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**The Effect of Firm Size, Leverage, and Profitability on the Integrity of Financial Reports in Banking Sector Companies Listed on the IDX in 2022-2024**

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**ABSTRACT**

This study aims to analyze the influence of firm size, leverage, and profitability on financial report integrity in banking companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2024 period. Financial report integrity is a crucial aspect in the banking sector given its role in maintaining public trust and financial system stability. This study employed a quantitative approach using library research and documentation techniques. The data used were secondary data sourced from the annual financial reports of banking companies. The research sample was determined using a purposive sampling technique with specific criteria, resulting in 29 banking companies with a total of 87 observations. After conducting an outlier test, four data points were excluded, resulting in a final data analysis of 83 observations. Data analysis was performed using multiple linear regression with SPSS software after meeting the classical assumption test and performing residual correction transformations to improve the quality of the model estimation. The results show that firm size has a positive effect on financial statement integrity, while leverage and profitability have a negative effect. These findings indicate that firm size encourages increased transparency and accountability, while debt pressure and the drive to maintain profit performance have the potential to undermine financial reporting integrity. This research is expected to provide empirical contributions to the development of accounting literature and provide considerations for management, investors, and regulators in improving the quality and integrity of banking financial reports.

*Financial Statement Integrity, Firm Size, Leverage, Profitability, Banking, Indonesia Stock Exchange*

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**INTRODUCTION**

The banking sector plays a strategic role in the economy as it functions as a financial intermediary, channeling funds from those with excess funds to those in need, maintaining a smooth payment system, and supporting the financing of business and investment activities (Ismanto et al., 2020) . This

industry is known for its high leverage, strict regulation, sensitivity to macroeconomic conditions, and significant liquidity and credit risks. Therefore, the quality of banks' financial performance and reporting practices is a primary concern for stakeholders (Fitri, 2022).

Financial reporting integrity can be understood as the degree of truthfulness, completeness, and accuracy of the information presented by an organization, thus objectively depicting the company's financial position and performance without material manipulation. This integrity encompasses compliance with accounting standards, effective internal controls, and information transparency that enables stakeholders to make informed economic decisions (Berliana & Tumirin, 2025).

The issue of financial reporting integrity in the banking sector has resurfaced through a corruption case involving Bank Rakyat Indonesia (BRI) employees and a debtor with the initials AS in 2025. This case showed data manipulation and falsification of financial reports by the debtor to obtain investment credit of IDR 5 billion, with the involvement of a BRI Relationship Manager (RM) who failed to apply the principle of prudence in the credit analysis process. This practice not only caused state losses as revealed by the West Java BPKP, but also damaged public trust in banking transparency and accountability. This phenomenon confirms that weak internal supervision and low integrity in the preparation and verification of financial reports open up opportunities for corrupt practices and abuse of authority, which ultimately threaten the stability and reputation of the national banking sector (jurnaldepok.id, 2025).

This case also underscores the importance of prudence and integrity in bank financial management, particularly regarding funding structure and profitability. Manipulation of reporting to obtain unauthorized credit facilities demonstrates that an imbalance between company size, leverage, and profitability can trigger irregularities in business practices (Wardatama, 2025). Efforts to increase profitability by utilizing excessive debt without considering repayment capacity increase the risk of default and moral hazard. Therefore, monitoring leverage and profitability ratios is crucial to ensure healthy, transparent, and sustainable financial growth and prevent manipulative practices that could harm financial institutions and the broader economy (Shindyota et al., 2025).

Firm size is a measure of the scale or size of an entity, generally measured by total assets, total sales, or market capitalization. Larger companies tend to have more adequate resources, more complex internal control systems, and a higher level of external oversight than smaller companies (Fatin & Suzan, 2022)

. These conditions create a stronger incentive for large companies to maintain their credibility and reputation, thus enabling them to present financial reports with a higher level of integrity. Conversely, smaller companies often face limitations in internal control and oversight, which can increase the risk of errors or reporting manipulation (Damayanti et al., 2023) . Therefore, firm size is often associated with financial statement integrity because company size can affect the quality, reliability, and transparency of financial information presented to stakeholders.

Leverage is a ratio that describes the extent to which a company utilizes debt to finance its assets and operational activities. High debt utilization can provide opportunities for increased profits because the company can expand its investment activities without increasing its own capital (Fatin & Suzan, 2022) . However, high leverage also increases financial risk, especially if the company experiences a decline in its ability to pay interest and principal (Nopitasari et al., 2018) . Leverage is closely related to the integrity of financial statements because all information related to liabilities and funding structures must be presented transparently. When financial statement integrity is compromised, management can manipulate the presentation of debt to appear healthy, even when the company is actually under financial pressure. (Novianti & Isyнуwardhana, 2021) . In the banking industry, this can mislead internal management, investors, and regulators in assessing a company's risk level (Wahyuni, 2022) . Therefore, the integrity of financial statements is a crucial element in ensuring that leverage levels are reported accurately so that business decisions and credit policies can be based on accurate and accountable information.

Profitability describes a company's ability to generate profits through the effective and efficient use of resources. Ratios such as Return on Assets (ROA) are often used to assess profitability because they demonstrate how optimally a company's assets and capital generate profits (Haikal et al., 2025) . In the banking sector, profitability not only reflects the efficiency of asset management but also indicates the bank's success in controlling costs and maximizing interest and non-interest income (Cikal Agustina et al., 2024) . Profitability is closely linked to the integrity of financial statements, as generated profits must be presented accurately and free from manipulation. If the integrity of financial statements is low, companies have the potential to engage in earnings management practices to display better performance than actual conditions, thus creating misleading information for investors, creditors, and regulators (Fabiola & Murwaningsari, 2025) . Therefore, maintaining the integrity of

financial statements is crucial to ensure that reported profitability truly reflects the company's economic condition in a transparent manner.

Research on financial statement integrity is important because the quality of financial information forms the basis for decision-making by investors, creditors, regulators, and other stakeholders. However, empirical findings on the factors influencing it still show inconsistent results. Regarding firm size, studies (Galingging & Ariefiara, 2024) and (Ananda, 2020) show that large companies tend to have higher financial statement integrity due to public and regulatory oversight. However, research (Susanti & Dewi, 2023) found that firm size has no significant effect because even large companies can manipulate to maintain their image. Regarding leverage, studies (Damayanti et al., 2023) and (Wahyuni, 2022) found a significant negative effect because high debt pressure encourages potential manipulation, while research (Novianti & Isnuwardhana, 2021) showed a positive effect due to increased external oversight in highly leveraged companies. Inconsistencies are also evident in the profitability variable. (Purba & Fuadi, 2023) and (Tambun et al., 2025) found a significant positive effect because companies capable of generating high profits tend to maintain the credibility of financial reports. However, (Butar-Butar et al., 2021) found that profitability had no significant effect on financial report integrity. These differing findings from various researchers confirm a research gap. Therefore, further research, particularly in the banking sector, which is subject to strict regulations and high risks, is essential to gain a more comprehensive understanding of how leverage, profitability, and firm size actually affect financial report integrity.

This research offers a novel approach by focusing on the influence of leverage, profitability, and firm size on financial reporting integrity in the Indonesian banking sector for the 2022–2024 period, a topic rarely studied, particularly in the post-pandemic context and the era of digital financial reporting. Unlike previous research, which generally focused on the manufacturing, trade, and property sectors, this study examines financial reporting integrity in the banking industry, which has unique characteristics such as high levels of public trust, strict regulations, and greater risk complexity compared to other sectors. This research also makes a novel contribution by including firm size as an important variable that potentially influences financial reporting integrity, given that large banks face more intense public scrutiny but still have the potential for moral hazard. Furthermore, this study expands the literature by reexamining inconsistencies in previous empirical findings regarding the influence of leverage, profitability, and firm size on financial reporting integrity, thereby providing a more comprehensive understanding of

how these three variables influence reporting quality in an industry that plays a strategic role in the stability of the national financial system. Thus, this study proposes the title: "The Effect of Firm Size, Leverage, and Profitability on the Integrity of Financial Reports in the Banking Sector Listed on the Indonesia Stock Exchange in 2022–2024."

### **Agency Theory**

Agency theory was proposed by Jensen and Meckling, which explains the contractual relationship between the principal (owner or shareholder) and the agent (manager). In this theory, the owner delegates authority to the manager to run the company and make decisions that are expected to maximize the owner's welfare. However, due to the differences in interests between the owner and the manager, agency conflicts often arise, which can lead to opportunistic behavior from management (Jensen & Meckling, 1976) .

In the context of research on the influence of firm size, leverage, and profitability on financial statement integrity, agency theory explains that high levels of leverage can increase pressure on managers to present favorable financial statements to maintain creditor trust, potentially encouraging manipulation or adjustment of financial information (Purba & Fuadi, 2023). On the other hand, high profitability reflects management's success in managing the company, thus reducing managers' incentives to manipulate reports because good performance already creates a positive image. Meanwhile, firm size is also relevant in agency theory, because larger companies tend to be under closer scrutiny from shareholders, regulators, the media, and the public, giving managers a stronger incentive to maintain financial statement integrity. However, at the same time, large companies also have greater resources that can be utilized to engage in more covert earnings management practices. Thus, agency theory helps explain how firm size, leverage, and profitability can affect financial statement integrity through the dynamics of conflicts of interest between owners and managers.

### **The Influence of Firm Size on the Integrity of Financial Reports**

Firm size reflects the total resources a company possesses and the complexity of its operational activities. Larger companies generally have broader business activities, more comprehensive accounting information systems, and receive greater attention from the public and regulators. This greater public exposure creates pressure for large companies to present high-quality financial reports and maintain their reputation, thus encouraging management to improve the integrity of their financial statements (Fatin & Suzan, 2022). Furthermore, large companies typically have stronger internal control structures, as they are monitored by external auditors, institutional

investors, and regulators, who demand transparency. This can minimize the opportunity for financial statement manipulation and strengthen the credibility of the financial information presented.

However, large company size also has the potential to create its own challenges. Higher transaction complexity, numerous branches, and diverse business activities can open up opportunities for misstatements, fraud, or inaccuracies in recording if oversight is not effectively implemented. Large companies also tend to be under pressure to maintain their image and demonstrate stable performance, so under certain circumstances, management may be encouraged to manipulate reporting to maintain a positive perception among investors and the public. An imbalance between oversight and performance ambitions can threaten the integrity of financial statements (Damayanti et al., 2023). Thus, firm size can have either a positive or negative impact on financial statement integrity, depending on the effectiveness of corporate governance.

Previous research has shown that the influence of company size on financial statement integrity remains mixed. Several studies found that company size has no significant effect on financial statement integrity, as demonstrated by research by Cindy Riski Ananda et al. (2020) and Dewanti (2023), who concluded that company size does not affect financial statement integrity. Fatin & Suzan (2022) even found that company size has a negative effect on financial statement integrity, indicating that larger companies do not always guarantee more reliable reporting. Conversely, research by Galingging & Arieftiara (2024) proved that company size has a significant effect on financial statement integrity. These differences in research findings create an important research gap that needs to be reexamined, particularly in industrial sectors with different risk characteristics and operational complexity, such as the transportation and logistics sector. Based on this explanation, the hypotheses that can be developed in this study are:

H1: Firm Size has a positive effect on Financial Report Integrity.

### **The Effect of Leverage on the Integrity of Financial Reports**

Leverage describes the extent to which a company uses borrowed funds in its capital structure to finance assets and operational activities. High levels of leverage indicate that the company has significant debt obligations to creditors. This condition can put pressure on management to demonstrate good financial performance to comply with debt covenants and maintain creditor confidence. This pressure encourages management to engage in opportunistic actions, such as financial statement manipulation or earnings management, to present a

financial condition that appears better than the actual situation (Nurhalizah et al., 2023) .

Furthermore, high leverage increases a company's financial risk due to the obligation to regularly pay interest and principal on debt. When a company's cash flow is insufficient, management tends to resort to aggressive accounting policies to make the financial statements appear stable and cover potential financial difficulties. This practice makes the information presented in the financial statements less reliable and does not reflect the company's true economic condition, thus compromising the integrity of the financial statements (Purba & Fuadi, 2023) .

Previous research also shows that leverage negatively impacts the integrity of financial reports. Several studies have found that the higher a company's leverage, the greater the likelihood of management engaging in earnings management, which reduces the reliability and honesty of the financial information presented. Therefore, increased leverage actually increases the risk of information distortion in financial reports and reduces their integrity. This finding is supported by Syarli (2021), who explains that leverage encourages companies to be more cautious in presenting financial information to avoid violating debt covenants. Based on the explanation above, the hypothesis developed in this study is:

H2: Leverage has a negative effect on the integrity of financial reports.

### **The Influence of Profitability on the Integrity of Financial Reports**

Profitability reflects a company's ability to generate profits from its operational activities. Companies with high profitability are generally considered to perform well and be financially healthy (Wardatama, 2025) . In the context of financial reporting integrity, companies with high profitability are less likely to manipulate financial data because their operational results naturally demonstrate positive performance. Therefore, the higher the profitability, the greater the likelihood that financial reports are prepared with integrity (Purba & Fuadi, 2023) .

Conversely, companies with low profitability or even losses may be motivated to embellish their financial statements to maintain their image in the eyes of investors and creditors. Management in this situation may be encouraged to manipulate earnings to appear more profitable. Such practices undermine the integrity of financial statements because the information presented does not reflect the true state of affairs (Wahyudi, 2022) .

Previous research has shown that profitability has a positive and significant impact on the integrity of financial reports. According to research by Purba and Fuadi (2023), companies with a high return on assets (ROA) tend to

present financial reports more honestly and transparently because they have no incentive to manipulate earnings. Similar findings were also expressed by Butar-Butar et al. (2021), who stated that the higher a company's profitability, the greater its management's commitment to maintaining the reliability and integrity of the financial information presented to the public. Thus, profitability serves as a performance indicator that can strengthen stakeholder trust in the authenticity of published financial reports.

In the context of hypothesis H2: Profitability has a positive and significant effect on Financial Report Integrity, meaning that the higher a company's profitability, the greater the integrity of its financial reports, and this relationship is statistically significant. This means that profitability not only shows a positive direction of influence, but the test results (e.g., p-value <0.05) confirm that the influence is truly present and consistent, not a coincidence. Thus, companies that are more profitable tend to maintain transparency, accuracy, and reliability in their financial reports. Based on the explanation above, the hypotheses to be developed in this study are:

H3: Profitability has a positive effect on the integrity of financial reports.

## **RESEARCH METHODS**

This study uses a quantitative approach with a causal explanatory design that aims to examine the causal relationship between Firm Size, Leverage, and Profitability on Financial Statement Integrity in banking sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024. The data used are secondary data in the form of annual financial reports and audited reports obtained from the official IDX website. The study population includes all banking companies listed on the IDX, with a sampling technique using purposive sampling based on certain criteria, namely companies that are consistently listed during the study period, publish complete financial reports, and have been public issuers for at least 15 years. The dependent variable in this study is financial statement integrity measured using the accrual approach, while the independent variables include Firm Size measured by the natural logarithm of total assets, Leverage measured by the debt ratio, and Profitability measured by Return on Assets (ROA).

The data collection method was carried out through documentation by reviewing the company's financial reports and supporting documents, while the data analysis technique used multiple linear regression to test the effect of independent variables on the dependent variable both simultaneously and partially. Before conducting the regression analysis, the data were tested through a series of classical assumption tests including normality,

multicollinearity, heteroscedasticity, and autocorrelation tests to ensure the feasibility of the regression model. Next, hypothesis testing was carried out using the t-test to determine the partial effect of each variable, as well as the coefficient of determination ( $R^2$ ) to assess the model's ability to explain variations in financial report integrity. The entire data analysis process was carried out using SPSS version 27 software to ensure the research results are objective, accurate, and scientifically accountable.

### Data Analysis and Discussion

#### Multiple Linear Regression Analysis

Multiple linear regression is a statistical analysis technique used to test the effect of two or more independent variables on a single dependent variable, either jointly or individually. This method aims to determine the direction and magnitude of the influence of each independent variable on the dependent variable, assuming a linear relationship between the variables.

**Table 1.**  
**Results of Multiple Linear Analysis**

Independent Variables	Coefficient B	Direction of Influence	Information
Firm Size	0.009	Positive	Increasing company size increases the integrity of financial reporting.
Leverage	-2.193E-5	Negative	Increased leverage reduces the integrity of financial reporting
Profitability	-0.003	Negative	Increased profitability reduces the integrity of financial reports
Growth	-0.018	Negative	Company growth reduces the integrity of financial reports

Source: data processing using SPSS27, 2026.

Based on the results of the multiple linear regression analysis presented in Table 4.7, the regression equation formed can be stated as follows:

$$ILK = -0.283 + 0.009 \text{ Firm Size} - 0.00002193 \text{ Leverage} - 0.003 \text{ Profitability} - 0.018 \text{ Growth} + e$$

The interpretation of each regression coefficient is as follows:

1. The Firm Size regression coefficient of 0.009 indicates that every one-unit increase in firm size increases financial statement integrity by 0.009, assuming other variables remain constant. This indicates that larger banking firms tend to present financial statements with a higher level of integrity.

2. The Leverage regression coefficient of  $-2.193E-5$  indicates that every one unit increase in leverage will decrease the integrity of financial statements by 0.00002193, assuming other variables remain constant. This finding indicates that the higher the company's debt level, the lower the integrity of financial statements due to the financial pressures faced by the company.
3. The profitability regression coefficient of -0.003 means that every one-unit increase in profitability will decrease the integrity of financial statements by 0.003, assuming other variables remain constant. This indicates that companies with high profitability tend to engage in earnings management, which can reduce the quality and integrity of financial statements.
4. The Growth regression coefficient of -0.018 indicates that every one-unit increase in company growth will decrease the integrity of financial reporting by 0.018, assuming other variables are held constant. This finding indicates that companies in a high-growth phase are more focused on business expansion, potentially neglecting the quality of financial reporting.

#### Coefficient of Determination Test

The coefficient of determination test, which is seen from the Adjusted  $R^2$  value, is used to measure the extent to which the independent variable is able to explain variations in the dependent variable. The Adjusted  $R^2$  value ranges from 0 to 1, where a value closer to 1 indicates that the model's ability to explain changes in the dependent variable is greater, while a value closer to 0 indicates that the contribution of the independent variable is relatively small. The evaluation is carried out by referring to the Adjusted R Square value listed in the Model Summary table of data processing results using SPSS. The use of Adjusted  $R^2$  is considered more accurate than  $R^2$  because it has taken into account the number of independent variables and sample size, so it can provide a more precise picture of the quality and strength of the regression model used.

**Table 2.**  
**Determination Coefficient Test**

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.599 <sup>a</sup>	.358	.325	.01694

Source: data processing using SPSS27, 2026.

Based on Table 4.8, the correlation coefficient (R) value of 0.599 indicates a fairly strong relationship between the variables of Firm Size, Leverage, Profitability, and Growth on Financial Statement Integrity. The Adjusted R

Square value of 0.325 indicates that the four independent variables are simultaneously able to explain 32.5% of the variation in Financial Statement Integrity in the banking companies studied. Meanwhile, 67.5% of the variation in Financial Statement Integrity is influenced by other factors outside this research model, such as the quality of corporate governance, management accounting policies, regulatory pressures, and internal company characteristics that are not included in the model. This indicates that although the regression model has quite good explanatory power, there are still other variables that play a role in determining the level of financial statement integrity.

**t-Test**

The t-test aims to assess the influence of each independent variable on the dependent variable individually by assuming the other independent variables remain constant. This test is carried out by paying attention to the calculated t value and the significance level (Sig.) contained in the Coefficients output from the regression analysis using SPSS. If the Sig. value is smaller than 0.05 or the calculated t value is greater than the t table, then the independent variable is stated to have a significant influence on the dependent variable so that the alternative hypothesis is accepted. Conversely, if the Sig. value is greater than or equal to 0.05 or the calculated t value is smaller than or equal to the t table, then the independent variable does not have a partial significant effect on the dependent variable.

**Table 3. t-test**

<b>Independent Variables</b>	<b>Direction of Influence</b>	<b>t count</b>	<b>Sig.</b>	<b>Information</b>
Firm Size	Positive	6,392	< 0.001	Significant
Leverage	Negative	-2,636	0.010	Significant
Profitability	Negative	-2,476	0.015	Significant

Source: data processing using SPSS27, 2026.

Based on the t-test results in Table 4.9, Hypothesis 1 (H1), which states that Firm Size influences Financial Report Integrity, is accepted. This is indicated by the calculated t-value of 6.392 with a significance level of <0.001, which is less than 0.05. The positive direction of the influence indicates that the larger the company size, the greater the integrity of the financial statements. This condition reflects that large companies have stricter oversight, better reporting systems, and higher demands for transparency from stakeholders.

Furthermore, Hypothesis 2 (H2), which states that leverage affects financial statement integrity, is accepted. The calculated t-value of -2.636 with a significance level of 0.010 indicates that leverage has a negative and significant effect on financial statement integrity. This means that the higher a company's

leverage level, the lower the integrity of its financial statements. This may occur because pressure to meet debt obligations encourages management to engage in less conservative reporting practices.

Meanwhile, Hypothesis 3 (H3), which states that profitability influences financial statement integrity, is also accepted. The test results show a t-value of -2.476 with a significance level of 0.015, which is smaller than 0.05, so profitability is proven to have a negative and significant effect on financial statement integrity. This finding indicates that increased profitability can encourage management to display more aggressive performance in financial statements, potentially reducing the level of financial statement integrity.

## **Discussion**

### **Firm Size on Financial Report Integrity**

Based on the t-test results, Firm Size was proven to have a positive and significant effect on Financial Report Integrity. The calculated t-value of 6.392 with a significance level  $<0.001$  indicates that firm size plays a significant role in improving financial report integrity. This indicates that companies with larger asset scales tend to present financial reports that are more reliable, transparent, and fairly reflect the company's economic condition.

Firm size reflects the extent of a company's resources, operational complexity, and level of exposure to the public and regulators. Larger companies generally have better internal control systems, adequate accounting technology support, and more competent human resources, enabling them to produce financial reports with a higher level of integrity than smaller companies.

From an agency theory perspective, large companies face higher agency costs due to the separation of ownership and management. To minimize conflicts of interest between management (agents) and owners (principals), large companies tend to increase the transparency and quality of their financial reporting. Presenting financial reports with integrity is a means of reducing information asymmetry and maintaining investor confidence.

The results of this study align with those of Damayanti et al. (2023), Galingging & Arieftiara (2024), and Triani et al. (2025), who stated that company size positively influences financial report integrity. However, these findings differ from those of Ananda (2020) and Sherina & Wijaya (2023), who found that company size had no significant effect, indicating differences in sample characteristics and research sectors.

### **Leverage on Financial Report Integrity**

The test results show that leverage has a negative and significant effect on financial statement integrity, with a t-value of -2.636 and a significance level of 0.010. This finding suggests that the higher a company's leverage level, the lower its financial statement integrity tends to be. High reliance on debt puts management under financial pressure, which can impact reporting quality.

Leverage reflects a company's debt-based funding structure. Highly leveraged companies have substantial contractual obligations to creditors, potentially leading management to under-report financial performance to better demonstrate financial performance and meet debt covenant requirements.

According to agency theory, high leverage increases conflicts of interest between management and creditors. Management, as agents, tends to have an incentive to manipulate financial information to appear more stable and profitable, thereby reducing the integrity of financial statements. This suggests that debt is a significant source of agency pressure.

The results of this study are consistent with the findings of Nurhalizah et al. (2023), Pratama et al. (2025), and Putri et al. (2024), which stated that leverage negatively impacts financial statement integrity. However, this contrasts with Butar-Butar et al. (2021) and Pangi & Weku (2023), who found no significant effect on leverage, thus reinforcing the inconsistency in the results of previous studies.

### **Profitability Against Financial Report Integrity**

Based on the t-test results, profitability has a negative and significant effect on financial statement integrity, with a calculated t-value of -2.476 and a significance level of 0.015. This finding indicates that increasing profitability is accompanied by a decrease in financial statement integrity. This indicates that companies with high profits have the potential to engage in more aggressive reporting.

Profitability reflects a company's ability to generate profits from its operational activities. Companies with high profitability often face pressure to maintain this performance in subsequent periods, which can encourage earnings management practices that can potentially compromise the integrity of financial statements.

Within the framework of agency theory, high profitability increases management's incentive to act opportunistically to maintain reputation and performance-based compensation. This situation can exacerbate information asymmetry between management and owners, risking underrepresentation of financial statements.

The results of this study align with those of Butar-Butar et al. (2021) and Dewanti & Karmudiandri (2023), who found that profitability influences financial statement integrity. However, these results differ from those of Purba & Fuadi (2023) and Tambun et al. (2025), who found that profitability had a positive effect, indicating that the influence of profitability on financial statement integrity remains contextual, depending on the sector and research period.

## **CONCLUSION**

Based on the test results and discussions, it can be concluded that Firm Size, Leverage, and Profitability have an influence on Financial Statement Integrity. Firm size has a positive effect, indicating that larger companies tend to present financial statements with a higher level of transparency and integrity due to public scrutiny and stronger accountability demands. Conversely, leverage and profitability have a negative effect on financial statement integrity, indicating that high reliance on debt or profit levels can encourage managerial pressure and more aggressive reporting practices, potentially reducing the quality and reliability of the financial information presented.

### **Suggestion**

Based on these conclusions, companies are advised to strengthen their governance and internal control systems, especially those with high leverage and profitability, to maintain the integrity of their financial statements. Investors and creditors are expected to focus not only on profit levels but also on company size and funding structure when making decisions. Furthermore, regulators need to increase oversight of financial reporting practices to minimize potential manipulation and increase public trust. Future researchers are advised to add other variables and expand the research object and period to achieve more comprehensive and generalizable results.

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