

ABSTRACT

Financial Shenanigans are actions taken by individuals or groups intentionally to manipulate the company's financial statements and mislead users of financial statements, including investors. The conflict of interest between investors as principals and management as agents who often benefit one party triggers fraud in financial reporting.

This study aims to determine the effect of fraud diamond on financial shenanigans in manufacturing sector companies listed on the Indonesia Stock Exchange in 2020-2021. The data used in this study are audited annual financial reports obtained from the Indonesia Stock Exchange (IDX) website.

The population in this study are manufacturing sector companies listed on the Indonesia Stock Exchange in 2020-2021. The sampling technique used purposive sampling and the number of samples was 124 companies with a research period of 2 years, so that 248 samples were obtained. The data analysis method used is logistic regression analysis method which is processed using IBM SPSS Statistics 26 software.

The results of the tests that have been carried out show that pressure proxied by financial targets, opportunity proxied by the nature of the industry, rationalization proxied by total accruals and capability proxied by changes in the board of directors simultaneously affect financial shenanigans. Partially, financial targets and nature of industry have a significant effect on financial shenanigans, while total accruals and changes in directors have no significant effect on financial shenanigans.

For academics, the research results are expected to provide additional knowledge and insight into the determinants that can affect financial shenanigans. Future researchers are advised to use other sectors and add other variables to determine the effect of financial shenanigans. For investors, these results can be a means of knowing and understanding and even indicating financial shenanigans.

Keywords: *Financial Shenanigans, Financial Targets, Nature of Industry, Total Accruals, Change of Directors*