ABSTRACT
The purpose of this study was to analyze the effect of profitability, leverage, institutional ownership on financial restatement with audit quality as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange for the period 2016-2020. The population in this study were all manufacturing companies listed on the Indonesia Stock Exchange period 2016 to 2020. The sampling technique used purposive sampling, obtained a sample of 129 companies. The data analysis method used is logistic regression. The results show that profitability has a negative effect on the probability of financial restatement. Leverage and institutional ownership do not affect the probability of financial restatement. Audit quality could not moderate the influence of profitability, leverage, and institutional ownership on the probability of financial restatement. Additional analysis reveals that institutional ownership is the difference between restatement and nonrestatement companies.

KEYWORDS
Profitability, Leverage, Institutional Ownership, Audit Quality, Financial Restatement

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Determinants of Financial Report Restatement with Audit Quality as Moderating Variable: Manufacturing Companies Listed in Indonesia Stock Exchange

Audit quality is generally, it can be seen from the size of the Public Accounting Firm. The larger the size of the KAP, the resulting financial statements have higher quality information reliability (Hidayat, 2012), so that the possibility of a restatement is lower. The novelty of this study is that it involves audit quality factors from the GCG element as a moderating factor for the influence of company characteristics on financial restatement, where previous studies mostly examined the direct relationship between company characteristics and financial restatement, while the role of audit quality as an external factor that also influenced financial restatement actions was rarely involved.

2. Literature Review

2.1 Agency Theory

Jensen and Meckling (1976) define an agency relationship as a contract in which one or more parties (principal) bind another party (agent) to carry out activities on behalf of the principal, which includes delegating decision-making authority to the agent. In the concept of agency theory, there is a separation of functions between the principal (company owner) and the agent (company manager). The company manager acts as an active part in making decisions related to the achievement of company goals with the authority that has been given by the owner, while the owner acts as the party that sets the company's goals and controls the actions taken by the company manager. However, by providing flexibility for company managers in making decisions regarding the accounting regulations used, it can lead to the possibility of opportunistic behavior, and stated by Meryana and Setiany (2020) that the agent's egotistical attitude can risk fraud, sell products at prices lower than market prices, and maintain positions even though they no longer have the competence.

2.2 Signaling Theory

Signaling theory is the information signals needed by investors to consider and determine whether or not investors will invest their shares in the company concerned. According to this theory, good quality companies will deliberately give signals to the market. Thus the market is expected to be able to distinguish between good and bad quality companies. In order for the signal to be effective, it must be able to be captured by the market and perceived well and not easily imitated by quality companies. In this study, good quality companies will later give a signal by submitting their financial statements appropriately and accurately or not restating their financial statements. This cannot be imitated by poor-quality companies. Poor quality companies will tend not to be on time in submitting their financial statements. One type of information issued by a company that can be a signal for parties outside the company, especially for investors, is the annual report (Scott, 2009).

2.3 Financial Restatement

The restatement of financial statements occurs when the company’s internal control is considered low so that the financial reporting system cannot be controlled properly, which results in many errors in the presentation of financial statements (Mao, 2018). A restatement of financial statements may occur when a company, either voluntarily or requested by an auditor or regulator, revises previously reported public financial information. The restatement of financial statements can also be defined as the revision and publication of one or more of the company’s previous financial statements. This restatement is required when it is determined that the foregoing statement contains material inaccuracy. The restatement of financial statements will be detrimental to the company itself, in addition to stakeholders feeling doubt about the quality of corporate governance. It can also cause top management to make mistakes in decision-making (Pathak et al., 2020). The restatement is consistent with previous research (Wang & Wu, 2011; Albring et al., 2013) measured by a dummy variable:

2.4 Profitability

The company's profitability shows the company's ability to generate profits by utilizing its resources such as assets and equity. According to Kasmir (2016), profitability is the ratio used to assess the company's ability to seek profit. To measure the level of profit of a company, profitability ratios are used. Profitability is a measure of the company's ability to generate profits, both in relation to sales, assets, and certain share capital. This ratio provides a measure of the level of management effectiveness of a company. Profitability is used to measure the effectiveness of overall management as indicated by the size of the level of profit earned in relation to sales and investment. Utami’s research (2006) found that the issuer’s profit and loss have a significant effect on audit delay, which means that the greater the loss experienced by the company, the greater the possibility of audit delay. Research (Chi & Sun, 2014 and Alfonso et al., 2018) found that there was a negative relationship between profitability and restatement. Profitability measurement is consistent with previous research (Alfonso et al., 2018; Chi & Su, 2014) using return on assets (ROA):

H1: Profitability has a negative effect on the probability of the company doing financial restatement
2.5 Leverage
Leverage shows the company's ability to use its debt to increase its assets. The leverage ratio can be used to estimate the company's ability to pay off its debts; high leverage faces the risk of default (Ibrahim & Suryaningih, 2016). The ratio is used to calculate how much the percentage of debt and assets exist in the company. The higher the percentage of debt in the company tends to increase the possibility of restatement because a high level of debt in the company will encourage company management to take steps to keep investors willing to invest their shares. Research (Wang & Wu, 2011; Hsin et al., 2011; and Chi & Sun, 2014) found a positive relationship between debt levels and restatement. The measurement of leverage is consistent with previous research by Wang & Wu (2011) by using a debt to equity ratio (DER) proxy:

H2: Leverage has a positive effect on the probability of the company doing financial restatement

2.6 Good Corporate Governance (GCG)
The implementation of corporate governance helps stakeholders in carrying out company supervision so that they can report on the presentation of quality financial statements (Zhizhong et al., 2011; Utami et al. (2021). Corporate governance is a series of interconnected and useful as a system of management, direction, and leadership of a business that aims to increase the value of the company in the eyes of investors (Butar, 2018). Furthermore, according to Faliana and Utami (2020) that corporate governance affects the quality of financial statements. This is also stated by Utami et al. (2021) that corporate governance also affects the level of disclosure of financial statements.

a. Institutional Ownership
Institutional ownership will increase the supervision of the company by institutional investors so as to minimize opportunistic management behavior and reduce the incidence of restatement of financial statements (Kusumo and Meiranto, 2014). Institutional ownership is share ownership in a company owned by an institution. Investors in institutional share ownership can supervise so that management can improve the company's financial performance, which has an impact on company value (Sulistiyani, 2020). Research by Veronica and Bachtir (2014) found that if the ownership of the company is owned by an institution/company, the less likely it is that there will be a restatement of financial statements. Calculation of institutional ownership with an indicator of the percentage of the number of shares owned by the institution divided by the number of outstanding shares (Khurana dan Moser 2009).

H3: Institutional ownership has a negative effect on the probability of the company doing financial restatement

b. Audit Quality
DeAngelo (1981) defines audit quality as the combined probability of detecting and reporting material errors in financial statements. Audit quality is seen as the ability to enhance the quality of the company's financial reporting. With high audit quality is expected to increase investor confidence. Ulina et al. (2018) state that audit quality is indicated by the auditor’s ability to detect and report fraud and material misstatements contained in the client's financial statements. This is consistent with previous research (Alfonso, 2018; Chi & Sun, 2014), which found that there was a significant negative effect between the size of a public accounting firm and the occurrence of restatements. Measurement of audit quality by classifying the size of Public Accountant Firm into two, namely Big Four Public Accountant Firm or affiliated with Big Four Public Accountant Firm and Non-Big Four Public Accountant Firm or not affiliated with Big Four Public Accountant Firm.

H4 : Audit quality strengthens the negative effect of profitability on the probability of a company doing financial restatement
H5 : Audit quality weakens the positive influence of Leverage on the probability of the company doing financial restatement
H6 : Audit quality strengthens the negative influence of institutional ownership on the probability of a company doing financial restatement

2.7 Company Size
Company size is a value that shows the size of the company. Sizes commonly used to represent company size include total sales, total assets, and market capitalization. The greater the value of total sales, total assets, and market capitalization, the greater the size of the company (Palma et al., 2018). According to Agustina and Aris (2016), company size is a scale that can classify companies into large and small companies by comparing the total assets or total assets of the company, stock market value, average level of sales, and total sales. The greater the total assets of the company, the more the company's productivity will increase. Firm size is consistent with previous research (Alfonso et al., 2018; Chi & Su, 2014) as measured by the natural logarithm (ln) of total assets.
Based on the description of the theoretical review, a schematic framework can be formed as shown in Figure 1 below:

![Figure 1. Research Framework](image)

### 3. Methodology

This study uses a quantitative approach which is to explain the causal relationship between variables through hypothesis testing. The independent variables in this study are profitability, leverage, and institutional ownership. Then the dependent variable in this study is financial restatement with audit quality as a moderating variable. The population in this study are Manufacturing Companies Listed on the Indonesia Stock Exchange for the period 2016-2020. The sample is determined by a non-probability sampling method. The criteria for determining the sample are as follow:

a. Manufacturing sector companies that consistently publish annual reports for the period 31 December 2016-2020
b. Manufacturing sector companies that have complete annual report data in accordance with the needs of this research
c. Financial statements are presented in the rupiah currency.

Based on the sampling criteria above, the number of samples obtained is 129 companies. The data in this study is secondary data, namely data in the form of company performance reports that have been available on the Indonesia Stock Exchange period 2016 to 2020. The analysis model used in this study is logistic regression. The following Table 1 describes the measurements of research variables:
Table 1. Summary Measurement of Variables

| Variable                        | Measurement                                                                 | Scale   | Reference                                  |
|---------------------------------|-----------------------------------------------------------------------------|---------|--------------------------------------------|
| **Dependent**                   |                                                                             |         |                                            |
| Financial report Restatement    | Dummy variable, where: Value 1 if restatement; Value 0 if not restatement.  | Nominal | Alfonso et al. (2018)                      |
| **Independent**                 |                                                                             |         |                                            |
| Profitability (X1)              | ROA = Net Profit/Total Assets                                               | Ratio   | Wang & Wu (2011); Albring et al (2013)    |
| Leverage (X2)                   | DER = Total Debt / Total Equity                                             | Ratio   | Alfonso et al (2018); Chi & Su (2014)    |
| Institutional Ownership (X3)    | KI = Number of Institutional Share Ownership / Number of outstanding shares | Ratio   | Khurana dan Moser (2009)                  |
| Company Size (X4)               | Natural logarithm (ln) of the company’s total assets at the end of the year | Ratio   | Wang & Wu (2011)                          |
| **Moderation**                  |                                                                             |         |                                            |
| Audit Quality                   | dummy variable, where Value 1 if using auditors from Big Four Public Accountant Firm; Value 0 if using auditor from Non-Big Four Public Accountant Firm | Nominal | Alfonso et al, (2018); Hsin et al (2011); Chi & Su (2014) |

Source: Results of Previous Research Review

4. Results and Discussion

4.1 Descriptive Statistics Test

The number of samples is 129 companies for 4 years reveals 516 data which are the financial statements of manufacturing companies for the period 2017-2020. The results of Descriptive Statistics are shown in Table 1 below:

| Variable                        | N    | Minimum | Maximum | Mean     | Std. Deviation |
|---------------------------------|------|---------|---------|----------|----------------|
| Profitability (X1)              | 516  | -1,0498 | 0,921   | 0,035785 | 0,1217307      |
| Leverage (X2)                   | 516  | -753,5417 | 114,2896 | 0,193202 | 33,9466927     |
| Institutional Ownership (X3)    | 516  | 0       | 1       | 0,707657 | 0,2089719      |
| Company Size (C)                | 516  | 89,327  | 351,958,000 | 11,822,942 | 35,301,171     |
| Restatement                     | 104  |         |         |          |                |
| Not Restatement                 | 412  |         |         |          |                |
| Valid N (listwise)              | 516  |         |         |          |                |

Source: Results of Data Processing with SPSS 24 (2021)

The profitability variable has a minimum value of -1.0498 and a maximum value of 0.9210 with a mean value of 0.035785 and a standard deviation of 0.1217307. These results explain that, on average, the ability to manufacture companies to generate a return...
Determinants of Financial Report Restatement with Audit Quality as Moderating Variable: Manufacturing Companies Listed in Indonesia Stock Exchange

on assets used is 3.5%, but the maximum value of achieving ROA of manufacturing companies reaches 9.2%, far above the value of the risk-free interest rate (SBI) which ranges from Rp. 4.5%.

The leverage variable has a minimum value of -753.5417 and a maximum value of 114.2896 with a mean value of 0.193202 and a standard deviation of 33.9466927. These results explain that, on average, the debt level of manufacturing companies is quite controlled, or only a small part of the company's capital is financed from debt. This means that the position of the solvency level of manufacturing companies is in good condition because only 19% of the total capital is financed from debt.

The institutional ownership variable has a minimum value of 0.0000 and a maximum value of 1.000 with a mean value of 0.707657 and a standard deviation of 0.2089719. This result explains that the average share ownership of manufacturing companies is owned by institutional shares, which reaches 70.7%, and there are even companies whose institutional ownership shares reach 100%.

The company size variable has a minimum value of IDR 89,327 and a maximum value of IDR 351,958,000 with a mean value of IDR 11,822,942 and a standard deviation of IDR 35,301,171. These results explain that, on average, manufacturing companies have assets that are large enough to reach IDR 11,822,942; this shows the investment growth of manufacturing companies is quite good. There are even manufacturing companies whose asset ownership reaches IDR 351,958,000.

There are 104 financial statements that have been restated and 412 financial reports that have not been restated by the company's management. And of the 104 financial statements that carried out the restatement, 18 were included in the type of accounting policy restatement, and 86 were included in the error correction type, as shown in the following table.

| Restatement Type       | Year | Total Each Type of Restatement |
|------------------------|------|-------------------------------|
|                        | 2017 | 2018 | 2019 | 2020 |                   |
| Accounting Policy      | 4    | 4    | 2    | 3    | 13               |
| Error Correction       | 15   | 27   | 19   | 30   | 91               |
| Total Each Year        | 19   | 31   | 21   | 33   | 104              |

Based on table 3, it can be explained that of the 104 restated financial statements, 13 were caused by accounting policies, and 91 were caused by error correction.

4.2 Logistics Regression Analysis

Logistic regression is a regression that is used to test whether the probability of occurrence of a related variable can be explained by the independent variable. The logistic regression analysis technique no longer requires normality tests and classical assumption tests on the independent variables (Ghozali, 2011). The stages in testing using a logistic regression test can be explained as follows (Ghozali, 2011).

a. Feasibility Test of Logistics Regression Model

In assessing the feasibility of the regression model, it can be seen from the table of Hosmer and Lemeshow's Goodness of Fit Test on the Chi-square value. The model can predict the value of the observation, and the model can be accepted if the value of Hosmer and Lemeshow's Goodness of Fit Test > 0.05.

| Table 4. Hosmer and Lemeshow's Goodness of Fit Test |
|----------------------------------------------------|
| Chi-square | df   | Sig.  |
| Model 1    | 17,306 | 8 | 0.027 |
| Model 2    | 5,152  | 8 | 0.741 |

Source: Results of Data Processing with SPSS 24 (2021)

The results of the Hosmer and Lemeshow's Test model 1 test were rejected, this was because they obtained a significance value of 0.027 < 0.05. Thus, model 1 has not been able to predict the value of the observation. Furthermore, it is known that the Hosmer and Lemeshow's Test model 2 test results are accepted, this is because it has a significant value of 0.741. Thus, the model predicts the value of the observation, or the model can be accepted because it matches the observation data so that this model can be used for further analysis.
b. Classification Matrix Test

A classification matrix test is a number that indicates that the strength of the logistic regression model used to predict audit quality is produced by manufacturing companies. The classification matrix is presented in the following table.

| Table 5. Classification Matrix (Model 1 Without Moderation) |
|-------------------------------------------------------------|
| Financial Restatement | Percentage Correct |
| Not Restatement | Restatement |
| 412 | 0 | 100 |
| 104 | 1 |
| Overall Percentage | 80 |

Source: Results of Data Processing with SPSS 24 (2021)

The results of the classification matrix model 1 can be explained that overall from 129 companies (516 data), 80% can be predicted correctly by this logistic regression model. The high percentage of the accuracy of the classification table supports the absence of a significant difference to the predicted data and observational data, which shows that it is a good regression model.

| Table 6. Classification Matrix (Model 2 With Moderation) |
|-------------------------------------------------------------|
| Financial Restatement | Percentage Correct |
| Not Restatement | Restatement |
| 412 | 0 | 100 |
| 104 | 1 |
| Overall Percentage | 80 |

Source: Results of Data Processing with SPSS 24 (2021)

The results of the classification matrix model 2 can be explained that overall from 129 companies (516 data), 80.0% can be predicted correctly by this logistic regression model. The high percentage of the accuracy of the classification table supports the absence of a significant difference to the predicted data and observational data, which shows that it is a good regression model.

c. Overall Fit Model Test

This test is done by comparing the value between -2 log likelihood at the beginning with -2 log likelihood at the end. The value is -2 Log Likelihood at the beginning (Block Number = 0), where the model only includes constants, and -2 Log likelihood at the end (Block Number = 1), where the model has included constants and independent variables. There is a reduction in the value between the initial -2 log likelihood and the value in the next step, namely -2 final log likelihood, indicating that the hypothesized model fits the data. This study resulted in a value of -2 Log likelihood at the beginning and at the end; it can be seen in the table below.

| Table 7. Iteration History -2 Log likelihood (Model 1) |
|--------------------------------------------------------|
| Iteration History^a,b,c |
| Iteration | -2 Log likelihood | Coefficients Constant |
| Step 0 | 1 | 521,503 | -1,194 |
| 2 | 518,632 | -1,368 |
| 3 | 518,626 | -1,377 |
| 4 | 518,626 | -1,377 |

^a. Constant is included in the model.
^b. Initial -2 Log Likelihood: 518,626
^c. Estimation terminated at iteration number 4 because parameter estimates changed by less than 0.001.

Source: Results of Data Processing with SPSS 24 (2021)
Table 8. Assessing Model Fit (Model 1)

| Iteration | -2 Log likelihood | Coefficients | | | |
|-----------|-------------------|--------------|----------------|----------------|----------------|
|           |                   | Constant     | Profitability  | Leverage       | Institutional Ownership | Company Size |
| Step 1    |                   | -1,980       | -1,292         | 0.002          | -0.203          | 0.066       |
| 1         | 515,756           | -1,980       | -1,292         | 0.002          | -0.203          | 0.066       |
| 2         | 511,510           | -2,585       | -2,045         | 0.003          | -0.306          | 0.101       |
| 3         | 511,469           | -2,659       | -2,167         | 0.003          | -0.320          | 0.106       |
| 4         | 511,469           | -2,660       | -2,169         | 0.003          | -0.321          | 0.106       |
| 5         | 511,469           | -2,660       | -2,169         | 0.003          | -0.321          | 0.106       |

a. Method: Enter  
b. Constant is included in the model.  
c. Initial -2 Log Likelihood: 518,626  
d. Estimation terminated at iteration number 5 because parameter estimates changed by less than 0.01.

Source: Results of Data Processing with SPSS 24 (2021)

The two tables above show the value of -2 Log likelihood model 1 at the beginning is 518,626. After three independent variables were entered, the value of -2 Log likelihood at the end became 511,469. The value of -2 Log likelihood which has decreased, indicates that the regression model fits the data.

Table 9. Iteration History -2 Log likelihood (Model 2)

| Iteration | -2 Log likelihood | Coefficients |
|-----------|-------------------|--------------|
|           |                   | Constant     |
| Step 0    |                   | -1,194       |
| 1         | 521,503           | -1,194       |
| 2         | 518,632           | -1,368       |
| 3         | 518,626           | -1,377       |
| 4         | 518,626           | -1,377       |

a. Constant is included in the model.  
b. Initial -2 Log Likelihood: 518,626  
c. Estimation terminated at iteration number 4 because parameter estimates changed by less than 0.01.

Source: Results of Data Processing with SPSS 24 (2021)
Table 10. Assessing Model Fit (Model 2)

| Iteration History | -2 Log likelihood | Constant | Profitability | Leverage | Kepemilikan | Institusional | Ukuran Perusahaan | Kos Ultrathin | Profitabilitas*Kualitas_Audit | Leverage*Kualitas_Audit | Keplin*$Kualitas_Audit |
|-------------------|-------------------|----------|---------------|----------|-------------|----------------|--------------------|--------------|-----------------------------|--------------------------|-------------------------|
| Ste p 1           | 514.080           | -2.048   | -1.429        | .002     | .152        | .054           | .713               | .365         | -.008                       | -1.995                |
| 2                 | 509.615           | -2.668   | -2.242        | .003     | .211        | .082           | .968               | .502         | -.013                       | -1.358                |
| 3                 | 509.567           | -2.741   | -2.376        | .003     | .216        | .086           | .995               | .501         | -.014                       | -1.393                |
| 4                 | 509.567           | -2.741   | -2.378        | .003     | .215        | .086           | .995               | .501         | -.015                       | -1.393                |
| 5                 | 509.567           | -2.741   | -2.378        | .003     | .215        | .086           | .995               | .501         | -.015                       | -1.393                |

a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihood: 518,626
d. Estimation terminated at iteration number 5 because parameter estimates changed by less than 0.001.

Source: Results of Data Processing with SPSS 24 (2021)

The value of -2 Log likelihood model 2 at the beginning is 518,626. After three independent variables were entered, the value of -2 Log likelihood at the end became 509.567. The value of -2 Log likelihood which has decreased, indicates that the regression model fits the data.

d. Coefficient of Determination Test (Nagelkerke’s R Square)

This test is conducted to see how much variation of the dependent variable (financial restatement) can be explained by the independent variables studied (profitability, leverage, and institutional ownership). Nagelkerke’s R Square test results are listed in the table.

Table 11. Nagelkerke R Square

| Model Summary | -2 Log likelihood | Cox & Snell R Square | Nagelkerke R Square |
|---------------|-------------------|----------------------|---------------------|
| Model 1       | 511,469a          | .014                 | .022                |
| Model 2       | 509,567a          | .017                 | .027                |

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than 0.001

Source: Results of Data Processing with SPSS 24 (2021)

The value of Nagelkerke R Square is 0.022. These results indicate that the variation of financial restatement variables can be explained by profitability, leverage, institutional ownership, and company size by 2.2%, while the remaining 97.8% is explained by other variables outside this research model.

The Nagelkerke R Square value was found to be 0.027. These results indicate that variations in financial restatement variables can be explained by profitability, leverage, institutional ownership, firm size, and audit quality by 2.7%, while the remaining 97.3% is explained by other variables outside this research model.

4.3 Hypothesis test

The results of the logistic regression test can be seen as follows:
The first hypothesis obtained a regression coefficient of -2.169 with a significance level (Sig.) of 0.031 < 0.05. Because the significant level is smaller than = 0.05, the 1st hypothesis is accepted. The higher the level of profit owned by the company, the company no longer needs to make policy changes to inform the company’s profit level as if it were good in the eyes of users and readers of financial statements. The higher the profitability, the higher the efficiency of the company in utilizing company facilities. High profitability will increase competition between companies and the confidence of company management so that management no longer needs to take disgraceful actions that can cause financial statements to be restated (restatement). The results of this study are not in line with previous research conducted (Wang & Wu, 2011; Hsin et al., 2011; Chi & Sun, 2014 and Alfonso et al., 2018), which found that there was a negative but not significant relationship between profitability and restatement.

The second hypothesis obtained a regression coefficient of 0.003 with a significance level (Sig.) of 0.574 > 0.05. Because the significant level is greater than = 0.05, the second hypothesis is rejected. The higher the leverage, the higher the debt value than the equity and the less good performance, which will trigger the management to manipulate the leverage figures. This causes misstatements so that the company does financial restatement (Nugroho and Lindrawati, 2021). The results of this study support the research of Nugroho and Lindrawati (2021); Ramadhanti and Suryani (2020); Janrosly and Yuliadi (2019), which stated that leverage had no effect on the financial restatement. One of the reasons why leverage has no effect on financial restatement is the average debt level (DER) of manufacturing companies in Indonesia is quite low, which is only 19%, which means that the company’s capital is financed from debt by only 19%. This fairly low level of debt is one of the factors that causes management to be unmotivated to carry out a financial restatement policy. This condition makes the level of management’s interest in increasing investor confidence through financial restatement policies to be low because most of the company’s funding comes from its own capital or internal funding sources.

The third hypothesis obtained a regression coefficient of -0.321 with a significance level (Sig.) of 0.536 > 0.05. Because the significant level is greater than = 0.05, the third hypothesis is rejected. The results of this study are in line with Ulfa’s research (2016) which shows that institutional ownership has no effect on the occurrence of restatements. The same results were also found by research by Nugroho and Lindrawati (2021), which stated that institutional ownership had no effect on the financial restatement. The reason why institutional ownership has no effect on financial restatement is the average number of institutional ownership of manufacturing companies in Indonesia is still in the percentage of 70%, while individual ownership is still quite high at 30%. There is no significant influence of institutional ownership factors on financial restatement in accordance with the theoretical concept that institutional ownership will increase corporate supervision by institutional investors so as to minimize opportunistic management behavior and reduce the incidence of restatement of financial statements (Kusumo and Meiranto, 2014).

The fourth hypothesis obtained a regression coefficient value of 0.501 with a significance level (Sig.) of 0.824 > 0.05. Because the significant level is greater than = 0.05, the 4th hypothesis is rejected. There is no influence of audit quality as a moderator on the relationship between profitability and financial restatement because of the 516 audit financial reports of manufacturing companies during 2017-2020; only 185 financial statements were audited by big four KAPs affiliated with foreign KAPs. Thus, below 50% of the financial statements of manufacturing companies are not audited by KAPs that have an audit reputation or are not big four KAPs; this is one of the reasons why audit quality cannot moderate the effect of profitability on the financial restatement. The results of this study do not agree with the research conducted by Ulfa (2016), Hasnan and Hussain (2015), which resulted in the findings that the independence of the board of commissioners, audit committee expertise, institutional ownership, blockholders, and audit quality have a significant influence on the occurrence of restatements.

The fifth hypothesis obtained a regression coefficient of -0.015 with a significance level (Sig.) of 0.667 > 0.05. Because the significant level is greater than = 0.05, the 5th hypothesis is rejected. The results of this study are in line with the research of Putri and Setiawati (2021), which states that audit quality does not moderate the leverage relationship on corporate earnings management. If the

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**Table 12. Hypothesis Testing Results**

|                | B     | Sig.   | Result |
|----------------|-------|--------|--------|
| Profitability  | -2.169| 0.031  | Accepted|
| Leverage       | 0.003 | 0.574  | Rejected|
| Institutional Ownership | -0.321 | 0.536 | Rejected|
| Profitability*Quality_Audit | 0.501 | 0.824 | Rejected|
| Leverage*Quality_Audit | -0.015 | 0.667 | Rejected|
| Ins*Quality_Audit | -1,393 | 0.195 | Rejected|

Source: Results of Data Processing with SPSS 24 (2021)
leverage ratio is low, management continues to practice earnings management by ignoring the presence of the Big Four KAPs, who assess the possibility of materiality misstatements on the financial statements presented by the company's management. Because the condition of the debt level of manufacturing companies is low, with a DER value of 19%, there is no strong motivation for management to carry out a financial restatement policy so that the quality of auditors does not moderate the effect of leverage on the probability of financial restatement.

The sixth hypothesis obtained a regression coefficient of -1.393 with a significance level (Sig.) of 0.195 > 0.05. Because the significant level is greater than = 0.05, the 6th hypothesis is rejected. The results of this study support the research of Siregar and Rahyu (2018), which states that institutional share ownership has no effect on the restatement. The ineffectiveness of the role of audit quality in influencing the relationship of institutional ownership to the probability of financial restatement is in line with the theoretical concept that audit quality is the optimal ability and accuracy in analyzing data regarding the financial statements of an audited company, able to provide an opinion statement regarding the audit results objectively or is independently based on various evidence obtained.

4.4 Additional Analysis of Mean Difference Test (Compare Mean)
This sub-chapter contains additional analysis to find out whether there are differences in the ratio of profitability, liquidity, leverage in companies that do financial reporting restatements with companies that do not restate financial reporting. The test results of the average difference test are as follows:

| Paired Samples Test | Do restatement - not restatement | Sig. (2-tailed) |
|---------------------|----------------------------------|-----------------|
| Profitability       |                                  | .433            |
| Leverage            |                                  | .446            |
| Institutional Ownership |                              | .030            |

Source: Results of Data Processing with SPSS 24 (2021)

Profitability obtained a significant value of 0.432 > 0.05 (alpha 5%). Thus, it can be concluded that the profitability of manufacturing companies has no difference in manufacturing companies that perform financial reporting restatements with manufacturing companies that do not restate financial reporting.

Leverage obtained a significant value of 0.446 > 0.05 (alpha 5%). Thus, it can be concluded that the leverage of manufacturing companies has no difference in manufacturing companies that perform financial reporting restatements with manufacturing companies that do not restate financial reporting.

Institutional ownership has a significant value of 0.03 < 0.05 (alpha 5%). Thus, it can be concluded that the institutional ownership of manufacturing companies has a significant difference in manufacturing companies that do financial reporting restatements with manufacturing companies that do not restate financial reporting. These results explain that the proportion of institutional share ownership can be one of the factors that can encourage or motivate the management of manufacturing companies to carry out financial reporting restatement policies.

5. Conclusion and Suggestions
5.1. Conclusion
Profitability has a negative effect on the probability of financial restatement in Manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2020. However, leverage and institutional ownership have no effect on the probability of financial restatement in manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2020. The audit quality variable cannot moderate the effect of profitability, leverage, institutional ownership on the probability of financial restatement in manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2020. For the results of the average difference test, it is concluded that the institutional ownership of manufacturing companies has a significant difference in manufacturing companies that perform financial reporting restatements with manufacturing companies that do not restate financial reporting, but profitability and leverage do not have significant differences.
5.2 Suggestions
Suggestions for investors are that companies with large institutional ownership tend to be more trustworthy because the opportunity to make a correction is getting smaller. It is also recommended for further researchers to examine other independent variables that are suspected to be factors that will affect financial restatements, such as family ownership, government ownership, and relationships between related parties.

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