ANALYSIS OF FRAUD DIAMOND IN DETECTING FINANCIAL STATEMENT FRAUD

Nia Susnita Sarı1*
Arifin Sofyan2
Nada Fastaqlaili3
123 Fakultas Ekonomi dan Bisnis, Universitas Trisakti
*Korespondensi: niasusnita@gmail.com

Abstract
This research aims to examine and prove the effectiveness of the fraud diamond in detecting financial statement fraud. The element of the fraud diamond that is used as independent variables is a pressure with proxy financial stability and external pressure, opportunity with proxy ineffective monitoring and nature of the industry, rationalization with proxy editor change and capability with proxy positioning.

In this research uses the F-Score model to measure financial statement fraud as the dependent variable. The population of this research is the manufacturing companies from sub-sector consumer goods listed on Indonesia Stock Exchange in 2015-2017. The total samples are 97 samples by using purposive sampling method. The hypothesis testing is using multiple linear regressions. The results indicate that the external pressure and nature of the industry have a significant positive effect on financial statement fraud. Meanwhile, financial stability, ineffective monitoring, rationalization, and positioning do not affect financial statement fraud.

Keywords: Fraud Diamond Dimension; Financial Statement Fraud; F-Score Model

INTRODUCTION
According to the Indonesian Accounting Association through the Statement of Financial Accounting Standards (PSAK) 01 of 2015, financial statements are a structured presentation of financial position and financial performance of an entity. Financial statements will provide information for users of financial statements from internal and external parties regarding the financial position, performance, and cash flow of an entity. According to the Basic Framework for Preparation and Presentation of Financial Statements (KDPPLK), the main purpose of financial statements is to provide information that is useful for decision making for many users. Financial
statements must be prepared in accordance with applicable standards and general rules. Financial, qualitative characteristics, according to PSAK 1 (IAI, 2015) are: understandable, relevant, reliable, and comparable.

The four characteristics must be fulfilled so that the information presented in the financial statements truly reflects the true condition of a company. Also, by following the applicable standards and rules, the information contained in financial statements can be tested for accuracy, can be accounted for, and free from fraud. However, there are many gaps in financial statements that can be used as space for management to commit fraud. If the financial report has indicated fraud, the financial statements are no longer relevant and effective as a basis for decision making.

The fraud committed to the presentation of financial statements is known as financial statement fraud. (Taylor & Glezen, 1994) define financial statement fraud as an act or negligence, in the form of intentional or unintentional action, which results in materially misleading financial statements. The misleading, of course, will harm various parties of financial report users, especially investors and creditors. Cases of financial statement fraud often occur from year to year. For this reason, participation from various parties is needed to fix and settle the financial statement of fraud. One theory that is often used in detecting fraud is the fraud triangle that was coined by (Cressey, 1953). (Cressey, 1953) argues that the factors in the occurrence of fraud are: pressure, opportunity, and rationalization.

Cases of fraudulent financial statements occur not only abroad but also in Indonesia. In 2015, Toshiba stated that its company was investigating internal accounting scandals and had to revise the calculation of profits in the last three years. After being thoroughly investigated, it is known that Toshiba has had difficulty achieving business profit targets since 2008, finally Toshiba made a lie through accounting fraud worth 1.22 billion US dollars. This action was carried out with various efforts to produce profits that were not in accordance with reality.

Based on previous studies, there are several variables used to measure the effect of diamond fraud factors on financial statement fraud. The following are their results. Financial stability has a significant positive effect on financial statements of fraud according to (Aprilia, 2017) and (Prasastie, 2015) whereas according to (Sihombing & Rahardjo, 2014). External pressure has a significant positive effect on financial statement fraud, while according to FinancialStability has no significant effect and has a significant effect or has a significant effect without the direction of positive and negative according to (Sihombing & Rahardjo, 2014). External Pressure has a significant positive effect on financial statement fraud. Whereas according to (Widyanti & Nuryatno, 2018) there is no significant effect and (Prasastie, 2015); (Sihombing & Rahardjo, 2014). External Pressure has a significant negative effect on financial statement fraud. According to research conducted by (Sihombing & Rahardjo, 2014), Nature of Industry affects financial statement fraud. The nature of the industry does not affect financial statement fraud. The Ineffective Monitoring has a positive effect on financial statement fraud according to (Aprilia, 2017), whereas the significant negative effect according to (Widyanti & Nuryatno, 2018) and no significant effect according to (Sihombing & Rahardjo, 2014). Rationalization has a significant positive effect on financial statement fraud according to (Widyanti & Nuryatno, 2018) and influences only according to (Sihombing & Rahardjo, 2014), the last is the Change in Director, there is no significant influence on financial statement fraud according to (Aprilia, 2017).
Based on previous research, this research is limited by surveying selecting samples of consumer goods companies listed on the Indonesia Stock Exchange for 2015 to 2017. This research was conducted using 6 independent variables as research objects representing each one factor of Opportunity, Rationalization and Capability while for Pressure the writer uses two factors, namely internal and external Pressure, namely by using Financial Stability, External Pressure, Ineffective Monitoring, Nature of Industry, Rationalization and Positioning which are proxied by financial and non-financial ratios. The independent variables are used in the object of Fraud's Financial Statement research.

**LITERATURE REVIEW AND HYPOTHESIS**

Agency theory states that there is a contract where the owner (principal) authorizes the manager (agent) to work on and manage the company. With the provision of such authority, the agent has a moral responsibility to increase the profits of the principals. If the return obtained is in accordance with the expectations of the principal, the agent will get appreciation from the principal, for example, in the form of financial compensation or an increase in investment from investors. However, if the agent displays poor operating and financial performance, the agent will face various threats. Therefore, the manager (agent) has its interests in the task of managing a company. With their interests, managers will tend to improve their welfare by fulfilling their economic and psychological needs. These needs can trigger managers to take inappropriate actions that can even ignore the interests of investors (principals). This difference in interests will lead to a conflict called a conflict of interest. The interests of investors who expect maximum returns will create pressure for management to make it happen. In realizing the expectations of investors, managers strive to display the best company performance with the aim that investors can give appreciation to the manager (rationalization). Availability of access and capability (capability) and the number of opportunities (opportunities) owned by managers increasingly pave the way for the occurrence of fraud (fraud) in management efforts to meet investor expectations and expectations of the manager itself.

Fraud is often identified with negative actions in the form of dishonest acts or intentional mistakes by the perpetrators to benefit themselves. The act of fraud can occur in various spheres of life in various ways. In the field of accounting, the types of fraud that are often encountered include cash theft, corruption, misuse of assets, and include the focus of this research, namely financial statement fraud. The Indonesian Institute of Certified Public Accountants (IAPI) through the Public Accountants Professional Standards in Audit Standards No.240 paragraph 11 point (a) provides a definition of fraud, namely intentional actions by one individual or more in management, those responsible for governance, employees, or third parties, which involve the use of deception to obtain an advantage unfairly or violate the law. Based on the Report to the Nations on Occupational Fraud and Abuse issued by the Association of Certified Fraud Examiners (ACFE), 2016), fraud can be classified into three types or commonly known as the fraud tree, namely: corruption (corruption), misuse of assets (asset misappropriation), and fraudulent financial statements (financial statement fraud).

(Cressey, 1953) suggested that the factors that influence the perpetrators of fraud are pressure, opportunity, and rationalization. Fraud that occurs in the workplace or
occupational fraud occurs because of financial problems (pressure), secretly violating its position (opportunity), and adjusting its view of itself (rationalization) (Tuanakotta, 2007)

Along with the development of science, (Wolfe & Hermanson, 2004) gave a new view of the factors in the occurrence of fraud. This view was later known as the Fraud Diamond Theory. In the Fraud Diamond, considering the four elements of fraud, Wolfe and Hermanson refined Cressey's fraud triangle theory, by adding the capability element to be one of the qualitative elements that influence the occurrence of fraud. The theory of diamond fraud believes that four elements can significantly influence fraud. These elements are in the form of pressure (pressure), chance (opportunity), rationalization (rationalization), and capability (capability). Wolfe and Hermanson state that through the perspective of diamond fraud, fraud perpetrators are likely to have thoughts:

a. Incentive or pressure: "I want, or have a need to cheat."

b. Opportunity or opportunity (Opportunity): "there are weaknesses in the system that can be exploited by the right people. Cheating is bad luck."

c. Rationalization: "I have convinced myself that cheating behavior is a risky act."

d. Capability: "I have the qualities and abilities needed to become a fraud perpetrator. I acknowledge that the opportunity for certain cheating can be changed into reality."

**Financial Statement Fraud**

Definition of financial statement fraud, according to the Association of Certified Fraud Examiners (ACFE) is a scheme where an employee intentionally causes a misstatement or negligence of material information in the organization's financial statements. For example, recording fictitious income, understating costs reported, or inflating reported assets) The Treadway Commission in the Report of the National Commission on Fraudulent Financial Reporting (1987) and AICPA in SAS No.99 (AU 316) defines financial statement fraud as an intentional misstatement or negligence of the number or disclosure of financial statements to deceive users of financial statements, specifically investors and creditors. (Wells, 2007).

Statement on Auditing Standards (SAS) No. 99 entitled Consideration of Fraud in a Financial Statement of Audit reveals that there are two types of misstatements that are relevant to financial statement auditing and auditor's consideration of fraud. The first type is misstatement originating from fraudulent financial statements, referred to as intentional misstatements or omissions of amounts or disclosures in financial statements designed to deceive users of financial statements. The second type is misstatement arising from misuse of assets, which is usually referred to as theft or misuse of trust.

**Hypotheses Development**

Financial Stability is a form of pressure or impulse that arises because of a condition of financial stability or profitability that is threatened by the state of the economy, industry, or operating performance of the entity. Financial stability can be calculated using the method of changing total assets, ie, total assets are reduced by the total assets of the previous year and divided by the total assets of the previous year. (Aprilia, 2017) proved in her research that any increase in the ratio of changes in total assets would increase the risk of financial statement fraud. In (Sihombing &
Rahardjo, 2014) study, it was shown that financial stability that was tied to changes in total assets proved to effect fraudulent financial statements. Based on the description, the hypothesis proposed is:

H1: financial stability has a positive effect on financial statement fraud.

(Sihombing & Rahardjo, 2014) explained that one of the sources of external pressure was the ability to pay debts or fulfill debt requirements. Also, managers are likely to have pressure to get additional capital or debt. The study from (Ardiyani & Utaminingsih, 2015) which says that external pressure is the ability to meet the exchange of recording requirements, pay off debts, or fulfill a debt of widely recognized agreements originating from external parties. External pressure can be calculated using the leverage ratio method, which is the ratio of total debt divided by total assets. The study proves that external pressure can detect financial statement fraud with the results of research having a significant positive effect. He explained in his research that companies often experience external pressure. One of the pressures that are often experienced by company management is the need to obtain additional debt or external financing sources in order to remain competitive, including financing research and development or capital expenditures.

H2: external pressure has a positive effect on financial statement fraud

Nature of industry is the ideal condition of a company, accounts receivable, and inventory is a form of nature of the industry. For trading sector companies, receivables are sourced from credit sales given to customers. Therefore, the nature of industry variable in this study is proxied by the change in accounts receivable ratio. The results of (Sihombing & Rahardjo, 2014) prove that the nature of the industry can detect financial statement fraud with the results of research having a significant positive effect. According to (Summers & Sweeney, John, 1998) states that the recording of accounts receivable requires a subjective assessment in estimating receivables that cannot be collected. With these subjective judgments, accounts, receivable can be used as a tool by management to manipulate fraudulent financial statements.

H3: Nature of industry has a positive effect on financial statement fraud

Ineffective monitoring is a condition that describes the weak or ineffective supervision of a company in monitoring company performance. SAS No. 99 said that ineffective supervision is a result of management domination by one person or small group without compensation controls and ineffective oversight of the financial reporting process and internal control. (Skousen, Smith, & Wright, 2009) stated that companies that commit fraud tend to have fewer commissioners. Therefore, ineffective monitoring is proxied by the ratio of an independent board of commissioners (Skousen, Smith, & Wright, 2009). The smaller the ratio of independent commissioners in the company, the more ineffective supervision that exists in the company so that the higher the occurrence of fraudulent financial statements. Based on the description, the researcher proposed a research hypothesis, namely:

H4: Ineffective monitoring has a positive effect on financial statement fraud.

Rationalization is the existence of characters, attitudes, or a set of ethical values that allow or rationalize certain activities or things by certain parties to commit fraud. The potential for fraud, especially in financial statements where a person or certain
party acts to allow fraud in the form of misstatement, this statement is in line with research conducted by (Aprilia, 2017) Auditor change can occur to eliminate evidence of fraud discovered by previous auditors. The more often companies make auditor changes, the greater the indication of fraud at the company which states that Rationalization has a significant positive effect on financial statement fraud. Thus, the hypothesis is as follows:

H5: Rationalization has a positive effect on financial statement fraud.

(Wolfe & Hermanson, 2004) state that a person's position or function within an organization can provide the ability to make or take advantage of fraudulent opportunities. (Wolfe & Hermanson, 2004) who stated that ability as one of the fraud risk factors underlying the occurrence of fraud, concluded that the change of directors or CEOs could indicate fraud. Therefore, change in director is used as a proxy for capability (Sihombing & Rahardjo, 2014). The more frequent changes in directors, the higher the indications of fraudulent financial statements.

H6: Capability has a positive effect on financial statement fraud.

Frame work
Fraudulent financial statements are misstatements or negligence of amounts or intentional disclosures to deceive users of financial statements. This research is reflected in figure 1, which attempts to examine the relationship between the dependent variable and independent variable.

![Research Framework](image)

**Figure 1**
Research Framework

**RESEARCH METHODS**

This research is conducted to test the hypothesis of the influence of the significance of the independent variable on the dependent variable. The independent variables are financial stability, external pressure, nature of the industry, ineffective monitoring, rationalization, and positioning; while the dependent variable is financial statement fraud. This research was carried out in real environment situations with public company analysis units. The study uses pooling data, and it uses SPSS data processing tools.
The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2015-2017. The sampling technique was done by purposive sampling to get a representative sample according to the specified criteria.

### Table 1
**Variables and Measurement**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Statement Fraud</td>
<td>F-Score is calculated by summing financial performance with accrual quality.</td>
</tr>
<tr>
<td>Financial Stability</td>
<td>The ratio of changes in total assets in year t to year t-1 to total year assets t-1.</td>
</tr>
<tr>
<td>External Pressure</td>
<td>The ratio of total liabilities to total assets.</td>
</tr>
<tr>
<td>Nature of Industry</td>
<td>Change of Receivable Ratio</td>
</tr>
<tr>
<td>Ineffective Monitoring</td>
<td>Comparison between the Independent Board of Commissioners and the Total Board of Commissioners.</td>
</tr>
<tr>
<td>Rationalization</td>
<td>Dummy variable for change of directors, where One = there is auditor change for two years prioritizing fraud and 0 = no auditor change.</td>
</tr>
<tr>
<td>Directors Change</td>
<td>Dummy variable for change of directors, where One = there is a change of directors for two years prioritizing fraud and 0 = no change of directors.</td>
</tr>
</tbody>
</table>

**Research Regression Model**

Hypothesis testing is done by multiple regression analysis using the regression equation as follows:

\[
F\text{-Score} = \beta_0 + \beta_1 \text{ACHANGED} + \beta_2 \text{DTAR} + \beta_3 \text{RECEIVABLE} + \beta_4 \text{BDOUT} + \beta_5 \text{AUDCHANGE} + \beta_6 \text{DCHANGE} + e
\]

**Information:**

- \( \beta_0 = \) Constant
- \( \beta_1,2,3,4,5,6, = \) Regression coefficients of each proxy
- F-Score = *Financial Statement Fraud*
- ACHANGE = The ratio of changes in total assets
- DTAR = *Debt to asset ratio*
- RECEIVABLE = The ratio of changes in receivable
- BDOUT = The number of independent commissioners is compared to the total board of commissioners
- AUDCHANGE = Auditors Change
- DCHANGE = Directors Change
- e = error
RESULTS AND DISCUSSION

Based on the criteria of the sample used, the following data are obtained.

<table>
<thead>
<tr>
<th>No.</th>
<th>Remarks</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing companies listed on the Indonesia Stock Exchange in 2015-2017 on consumer goods industry sector and issue financial statements in Rupiah.</td>
<td>49</td>
</tr>
<tr>
<td>2</td>
<td>Companies that do not provide complete data on information or data to be used in the research period 2015-2017.</td>
<td>(10)</td>
</tr>
<tr>
<td>3</td>
<td>Total sample companies</td>
<td>39</td>
</tr>
<tr>
<td>4</td>
<td>Total observation in the period 2015-2017 (39 companies x 3 years)</td>
<td>117</td>
</tr>
<tr>
<td>5</td>
<td>Outliers</td>
<td>20</td>
</tr>
</tbody>
</table>

**Final observation** 97

Descriptive statistics are shown in table 2 as follows.

<table>
<thead>
<tr>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACHANGE</td>
<td>97</td>
<td>-.42</td>
<td>1.24</td>
<td>.1179</td>
</tr>
<tr>
<td>DTAR</td>
<td>97</td>
<td>.04</td>
<td>14.58</td>
<td>2.3514</td>
</tr>
<tr>
<td>RECEVABLE</td>
<td>97</td>
<td>-3.43</td>
<td>1.21</td>
<td>-.0442</td>
</tr>
<tr>
<td>BDOUT</td>
<td>97</td>
<td>.00</td>
<td>.80</td>
<td>.3914</td>
</tr>
<tr>
<td>AUDCHANGE</td>
<td>97</td>
<td>.00</td>
<td>1.00</td>
<td>.1237</td>
</tr>
<tr>
<td>DCHANGE</td>
<td>97</td>
<td>.00</td>
<td>1.00</td>
<td>.3608</td>
</tr>
<tr>
<td>F-SCORE</td>
<td>97</td>
<td>-92</td>
<td>1.08</td>
<td>.1718</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>97</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the table above, it can be seen that the objects studied (N) in 2015-2017 are 39 companies so that the total sample is 97 samples.

Financial stability. In the financial stability variable, the statistical results show that the minimum value is -0.42, and the maximum value is 1.24. The average value of the company value generated from 97 samples is 0.1179 the standard deviation value 0.20212 is smaller than one; it means that the distribution of data on financial stability is good and homogeneous.

External Pressure. In the external pressure variable, the statistical results show that the minimum value is 0.04, and the maximum value is 14.58. The average value of the company value generated from 97 samples is 2.3514 the standard deviation value 2.63017 is higher than one; it means that the distribution of data on external pressure is not good and homogeneous.

Nature of Industry. Like industry variable, the statistical results show the minimum value is -3.43, and the maximum value is 1.21. The average value of the company value generated from 97 samples is -0.0442 the standard deviation value -0.46935 is smaller than one it means that the distribution of data on nature of the industry is good and homogeneous.
Ineffective Monitoring. In the ineffective monitoring variable, the statistical results show that the minimum value is -0.00, and the maximum value is 0.80. The average value of the company value generated from 97 samples is 0.3914 the standard deviation value 0.1330 is smaller than one; it means that the distribution of data on ineffective monitoring is good and homogeneous.

Rationalization. In the rationalization variable, the statistical results show that the minimum value is 0.00, and the maximum value is 1.00. The average value of the company value generated from 97 samples is 0.1237 the standard deviation value 0.3309 is smaller than one; it means that the distribution of data on rationalization is good and homogeneous.

Positioning. In the positioning variable, the statistical results show that the minimum value is 0.00, and the maximum value is 1.00. The average value of the company value generated from 97 samples is 0.3608 the standard deviation value 0.4827 is smaller than one; it means that the distribution of data on positioning is good and homogeneous.

Financial Statement Fraud. In the financial statement fraud variable, the statistical results show that the minimum value is -0.92, and the maximum value is 1.08. The average value of the company value generated from 97 samples is 0.1718 the standard deviation value 0.3679 is smaller than one; it means that the distribution of data on financial statement fraud is good and homogeneous.

**Classic Assumption Test**

Multicollinearity Test. The results of the VIF Test show that the four independent variables did not occur due to the VIF value of each independent variable <10 and the tolerance value of each independent variable > 0.1. The Heteroscedasticity Test results in the table show the significance values of the six independent variables, more than 0.05. Thus, it can be concluded that there is no problem of heteroscedasticity in the regression model. The Kolmogorov-Smirnov non-parametric statistical test, the significance value must be above 0.05 or 5%. The sample results the Kolmogorov-Smirnov value is 0.2156 > 0.05 so that the residuals are declared to be normally distributed.

**Hypothesis Test**

Determination Coefficient Test

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Adjusted R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial stability, external pressure, nature of the industry, ineffective monitoring, rationalization, and positioning to Financial Statement Fraud</td>
<td>0.104</td>
</tr>
</tbody>
</table>

Based on the table above, it is known that the coefficient of determination seen from the value of $\text{Adj R}^2$ is 0.104. That is, 10.4% of the variation of the dependent variable financial statement fraud can be explained by independent variables (Financial
stability, external pressure, nature of the industry, ineffective monitoring, rationalization, and positioning) while the remaining 89.6% (100%-10.4%) is explained by other variables not included in the equation.

**F-Test**

<table>
<thead>
<tr>
<th>Model</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.85</td>
<td>0.01</td>
</tr>
<tr>
<td>Regression</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

*support statistically on alpha 5%

Based on the table above, the significance value obtained by the variable Financial stability, external pressure, nature of the industry, ineffective monitoring, rationalization, and positioning is 0.00 < 0.05, then Ho is rejected, and Ha is accepted. Thus, it can be concluded that Financial stability, external pressure, nature of the industry, ineffective monitoring, rationalization, and positioning together affect Financial Statement Fraud.

**T-Test**

<table>
<thead>
<tr>
<th>Unstandardized</th>
<th>Coefficients</th>
<th>Sig. (One Tail)</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.070</td>
<td>.172</td>
<td></td>
</tr>
<tr>
<td>ACHANGE</td>
<td>-.053</td>
<td>.307</td>
<td>Ha Rejected</td>
</tr>
<tr>
<td>DTAR</td>
<td>.037</td>
<td>.000</td>
<td>Ha Accepted</td>
</tr>
<tr>
<td>RECEVABLE</td>
<td>.108</td>
<td>.011</td>
<td>Ha Accepted</td>
</tr>
<tr>
<td>BDOUT</td>
<td>.182</td>
<td>.128</td>
<td>Ha Rejected</td>
</tr>
<tr>
<td>AUDCHANGE</td>
<td>.076</td>
<td>.121</td>
<td>Ha Rejected</td>
</tr>
<tr>
<td>DCHANGE</td>
<td>.056</td>
<td>.102</td>
<td>Ha Rejected</td>
</tr>
</tbody>
</table>

The results of the regression equation can be interpreted as follows:

Financial Stability toward Financial Statement Fraud (H₁). Based on the results of testing on the table, the significance value obtained by financial stability variable is 0.307 < 0.05 with a b₁ coefficient value of -0.053 so that the decision is H₁ rejected. Thus, it can be concluded that financial stability has no positive effect on financial statement fraud.

External Pressure toward Financial Statement Fraud (H₂). Based on the results of testing on the table, the significance value obtained by external pressure variable is 0.00 < 0.05 with a b₁ coefficient value of -0.037 so that the decision is H₂ accepted. Thus, it can be concluded that external pressure has a positive effect on financial statement fraud.
Nature of Industry toward Financial Statement Fraud (H₃). Based on the results of testing on the table, the significance value obtained by nature of industry variable is 0.011 < 0.05 with a b₁ coefficient value of 0.108 so that the decision is H₃ accepted. Thus, it can be concluded that the nature of the industry has a positive effect on financial statement fraud.

Ineffective Monitoring toward Financial Statement Fraud (H₄). Based on the results of testing on the table, the significance value obtained by an ineffective monitoring variable is 0.128 > 0.05 with a b₁ coefficient value of 0.182 so that the decision is H₄ rejected. Thus, it can be concluded that ineffective monitoring has no positive effect on financial statement fraud.

Rationalization toward Financial Statement Fraud (H₅). Based on the results of testing on the table, the significance value obtained by rationalization variable is 0.121 > 0.05 with a b₁ coefficient value of 0.076 so that the decision is H₅ rejected. Thus, it can be concluded that rationalization has no positive effect on financial statement fraud.

Positioning toward Financial Statement Fraud (H₆). Based on the results of testing on the table, the significance value obtained by positioning variable is 0.102 > 0.05 with a b₁ coefficient value of 0.056 so that the decision is H₆ rejected. Thus, it can be concluded that positioning has no positive effect on financial statement fraud.

CONCLUSION, LIMITATION, AND FUTURE RESEARCH

Based on the results of data analysis and discussions that have been conducted, it can be concluded that: financial stability has no effect on financial statement fraud, external pressure has a positive effect on financial statement fraud, nature of industry has a positive effect on financial statement fraud, ineffective monitoring has no effect on financial statement fraud, rationalization has no positive effect on financial statement fraud, and positioning has no positive effect on financial statement fraud.

REFERENCE


