

ABSTRACT

The integrity of financial reports is a financial report that shows the original condition of a company without being covered up. Financial reports are important documents that contain information on the company's financial and non-financial results. Internal and external parties of a company use financial reports as a reference for making decisions, so the company must issue real financial reports and not manipulate them. Financial reports that reflect the financial performance of a company are financial reports with high integrity.

This study aims to determine the effect of managerial ownership, independent commissioners, and financial distress on companies in the energy, transportation and logistics sector listed on the Indonesia Stock Exchange for the period 2017 – 2021.

The phenomenon in this study was found in the case of PT Garuda Indonesia Tbk which had changed its financial statements to make them appear accurate and reliable. The company's top directors manipulate debt payments to make it look good in the eyes of shareholders. The PT Garuda Indonesia scandal began with the emergence of a net profit that the company earned in 2018 of USD 809 thousand, far compared to 2017 which lost USD 216.58 million

The method in this research is quantitative. The population in this study were companies in the energy, transportation and logistics sector which were listed on the Indonesia Stock Exchange for the period 2017 – 2021. The sampling technique used in this study was purposive sampling, resulting in 70 samples consisting of 14 companies with an observation period of 5 years. This study was analyzed using panel data regression using Eviews 12.

The results of the study found that simultaneously the variables of managerial ownership, independent commissioners, and financial distress have an effect on the integrity of financial statements. The results of the study also found that the managerial ownership variable partially has a positive effect on the integrity of financial statements, while the independent commissioner and financial distress partially has no effect on the integrity of financial statements. It is hoped that this research can become input and consideration in implementing policy regulations related to taxation, especially the integrity of financial reports.

Keywords: financial distress, financial report integrity, managerial ownership, independent commissioner.