

THE INFLUENCE OF EXTERNAL PRESSURE, FINANCIAL STABILITY AND FINANCIAL TARGET ON FRAUDULENT FINANCIAL REPORTING (Empirical Study of Manufacturing Companies in the Consumer Goods Industry Sector Listed on the IDX 2016-2020)

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ABSTRACT

This research aims to obtain empirical evidence on the influence of external pressure, financial stability and financial targets on fraudulent financial reporting in consumer goods industry manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020. The population in this study are manufacturing companies in the consumer goods industry sector which are listed on the Indonesia Stock Exchange via the website www.idx.co.id during the 2016-2020 period. The samples in this research were 14 manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020 which were selected using a purposive sampling method. The type of data used in this research is secondary data. Data collection techniques and tools in this research use documentation and literature study methods. Meanwhile, the data analysis method used is multiple linear regression analysis. The results obtained in this research indicate that external pressure and financial targets have a significant negative effect on financial statement fraud. Meanwhile, financial stability does not have a significant effect on fraudulent financial statements.

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1. INTRODUCTION

Financial reports are records of a company's financial information for a certain accounting period and are used to display a company's performance. Financial reports are used as an important indicator in assessing the ability to manage a company (Fitriani, 2020). According to Indonesian Accountants Association (2016) Financial reports aim to provide financial information about the reporting company that is useful to investors, lenders, and other creditors in making decisions about providing resources to the company. Investors use financial reports to consider whether or not they will invest in a company by looking at the company's performance, income, and investment safety. For creditors, financial reports are used to determine the company's ability to pay off debts and interest. For the government, financial reports are used as a basis for determining taxes and the feasibility of companies going public. Financial reports are used by employees to see whether the company they work for has good financial prospects and job security or not. Meanwhile, for management, financial reports are used to evaluate company performance, compensation, career development, and the basis for career recruitment, as well as the basis for decision making for planning or evaluation if there is a change in strategy. (Andiyani, 2020).

In financial reports, the information presented is not only in the form of numbers, but also contains information that shows the company's financial performance in one period. As company managers, management is obliged to report or provide information to shareholders about the company's ability to manage its finances. This information is needed by users of financial reports, such as investors who will invest their capital in the company. Companies use various methods, including showing their financial condition as best as possible to attract the attention of potential investors, so that this situation creates the potential for fraud in the preparation of financial reports. (Fatkhurizqi & Nahar, 2021).

Fraud usually occurs because of motivation and opportunity. Usually motivation arises because of financial pressure that forces a person/individual to commit fraudulent acts. Opportunities arise due to

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the company's low internal control system in supervising all activities in the company. Judging from the AICPA in 2002 which issued SAS No. 99 in Fitriani (2020) shows that when a company is in a bad condition, management will be under pressure which results in management committing fraud in submitting the company's financial reports. This action is taken so that the company can continue to compete in the business world and maintain the continuity of its business (Maulidiyah, 2017). The aim of earnings management practices and the quality of financial reporting will ultimately be the same, namely that they both aim to increase the company's revenue or profit which is expected to survive and the company's future cash flow as a representation of performance (Subiyanto et al., 2021). The company may show performance results that are not in accordance with the actual situation. This happens because the company wants to be considered good by all parties. This favorable viewpoint encourages companies to manipulate the information in the special sections published. Fraud can also be triggered by the relationship between the agent and the principal. Shareholders trust management to control their shares, so management tries to control the company as much as possible, sometimes even using fraudulent or unprofitable methods (Ulfah et al., 2017).

According to Siddiq et al., (2017) *Statement of Financial Accounting Conceptst* (SFAC) No.1 explains that the main element for assessing or evaluating the responsibility of management or the performance of a company can be seen from earnings information, so that in presenting information, the company will try to provide the best and sometimes induce earnings management behavior. One form of financial report fraud that is often carried out is earnings management. Earnings management is an action that is fair and rational in principle, because it is carried out by management using the accrual basis in preparing financial reports. Earnings management can also make a company's financial reports look better.

Fraud in financial reports can mean that the information presented in financial reports is irrelevant and contains misstatements, resulting in inappropriate decision making by users of financial reports. If a company provides irrelevant information, then financial information cannot be used as a basis for making economic decisions, because the results of the analysis carried out are inadequate (Rahmanti, 2013). According to the Association of Certified Fraud Examiners (ACFE), fraud is a fraudulent act that is intentionally committed by a person or entity who knows that the action will result in loss to the individual or entity. According to the Association of Certified Fraud Examiners (ACFE) report in 2018, companies lose around 5% of their total gross revenue due to fraud. Surveys show that corruption is the most common type of fraud and results in the largest losses in Indonesia. Fraud in the form of corruption results in losses of between Rp. 100 million to Rp. 500 million rupiah per case (ACFE Indonesia, 2019).

The phenomenon of fraudulent financial reporting in Indonesia is very common, the phenomenon of cases related to fraudulent financial reporting in manufacturing companies in Indonesia, namely, PT Tiga Pilar Sejahtera Food Tbk (AISA) is suspected of committing violations of financial reporting in 2017 after Ernst & Young as a certified public accountant conveyed investigative audit report. The first point of the investigation was the discovery of alleged misappropriation of Rp. 4 trillion in the 2017 financial report which occurred in inventory accounts, trade receivables and fixed assets which reached Rp. 329 billion in EBITDA and Rp. 662 billion on sales accounts. The second point is that it is suspected that the flow of funds amounted to Rp. 1.78 trillion from AISA to parties suspected of being related to former management who previously used AISA loan disbursement at the bank. The third point relates to transactions and relationships between stakeholders, and it was found that AISA did not provide adequate and relevant disclosures to stakeholders. This case contradicts or violates the Decree of the Chairman of Bapepam and Financial Institutions No. KEP-412/BL/2009 relates to transactions and conflicts of interest in certain transactions (www.nasional.co.id, accessed 04 February 2022, 07.13 WIB).

Another phenomenon of financial statement fraud cases is the case of PT. Sunprima Nusantara Pembinaan (PT. SNP Finance), researchers accessed at www.bareksa.com on February 8 2022 at 20:17 WIB information was obtained that PT. Sunprima Nusantara Pembinaan (PT. SNP Finance) has engineered financial reports in 2018. In this case PT. SNP collaborated with one of the Big Five KAPs in Indonesia by creating fictitious sales and fictitious receivables, these fictitious receivables were used as collateral for their creditors to obtain financing. PT. SNP has defrauded 14 banks to obtain financing from other financial institutions, so the losses due to this case are estimated at IDR 14 trillion.

There are many more cases of fraud in financial reports carried out by companies that have been detected by the Financial Services Authority (OJK). Violations of these financial reports continue to occur and result in misleading financial reports for users of financial reports. This fraud case can be carried out

individually or by a group of people who work together in an organization to commit fraudulent acts. This shows that there is weak internal control in management (Andiyani, 2020).

Cases of fraudulent financial reporting occur due to the influence of fraud factors called the fraud triangle theory, which consists of pressure, opportunity and rationalization. (Cressey, 1953). The components of the fraud triangle cannot be studied directly, so in this case researchers must consider the variables and proxies for the measurements that will be used (Skousen et al., 2009). The independent variables used in this research are external pressure, financial stability and financial target. Meanwhile, the dependent variable in this research is fraudulent financial reporting.

Judging from the results of several previous studies on fraudulent financial reporting which continue to show mixed results, development is needed to obtain empirical evidence. This research was conducted because it was inspired by previous research and also because of the many cases of financial reporting fraud that occurred in Indonesia. The difference between this research and other research is the variables, year and research samples taken. This research combines variables from previous research with the 2016-2020 research year and takes samples from manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (BEI).

Research conducted by Indah Andiyani (2020) states that external pressure has a positive effect on financial report fraud. Research by Nur Maghfiroh, Komala Ardiani, Syafnita (2015) shows that external pressure has a significant effect on financial statement fraud, while research by Dewi Listyaningrum, Patricia Diana Paramita, Abrar Oemar (2017) shows that external pressure does not have a significant effect on financial reporting fraud.

Research conducted by Regina Aprilia (2017) shows that financial stability has a significant positive effect against financial statement fraud. Research by Muhammad Azmi Fatkhurrisqy, Aida Nahar (2021) shows that financial stability has no effect on financial statement fraud, while research by Annisa Rachmania (2017) shows that financial stability has no effect on financial statement fraud.

Research conducted by Vidella Aulia, Efi Tajuroh Afiah (2020) shows that financial targets have no effect on fraudulent financial reports. Research by Ade Sifa Rahmawati, Putri Nurmala (2019) states that financial targets have no effect on fraudulent financial reporting, while research conducted by Fitri Siregar, Nurhayani Lubis (2016) shows that financial targets have an effect on fraudulent financial reporting.

Table 1 Research Gap Previous Research

Research Gap	Researcher	Findings
There are differences in research results on the influence of external pressure on fraudulent financial reporting	Indah Andiyani (2020)	No effect
	Nur Maghfiroh, Komala Ardiani, Syafnita (2015)	Significant Influence
	Dewi Listyaningrum, Patricia Diana Paramita, Abrar Oemar (2017)	No Significant Effect
	Regina Aprilia (2017)	Significant Positive Influence
There are differences in research results on the influence of financial stability on fraudulent financial reporting	Muhammad Azmi Fatkhurrisqy, Aida Nahar (2021)	No effect
	Annisa Rachmania (2017)	No effect
	Vidella Aulia, Efi Tajuroh Afiah (2020)	No effect
There are differences in research results on the influence of financial targets on fraudulent financial reporting	Ade Sifa Rahmawati, Princess Nurmala (2019)	No effect
	Indarti, Inova Fitri Siregar, Nurhayani Lubis (2016)	Significant Influence

Source: Data processed by the Author, 2021

Given the research gap above, it is therefore necessary to carry out further research regarding the influence of External Pressure, Financial Stability and Financial Target on Fraudulent Financial Reporting in Manufacturing Companies in the Consumer Goods Industry sector on the Indonesian Stock Exchange using the latest research objects from 2016-2020.

2. METHOD

The data sources in this research are manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange which were published during the 2016-2020 period using archival (documentation) methods which look at the company's annual reports via the Indonesia Stock Exchange website at www.idx.co.id or the official website of the relevant company. The data used in this research is secondary data. The population used in this research uses report figures from manufacturing companies in the consumer goods industry sector that are registered and that publish annual financial reports published on the Indonesia Stock Exchange (BEI) between 2016-2020. The samples selected in this research were based on purposive sampling, namely selecting samples based on predetermined characteristics or criteria. The sample criteria in this study are:

1. Manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange consecutively for the 2016-2020 period
2. Companies whose financial reports use Rupiah currency
3. Manufacturing companies on the IDX with complete annual report data on the company website or IDX website consecutively during the 2016-2020 period
4. Manufacturing companies on the IDX are in consecutive profit positions during the 2016-2020 period.

In this research, data collection techniques and tools were carried out using documentation and literature study methods. The analytical method used in this research is descriptive statistical analysis and multiple linear regression analysis which was processed using Microsoft Excel and SPSS version 25 software.

3. RESULTS AND DISCUSSION

General description

Based on its history, the journey of the Indonesian Stock Exchange (BEI) began in the 19th century, when the Dutch East Indies Government opened up plantation land in Indonesia. The establishment of the Indonesian Stock Exchange (BEI) on November 30 2007 was a merger of the Surabaya Stock Exchange (BES) into the Jakarta Stock Exchange (BEJ). The Indonesian Stock Exchange provides information to the public about open offers to sell and buy shares. The Indonesian Stock Exchange has the following vision, mission and strategic targets:

- a. Vision
Becoming a Competitive Exchange with World Level Credibility.
- b. Mission
Providing infrastructure to support the implementation of securities trading in an orderly, fair and efficient manner that is easily accessible to all stakeholders.
- c. Strategic target
 1. To become a trusted securities trading center and support the deepening of the capital market in Indonesia
 2. Increase in the number and participation of investors
 3. Increased quantity and quality of listed companies
 4. Development and optimization of stock exchange infrastructure
 5. Increasing the capacity of exchange members and expanding participants

Sectors listed on the Indonesian Stock Exchange (BEI) in 2016-2020 are as follows:

1. Agriculture (Agriculture)
2. Mining
3. Basic Industry and Chemicals (Basic Industry & Chemicals)
4. Various Industries (Miscellaneous Industry)
5. Consumer Goods Industry
6. Property, Housing, and Building Construction (Property, Real Estate, and Building)
7. Infrastructure, Utility, and Transportation (Infrastructure, Utility, and Transportation)
8. Financial (Finance)
9. Trade, Services and Investment (Trade, Service, and Investment).

The Basic Industry and Chemicals (Basic Industry & Chemicals), Miscellaneous Industry, Consumer Goods Industry sectors are included in the Manufacturing Companies listed on the Indonesia Stock Exchange (BEI) in 2016-2020. The research object in this study is manufacturing companies in the good

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consumer industry sector listed on the Indonesia Stock Exchange in the 2016-2020 period. This research uses a purposive sampling method to select the sample. From the considerations above, a sample of 14 companies was obtained with a total of 70 observation data.

Table 1 Company Criteria

Criteria	Amount
Number of Manufacturing Companies in the Consumer Goods Industry sector registered on the IDX in the 2016-2020 period	63
Number of Companies whose Financial Reports do not use rupiah	(13)
Number of companies that do not have complete data regarding annual reports for the 2016-2020 period	(17)
Number of Companies that are not in a profitable position during the 2016-2020 period	(12)
Number of Companies that do not provide the required data	(7)
Number of companies used as samples	14
Year of observation	5
Number of samples during the 2016-2020 period	70
Outliers	(5)
Total sample size in the research period	65

Source: data processed by the author, 2021

Table 2 List of Companies

No	Company name	Company Code
1	PT. Akasha Wira Internasional Tbk.	ADES
2	PT. Budi Starch & Sweetener Tbk.	BUDI
3	PT. Wilmar Cahaya Indonesia Tbk.	CHECK
4	PT. Chitose International Tbk.	CINT
5	PT. Darya-Varia Laboratoria Tbk.	DVLA
6	PT. Kalbe Farma Tbk.	KLBF
7	PT. Multi Bintang Indonesia Tbk.	MLBI
8	PT. Mayora Indah Tbk.	MYOR
9	PT. Nippon Indosari Corpindo Tbk.	BREAD
10	PT. Sido Muncul Herbal Medicine and Pharmaceutical Industry Tbk.	SIDO
11	PT. Sekar Bumi Tbk.	SKBM
12	PT. Tunas Baru Lampung Tbk.	TBLA
13	PT. Ultrajaya Milk Industry & Trading Company Tbk.	ULTJ
14	PT. Unilever Indonesia Tbk.	UNVR

Source: data processed by the author, 2021

Research result

Data Collection Results

a. External Pressure

External Pressure is a condition where a person is pressured by an external party to fulfill the requirements or expectations of that external party. External pressure in this research is proxied using the leverage ratio. The tabulated results of the calculation are as follows:

Table 3 Variable Calculation Results External Pressure

NO	Company Code	<i>External Pressure(X1)</i>				
		2016	2017	2018	2019	2020
1	ADES	0.4992	0.4966	0.4532	0.3094	0.2694
2	BUDI	0.5069	0.5936	0.6385	0.5715	0.5538
3	CHECK	0.3773	0.4301	0.1645	0.1879	0.1953
4	CINT	0.4794	0.1979	0.209	0.2528	0.2262

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5	DVLA	0.2950	0.3197	0.2868	0.2863	0.3324
6	KLBF	0.1814	0.1638	0.1571	0.1756	0.1900
7	MLBI	0.6393	0.5757	0.5959	0.6044	0.5070
8	BREAD	0.5058	0.3815	0.3361	0.3395	0.2750
9	SIDO	0.0769	0.0831	0.1303	0.1314	0.1631
10	SKBM	0.6322	0.3696	0.4126	0.431	0.4561
11	TSPC	0.2962	0.3165	0.3097	0.3083	0.2996
12	ULTJ	0.1769	0.1886	0.1406	0.1443	0.4538
13	UNVR	0.7191	0.7264	0.6118	0.7442	0.7596

Source: data processed by the author, 2022

b. Financial Stability

Financial stability is a condition that describes the financial condition of a company in a stable condition. An assessment of the stability of a company's financial condition can be seen from the condition of its assets. Financial stability in this research is proxied using ACHANGE. Following are the calculation results:

Table 4 Variable Calculation Results Financial Stability

NO	Company Code	<i>Financial Stability(X2)</i>				
		2016	2017	2018	2019	2020
1	ADES	0.1489	0.0866	0.0466	-0.0716	0.1423
2	BUDI	0.1336	0.0026	0.1337	-0.1311	-0.0124
3	CHECK	-0.0420	0.0760	-0.1914	0.1609	0.1108
4	CINT	0.0374	0.1621	0.0301	0.0577	-0.0471
5	DVLA	0.1013	0.0667	0.0249	0.0804	0.0789
6	KLBF	0.1005	0.0837	0.0843	0.1045	0.1019
7	MLBI	0.0766	0.0936	0.1313	0.0026	0.0036
8	BREAD	0.0731	0.3597	-0.0377	0.0616	-0.0516
9	SIDO	0.0641	0.0641	0.0641	0.0641	0.0641
10	SKBM	0.2368	0.3828	0.0837	0.0269	-0.0292
11	TSPC	0.0457	0.1142	0.0553	0.0601	0.0804
12	ULTJ	0.1649	0.1827	0.0664	0.1593	0.2451
13	UNVR	0.0607	0.1143	0.0316	0.0545	-0.0056

Source: data processed by the author, 2022

c. Financial Target

Financial targets is a condition where the company determines the level of profit that must be obtained for the effort expended. In carrying out its performance, management is required to provide the best performance in achieving the targets that have been planned. Financial targets in this research are proxied using ROA. Following are the calculation results:

Table 5 Variable Calculation Results Financial Target

NO	Company Code	<i>Financial Target(X3)</i>				
		2016	2017	2018	2019	2020
1	ADES	0.0729	0.0455	0.0601	0.1020	0.1416
2	BUDI	0.1071	0.0155	0.0149	0.0213	0.0226
3	CHECK	0.1751	0.1093	0.0793	0.1547	0.1161
4	CINT	0.1061	0.0622	0.0276	0.0138	0.0005
5	DVLA	0.0993	0.0989	0.1192	0.1212	0.0816
6	KLBF	0.1544	0.1476	0.1376	0.1252	0.1241
7	MLBI	0.4317	0.5267	0.4239	0.4163	0.0982
8	BREAD	0.0958	0.0297	0.0289	0.0505	0.0379
9	SIDO	0.1608	0.1690	0.1989	0.2284	0.2426
10	SKBM	0.0225	0.0159	0.0090	0.0005	0.0031
11	TSPC	0.0828	0.0750	0.0687	0.0711	0.0916
12	ULTJ	0.1674	0.1372	0.1263	0.1567	0.1268
13	UNVR	0.3816	0.3705	0.4666	0.358	0.3489

Source: data processed by the author, 2022

d. Financial Reporting Fraud

Financial reporting fraud is an intentional misstatement or omission of amounts or disclosures made to deceive or deceive users of financial statements. Most cases involve misstatements of reported amounts compared to disclosures (Elder et al., 2011). In this study, fraudulent financial reporting is proxied by *F-Score*. The following are the results of calculating the dependent variable in this research:

Table 6 Variable Calculation Results Financial Reporting Fraud

NO	Company Code	Financial Reporting Fraud (Y)				
		2016	2017	2018	2019	2020
1	ADES	0.3881	0.1866	0.3137	0.4824	0.4859
2	BUDI	0.4376	-0.2021	-0.3861	0.4323	-0.1922
3	CHECK	0.2327	0.1430	0.8788	0.9299	0.7029
4	CINT	0.3103	1.0658	0.5497	0.5520	0.5769
5	DVLA	0.5792	0.4638	0.4856	0.6158	0.2817
6	KLBF	0.7211	0.7079	0.6809	0.7344	0.7410
7	MLBI	-0.1852	-0.3209	-0.2224	-0.4341	0.2215
8	BREAD	0.4255	0.2785	0.3881	0.5089	0.9314
9	SIDO	0.9663	0.7496	0.9308	0.7044	0.6168
10	SKBM	-0.2371	0.4315	0.1456	0.2296	0.2875
11	TSPC	0.5585	0.3722	0.4473	0.5489	0.4685
12	ULTJ	0.8056	0.6358	0.8197	0.8797	0.3214
13	UNVR	-0.3996	-0.5650	-0.0996	-0.5423	-0.4387

Source: data processed by the author, 2022

Descriptive Statistics of Research Variables

Descriptive statistical analysis is used to describe or describe data that can be seen from the standard deviation, average (mean), minimum and maximum values to be used as information. This analysis is used to describe the actual condition of the company (Ghozali, 2013). Descriptive analysis aims to get a picture of the research variable data, with the dependent variable being financial report fraud and the independent variable being the components included in the fraud triangle. Below is a table of the results of the descriptive statistical analysis in this research:

Table 7. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
External Pressure	65	0.0769	0.7596	0.366811	0.1842900
Financial Stability	65	-0.1914	0.3828	0.074054	0.9255875
Financial Target	65	0.0005	0.5267	0.136566	0.1266777
Kecurangan Pelaporan Keuangan	65	-0.5650	1.0658	0.371208	0.4135102
Valid N (listwise)	65				

Sumber : data diolah, 2022

Based on table 7 it can be concluded as follows:

- The External Pressure variable has a minimum value of 0.0769 obtained from PT. Sido Muncul Herbal Medicine and Pharmaceutical Industry Tbk in 2016 and the maximum value is 0.7596 obtained from PT. Unilever Indonesia Tbk in 2020, and the mean value is 0.366811 which is greater than the standard deviation value of 0.1842900, which means the data is spread evenly or varies.
- Variable *Financial Stability* has a minimum value of -0.1914 obtained from PT. Wilmar Cahaya Indonesia Tbk in 2018 and the maximum value is 0.3828 which obtained from PT. Sekar Bumi Tbk in 2017, as well as the mean value 0.074054 which is smaller than the standard deviation value of 0.9255875, which means the data is spread unevenly or does not vary.
- Variable *Financial Target* has a minimum value of 0.0005 obtained from PT. Sekar Bumi Tbk in 2019 and the maximum value is 0.5267 which obtained from PT. Multi Bintang Indonesia Tbk in

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2017, and the mean value is 0.136566 which is greater than the standard deviation value of 0.1266777, which means the data is spread evenly or varies.

- d. Variable Financial Reporting Fraud has a minimum value of -0.5650 obtained from PT. Unilever Indonesia Tbk in 2017 and the maximum value is 1.0658 which obtained from PT. Chitose Internasional Tbk in 2017 mean value 0.371208 which is smaller than the value The standard deviation is 0.4135102, which means the data is spread unevenly or does not vary.

Classic Assumption Test Results

Normality test

The normality test used in this research used the One Sample Kolmogorov-Smirnov Test (KS). The following are the results of the normality test in this study:

Table 8 Normality test

		Unstandardized Residuals
N		65
Normal Parameters, b	Mean	0.0000000
	Std. Deviation	0.14211412
Most Extreme Differences	Absolute	0.094
	Positive	0.094
	Negative	-0.59
Statistical Tests		0.094
Asymp. Sig. (2-tailed)		0.200

Source: Processed data, 2022

Based on table 4.8, the results of the One-Sample Kolmogorov-Smirnov normality test show that the Kolmogorov-Smirnov value is 0.094 and the Asymp value. Sig (2-tailed), namely 0.200, is greater than the critical value of 0.05, which means that the data is normally distributed.

Multicollinearity Test

Uij Multicollinearity can be seen from the calculation of the Tolerance value and the Variance Inflation Factor (FIV) value. If the Tolerance value is < 1 , then there is no multicollinearity problem, and the VIF value cannot be > 10 . The following are the results of the multicollinearity test in this study:

Table 9 Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (constant)		
External Pressure	0.871	1,148
Financial Stability	0.999	1,001
Financial Target	0.872	1,147

Source: Processed data, 2022

From the calculation results in the table above, the VIF value is < 10 and the tolerance value is < 1 , so it can be concluded that the data model is free from multicollinearity.

Heteroscedasticity Test

To determine whether heteroscedasticity exists or not, you can use the Park Test. The Park test is carried out by conducting a residual logarithm regression test as the dependent variable. If the significant value of the independent variables less than 0.05 then there is an indication of heteroscedasticity.

Table 10 Heteroscedasticity Test

Model	Standardized Coefficients Beta	t	Sig.
1 (constant)			
External Pressure	0.119	1.148	0,587
Financial Stability	0.008	1.001	0,969
Financial Target	-0,042	1.147	0,847

a. Dependent Variable: LNRES

From the results of the heteroscedasticity test in the table above, it can be seen that the significant values of the three independent variables are greater than 0.05. So it can be concluded that the model does not contain any indication of heteroscedasticity.

Autocorrelation Test

The autocorrelation test used for this research is the Durbin Watson test (DW-test).

Table 11 Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.939	0.881	0.876	0.1458741	2,152

Source: Processed data, 2022

Based on the results of the autocorrelation test in the table above, it is known that the Durbin-Watson value is equal to 2,152 with a significant level of 0.05 or $\alpha = 5\%$, 3 independent variables ($k = 3$) and sample size $n = 65$. It is known that in the Durbin Watson table the value of $dU = 1,6960$ So for decision making $dU < dw < 4 - dU$ is $1,6960 < 2,152 < 2.304$ so it can be concluded that there was no autocorrelation in this study.

Multiple Linear Regression Test

Multiple linear regression analysis aims to determine whether there is an influence between the independent variable and the dependent variable. The following are the results of multiple linear regression analysis in this research:

Table 12 Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (constant)	1,167	0.044			26,487	0,000
External Pressure	-1,978	0.106	-0.882		-18,656	0,000
Financial Stability	-0.125	0.197	-0.028		-0.633	0.529
Financial Target	-0.446	0.154	-0.137		-2,895	0.005

Source: Processed data, 2022

Judging from table 12, the regression equation can be determined based on column B, namely the regression coefficient of each variable. The regression equation is as follows:

$$Y = 1.167 - 1,978X_1 - 0.125X_2 - 0.446X_3 + e$$

- From the multiple linear regression equation above, it can be concluded as follows:
- The constant value (α) is 1.167 which means that if all independent variables have a value equal to 1, then there is a risk of financial statement fraud worth 1.167.
- The regression coefficient value of the external pressure variable is -1,978 This means that if there is a one unit increase in the external pressure variable but the other variables remain constant, then financial statement fraud will decrease by -1,978.
- The regression coefficient value for the financial stability variable is -0.125, meaning that if there is an increase of one unit in the financial stability variable but the other variables remain constant, then financial statement fraud will decrease by -0.125.
- The regression coefficient value for the target financial variable is -0.446, meaning that if there is an increase of one unit in the target financial variable but the other variables remain constant, then financial statement fraud will experience a decrease of -0.446.

Hypothesis Testing Results

Model Fit Test (F)

This test aims to show whether all the independent variables included in the model have an influence on the dependent variable. The following are the results of the model fit test in this research:

Table 13. Model Fit Test

Model	F	Sig.
Regression	151.095	0.000
Residual TOTAL		

Sumber: Data diolah, 2022

Based on the table above, it shows that the F value is 151.095 with a p value of 0.000, then the regression model is fit or appropriate according to the criteria for a p value smaller than a significance value of 0.05, so it can be concluded that the research model with independent variables such as external pressure, financial stability and financial targets on fraudulent financial reporting has a regression model who is fit.

Individual Parameter Significance Test (t Test)

The t test is used to show how far an independent variable individually explains variations in the dependent variable.

Table 14. t test

Model	t	Sig.
1 (constant)	26.487	0.000
External Pressure	-18,656	0.000
Financial Stability	-0,633	0,529
Financial Target	-2,895	0.005

Sumber: Data diolah. 2022

Based on the table above, the external pressure variable has a calculated t value of -18.656 with a p value of 0.000 which is smaller than the significant value of 0.05, it can be concluded that external pressure has a significant negative effect on fraudulent financial reporting, so H1 is accepted. The financial stability variable has The calculated t value is -0.633 with a p value of 0.529 which is greater than the significant value of 0.05, so it can be concluded that financial stability has no significant effect on fraudulent financial reporting, so H2 is rejected. The target financial variable has The calculated t value is -2.895 with a p value of 0.005 which is smaller than the significant value of 0.05, it can be concluded that financial targets have a significant negative effect on fraudulent financial reporting, so H3 is accepted.

Test Coefficient of Determination (R²)

The coefficient of determination test aims to determine how far the model's ability to explain variations in the independent variable can confirm the dependent variable.

Table 15. Determinant Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.939	0.881	0.876	0.1458728

Sumber: Data diolah, 2022

Based on the table of coefficient of determination (R²) test results above, it can be seen that the R² (Adjusted R Square) value is 0.876 then it is known that the influence of the independent variables (external pressure, financial stability and financial target) is 87.6% of the dependent variable financial reporting fraud while the remaining 12.4% is influenced by other independent variables not examined in this research.

Discussion and Summary of Research Results

The following is a discussion of the results of research that has carried out multiple linear regression analysis on manufacturing companies in the Good Consumer Industry sector listed on the Indonesia Stock Exchange in 2016-2020:

The Influence of External Pressure on Fraudulent Financial Reporting

Judging from the results of the t test calculations, external pressure has a significant negative effect on fraudulent financial reporting. This is because it is known that the value of B is -1.978 in value The significance of external pressure is 0.000, which is smaller than 0.05, so H1 is accepted. This is because the greater the debt a company has, the tighter the supervision carried out by creditors in looking at a company's credit history. Apart from that, if the company's debt is large and the company commits fraud by hiding the value of the debt it has, this will actually make the company's situation worse, and the company will go bankrupt. (Agusputri & Sofie, 2019). The results of this research are in accordance with research by Annisa Rachmania (2017) which shows that external pressure has a significant effect on fraudulent financial reporting.

The Influence of Financial Stability on Fraudulent Financial Reporting

Based on the results of the t test calculations, financial stability does not have a significant effect on fraudulent financial reporting. This is because it is known that the value of B is -0.125 with a significant value of 0.529 greater than 0.05, it can be concluded that H2 is rejected. This is because managers do not participate in manipulating financial reports to improve the company's prospects when financial conditions are unstable or experiencing a decline because this will only worsen the company's financial condition in the future. (Ulfah et al., 2017). The results of this research support previous research conducted by Ade Sifa Rahmawati, Putri Nurmala (2019) and Annisa Rachmania (2017) which shows that financial stability has no significant effect on fraudulent financial reporting.

The Influence of Financial Targets on Fraudulent Financial Reporting

Based on the results of the t test calculations, financial targets have a significant negative effect on fraudulent financial reporting. This is because it is known that the value of B is -0.446 in value. The financial significance of the target is equal to 0.005 smaller than 0.05, it is concluded that H3 is accepted. This is in line with agency theory where the financial target has a relationship with the agent and principal. The agent will carry out his obligation to display the company's performance as best as possible so that the planned financial targets can be achieved. This condition creates a low risk impact because management will carry out financial performance carefully - Be careful so that the possibility of fraudulent financial reporting is very small (Hanifa & Laksito, 2015). The results of this research are not in line with previous research conducted by Dewi Listyaningrum, Patricia Diana Paramita, Abrar Oemar (2017) which shows that financial targets do not have a significant effect on fraudulent financial reporting.

4. CONCLUSION

Based on the test results and discussion in the previous chapter, it can be concluded as follows: External pressure has a negative and significant effect on fraudulent financial reporting. This means that the greater the debt a company has, the tighter the supervision carried out by creditors in looking at a company's credit history. Financial stability does not have a significant effect on fraudulent financial reporting. This occurs because the increase in the total amount of assets owned by the majority of companies is only small or the increase is not significant so it does not affect the potential for fraudulent financial reporting. It could also be because managers do not participate in manipulating financial reports to improve the company's prospects when financial conditions are unstable or experiencing a decline because this will only worsen the company's financial condition in the future. Financial targets have a negative and significant effect on fraudulent financial reporting. The agent or management will carry out their obligations to display the company's performance as best as possible so that the planned financial targets can be achieved. This condition creates a low risk impact because management will carry out financial performance carefully - Be careful so that the possibility of fraudulent financial reporting is very small. Based on the results of this research, there are several things that need to be considered and become suggestions for further research, namely: It is hoped that future researchers will use research objects in manufacturing companies with a wider sector or all manufacturing companies listed on the BEI so that research can be ascertained. it performs well. Future researchers can use other measurements besides the F Score as a measuring tool for the dependent variable to provide diversity in future research. Companies are expected to increase the level of caution in providing information to users of financial reports so as not to mislead users of financial reports. This is because as time goes by, stakeholders are much smarter in detecting fraudulent financial reports. If stakeholders find out about fraud in the company, the company's reputation will decline and investors will think again about investing their capital in the company.

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