

ABSTRACT

Financial reports are a communication tool used by companies to provide information to users of financial reports. Often, go public companies provide their financial reports in good condition to attract investors, so that companies are motivated to manipulate their financial reports.

Political connection is a relationship between executives who are currently in office or have served with the government. Executive compensation is the amount of compensation received by company executives. Related party transactions are parties that control or significantly influence financial transactions or operational decisions in a certain reporting period. This study was conducted to determine whether political connections, executive compensation, and related party transactions have an effect on financial statement fraud.

The population in this study are consumer cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2022. This study uses secondary data in the form of annual reports and annual financial reports from consumer cyclicals sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-202 with a sample of 44 companies. This study is quantitative with data collection techniques using purposive sampling and panel data regression research methods processed using EViews 12.0 software.

The results of this study indicate that political connections, executive compensation, and related party transactions do not affect financial statement fraud. Partially, political connections have a positive effect on financial statement fraud, executive compensation does not affect financial statement fraud, and related party transactions do not affect financial statement fraud.

The limitation of this study is the lack of data presented by the company, such as compensation data received by executives. It is therefore recommended to add samples or other types of company sectors.

Keywords: *Executive Compensation, Fraudulent Financial Reporting, Political Connection, Related Party Transaction.*