

ABSTRACT

Fraudulent financial reporting is an act that is intentionally carried out in misrepresentation by hiding the truth and important information in financial reports which causes other people to be influenced to make investments which ultimately experience detrimental impacts.

This research aims to determine the influence of the independent variables financial stability, cash flow shenanigans, political connections, and whistleblowing system as control variables on the detection of fraudulent financial reporting, both simultaneously and partially. The objects used as samples in this research are transportation and logistics sector companies listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period.

The technique used in this research was purposive sampling and resulted in 50 data samples being used. The data analysis model used in this research is logistic regression analysis and analyzed using the SPSS 26 application.

This research provides results that the independent variables financial stability, cash flow shenanigans, political connections, and whistleblowing system as control variables have a simultaneous influence on the detection of fraudulent financial reporting. The partial test results show that the political connection variable does not significantly influence the detection of financial report fraud and the whistleblowing system as a control variable does not significantly influence the variable on the detection of fraudulent financial reporting. The financial stability variable has a significant positive effect on the detection of fraudulent financial reporting. Cash flow shenanigans have a negative effect on detecting fraudulent financial reporting.

Based on the results of this research, it is recommended for future researchers to add other independent variables that might have an influence on the detection of fraudulent financial statements and to conduct research on different objects. Companies are advised to present financial reports honestly and accurately for consideration by investors. Companies are expected to look back at the company's financial stability, company cash flow, and look back at the board of directors or commissioners who have had or are currently politically connected, and must also improve the function of the whistleblowing system.

Keywords: financial stability, cash flow shenanigans, political connection, whistleblowing system, fraudulent financial reporting.