

ABSTRACT

Financial statement fraud is defined as the intentional misrepresentation and concealment of facts on account values in financial statements, resulting in irrelevant financial information. Fraudulent financial statements can lead to internal and external conflicts within a company that can harm decision makers.

This study aims to determine the effect of the fraud hexagon which consists of pressure (external pressure), capability (change of director's), opportunity (nature of industry), rationalization (auditor's opinion), arrogance (frequent number of CEO's picture), and collusion (project). government) simultaneously or partially against fraudulent financial statements on LQ 45 index companies listed on the Indonesia Stock Exchange for the 2016-2020 period.

The object of this research is the LQ 45 index company listed on the Indonesia Stock Exchange in 2016-2020. This study used a purposive sampling technique in determining the sample so that 24 samples of companies or 120 research data were obtained. This study uses a descriptive type of research with logistic regression analysis techniques using SPSS 25 software.

The results of this study indicate that pressure, capability, opportunity, rationalization, arrogance, and collusion have a simultaneous effect on financial statement fraud. The partial test results show that rationalization, arrogance have a positive effect and pressure, capability, opportunity, collusion have no effect on fraudulent financial statements.

The contribution of this study is to increase knowledge about the effect of the fraud hexagon on fraudulent financial statements. Further researchers are advised to use or add other variables apart from the variables in this study because the independent variable in this study only explained 26.9% of the dependent variable of financial statement fraud while the remaining 73.1% was explained by other variables.

Keywords: *fraud hexagon, financial statement fraud*