

## **ABSTRACT**

### **THE INFLUENCE OF CORPORATE GOVERNANCE MECHANISMS AND AUDITOR INDUSTRY SPECIALIZATION ON THE INTEGRITY OF FINANCIAL STATEMENTS**

*(Empirical Study of Banks Listed on the Indonesian Stock Exchange 2018 - 2023)*

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*Agency problems originate from the interests of the principal and management in achieving their utility goals through auditors. By applying the principles of corporate governance and industry specialization, auditors can have a huge influence in presenting financial reports with integrity, so that financial reports with high integrity can be used in decision making and can be used for users of the financial statements. This research aims to determine the influence of institutional ownership, managerial ownership, independent commissioners and auditor industry specialization on the integrity of financial reports and to find out how big this influence is. The research method used is quantitative, with data collection through purposive sampling. The research results show that the calculated F value  $> F$  table ( $13.380 > 2.50$ ) with a probability of  $0.000 < 0.05$  and the institutional ownership variable has a calculated t value  $> t$  table ( $2.201 > 1.993$ ), with a regression coefficient value of  $0.031 < 0.05$  meaning that institutional ownership has an effect on the integrity of financial reports, the managerial ownership variable has a calculated t value  $> t$  table ( $4.337 > 1.993$ ), with a regression coefficient value of  $0.000 < 0.05$ , meaning that managerial ownership has an effect on the integrity of financial reports, the independent commissioner variable has a calculated t value  $> t$  table ( $2.528 > 1.993$ ), with a regression coefficient value of  $0.014 < 0.05$ , meaning that independent commissioners have an influence on the integrity of financial reports, the auditor industry specialization variable has a calculated t value  $< t$  table ( $0.683 < 1.996$ ), with a regression coefficient value of  $0.496 > 0.05$  means that the auditor's industry specialization has no effect on the integrity of financial reports and the coefficient of determination is 0.7200. In conclusion, institutional ownership, managerial ownership, independent commissioners and auditor industry specialization can influence the integrity of financial reports by 72.00%.*

*Keywords: Corporate Governance Mechanism, Auditor Specialization, Financial Report Integrity*