ABSTRACT

Financial statement fraud is a deliberate act that can harm users of financial statements to benefit themselves and result in harm to users of financial statements.

The purpose of this study was to determine the simultaneous and partial effects of corporate governance variables, financial targets, nature of industry, and rationalization on financial statement fraud in companies indexed in the Indonesia Stock Exchange Environmental Social and Governance (IDX ESG) Leaders in 2020-2021.

This research method uses quantitative methods and sample selection is determined using purposive sampling. The sample obtained was 26 companies with a total of 52 observations. The data were analyzed using descriptive statistical analysis methods and logistic regression analysis with the help of E-views12 software.

The results of research on corporate governance, financial targets, nature of industry, and rationalization simultaneously affect financial statement fraud. Partial results, nature of industry, and rationalization have a positive effect on fraudulent financial statements. While corporate governance and financial targets have no effect on fraudulent financial statements.

The limitations of this study are indicated by the adjusted R-squared value of 49%. Meanwhile, the remaining 51% is explained by other factors outside the study. This research is expected to be used as material for evaluation and improvement in company activities, as well as additional information in making investment decisions. Therefore, it is recommended for future researchers to conduct this research by re-examining companies indexed on the IDX ESG Leaders by increasing the number of years of research and maintaining influential variables, as well as exploring other variables that have the potential to influence financial statement fraud.

Keywords: *Corporate Governance, Financial Target, Financial Statement Fraud. Nature of Industry, Rationalization,*