THE INFLUENCE GOOD CORPORATE GOVERNANCE ON THE INTEGRITY OF FINANSIAL REPORTS IN THE INDONESI MANUFACTURING INDUSTRY

SKRIPSI

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Oleh:

EKA SEPTIANI

062040412494

POLITEKNIK NEGERI SRIWIJAYA PALEMBANG
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KEMENTERIAN RISET, TEKNOLOGI, DAN PENDIDIKAN TINGGI
POLITEKNIK NEGERI SRIWIJAYA
JURUSAN AKUNTANSI
Jalan Srijaya Negara, Palembang 30139
Telp. 0711-353414 fax. 0711-355918
Website : www.polisriwijaya.ac.id E-mail : akuntansi@polsri.ac.id

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The signed below:

Name	:	Eka Septiani
Student ID Number	:	062040412494
Department/Program	:	Accounting/D-IV Public Sector Accounting
Title	:	The Influence Good Corporate Governance on the Integrity of Financial Reports in the Indonesia Manufacturing Industry

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METERAI TEMPEL
E5ANX341251258

Eka Septiani
NIM 062040512494

KEMENTERIAN RISET, TEKNOLOGI, DAN PENDIDIKAN TINGGI
POLITEKNIK NEGERI SRIWIJAYA
JURUSAN AKUNTANSI
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Telp. 0711-353414 fax. 0711-355918
Website : www.polisriwijaya.ac.id E-mail : akuntansi@polsri.ac.id

FINAL REPORT RATIFICATION PAGE

Name	: Eka Septiani
Student ID Number	: 062040412494
Department	: Accounting
Program	: D-IV Public Sector Accounting
Subject	: Final Statement Analysis
Title	: The Influence of Good Corporate Governance on the Integrity of Financial Reports in the Indonesia Manufacturing Industry

Have been examined in the Colloquium on August 28, 2023
In front of the Accounting Department Examining Team
Sriwijaya State Polytechnic and Management & Science University

Palembang, October 2024

Supervisor I

Amilia Syuhada Binti Abdul Majid, CA
Employee No: S012017020009

Supervisor II

Yevi Dwitayanti, S.E., Ak., CA
NIP 198205232014042001

Acknowledged,
Head of Accounting Department

Dr. Evada Dewata, S.E., M.Si., Ak., CA., CMA
NIP 197806222003122

KEMENTERIAN RISET, TEKNOLOGI, DAN PENDIDIKAN TINGGI
POLITEKNIK NEGERI SRIWIJAYA
JURUSAN AKUNTANSI
Jalan Srijaya Negara, Palembang 30139
Telp 0711-353414 fax 0711-355918
Website www.polisriwijaya.ac.id E-mail akuntansi@polsri.ac.id

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Amilia Syuhada Binti Abdul Majid, CA	**Yevi Dwitayanti, S.E., Ak., CA**
Employee No: S012017020009	NIP 198205232014042001

Acknowledged,
Head of Accounting Department

Dr. Evada Dewata, S.E., M.Si., Ak., CA., CMA
NIP 197806222003122

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Telp. 0711-353414 fax. 0711-355918
Website : www.polisriwijaya.ac.id E-mail : akuntansi@polsri.ac.id

DECLARATION OF REVISION IMPLEMENTATION

The following student,

Name : Eka Septiani
Student ID Number : 062040512494
Department/Program : Accounting / D-IV Public Sector Accounting
Title : The Influence of Good Corporate Governance on the Integrity of Financial Reports in the Indonesia Manufacturing Industry

Have made revisions to the final project report that were evaluated on Monday, August 28, 2023. The final project report changes have been approved by the Examining Lecturer who offered the revisions:

No	Comment	Examiner's Name	University	Date
1.	-	Yuliana Sari., S.E., MBA., Ak NIP 197707292008012015	Sriwijaya State Polytechnic	30/05/2024
2.	-	AP Dr. Azam Employee No.	Management & Science University	30/05/2024

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(Eka Septiani)

Bachelor in Accounting and Finance

Faculty of Business Management and Professional Studies

Management and Science University

ABSTRAK

The Influence of Good Corporate Governance on the Integrity of Financial Reports in the Indonesia Manufacturing Industry

Eka Septiani, 2024

Email: Eka.Sptn16@gmail.com

Good corporate governance is corporate governance that explains the relationship between various participants in the company which determines the direction of the company's performance. However, there are still visible irregularities in financial reporting that occur in large companies in Indonesia. The implementation of good corporate governance in companies has an impact on the financial reports produced because companies will have difficulty in carrying out accounting manipulation. This research investigates whether the board size, independent board, and institutional ownership have a significant effect on financial performance and market value in various manufacturing industry sectors. The research method used is quantitative, using regression analysis to evaluate the relationship and impact between the independent variables and the dependent variable. Data was collected from various manufacturing industry sectors which are known to be susceptible to manipulation of financial reports. This analysis reveals significant findings where independent boards have consistent results that provide a significant positive impact on ROA and Tobin Q. This shows the relationship that a higher board size will improve company performance. Improving company performance will increase ROA and Tobin Q. The result is that the size of the board of directors does not consistently have a positive and insignificant effect on financial performance. ROA and the size of the board of directors have a positive and significant effect on Tobin Q. This analysis reveals significant findings where institutional ownership has a positive and significant effect on Tobin Q. The results that have a positive and insignificant effect on ROA and Tobin Q. R-squared the model value is 0.151 indicating The magnitude of the influence of the independent variable is 15.1% on the dependent variable ROA, while other independent variables not examined in this research is 84.9. The % R-squared model value of 0.468 indicates that there is an influence. The magnitude of the influence of the independent variable is 46.8% on the variable. dependent Tobin Q, while other independent variables not examined in this research have an effect of 53.2%. Board size, independent board, and institutional ownership are very important in mitigating financial statistics on ROA and market value on Tobin Q. These findings indicate that board size, independent board, and institutional ownership but achievable targets effectively reduce fraud reporting. Future research should explore additional factors that influence the influence of good corporate governance on financial statements and expand the research to various industries to gain broader insights.

Keywords: Good Corporate Governance, Board Size, Board Independent, Institutional Ownership, Financial Statement ROA Market Value Tobin Q

Table of Contents