Jurnal Penelitian Ekonomi Dan Akuntansi
JPENSI
UNIVERSITAS ISLAM LAMONGAN

Journal of Economic and Accounting Research (JPENSI)
http://jurnalekonomi.unisla.ac.id/index.php/jpensi
e-ISSN 2621-3168
p-ISSN 2502 – 3764

Influencing Factors *Financial Statement Fraud* In terms of *Fraud Hexagon*

Lexia Ifani[1], Erna Puspita[2], Andy Kurniawan[3]

[1]Fakultas Ekonomi dan Bisnis, Universitas Nusantara PGRI Kediri
lexiaifani4@gmail.com

[2]Fakultas Ekonomi dan Bisnis, Universitas Nusantara PGRI Kediri
ernapuspita@unpkediri.ac.id

[3]Fakultas Ekonomi dan Bisnis, Universitas Nusantara PGRI Kediri Kediri
andykurniawan@unpkediri.ac.id

Article Info

Received Apr 24, 2024
Revised May 29, 2024
Pubhlished Jun 21, 2024

Keywords : *Fraud, financial statement, banking*

Abstract

This research aims to identify the influence of the fraud hexagon which is proxied by external pressure, change of auditor, ineffective supervision, change of board of directors, CEO image frequency, cooperation projects with the government on financial statement fraud. Banking and financial sector companies listed on the Bursa Efek Indonesia (BEI) in 2020-2022 were used as the population in this research. In this research, the results showed that the independent variables consisting of external pressure, change of auditor, ineffective monitoring, change of board of directors, CEO image frequency and cooperation with the government had a simultaneous effect on the dependent variable financial statement fraud. Partially, the variables that have a significant influence on financial statement fraud are external pressure, ineffective monitoring, and CEO image frequency. Meanwhile, the variables change of auditor, change of board of directors, and cooperation with the government do not have a significant effect on financial statement fraud.

INTRODUCTION

Financial statement (financial reports) are the company's main means of communicating financial information to parties outside the company and aim to provide financial reporting information for various report users (Kieso et al., 2020). There are several parts of the financial report consisting of the financial position report, profit and loss report, change in equity report, cash flow, and notes to financial statements (CALK). From these several sections, there is information regarding profits which makes the profit and loss report a very important section because it can be used to measure the performance of management's responsibilities in meeting set operational goals and can help investors evaluate the company's future profit capabilities. (Priswita & Taqwa, 2019).

The existence of a company will be maintained because understanding the information content in a financial report makes managers more motivated to improve the company's performance. However, sometimes the performance results contained in a financial report are more aimed at getting a good impression from various parties, so that with this encouragement the company ends up being forced to manipulate certain parts which results in misstatements in the financial report. Misstatements in financial reports have an impact that can reduce the level of trust of users of financial statements and can be detrimental to stakeholders.

Fraud (fraud) is the deliberate misstatement or omission of amounts or disclosures in financial reports to deceive users of financial statements. This is done with the aim of providing wrong information to users of financial reports such as investors or creditors so that they make wrong decisions. Fraud in financial reports is one of the most detrimental accounting scandals. ACFE or *Association of Certified Fraud Examiners* is the largest anti-fraud organization in the world that provides anti-fraud education and training. This organization is based in Austin, Texas, and the United States. ACFE members currently number almost 70,000 people and are spread across more than 150 countries. ACFE has a motto *"Together Reducing Fraud Worldwide"* which means that ACFE is trying to reduce fraud in the business sector throughout the world and provide confidence to the public that this profession has high integrity and objectivity (ACFE-Indonesia, 2021).

In 2022, ACFE published its publication entitled "A *Report to the Nations*" or it could be called RTTN which is published every 2 years. This publication is the result of an ACFE survey with respondents who were CFE certification holders (*Certified fraud Examiner*) around the world. in the 2022 ACFE survey there were several cases of fraud that occurred most frequently, namely in cases *asset misappropriations* with a percentage of 86% and losses reaching $100,000 or the equivalent of 1.5 billion Rupiah and cases *financial statement fraud* being the case with the lowest amount, namely a percentage level of only 9%, but the amount of loss caused reached $593,000 or the equivalent of 9.2 billion Rupiah. So from here it can be concluded that *financial statement fraud* is a case that can result in the largest amount of loss compared to *asset misappropriations* and *corruption.* explained the results of the ACFE survey in 2022 which shows data that the industry with levels *fraud* The highest was the banking and financial sector, namely 351 cases with 11% being cases *financial statement fraud*. This fact is proven by the many cases of fraud involving the banking and financial industry that have occurred in recent years (Association of Certified Fraud Examiners (ACFE), 2022).

Cases of fraudulent financial reporting have occurred in several large companies in Indonesia, one of which is the case that occurred at PT Asuransi Jiwasraya. In 2020, the Financial Audit Agency (BPK) banned 10 people who had the potential to become suspects in the case involving PT Asuransi Jiwasraya. This case began in 2006, the BPK stated that PT Asuransi Jiwasraya recorded profits in 2006, but it turned out that this was just a manipulation of a loss into a profit. It doesn't stop there, in 2017 PT Asuransi Jiwasraya recorded a profit of IDR 360.6 billion, but the company received an unreasonable opinion due to a shortfall in reserves of IDR 7.7 trillion. After that, in 2018 the BPK revealed that PT Asuransi Jiwasraya suffered a loss of IDR 15.3 trillion and at the end of 2019 the company had negative equity of IDR 27.2 trillion. Finally, in 2020 the Jiwasraya scandal entered the realm of investigation at the Attorney General's Office until the

Indonesian Stock Exchange (BEI) stated that PT Asuransi Jiwasraya needed to be temporarily suspended from stock trading (Www.Liputan6.com, 2020).

There is a theory that can be used to detect fraudulent financial statements, namely theory *fraud triangle* by Cressey in 1953 which consists of *pressure, opportunity, dan rationalization.* Theory *fraud triangle* then developed into *fraud diamond* with the addition of elements *capability* by Wolfe and Hermason in 2004. After that, Crowe in 2011 developed this theory into *fraud pentagon* by adding elements *ego/arrogance.* Then in 2019, *fraud hexagon* developed by Vousinas by adding elements *collusion* (Sagala and Siagian, 2021). The theory used in this research is theory *fraud hexagon*. Theory *fraud hexagon* is the newest theory in detecting *fraud* and refinement of theory *fraud* previously.

Internal elements *fraud hexagon* consist of *pressure, opportunity, rationalization, capability, ego/arrogance,* and *collusion* (Vousinas, 2019). Various elements of the theory *fraud hexagon* which is the independent variable in this research uses a proxy variable in its measurement so that it can be researched. The proxies used in this research include *pressure* which is proxied by external pressure (*external pressure*), *rationalization* proxied by the change of auditor (*change in auditors*), *opportunity* proxied by ineffective monitoring (*ineffective monitoring*), *capability* proxied by changes in the board of directors (*change in directors*), *arrogance* proxied using CEO frame rate (*frequent number of CEO's picture*), as well as *collusion* which is proxied by collaborative projects with the government. In the first element there are *pressure* or pressure proxied by external pressure variables (*external pressure*). External pressure (*external pressure*) is a time when there are requirements and expectations from other parties that must be met by management, which can be an opportunity for someone to commit fraud (Handoko, 2021). With excessive pressure, management can commit fraudulent actions because there are demands from external parties or third parties. Research conducted by Hartadi (2022) revealed that external pressure had a significant positive effect on financial report fraud, while according to research conducted by Handoko (2021) stated that external pressure did not influence financial report fraud.

On the second element there is an element *rationalization* which is proxied by the auditor change variable (*change in auditors*), where this variable is management's decision to change the auditor in order to obtain higher quality services. An important task of auditors is to monitor financial reports, where the auditor's thoughts or opinions can be used as a basis for assessment by users of financial reports, so that from here the company can rationalize fraud that occurs due to a change in auditor. This is supported by research findings conducted by Kiki Elita and Mutmainah (2022) which proxies rationalization by changing auditors with the result that changing auditors influences financial report fraud.

On the third element there is *opportunity* which is proxied by ineffective monitoring variables (*ineffective monitoring*), where this variable is when the company has an incompetent monitoring unit, resulting in inefficient monitoring of company performance (Budiyanto and Puspawati, 2020). With weaknesses in the company's supervisory unit, the incidence of financial statement fraud will

increase. This is supported by research conducted by Handoko (2021) and Sari and Nugroho (2020) where the research states that ineffective monitoring has a positive effect on fraudulent financial reports. However, this is not supported by research (Budiyanto and Puspawati, 2020) which states that ineffective monitoring has a negative effect on fraudulent financial reports.

On the fourth element there is an element *capability* which is proxied by the change of board of directors variable (*change in directors*), where this variable is the change in management carried out by the company. Changing managers can indicate fraud by the company (Handoko, 2021). This is because the change of directors is most likely an attempt by the company to remove directors who are aware of fraud and the change of new managers also requires time to adapt to the new environment and work, which can reduce the efficiency of the company's performance thereby opening up the possibility of fraudulent activities. This is supported by research by Larum et al. (2021) which states that changing directors has a positive effect on financial statement fraud.

On the fifth element there is an element *arrogance* which is proxied by the CEO image frequency variable (*frequent number of CEO's picture*), where this variable is the frequency with which the image of a CEO appears in a company's financial reports. The CEO's arrogance is reflected in how often the CEO's image appears in the company's financial reports. This CEO's arrogance can lead him to commit financial report fraud because he feels he is the strongest and can do anything without being punished. Research by Sari and Nugroho (2020) states that the CEO image frequency variable has a positive effect on financial report fraud. This is in contrast to research conducted by Budiyanto and Puspawati (2020) and Handoko (2021), where in their research they stated that the frequency of CEO images has a negative effect on financial report fraud.

The last element is the element of collusion (*collusion*) which is proxied by the collaboration project variable with the government. This collusion involves cooperation between two or more people, where one party takes action against another party for criminal purposes (Vousinas, 2019). Collaboration with government projects can encourage companies to commit financial reporting fraud. Due to collaboration with government projects, companies can feel pressure to manipulate financial reports to show better financial performance or to hide unethical financial practices. This is supported by research by Budiyanto and Puspawati, (2020); Handoko (2021); Sari and Nugroho (2020) stated that collaborative projects with the government have a positive effect on fraudulent financial reports. However, this is not supported by research conducted by Nurardi and Wijayanti (2021) which states that collaboration projects with the government have a negative effect on fraudulent financial reports.

Based on several previous studies that examined the factors that influence financial statement fraud, it showed varying results and inconsistencies were still found in the research, so researchers were motivated to conduct this research in more depth. The objects used in this research are banking companies listed on the Indonesia Stock Exchange from 2020 to 2022, the reason is because the use of

banking and financial company data is based on the ACFE survey in 2022 which shows that the case *financial statement fraud* occurs most often in the banking sector. So the author is interested in conducting research with the title "Influencing Factors *Financial Statement Fraud* in terms of *Fraud Hexagon*".

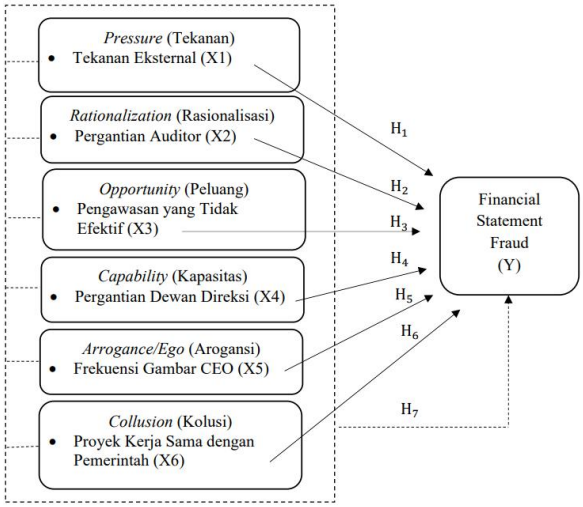


Figure 1. Conceptual Framework

In Figure 1 above there is a conceptual framework which explains that financial stability, external pressure, financial targets, nature of the industry, ineffective supervision, change of auditor, change of board of directors, frequency of CEO images, and cooperation projects with the government have a partial effect on *financial statement fraud.* In addition, financial stability, external pressure, financial targets, nature of the industry, ineffective supervision, change of auditors, change of board of directors, CEO image frequency, and cooperation projects with the government also have a simultaneous or joint effect on *financial statement fraud.* So from here the following research hypothesis can be proposed:

1. H_1 = External pressure influences *financial statement fraud*
2. H_2 = Ineffective supervision has an impact on *financial statement fraud*
3. H_3 = Changing auditors has an effect on *financial statement fraud*
4. H_4 = Changes in the board of directors have an effect on *financial statement fraud*
5. H_5 = CEO image frequency has an effect on *financial statement fraud*
6. H_6 = Collaboration projects with the government have an influence on *financial statement fraud*
7. H_7 = External pressure to change auditors, poor supervision effectiveness, board turnover, CEO frame rate, and cooperation projects with the government have a simultaneous effect to *financial statement fraud*

METHODS

In this research there are two types of research variables, namely dependent variables and independent variables. The dependent variable in this research is *financial statement fraud* (Y) which is measured using the F-Score Model as follows:

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

Figure 2. Calculation Formula *F-Score*

To calculate accrual quality, you can use *RSST Accrual* with the following formula:

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

Figure 3. Calculation Formula *RSST Accrual*

Information:

WC = *Working Capital*

N.C.O = *Non-Current Operation*

END = *Financial Accrual*

Apart from that, there are ways to take into account the results of each component involved in the RSST Accrual calculation, including:

$$Working\ Capital = Current\ Assets - Current\ Liability$$

Figure 4. Calculation Formula *Working Capital*

$$Non\text{-}Current\ Operation = (Total\ Assets - Current\ Assets - Investment) - (Total\ Liability - Current\ Liability - Long\ Term\ Debt)$$

Figure 5. Calculation Formula *Non-Current Operation*

$$Financial\ Accrual = Total\ Investment - Total\ Liability$$

Figure 6. Calculation Formula *Financial Accrual*

$$Average\ Total\ Assets = \frac{Beginning\ Total\ Assets + End\ Total\ Assets)}{2}$$

Figure 7. Calculation Formula *Average Total Assets*

Besides *accrual quality*, is also available *financial performance* which is a component in the model calculation *F-Score* which is formulated as follows:

$$Financial\ Performance = Change\ in\ receivable + Change\ in\ inventories + Change\ in\ cash\ sales + Change\ in\ earnings$$

Figure 8. Calculation Formula *Financial Performance*

Apart from the dependent variable, in this research there are also nine independent variables. The following are the independent variables along with the indicators for each variable:

External Pressure

$$Debt\ to\ Asset\ Ratio\ (DAR) = \frac{Total\ Debt}{Total\ Asset}$$

Figure 9. Calculation Formula *Debt to Asset Ratio*

Change of Auditor

In this research, change of auditor (AUDCHANGE) measured using variables *dummy*, where code 1 is for companies that changed auditors during the observation year, while code 0 is for companies that did not change auditors during the observation year.

Ineffective Monitoring

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

Figure 10. Calculation Formula *BDOUT*

Change of Board of Directors

In this study, director turnover (DCHANGE) was measured by variables *dummy* namely by assigning code 1 to companies that experienced a change of director during the year of observation and code 0 to companies that did not experience a change of director during the year of observation.

CEO Image Frequency

In this research, the indicator used in calculating the CEO image frequency variable is counting the number of photos of the main director in a company's annual report.

Collaboration Project with the Government

In this research, government cooperation projects (GOVPROJECT) are measured using variables *dummy* namely by assigning code 1 to companies that carry out collaborative projects with the government during the 2020-2022 period and code 0 for companies that do not carry out collaborative projects with the government during the 2020-2022 period.

The population used in this research is banking and financial sector companies listed on the Indonesia Stock Exchange (BEI) in the period between 2020-2022, totaling 105 companies. Meanwhile, for sampling using the method *purposive sampling* in sampling. This method involves selecting samples based on predetermined criteria as follows:

a) Banking and financial sector companies listed on the IDX for the period 2020 to 2022.

b) Banking and financial sector companies that publish annual reports on the IDX from 2020 to 2022.

c) Banking and financial sector companies that disclose data relating to research variables and are available in full in their annual reports for the period 2020 to 2022.

d) Banking and financial sector companies listed on the stock listing board on the main board index on the IDX.

From several sample selection criteria mentioned above, the number of companies that met the criteria was determined to be 32 companies with a total of 3 years of observation. So the total sample used in this research was 96 data.

This research uses a quantitative approach with the research technique used, namely casual comparative research. The data sources used include annual reports of banking and financial sector companies listed on the Indonesia Stock Exchange (BEI) published from 2020 to 2022. The data was obtained from several sources. *website* official like www.idx.co.id. The data collection techniques used in this research are literature study and documentation techniques. Data analysis techniques used in this research include multiple linear regression analysis, classical assumption tests consisting of normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests, as well as hypothesis tests consisting of partial testing (t test), partial testing. simultaneous (F test), and coefficient of determination test.

RESULTS AND DISCUSSION

CLASSIC ASSUMPTION TEST

Normality test

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			96
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.32180625
Most Extreme Differences	Absolute		.086
	Positive		.085
	Negative		-.086
Test Statistic			.086
Asymp. Sig. (2-tailed)[c]			.077
Monte Carlo Mr. (2-tailed)[d]	Say.		.077
	99% Confidence Interval	Lower Bound	.070
		Upper Bound	.084
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 1502173562.			

Source: SPSS Version 27 (Data processed by the author, 2024)

From table 1 above, it can be seen that the asymp.sig (2-tailed) p-value is 0.77, which means it is greater than 0.05, so it can be concluded that the data used in this study is normally distribute.

Journal of Economic and Accounting Research (JPENSI)
http://jurnalekonomi.unisla.ac.id/index.php/jpensi
e-ISSN 2621-3168
p-ISSN 2502 – 3764

Multicollinearity Test

Table 2. Multicollinearity Test Results

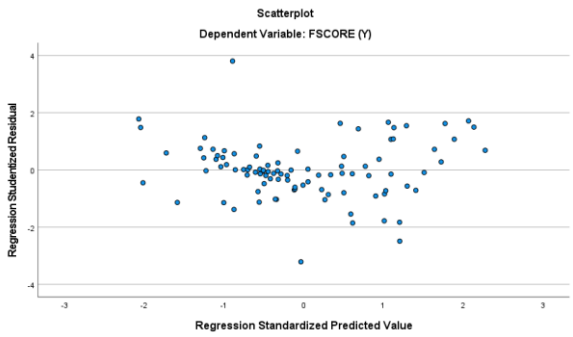
Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	External Pressure (X1)	.960	1.041
	Change of Auditor (X2)	.920	1.087
	Ineffective Monitoring (X3)	.881	1.135
	Change of Board of Directors (X4)	.962	1.039
	Freak Gambar Ceo (X5)	.886	1.128
	Government Cooperation Project (X6)	.956	1.046

Source: SPSS Version 27 (Data processed by the author, 2024)

Multicollinearity in regression can be seen from the Variance Inflation Factor (VIF) value and tolerance value, which is if the VIF value < 10 and the *tolerance* > 0.1, then the regression model is good or multicollinearity does not occur. Based on table 2 above, all independent variables from this study have a VIF value < 10, so it can be said that there is no multicollinearity, so there is no strong correlation between variables.

Heteroscedasticity Test

Heteroscedasticity test is seen from the results *output* chart *scatterplot*. Results *output* chart *scatterplot* which has been written in the following picture 11:



Source: SPSS Version 27 (Data processed by the author, 2024)

Figure 11. Graph *Scatterplot*

Based on the output results shown in Figure 11 above, it shows that the points are spread out and do not form a particular pattern, so it can be concluded that there is no heteroscedasticity problem.

Table 3. Heteroskedasticity Test Results

Coefficients[a]	
Model	Say . .
1 (Constant)	.158
External Pressure (X1)	.105
Change of Auditor (X2)	.223
Ineffective Monitoring (X3)	.691
Change of Board of Directors (X4)	.855
Freak Gambar Ceo (X5)	.916
Government Cooperation Project (X6)	.085

Source: SPSS Version 27 (Data processed by the author, 2024)

In this test, there is a provision that if the result is sig > 0.05, it indicates that there are no symptoms of Heteroscedasticity and it can be concluded that a good model means that Heteroscedasticity does not occur. If the probability value sig is > 0.05 then there are no symptoms of heteroscedasticity in the regression model. From table 4.5 above, it can be concluded that of the six independent variables in this study there are no symptoms of heteroscedasticity because they have a sig value greater than 0.05.

Autocorrelation Test

Table 4. Autocorrelation Test Results

Model Summary[b]	
Model	Durbin-Watson
1	2.013

a. Predictors: (Constant), Government Cooperation Projects, Board of Directors Change, External Pressure, Auditor Change, CEO Image Frequency, Ineffective Monitoring

b. Dependent Variable: *Financial Statement Fraud*

Source: SPSS Version 27 (Data processed by the author, 2024)

From table 4 above, it is known that the Watson durbin (d) value is 2.013. Next, the value will be compared with the Watson Durbin table value at 5% significance with the formula (k;N). The number of independent variables is 6 or "k" = 6, while the number of samples or "N" = 96, then (k; N) = (6; 96). This number is then looked at in the Watson Durbin table value distribution. So we found a dL value of 1.5377 and dU of 1.8023. Value 1.5377 (dU) < 2.013 (DW) < 2.1977 (4-dU). It can be concluded that there are no symptoms of autocorrelation.

MULTIPLE LINEAR REGRESSION ANALYSIS

Table 5. Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	-1.237	.179	
External Pressure (X1)	1.409	.137	.672
Change of Auditor (X2)	-.133	.121	-.073
Ineffective Monitoring (X3)	1.001	.256	.267
Change of Board of Directors (X4)	.079	.091	.057
Ceo Frame Frequency (X5)	.106	.051	.141
Government Cooperation Project (X6)	-.086	.072	-.078

Source: SPSS Version 27 (Data processed by the author, 2024)

The relationship between the independent variable and the dependent variable is described in the regression equation as follows:

Y = -1,237+ 1,409X1 - 0,133X2 + 1,001X3 + 0,079X4 +0,106X5 - 0,086X6 +

It is

It can be seen from the regression equation above, the relationship between the independent variable and the dependent variable is partial, the conclusion is:

a. Variables X1, X2, X3, X4,
b. The regression coefficient for the external pressure variable (X1) is positive at 1.409, with this it can be seen that there is a unidirectional relationship between the external pressure variables with variables *financial statement fraud* (Y),

which indicates that every time the external pressure increases by 1 unit, assuming the other variables are constant variables *financial statement fraud* (Y) increased by 1.409.

c. The regression coefficient for the auditor change variable (X2) is negative at 0.133, with this it can be seen that there is an inverse relationship between the auditor change variable with variables *financial statement fraud* (Y), which indicates that every time there is an increase in auditor turnover, 1 unit is assumed, assuming that other variables are constant *financial statement fraud* (Y) decreased by 0.133.
d. The regression coefficient for the ineffective monitoring variable (X3) is positive at 1.001, with this it can be seen that there is a unidirectional relationship between the ineffective monitoring variable with variables *financial statement fraud* (Y), which indicates that for every occurrence of ineffective monitoring there is an increase of 1 unit assuming other variables are constant, variable *financial statement fraud* (Y) increased by 1.001.
e. The regression coefficient for the change of board of directors variable (X4) is positive at 0.079, with this it can be seen that there is a unidirectional relationship between the change of board of directors variable and the variable *financial statement fraud* (Y), which shows that every time there is an increase in turnover in the board of directors, there is 1 unit assuming that other variables are constant variables *financial statement fraud* (Y) increased by 0.079.
f. The regression coefficient for the CEO image frequency variable (X5) is positive at 0.106, with this it can be seen that there is a unidirectional relationship between the CEO image frequency variable and the *financial statement fraud* (Y), which shows that every time the frequency of CEO images increases by 1 unit, assuming the other variables are constant, variable *financial statement fraud* (Y) increased by 0.106.
g. The regression coefficient for the government cooperation project variable (X6) is negative at 0.0863, with this it can be seen that there is an inverse relationship between the government cooperation project variable and the variable *financial statement fraud* (Y), which shows that for every increase in government cooperation projects, there is 1 unit assuming other variables are constant, variable *financial statement fraud* (Y) decreased by 0.0863.

HYPOTHESIS TESTING

T Test

Table 6. T Test Results

Coefficients[a]

Model		t	Say.
1	(Constant)	-6.919	.000
	External Pressure (X1)	10.292	.000

Change of Auditor (X2)	-1.095	.277
Ineffective Monitoring (X3)	3.916	.000
Change of Board of Directors (X4)	.870	.386
CEO Frame Frequency (X5)	2.078	.041
Government Cooperation Project (X6)	-1.187	.238

Source: SPSS Version 27 (Data processed by the author, 2024)

a. Effect of External Pressure (X1) on *Financial Statement Fraud* (AND)

Based on the table above, a value is generated t_{hitung} t_{hitung} for the external pressure variable (X1) it is 10.292. Then this value is compared with the value $t_{tabel}t_{tabel}$ t_{tabel} derived from the calculation df=(n-k) or (96-6) then we get 90 with a significance of 0.05 of 1.9866. If t count > t table then there is a significant influence between X1 and Y, and vice versa if t count < t table then there is no significant influence between X1 and Y. It is known that t count . Also look at the probability value t, namely sig. is 0.00 while the significance level α previously determined is 0.05, so the sig value is 0.894 < 0.05, which means H1 is accepted so it can be concluded that the external pressure variable (X1) has a partially significant effect on *financial statement fraud* (Y). This is in line with research conducted by Bambang Hartadi (2022) which states that external pressure influences fraudulent financial reporting.

The results of this research prove that if a company has a large amount of debt, the company often experiences default which results in the company being under pressure to pay off its debts by obtaining financial sources from external parties. A company can obtain a source of financing if its performance and financial indicators are assessed as good by creditors and other external parties and the company is deemed capable of repaying the loan. Therefore, companies may be encouraged to create false financial reports to be more visible to creditors and other external parties, thereby providing them with the possibility of obtaining funding sources.

b. The Effect of Changing Auditors (X2) on Financial Statement Fraud (Y)

Based on the table above, a value is generated t_{hitung} t_{hitung} for the auditor change variable (X2) it is -1.095. Then this value is compared with the value $t_{tabel}t_{tabel}$ t_{tabel} derived from the calculation df=(n-k) or (96-6) then we get 90 with a significance of 0.05 of 1.9866. If t count > t table then there is a significant influence between X2 and Y, and vice versa if t count < t table then there is no significant influence between X2 and Y. It is known that t count 9866. Also look at the probability value t, namely sig. is 0.0277, while the significance level α previously determined is 0.05, then the sig value is 0.0277 < 0.05, which means H2 is rejected so it can be concluded that the auditor change variable (X2) has

no partial significant effect on *financial statement fraud* (Y). This is in line with research conducted by Natasya Octaviana (2022) which states that changing auditors does not have a significant effect on the possibility of *fraudulent financial reporting.*

The results of this research show that if there is a change of auditor, it cannot be concluded that the company has traces of fraudulent financial reporting, but there are still other things that are reasons for the company to change auditors. There is a possibility that a company changes auditors because the company is not satisfied with the old auditor, so the company takes the initiative to change auditors in order to maximize company performance.

c. The Effect of Ineffective Monitoring (X3) on Financial Statement Fraud (Y)

Based on the table above, a value is generated t_{hitung} t_{hitung} for the ineffective monitoring variable (X3) it is 3.916. Then this value is compared with the value $t_{tabel}$$t_{tabel}$ t_{tabel} derived from the calculation df=(n-k) or (96-6) then we get 90 with a significance of 0.05 of 1.9866. If t count > t table then there is a significant influence between X3 and Y, and vice versa if t count < t table then there is no significant influence between X3 and Y. It is known that t count . Also look at the probability value t, namely sig. is 0.0277 while the significance level α previously determined is 0.05, so the sig value is 0.000 < 0.05, which means H3 is rejected so it can be concluded that the ineffective monitoring variable (X3) has a partially significant effect on *financial statement fraud* (Y). This is in line with research conducted by Bambang Hartadi (2022) which shows that ineffective supervision has a significant effect on fraudulent financial reporting.

The results of this research prove that if a company has weak internal controls, it can provide opportunities for someone to commit fraud. So, an independent board of commissioners is needed to control the company's operational activities because the independent board of commissioners are people who have no business or other relationships with the company. Therefore, the proxy used in this variable is the ratio of the number of independent commissioners, so that the more companies that have independent boards of commissioners can reduce the possibility of financial report fraud, and vice versa.

d. Effect of Change of Board of Directors (X4) on Financial Statement Fraud (Y)

Based on the table above, a value is generated t_{hitung} t_{hitung} for the change of board of directors (X4) is 0.870. Then this value is compared with the value $t_{tabel}$$t_{tabel}$ t_{tabel} derived from the calculation df=(n-k) or (96-6) then we get 90 with a significance of 0.05 of 1.9866. If t count > t table then there is a significant influence between X4 and Y, and vice versa if t count < t table then there is no

significant influence between X4 and Y. It is known that t count . Also look at the probability value t, namely sig. is 0.0277 while the significance level α previously determined is 0.05, so the sig value is 0.386 < 0.05, which means H4 is rejected so it can be concluded that the change of board of directors variable (X4) does not have a partially significant effect on *financial statement fraud* (Y). This is in line with research conducted by Jihan Octani, Anda Dwiharyadi, Dedy Djefris (2021) which states that changing the board of directors has no effect on *fraudulent financial reporting.*

The results of this research indicate that a change in the board of directors in a company does not affect the existence of fraudulent financial statements. The company changes directors based on the GMS, OJK regulations and law. According to the law and OJK regulations, a change of director occurs because the director dies, is sick so he cannot carry out his duties, resigns before his term of office ends, or is replaced at the GMS. So that a change of director cannot be a benchmark for fraudulent financial reporting.

e. Effect of CEO Image Frequency (X5) on Financial Statement Fraud (Y)

Based on the table above, a value is generated t_{hitung} t_{hitung} for CEO frame frequency (X5) of 2.078. Then this value is compared with the value t_{tabel} t_{tabel} t_{tabel} derived from the calculation df=(n-k) or (96-6) then we get 90 with a significance of 0.05 of 1.9866. If t count > t table then there is a significant influence between X5 and Y, and vice versa if t count < t table then there is no significant influence between X5 and Y. It is known that t count . Also look at the probability value t, namely sig. is 0.0277 while the significance level α previously determined is 0.05, so the sig value is 0.041 < 0.05, which means H5 is accepted so it can be concluded that the CEO image frequency variable (X5) has a partially significant effect on *financial statement fraud* (Y). This is supported by research conducted by Sari and Nugroho (2020) which states that the frequency of CEO images influences financial report fraud.

The results of this research prove that the increasing number of CEO photos in the company's annual report shows that there are indications that influence the occurrence of fraudulent acts, due to the high level of arrogance in showing the public their position and status within the company. Because of this high level of arrogance, CEOs do not want to lose their position so they use various methods to maintain their status and position (Yanti & Munari, 2021). We can conclude that the more CEO photos are published in the annual report, the more clearly it becomes clear that the CEO's arrogance in the company allows fraud in the company's financial reports.

f. The Influence of Cooperation Projects with the Government (X6) on Financial Statement Fraud (Y)

Based on the table above, a value is generated t_{hitung} t_{hitung} for collaboration projects with the government (X6) amounting to 1,187. Then this value is compared with the value $t_{tabel}t_{tabel}$ t_{tabel} derived from the calculation df=(n-k) or (96-6) then we get 90 with a significance of 0.05 of 1.9866. If t count

> t table then there is a significant influence between X6 and Y, and vice versa if t count < t table then there is no significant influence between X6 and Y. It is known that t count . Also look at the probability value t, namely sig. is 0.0277 while the significance level α previously determined is 0.05, so the sig value is 0.238 > 0.05, which means H6 is accepted so it can be concluded that the variable project collaboration with the government (X6) has no partially significant effect on *financial statement fraud* (Y). This is in line with research conducted by Jihan Octani, Anda Dwiharyadi, and Dedy Djefris (2021) which states that *cooperation with government project* has no effect on *fraudulent financial reporting.*

The results of this research show that cooperative relationships with the government do not necessarily lead to fraudulent financial reporting by companies. This is because cooperation between companies and the government is automatically supervised by the Financial Services Authority (OJK). So that collaborative projects can be carried out in accordance with applicable regulations. Apart from that, companies chosen by government agencies to carry out collaborative projects must have been selected first based on predetermined criteria according to established standards. For example, the government dares to propose a collaboration project with a company that has good performance, so that from there it can also be proven that the company chosen will not commit financial reporting fraud.

F Test

Table 7. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Say.
1	Regression	17.162	6	2.860	25.876	.000[b]
	Residual	9.838	89	.111		
	Total	27.000	95			

Source: SPSS Version 27 (Data processed by the author, 2024)

Based on the table above, the calculated f value for the independent variable is 25.876. Apart from that, it is known that the value df1 = k-1 = 6-1 =5 and df2 = n-k = 96 – 6 = 90. So based on the output results in table 4.8 above it shows that the significant value or probability is 0.000 < 0.05 and f count is 25.876 > f table 2.3156, so it can be concluded that H7 is accepted, which means the independent variables in the research are external pressure, change of auditor, ineffective monitoring, change of board of directors, frequency of CEO images and government collaboration projects together or simultaneously have a significant effect on *financial statement fraud.*

R^2 Test

Table 8. R^2 Test Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.797[a]	.636	.611	.33248	2.013

Source: SPSS Version 27 (Data processed by the author, 2024)

Based on table 4.9 above, the value is obtained *Adjusted R-Squared* of 0.611 or 61.1%. This indicates that the independent variables in this research, namely external pressure, change of auditor, ineffective monitoring, change of board of directors, CEO image frequency, and government cooperation projects contribute to a significant influence on *financial statement fraud* amounted to 61.1%, and the remaining 38.9% was explained by other variables.

CONCLUSION

Based on the results of research conducted on banking and financial sector companies listed on the IDX for the 2020-2022 period, it can be concluded that simultaneously the independent variables consist of external pressure, ineffective monitoring, change of auditor, change of board of directors, image frequency CEO and cooperation with the government simultaneously influence the dependent variable *financial statement fraud*. Partially, variables that have a significant effect on *financial statement fraud* namely external pressure, ineffective monitoring, and CEO frame rate. One of these things indicates that the number of appearances of CEO images in financial reports that occur each year in a row in companies needs to be a concern for investors as a consideration in investing. Meanwhile, the variables change of auditor, change of board of directors, and cooperation with the government do not have a significant effect *financial statement fraud.*

In further research, it is recommended that other measuring methods be used to measure the risk of financial statement fraud, such as: *discretionary accrual jones modified mode, beneish m-score, earning management.* It is hoped that future researchers can expand measurements, especially element variables *collusion* namely by using supporting information from other parties. Apart from that, future researchers can also expand the research population area, such as by using banking and financial sector companies listed on the IDX as a whole. Suggestions for companies to improve further *company control* especially in coping *fraudulent* based on the existence of this fraud hexagon model theory, so that the possibility of financial statement fraud can be overcome as early as possible.

REFERENCES

ACFE-Indonesia. (2021). *Pengurus ACFE Indonesia Chapter*. Association of Certified Fraud Examiners. https://acfe-indonesia.or.id/pengurus-acfe-indonesia-chapter-2/

Association of Certified Fraud Examiners (ACFE). (2022). Occupational Fraud 2022: A Report to the nations. *Association of Certified Fraud Examiners*, 1–96.

Budiyanto, W., & Puspawati, D. (2020). Fraud Hexagon Analysis in Detecting Financial Statement Fraud. *Malaysian Palm Oil Council (MPOC)*, *21*(1), 1–9. http://journal.um-surabaya.ac.id/index.php/JKM/article/view/2203%0Ahttp://mpoc.org.my/malaysian-palm-oil-industry/

Handoko, B. L. (2021). Fraud Hexagon in Detecting Financial Statement Fraud in Banking Companies in Indonesia. *Journal of Accounting Studies*, *5*(2), 176. https://doi.org/10.33603/jka.v5i2.5101

Hartadi, B. (2022). The Influence of Fraud Hexagon on Fraudulent Financial Statements in Indonesian State-Owned Enterprises Registered on BEI in 2018-2021. *Tambusai Education Journal*, *6*(2), 14883–14896. https://bumn.go.id/

Kieso , D. E. , Weygandt , J. J. , & Warfield , T. D. (2020). *Intermediate Accounting: IFRS Edition, 4th Edition*. https://books.google.co.id/books?id=_KOqBAAAQBAJ

Kiki Elita, S., & Mutmainah, S. (2022). Analysis of Factors that Influence the Occurrence of Financial Statement Fraud: Fraud Hexagon Theory Perspective. *DIPONEGORO JOURNAL OF ACCOUNTING Volume*, *11*(2008), 1–13. http://ejournal-s1.undip.ac.id/index.php/accounting

Larum, K., Zuhroh, D., & Subiyantoro, E. (2021). Fraudlent Financial Reporting: Testing the Potential for Fraudulent Financial Reporting Using the Fraud Hexagon Theory. *AFRE (Accounting and Financial Review)*, *4*(1), 95–106. https://doi.org/10.26905/afr.v4i1.5957

Nurardi, D. S., & Wijayanti, R. (2021). Determinants of Financial Statement Fraud with Fraud Hexagon Model Analysis (Empirical Study of LQ 45 Sector Companies Listed on the Indonesian Stock Exchange Period II August-January 2016-2019). *The 13th University Research Colloqium 2021*, *2019*(3), 430–441.

Octani, J., Dwiharyadi, A., & Djefris, D. (2021). Analysis of the Influence of Fraud Hexagon on Fraudulent Financial Reporting in Financial Sector Companies Listed on the Indonesian Stock Exchange during 2017-2020. *Jabei*, *1*(1), 36–49. https://akuntansi.pnp.ac.id/jabei

Octaviana, N. (2022). Analysis of Fraud Hexagon Theory Elements as Determinants of Fraudulent Financial Reporting. *Accounting journal*, *11*(2), 106–121. https://doi.org/10.46806/ja.v11i2.895

Priswita, F., & Taqwa, S. (2019). The Influence of Corporate Governance on Financial Report Fraud. *Journal of Accounting Exploration*, *1*(4), 1705–1722. https://doi.org/10.24036/jea.v1i4.171

Sagala, S. G., & Siagian, V. (2021). The Influence of the Fraud Hexagon Model on Fraudulent Financial Reports in Food and Beverage Sub-Sector Companies Listed on the IDX in 2016-2019. *Accounting journal*, *13*(2), 245–259. https://doi.org/10.28932/jam.v13i2.3956

Sari, S. P., & Nugroho, N. K. (2020). Financial Statements Fraud with the Vousinas Fraud Hexagon Model Approach: An Overview of Public Companies in Indonesia. *Islamic Economics, Finance, and Banking (ACI-IJIEFB)*, 409–430.

Vousinas, G. L. (2019). Advancing theory of fraud: the S.C.O.R.E. model. *Journal of Financial Crime*, *26*(1), 372–381. https://doi.org/10.1108/JFC-12-2017-0128

Www.Liputan6.com. (2020). *BPK: Jiwasraya Manipulated Financial Reports from Losses to Profits in 2006*. Www.Liputan6.Com. https://www.liputan6.com/bisnis/read/4151062/bpk-jiwasraya-manipulasi-laporan-keuangan-dari-rugi-jadi-laba-di-2006?page=2

Yanti, D. D., & Munari, M. (2021). Pentagon Fraud Analysis of Financial Report Fraud in the Manufacturing Company Sector. *Acquisitions: Journal of Accounting*, *17*(1), 31–46. https://doi.org/10.24127/akuisisi.v17i1.578