

ABSTRACT

Financial statement fraud is an act that causes the omission of amounts or misstatements that are disclosed intentionally to deceive users of financial statements. Based on the results of the ACFE survey, cases of financial statement fraud have the largest average loss of US\$ 593,000 with a percentage of 9% of the total cases. For the type of industry, the manufacturing industry experienced an average loss of US \$ 177.00 with a percentage of 12% for financial statement fraud out of 194 cases.

This study aims to determine the effect of capability, namely CEO prestige power, CEO education, CEO experience, CEO horizon, CEO founder, CEO expert power, CEO age similarity, and CEO number executive on financial statement fraud in manufacturing companies listed on the Indonesia Stock Exchange (BEI) from 2017 to 2021.

This research is quantitative research with secondary data. The population used is manufacturing companies listed on the Indonesia Stock Exchange (IDX). The sampling technique was purposive sampling and logistic regression data analysis. The sample in this study were 114 manufacturing companies that consistently published financial statements and annual reports for the 2017-2021 period.

The test results show that simultaneously the variables of CEO prestige power, CEO education, CEO experience, CEO horizon, CEO founder, CEO expert power, CEO age similarity, and CEO number executive have a significant effect on financial statement fraud. Partially, CEO age similarity and CEO number executive have a positive effect on financial statement fraud. Meanwhile, other variables have no significant effect on financial statement fraud.

Further research is recommended to develop independent variables that do not only focus on the capabilities of the CEO but on all directors. For company management, it is hoped that it can be taken into consideration in acting to issue financial reports properly and correctly without fraud.

Keywords: *Capability, CEO Age Similarity, CEO Education, CEO Experience, CEO Expert Power, CEO Founder, CEO Horizon, CEO Number Executive, CEO Prestige Power, Fraudulent Financial Statements*