THE EFFECT OF HEXAGON FRAUD ON FRAUD FINANCIAL STATEMENTS WITH GOVERNANCE AND CULTURE AS MODERATING VARIABLES

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Abstract
The purpose of this study is to obtain empirical evidence regarding the factors that influence financial statement fraud with governance and culture as moderation variables. Factors triggering financial statement fraud using the Fraud Hexagon Model (Vousinas, 2019) which consists of stimulus, opportunity, capability, rationalization, ego and collusion. This research uses the analysis unit of banking sector companies listed on the Indonesia Stock Exchange with a research period of 2014-2020. The results of sampling using purposive sampling techniques obtained 231 observation data. The results of empirical data testing showed that opportunity had a positive effect on financial statement fraud both when it was not moderated or moderated by governance and
culture. Governance and culture weakens the influence of opportunities on financial statement fraud. But other variables in the form of pressure, rationalization, capability, ego/ arrogance and collusion have no effect on financial statement fraud.

**Keywords:** Capability; Collusion; Ego; Financial statement fraud; Opportunity; Pressure; Rationalization; Unintegrity.

**JEL Classification:** C12, C13, C33, M14, M41, M42, O16

Submission date: March 2022  
Accepted date: April 2022

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**INTRODUCTION**

Financial statements are one form of management responsibility to stakeholders so that they must be presented with proper representation and free from errors. Cases of fraud in the presentation of financial statements are still rife, this shows that the fraud prevention system has not been running effectively. Some cases related to fraudulent presentation of financial statements, including the case of PT Garuda Indonesia (Persero) in 2019 which reported a surge in net profit from 2017 to 2018. The company's books in 2017 showed a loss of US $ 216.58 million, the figure jumped sharply in 2018 with a profit of US $ 809. After investigation by the Ministry of Finance and the Financial Services Authority the condition was caused by an error in the recognition of the company's income (Tempo, 2019).

Fraud is an unlawful act that is carried out deliberately by parties from within or outside the organization to get benefits from each other party or group to the detriment of other parties (ACFE, 2000). Research related to the factors that trigger the act of financial statement fraud has been widely done using various models including Fraud Triangle (Cressey, 1953), Fraud Diamond (Wolfe and Hermanson, 2004) Which adds one factor: one's capability. It later evolved into Pentagon Fraud and hexagon fraud (Vousinas, 2019). Lastanti (2020) proves that pressure, opportunity and rationalization affect financial statement fraud either by moderation or without moderating the number of audit committees while other variables in the form of capability and arrogance have no effect. Research results. Zaki (2017) shows that there is a significant difference between the Diamond Fraud Model and the Fraud Triangle Model in assessing the likelihood of fraud. Sari and Nugroho’s research (2020) shows that stimulus, ego and collusion factors affect financial statement fraud, while financial stability, external pressure and financial targets, capabilities, effective monitoring and rationalization have no effect.

The study aimed to examine the factors influencing fraud on financial statements using the Vousin as model (2019). These factors include stimulus/pressure, opportunity, rationalization, capability, ego and collusion. In addition, this study will also test empirically whether governance and culture can moderate these influences. This research develops governance and culture measurements using the encryption of corporate governance and culture.
REVIEW OF LITERATURE AND HYPOTHESES

Agency Theory
Agency theory developed by Jensen and Meckling (1976) describes an agency relationship that is a contract in which one or more owners hire another person in which the manager to carry out activities on behalf of the owner that involve delegation of authority for decision-making to the manager. But in carrying out the contract can cause differences in interests between the owner and the manager so that it can cause agency conflict.

Positive Accounting Theory (PAT)
The Positive Accounting Theory by Watts and Zimmerman (1986) explains that there are three hypotheses for testing a manager's ethical or opportunistic behavior in managing earnings reports. The three hypotheses are bonus plan hypothesis, Debt/Equity Hypothesis and Political Cost Hypothesis. The management of accounting figures can result in the emergence of financial statement fraud.

Financial Reporting Fraud
Financial statement fraud "constitutes intention, intentionality, misstatement or omission of material facts, or misleading accounting data and when considered with all available information it will cause the user of the report to change its balance or decision" (ACFE, 2000) Financial statement fraud can be measured using profit management (Iqbal & Murtanto, 2016). Profit management is a deliberate error or omission in making financial statements with material data or misleading accounting data so that the information used to make judgment of the person reading it can replace or change his opinion or decision (NACFE, 1993). Measurement of profit management as a proxy financial statement fraud can use various models including jones model (1991), Beneish M-Score (1999), Beaver & Engel Model (1996) and Kanagaretnam mode (2010).

Fraud Hexagon Model
A person performing an act of oblivion in the presentation of the company's financial statements is influenced by several factors. These factors are the Fraud Hexagon or S.C.C.O.R.E Model developed by Vousinas (2019). These factors include:

a. Stimulus/Pressure, is a motive that encourages a person to commit fraud. Stimulus/Pressure includes Financial Stability, External Pressure, Personal Financial Need and financial targets.
b. Opportunities, is a situation that allows a person to commit acts of fraud. Opportunity includes nature of industry, ineffective Monitoring.
c. Rationalization is the process of mentally justifying an act of cheating. Rationalization is an attitude that allows a person to commit fraud, and considers his actions in committing an act of crime that is not wrong.
d. Capability, is the personal traits and abilities that play a major role that causes fraud to actually occur with the presence of three other elements, namely pressure, opportunity and rationalization.
e. Ego/Arrogance, is a sense of superiority, mastery and admiration of others towards one's self.
f. Collusion, is an agreement or agreement between two or more persons to commit fraud and take away the rights of another person or other party. Collusion within the company, among others, is triggered by political relations (Political Connection).

Governance and Culture

Governance and culture published in COSO ERM (2017) can direct and shape the image of an organization. Governance can determine the direction of an organization's journey, strengthen and establish supervisory responsibilities for conducting corporate risk management. Culture is concerned with ethical values, desired behavior, and an understanding of risks within an entity. The principles in the governance and culture component include:
1. The board of directors provides supervision of the strategy and carries out governance responsibilities to support management in achieving business strategies and objectives.
2. The organization establishes the operating structure in pursuit of business strategies and objectives.
3. The organization defines the desired behavior that characterizes the desired culture of the entity.
4. The organization demonstrates a commitment to the core values of the organization.
5. The organization is committed to building human resources that are aligned with business strategies and objectives.

Hypothesis Development

Effect of Stimulus/Pressure on Financial Statement Fraud

Stimulus/Pressure is a push or motivation or goal that wants to be achieved but limited by the inability to achieve it so that it can cause someone to commit fraud (Albrecht, et al, 2012). One of the triggers of pressure is the stability of the company's financial condition. Becker, et al, (2006) found that the higher the pressure faced by a person, the greater the likelihood of cheating. Based on the description mentioned above, the hypothesis is formulated as follows:

H₁: Pressure Affects Financial Statement Fraud

Opportunity's Effect on Financial Statement Fraud

Opportunity according to is a situation that allows a person to commit acts of fraud and is considered safe by behavior to cheat (Albrecht et al, 2012). Opportunity is caused by ineffective monitoring. The results of Zaini’s research stated that opportunities provide greater opportunities for perpetrators to commit fraud, the higher the opportunities available, the more likely it is that fraudulent behavior will occur. Based on the description above, the hypothesis can be formulated as follows:

H₂: Opportunity to Have a Positive Effect on Financial Statement Fraud

Effect of Rationalization on Financial Statement Fraud

Rationalization is a mechanism by which individuals allow individuals to justify unethical behavior (Albrecht et al, 2012). Rationalization, among others, can be caused by several circumstances that encourage company management to commit fraud such as relationships with auditors and total accrual ratio. Zaki's research (2015) states that the
The Effect of Hexagon Fraud on Fraud Financial Statements With Governance and Culture as Moderating Variables

higher the rationalization, the higher the likelihood of someone cheating. Based on the description mentioned above, the hypothesis can be formulated as follows:
H₃: Rationalization has a Positive Effect on Financial Statement Fraud

The Effect of Capability on Financial Statement Fraud

Capability is the personal traits and abilities that play a major role that cause fraud to actually occur even with the presence of the other three elements (Wolfe and Hermanson, 2004). Capability that encourages the company's management to commit fraud among others is the change of tenure of the board of directors (CEO tenure). Sihombing and Rahardjo’s (2014) states that the higher the ability a person has, the higher the tendency of someone to cheat. Based on the description above, the hypothesis can be formulated as follows:
H₄: Capability has a Positive Effect on Financial Statement Fraud

The Influence of Ego on Financial Statement Fraud.

Ego/Arrogance (arrogance) is the nature of lack of conscience which is an attitude of superiority or the presence of arrogant nature in someone who believes that internal control cannot be applied personally. Simon et al. (2015) in Aprilia (2017) examined that one of the measurements of arrogance can be seen from the frequency of the appearance of the CEO image in the company's annual report, if a CEO has quite a lot of images in the company's annual report assessed the CEO has the desire to be known by the wider community. This is considered as the existence of arrogant or arrogant nature in the CEO. Based on the description mentioned above, the hypothesis can be formulated as follows:
H₅: Ego has a Positive Effect on Financial Statement Fraud

Collusion's Effect on Financial Statement Fraud

Collusion is an agreement between two or more to commit fraud against the other party. No matter how good the system is implemented, the organization will continue to experience problems with the emergence of collusion. Thus, the higher the collusion in the company, the higher the potential for financial statement fraud. This statement is supported by the results of research conducted by Sari and Nugroho (2020) showing that stimulus, ego and collusion factors affect financial statement fraud. Based on this description, the hypothesis is developed as follows:
H₆: Collusion has a Positive Effect on Financial Statement Fraud

The Role of Governance and Culture on Financial Statement Fraud

Pressure/stimulus indicates the pressure faced by management that encourages management to commit fraudulent acts including fraud in the presentation of financial statements. But when an entity has good governance and culture it encourages managers to behave ethically because of a system of norms and behaviors learned by members of the organization and shape the way they do things (Verbeke et al, 1998) So, good governance and culture can prevent managers from cheating even under pressure. Based on the description mentioned above, the hypothesis can be formulated as follows:
H₇: Governance and Culture Weaken the Positive Influence of Pressure on Financial Statement Fraud
Opportunity is a situation that allows a person to commit acts of fraud and is considered safe by behavior to commit fraud (Cressey, 1953; Wolfe & Hermanson, 2004; Vousinas 2019). The implementation of good governance and culture can lead managers to behave ethically so that even if there is an opportunity to commit acts of fraud, managers will not use it to commit acts of fraud. Based on the description mentioned above, the hypothesis can be formulated as follows:

H8: Governance and Culture Weaken the Positive Influence of Opportunities on Financial Statement Fraud

Rationalization is the process of mentally justifying an act of cheating (Cressey, 1953). Rationalization can be expressed as an attitude that allows a person to commit fraud, and considers his actions in committing an act of crime that is not wrong. But the process that mentally justifies the act of cheating will be controlled by the existence of good governance and culture that directs ethical behavior and improvement. Based on the description mentioned above, the hypothesis can be formulated as follows:

H9: Governance and Culture Weaken the Positive Influence of Rationalization on Financial Statement Fraud

Capability is the personal traits and abilities that play a major role that cause fraud to actually occur with the presence of the other three elements namely pressure, opportunity and rationalization. Although a person has the ability to commit acts of fraud in the presentation of financial statements, but with ethical behavior and thinking resulting from the application of a good governance and culture, it can prevent such acts of fraud. Based on the description mentioned above, the hypothesis can be formulated as follows:

H10: Governance and Culture Weaken the Positive Influence of Capability on Financial Statement Fraud

Ego/arrogance is a sense of one's superiority (Sari and Nugroho, 2020). The implementation of good governance and culture will foster ethical behavior and thinking so as to reduce the superiority of a person so as to minimize fraudulent acts of financial statement presentation. Based on the description mentioned above, the hypothesis can be formulated as follows:

H11: Governance and Culture Weaken the Positive Influence of Egos on Financial Statement Fraud

Collusion is an agreement or agreement between two or more persons to commit fraud and take away the rights of another person or other party (Vousinas, 2019). Thus, the higher the collusion in the company, the higher the potential for financial statement fraud. However, with the implementation of governance and good culture, the coercive action can be minimized so that the act of cheating on the presentation of financial statements can also be suppressed. Based on the description mentioned above, the hypothesis can be formulated as follows:

H12: Governance and Culture Weaken Collusion's Positive Influence on Financial Statement Fraud.
The Effect of Hexagon Fraud on Fraud Financial Statements With Governance and Culture as Moderating Variables

RESEARCH METHODS

Research Design
This research used the analysis unit of banking sector companies listed on the Indonesia Stock Exchange with a research period from 2014 to 2020. The selection of a sample of banking companies due to the level of financial sector fraud in Indonesia reached 43.1% which was ranked the second highest in Southeast Asia after Vietnam which was 58.2 percent (Lastanti, 2020) Research data analysis techniques use the multiple regression analysis method (Multiple Regression Analysis). Variables used in research are dependent variables in the form of financial statement fraud. Fraud of financial statements constitutes intention, intentionality, misstatement or omission of material facts, or misleading accounting data and when considered with all available information it will cause the user of the report to change his balance or decision (ACFE, 2000). Measurement of financial statement fraud in this study using the Kanagaretnam Model (2010) with the following formula:

\[
\frac{LLP}{(TL-1)} = \frac{\alpha_0}{(TL-1)} + \frac{\alpha_1 \text{BEGLLA}}{(TL-1)} + \frac{\alpha_2 \text{BEGNPL}}{(TL-1)} + \frac{\alpha_3 \text{CHNPL}}{(TL-1)} + \frac{\alpha_4 \text{LCO}}{(TL-1)} + \frac{\alpha_5 \text{CHLOANS}}{(TL-1)} + \frac{\alpha_6 \text{LOANS}}{(TL-1)} + e
\]

Information:
- \( LLP \) : Provision for loan losses
- \( \text{BEGLLA} \) : Beginning loan loss allowance
- \( \text{BEGNPL} \) : Beginning non-performing loans
- \( \text{CHNPL} \) : Change in non-performing loans
- \( \text{LCO} \) : Net loan charge-off
- \( \text{CHLOANS} \) : Change in total loans outstanding
- \( \text{LOANS} \) : Total loans outstanding

Independent variables in this study are factors that influence financial statement fraud consisting of 6 factors, namely Stimulus / Pressure, is a motive that encourages a person to commit fraud (Cressey, 1953; Vousinas 2019). Pressure is measured using proxy financial stability. Financial stability describes the financial condition of the company in a stable condition. In this study, financial stability was measured by Change in Assets, namely the ratio of asset changes (Sihombing and Rahardjo, 2014; Yesiariani and Rahayu, 2017). Here is the formulation of the ratio of asset changes:

**Opportunity**
Opportunity is a situation that allows a person to commit acts of fraud and is considered safe by behavior to cheat (Cressey, 1953; Vousinas 2019). The proxy for measuring opportunity is ineffective monitoring. This study measures ineffective monitoring with formulas (Sihombing and Rahardjo, 2014 and Zaki, 2017).
Rationalization
Rationalization is a mental process that a person undertakes to justify unethical behavior in the form of fraudulent financial statements (Cressey, 1953; Wolfe and Hermanson, 2004; Vousinas 2019). Rationalization is measured using the ratio of total accrual to total asset (Skousen et al., 2009; Agustina and Apriliana, 2017).

Capability
Capability refers to the nature and personal abilities that play a role in whether fraud will actually occur in the presence of pressure, opportunity and rationalization (Wolfe and Hermanson, 2004; Vousinas, 2019). In this study capability is measured by the tenure of the board of directors (CEO's Tenure). Based on the results of the ACFE survey (2019), the CEO's tenure is more than 6 years, the largest commit fraud. Based on this description, the CEO's working period indicator will be measured by the following formula (ACFE, 2019):

Ego/Arrogance
Ego/Arrogance is a sense of one's superiority that can be measured by the number of IMAGES of the CEO in the annual report (Sari and Nugroho, 2020).

Collusion
Collusion is an agreement or agreement between two or more persons to commit fraud and take away the rights of another person or other party (Vousinas, 2019). Collusion is measured using political connections. Political connection is measured by the ratio of the number of board of commissioners derived from elements of government officials, petinggui political parties, former or current serving ministers, cabinet members, ambassadors or lawmakers and from the military element divided by the number of commissioners' councils (Abiot, 2006) with the following formula:

Moderating Variables
Governance and Culture is organizational governance and behavior and norms that are expected from the beliefs of individuals in the company. This variable is measured using five indicators (COSO ERM, 2017) Measurement of governance and culture using content analysis (Content Analysis) that can transfer quantitative information into qualitative information so that it can be further researched (Krippendorff, 2004) Scoring based on quantitative measurements with a score of 1-6 and qualitative using a score of 1-8. The calculation formula is as follows:
The Effect of Hexagon Fraud on Fraud Financial Statements With Governance and Culture as Moderating Variables

Population and Sample

Table 1
Research Sample Penetrating

<table>
<thead>
<tr>
<th>Sample Determination Criteria</th>
<th>SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong>: Banking companies that have gone public or are listed on the Indonesia Stock Exchange (IDX)</td>
<td>47</td>
</tr>
<tr>
<td><strong>Not Meeting Sample Criteria:</strong></td>
<td></td>
</tr>
<tr>
<td>Companies delisting from IDX during the period 2014-2020</td>
<td>(14)</td>
</tr>
<tr>
<td>Data relating to research variables are not fully available at the publication of the annual report period.</td>
<td>0</td>
</tr>
<tr>
<td>Number of Research Sample Companies</td>
<td>33</td>
</tr>
<tr>
<td>Number of Research Periods (Years 2014-2020)</td>
<td>7</td>
</tr>
<tr>
<td>Number of observations of research data according to criteria (33 x 7 years)</td>
<td>231</td>
</tr>
<tr>
<td><strong>Total Research Data used</strong></td>
<td>231</td>
</tr>
</tbody>
</table>

Based on table 1 above, the population of banking companies listed on the Indonesia Stock Exchange in 2014-2020 was 47 banks. The population was reduced because there were 14 banks that were dealisting during the observation period. So that the final results of sampling used in this study as many as 33 banks with a period of 7 years so that the number of observation data is 231 data.

Data Collection Techniques

The data source that will be used in this study is secondary data obtained by researchers through www.IDX.com to obtain annual reports of banking companies listed on the Indonesia Stock Exchange for the period 2014-2020 and through the websites of each bank if the annual report information on the www.IDX.co.id is not met.

RESULTS AND DISCUSSIONS

Research Results

Based on the results of data processing using multiple regression, the data processing results are obtained as follows:

Table 3
Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>KAN1</td>
<td>231</td>
<td>-.4372</td>
<td>.1163</td>
<td>-.001785</td>
<td>.0327007</td>
</tr>
<tr>
<td>ACHANGE</td>
<td>231</td>
<td>-.5171</td>
<td>.4991</td>
<td>.079180</td>
<td>.1272398</td>
</tr>
<tr>
<td>BDOUT</td>
<td>231</td>
<td>.0000</td>
<td>1.0000</td>
<td>.555687</td>
<td>.1611302</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>Minimum</td>
<td>Maximum</td>
<td>Mean</td>
<td>Std. Deviation</td>
</tr>
<tr>
<td>-------</td>
<td>-------</td>
<td>---------</td>
<td>---------</td>
<td>--------</td>
<td>---------------</td>
</tr>
<tr>
<td>TATA</td>
<td>231</td>
<td>-.1688</td>
<td>.2770</td>
<td>-.001991</td>
<td>.0648788</td>
</tr>
<tr>
<td>CEOT</td>
<td>231</td>
<td>.0000</td>
<td>1.2500</td>
<td>.552433</td>
<td>.3563269</td>
</tr>
<tr>
<td>CEOPIC</td>
<td>231</td>
<td>3.0000</td>
<td>12.0000</td>
<td>7.099567</td>
<td>2.5898715</td>
</tr>
<tr>
<td>POLCN</td>
<td>231</td>
<td>.0000</td>
<td>2.0000</td>
<td>.507517</td>
<td>.3756370</td>
</tr>
<tr>
<td>GAOC</td>
<td>231</td>
<td>.6770</td>
<td>.8770</td>
<td>.752926</td>
<td>.0501766</td>
</tr>
</tbody>
</table>

Data source: processed

Based on the table above shows that the average value of fraud in the financial statements of banking companies that were sampled was only -0.1785%. The average asset reef rate is quite high at 7.9180%. The average number of independent and non-independent commissioners is almost balanced at 55.5%. The ratio of total accruals to total assets is only -0.1991%. The average board of directors who have a working life of more than six years with less than six years is almost balanced at 55.2433%. The average number of photos of the board of directors appeared in the company's annual report is seven pieces. The average number of councils with political connections is quite large, which is 50.7517%. While the disclosure of corporate governance and culture is quite high, which is 75.2926%.

### Table 4

#### Hypothesis Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACHANGE</td>
<td>-0.048464</td>
<td>0.093425</td>
<td>-0.518745</td>
<td>0.6046</td>
</tr>
<tr>
<td>BDOUT</td>
<td>-0.138706</td>
<td>0.070896</td>
<td>-1.956469</td>
<td>0.0519*</td>
</tr>
<tr>
<td>TATA</td>
<td>0.142915</td>
<td>0.155981</td>
<td>0.916230</td>
<td>0.3608</td>
</tr>
<tr>
<td>CEOT</td>
<td>-0.043409</td>
<td>0.033921</td>
<td>-1.279711</td>
<td>0.2023</td>
</tr>
<tr>
<td>CEOPIC</td>
<td>0.006146</td>
<td>0.004415</td>
<td>1.392169</td>
<td>0.1656</td>
</tr>
<tr>
<td>POLCN</td>
<td>0.030892</td>
<td>0.028165</td>
<td>1.096823</td>
<td>0.2742</td>
</tr>
<tr>
<td>ACHANGE*GAOC</td>
<td>0.057889</td>
<td>0.193709</td>
<td>0.298847</td>
<td>0.7654</td>
</tr>
<tr>
<td>BDOUT*GAOC</td>
<td>0.317585</td>
<td>0.151225</td>
<td>2.100091</td>
<td>0.0371*</td>
</tr>
<tr>
<td>TATA*GAOC</td>
<td>-0.273675</td>
<td>0.332812</td>
<td>-0.822311</td>
<td>0.4120</td>
</tr>
<tr>
<td>CEOT*GAOC</td>
<td>0.064013</td>
<td>0.067142</td>
<td>0.953400</td>
<td>0.3416</td>
</tr>
<tr>
<td>CEOPIC*GAOC</td>
<td>-0.010528</td>
<td>0.009000</td>
<td>-1.169844</td>
<td>0.2436</td>
</tr>
<tr>
<td>POLCN*GAOC</td>
<td>-0.055050</td>
<td>0.057121</td>
<td>-0.963749</td>
<td>0.3364</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.071131</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.014843</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*) sig 5%

The results of hypothesis testing show that opportunity has an effect on financial statement fraud. Governance and culture are also able to weaken the positive relationship of opportunities to financial statement fraud with a significance value of 0.0371 < 0.05. As for the stimulus /pressure variables, rationalization, capability, ego/arrogance and collusion have no effect on financial statement fraud. The implementation of governance and culture is also not able to mediate the influence of variable stimulus / pressure, rationalization, capability, ego / arrogance and collusion against financial statement fraud.
Discussion of Research Results

The hypothesis test results showed that the variable financial stability as measured by asset growth had no effect on financial statement fraud. This is suspected because high asset growth can have a positive and negative impact. Companies that have high asset growth show that the company experiences growth over time, but growth also has an impact on the need for large funds so it will be more likely to hold most of its income which means the lower the dividends paid to shareholders so that it is less attractive to investors (Prakosa, 2012 in Astuti and Ritonga, 2014. Based on these considerations, management tends not to be encouraged to cheat financial statements related to asset growth in order to avoid pressure to provide large funds. The results of this study are in accordance with the results of Himawan and Karjono’s research (2019).

This research proves that variable opportunity has an effect on financial statement fraud. Opportunity as measured by the ratio of the number of independent commissioners to the number of the entire board of commissioners. The Commissioner is one of the company’s organs in charge of supervising and advising the board of directors. The more independent commissioners, the more effective the supervision carried out (ineffective monitoring is lower) so that the less chance of cheating the presentation of financial statements. The implementation of good governance and culture can also weaken the opportunity to cheat the presentation of financial statements. The results of this study are in accordance with the results of the study Skousen et al. (2009).

Rationalization as measured by the ratio of total accrual to total assets has no effect on financial statement fraud. The results showed that the higher the value of accrued profit had no effect on the act of financial statement fraud. Based on the company's data, the sample shows that the total accrual value to total assets mostly shows a negative number which means the company has a large operating cash flow and low accrual profit so it is natural that management does not do profit management. The results of this study are in accordance with the results of Ayem and Astuti's research (2019).

Capability as measured by the tenure of the board of directors has no effect on financial statement fraud. This is allegedly because the longer the working period of the board of directors will actually increase loyalty to the company and avoid fraud. The results of this study are in accordance with research conducted by Kurniawati (2014).

Ego/arrogance has no effect on the fraud of financial statements allegedly because the size of the ego in the form of the number of photos of the CEO in the annual report does not show the magnitude of the urge to commit acts of financial statement fraud. This is based on the opinion of Mulawarman dan Nurfitri (2017) which states that a person who uploads too many photos shows that the person is too excessive to show his "ego" so that it falls into the category of narcissists. Based on the Diagnostic and Statistical Manual of Mental Disorders, narcissists are people whose behavior is too dramatic, emotional, or erratic and does not lead to acts of cheating. The results of this study are in accordance with the results of research conducted by Ariyanto et al, (2021) and Lastanti (2020) which showed that the CEO's photo had no effect in detecting financial statement fraud.

Collusion is measured by the number of boards of directors or boards of commissioners who have political connections such as government officials, political party officials, former or current ministers, cabinet members, ambassadors or lawmakers or from military elements. But it turns out that the results of this study showed that collusion as
measured by political connections had no effect on financial statement fraud. This is allegedly because political connections do not always have a negative impact that can trigger fraud. Political connections can also have a positive impact on the company. Companies with political connections will have easier access to greater financing, debt and market power (Pranoto and Widagdo, 2016). Based on the results of this study, the implementation of good governance and culture in the company is also unable to weaken the influence of stimulus / pressure, rationalization, capability, arrogance/ego and collusion against financial statement fraud.

CONCLUSION, LIMITATIONS AND SUGGESTION

Conclusion
The conclusion of this study is that opportunities have a positive effect on financial statement fraud. In addition, the influence of opportunities to be exploited by financial statement fraud is also weakened by governance and culture implemented in a company. While stimulus/pressure, rationalization, capability, ego/Arrogance and collusion do not have a positive effect on financial statement fraud both when moderated and not moderated with governance and culture variables.

Limitations
This study contains several limitations, namely, this study is a relatively low coefficient of determination (adjusted R2) which is only 7.11%. This suggests that there are still many other variables that influence fraud in financial statements, but it has not been incorporated into this research model.

Suggestion for Further Research
In order to develop this research and get better hypothesis testing results, researchers can then add independent variables in order to better explain and have more influence on the fraud of variable financial statements that can be added for future research such as unintegrated. Unintegrated can be added in future research because with a lack of integrity, it can encourage a person to commit acts of fraud in the presentation of financial statements. In addition, it is also necessary to develop more valid measurements for financial statement fraud variables and also independent variables used in this study. The results of this study can be compared with samples from other industrial sectors, such as the manufacturing industry.

DAFTAR PUSTAKA

The Effect of Hexagon Fraud on Fraud Financial Statements With Governance and Culture as Moderating Variables


Association of Certified Fraud Examiner-Indonesia (2019). Laporan Survey Fraud Indonesia tahun 2019


