Jurnal Ekonomi & Akuntansi*, *28*, 212-219.

Luthan, E., Ileh., & Ilmainir. 2016, The Effect of Good Corporate Governance Mechanism to Earnings Management Before and After IFRS Convergence. *International Journal of Socialand Behavior* 219: 465-471.

Putri, Livia Lemmuela dan Deviesa, 2017. Pengaruh CEO Duality Terhadap Financial Performance Dengan Earnings Management Sebagai Variabel Intervening, Business Accounting Review, Vol. 5, No. 1, 169-180

Mayliza, Riri, Aminar, Dewi Sutra, and Sari, Lola Fitria (2019), "The Influence of Good Corporate Governance Towards Financial Performance Using Earnings Management as the Intervening Variable at Banking Companies Listed in Indonesia's Stock Exchange" in Social Sciences on Sustainable Development for World Challenge: The First Economics, Law, Education and Humanities International Conference, KnE Social Sciences, pages 472–490.

Meca, Emma Garcia, Isa bel Garcia-Sanchez 2018, Does Managerial Ability Influence the Quality of Financial Reporting? *European Management Journal*, Volume 36, Issue 4, August 2018, Pages 544-557

MacKinnon, DP, Lockwood, CM, Hoffman, JM, West, SG, & Sheets, V. 2002, A comparison ofmethods to test mediation and other intervening variable effects. *Psychological Methods, 7*(1), 83–104. https://doi.org/10.1037/1082-989X.7.1.83

Nurdiniah, Dade & Endra Pradika. 2017. Effect of Good Corporate Governance, KAP Reputation, Its Size, and Leverage on Integrity of Financial Statements. *International Journal ofEconomics and Financial Issue, 7 (4),* 174-181.

Nurmansyah Agung, Widji Astuti & Prihatt Asih. (2019). The Effect Corporate Governance on Earning Management through Accounting Conservatism. *International Journal of Advancesin Scientific Research and Engineering*. Vol.5, Issue 12. December.

Onasi , Dini. 2017. Pengaruh Good Corporate Governance terhadap Manajemen Laba Pada perusahaan industri manufaktur basic industri yang terdaftar di Bursa Efek Indonesia. *JurnalIlmu Komputer dan Bisnis,* Vol. 08, No. 02

Okpala, Kenneth Enoch. (2012). Audit Committee and Integrity of Finacial Statement: A Preventive Mechanism for Corporate Failure. Australian Journal of Business and Management Research, 2(8), 32-40.

This work is licensed under a Creative Commons Attribution 4.0 International License

Parinduri, A., Risma, K., Oktavina, I. 2018. Analysis of Corporate Governance, Leverage and Company Size on the Integrity of Financial Statements. *International Journal of Management and Accounting Research*, Vol. 17 No. 01, pp 2441-9724.

Patrick, E., Ezelibe, C., & Aroh Nkechi. 2015. The Influence of Corporate Governance on Earnings Management Practices: A Study of Some Selected Quoted Companies in Nigeria.*American Journal of Economics, Finance and Management*, Vol. 1, No. 5, 2015, pp. 482- 493

Paulina, Intan dan Lailah Fujianti. 2018. Pengaruh Ukuran KAP, Ukuiran Perusahaan, dan Manajemen Laba terhadap Integritas Laporan keuangn. *Ultima Accounting* Vol. 10 No.2.

Permatasari, Intan dan Argianti. 2019. The Effect of Independent Commissioners, Audit Committees, Financial Distress, and Company Size on Integrity of Financial Statements. *International Journal for Innovation Education and Research*, Vol.7 No.12.

Pradika, Endra & Jan Hoesada. 2019. Integrity of Financial Statements: Big and Independent AreNot Guarantee. *International Journal of Accounting, Finance and Auditing Studies* 4 1. 59-79.

Prananti, Putri Cintamy. 2018. Factors Affecting the Integrity of Financial Statements in Manufacturing Companies Listed in Indonesia Stock Exchange. *International Journal of Accounting* 11(83), November.

Pavlopoulos, Athanasios, Chris Magnis, George Emmanuel latridis. 2019, Integrated reporting: Is it the last piece of the accounting disclosure puzzle, *Journal of Multinational Financial Management,* Volume 41, September 2017, Pages 23-46

Reyad, SMR 2012, Accounting Conservatism and Auditing Quality: an Applied Study on Egyptian Corporations. *European Journal of Business and Management*, 4(21), 108-116

Rosa, Fabiola, Francesca Bernini, Simorie Terzani 2021. Does corporate and country corruptionrisk affect CEO performance? A study of the best-performing CEOs worldwide, *European Management Journal,* Vol 39, issue 3

Sauqi, Ahmad dan Endar Pituringsih. 2017. The Effect of Corporate Governance Mechanism, Auditor Independence, and Audit Quality to Integrity of Financial Statements. *InternationalConference and Call for Paper, Jember*.

Siahaan, Septony B. 2017. Pengaruh Good Corporate Governance dan Kualitas KAP terhadap Integritas Laporan Keuangan. *Jurnal Akuntansi dan Keuangan Methodist* Vol. 1. No. 1. pp 81-95.

Suaidah, Yuniep Mujati dan Langgeng Prayitno. 2018. Pengaruh Mekanisme Good Corporate Governance dan Profitabilitas terhadap Manajemen Laba. *Jurnal Ekonomi dan Bisnis*. Vol.20 No.2, Agustus.

Sulistyanto, S. 2014. *Manajemen Laba Teori dan Model Empiris*, Jakarta: Grasindo. Statement ofFinancial Consept (SFAC) No.2

Sriyono, Sarwendah Biduri, & Hari Bayu Prasojo. 2021, Acceleration of performance recoveryand competitiveness through non-banking financing in SMEs based on green economy: impact of Covid-19 pandemic. *Journal of Innovation and Entrepreneurship 10 (1), 1-10*

Sriyono, Septian, Mochammad Tanzil Multazam 2020, Indonesian Experience in Studying Capital Structure of Real Estate Firms: Applying Finance Theory to Supply Chain Management, *Int. J Sup. Chain*. Mgt Vol. 8, No. 4, August 2019

Sari, Herlinda Maya Kumala, Sriyono, Nur Rochmania, 2020, Capital structure analysis, business risk and asset structure of Companies value in manufacturing Company, *Test Engineering and Management* | vol: 82 | issue: | 2020-01-01 | Trade Journal

Trisanti, Theresia. 2020, Effect of Independent Commissioners and Characteristics of Audit Committee on Profit Quality with Earning Management as Intervening

This work is licensed under a Creative Commons Attribution 4.0 International License

Variables, *International Journal of Social Science and Human Research*, Volume 03 Issue 12, 394-400

Ulfa, Anniza Maria dan Auliffi Ermian Challen. 2019. Good Corporate Governance on Integrity of Financial Statements. *Journal International of Social Sciences and Humanities,* Vol. 439.

Wira, H., & Muhyar. 2019. The Impact of CGPI, Company Size, and Leverage on Earnings Managemen and their Implication to the Integrity of Financial Statements. *International Journal of Economics,* 23, 798-813.

This work is licensed under a Creative Commons Attribution 4.0 International License

16. CREATING INTEGRATED FINANCIAL STATEMENTS THROUGH GOOD CORPORATE GOVERNANCE_ THE ACTIVE ROLE OF EARNING MANAGEMENT AS AN INTERVENING VARIABLE_Sinta 2.pdf

ORIGINALITY REPORT

16%	19%	18%	9%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

#	Source	%
1	api.crossref.org Internet Source	1%
2	mafiadoc.com Internet Source	1%
3	repository.um-palembang.ac.id Internet Source	1%
4	repository.bakrie.ac.id Internet Source	1%
5	repository.unimal.ac.id Internet Source	1%
6	repository.unikama.ac.id Internet Source	1%
7	e-journal.uajy.ac.id Internet Source	1%
8	Muhammad Fairus, Pardomuan Sihombing. "The Effect of Good Corporate Governance	1%

(GCG) Mechanism on Earnings Management Practices of The Stubben Model (Study Case on Mining Sector Companies Listed on The Indonesia Stock Exchange 2014-2019)", European Journal of Business and Management Research, 2020
Publication

9	Arief Hidayatullah Khamainy, Mahrus Ali, M. Arif Setiawan. "Detecting financial statement fraud through new fraud diamond model: the case of Indonesia", Journal of Financial Crime, 2021 Publication	1 %
10	knepublishing.com Internet Source	1 %
11	jurnal.uii.ac.id Internet Source	1 %
12	repository.stei.ac.id Internet Source	1 %
13	www.gssrr.org Internet Source	1 %
14	eprints.umsida.ac.id Internet Source	1 %
15	adoc.pub Internet Source	1 %

16	Qingping Zeng, Jiali Ding, Raoping Tu, Huihui He, Suhang Wang, Yujia Huang, Zhiyao Wang, Qi Chen, Guangyu Lu, Yuping Li. "The mediating effect of depressive symptoms on the association between childhood friendship and physical function in middle-aged and older adults: Evidence from the China Health and Retirement Longitudinal Study (CHARLS)", Research Square Platform LLC, 2022 Publication	1 %
17	Submitted to iGroup Student Paper	1 %
18	Ni Luh Gde Novitasari, Ni Wayan Juli Martani. "ANALISIS FAKTOR-FAKTOR YANG MEMPENGARUHI INTEGRITASLAPORAN KEUANGAN PADA PERUSAHAAN PERBANKAN", Journal of Applied Management and Accounting Science, 2022 Publication	1 %
19	eprints.mercubuana-yogya.ac.id Internet Source	1 %
20	www.jba.tbs.tu.ac.th Internet Source	1 %

Exclude quotes	Off	Exclude matches	< 1%
Exclude bibliography	Off		