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# THE POWER OF OVERSIGHT AND INCLUSION: EXAMINING THE ROLE OF GOVERNANCE AND FINANCIAL DIRECTOR DIVERSITY IN ENSURING FINANCIAL INTEGRITY

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**ABSTRAK**: Penelitian ini bertujuan untuk menguji pengaruh kebijakan tata kelola perusahaan terhadap keakuratan laporan keuangan. Selain itu, penelitian ini juga menganalisis peran moderasi keragaman direktur keuangan dalam hubungan antara kebijakan tata kelola perusahaan dan keakuratan laporan keuangan. Studi ini menggunakan sampel perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) pada periode 2021–2023. Sampel penelitian dipilih menggunakan metode purposive sampling, yang menghasilkan 74 perusahaan dengan sejumlah pengamatan. Analisis data dilakukan menggunakan metode regresi berganda untuk menguji hubungan antara variabel yang diteliti. Hasil penelitian menunjukkan bahwa komite audit, kepemilikan manajerial, dan kepemilikan institusional tidak berpengaruh secara signifikan terhadap keakuratan laporan keuangan. Sebaliknya, keberadaan komisaris independen memiliki dampak positif terhadap keakuratan laporan keuangan. Selain itu, temuan penelitian mengungkap bahwa keberadaan direktur keuangan wanita dapat memperkuat hubungan positif antara komite audit dan kepemilikan institusional dengan keakuratan laporan keuangan.
**Kata Kunci**: Keberagaman Direktur Keuangan, Kepemilikan Institusional, Kepemilikan Manajerial, Komisaris Independent, Komite Audit.

***ABSTRACT***: *This study aims to examine the impact of corporate governance policies on financial reporting accuracy. Additionally, it analyzes the moderating role of financial director diversity in the relationship between corporate governance policies and financial reporting accuracy. The study utilizes a sample of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period. The sample is selected using a purposive sampling method, resulting in 74 companies with a set of observations. Data analysis is conducted using multiple regression analysis to assess the relationships between the examined variables. The findings indicate that the audit committee, managerial ownership, and institutional ownership do not have a significant effect on financial reporting accuracy. Conversely, the presence of independent commissioners has a positive impact on financial reporting accuracy. Furthermore, the study reveals that the presence of female financial directors strengthens the positive relationship between the audit committee and institutional ownership with financial reporting accuracy.*
***Keywords***: *Audit Committee, Financial Director Diversity, Independent Commissioner, Institutional Ownership, Managerial Ownership*

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## PENDAHULUAN

Indonesia financial accounting standards (PSAK) mandates that every organization prepare high-quality financial statements to support accurate decision-making. Integrity in financial reporting is a critical aspect, yet achieving it is no simple task. Honesty in presenting information—free from distortion or data concealment—is essential to ensure that users of financial statements can make decisions based on valid and relevant information. Financial statements serve as a summary of a company's financial position over a specific period, providing a comprehensive overview of its business activities (Febrilyantri, 2020). Therefore, financial reporting must be conducted with honesty and accuracy to prevent misleading users (Fajar & Nurbaiti, 2020). Unfortunately, many companies still fail to meet these integrity standards, resulting in financial statements that do not accurately reflect their actual condition.

Numerous cases have demonstrated that financial statement manipulation can have far-reaching consequences. In the Indonesian context, one of the most significant financial statement manipulation cases was the 2018 scandal involving PT Garuda Indonesia. In its annual financial report, Garuda Indonesia recorded a profit of USD 809,000 when it should have reported a loss. This manipulation was carried out by recognizing revenue from a partnership with PT Mahata Aero Teknologi as income, even though the funds had not been received in cash. The Financial Services Authority (OJK) and the Indonesia Stock Exchange (BEI) later identified violations in Garuda Indonesia's financial statements and imposed sanctions on the company's board of directors. This case highlights that financial reporting irregularities remain a serious challenge in the business world.

To ensure the integrity of financial reports, corporate governance mechanisms serve as a fundamental safeguard. Corporate governance, encompassing systems, principles, and processes that direct and control a company, can mitigate the risk of financial statement manipulation while enhancing transparency and accountability in financial reporting (Ghofur & Hersugondo, 2023). Good Corporate Governance (GCG) was established to protect shareholders' interests and uphold their rights, gaining prominence in the 1980s as its influence on business performance became increasingly evident. In Indonesia, the implementation of GCG was formally introduced in 1998 in response to the economic crisis, highlighting its critical role in fostering transparency, accountability, and sustainable corporate practices. Several key mechanisms that play a crucial role in maintaining the integrity of financial statements include audit committee, independent commissioners, managerial and institutional ownership.

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Conducting this research is essential because financial statement integrity directly impacts the trust of investors, creditors, and other stakeholders. Understanding the factors that contribute to financial statement fraud and the role of corporate governance in mitigating such risks is crucial for developing effective preventive measures. By analyzing the effectiveness of GCG implementation in Indonesia, this study aims to provide insights into how governance mechanisms can enhance financial reporting integrity and contribute to a more stable economic environment.

Numerous studies have explored the relationship between corporate governance and financial reporting integrity. Tamara & Kartika (2021) found that institutional and managerial ownership significantly influence financial statement integrity, whereas the audit committee does not. Similarly, Fajar & Nurbaiti (2020) reported that managerial ownership and the audit committee enhance financial statement integrity, while institutional ownership and independent commissioners do not. Wardhani & Samrotun (2020) concluded that institutional ownership affects financial statement integrity, whereas managerial ownership does not. In contrast, Simorangkir (2018) determined that institutional and managerial ownership have no impact on financial statement integrity, while independent commissioners exert a positive influence and the audit committee a negative one.

These inconsistencies in research findings highlight the need for further investigation into the effectiveness of corporate governance mechanisms in ensuring financial statement integrity. The variations in results may be attributed to differences in sample selection, measurement methods, and contextual factors unique to different organizations and industries. Therefore, a more comprehensive analysis is required to understand the extent to which corporate governance influences financial reporting integrity in Indonesia.

This study contributes to the existing literature by incorporating financial director diversity as a moderating factor, an aspect that has not been extensively explored in previous research. Unlike prior studies that focused solely on the direct impact of corporate governance mechanisms, this research highlights how gender diversity in financial leadership can influence the effectiveness of governance structures in ensuring financial statement integrity. The study also extends the analysis to the Indonesian manufacturing sector, a critical yet underexamined industry in the context of corporate governance. By using a recent dataset from 2021 to 2023, this research provides up-to-date insights that reflect current corporate governance practices and challenges. Furthermore, this study introduces firm size, firm age, leverage, and audit firm size, allowing for a more robust examination of financial statement

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integrity by accounting for external factors that may influence financial reporting accuracy. The findings offer valuable implications for policymakers, corporate boards, and investors seeking to enhance transparency and accountability in financial reporting.

In the corporate governance structure, the existence of an audit committee plays a crucial role in ensuring the transparency and accuracy of financial reporting. The audit committee is responsible for enhancing oversight of management actions to mitigate potential fraud in financial statement presentations. This is particularly important given the various factors that may create opportunities for management to engage in manipulations that could compromise the integrity of financial reports.

According to Kartika & Nurhayati (2018), the audit committee is one of the key elements in the implementation of good corporate governance. Their research findings indicate that the function of the audit committee has a significant and positive influence on the integrity of financial statements in industrial companies listed on the IDX. Based on these findings, this study formulates the following hypothesis:

H1: The Audit Committee has a positive influence on the integrity of financial statements.

Independent commissioners have a significant role within a company's board of commissioners, particularly in maintaining the independence of decision-making processes. Their lack of share ownership or financial ties to the company ensures that they can act objectively in safeguarding both internal interests, such as employees, and external interests, including shareholders. This independence is essential to ensure that decisions are made with a focus on the company's sustainability and success, free from personal interests or potential conflicts of interest.

According to Simorangkir (2018), the function of independent commissioners has a significant and positive impact on the integrity of corporate financial statements. Additionally, research conducted by Yulyan et al. (2021) also indicates that the presence of independent commissioners contributes to enhancing the accuracy and credibility of corporate financial reporting. Based on this review, the study formulates the following hypothesis:

H2: Independent Commissioners have a positive influence on the integrity of financial statements.

Fajar & Nurbaiti (2020) explain that managerial ownership reflects the direct involvement of managers in company share ownership, enabling them to participate in shaping strategic direction and making operational decisions. As a corporate governance mechanism, managerial ownership is identified as a factor that can enhance the integrity of financial reporting. Tamara & Kartika (2021) found that managerial ownership has a significant

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positive impact on the integrity of a company's financial statements. This finding is consistent with research by Kartika & Nurhayati (2018), which empirically confirms the crucial role of managerial ownership in improving financial transparency and accuracy. Based on this review, the following hypothesis is formulated:

H3: Managerial Ownership has a positive influence on financial reporting integrity.

According to Tamara & Kartika (2021), institutional ownership serves as a monitoring mechanism that can prevent potential financial statement manipulation by companies, aiming to enhance transparency and attract investor interest. A similar perspective is shared by Fajar & Nurbaiti (2020), who found that institutional ownership has a significant and lasting impact on financial reporting integrity. This finding reinforces the research of Wardhani & Samrotun (2020), who assert that institutional ownership is a key factor in determining the level of transparency and accuracy in corporate financial reporting. Consequently, both studies support the view that institutional ownership positively contributes to financial reporting integrity. Based on this review, the following hypothesis is formulated:

H4: Institutional Ownership has a positive influence on financial reporting integrity.

The role of female chief financial officers in corporate leadership has been gaining increasing attention in corporate governance research. Bona-Sánchez et al. (2023) highlight that gender diversity in strategic positions brings a broader range of perspectives to decision-making processes. This is based on the theory that women tend to exhibit higher financial conservatism, which contributes to more risk-aware financial decision-making and greater transparency in financial reporting. Building upon theoretical perspectives and prior research findings, this study proposes the following hypothesis:

H5: CFO gender diversity strengthens the positive influence of the Audit Committee on financial statement integrity.

H6: CFO gender diversity strengthens the positive influence of Independent Commissioners on financial statement integrity.

H7: CFO gender diversity strengthens the positive influence of Managerial Ownership on financial statement integrity.

H8: CFO gender diversity strengthens the positive influence of Institutional Ownership on financial statement integrity.

## METHOD

This study employs a quantitative research approach using multiple linear regression in STATA. The population in this study comprises manufacturing sector companies listed on the IDX. To determine the research sample, the purposive sampling method was employed, which involves selecting samples based on predefined criteria

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aligned with the research objectives. The sample selection criteria in this study include manufacturing companies that provide audited financial statements covering the fiscal years 2018 to 2020. Based on these criteria, a total of 74 companies were identified, resulting in a final research sample of 222 observations.

This research relies on pre-existing sources of information, commonly referred to as secondary data. The primary categories of data used in this study include audited financial reports, independent audit reports, and annual reports. To access these datasets, the researchers utilized various reputable sources, including official company websites, the IDX website, S&P Capital IQ, and other recognized and credible financial data platforms.

Two regression models are applied: the first tests hypotheses H1 to H4 (without moderation), and the second tests H5 to H8 (with moderation). The two regression models used are as follows:

**Model 1 (without moderation):**

$$ILK_{i,t} = \alpha + \beta1.KA_{i,t} + \beta2.KMI_{i,t} + \beta3.MANJ_{i,t} + \beta4.INST_{i,t} + \beta5.DKW_{i,t} + \beta6.AGE_{i,t} + \beta7.SIZE_{i,t} + \beta8.LEV_{i,t} + \beta9.KAP_{i,t} + \varepsilon_{i,t}$$

**Model 2 (with moderation):**

$$ILK_{i,t} = \alpha + \beta1.KA_{i,t} + \beta2.KMI_{i,t} + \beta3.MANJ_{i,t} + \beta4.INST_{i,t} + \beta5.DKW_{i,t} + \beta6.KA_{i,t}XDKW_{i,t} + \beta7.KMI_{i,t}XDKW_{i,t} + \beta8.MANJ_{i,t}XDKW_{i,t} + \beta9.INST_{i,t}XDKW_{i,t} + \beta10.AGE_{i,t} + \beta11.SIZE_{i,t} + \beta12.LEV_{i,t} + \beta13.KAP_{i,t} + \varepsilon_{i,t}$$

Information:

| | |
|---|---|
| α | : Constant |
| ILK | : Financial Report Integrity |
| KA | : Audit Committee |
| KMI | : Independent Commissioners |
| MANJ | : Managerial Ownership |
| INST | : Institutional Ownership |
| DKW | : Female CFO |
| KA x DKW | : Interaction Variable of Audit Committee and Female CFO |
| KMI x DKW | : Interaction Variable of Independent Commissioner and Female CFO |
| MANJ x DKW | : Interaction Variable of Managerial Ownership and Female CFO |
| NST x DKW | : Interaction Variable of Institutional Ownership and Female CFO |
| AGE | : Firm Age |
| SIZE | : Firm Size |
| LEV | : Leverage |
| KAP | : Audit Firm Size |
| β1 – β13 | : Regression Coefficients |
| i,t | : Indicators for Firm i and Year t |
| ε | : Standard Error |

The data analysis follows a structured process to ensure reliability and validity. First, a descriptive analysis provides an empirical overview of the dataset. Then, classical assumption tests validate the regression model, including normality, multicollinearity, heteroscedasticity, and autocorrelation checks. Model fit and significance are assessed using the coefficient of determination ($R^2$), T-test for individual variable effects, and F-test for overall model significance.

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**Table 1. Variables and Measurements**

| No | Variable | Formula |
|---|---|---|
| 1 | Financial Statements Integrity (FIN) | $\text{Market to Book Value} = \frac{\text{Outstanding Shares x Stock Price}}{\text{Book Value of Equity}}$ |
| 2 | Audit Committee (KA) | Total Number of Audit Committees |
| 3 | Independent Commisisioners (KMI) | $\text{Independent Commissioners} = \frac{\text{Number of Independent Commissioners}}{\text{Total Number of Commissioners}}$ |
| 4 | Managerial Ownership (MANJ) | $\text{Managerial Ownership} = \frac{\text{Total Management Sharholding}}{\text{Total Outstanding Share}}$ |
| 5 | Institutional Ownership (INST) | $\text{Institutional Ownership} = \frac{\text{Total Institution Shareholding}}{\text{Total Outstanding Share}}$ |
| 6 | Firm Age (AGE) | $\text{Age} = \text{Research Year} - \text{Establishment Year}$ |
| 7 | Company Size (SIZE) | Size = Ln (Total Asset) |
| 8 | Leverage (LEV) | $\text{LEV} = \frac{\text{Total Debt}}{\text{Total Asset}}$ |
| 9 | Audit Firm Size (KAP) | 1: Big4<br>0: Non Big4 |
| 10 | CFO Diversity (CFO) | 1: CFO Female<br>0: Non-CFO Female |

## RESULT AND DISCUSSION

### Descriptive Statistics

**Table 2. Descriptive Statistics**

| *Descriptive Statistics* | | | | | |
|---|---|---|---|---|---|
| | *N* | *Minimum* | *Maximum* | *Mean* | *Std. Deviation* |
| *FIN* | *222* | *-1.47* | *54.61* | *2.3124* | *6.11616* |
| *KA* | *222* | *.00* | *5.00* | *3.0631* | *.37524* |
| *KMI* | *222* | *.00* | *.83* | *.3872* | *.09820* |
| *MANJ* | *222* | *-.01* | *100.00* | *51.1260* | *39.94784* |
| *INST* | *222* | *.00* | *99.74* | *24.4062* | *33.56153* |
| *CFO* | *222* | *.00* | *1.00* | *.1171* | *.32229* |
| *AGE* | *222* | *10.00* | *103.00* | *41.3243* | *13.55108* |
| *SIZE* | *222* | *11.87* | *19.68* | *15.1541* | *1.72263* |
| *LEV* | *222* | *.00* | *2.90* | *.5187* | *.35621* |
| *KAP* | *222* | *.00* | *1.00* | *.4820* | *.50080* |
| *Valid N (listwise)* | *222* | | | | |

*Source: Processed Output Data from SPSS (2025)*

The FIN variable has a highly dispersed distribution, with values ranging from -1.47 to 54.61. The mean value of 2.3124 indicates that, on average, the market value of the firms is slightly more than twice their book value. However, the high standard deviation (6.11616) suggests significant variation among firms, implying that some companies are highly overvalued

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while others are undervalued. The number of audit committee (KA) members varies between 0 and 5, with an average of 3.0631. This suggests that most firms comply with governance best practices, as having at least three audit committee members is often recommended. The low standard deviation (0.37524) indicates that the composition of audit committees is relatively consistent across firms.

The proportion of independent commissioners (KMI) ranges from 0 to 0.83, with an average of 0.3872. This suggests that, on average, approximately 39% of board members are independent. The low standard deviation (0.09820) indicates that the proportion of independent commissioners is relatively stable among firms. The management ownership (MANJ) variable shows extreme variation, ranging from -0.01 to 100, with a mean of 51.1260. This indicates that, on average, management holds a significant portion of company shares. However, the exceptionally high standard deviation (39.94784) suggests that some firms have negligible management ownership, while others are almost entirely controlled by their management.

Institutional ownership (INST) varies significantly, ranging from 0 to 99.74, with a mean of 3.0631. The high standard deviation (24.4062) suggests that some firms have no institutional ownership, while others are predominantly owned by institutional investors. The binary nature of CFO (0 or 1) indicates whether a firm has a female CFO. The mean value of 0.1171 suggests that only about 11.7% of firms in the sample have a female CFO, highlighting a significant gender gap in financial leadership positions. The standard deviation (0.32299) indicates some variation, but overall, the presence of female CFOs is relatively low.

The age of firms (AGE) varies widely, from 10 to 103 years, with an average of 41.3243 years. The relatively high standard deviation (13.55108) suggests that the sample includes both relatively young and well-established firms. The firm size (SIZE) variable, measured in logarithmic terms, ranges from 11.87 to 19.68, with a mean of 3.0631. The standard deviation (1.72263) indicates a moderate level of variation in firm size. The leverage (LEV) ratio varies between 0 and 2.9, with an average of 0.5187. This suggests that, on average, firms have a moderate level of debt relative to asset. The standard deviation (0.35621) shows some variation, indicating that some firms have minimal debt while others are highly leveraged. The audit firm size (KAP) variable, which is binary (0 or 1), suggests that approximately 48.2% of firms use Big4 auditors. The standard deviation (0.50080) shows a balanced distribution, meaning that firms are almost equally split between Big4 and Non Big4.

**Classical Assumption Test**

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**Table 3. Normality Test Result**

| *One-Sample Kolmogorov-Smirnov Test* | | |
|---|---|---|
| | | *Unstandardized Residual* |
| *N* | | *222* |
| *Normal Parameters[a,b]* | *Mean* | *0,0004500* |
| | *Std. Dev.* | *0,16142626* |
| *MostExtreme Differences* | *Absolute* | *0,058* |
| | *Positive* | *0,057* |
| | *Negative* | *-0,058* |
| *Test-Statistic* | | *0,058* |
| ***Asymp.Sig.(2-tailed)[c]*** | | ***0,067[c]*** |

*Source: Processed Output Data from SPSS (2025)*

**Table 4. Multicollinearity Test**

| *Coefficients[a]* | | | |
|---|---|---|---|
| *Model* | | *Collinearity-Statistics* | |
| | | *Tolerance* | *VIF* |
| *1* | *(Constant)* | | |
| | *KA* | *0,892* | *1,121* |
| | *KMI* | *0,919* | *1,088* |
| | *MANJ* | *0,446* | *2,244* |
| | *INST* | *0,409* | *2,448* |
| | *CFO* | *0,943* | *1,060* |
| | *AGE* | *0,856* | *1,169* |
| | *SIZE* | *0,677* | *1,476* |
| | *LEV* | *0,826* | *1,210* |
| | *KAP* | *0,593* | *1,686* |

*Source: Processed Output Data from SPSS (2025)*

**Table 5. Heteroscedasticity Test**

| *Coefficients[a]* | | | | | | |
|---|---|---|---|---|---|---|
| *Model* | | *Unstandardized-Coefficients* | | *Standardized-Coeff* | *T* | *Sig.* |
| | | *B* | *Std- Error* | *Beta* | | |
| *1* | *(Constant)* | *400861,817* | *509928,256* | | 0,786 | 0,433 |
| | *KA* | 37237,619 | 110705,979 | 0,024 | 0,336 | 0,737 |
| | *KMI* | -73838,086 | 416634,628 | -0,013 | -0,177 | 0,860 |
| | *MANJ* | 797,650 | 1471,160 | 0,055 | 0,542 | 0,588 |
| | *INST* | 20,125 | 1828,867 | 0,001 | 0,011 | 0,991 |
| | *CFO* | -80464,954 | 125355,864 | -0,045 | -0,642 | 0,522 |
| | *AGE* | 3396,216 | 3129,878 | 0,080 | 1,085 | 0,279 |
| | *SIZE* | -34296,307 | 27671,862 | -0,102 | -1,239 | 0,217 |
| | *LEV* | 174248,126 | 121154,424 | 0,107 | 1,438 | 0,152 |
| | *KAP* | 119458,955 | 101724,551 | 0,103 | 1,174 | 0,242 |

*Source: Processed Output Data from SPSS (2025)*

**Table 6. Autocorrelation Test**

| Sample | Variable | Du | DW | 4-Du |
|---|---|---|---|---|
| 222 | 9 | 1,74229 | 2,161 | 2,18372 |

Source: Processed Output Data from SPSS, 2025

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Table 7. Coefficient Determination Test for Model 1

*Model Summary[b]*

| *Model* | *R* | *R-Square* | *Adjusted-Rsquare* | *Std. Error of the Estimate* |
|---|---|---|---|---|
| *1* | *0,604[a]* | *0,365* | *0,338* | *4,97501* |

Source: Processed Output Data from SPSS, 2025

Table 8. Coefficient Determination Test for Model 2

*Model Summary[b]*

| *Model* | *R* | *R-Square* | *Adjusted R-square* | *Std. Error of the Estimate* |
|---|---|---|---|---|
| *2* | *0,624[a]* | *0,389* | *0,354* | *4,91676* |

Source: Processed Output Data from SPSS, 2025

Table 9. F-test for Model 1

*ANOVA[a]*

| *Model* | | *Sum of Squares* | *Df* | *Mean-Square* | *F* | *Sig.* |
|---|---|---|---|---|---|---|
| *1* | *Regression* | *3019,884* | *9* | *335,543* | *13,557* | *0.000b* |
| | *Residual* | *5247,154* | *212* | *24,751* | | |
| | *Total* | *8267,037* | *221* | | | |

Source: Processed Output Data from SPSS, 2025

Table 10. F-test for Model 2

*ANOVA[a]*

| *Model* | | *Sum of Squares* | *Df* | *Mean-Square* | *F* | *Sig.* |
|---|---|---|---|---|---|---|
| *1* | *Regression* | *3214,561* | *12* | *267,880* | *11,081* | *0,000b* |
| | *Residual* | *5052,477* | *209* | *24,175* | | |
| | *Total* | *8267,037* | *221* | | | |

Source: Processed Output Data from SPSS, 2025

Table 11. Hypothesis Test for Model 1

*Coefficients[a]*

| *Model.* | | *Unstandardized-Coefficients* | | *Standardized-Coefficients* | *T* | *Sig.* |
|---|---|---|---|---|---|---|
| | | *B.* | *Std-Error* | *.Beta* | | |
| *1* | *(Constant)* | *-14,178* | *4,350* | | *-3,259* | *0,001* |
| | *KA* | *-0,844* | *0,944* | *-0,052* | *-0,894* | *0,373* |
| | *KMI* | *29,191* | *3,554* | *0,469* | *8,214* | *0,000* |
| | *MANJ* | *-0,023* | *0,013* | *-0,148* | *-1,803* | *0,073* |
| | *INST* | *-0,006* | *0,016* | *-0,031* | *-0,362* | *0,718* |
| | *CFO* | *1,020* | *1,069* | *0,054* | *0,954* | *0,341* |
| | *AGE* | *0,139* | *0,027* | *0,307* | *5,197* | *0,000* |
| | *SIZE* | *0,121* | *0,236* | *0,034* | *0,511* | *0,610* |
| | *LEV* | *2,072* | *1,033* | *0,121* | *2,005* | *0,046* |
| | *KAP* | *0,644* | *0,868* | *0,053* | *0,742* | *0,459* |

Source: Processed Output Data from SPSS, 2025

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**Table 12. Hypothesis Test for Model 2**

| *Coefficients*[a] | | | | | | |
|---|---|---|---|---|---|---|
| *Model.* | | *Unstandardized-Coefficients* | | *Standardized-Coefficients* | *T* | *Sig.* |
| | | *B.* | *Std-Error* | *.Beta* | | |
| *2* | *(Constant)* | *-14,128* | *4,397* | | *-3,213* | *0,002* |
| | *KA* | *-0,912* | *0,936* | *-0,056* | *-0,974* | *0,331* |
| | *KMI* | *30,946* | *3,610* | *0,497* | *8,573* | *0,000* |
| | *MANJ* | *-0,027* | *0,013* | *-0,178* | *-2,096* | *0,037* |
| | *INST* | *-0,008* | *0,016* | *-0,045* | *-0,509* | *0,611* |
| | *CFO* | *14,880* | *7,329* | *0,784* | *2,030* | *0,044* |
| | *AGE* | *0,144* | *0,026* | *0,319* | *5,442* | *0,000* |
| | *SIZE* | 0,109 | 0,237 | 0,031 | 0,461 | 0,645 |
| | *LEV* | 1,756 | 1,033 | 0,102 | 1,701 | 0,091 |
| | *KAP* | *0,443* | *0,874* | *0,036* | *0,507* | *0,612* |
| | *KA_CFO* | *4,559* | *2,612* | *0,721* | *1,746* | *0,082* |
| | *KMI_CFO* | *0,348* | *18,810* | *-0,928* | *-2,517* | *0,313* |
| | *MANJ_CFO* | *0,041* | *0,038* | *0,136* | *1,076* | *0,283* |
| | *INST_CFO* | *0,055* | *0,042* | *0,152* | *1,304* | *0,194* |

Source: Processed Output Data from SPSS, 2025

### Normality Test

Normality in this research was tested using the Kolmogorov-Smirnov test at a 0.05 significance level. If the significance value (sig) is greater than 0.05, the data are normally distributed; otherwise, if sig < 0.05, the data deviate from normality. The presented table clearly indicates that the Asymp. Sig. (2-tailed) value is 0.067. Since this value exceeds the predetermined probability threshold of 0.05 (0.067 > 0.05), the results suggest that the data is normally distributed.

### Multicollinearity Test

The Multicollinearity Test uses VIF values, with values below 10 indicating no issues. Table 4 confirms all variables have VIF values under 10, ensuring no multicollinearity.

### Heteroscedasticity Test

The heteroscedasticity assumption test in this study was conducted using the Glejser statistical test with a significance level of $\alpha = 0.05$. A regression model is considered free from heteroscedasticity if its probability value is greater than or equal to 0.05. Based on the data analysis results, all variables in the model have significance values exceeding 0.05, indicating that there is no evidence of heteroscedasticity in the tested regression model.

### Autocorrelation Test

The Autocorrelation Test detects issues with residuals using the Durbin-Watson test. The results are as follows in table 6.

### Coefficient Determination Test (R2)

A value near 1 indicates strong explanatory power of the independent

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variable, while a low value suggests limited influence. This study employs two regression models: Model 1 (without moderation) and Model 2 (with moderation). Table 7 is the coefficient of determination test results.

Model 1's analysis without the moderation variable shows an adjusted R-squared of 0.338, indicating that independent variables explain 33.8% of dependent variable, with 66.2% due to other factors. The adjusted R-squared of 0.354 in Model 2 shows that independent variables explain 35.4% of the variance in the dependent variable, with 64.6% attributed to other factors.

**F-Test**

Data testing includes the F-statistic test (ANOVA), where the F value should not exceed 0.05 (5% significance level). The results of the F test can be seen in table 7. The F-test (ANOVA) for model 1 shows a significance of 0.000 (<0.05), indicating all independent variables affect the dependent variable. The F-test (ANOVA) with the moderating variable shows a significance value of 0.000 (<0.05), indicating that all independent variables still affect the dependent variable.

**Hypothesis Test**

This study employs significance criteria of 1%, 5%, and 10% in hypothesis testing. A hypothesis is accepted if the t-test significance value is less than 0.01, 0.05, or 0.1. Conversely, if the significance value exceeds 0.1, the hypothesis is rejected.

The KA and INST variables yielded significance values of 0.373 and 0.718, respectively. When divided by two, these values became 0.187 and 0.359, both exceeding the 0.10 threshold. This indicates that neither variable has a significant effect on financial statement integrity, leading to the rejection of the first hypothesis (H1) and the fourth hypothesis (H4). Conversely, the KMI and MANJ variables were found to be statistically significant, with significance values of 0.000 and 0.0365, respectively, both below the 0.01 and 0.05 threshold. The B values for these variables were 29.191 and -0.023. While this empirical evidence supports the second hypothesis (H2), the third hypothesis (H3) is not supported due to the negative B value.

The interaction variables KA_CFO and INST_CFO exhibit significance values of 0.041 and 0.097, respectively, with corresponding B values of 4.559 and 0.055. These findings indicate that both interaction variables are significant at the 5% and 10% levels. Consequently, Hypothesis 5 (H5) and Hypothesis 8 (H8), which propose that CFO diversity strengthens the relationship between the independent and dependent variables, are supported by empirical evidence.

On the other hand, the interaction variable KMI_CFO and MANJ_CFO has a significance value of 0.1565 and 0.1415, providing evidence that CFO diversity does not exert a moderating effect. As a result, Hypothesis 6 (H6)

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and Hypothesis 7 (H7) are not supported by empirical evidence.

### Audit Committee Does Not Influence Financial Statements Integrity

The first hypothesis (H1), which posits that the audit committee has a positive influence on financial statement integrity, is not supported by the findings of this study. The t-test results indicate that the significance value of the audit committee's impact on MBV in the first model is 0.187, while in the second model, it is 0.166 (> 0.10).

One of the primary reasons for this outcome is the limited effectiveness of the audit committee. Many companies have yet to optimize the role of the audit committee in accounting oversight, resulting in its presence having minimal contribution to financial statement integrity. Furthermore, the audit committee primarily functions to verify financial data submitted by the company rather than taking an active role in addressing financial issues.

These findings contradict agency theory, which posits that the presence of an audit committee should enhance financial transparency, promote openness in managerial disclosures, and mitigate potential conflicts of interest. Consistent with this conclusion, Tamara & Kartika (2021) and Purwantiningsih & Anggaeni (2021) also found no evidence that the audit committee significantly influences the integrity of corporate financial statements.

### Independent Commissioners Positively Influence Financial Statements Integrity

In Model 1 and Model 2, the t-test results indicate that the independent commissioner variable has a significant impact on financial statement integrity, with a significance value of 0.000 < 0.01 in both models. These findings suggest that the presence of independent commissioners contributes positively to enhancing financial statement integrity. Consequently, the second hypothesis (H2) is accepted.

This finding aligns with previous research of Yulyan et al. (2021) and Ayem et al. (2023). As a part of corporate governance mechanisms, independent commissioners play a crucial role in improving financial reporting accuracy by overseeing and controlling the company's accounting system. Therefore, the presence of independent commissioners has been proven effective in strengthening financial statement integrity through the implementation of sound corporate governance practices.

### Managerial Ownership Negatively Influence Financial Statements Integrity

Based on the t-test results, the managerial ownership variable in Equation 1 exhibits a significance value of 0.037, which is below the 0.05 threshold, indicating a significant impact on financial statement integrity. A similar pattern is observed in the moderated regression analysis in Equation 2, where the significance value

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of 0.019 < 0.05 further confirms that managerial ownership influences financial report integrity. However, the coefficient values of -0.023 and -0.027 suggest a negative relationship, implying that higher managerial ownership adversely affects financial statement integrity.

These findings are consistent with the studies conducted by Wahyudi et al. (2021) and Sinulingga et al. (2020). The negative impact of managerial ownership on financial statement integrity is justified by the argument that excessive managerial ownership poses a risk, as managers with greater access to internal company information may be more inclined toward opportunistic and manipulative behavior (Azzah & Triani, 2021).

### Institutional Ownership Does Not Influence Financial Statements Integrity

Based on the results of the t-test, the institutional ownership variable has a significance value of 0.359 in Equation 1 and 0.310 in Equation 2, both of which exceed the 0.10 threshold. This indicates that there is no significant relationship between institutional ownership and financial report integrity. These findings align with previous studies conducted by Badewin (2019) and Maychandra & Nelvirita (2023).

This phenomenon occurs because institutional shareholders primarily operate outside the company's management, making the monitoring process more challenging. As a result, the application of financial report integrity is less likely to be influenced by institutional ownership. Furthermore, the extent of monitoring conducted by institutional investors largely depends on the size of their investment. When the investment is relatively small, the institutional ownership function in overseeing managerial behavior may not be optimally executed.

### CFO Diversity Moderates the Influence of Audit Committee and Institutional Ownership on Financial Statements Integrity

The test results indicate a significance value of 0.041 for the variable KA_CFO and 0.097 for the variable INST_CFO, with corresponding B values of 4.559 and 0.055 respectively, suggesting that the presence of a female CFO strengthens the relationship between the audit committee, institutional ownership, and financial report integrity. These findings support Hypothesis 5 (H5) and Hypothesis 8 (H8), confirming its acceptance. These results support the resource dependence theory, which posits that women tend to exhibit greater ethical considerations in risk avoidance. This tendency contributes to reducing information asymmetry, thereby facilitating more effective decision-making (Carter et al., 2010).

Consistent with this study, research by Ivone & T.G (2022) also found that female directors, as a moderating variable, strengthen the relationship between Return on Equity

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(ROE) and Market-Based Value of Equity (MBVE), making it significantly positive in relation to voluntary integrated reporting disclosure. Furthermore, Raimo et al. (2020) highlighted that female directors tend to prioritize transparency. As a result, companies with low ROE but a higher proportion of female directors are more likely to enhance the quality and quantity of information disclosed in their integrated reporting.

### CFO Diversity Does Not Moderate the Influence of Independent Commissioners and Managerial Ownership on Financial Statements Integrity

The t-test results reveal that the interaction variables KMI_CFO and MANJ_CFO do not significantly influence financial report integrity, as indicated by significance values of 0.1565 and 0.1415, both exceeding the 0.10 threshold. As a result, these findings fail to support the sixth hypothesis (H6) and the seventh hypothesis (H7).

Consequently, this study does not align with the resource dependence theory, which posits that leadership diversity, including gender diversity in the CFO position, enhances oversight effectiveness and resource management within a company. This lack of significance may be attributed to the limited number of female CFOs in the sample, which reduces their measurable impact on financial reporting quality.

Additionally, Songini et al. (2022) suggest that the observed effect may not solely be driven by the number of female executives but also by the varying levels of competence among female board members. Furthermore, some companies appoint female directors primarily to meet diversity benchmarks rather than to actively enhance governance and decision-making effectiveness.

## CONCLUSION

Based on the test results, this study finds that the audit committee and institutional ownership do not have a significant influence on financial statement integrity. On the other hand, independent commissioners have a positive and significant impact on financial statement integrity, while managerial ownership negatively affects financial statement integrity. Furthermore, the presence of female CFOs does not strengthen the relationship between independent commissioners and managerial ownership in relation to financial statement integrity. However, their presence is proven to strengthen the positive relationship between the audit committee and institutional ownership with financial statement integrity. This study has several limitations that may influence the analysis results. The sample in this study is limited to manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period, comprising a total of 74 issuers. As a result, the generalizability of the

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findings may be constrained, and future research could expand the scope by including other industries or extending the observation period.

The results of this study have implications for various stakeholders. Corporate governance practitioners should consider strengthening the role of independent commissioners to enhance financial statement integrity. Additionally, caution should be exercised regarding managerial ownership, as excessive control by management may lead to opportunistic behavior that compromises financial reporting quality. Policymakers may also benefit from these findings by encouraging gender diversity in executive positions, particularly CFO roles, to optimize governance effectiveness. For investors, these findings provide valuable insights into corporate governance mechanisms that impact financial reporting quality. Investors should pay attention to the composition of independent commissioners and the level of managerial ownership when making investment decisions, as these factors can influence financial transparency and accountability. For academic practitioners, this study contributes to the existing literature on corporate governance and financial reporting integrity. Future research could build upon these findings by investigating the role of additional governance mechanisms, conducting cross-country comparisons, or incorporating qualitative analyses to gain a deeper understanding of governance dynamics in various contexts.

Future research can explore the impact of different corporate governance structures across various industries to determine whether similar findings apply beyond the manufacturing sector. Additionally, studies could analyze the role of board diversity beyond gender, such as educational background and professional experience, in influencing financial statement integrity. Another area of interest is the examination of regulatory frameworks in different countries to understand how varying legal environments shape financial reporting quality. Finally, future research could incorporate qualitative methods, such as interviews with corporate executives and regulators, to gain deeper insights into the mechanisms influencing corporate governance effectiveness.

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