

ABSTRACT

Financial reports must be made relevant and reliable so that fraud can be reduced, and the information can be trusted by interested parties. In practice, there are still many frauds that occur in financial statements. Financial statement fraud is an action taken by a company to intentionally mislead users of financial statements by presenting and manipulating the value of the company's financial statements.

This study aims to determine the influence of opportunity factors on fraudulent financial statements. Opportunity factors include the nature of industry, ineffective monitoring and materiality. Financial statement fraud as measured using the M-score Model, is a detection tool that can detect financial statement fraud developed by Professor Messod Beneish.

The population in this study are all manufacturing sector companies for the 2017-2021 period which are listed on the Indonesia Stock Exchange (IDX) totaling 213 companies. The resulting samples were 118 companies using purposive sampling with a total of 590 observational data. The analytical method used is panel data regression using E-views 12 software.

The results of the tests that have been carried out show that simultaneously the variables Nature Of Industry, Ineffective Monitoring and Materiality have a significant effect on fraudulent financial reporting. Partially, the Nature Of Industry and Materiality has a positive effect on fraudulent financial reporting, while Ineffective Monitoring have no significant effect on fraudulent financial reporting.

The independent variable in this study was only able to explain the variation of the dependent variable at 15.52%. For further researchers it is suggested to be able to develop other independent variables. For company management, it is hoped that they can maintain the company's financial stability as well as possible and report financial reports that are in accordance with what is happening in the company. For investors and potential investors, it is expected to carry out calculations or analyzes through the nature of the industry and the materiality so that they can determine the stability of the company's finances and know the company's operational performance so that it can be predicted about the future of the company where it will invest its capital.

Keywords: Nature of Industry, Ineffective Supervision, Materiality, Fraudulent Financial Statement.