Jurnal Ekonomi
Volume 13 , Number 02, 2024, DOI 10.54209/ekonomi.v13i02
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

The Influence Of The Fraud Triangle On Financial Reporting Fraud In Manufacturing Companies Listed On The Indonesia Stock Exchange

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Article Info	ABSTRACT

Keywords:
Fraud Triangle Theory,
Financial stability,
Ineffective monitoring,
Change in Auditor,
Audit committee,

This study aims to examine the influence of the Fraud Triangle Theory on Financial Statement Fraud. The research approach used is quantitative research, where the variables employed are financial stability, ineffective monitoring, and change in auditor, moderated by an audit committee on fraud. The study was conducted in the manufacturing industry listed on the Indonesia Stock Exchange, utilizing secondary data with a purposive sampling technique. The sample size consists of 144 companies between the years 2019-2022. The analytical tool used is Moderated Regression Analysis (MRA), processed using EViews 12 application. The research findings indicate that financial stability has a positive effect on financial statement fraud, effective monitoring has a negative effect on financial statement fraud, change in auditor has no significant effect on financial statement fraud, and the audit committee as a variable does not moderate financial stability's effect on financial statement fraud. The implications of this research are to enhance transparency in financial reporting so that irregularities in financial statements can be detected, thereby impacting management decision-making. It also raises stakeholders' awareness, including company management, of the dangers of financial fraud, leading to more effective prevention and detection measures that can be implemented within the company.

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INTRODUCTION

Financial statements are one of the communication tools between management and interested parties. The report presents the company's financial position and performance in a structured manner (Ayem et al., 2023). In a company, one important component is financial statements that are used to make it easier for the people involved to make decisions.

Company management must provide appropriate and reasonable information to ensure that financial statements are free from fraud. *Fraud* is an abuse of position to gain profit by utilizing organizational assets or resources (*Association of Certified Fraud Examiners* Indonesia, 2019). This activity becomes an act of fraud committed by someone unwittingly and can

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cause losses and profits for the perpetrator. *Fraud* is divided into 3 types based on actions, namely misuse of assets, corruption, and financial statement fraud (ACFE, 2020).

Company management must provide appropriate and reasonable information to ensure that financial statements are free from fraud. All companies or institutions must avoid fraudulent financial statements. *Association of Certified Fraud Examiners* Indonesia (2019) from the results of a 2019 survey conducted shows that corruption crimes are the most frequent and cause the largest losses in Indonesia. Respondents stated that corruption has the potential to cause losses between Rp. 100 million and Rp. 500 million per case and violations can be identified in less than one year.

Acts of financial statement fraud are currently increasing public attention to the quality of financial statements. Financial statements are very important as a decision-making tool so they must be of high quality so as not to be indicated by *fraud* (Dewi &; Anisykurlillah, 2021). That way the company must see good performance, and then often the company will display information that has been manipulated or misstated, it is called financial statement fraud (Utomo, 2018).

Financial fraud cases have occurred in Indonesia recently. Financial statement fraud occurs in one of the manufacturing companies or in the manufacturing industry. This happened to PT Krakatau Steel experienced fraud. The Krakatau steel company also has problems related to the procurement of *the Blast Furnace Complex (BFC)* plant in 2011 - 2019 costing the state around Rp 6.9 trillion. Then in the *Annual Report* of PT Krakatau Steel, there is also a large nominal difference in profitability between 2021 and 2022. *The* nominal 2022 Annual Report is very different from 2019 to 2021.

Financial statement fraud to date the case continues to increase. The occurrence of *fraud* can be caused by several factors contained in the *fraud triangle* theory pioneered by *Cressey* (1953) argues that to some extent there are three conditions when reporting fraud occurs. *The Fraud Triangle* describes pressure, opportunity, and rationalization. *Wolfe and Hermarson* (2004) developed the previous theory to produce *a diamond fraud theory* and included elements of capability. So, in *fraud theory, diamonds* have 4 elements, namely pressure, opportunity, rationalization, and capability. Then the *Pentagon fraud* theory created by *Crowe Howarth* (2011) is a development of the two previous theories and produces arrogance. In fraud, the Pentagon has elements of *pressure*, *opportunity*, rationalization, capability*, and* arrogance (A. S. Rahmawati &; Nurmala, 2019).

The topic of financial statement fraud is still interesting to study because there are still differences in research results that can be seen from the results of the following study. According to Wicaksana & Suryandari (2019), the results of the study stated that the financial stability variable has a positive effect on financial statement fraud. According to Afiah & Aulia (2020), it shows that financial stability negatively affects financial statement fraud. According to Amalia & Annisa (2023), the results of their research stated that financial stability variables did not have a significant effect on financial statement fraud.

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According to Wicaksana & Suryandari (2019), the results of the study stated that the effective monitoring variable has no effect on financial statement fraud. According to Afiah & Aulia (2020), it shows that effective monitoring has a negative effect on financial statement fraud. According to Fatkhurrizqi &; Nahar (2021), the results of their research state that the variable change in auditor has no effect on financial statement fraud. According to Zulfa & Tanusdjaja (2022), the results of their research stated that the audit committee variable as moderation weakens the influence of financial stability on financial statement fraud. According to Ayem et al. (2023), the results of their research stated that the audit committee cannot moderate the effect of financial stability on financial statement fraud.

From the background of the above problems, the objectives of this study are: 1) Analyze the effect of financial stability on financial statement fraud; 2) Analyze effective monitoring of the effect of financial statement fraud; 3) Analyze changes in external auditors affecting financial statement fraud; 4Analyze audit committees that can moderate the effect of financial stability on financial statement fraud.

This theory was first stated by *Jansen & Meckling* (1976) which mentions that there are differences in interests between management and business owners. Agency theory is a theory that explains the relationship between shareholders and management in a contract to run a company (Nurchoirunanisa et al., 2020). Agency relationships can cause problems. The problem arises that agents act outside of ethics and standards and do not always make decisions aimed at meeting the interests of the *principal*, resulting in a conflict of interest. This creates an information gap between shareholders and management.

The company as an agent faces various pressures to determine the company's performance always increases so that *it* will give an appreciation. This can be an opportunity for fraud if management has the opportunity and ability. Based on this, it can lead to misleading and detrimental financial statement fraud (Prayoga &; Sudarmaji, 2019). In organizations, both government and private companies often experience fraud. This action will result in losses for the company, both financially and non-financially. If there is fraud in the company, there will be losses, and this can result in company bankruptcy (Marviana et al., 2021). In addition, fraud can affect investors and creditors against companies by resulting in losses and decreased trust (Harsono et al., 2022).

Fraud according to ACFE (Association of Certified Fraud Examiners) defines unlawful activities that are carried out intentionally and have certain purposes either from within the organization or outside the organization to gain benefits that can harm other parties (Setiawati &; Baningrum, 2018).

According to (the Association of Certified Fraud Examiners Indonesia, 2019) fraud is divided into three types that can be called Fraud Trees, which are as follows:

1. Asset Misappropriation
   Misuse of assets is defined as misuse or theft of company assets or property by other unauthorized parties. These actions are easiest to detect because they are tangible or can be measured or calculated.
2. Fraudulent Statement

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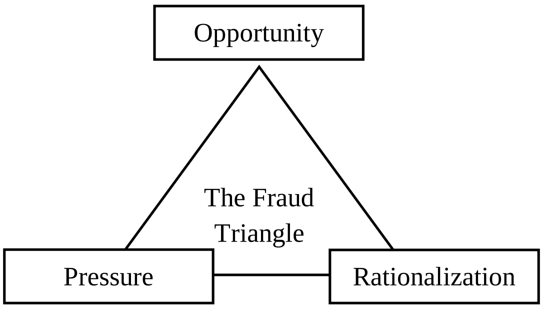
False statements include activities carried out by company officials, executives, and government agencies to cover up the true financial condition by engineering financial statements to obtain profits. Fraud is more difficult to detect so it requires an expert to know whether the financial statements are in accordance with reality or not.

3. Corruption
Acts that include corruption include abuse of authority and conflicts of interest, extortion economically, bribery, and illegal acceptance. This type of fraud is the most difficult to detect because it involves cooperation with other parties and the parties who work together enjoy benefits.

Fraud triangle is one of the basic concepts of fraud prevention and prevention. The fraud triangle theory first emerged because Donald R. Cressey 1953 conducted a study entitled Other's People Moner: A Study in the Social Psychology of Embezzlement. Cressey's research resulted in a fraud theory hereinafter known as the Fraud Triangle with three elements of the causes of fraud consisting of; the existence of pressure, opportunity, and rationalization factors that are built as justification (Ayem et al., 2023). Pressure is having a drive or motivation to make someone commit fraud. Opportunity is the act of giving or creating opportunities for management or employees to commit fraud. Rationalization is an event that makes mistakes that have occurred as a natural action to do. The theory can be seen in the picture below.



Source Fraud Triangle Theory *Cressey (1953)*

Figure 1. Teori *Fraud Triangle*

The Fraud Triangle theory has developed based on the results of research from Wolfe and Hermanson in 2004. In addition to the three factors in the fraud triangle, fraud will not occur if the perpetrator does not have sufficient elements of capability or capability. According to Wolfe and Hermanson (2004), fraud cannot occur without the right individuals who can carry out every detail of fraud (Setiawati &; Baningrum, 2018). Thus, the fraud triangle has turned into a Fraud Diamond with four elements in the form of pressure, opportunity, rationalization, and ability (Prayoga &; Sudarmaji, 2019). Diamond fraud theory is a refinement of fraud triangle theory.

The Beneish M-Score *was created* by Professor *Messod Beneish* and developed in 1999. *Beneish M-Score* is a statistical data analysis model for financial ratios calculated using company accounting data. *Beneish M-Score* is a method used to help uncover companies that may commit *fraud*. Beneish developed a method to examine the quantitative differences between public companies that manipulate financial statements and companies that do not. This study used 8 index ratios.

Financial Stability is a term used to describe a company's financial health or a company's financial condition in a stable state (Zulfa &; Tanusdjaja, 2022). The condition of the company's financial stability can be seen from the state of its total assets. A company is in stable financial condition if the change in total company assets is greater than the previous period (Kuang &; Natalia, 2023). Pressure can be caused by financial stability when the company has low current assets but has higher current debt, causing management to feel pressured and do everything possible to cover it up by committing financial statement fraud (Rizka &; Dea, 2023). Assessment of the stability of the company's financial condition can be seen from the state of its assets. The total assets owned by the company describe the wealth owned by the company (Ratnasari &; Rofi, 2020).

Effective Monitoring is a condition where the company has supervision that is quite effective in monitoring the company's operational performance (Fatkhurrizqi &; Nahar, 2021). With close supervision, it will not provide opportunities for company agents to behave deviantly to cause fraud. Supervision is closely related to the board of commissioners. The board of commissioners has a larger proportion so that it can prevent *fraud* in the company (Setiawati &; Baningrum, 2018).

Companies that have a good monitoring system will have an impact on reducing the potential for manipulation practices carried out by agents or management. On the contrary, if the supervision system in the company is not good, it is likely to be used as a loophole in committing fraud (Riandani &; Rahmawati, 2019). In the company, rationalization can be measured by the auditor turnover cycle, audit opinions obtained by the company, and the state of total accruals divided by total assets (Riandani &; Rahmawati, 2019). An outside party who becomes a supervisor and has special qualifications to examine the company's financial accounts is called an auditor. In this study, rationalization is proxied by changes in auditors.

(Ayem et al., 2023), explained that there are certain circumstances with rationalization that make someone commit fraud, especially in auditor changes. Change in Auditor or Change of auditor in a company can be considered as an effort to eliminate traces of fraud (fraud trial) found by previous auditors. This trend encourages companies to replace their independent auditors to cover up fraud contained in the company (Bermanto, 2022). Change in Auditor is one of the steps that can be taken to eradicate the signs of fraud seen in the company (Arif, 2021).

The audit committee or review board is part of the presence of a body of leading officials in serving and managing the running of an organization (Luhri et al., 2021). The audit committee is trusted to assist the board of directors (or supervisory board) in carrying out control functions (supervision), strengthening accounting systems, risk management, conducting *reviews*, and establishing corporate governance in the organization. The audit committee will be able to pay more attention to management performance and make more accurate and concise financial statements (Sugita, 2018). If audit committee members lack independence, it will cause financial statement fraud (Rizka &; Dea, 2023).

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According to (Walailan'An et al., 2019), the relationship between the audit committee and various parties can have a significant impact on the effectiveness of the audit committee. The audit committee is believed to be able to assist the board of directors in carrying out supervisory functions, strengthen the supervisory system system, and reduce the risk in case of fraud (Zulfa &; Tanusdjaja, 2022).

Financial Stability - financial statement fraud

Companies with high assets and stable company finances will attract investors to invest their capital because investors have the hope of getting high returns on profits. So, management is forced to improve its performance so that the company's finances are always in stable condition. Company assets can be used to determine how stable or not the company's finances are because assets show the wealth owned by the company. To fulfill the wishes of shareholders, management can commit financial statement fraud by increasing company assets to show its growth. When the company's finances are unstable, which is seen by small or negative asset growth, management will face pressure and be driven to produce high assets. In addition, opportunistic profit management practices can develop into financial statement fraud so that the company's financial performance looks better than it really is. From this situation, it can occur, and it is suspected that the more stable the company's finances, the more fraudulent the financial statements will increase. With the high pressure obtained by management to stabilize the company's finances, management will do various ways, one of which is manipulating financial statements.

Financial stability that is threatened by economic conditions or other factors and must maintain finances to remain stable can cause management to be encouraged to commit financial statement fraud. In addition, opportunistic profit management actions are where there is management intervention in the preparation of financial statements to increase or decrease profits to obtain personal interests. With desirability, the higher the ratio of changes in company assets, the possibility of financial statement fraud will increase. So financial stability has a significant positive effect on financial statement fraud. The results of the study (Zulfa &; Tanusdjaja, 2022) Financial stability has a significant positive effect on financial statement fraud. This research is in line with that conducted by (Mayasari &; Wulandari, 2022), (Himawan &; Wijanarti, 2020), and (Wicaksana &; Suryandari, 2019).

H_1: Financial stability has a significant positive effect on financial statement fraud.

Effective monitoring - financial statement fraud

Financial statement fraud can be minimized in one way with a good supervision mechanism. To monitor the company's performance, a board of commissioners is needed which is a shareholder trust to supervise management directly in making decisions and ensure accountability is applied. In addition, to control the company's performance to be effective, an independent board of commissioners is also needed so that supervisory activities will be more independent.

When effective monitoring is high, there is an opportunity to commit performance misappropriation, and will find it more difficult to falsify, hide, and even make false financial statements. The more effective the monitoring, the lower the fraud will be because, with a high level of supervision effectiveness, perpetrators will find it difficult to commit fraud. The more effective the monitoring, the lower the fraud will be because, with a high level of supervision effectiveness, perpetrators will find it difficult to commit fraud. So effective monitoring has a significant negative effect on financial statement fraud.

The results of the study (Angelita &; Hasnawati, 2023) resulted in effective monitoring having a significant negative effect on financial statement fraud. The research is in line with those conducted by (Afiah &; Aulia, 2020) and (Utomo, 2018).

H_2: Ineffective monitoring negatively affects financial statement fraud.

Change in auditor - financial statement fraud

Changes in auditors made suddenly or for no apparent reason even though the company has always used the same auditor in previous years, can be indicated that there is financial statement fraud. When companies often change auditors, it can be suspected that they are trying to cover up or eliminate traces of companies that commit financial statement fraud. Because changing auditors can provide opportunities for actors to manipulate financial statement data. So if there is a change of auditors, the act of financial statement fraud will be higher.

The results of the study (Mayasari &; Wulandari, 2022) change in auditors can have a positive effect on financial statement fraud. The research is in line with that conducted by (Arifin &; Rachmawati, 2022), (Riandani &; Rahmawati, 2019), (Novitasari &; Chariri, 2019), and (Puspitha &; Yasa, 2018).

H_3: Change in auditor has a significant positive effect on financial statement fraud.

Komite audit can moderates financial stability - financial statement fraud

The audit committee is required by the company to conduct effective supervision of the company on the quality of financial statements. The audit committee is responsible for the results of financial statement audits conducted with sufficient accuracy and integrity. So as to maintain financial stability and identify irregularities or problems in financial statements. The audit committee has the role of supervising management so as not to commit fraud in the preparation of financial statements. So that the audit committee can moderate the effect of financial stability on financial statement fraud.

The results of research conducted by (Lauwrens &; Yanti, 2022) and (Murtanto &; Sandra, 2019) explained that the audit committee moderates the effect of financial stability on financial statement fraud.

H_4: The Audit Committee moderates the effect of financial stability on financial statement fraud.

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METHODS

Research Model

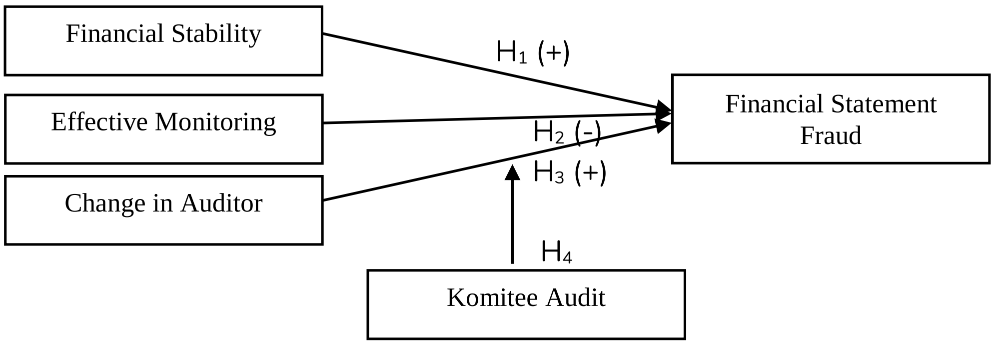

Figure 1. Research Model

This research approach is a quantitative approach with the object of research being the Manufacturing industry listed on the Indonesia Stock Exchange for the period 2019 - 2022. The type of data used is secondary data, and data collection through documentation in the form of financial statements found on the Indonesia Stock Exchange website. The sampling technique uses purposive sampling with criteria: Manufacturing companies that earned net profit in the study period. Number of samples obtained a total of 144 companies with 237 data samples.

Financial Statement Fraud

Detecting Financial statement fraud using Beneish M-Scorel (1999) with 8 rasios indeks yaitu Days Sales in Receivable Index (DSRI), Gross Margin Index (GMI), Asset Quality Index (AQI), Sales Growth Index (SGI), Depreciation Index (DEPI), Sales General and Administrative Index (SGAI), Leverage Index (LVGI) and Total Accruals to Total Assets Index (TATA). So the calculation formula uses M-Score:

$$\text{M-Score} = -4.84 + 0.92*DSRI + 0.528*GMI + 0.404*AQI + 0.892*SGI + 0.115*DEPI - 0.172*SGAI + 4.679*TATA - 0.237*LVGI$$

If the M-Score result is >-2.22, the financial statements are indicated to be manipulated and given point We recommend that if the M-Score result is <-2.22, the financial statements are indicated not to be manipulated and given 0 points (Pasaribu et al., 2020).

Financial Stability

Skousen et al. (2008) financial stability is calculated by *ACHANGE* which is the ratio of changes in assets with the calculation formula:

$$ACHANGE = \frac{Total\ Asset_{(t)} - Total\ Asset_{(t-1)}}{Total\ Asset_{(t-1)}}$$

Effective Monitoring

Skousen et al. (2008) the calculation formula is as follows:

$$BDOUT = \frac{Jumlah\ Dewan\ Komisaris\ Independen}{Jumlah\ Total\ Dewan\ Komisaris}$$

Change in Auditor

Skousen et al. (2008) *change in auditor* is proxied using *AUDCHANGE* i.e. using dummy with calculation formula:

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AUDCHANGE = Code 1 if there is a change of public accounting firm (KAP) and Code 0 if there is no change of public accounting firm (KAP).

Audit Committee

The audit committee is believed to be able to assist the board of directors in carrying out supervisory functions, strengthen the supervisory system system and can reduce the risk in case of fraud (Zulfa &; Tanusdjaja, 2022).

Comittee Audit = ∑ Member of Audit Committee

Analysis Tools

The analysis tool used in this study is *Moderated Regression Analysis (MRA)* because there are moderation variables. The program used in this study is *Eviews 12.* The stages used in processing data are as follows:

Descriptive Statistics

Descriptive statistics provide an overview of data seen from the mean, standard deviation, maximum, and minimum values (Ghozali, 2018). Descriptive statistics relate to methods of grouping, summarizing, and presenting data in a more informative way (Wicaksana &; Suryandari, 2019).

Inferential Statistics

Perform analysis to test relationships between variables using regression. In the regression model estimation method for the selection of the best regression model is carried out with 3 approaches, namely: 1) **Chow Test, is a** test to determine the Common Effect or Fixed Effect model that is most appropriate to be used to estimate panel data; 2) The Hausman test is a test to determine the Fixed Effect or Random Effect model that is most appropriate for estimating panel data; 3) The Lagrange Multiplier test is a test to determine the Common Effect or Random Effect model that is most appropriate to use to estimate panel data.

a. Moderated Regression Analysis (MRA) is an analytical approach that provides a basis for controlling the influence of moderator variables and maintaining sample integrity (Rutin et al., 2019).
b. The Classical Assumption Test, used to test the best regression equation model (Best Linear Unbias Estimation (BLUE)), consists of the Normality Test, Multicolleniarity Test, Autocorrelation Test, Heeroskedasticity Test and Normality Test.
c. Hypothesis Test, including:
   1) Test Model Qualification / F Test
   2) Uji Prsial/ Uji t
   3) Test Coefficient of Determination ()R^2

RESULTS AND DISCUSSION

Descriptive Analysis

Table 1. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Dev.	N
M-Score	-4,2544256	0,12923902	-2,22407169	0,74876017	237
ACHANGE	-0,2415850	2,125344	0,130825816	0,24768463	237

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Variable	Minimum	Maximum	Mean	Std. Dev.	N
BDOUT	0,25	0,75	0,40612819	0,09870127	237
AUDHANGE	0	1	0,139240506	0,34693001	237
Komitee Audit	1	5	3,004219409	0,2982703	237

Source: Data processed

The results of descriptive statistics show that the standard deviation value in effective monitoring (BDOUT), audit committee is smaller than the average value, so it can be said to be centralized data, while in financial statement (M-Score), financial stability, Change in auditor (AUDCHANGE), the standard deviation value is greater than the average value, so it shows that the data is diffuse. Perform analysis to test relationships between variables using regression. The regression model estimation method for the selection of the best regression model is carried out with 3 approaches.

Model Test Selection

Determining the best regression equation, the model selection test is carried out as follows:

1. Chow Test

   The results of the Chow Test can be seen in the following table.

   Table 2. Chow Test

Cross-section F	0,0000

   Source: Data processed

   Based on the table above, the prob value is 0.0000 < 0.05 so that it includes the Fixed Effect Model (FEM).

2. Hausman Test

   The results of the Hausman test can be seen in the following table.

   Table 3. Hausman Test

Cross-section F	0,0795

   Source: Data processed

   Based on the table above, the prob value is 0.0795 > 0.05 so that it includes the Random Effect Model (REM).

3. Lagrange Multiplier Test

   The results of the Lagrange multiplier test can be seen in the following table.

   Table 4. Lagrange Test

Cross-section F	0,4540

   Source: Data processed

   Based on the table above, the prob value is 4540 > 0.05 so that it includes the Common Effect Model (CEM). Of the three test models, the best model is the Common Effect Model (CEM).

Multiple Linear Regression Analysis

The following is the result of the multiple linear regression equation in this study:

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Y = -1,949 + 1,027ACHANGE -0,9830BDOUT -0,070AUDHANGE .... (Eq 1)
Y = -1,965455 + 3,621387ACHANGE -0,940391BDOUT -0,070626AUDHANGE - 0,864827ACHANGE*Komite Audit..(Eq 2)

Classical Assumption Test

The results of the classic asumi test are as follows:

1. Normality Test

The normality test results are as follows:

Table 5. Normality Test

Jarque-Bera	0.751148
Probability	0.686895

Source: Data processed

Based on the table above, it can be seen that the result of probability values of 0.686895 > 0.05, then accepted. This means that residual data is normally distributed.

2. Multicollinearity Test

Table 6 The results of the multicollionality test are as follows:

Variable	Centered VIF	Information
ACHANGE	1.005405	No multicolonicity occurs
BDOUT	1.010130	No multicolonicity occurs
AUDHANGE	1.015192	No multicolonicity occurs

Source: Data processed

Based on the table above, it can be seen that the results of the value of *the centered VIF* of each variable show nothing that exceeds 10, it can be concluded that each independent variable does not occur multicolonicity.

3. Heteroscedacity Test

Heteroscedasticity test results are as follows:

Table 7. Heteroscedasticity Test

Prob F	0,0537
Prob. Chi-square	0,0539

Source: Data processed

Based on the table above, it can be concluded that the probability value of chi square 0.0539 > 0.05 then heterokedasticity does not occur.

4. The Autoccorrelation

Autocorrelation test results as follows:

Table 8. Autokorelation Test

Durbin Watson Statistic	Information
2,076499	No positif or negative autokorelasi

Source: Data processed

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Based on the results of the autocorrelation test above, it can be seen that the Durbin-Watson value of 2.076499 meets the DU test < DW < 4-DU, which is 1.80154 < 2.076499 < 2.19846. So that the DW value lies between dU and 4-DU which means there are no symptoms of autocorrelation.

Overall, the regression equation is BLUE (Best Linear Unbiased Estimator) or there is no violation of classical assumptions. This means that there is a perfect, linear and definite relationship among some or all of the variables that explain the regression model.

Table 9. Test F Equation 1

F-statistik	12,11485
Prob (F-statistik)	0,000000

Sumber: Data diolah

Based on the table above, an F-statistic of 18.76988 is obtained with an F-statistic probability value of 0.000000 < 0.05, so the regression model can be said to be feasible to use.

Table 10. Test F equation 2

F-statistik	9,129040
Prob (F-statistik)	0,000001

Source: Data processed

Based on table 4.12 obtained F-statistic of 9.129040 with F-statistic probability value of 0.000001 < 0.05, then the regression model can be said to be feasible to use. Partial test results can be seen in the following table.

Table 11. t test

Variable	Coefficient	Prob.
C	-1,949,132	0,0000
ACHANGE	1,027,077	0,0000
BDOUT	-0,983640	0,0353
AUDHANGE	-0,070552	0,5949

Source: Data processed

Based on the table above it is known:

a. Financial stability proxied with ACHANGE has a probability value of 0.0000 < 0.05 with a positive regression coefficient value of 1.027077. So that financial stability has a positive effect on financial statement fraud. This means that the financial H_1 stability hypothesis is supported.
b. Effective Monitoring proxied with BDOUT has a probability value of 0.0353 < 0.05 with a negative regression coefficient value of -0.983640. So that effective monitoring has a negative effect on financial statement fraud. This means that the hypothesis of H_2 effective monitoring is supported.
c. Change in Auditor proxied with AUDHANGE has a probability value of 0.5949 > 0.05 with a negative regression coefficient value of -0.070552. So that change in auditors

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does not affect financial statement fraud. This means that the hypothesis is not supported H_3

d. The audit committee as a moderation variable proxied with ACHANGE*The Audit Committee has a probability value of 0.5950 > 0.05 with a negative coefficient value of -0.864827. So that the audit committee proved unable to moderate the effect of financial stability on financial statement fraud. This means that the moderation hypothesis is not supported H_4. It can be seen in the table below.

Table 12. Moderation Test

Variable	Coefficient	Prob.
ACHANGE*Komitee Audit	-0,864827	0,5950

Sumber: Data processed

Financial stability has a positive effect on financial statement fraud. From these results, it can be said that the hypothesis in this study is declared accepted because it is in line with the expected hypothesis. H_1Financial stability shows that the company's financial condition can be seen through its assets. A small amount of company assets can provide an opportunity for a company to increase its total assets. When financial stability is unstable, management will face pressure to manipulate financial statements so that the company's financial stability looks good.

Opportunistic management practices such as ineffective performance suppression, lack of internal control and supervision. This allows management to commit financial statement fraud to improve the company's prospects. This research is in line with the results of research conducted by Mayasari &; Wulandari (2022), Himawan & Wijanarti (2020), and Wicaksana &Suryandari (2019) which states that financial stability has a positive effect on financial statement fraud.

Effective monitoring negatively affects financial statement fraud. From these results, it can be said that the hypothesis in this study is declared accepted because it is in line with the expected hypothesis. This is in line with the agency's theory where the existence of an independent board of commissioners will provide little assurance that the company's supervision will be more independent and objective and away from the intervention of certain parties. In addition, the more independent board commissioners, it is expected to optimize the company's performance.

The Board of Commissioners consists of several individuals and is not independently associated with all internal parties, such as directors, managers, and shareholders. So that the results of the supervision carried out are more reliable. This research is in line with the results of research conducted by Angelita &; Hasnawati (2023) and Afiah &Aulia (2020) which states that effective monitoring negatively affects financial statement fraud.

Change in Auditor has no effect on financial statement fraud. From these results, it can be said that the hypothesis in this study was declared rejected because it was not in line with the expected hypothesis. H_3fraud. This may be because companies that change auditors are not because they do not want to find financial statement fraud from old auditors, but because companies want to comply with government regulations, namely the Government Regulation of the Republic of Indonesia Number 20 of 2015 article 11 paragraph 1 which states that the provision of audit services on financial statements to an entity by a Public Accountant is limited to a maximum of 5 (five) consecutive financial years.

Companies that have a positive motivation for the sustainability of company performance can use independent auditors who are truly independent and objective in conducting audits. This research is in line with the results of research conducted by Nurhakim &; Harto (2023), Himawan & Wijanarti (2020), and Riandani & Rahmawati (2019) which states that Change In Auditor has no effect on financial statement fraud.

The Audit Committee cannot moderate the effect of Financial Stability on financial statement fraud. From these results, it can be said that the hypothesis in this study was declared rejected because it was not in line with the expected hypothesis. In agency theory, the audit committee is responsible for monitoring management performance in making financial statements. Management receives pressure from capital owners to increase assets and make good reports so that management strives to maintain financial stability, especially for company assets by keeping assets from changing significantly. The existence of an audit committee cannot reduce the pressure that encourages management to cheat during the process of preparing financial statements. This research is in line with the results of research conducted by H_4Amalia & Annisa (2023), Nurhasanah et al. (2022), and Larasati et al. (2020) which stated that the audit committee cannot moderate the effect of Financial Stability on financial statement fraud.

CONCLUSION

Management often faces pressure to prove that the company is able to manage its assets effectively so as to generate huge profits that will benefit investors. Therefore, management uses these financial statements to hide the company's poor financial stability by engineering or fraud. The more commissioners, it is expected that the more it will optimize the company's performance and company supervision. So that the level of financial statement fraud will be reduced. Companies that begin to be dissatisfied with the performance of auditors who cannot be intervened or influenced only for personal satisfaction will replace auditors so that high fraud practices occur. The existence of an audit committee cannot reduce the pressure that encourages management to cheat during the process of preparing financial statements.

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Jurnal Ekonomi
Volume 13 , Number 02, 2024, DOI 10.54209/ekonomi.v13i02
ESSN 2721-9879 (Online)
https://ejournal.seaninstitute.or.id/index.php/Ekonomi

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