

ANALYSIS OF THE INFLUENCE OF PRESSURE, OPPORTUNITY, AND RATIONALITY ON FINANCIAL STATEMENT FRAUD**¹Arifa Sofianingsih**

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ABSTRACT

This research was conducted at State-Owned Enterprises listed on the Indonesia Stock Exchange for the 2019-2023 period. The purpose of this study was to determine how much pressure, opportunity and rationality influence financial statement fraud. The independent variables in this study are measured using the proxies financial stability, external pressure, personal financial need, financial targets, nature of industry, ineffective monitoring, and rationality. Sampling was carried out using purposive sampling method and obtained 115 observed data. The analysis method in this study uses logistic regression analysis. The conclusion of this study shows that opportunity with the proxy of nature of industry and rationality affects financial statement fraud, while pressure with the proxy of financial stability, external pressure, financial targets, and opportunity with the proxy of ineffective monitoring have no effect on financial statement fraud.

INTRODUCTION

The rapid development of technology resulted in higher competition between companies, both those engaged in industry and trade and service companies. In this era, companies are required to always make improvements to company performance. The company must optimize management performance on the management of resources owned by the company in order to create a good financial condition to maintain the sustainability of the company. One way to assess company performance is based on company accounting information through financial reports published in each period.

According to IAI, financial statements are a medium for communicating information about the company with the intention of conveying information about the company's financial condition, company performance, and changes in the company's financial condition which are then used as a basis for making decisions (Steven & Meiden, 2022). However, there are companies that deliberately commit fraud on financial statements, so that the information contained in the financial statements does not match the actual condition of the company (Indriani & Rohman, 2022). Financial reports that have been fraudulent result in decisions made by users of financial reports being less in accordance with the actual condition of the company due to misstatements in the financial statements.

Fraud according to SAS No. 99 (AICPA, 2002) is misrepresentation presentation or the intentional omission of amounts or omissions in the financial statements designed to deceive users of the statements, the effect of which is to cause the financial statements not to be presented, in all material respects, in conformity with generally accepted accounting principles.

In a survey conducted by ACFE, the most common fraud is asset misappropriation with the highest percentage of 86%, followed by fraud in financial statements with a percentage of 9%, and the lowest is corruption with a percentage of 5%. In this case, although the percentage of financial statement fraud is low, it causes the largest loss among other fraud cases, which is USD 539,000. Meanwhile, misuse of assets caused the lowest average loss of USD 100,000 per case and corruption caused an average loss of USD 150,000.

Cases of financial statement fraud can occur in every type of company, whether industrial, trading or service companies. Cases of fraud in financial statements can occur both in private companies and government agencies, including in State-Owned Enterprises (BUMN). State-Owned Enterprises (BUMN) play an important role in the economy in Indonesia. Therefore, transparency and accountability in the management of BUMN finances are very important to maintain public and investor confidence and prevent fraud in financial statements.

According to the agency theory proposed by Jensen and Meckling, agency relationships can occur because of the contract between the principal (owner) and the agent (management). In agency theory, financial statement fraud often occurs when the agent (management) feels that they need to improve company performance by manipulating financial statements in order to maintain their position and personal benefits.

According to Donald R. Cressey's theory, there are three factors driving fraud including pressure, opportunity, and rationalization. The international federation of accountants (IFAC) also issued international standards on auditing (ISA) No. 240 explaining that there are three factors that encourage fraud based on Cressey's theory (fraud triangle theory) (Kurniawati & Sarwono, 2024).

According to SAS No. 99 (AICPA, 2002), pressure is divided into four types of conditions that can lead to fraud. These conditions are financial stability, external pressure, personal financial need, and financial targets. Meanwhile, opportunity is divided into three types of conditions that can lead to fraud. These conditions include the nature of industry, ineffective monitoring, organizational structure.

Financial stability is a situation that provides an overview of the company's financial condition in a stable condition. According to SAS No. 99, managers will get pressure and be motivated to commit fraud when the company's financial stability is threatened by economic conditions, industry or conditions from the company's own operational activities (Ahmadiana & Novita, 2019). Financial stability is indicated by the total assets owned by the company. The lower the total assets of the company, the higher the possibility of fraud (Steven & Meiden, 2022). This is in accordance with research conducted by Ramdany et al. (2021), Rahmani and Oktavia (2023), Indriani and Rohman (2022), state that financial stability affects the occurrence of fraudulent financial statements.

External pressure is the pressure faced by management to fulfill the wishes of third parties. External pressure is shown by the company's cash and can be known through the leverage ratio. The lower the leverage, the higher the level of fraud committed by the company (Steven & Meiden, 2022). However, research conducted by Rahmani and Oktavia (2023), Steven and Meiden (2020), Sabatian and Hutabarat (2020), shows that external pressure has no effect on financial statement fraud.

Financial targets are the pressure exerted on management to achieve financial targets that have been set by management or directors (Ahmadiana & Novita, 2019). Financial targets can be known through company profits. If the financial target is not achieved, the manager will experience pressure and be motivated to commit fraud. This is in accordance with research conducted by Steven and Meiden (2020), Indriani and Rohman (2002), Ramdany et al. (2021), state that financial targets have a positive effect on financial statement fraud.

Nature of industry is a benchmark for a company in an industry. The company as an internal party has more information, so that it can be utilized by the company to commit fraudulent financial statements (Sabatian & Hutabarat, 2020). This is in accordance with research conducted by . Ramdany et al. (2021), Steven and Meiden (2020), Indriani and Rohman (2022), explain that the nature of industry partially affects financial statement fraud. Meanwhile, research conducted by Rahmani and Oktavia (2023), Sabatian and Hutabarat (2020), shows that nature of industry has no effect on financial statement fraud.

Ineffective monitoring is a condition where the company has a weak and ineffective control

system. This condition provides an opportunity to commit fraudulent acts without fear of being discovered (Ramdany, 2021). This is in accordance with research conducted by Kurniawati and Sarwono (2024), Rahmani and Oktavia (2023), Steven and Meiden (2020), explaining that ineffective monitoring has a positive effect on financial statement fraud. Meanwhile, research conducted by Ramdany et al. (2021), Sabatian and Hutabarat (2020), show that ineffective monitoring has no effect on financial statement fraud.

Rationality is an attitude of justifying the fraud that has been committed. For example, by increasing the amount of company profits so that the company is favorable to both the public and the company's shareholders (Steven & Meiden, 2022). This is in accordance with research conducted by Kurniawati and Sarwono (2024), Bhaktiar and Setyariniz (2021), Sabatian and Hutabarat (2020), explaining that rationality financial statement fraud. Meanwhile, in research conducted by Ramdany et al. (2021), Rahmani and Oktavia (2023), Steven and Meiden (2020), Indriani and Rohman (2022) show that rationalization has no effect on financial statement fraud.

OVERVIEW

Agency Theory

Agency theory is a theory put forward by Jensen and Meckling. This theory explains that agency relationships can occur because of the contract between the principal (owner) and the agent (management). Usually the relationship between the principal and the agent is based on a bonus for profit. The greater the profit earned, the greater the bonus earned by the agent. In this case, the principal is the shareholder. Meanwhile, the agent is the management. The difference in interests between the principal and the agent can lead to a conflict of interest which results in the emergence of fraudulent financial statements. The principal who wants a large return on his investment and the agent wants a large bonus for his own welfare. This triggers the agent to commit fraud on the financial statements so that the profit earned by the company looks up in the eyes of the principal and the agent can achieve his goal, namely getting a large bonus from the principal.

Fraud triangle theory

The fraud triangle theory is a theory first introduced by Donald r. Cressey. This theory is used to determine the possibility or factors that encourage fraud. Based on this theory, there are three factors that encourage fraud, namely pressure, opportunity, and rationalization (Rachmania, 2018).

Financial Statement Fraud

According to ACFE (2018), fraud in financial statements is a deliberate misunderstanding of the condition of a company's financial statements through misstatement, omission, or disclosure of financial statements to deceive stakeholders. Financial statement fraud is usually related to assets, liabilities, costs and profits. Fraud can be committed for various reasons.

Beneish M-Score

Beneish M-Score is a calculation model developed by Beneish in 1999. This model was developed to distinguish between companies that manipulate earnings (manipulators) and companies that do not manipulate earnings (non manipulators). To categorize whether a company is indicated to commit fraud in the financial statements, the Beneish M-Score model uses eight variables in the form of financial calculation ratios to identify whether the company has indications of committing fraud (Bernard et al., 1999).

HYPOTHESIS

The effect of financial stability on financial statement fraud

Financial stability is a situation that provides an overview of the company's financial condition in a stable condition. According to SAS No. 99, managers will get pressure and be motivated to commit fraud when the company's financial stability is threatened by economic conditions, industry or conditions from the company's own operational activities (Ahmadiana & Novita, 2019). Total assets in the company show how much wealth the company has, so total assets in financial statements are often used to assess the stability of a company (Steven & Meiden, 2022). Managers

will experience pressure and commit fraudulent financial statements if the number of assets in the financial statements has decreased.

Research conducted by Ramdany et al. (2021), Rahmani and Oktavia (2023), Indriani and Rohman (2022), Steven and Meiden (2020), state that financial stability affects the occurrence of fraudulent financial statements. Meanwhile, research conducted by Sabatian and Hutabarat (2020), Bhaktiar and Setyorini (2021), shows that financial stability has no effect on financial statement fraud. Based on the statements above, the following hypothesis is proposed:

H1 : Financial stability affects financial statement fraud.

The effect of external pressure on the financial statements

External pressure is the pressure faced by management to fulfill the wishes of third parties. Companies need to prove to external parties that the company has the ability to repay the loans that have been received in order to obtain loans from external parties (Steven & Meiden, 2022). Therefore, financial statement fraud caused by external pressure can be known through the leverage ratio. If the leverage ratio decreases, managers will experience pressure and be motivated to commit fraudulent acts by increasing the nominal amount of cash in the financial statements. In research conducted by Rahmani and Oktavia (2023), Steven and Meiden (2020), Sabatian and Hutabarat (2020), show that external pressure has no effect on financial statement fraud. Based on the statements above, the following hypothesis is proposed:

H2 : External pressure has a significant effect on financial reports.

The effect of financial targets on financial statement fraud

Financial target is the pressure exerted on management to achieve targets, financial targets set by management or directors (Ahmadiana & Novita, 2019). The targets in question are sales and profitability targets set by management or directors with the aim of obtaining incentives from sales made by the company. To achieve these financial targets, managers are required to do the best management to match the company's wishes. If the financial target is not achieved, the manager experiences pressure and is motivated to commit financial statement fraud by manipulating the nominal amount of sales and total profit on the company's financial statements.

Research conducted by Steven and Meiden (2020), Indriani and Rohman (2002), Ramdany et al. (2021), state that financial targets have a positive effect on financial statement fraud. Meanwhile, research conducted by Rahmani and Oktavia (2023), Indriani and Rohman (2022), Sabatian and Hutabarat (2020), Bhaktiar and Setyorini (2021), shows that financial targets have no effect on financial statement fraud. Based on the statements above, the following hypothesis is proposed:

H3 : Financial targets affect financial statement fraud.

The effect of nature of industry on financial statement fraud

Nature of industry is a benchmark for a company in an industry. Where companies operate, the economic environment and industry regulations are often a gap for companies and provide opportunities for fraudulent financial statements. Research conducted by Ramdany et al. (2021), Steven and Meiden (2020), Indriani and Rohman (2022), explain that the nature of industry partially affects financial statement fraud. Meanwhile, research conducted by Rahmani and Oktavia (2023), Sabatian and Hutabarat (2020), shows that nature of industry has no effect on financial statement fraud. Based on the statements above, the following hypothesis is proposed:

H4 : Nature of industry financial statement fraud.

The effect of ineffective monitoring on financial statement fraud

Ineffective monitoring is a condition in which the company has a weak and ineffective supervisory system from the commissioner or internal control body. This provides an opportunity for managers to commit fraudulent financial statements without fear of being found out (Ramdany, 2021). Research on ineffective monitoring, including Kurniawati & Sarwono (2024), Rahmani and Oktavia (2023), Steven and Meiden (2020), explain that ineffective monitoring has a positive effect on financial statement fraud. Meanwhile, research conducted by Ramdany et al. (2021), Sabatian and Hutabarat (2020), shows that ineffective monitoring has no effect on financial statement fraud.

Based on the statements above, the following hypothesis is proposed:

H5: Ineffective monitoring affects financial statement fraud.

The effect of rationality on financial statement fraud

Rationality is an attitude of justification for fraudulent acts committed by employees, managers, or the board of commissioners. Research conducted by Kurniawati and Sarwono (2024), Bhaktiar and Setyariniz (2021), Sabatian and Hutabarat (2020), explains that rationality affects financial statement fraud. Meanwhile, in research conducted by Ramdany et al. (2021), Rahmani and Oktavia (2023), Steven and Meiden (2020), Indriani and Rohman (2022) show that rationalization has no effect on financial statement fraud. Based on the statements above, the following hypothesis is proposed:

H6 : Rationality affects financial statement fraud.

RESEARCH METHODS

Type of research

The type of research used in this study is quantitative. In this study, the type of data used is quantitative data. According to Sudarmanto et al. (2022: 17), quantitative data is a type of research or research related to numbers, quantities, quantities, data, tables, statistics, computations and causal relationships that use a series of mathematical work so that the data can be calculated and use theories related to quantity in answering the problems asked. While the data source used is secondary data. According to Sugiyono (2022: 104) secondary data is an indirect source given to data collectors, for example through other people or documents obtained by reading, understanding, and studying through media sourced from literature or books or data related to the problem under study. In this case, the data used in the study comes from the Indonesia Stock Exchange (IDX) website with the object of financial statements.

Population and sample

The population contained in the study is state-owned enterprises listed on the Indonesia Stock Exchange for the period 2019-2023. The research sample was taken by purposive sampling, namely the sampling method using predetermined criteria. The criteria for selecting samples in this study are:

1. State-owned enterprises listed on the Indonesia Stock Exchange during the period 2019-2023.
2. State-owned enterprises that present annual financial reports on the Indonesian stock exchange website during the 2019-2023 period.
3. Complete financial statement data related to research variables.

Variable definition and measurement Dependent variable

This study uses financial statement fraud as the dependent variable which is measured using the Beneish m-score model. The beneish m-score model used is an eight-variable model. The beneish m- score model can identify information on the financial statements of companies that have gone public to determine whether the company is indicated to manipulate the company's profit or income or not. The eight ratios and their measures are presented in the following table:

Unsur	Formula
DSRI	$\frac{(\text{Account Receivable})_t / (\text{Sales})_t}{(\text{Account Receivable})_{t-1} / (\text{Sales})_{t-1}}$
GMI	$\frac{(\text{Sales} - \text{Cost of Good Sold})_{t-1} / (\text{Sales})_{t-1}}{(\text{Sales} - \text{Cost of Good Sold})_t / (\text{Sales})_t}$
AQI	$\frac{(1 - (\text{Current Asset} + \text{PPE})_t / (\text{Total Asset})_t)}{(1 - (\text{Current Asset} + \text{PPE})_{t-1} / (\text{Total Asset})_{t-1})}$
SGI	$\frac{(\text{Sales})_t}{(\text{Sales})_{t-1}}$
DEPT	$\frac{(\text{Depreciation})_{t-1} / (\text{Depreciation} + \text{PPE})_{t-1}}{(\text{Depreciation})_t / (\text{Depreciation} + \text{PPE})_t}$
SGAI	$\frac{(\text{SGA Expense})_t / (\text{Sales})_t}{(\text{SGA Expense})_{t-1} / (\text{Sales})_{t-1}}$
LVGI	$\frac{(\text{Long Term Debt} + \text{Current Liabilities})_t / (\text{Total Asset})_t}{(\text{Long Term Debt} + \text{Current Liabilities})_{t-1} / (\text{Total Asset})_{t-1}}$
TATA	$\frac{\text{Income Before Extraordinary} - \text{Cash Flows Form Operations}}{\text{Total Asset}}$

Figure 1. 1 Beneish M-Score Formula

Source: Indriani and Rohman (2022)

The beneish m-score model is formulated as follows:

$$M\text{-score} = -4.84 + 0.920 \text{ DSRI} + 0.528 \text{ GMI} + 0.404 \text{ AQI} + 0.892 \text{ SGI} + 0.115 \text{ DEPI} - 0.172 \text{ SGAI} - 0.327 \text{ LVGI} + 4.679 \text{ TATA}$$

The number -4.84 is a constant and the eight financial ratio variables are multiplied by each constant. The classifications used are based on the indications determined by the Beneish M-score

1. If the calculation result of the Beneish M-Score formula is more than -2.22, the company can be classified as a manipulator company.
2. If the calculation result of the Beneish M-Score formula is less than -2.22, the company can be classified as a non-manipulator company.

Independent variable

Independent variables or free variables are variables that are not bound or affected by other variables. The independent variable is the variable that takes the dependent variable, either positively or negatively. If there is an independent variable, there is a dependent variable. There are seven independent variables (X) in this study, namely:

1. Pressure

Pressure is a condition that occurs in an organization or in an individual's life (Ramdany, 2021). According to SAS No. 99 (AICPA, 2002) pressure has four conditions that can cause fraud, namely financial stability, external pressure, personal financial need and financial targets.

a. Financial Stability

Financial stability is measured by the growth of total assets owned by the company from period to period. A large amount of assets will affect the company's profitability. The lower the number of assets, the higher the level of fraud committed by management so that the number of company assets looks high. Financial stability can be measured using the achange ratio (Rachmania, 2018).

$$ACHANGE = \frac{Total\ Assets_t - Total\ Assets_{t-1}}{Total\ Assets_t}$$

b. External Pressure

External pressure is the pressure faced by management to fulfill the wishes of third parties. Companies need additional or assistance funds obtained from debt or additional assets so that they can maintain the company's competitive level. External pressure can be calculated using the leverage ratio (Rachmania, 2018).

$$LEV = \frac{Total\ Debt}{Total\ Assets}$$

c. Financial Targets

Financial targets are the pressure given by the company to management to achieve the targets desired by the company. Financial targets can be calculated using ROA (Rachmania, 2018).

$$ROA = \frac{Tax\ Net\ Profit}{Total\ Assets}$$

2. Opportunity

Opportunity is a situation that provides the most possible opportunity for someone to commit fraud (Ratnasari et al., 2020). Opportunity has three conditions that can cause fraud, namely the nature of the industry, and ineffective monitoring.

a. Nature of Industry

Nature of industry is a benchmark for a company in an industry. Where the company operates,

the economic environment and industry regulations can be a gap for the company and provide opportunities for fraud. Nature of industry can measured using receivables (Rachmania, 2018).

$$RECEIVABLE = \left(\frac{Receivable_t}{Sales_t} \right) - \left(\frac{Receivable_{t-1}}{Sales_{t-1}} \right)$$

b. Ineffective Monitoring

Ineffective monitoring is a condition in which the company has a weak and ineffective supervision system from commissioners or weak internal control bodies. Ineffective monitoring can be measured using bdout (Rachmania, 2018).

$$BDOUT = \frac{\text{Number of Independent Commissioner}}{\text{Number of Board of Commissioner}}$$

3. Rationality

Rationality is the existence of a trait, character, or set of ethical values that allow certain parties to commit acts of fraud, or people who are in a stressful enough environment that they rationalize actions (Bhaktiar & Setyorini, 2021).

$$TATA = \frac{\text{Income Before Extraordinary} - \text{Cash Flows From Operations}}{\text{Total Assets}}$$

RESEARCH RESULTS AND DISCUSSION

Descriptive Analysis

Descriptive statistical analysis aims to provide an overview of the research objects used as research samples. The number of samples in each year is balanced, namely 24 state-owned enterprises. descriptive statistical analysis in this study is focused on the minimum, maximum, average and standard deviation values as contained in table 4.1 below:

	N	Minimum	Maximum	Mean	Std. Deviation
FINANCIAL STABILITY	115	-.66	.82	.0367	.16730
EXTERNAL PRESSURE	115	.23	1.85	.6805	.23520
FINANCIAL TARGET	115	-.58	.60	.0184	.09994
NATURE OF INDUSTRY	115	-3.87	1.89	.0152	.62310
INEFFECTIVE MONITORING	115	.00	.80	.4623	.14045
RASIONALITAS	115	-.64	.59	-.0105	.10655
Valid N (listwise)	115				

Figure 1. 2 Processed Based on SPSS 29

Descriptive statistical analysis in Figure 1.3 shows that financial stability as an independent variable has a minimum value of -0.66 and a maximum value of 0.82 with a total of 115 data observations. External pressure as an independent variable has a minimum value of 0.23 and a maximum value of 1.85 with 115 data observations. Financial target as an independent variable has a minimum value of -0.58 and a maximum value of 0.60 with 115 data observations. Nature of industry as an independent variable has a minimum value of -3.87 and a maximum value of 1.89 with a total observation of 115 data. Ineffective monitoring as an independent variable has a minimum value of 0.00 and a maximum value of 0.80 with a total of 115 data observations. Rationality as an independent variable has a minimum value of -0.64 and a maximum value of 0.59 with 115 data observations. Statistical data used for variables with a nominal scale, the frequency statistics contained in table 1.4 are carried out:

	Frequency	Percent	Valid Percent	Cumulative Percent
MANIPULATOR	42	36.5	36.5	36.5
NON-MANIPULATOR	73	63.5	63.5	100.0
Total	115	100.0	100.0	

Figure 1. 3 Processed using SPSS 29

In the frequency statistical figure 1.4 shows that the dependent variable proxied by manipulators whose measurements use dummy variables with the criteria if the calculation results of the Beneish M- score formula are more than -2.22 then it can be categorized as a manipulator, if the

calculation results of the Beneish M-score are less than -2.22 then it can be categorized as a non manipulator. Based on the results of the frequency statistical table 4.2 shows that the sample proxied by manipulators to 42 with a percentage of 36.5% and those proxied by non manipulators amounted to 73 with a percentage of 63.5%.

Logistic Regression Analysis

The data analysis method used in this research is statistical analysis using logistic regression. In this study, the dependent variable is dummy (manipulator company or non manipulator company), so testing the hypothesis is done using logistic regression test. the stages in testing using logistic regression test can be explained as follows:

Multicollinearity test

The multicollinearity test aims to determine whether the regression model found a correlation between the independent variables or not. The multicollinearity test can be seen one of them through the analysis of the correlation matrix of the independent variables. If the VIF test results show a value above 10, there is an indication of a correlation between the independent variables. If it is below 10 then there is no indication of correlation between variables.

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t		Collinearity Statistics	
	B	Std. Error	Beta		Sig.	Tolerance	VIF
1							
(Constant)	.389	.190		2.052	.043		
FINANCIAL STABILITY	.210	.299	.007	.667	.500	.786	1.261
EXTERNAL PRESSURE	-.220	.228	-.107	-.968	.336	.625	1.609
FINANCIAL TARGET	-1.187	.606	-.241	-1.753	.083	.484	2.473
NATURE OF INDUSTRY	-.137	.073	-.176	-1.888	.062	.877	1.148
INEFFECTIVE MONITORING	.353	.338	.102	1.048	.287	.882	1.248
MANIPULITAS	2.110	.575	.465	3.669	<.001	.477	2.096

a. Dependent Variable: REKURANDAN LAPORAN KEUANGAN

Figure 1. 4 Processed using SPSS 29

Based on Figure 1.5 above, it shows that the correlation value between the independent variables is below 10. This shows that there is no correlation between the independent variables.

Hosmer and Lemeshow's goodness of fit test

The model feasibility test aims to test whether the empirical data used is suitable or in accordance with the research model.

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	15.695	8	.047

Figure 1. 5 Processed using SPSS 29

The values in the table above show that the chi-square value is 15.695 with df = 8 and has a significance greater than α ($0.047 < 0.05$). This result indicates that there is a significant difference between the empirical data and the model.

Overall model fit test

The overall model test is used to determine whether all independent variables affect the dependent variable. To test the entire model can be done using several ways, namely:

The likelihood statistic

This test aims to determine the overall model hypothesized against the data carried out by comparing the value of -2loglikelihoodblock number 0 with - 2loglikelihoodblock number 1. If the calculation results show a decrease, then the model can be said to be fit with the data. The results of this test are shown in figures 1.7 and 1.8

Iteration History^{a,b,c}

Iteration	-2 Log Likelihood	Coefficients Constant
Step 0 1	150,968	,539
2	150,963	,553
3	150,963	,553

a. Constant is included in the model
b. Initial -2 Log Likelihood: 150,963
c. Estimation terminated at iteration number 3 because parameter estimates changed by less than ,001

Figure 1. 6 Processed using SPSS 29

Iteration History^{a,b,c,d}

Iteration	-2 Log Likelihood	Constant	FINANCIAL STABILITY	EXTERNAL PRESSURE	FINANCIAL TARGET	NATURE OF INDUSTRY	INEFFECTIVE MONITORING	RASIONALITAS
Step 1 1	128,352	,444	-1,001	,882	6,869	,548	-1,410	-8,441
2	120,776	,848	-2,337	2,082	6,839	,848	-2,033	-15,530
3	119,553	,080	-2,670	2,283	6,492	1,016	-2,273	-19,370
4	119,491	,121	-2,650	2,271	6,088	1,049	-2,309	-20,322
5	119,491	,122	-2,647	2,273	6,073	1,049	-2,311	-20,362
6	119,491	,122	-2,647	2,273	6,073	1,049	-2,311	-20,362

a. Method: Enter
b. Constant is included in the model.
c. Initial -2 Log Likelihood: 150,963
d. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001

Figure 1. 7 Processed using SPSS 29

Based on table 4. It can be concluded that in the -2loglikelihood table block number 0 is 150.968 while in the -2loglikelihood table block number 1 is 119.491. This result shows that there is a decrease of 31.477 (150.968- 119.491), so the model can be said to be fit with the data in this study.

Test the coefficient of determination (nagelkerke r square)

The coefficient of determination in logistic regression can be determined through Nagelkerke r square. Nagelkerke r square is a modification of the cox and snell coefficient whose value shows how much the dependent variable can be explained by the dependent variable. The regression results in table 4 show that the Nagelkerke r square value is 0.328 or 32.8%%, which means that the independent variables used in this study affect financial statement fraud by 32.8%, while 67.2% is influenced by other variables outside the research model.

Model Summary

Step	-2 Log Likelihood	Cox & Snell R Square	Nagelkerke R Square
1	119,491 ^a	,239	,328

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001

Figure 1. 8 Processed using SPSS 29

Wald test/partial t test

The wald (t) test aims to show how far the influence of the independent variable is. partial in explaining the dependent variable.

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for Exp(B) Lower Upper
Step 1 ^a FINANCIAL STABILITY	-2,647	1,801	2,159	1	,142	,071	,002 2,420
EXTERNAL PRESSURE	2,273	1,418	2,568	1	,109	9,706	,602 156,445
FINANCIAL TARGET	6,073	4,823	1,586	1	,208	433,953	,034 5526111,766
NATURE OF INDUSTRY	1,049	,483	4,708	1	,030	2,855	1,107 7,363
INEFFECTIVE MONITORING	-2,311	1,766	1,712	1	,191	,099	,003 3,161
RASIONALITAS	-20,362	5,275	14,901	1	<,001	,000	,000 ,000
Constant	,122	1,081	,013	1	,910	1,129	

a. Variable(s) entered on step 1: FINANCIAL STABILITY, EXTERNAL PRESSURE, FINANCIAL TARGET, NATURE OF INDUSTRY, INEFFECTIVE MONITORING, RASIONALITAS.

Figure 1. 9 Processed using SPSS 29

Based on Figure 1.10, the logistic regression equation can be obtained as follows:

Financial statement fraud = 0.122 - 2.647 financial stability + 2.273 external pressure + 6.073 financial target + 1.049 nature industry - 2.311 ineffective monitoring - 20.362 rationality + e

DISCUSSION

The effect of financial stability on financial statement fraud

From the test results above, it can be seen that financial stability (X1) has a significant value of $0.142 > 0.05$, H1 is rejected. This shows that financial stability has no effect on financial statement fraud. These results are in line with research conducted by Sabatian and Hutabarat (2020), Bhaktiar and Setyorini (2021), stating that financial stability has no effect on financial statement fraud. This is not in line with research conducted by Steven and Meiden (2020), Rahmani and Oktavia (2022), Indriani and Rohman (2022), Ramdany et al. (2021), state that financial stability affects financial statement fraud.

The effect of external pressure on financial statement fraud

From the test results above, it can be seen that external pressure (X2) has a significant value of $0.109 > 0.05$, H2 is rejected. This shows that external pressure has no effect on financial statement fraud. These results are in line with research conducted by Sabatian and Hutabarat (2020), Steven and Meiden (2020), Rahmani and Oktavia (2022), stating that external pressure has no effect on financial statement fraud.

The effect of financial targets on financial statement fraud

From the test results above, it can be seen that the financial target (X3) has a significant value $0.208 > 0.05$, H3 is rejected. These results are in line with research conducted by Bhaktiar and Setyorini (2021), Sabatian and Hutabarat (2020), Rahmani and Oktavia (2022), Indriani and Rohman (2022), stating that financial targets have no effect on financial statement fraud. This is not in line with research conducted by Steven and Meiden (2020), Ramdany et al. (2021), stating that financial targets affect financial statement fraud.

The effect of nature of industry on financial statement fraud

From the test results above, it can be seen that the nature of industry (X4) has a significant value of $0.030 < 0.05$, H4 is accepted. These results are in line with research conducted by Bhaktiar and Setyorini (2021), Steven and Meiden (2020), Indriani and Rohman (2022), Ramdany et al. (2021), stating that nature of industry affects financial statement fraud. This is not in line with research conducted by Rahmani and Oktavia (2023), Sabatian and Hutabarat (2020), stating that nature of industry has no effect on financial statement fraud.

The effect of ineffective monitoring on financial statement fraud

From the test results above, it can be seen that ineffective monitoring (X5) has a significant value of $0.191 > 0.05$, H5 is rejected. This result is in accordance with research conducted by Ramdany et al. (2021), Sabatian and Hutabarat (2020), state that ineffective monitoring has no effect on financial statement fraud. This is not in line with research conducted by Kurniawati and Sarwono (2024), Rahmani and Oktavia (2023), Steven and Meiden (2020), stating that ineffective monitoring affects financial statement fraud.

The effect of rationality on financial statement fraud

From the test results above, it can be seen that rationality (X6) has a significant value of $< 0.001 < 0.05$, H6 is accepted. These results are in accordance with research conducted by Bhaktiar and Setyorini (2021), Sabatian and Hutabarat (2020), Kurniawati and Sarwono (2024), stating that rationality affects financial statement fraud. This is not in line with research conducted by Ramdany et al. (2021), Rahmani and Oktavia (2023), Steven and Meiden (2020), Indriani and Rohman (2022), state that rationality has no effect on financial statement fraud.

CONCLUSIONS AND SUGGESTIONS

Conclusion

From the analysis discussed earlier, the following conclusions can be drawn.

1. Financial stability has no effect on financial statement fraud. This is evidenced by the significant test result of $0.142 > 0.05$, H1 is rejected. This shows that financial stability has no effect on financial statement fraud.
2. External pressure has no effect on financial statement fraud. This is evidenced by the significant

- test result of $0.109 > 0.05$, H2 is rejected. This shows that external pressure has no effect on financial statement fraud.
3. Financial targets have no effect on financial statement fraud. This is evidenced by the significant test result of $0.208 > 0.05$, H3 is rejected. This shows that financial targets have no effect on financial statement fraud.
 4. Nature of industry affects financial statement fraud. This is evidenced by the significant test result of $0.030 < 0.05$, H4 is accepted. This shows that the nature of industry has an effect on fraudulent financial statements.
 5. Ineffective monitoring has no effect on financial statement fraud. This is evidenced by the significant test result of $0.191 > 0.05$, H5 is rejected. This shows that ineffective monitoring has no effect on fraudulent financial statements.
 6. Rationality affects financial statement fraud. This is evidenced by the significant test result of $< .001 < 0.05$, H6 is accepted. This shows that rationality affects financial statement fraud.

Suggestions

Based on the results of the research that has been done, there are several suggestions that can be given by the author as notes and input as follows:

1. To state-owned enterprises, to prioritize honesty and pay attention in preparing financial reports so as to avoid fraudulent financial statements.
2. Investors are expected to be more vigilant in assessing a company's financial statements before making an investment.
3. For future researchers, it is hoped that they will use and add other variables, use more research samples from various industrial sectors, and increase the research year period.

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