

Analysis of the Effect of Hexagon Fraud on Financial Statements Fraud in Manufacturing Companies Listed on the IDX in 2018-2020

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Abstract: This study aims to determine the effect of the fraud hexagon model, namely pressure proxied by financial targets, capability proxied by change in director, opportunity proxied by ineffective monitoring, rationalization proxied by change in auditor, arrogance proxied by the frequent number of CEO's pictures, collusion proxied by the governance project against financial statement fraud. This study uses a sample of manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020. This study uses secondary data in the form of financial reports and annual reports. The sample was taken using the purposive sampling method with the results obtained by 126 companies out of a total of 193 listed companies and analyzed using multiple linear regression using the SPSS 26 program. The results of this study indicate that the pressure element is proxied by financial targets and the arrogance element is proxied by frequent number of CEO's picture influences financial statement fraud. Meanwhile, change in directors, ineffective monitoring, change in auditors, and governance projects have no effect on financial statement fraud in manufacturing companies listed on the IDX in 2018-2020.

Keywords: Financial Target, Change in Director, Ineffective Monitoring, Change in Auditor, Frequent Number of CEO's Picture, Governance Project, Financial Statement Fraud

I. INTRODUCTION

Economic growth has had a positive impact on companies in Indonesia. This is illustrated by the number of companies that register every year to enter the capital market, so that financial reports are needed as an indicator to evaluate a decrease or increase in company performance as well as a communication tool between companies and users of financial statements. Many companies are motivated to always present the best information so that the company's performance looks positive. This will encourage companies to commit financial fraud in financial reporting by presenting invalid information.

Financial statements are very important for decision making in a company, because financial reports will show the quality of the company. A good financial report is a report that can provide good information and explanations regarding the results of an organization's operations, so that financial reports must have clear, complete, easy-to-understand information, and provide an overview of events within an organization.

Fraud is an intentional mistake by the entity. Fraudulent financial reporting is the submission of material misstatements to financial reports that result in users of financial statements feeling disadvantaged (Larum, Zuhroh and Subiyantoro, 2021). Fraud in financial reports will be detrimental to related individuals and organizations and will reduce the level of public trust (Sagala and Siagian, 2021).

Financial statement fraud is still a problem that cannot be underestimated, because every year there are always cases of fraud, both in Indonesia and in various other countries. (Lionardi and Suhartono, 2022) a preventive effort to overcome the problem of fraud is to use fraud detection with a new module, namely S.C.C.O.R.E which consists of Stimulus, Capability, Collusion, Opportunity, Rationalization, and Arrogance or known as Fraud Hexagon.

Fraud Hexagon is a renewable theory that discusses more deeply the factors that trigger fraud. Fraud Hexagon was developed by adding elements of collusion as a trigger for fraud. The rise of cases of financial statement fraud in Indonesia which tends to be difficult to disclose, this is the background for the author to conduct this research. This

study applies the hexagon fraud theory, because it is the latest fraud theory and is a fraud theory that perfects previous fraud theories.

The variables in the fraud hexagon cannot be examined, so it requires variable proxies. The proxy variables in this study include pressure proxied by financial targets, capability is proxied by change in directors, opportunity is proxied by ineffective monitoring, rationalization is proxied by change in auditors, arrogance is proxied by frequent number of CEO's pictures, collusion is proxied by governance projects towards financial fraud statements.

II. HEADINGS

2.1 Agency Theory

Agency theory explains the existence of a cooperative relationship between management as an agent and the shareholders as the principal. The agent has more information than the principal. This relationship can cause a condition of information imbalance called information asymmetry (Amara, Amar and Jarboui, 2013). The problem of information asymmetry is the basis of any conflict of interest and results in an increased risk of fraud. Financial statement fraud often occurs because there are opportunities or gaps to be exploited by agents without the principal knowing.

2.2 Fraud

Fraud is an intentional action to commit a misstatement that has a negative impact that will harm other people. According to the Association of Certified Fraud Examiners (ACFE) fraud is an act of fraud or error committed by a person or entity who knows that the error will result in some unfavorable benefits for the individual or entity, even other parties. The Association of Certified Fraud Examiners (ACFE, 2016) divides fraud into three actions, namely: corruption, embezzlement of assets, and financial statement fraud.

2.3 Financial Statement Fraud

Financial statement fraud is a negligence or intentional misrepresentation of a certain amount or disclosure of financial statements that are wrong to deceive users of financial statements (Brennan and McGrath, 2007). Financial statement fraud can be interpreted as a form of deliberate fraud by management in the form of a material misstatement of financial statements that can be detrimental to investors and creditors. The fraud committed can be in the form of financial fraud and non-financial fraud. This fraud will affect (mislead) in decision making by investors and debtors.

2.4 Fraud Hexagon

Fraud theory has developed in recent years, one of which is the fraud hexagon theory. Through the pentagon fraud theory, (Vousinas, 2019) adds a new element as one of the causes for someone to commit acts of fraud. This theory certainly does not eliminate elements that already exist in the previous theory, but adds a new element, namely collusion. Collusion is a way for fraud perpetrators to cover up their fraud so that it is not detected by other parties. The collusion referred to in this research is to reflect on a fraudulent activity carried out through an agreement to deceive a party where the parties being deceived are more than two people, the fraud is carried out to obtain personal gain (Vousinas, 2019). The existence of this theory is a form of refinement of the previous theory. Fraud hexagon theory can be illustrated in the image below:



Based on the development from the triangle fraud theory to the hexagon fraud theory, it can be said that fraud results in more losses when the perpetrators are parties who have great power in a company such as Directors, because

they have the ability, have arrogance, and can collude to cover up what is have been done. Therefore those who have great power in a company have more power to ignore the company's internal control, because they think that they are not touched by the internal control that has been formed. The elements in the hexagon fraud theory include:

- A) Pressure
Pressure can be measured using financial targets which are usually reflected through the acquisition of a company's profit rate which can be calculated through Return On Assets (ROA) (Sagala and Siagian, 2021).
- B) Capability
Capability is the ability of perpetrators of fraud to commit acts of fraud without being noticed by company controllers. Performer's ability can arise because of self-interest to benefit himself, not for the benefit of the principal (Aprilia, 2017). Capability can be measured by change in director. The change of directors is also an attempt to eliminate traces by trying to get rid of directors who are believed to know about the fraud that has occurred (Sagala and Siagian, 2021)
- C) Opportunity
Cheating will arise because there is an opportunity to carry out this action. Opportunities may occur due to negligence in controlling a person, so that opportunities arise to commit fraud. Opportunity can be measured by ineffective monitoring.
- D) Rationalization
Rationalization is an act of justification by someone who has committed fraud in financial reports. This action occurs because the perpetrators of fraud demand that they generate profits from the actions they take. Rationalization can be measured by change in auditors.
- E) Arrogance
Arrogance is the attitude of someone who feels that there is no internal control or cultural wisdom. A high level of arrogance will create opportunities for fraud to occur, because this trait appears only for self-interest and assumes that fraud has occurred and the existing sanctions will not befall him. Arrogance can be measured by the frequent number of CEO's picture. The frequent number of CEO's pictures is one of the factors that influence the occurrence of fraud (Sagala and Siagian, 2021).
- F) Collusion
Collusion is a secret agreement between a party without the other party's knowledge with the aim of causing harm to the other party. Collusion can be measured by project governance. Governance project is the acquisition of cooperation between companies and government projects. The greater the scale of government project cooperation that is woven by a company and the government, the greater the financial income the company will receive, this encourages management to take advantage by manipulating financial reports (Sagala and Siagian, 2021).

2.5 Hypothesis Development

2.5.1 Financial Target

Pressure can occur when a related party, both employees and management, wants to hide the fraud they have committed which is caused by pressure from both financial and non-financial factors (Mulya, Rahmatika and Kartikasari, 2019). One way of measuring pressure is by using financial targets which are usually reflected through the acquisition of a company's profit level which can be calculated by Return On Assets (ROA) (Skousen, Smith and Wright, 2009). (Murdiansyah, Sudarma and Nurkholis, 2017) in his research stated that financial targets have an effect on financial statement fraud, as well as research (Mertha Jaya and Poerwono, 2019) which also supports where the test used with the pentagon fraud theory shows that fraudulent financial statements are significantly affected by financial targets. So the hypothesis proposed is:

H1: Financial targets have an effect on financial statement fraud

2.5.2 Change in Director

Capability is the ability of fraud perpetrators to commit acts of fraud without being noticed by company controllers. According to (Wolfe and Hermanson, 2004) states that a person's position in the organization can provide the ability to take advantage of opportunities to commit fraud. It is impossible for a person who does not have individual capabilities or the right skills to commit fraud. Not always the change of directors can encourage the company's performance to be better. Substitution of directors is an attempt to eliminate traces by trying to get rid of directors who are believed to

know about the fraud that has occurred. Research conducted (Siddiq, Achyani and Zulfikar, 2017) and (Akrom Faradiza, 2021) explains that changes in directors have a significant effect on fraudulent financial reports. Likewise, research shows that changes in directors have a negative effect on fraudulent financial reporting. So the hypothesis is obtained as follows:

H2: Change in director has an effect on financial statement fraud

2.5.3 Ineffective Monitoring

Opportunity is an opportunity for someone to commit fraud. According to (Mulya, Rahmatika and Kartikasari, 2019) the conditions that encourage someone to commit fraud are the absence of good controls, so they feel there is an opportunity to commit fraud without being detected. In supervising the company, it is closely related to the board of commissioners. The board of commissioners is the best position to supervise. In research (Siddiq, Achyani and Zulfikar, 2017) it is explained that acts of fraud can be prevented by increasing the ratio of the board of commissioners. This is in line with research (Agusputri, Ekonomi and Trisakti, 2019) (Damayani, Wahyudi and Yuniartie, 2019) and (Bawekes, Simanjuntak and Christina Daat, 2018) showing that ineffective monitoring has a positive effect on fraudulent financial reporting. But not with other research like. So the hypothesis found is

H3: Ineffective monitoring has an effect on financial statement fraud.

2.5.4 Chang in Auditor

Rationalization means that individuals who commit fraud will seek justification or defense for activities that contain fraud. This action is believed to occur because fraud perpetrators demand that they must generate more profit from the actions they take (Damayani, Wahyudi and Yuniartie, 2019). Old auditors may find it easier to detect all possible forms of fraud committed by management, either directly or indirectly. With a change in auditors, the possibility of fraud will be even higher (Yesiariani and Rahayu, 2017). (Tiffani, 2009) argues that along with the change in auditors in a company reflects that the company avoids detection of fraudulent financial statements by the previous auditor. This is in line with research which found that the change in auditor variable has a significant effect on fraudulent financial statements. Research shows that change in auditors has a negative effect on fraudulent financial reporting. Based on this, the hypothesis is concluded as follows

H4: Change in auditors has an effect on financial statement fraud

2.5.5 Frequent Number of CEO's Picture

Arrogance is the attitude of someone who feels that there is no internal control or company wisdom that does not apply to him, and he believes that he is not bound by these things, so he does not believe that he has committed fraud (Bawekes, Simanjuntak and Christina Daat, 2018). The frequency of CEO images appearing is a factor that influences financial reporting fraud. The increasing number of CEO photos in the annual report can illustrate the level of arrogance that the CEO has. Research that fraudulent financial reports is influenced by the frequent number of CEO's pictures is supported by (Sari and Nugroho, 2020). Then found the hypothesis is

H5: Frequent number of CEO's picture has an effect on financial statement fraud

2.5.6 Governance Project

Collusion can be reviewed in several factors, one of which is project governance. Governance project is the acquisition of cooperation between government projects and companies. The greater the scale of government project cooperation that is forged by the company and the government, the greater the company's financial income received, so that it can encourage agents (management) to take advantage by manipulating the actual financial reports. In line with research which states that calculated collusion with government projects has a significant effect on fraudulent financial statements. So that a hypothesis can be generated

H6: Governance project has an effect on financial statement fraud

III. INDENTATIONS AND EQUATIONS

3.1 Research Design

This type of research is a quantitative research using hypothesis testing. This research uses secondary data which can be accessed through the official website of the Indonesia Stock Exchange through annual reports and financial reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2018-2020.

3.2 Population and Sample

The population in this study uses manufacturing companies listed on the Indonesian Stock Exchange (IDX) for 2018-2020. The sampling technique in this study used purposive sampling, namely sampling with certain considerations and criteria. The criteria used in sampling in this study:

- A) Manufacturing companies listed on the IDX in 2018-2020.
- B) Manufacturing companies that publish complete annual reports for 2018-2020.
- C) Manufacturing companies that publish financial reports in rupiah.
- D) Manufacturing companies that were not delisted during the observation period.
- E) The data presented is complete and can be used to calculate research variables.

3.3 Type and Source Data

In this study using secondary data obtained through intermediaries or indirectly. Sources and in this study use annual reports and financial reports on manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2018-2020 through the official website of the Indonesia Stock Exchange (www.idx.ac.id).

3.4 Variable Operational Definition and Variable Measure

3.4.1 Dependent Variable

In this study using the dependent variable financial statement fraud. In research (Sagala and Siagian, 2021) using the f-score method. The F-score is a very accurate method for assessing the risk of fraud in financial statements, because a high degree of truth will be obtained. The calculation of the f-score is done by adding up the accrual quality proxied by the accrual RSST and financial performance.

$$\text{F-Score} = \text{Accrual Quality} + \text{Financial Performance}$$

$$\text{RSST Accrual} = (\Delta\text{WC} + \Delta\text{NCO} + \Delta\text{FIN}) / \text{Average Total Assets}$$

Information

$$\text{WC (Working Capital)} = \text{Current Assets} - \text{Current Liability}$$

$$\text{NCO (Non Current Operating Accrual)} = (\text{Total Assets} - \text{Current Assets} - \text{Investment and Advance}) - (\text{Total Liabilities} - \text{Current Liabilities} - \text{Long Term Debt})$$

$$\text{FIN (Financial Accrual)} = \text{Total Investment} - \text{Total Liabilities}$$

$$\text{ATS (Average Total Assets)} = (\text{Beginning Total Assets} + \text{End Total Assets}) / 2$$

$$\text{Financial Performance} = \text{Change in Receivable} + \text{Change in Inventory} + \text{Change in Sales Cash} + \text{Change in Earning}$$

$$\text{Change in receivable} = \Delta\text{Receivables} / \text{Average Total Assets}$$

$$\text{Change in inventories} = \Delta\text{Inventories} / \text{Average Total Assets}$$

$$\text{Change in earning} = (\text{Earning}_{(t)} / \text{Average Total Assets}_{(t)}) - (\text{Earnings}_{(t-1)} / \text{Average Total Assets}_{(t-1)})$$

Change in cash sales = $(\Delta \text{Sales} / \text{Sales}_{(t)}) - (\Delta \text{Receivables} / \text{Receivables}_{(t)})$

3.4.2 Independent Variabels

This research uses independent variables: financial target, change in director, ineffective monitoring, change in auditor, frequent number of CEO's picture, and governance project.

Financial Targets (ROA)

Pressure can be measured one of them by using financial targets which are usually reflected through the acquisition of a company's profit level which can be calculated by Return On Assets (ROA).

$$\text{ROA} = \text{Net Profit} / \text{Total Assets}$$

Change in Director (DCHANGE)

Change in directors is measured using a dummy variable. If the company experienced a change of directors in 2018-2020 then it was given code 1. If the company did not experience a change of directors in 2018-2020 then it was given a code 0.

Ineffective Monitoring (BDOUT)

Ineffective monitoring is measured by dividing the number of independent commissioners by the total board of commissioners in a company.

$$\text{BDOUT} = \text{Number of Independent Commissioners} / \text{Total Board of Commissioners}$$

Change in Auditor (CPA)

Change in auditors is measured using a dummy variable. If the company experiences changes in KAP in 2018-2020 then it is given code 1. If the company does not experience changes in KAP in 2018-2020 then it is given code 0.

Frequent Number of CEO's Picture (CEOPIC)

The frequent number of CEO's pictures is measured by adding up the number of photos or images displayed in the company's annual report profile in 2018-2020.

Governance Project (PROPEM)

Governance project is measured using a dummy variable. If the company cooperates with the government in 2018-2020, it will be given a code of 1. If the company does not cooperate with the government in 2018-2020, it will be given a code of 0.

3.5 Data Analysis Method

Testing of the formulation uses the multiple regression analysis method contained in the SPSS (Statistical Program for Social Sciences) program. The research model is described as follows

$$\text{FSF} = \alpha + \beta_1 \text{ROA} + \beta_2 \text{DCHANGE} + \beta_3 \text{BDOUT} + \beta_4 \text{CPA} + \beta_5 \text{CEOPIC} + \beta_6 \text{PROPEM} + e$$

Information

FSF : Financial Statement Fraud

α : Constanta

$\beta_1 - \beta_6$: Regression Coefficient

ROA : Financial Target

DCHANGE : Change in Director

- BDOOUT : Ineffective Monitoring
- ΔCPA : Change in Auditor
- CEOPIC : Frequent Number of CEO's Picture
- PROPEM : Governance Project
- e : Error

IV. RESULT

4.1 Descriptive Statistic Analysis

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FSF	373	-8,856	4,221	,27114	,813564
ROA	373	-,451	,607	,04283	,101489
DCHANGE	373	0	1	,44	,497
BDOOUT	373	,20	,83	,4140	,10856
CPA	373	0	1	,16	,368
CEOPIC	373	0	6	2,30	1,003
PROPEM	373	0	1	,45	,498
Valid N (listwise)	373				

Based on the results of the descriptive statistical analysis above, information can be obtained about the minimum value, maximum value, average value and standard deviation value for each research variable.

1. Financial Statements Fraud are measured using the F-Score to obtain a minimum value of -8.856, a maximum value of 4.221, an average value of 0.27114, and a standard deviation value of 0.813564. This shows that the standard deviation value is greater than the mean value, which means that the data is spread widely or heterogeneously.
2. The Financial Target as measured using ROA obtained a minimum value of -0.451, a maximum value of 0.607, an average value of 0.04283, and a standard deviation value of 0.101489. This means that the company's ability to generate an average profit of 4.3%.
3. Change in Director as measured using a dummy variable obtained a minimum value of 0, a maximum value of 1, an average value of 0.44, and a standard deviation value of 0.497. This shows that there is a change of directors in the company by 44%.
4. Ineffective Monitoring as measured by BDOOUT obtained a minimum value of 0.20, a maximum value of 0.83, an average value of 0.4140, and a standard deviation value of 0.10856. This shows the level of control that is not effective in the company by 41%.
5. Change in Auditor as measured using a dummy variable obtained a minimum value of 0, a maximum value of 1, an average value of 0.16, and a standard deviation value of 0.368. This shows that there is a change of directors in the company by 16%.
6. The Frequent Number of CEO's Picture, as measured by calculating the photos or images of the CEO displayed in the company's annual report profile, obtains a minimum value of 0, a maximum value of 6, an average value of 2.30, and a standard deviation value of 1.003. This shows the level of arrogance in the company by 230%.
7. Governance Project as measured using a dummy variable obtained a minimum value of 0, a maximum value of 1, an average value of 0.45, and a standard deviation value of 0.498. This shows that there is cooperation with the government in the company by 45%.

4.2 Classical Test Assumptions

4.2.1 Normality Test

In this study, the CLT (Central Limit Theorem) normality test was used, namely if there were more than 30 observations ($n > 30$), then the assumption of normality could be ignored. In this study, the number of samples was 373, so n is greater than 30. This indicates that the data in this study are normally distributed.

4.2.2 Multikolinearity Test

Table 2. Multikolinearity Test

Model	Coefficients ^a					Collinearity Statistics	
	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
(Constant)	,676	,200		3,388	,001		
ROA	1,693	,423	,211	4,001	,000	,926	1,080
DCHANGE	-,033	,085	-,020	-,395	,693	,964	1,038
BDOUT	-,541	,390	-,072	-1,388	,166	,954	1,049
CPA	-,127	,113	-,057	-1,124	,262	,993	1,007
CEOPIC	-,095	,042	-,117	-2,237	,026	,941	1,063
PROPEM	,000	,085	,000	,002	,999	,960	1,041

a. Dependent Variable: FSF

Based on the results of the multicollinearity test, the tolerance value is greater than 0.10 and the VIF value is less than 10. This means that the independent variables in the equation model used in this study are free from multicollinearity.

4.2.3 Autocorelation Test

Table 3. Autocorelation Test

Runs Test		Unstandardized Residual
Test Value ^a		,06227
Cases < Test Value		186
Cases >= Test Value		187
Total Cases		373
Number of Runs		190
Z		,259
Asymp. Sig. (2-tailed)		,795

a. Median

Based on the test results, it shows that the value of Asymp. Sig. (2-tailed) of 0.795 or the Asymp value. Sig. (2-tailed) more than 0.05. This means that there is no autocorrelation in this test.

4.2.4 Heterokedastisity Test

Table 4. Heterokedastisity Test

Model	Coefficients ^a					
	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	
1	(Constant)	,224	,163		1,376	,170
	ROA	-,248	,345	-,039	-,718	,473
	DCHANGE	-,044	,069	-,033	-,631	,528
	BDOUT	,393	,318	,066	1,237	,217
	CPA	,115	,092	,065	1,252	,212
	CEOPIC	,046	,035	,072	1,337	,182
	PROPEM	-,070	,069	-,053	-1,009	,314

a. Dependent Variable: Abs_Res

Based on the test results show that all independent variables have a significance value greater than 0.05. This means that the regrssion equation is free from heteroscedasticity problems.

4.3 Hypothesis Test

4.3.1 Multiple Regression Linear Analysis

Table5. Multiple Regression Linear Test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	,676	,200		3,388	,001
	ROA	1,693	,423	,211	4,001	,000
	DCHANGE	-,033	,085	-,020	-,395	,693
	BDOUT	-,541	,390	-,072	-1,388	,166
	CPA	-,127	,113	-,057	-1,124	,262
	CEOPIC	-,095	,042	-,117	-2,237	,026
	PROPEM	,000	,085	,000	,002	,999

a. Dependent Variable: FSF

Based on the results of data analysis, the regression analysis model is obtained as follows:

$$FSF = 0,676 + 0,211ROA - 0,020DCHANGE - 0,072BDOUT - 0,057CPA - 0,117CEOPIC + 0,000PROPEM + e$$

Based on the multiple linear regression model above, it can be interpreted as follows:

1. The constant value shows a positive value of 0.676 . This means that financial targets, change in directors, ineffective monitoring, change in auditors, number of CEO's picture, governance projects increase, so financial statement fraud will increase.
2. The financial target regression coefficient shows a positive value of 0.211. This means that if the financial target in the company is higher, the financial statement fraud will also be higher.
3. The change in director regression coefficient shows a negative value of -0.020. This means that if the change in directors in the company is higher, the financial statement fraud will be lower.
4. The regression coefficient of ineffective monitoring shows a negative value of -0.072. This means that if the ineffective monitoring within the company is higher, the financial statement fraud will be lower.
5. The change in auditor regression coefficient shows a negative value of -0.057. This means that if the change in auditors within the company is higher, the financial statement fraud will be lower.
6. The coefficient of the frequent number of CEO's pictures shows a negative value of -0.117. This means that if the frequent number of CEO's picture in the company is higher, the financial statement fraud will be lower.
7. The project governance coefficient shows a positive value of 0.000. This means that the higher the governance project within the company, the higher the financial statement fraud.

4.3.2 F Test

Table 6. F Test

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13,702	6	2,284	3,595	,002 ^b
	Residual	232,520	366	,635		
	Total	246,222	372			

a. Dependent Variable: FSF

b. Predictors: (Constant), PROPEM, CPA, BDOUT, DCHANGE, CEOPIC, ROA

The results of the F test show that F count has a value of 3.595 with a significance value of 0.002. This means that the independent variables, namely financial targets, change in directors, ineffective monitoring, change in auditors, frequent number of CEO's pictures, and governance projects are fit, because the significance value is less than 0.05.

4.3.3 R Test & R-Square (Determination Coefficient)

Table 7. Determination Coefficient

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,236 ^a	,056	,040	,797058

a. Predictors: (Constant), PROPEM, CPA, BDOU, DCHANGE, CEOPIC, ROA

The test results of the coefficient of determination (R^2) indicates that the value of Adjusted R^2 of 0.040. This means that 4% of financial statement fraud is influenced by independent variables in research, while 96% is influenced by other variables not included in research.

4.3.4 T Test

Table 8. T Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	,676	,200		3,388	,001
	ROA	1,693	,423	,211	4,001	,000
	DCHANGE	-,033	,085	-,020	-,395	,693
	BDOU	-,541	,390	-,072	-1,388	,166
	CPA	-,127	,113	-,057	-1,124	,262
	CEOPIC	-,095	,042	-,117	-2,237	,026
	PROPEM	,000	,085	,000	,002	,999

a. Dependent Variable: FSF

Based on the results of the T test in table 8, the following results are obtained:

1. The target financial significance level is 0.000. This means that the financial target variable affects financial statement fraud, because it has a significance value of less than 0.05.
2. The change in direction significance level is 0.693. This means that the change in director variable has no effect on financial statement fraud, because it has a significance value of more than 0.05.
3. The significance level of ineffective monitoring is 0.166. This means that the ineffective monitoring variable has no effect on financial statement fraud, because it has a significance value of more than 0.05.
4. The significance level of change in auditors is 0.262. This means that the change in auditor variable has no effect on financial statement fraud, because it has a significance value of more than 0.05.
5. The significance level of the frequent number of CEO's picture is 0.026. This means that the frequent number of CEO's picture variable affect financial statement fraud, because it has a significance value of less than 0.05.
6. The significance level of governance project is 0.999. This means that the project governance variable has no effect on financial statement fraud, because it has a significance value of more than 0.05.

V. CONCLUSION

This study aims to determine the effect of financial targets, change in directors, ineffective monitoring, change in auditors, frequent number of CEO's pictures, and project governance on financial statement fraud in manufacturing companies registered on the Indonesian Stock Exchange (IDX) in 2018-2020. Based on the results of this study, the following conclusions can be drawn:

1. Financial targets affect financial statement fraud.

2. Change in director has no effect on financial statement fraud.
3. Ineffective monitoring has no effect on financial statement fraud.
4. Change in auditor has no effect on financial statement fraud.
5. Frequent number of CEO's picture affect financial statement fraud.
6. Governance project has no effect on financial statement fraud.

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