

ABSTRACT

Financial report fraud is an activity carried out by management with the intention of gaining personal profit by deliberately presenting false financial statements to users of financial statements. Cases of financial reporting fraud that occurred in several food and beverage sub-sector manufacturing companies made the basis for understanding the factors associated with fraudulent financial statements so as to minimize the occurrence of corporate losses.

This study aims to examine whether there is a partial or simultaneous influence of the variables of pressure, opportunity, rationalization, ability, and arrogance towards fraudulent financial statements in the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in the period 2015-2017. Measurements of each variable are obtained from the company's annual report in the specified period.

The sampling method in this study uses purposive sampling technique, there are 123 samples that will be used in this study. This study uses panel data regression analysis techniques for processing data using SPSS 16 software.

The results showed that simultaneous pressure, opportunity, rationalization, competence, and arrogance had an effect on fraudulent financial statements. Partial influence, pressure does not affect fraudulent financial statements, opportunities do not affect fraudulent financial statements, arrogance does not affect fraudulent financial statements, competence has a negative effect on fraudulent financial statements, and arrogance does not affect fraudulent financial statements.

The advice obtained from this study is that companies must be more routine to make changes to directors, because if the company routinely changes the board of directors, fraudulent financial statements can be avoided.

Keywords: fraud pentagon, fraudulent financial reporting