

ABSTRACT

Financial statement fraud is a deliberate misrepresentation of financial information with the aim of misleading users of financial statements in the decision-making process. Even though regulators have established regulations and sanctions regarding this matter, in reality, there are still companies that choose to engage in fraudulent practices. Because of the impact that can be detrimental to various parties, financial statement fraud is also a serious problem that must be detected as soon as possible. However, the inconsistency of results in previous research indicates the need for further studies regarding signs of financial statement fraud.

The purpose of this study was to determine the simultaneous and partial effects of fraud risk factors in the fraud diamond perspective, in the form of financial stability, financial targets, external pressure, nature of industry, ineffective monitoring, change in auditors, and change in directors on indications of financial statement fraud in SOEs listed on the Indonesia Stock Exchange for the 2017-2021 period.

The data for this research were obtained from secondary data sources, namely the financial statements of SOEs. By using the purposive sampling method in selecting the sample, a sample of 10 SOEs was obtained so that the total observation data for five years of research was 50 data. After the data was collected from a representative sample of the population, data was analyzed using descriptive statistical and logistic regression analysis techniques with the help of IBM SPSS Statistics 24 software.

The results of this study indicate that financial stability, financial targets, external pressure, nature of industry, ineffective monitoring, change in auditors, and change in directors simultaneously affect financial statement fraud. In addition, the results of this study also show that partially financial target and external pressure have a positive effect on financial statement fraud, while the nature of industry, ineffective monitoring, and change in directors have a negative effect on financial statement fraud. However, financial stability and change in auditors have no effect on financial statement fraud.

This research contributes by increasing knowledge and understanding of fraud risk factors from a fraud diamond perspective that can be used to detect indications of financial statement fraud in a company. To produce more comprehensive research, future researchers are advised to use a more recent fraud model, try other independent variables not used in this study, try other indicators in measuring financial statement fraud, examine research objects with specific industrial sectors, and extend the research period. In effectively facing the challenges of financial statement fraud, several suggestions are also addressed to regulators, companies, investors, and auditors.

Keywords: financial statement fraud, fraud diamond, SOEs