

ABSTRACT

The desire to always look good by various parties motivates managers to improve company performance so that the company's existence will be maintained. However, in some cases there are managers failing to achieve their performance goals, forcing company management to manipulate certain parts, so that in the end present inappropriate information which will certainly harm many parties. Fraud committed by company managers to manipulate financial reports is known as fraud, while the fraudulent practice of financial reporting itself is better known as financial statement fraud.

The purpose of this study was to examine the effect of auditor switching, company size, audit quality on financial statement fraud with institutional ownership as a moderating variable. The population in this study only uses companies with manufacturing sectors listed on the IDX in the 2015-2018 period so that the sample obtained is only limited to 452 observations. The selection of manufacturing companies as research objects is because based on data from the Indonesian capital market directory (ICMD), the manufacturing sector is the number of large-scale issuers listed on the Indonesia Stock Exchange (IDX).

Based on the research results, it was found that auditor switching and company size had no direct effect on financial statement fraud. Meanwhile, audit quality directly affects financial statement fraud. Institutional ownership variable cannot moderate the effect of auditor switching on financial statement fraud. Institutional ownership variable cannot moderate the effect of company size on financial statement fraud. Meanwhile, the institutional ownership variable weakens the negative effect of audit quality on financial statement fraud.

Keywords: Auditor Switching, Company Size, Audit Quality, Institutional Ownership, Financial Statement Fraud.