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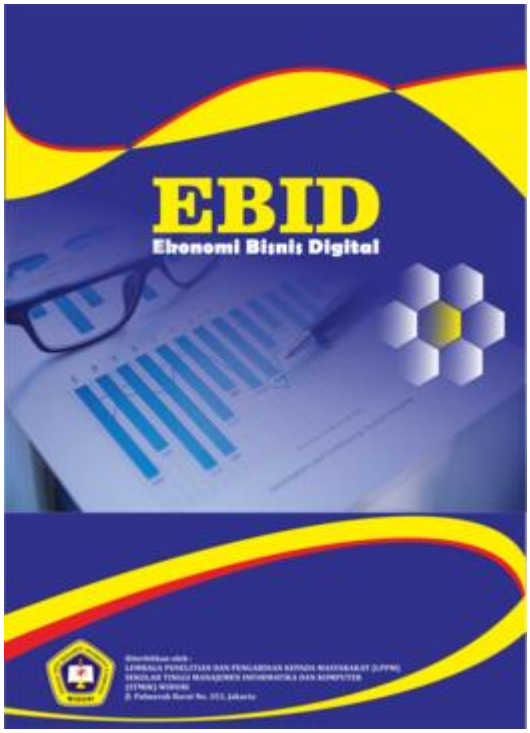

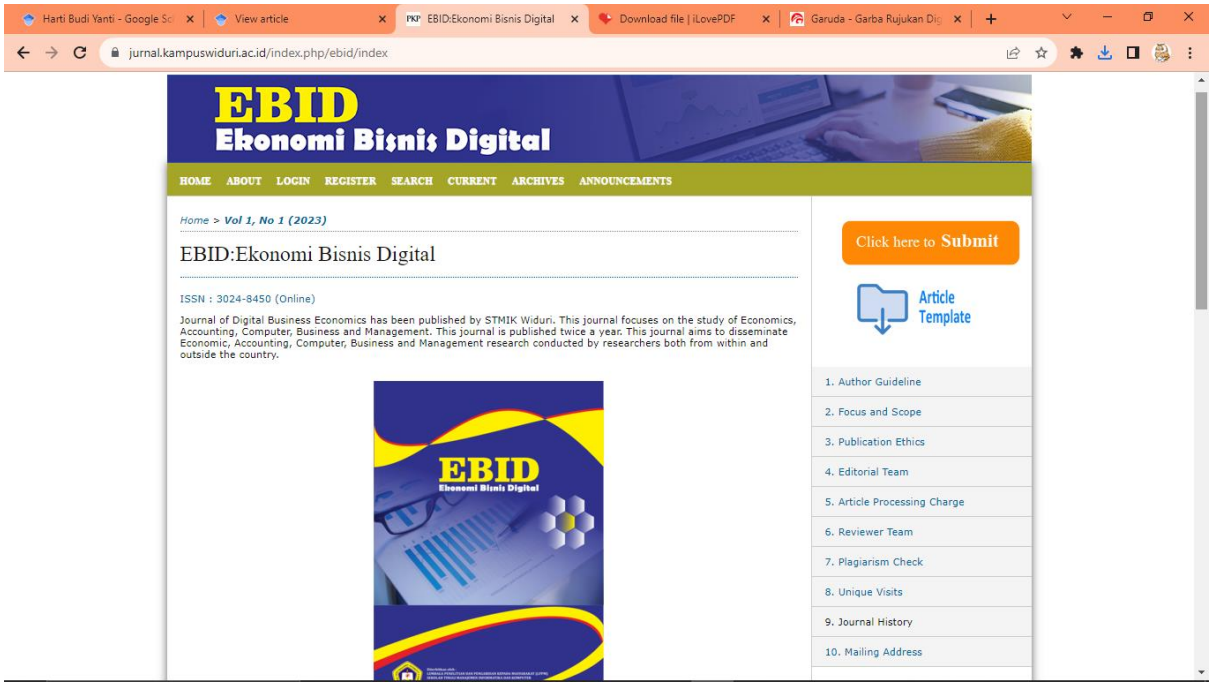

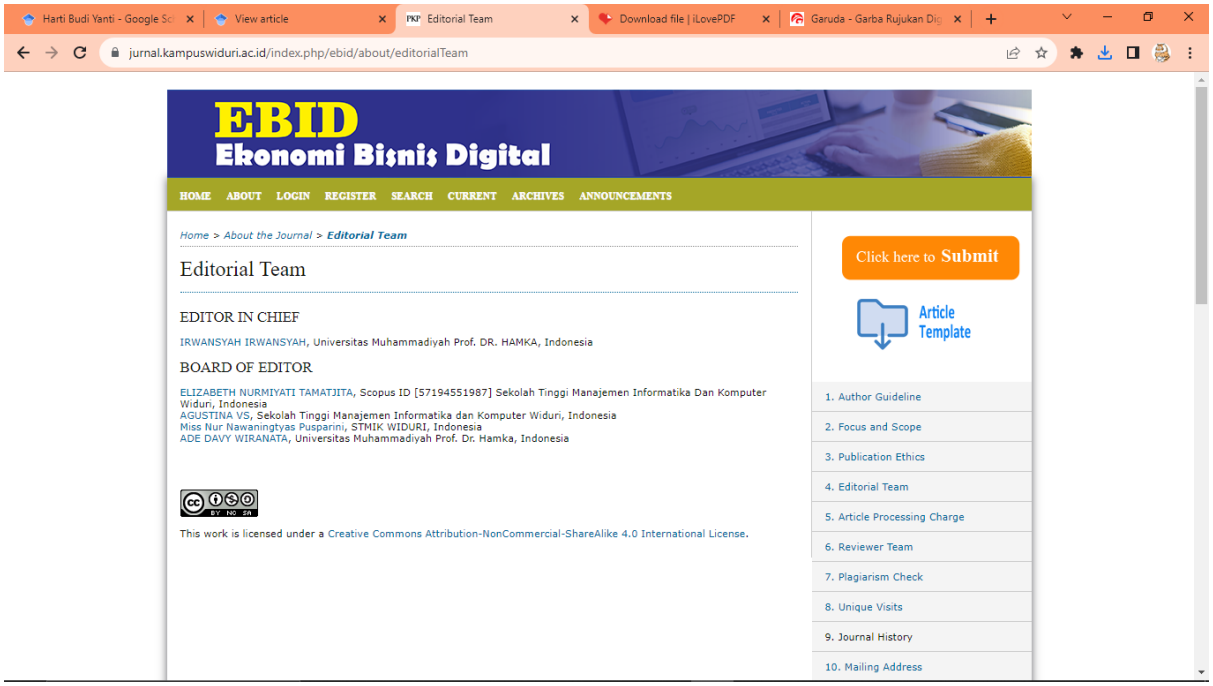
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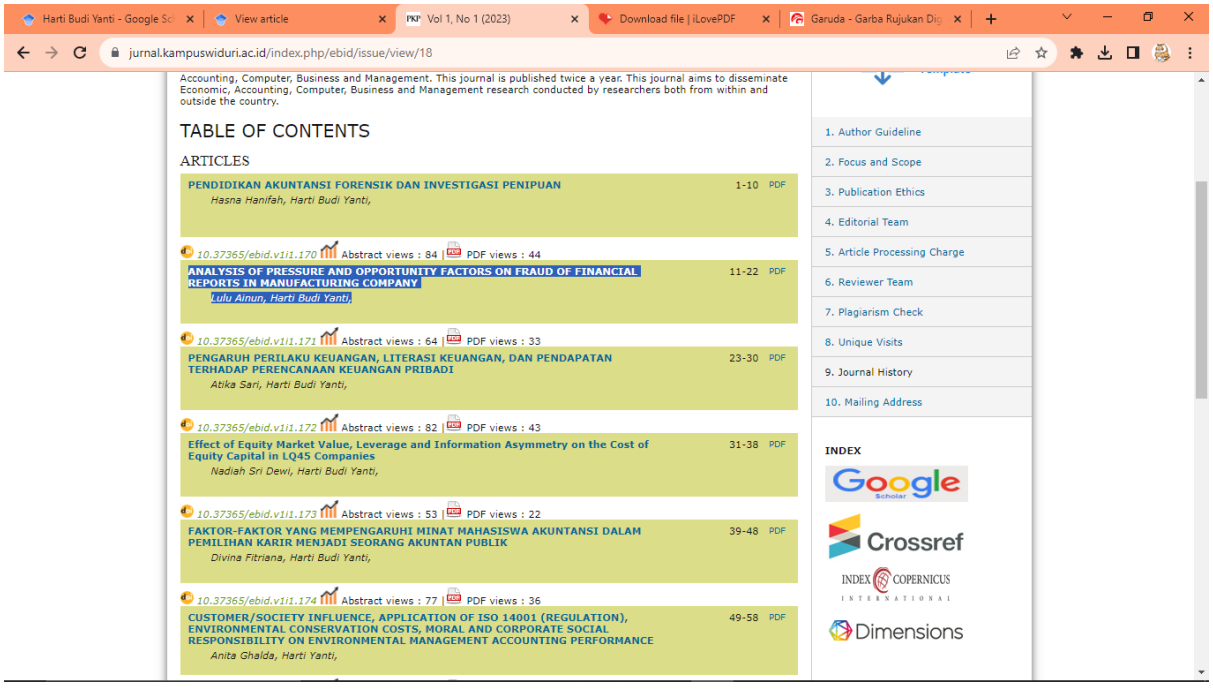
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ANALYSIS OF PRESSURE AND OPPORTUNITY FACTORS ON FRAUD OF FINANCIAL REPORTS IN MANUFACTURING COMPANY
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(1) Faculty of Economy and Business Trisakti University
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ABSTRACT
Fraud is an act of an individual or a group of people that aims to generate personal or group benefits from the actions taken, including actions that can harm other individuals and business entities. The purpose of this study is to test, and provide empirical evidence about the effect of financial stability, external pressure, financial targets, and the effectiveness of oversight of fraudulent financial reporting. This type of research is quantitative research with purposive sampling technique. The population of this study is manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange in 2019-2021 with a sample of 27 companies. The statistical data analysis method used is panel data regression. The conclusion of this study is that financial stability and effectiveness of supervision have a positive effect on fraudulent financial reporting, while external pressure and financial targets have a negative effect on fraudulent financial reporting.
KEYWORDS
: financial statement fraud, fraud triangle, pressure, opportunity
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ANALYSIS OF PRESSURE AND OPPORTUNITY FACTORS ON FRAUD OF FINANCIAL REPORTS IN MANUFACTURING COMPANY

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ABSTRACT

Fraud is an act of an individual or a group of people that aims to generate personal or group benefits from the actions taken, including actions that can harm other individuals and business entities. The purpose of this study is to test, and provide empirical evidence about the effect of financial stability, external pressure, financial targets, and the effectiveness of oversight of fraudulent financial reporting. This type of research is quantitative research with purposive sampling technique. The population of this study is manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange in 2019-2021 with a sample of 27 companies. The statistical data analysis method used is panel data regression. The conclusion of this study is that financial stability and effectiveness of supervision have a positive effect on fraudulent financial reporting, while external pressure and financial targets have a negative effect on fraudulent financial reporting.

***Keywords** : Financial Statement Fraud, Fraud Triangle, Pressure, Opportunity.*

ABSTRAK

Penipuan adalah suatu tindakan seseorang atau sekelompok orang yang bertujuan untuk menghasilkan keuntungan pribadi atau kelompok dari tindakan yang dilakukan, termasuk tindakan yang dapat merugikan orang lain dan badan usaha. Tujuan dari penelitian ini adalah untuk menguji, dan memberikan bukti empiris tentang pengaruh stabilitas keuangan, tekanan eksternal, target keuangan, dan efektivitas pengawasan pelaporan keuangan yang curang. Jenis penelitian ini adalah penelitian kuantitatif dengan teknik purposive sampling. Populasi penelitian ini adalah perusahaan manufaktur di berbagai sektor industri yang terdaftar di Bursa Efek Indonesia tahun 2019-2021 dengan sampel sebanyak 27 perusahaan. Metode analisis data statistik yang digunakan adalah regresi data panel. Kesimpulan penelitian ini adalah stabilitas keuangan dan efektivitas pengawasan berpengaruh positif terhadap kecurangan pelaporan keuangan, sedangkan tekanan eksternal dan target keuangan berpengaruh negatif terhadap kecurangan pelaporan keuangan.

Kata kunci : Penipuan Laporan Keuangan, Segitiga Penipuan, Tekanan, Peluang.

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INTRODUCTION

Fraud is an act of an individual or a group of people that aims to generate personal or group benefits from the actions taken, including actions that can harm other individuals and business entities. Financial reports are used to provide information to related parties inside and outside the company, as a means of accountability and attracting an investor. Companies produce financial reports for various purposes, one of which is to show the company's good financial performance so that investors are interested in investing in their business. Financial statement fraud is a false statement or omission of intentional financial statement calculations that aim to commit fraud to people who use financial reports.

The case of financial statement fraud at PT Garuda Indonesia, to be precise on April 24 2019, suspicions of irregularities in Garuda Indonesia's financial accounts for the 2018 fiscal year prompted the Financial Services Authority (OJK) and the Ministry of Finance to take action.

PT Mahata Aero Terknologi previously worked with Garuda Indonesia. The cooperation between the two parties is worth USD 239.4 million or around IDR 2.98 trillion. Billable money , but Garuda Indonesia's management counts it as income. So, surprisingly, this state-owned carrier made a net profit of US$ 8.0985 million in 2018, or equivalent to Rp. 11.33 billion (exchange rate of IDR 14,000).

According to the findings of the 2019 Indonesian fraud survey by ACFE Indonesia, corruption is the type of fraud that causes the most harm to Indonesia. A total of 167 respondents or 69.9% stated that corruption is the most detrimental act of fraud in Indonesia. 50 respondents, or 20.9 percent, said that the misuse of government and corporate assets caused harm in the following order. The third group, consisting of 22 respondents or 9.2 percent, stated that financial statement fraud resulted in losses.

Pressure, opportunity and rationality can all lead to risk. The company's precarious business situation will put pressure on management due to reduced public confidence in company performance which can hinder investment for the following year (Ratmono, 2017). Expectations from third parties must be met when the company's financial stability is threatened, management's demands must be met, and objectives must be met, financial reports from managers are required . Financial reports can also be caused by odds or opportunities, sector structure, and lack of oversight, in addition to their existence (Rahman et al., 2021).

The following is the formulation of the problem presented in this study: Do financial stability, external pressure, financial targets and effectiveness of supervision have an influence on financial statement fraud in manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021? The purpose of this study is to test and provide empirical evidence about the effect of financial stability, external pressure, financial targets, and the effectiveness of oversight of financial statement fraud in manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021.

Some of the benefits of this research are: 1. Informing shareholders, creditors, investors, and other parties, in this case people who use other financial reports, about the elements that can cause financial statements to appear. 2. Broaden readers' understanding and expertise regarding financial statements and auditing to detect fraud by analyzing pressure and opportunity factors in the financial statements of manufacturing companies listed on the Indonesia Stock Exchange.

LITERATURE REVIEW

Agency Theory

Michael C. Jensen and William H. Meckling (1976) developed agency theory. Agency theory shows how shareholder contracts with corporate activities can be seen as a contractual relationship. According to Jensen and Meckling (1976), the manager (agent) and owner contract defines the agency (principal) relationship. When one or more people (principals) select another person (agent) to perform a task and then give the agent the authority to make decisions.

Human nature, according to Eisenhard (1989), can be divided into three categories: people are generally selfish, have a poor capacity for future perception and avoid risk at all costs. The principal's goal is different from that of an agent because the principal wants the business to succeed and make lots of money so that the investment returns quickly. Meanwhile, the bonuses that agents get serve their own interests.

Financial Statement Fraud

Financial statement fraud is the misrepresentation of an amount or the omission of an amount in the financial statements to deceive people who use financial statements, especially creditors and investors , by increasing the value of assets and recognizing income while simultaneously reducing the value of liabilities and imposing operational costs. Financial statement fraud is often associated with earnings manipulation. Fraudulent financial statements can be committed by everyone , under any circumstances that have the opportunity (Maesaroh, 2019).

Fraud Triangle Theory

An idea that examines the reasons for fraud in the fraud triangle theory. The term "fraud triangle" was first used in 1953 by Donald R. Cressey. Three elements are present in every fraud situation, according to the fraud triangle:

1. Pressure, i.e. cheating is financially motivated or necessary with lifestyle, financial expectations, and other financial and non-financial concerns are just a few things that can cause stress. There are many types of pressure, such as social pressure and financial requirements. The most common cause of stress is financial stress. It is often thought of as an unfulfilled desire that must be fulfilled alone because it cannot be fulfilled with the help of others. This leads to cheating in the end.
2. Opportunity, namely conditions that give rise to the possibility of fraud, internal control weaknesses, inadequate managerial monitoring, to create the possibility of fraud using position or strength. Fraud is more likely to occur if appropriate measures to identify fraudulent activity are not established.
3. Rationalization, namely the existence of a mindset, personality, or a set of ethical norms that allow someone to commit fraud, or those who are in a stressful situation that allows them to rationalize fraud. Fraud perpetrators seek justification for their actions through rationalization.

Previous Research

Table 1. Previous Research Review

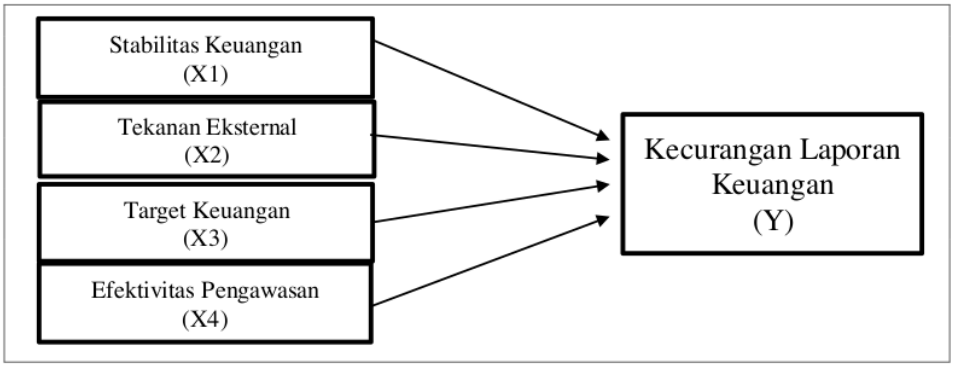
No.	Researcher, Year and Research Title	Research variable	Research result
1.	Eko Adit Wicaksana, Dhini Suryandari (2019) Detection of Financial Statement Fraud in Mining Companies on the Indonesia Stock Exchange	Dependent Variable: Fraudulent Financial Statements Independent Variables : Financial Stability, External Pressure, Managerial Ownership, Financial Targets, and Supervision Effectiveness.	The results of this study can be concluded that financial stability has a positive effect on fraudulent financial statements in mining companies, while external pressure, managerial ownership, financial targets and monitoring effectiveness have a negative effect on fraudulent financial statements in mining companies.
2.	aprilia (2017) Analysis of the Effect of *Pentagon Fraud* on Financial Statement Fraud Using *the Beneish Model* in Companies Implementing *the Asean Corporate Governance Scorecard*	Dependent Variable : Financial Statement Fraud Independent Variable : CEO Politicians, Frequency of CEO Image Appearance, Unannounced Doubtful Accounts Receivable Policy, Limited Access to Information on Special Purpose Entities, Financial Stability, External Party Pressure, Managerial Ownership, Oversight Effectiveness, Change of Chief Internal Auditor, Change of Company Accounting Policy, and Auditor Opinion Against Cheating.	The results of this study can be concluded that financial stability has a positive effect on fraudulent financial statements, while CEO politicians, frequency of appearances of CEO images, unannounced dubious debt policies, limited access to information on special purpose entities, pressure from external parties, managerial ownership, effectiveness of supervision, turnover the chairman of the internal auditor, changes in company accounting policies, and the auditor's opinion on fraud has a negative effect on fraudulent financial statements.

3.	Novianti Resky Pratiwi , and Annisa Nurbaiti, SE, M.Sc (2018) *Fruad Pentagon* Analysis In Detecting Financial Statement Fraud Using The *F-Score Model Method*	Dependent Variable: Fraudulent Financial Statements. Independent Variables : Pressure, Opportunity, Rationalization, Ability, And Arrogance	The results of this study can be concluded that the pressure factor has a positive effect on fraudulent reports, while the factors of opportunity, rationalization, ability and arrogance have a negative effect on fraudulent financial statements.
4.	Devi Cahyanti and Wahidahwati (2020) Pentagon Fraud Analysis as Detector of Financial Report Fraud	Dependent Variable : Financial Statement Fraud Independent Variable : Financial Stability, Financial Target, Nature Of Industry, Ineffective Monitoring, Change In Directors, Political Connection, And Frequent Number Of CEO's Pictures	The results of this study can be concluded that financial stability, financial targets, nature of industry, and ineffective monitoring have a positive effect on fraudulent financial statements, while change in directors, political connections, and frequent number of CEO's pictures have a negative effect on fraudulent financial statements.
5.	Abdul Rahman, Deliana and Daniel Gopas (2021) Financial Statement Fraud Detection Using *Fraud Triangle Analysis* in Banking Companies Listed on the Indonesian Stock Exchange.	dependent variable : Financial statement fraud Independent variable : Financial stability, external pressures, financial targets, financial needs, the nature of the industry effective monitoring and rationalization	The results of this study can be concluded that financial targets and the nature of the supervisory industry have a positive effect on fraudulent financial statements, while financial stability, external pressure, financial needs and rationalization have a negative effect on fraudulent financial statements.
6.	Delviana Dama Yanti and Munari (2021) Pentagon Fraud Analysis of Financial Statement Fraud in Manufacturing Companies Listed on the Indonesian Stock Exchange	Variable : Financial Statement Fraud Independent Variable : Financial Target, Nature Of Industry, Quality Of External Auditor, Change Of Auditor, Change Of Direction, Amd Frequest Number Of CEO	The results of this study can be concluded change of auditors, change of direction has a positive effect on fraudulent financial statements, while financial targets, nature of industry, quality of external auditors, amd request number of CEOs have a negative effect on fraudulent financial statements.
7.	Vidella Audia and Efi Tajuroh Afiah (2020) *Financial Stability, Financial Targets, Effective Monitoring and Rationalization* of Financial Statement	Dependent Variable : Financial Statement Fraud Independent variable : *Financial Stability, Financial Targets, Effective Monitoring and Rationalization*	The results of this study can be concluded that *Financial Stability, Financial Targets, Effective Monitoring* have a positive effect on fraudulent financial statements, while *Rationalization* has a negative effect on fraudulent financial statements.

	Fraud		
8.	Septia Dwijayani , Nurzi Sebrina2 and Halmawati (2019) *Fraud Triangle* Analysis to Detect Financial Statement Fraud	Dependent Variable : Financial Statement Fraud Independent Variable : *Financial Stablitiy, External Pressure, Financial Targets, Personal Financial Need, Nature Of Industry, Effective Monitoring, and Rationalization*	The results of this study can be concluded that *financial targets* have a positive effect on financial statement fraud, while *financial stability, external pressure, personal financial need, nature of industry, effective monitoring and rationalization* have a negative effect on financial statement fraud.
9.	Dirvi Surya Abbas, Mulyadi, Basuki and Sani Fatika (2020) *Fraud Triangle* Analysis in Detecting Financial Report Fraud Using *the Fraud Score Model*	dependent variable : Financial statement fraud Independent variable : Financial Stability, External Pressure, Nature of Industry, Ineffective Oversight and Auditor Change	The results of this study can be concluded that external pressure and auditor turnover have a positive effect on fraudulent financial statements, while financial stability, industrial nature, and ineffective supervision have a negative effect on fraudulent financial statements.
10.	Mia tri puspitaningrum, eindye taufiq and satria yudhia wijaya (2019) The effect of the fraud triangle as a predictor of fraudulent financial statements	Dependent Variable : Financial Statement Fraud Independent Variables : External Pressure, Monitoring Effectiveness , And Rationalization	The results of this study can be concluded that external pressure has a positive effect on fraudulent financial reporting, while the effectiveness of monitoring and rationalization has a negative effect on fraudulent financial reporting.

Framework

Figure 1. Framework



Hypothesis Formulation

The Influence of Financial Stability on Fraudulent Financial Statements

Financial stability is a description of the company's stable financial situation, when the company's financial viability is in danger, management will use various strategies to maintain the company's appearance. Management is under pressure as a result of the company's dangerous situation as substandard performance can prevent future investment and cash flow.

The results of previous research by Martantya and Daljono (2013) stated financial stability negative effect on fraudulent financial statements . According to (Hafizah et al., 2017) declared financial stability positive effect on fraudulent financial statements . Meanwhile, according to (Wicaksana & Suryandari, 2019) states financial stability positive effect against fraudulent financial reporting.

H1 : Financial stability positive effect on fraudulent financial statements .

Effect of External Pressure Against Fraudulent Financial Statements

External pressure is a situation where there is external pressure on the company . One of the difficulties faced by company management is the requirement to obtain additional loans or finance from other sources. To attract investors, the Company must show strong performance in its financial ratios and profits.

The results of previous research by Martantya and Daljono (2013) state that external pressure has a positive effect on fraudulent financial statements . According to Nurul Hafizah, Novita WeningTyas Respati, and Chairina (2016) stated that external pressure has a negative effect on fraudulent financial statements . Meanwhile, according to Eko Adit Wicaksana and Dhini Suryandari (2019), external pressure has a positive effect against fraudulent financial reporting.

H2: External pressure has a positive effect on fraudulent financial statements .

The Influence of Financial Targets on Fraudulent Financial Statements

targets are financial goals set by management that must be achieved by the company within a certain period of time, putting pressure on managers to always meet these goals in their performance. Because of these pressures, managers may modify reports to ensure that the company's financial performance meets predetermined objectives. The potential for financial reports is driven by the pressure placed on achieving financial goals.

The results of previous research by Martantya and Daljono (2013) stated that financial targets have a negative effect on fraudulent financial statements . According to Nurul Hafizah, Novita WeningTyas Respati, and Chairina (2016) stated the financial target negative effect on fraudulent financial statements . Meanwhile, according to Eko Adit Wicaksana and Dhini Suryandari (2019), financial targets have a positive effect against fraudulent financial reporting.

H3 : Financial targets negative effect on fraud reports finance .

Influence of Monitoring Effectiveness Against Fraudulent Financial Statements

When the principal employs another individual, in this example an agent, to perform the functions delegated to the principle, an agency relationship is formed. Because of the information asymmetry between principal and agent, agency relationships can create a number of problems. This information asymmetry can create vulnerability to fraud. An oversight unit capable of monitoring company operations is needed to prevent fraudulent practices within the company.

The results of previous research by Martantya and Daljono (2013) state that the effectiveness of supervision has a negative effect on fraudulent financial reporting . According to Nurul Hafizah, Novita WeningTyas Respati, and Chairina (2016) stated that the effectiveness of supervision has a negative effect on financial reporting fraud . Meanwhile, according to Eko Adit Wicaksana and Dhini Suryandari (2019), the effectiveness of supervision has a negative effect on fraud financial statements.

H4: Monitoring effectiveness has a negative effect on reporting fraud finance .

RESEARCH METHODS

Research Design

The purpose of this research is to investigate how fraudulent financial reporting is related to the independent variables that make up the fraud triangle . Because this study uses numbers as indicators of research variables to address research problems, this study uses quantitative techniques to analyze research challenges. A branch of science known as the quantitative approach investigates data collection techniques, data analysis, and interpretation of analytical findings to obtain data and draw conclusions. This study uses secondary data sources as data sources. Secondary data for this study were collected from previous publications, journals, and related research. The data in this study are sourced from financial reports or annual reports of manufacturing companies in the various industrial sectors for 2019-2021 obtained from the IDX's official website at www.idx.co.id.

Variables and Measurements

Both dependent and independent variables are used in this study. The independent variables of this study are financial stability , external pressure , financial targets, and monitoring effectiveness , while the dependent variable is fraudulent financial statements. A description of the research variables is presented below.

1. Financial Statement Fraud

   Fraud results in losses in financial statements, which is bad news for anyone who uses financial reports. Pressure from management's performance expectations is usually the driving force behind fraudulent financial reporting. By using a predetermined fraud score approach, this study can identify financial statements.

   F-Score = *Accrual Quality + Financial performance*

2. Financial Stability

   Financial stability is a term used to describe a company's financial situation when it is stable. When the company's financial stability is threatened, management will carry out various strategies to restore the company's financial stability. The state of the company's assets can be used to determine the company's financial stability. (Wicaksana & Suryandari, 2019) .

   In this situation, total assets, which determine the company's wealth, play a role in showing consistent growth. ACHANGE, which is the ratio of changes in assets over two years, is used to calculate pressure on financial stability. The formula for calculating ACHANGE is:

   $$ACHANGE = \frac{(Total\ Assets\ t - Total\ A\ sets\ t\text{-}1)}{Total\ A\ sets\ t\text{-}1}$$

3. External Pressure _

   excessive pressure exerted on management to meet the goals or objectives set by others. There is a possibility of fraudulent financial reporting when there is significant pressure from outsiders.

   The leverage ratio (LEV), which describes the ratio between the amount of debt and assets owned by a company, is one of the company's performance assessments.

   $$Leverage = \frac{Total\ Liability}{Total\ Assets}$$

4. Financial Targets

   The financial target is a condition where the company will target the amount of profit that must be obtained for the business spent to earn profits in carrying out its activities . ROA is the effectiveness of a company in generating profit by utilizing its assets examined using the

profitability ratio, which is one of the metrics used to measure the level of profit generated by a company for the business that has been issued.

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

5. Supervision Effectiveness

With the right monitoring method, cases of fraud and theft can be reduced. Based on how much tax cash was used by the company during the last fiscal year using the cash effective cash tax calculation (CETR). Therefore the effectiveness of supervision can be measured by:

$$\text{CETR} = \frac{\text{Tax Payment}}{\text{Profit before tax}}$$

Population and Sampling

The population in this study are manufacturing companies in the various industrial sectors listed on the Indonesia Stock Exchange (IDX), which publish financial reports for the 2019-2021 financial year. Purposive sampling is the sampling strategy used. By using the purposive sampling method, it aims to get a sample that fits the criteria. Total companies that meet the criteria are 27 companies. The criteria are:

1. Manufacturing companies in the various industrial sectors listed on the IDX in 2019-2021
2. Manufacturing companies that publish published annual reports on the IDX for 2019-2021
3. Manufacturing companies that publish financial reports in rupiah (RP) during 2019-2021
4. Manufacturing companies that publish financial statements and auditor reports during 2019-2021

Data analysis method

Descriptive statistical tests were used in this study to obtain clear results in processing data so that they can be accounted for. According to Sugiyono (2018), descriptive statistics are statistics that are used to assess data by summarizing or explaining the data that has been obtained as it is without making generalizations or public judgments. Meanwhile, descriptive statistics according to Ghozali (2018) are analyzes that provide an overview or description of data using averages, standard deviations, maximum, minimum, total, range, kurtosis, and skewness (distribution distribution). The purpose of the descriptive statistical analysis is to provide an overview of the distribution and behavior of the data in the research sample .

(Abbas et al., 2020) Financial Stability, External Pressure, Financial Targets, and Monitoring Effectiveness can be used to detect Fraud Financial Statements in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange, according to hypothesis testing using Panel Data Regression analysis.

1. The F test tests whether the model is appropriate or not by checking whether all the independent variables in it have a direct or direct impact on dependence.
2. The Coefficient of Determination test determines how much capacity the regression model has to explain fluctuations in the independent variables impacting the dependent variable. How much X will affect the movement of Y will be indicated by the R-squared number. The stronger the R-
3. squared number, the better the ability of the independent variables to explain the dependent variable.
4. The t-test partially explains the importance of the relationship between the independent and dependent variables.

RESEARCH RESULTS AND DISCUSSION

The description of the variables in the research sample is by looking at the results of the analysis descriptive statistics for variables using a ratio measurement scale. Descriptive statistical analysis shows the minimum value, maximum value, average (*mean*), and the standard deviation of each variable in the study sample. Frequency analysis is used to describe the variables that use nominal measurement scale (Hafizah et al., 2017) From the results of the above descriptive statistical test the four variables, then the results are obtained as in the table following:

Table 2. Descriptive Statistics

Variable	Min	Max	Means	std. Dev
ACHANGE	-2006,000	20210.00	696.6543	3059687
Lev	35.00000	10789.00	4560.123	2428.124
ROA	-5372,000	2056,000	162.4321	938.4178
CETR	-461210.0	15255.00	-9063543	51745.07

financial stability variable (A NCHANGE) has an average of 696.6543 with a deviation default is 3059.687 , minimum value is - 2006.000 , and maximum value is 20210.00 . The external pressure variable (LEV) has a mean of 4560.123 with a standard deviation 2428,124 minimum values 35.00000 , and the maximum value is 10789.00 . The financial target variable (ROA) has mean 162.4321 with standard deviation 938.4178 , minimum value -5372000 , and the maximum value 2056,000 . The surveillance effectiveness variable (CETR) has an average of -9063.543 with a deviation default 51745.07 , minimum value -461210.0 , and the maximum value is 15255.00.

Table 3. Goodness of Fit Analysis and Model Selection

Variable	**COMMON**		**FIXED**		**RANDOM**	
	Betas	**Prob**	**Betas**	**Prob**	**Betas**	**Prob**
Constant	7.815377	0.0058	9.044758	0.0102	7.876348	0.0062
ACHANGE	-7.877624	0.0290	-13.99238	0.1814	-7.980242	0.0352
Lev	-8.821512	0.3248	-7.022248	0.5337	-8.675553	0.3429
ROA	-0.056198	0.7071	-0.119939	0.4995	-0.062587	0.6805
CETR	41673.91	0.0204	67831.53	0.1561	42017.76	0.0265
Goodness of Fit Model						
R-squared	0.113399		0.418974		0.114187	
Adj R-squared	0.066736		0.070358		0.067565	
F-statistics	2.430153		1.201820		2.449215	
F-stat prob	0.054790		0.277420		0.053269	
Model Selection Test						
ChowTest	Cross-section Chi-square		Prob		Decision	
	34.230529		0.1293		COMMOM ACCEPTED	
LM Test	Breusch-Pagan (Both)		Prob		Decision	
	0.009881		0.9208		COMMON ACCEPTED	

, it shows that the probability value of the Cross-section Chi-square is 0. 1293 > 0.05 (5% alpha) then Ho is accepted . It can be concluded that the selected model is the Common Effect Model , so the test continues with the LM test .

Based on the results of the LM test, it shows a probability value of 0.9252 Breusch Pagan (Both) 0.9208 > 0.05 (alpha 5%), then Ho is accepted . It can be concluded that the selected model is the Common Effect Model , so for testing the hypothesis and testing the goodness of fit using the results of the Common Effect Model .

Based on the data analysis above, Adj R 2 = 0.113399 is obtained or 11 .3 3 % , meaning that the magnitude of the ability or variation of ACHANGE, LEV, ROA and CETR in explaining variations in Financial Statement Fraud is 11 .3 3 % while the rest is explained by other independent variables that are not included in this study.

probability value of Fstat is 0.054790 > 0.05 then Ha is rejected . It is concluded statistically that there is not one independent variable that influences financial statement fraud .

The Influence of Financial Stability on Fraudulent Financial Statements

Based on the test results, it is known that the coefficient of Financial Stability is -7.877624 means if Financial Stability decreases by 1 unit, the average KLK will decrease by -7.877624 , assuming ceteris paribus. The results of the significance test showed a prob value of 0.0290 < 0.05 (5% alpha) then H1 is accepted . Statistically concluded at the 95% confidence level Financial Stability has a positive influence on Fraudulent Financial Statements .

Financial stability refers to the company's financial condition when it is stable. The amount of change in company assets decreases or even becomes negative, which indicates that the company's financial situation is unstable and is considered unable to run effectively. Management makes use of reports in an effort to correct a bad financial situation. The findings of this study indicate that management incidents will be caused by unstable financial stability .

The Effect of External Pressure on Fraudulent Financial Statements

Based on the test results, it is known that the External Pressure coefficient is -8.821512 , meaning that if the External Pressure decreases by 1 unit, the average financial statement fraud will decrease by -8.821512 , assuming ceteris paribus. The results of the significance test showed a probability value of 0.3248 > 0.05 (5% alpha) then H2 is rejected. It is statistically concluded that at the 95% confidence level, external pressure has a negative effect on fraudulent financial statements .

The results of this study indicate that external pressure, as determined by the leverage ratio, is not a motivating factor for businesses to conduct financial reporting. This indicates that payment arrangements are not a concern for the manufacturing firms sampled for this study. Companies that are not under the burden of debt agreements force management to manage numbers incorrectly to avoid debt agreements.

The Effect of Financial Targets on Fraudulent Financial Statements

Based on the test results, it is known that the Financial Target coefficient is -0.056198 meaning that if the Financial Target decreases by 1 unit, then on average the Financial Statement Fraud will decrease by -0.056198 , assuming ceteris paribus. The results of the significance test showed a probability value of 0.7071 > 0.05 (5% alpha) then H2 is rejected. It is statistically concluded that at the 95% confidence level, financial targets have a negative effect on financial statement fraud .

The results of the study show that financial targets have a negative effect on fraudulent financial reporting. As a result, companies are not motivated to submit false financial statements with financial objectives determined by Return on Assets (ROA). According to research, Return on Assets (ROA) has little impact on fraudulent financial reporting, perhaps because management believes that a company's

ROA goals are realistic and achievable. The average ROA of each organization is not significantly different from 2019 to 2021, according to the sample data used in this analysis. This shows

that the company can still achieve the predetermined financial goals. The company believes that its management can still meet the set ROA targets, preventing the need for management to make financial disclosures, at least for now.

The Influence of Supervision Effectiveness on Fraudulent Financial Statements

Based on the test results, it is known that the Supervision Effectiveness coefficient is equal to 41673.91 meaning that if the Effectiveness of Supervision decreases by 1 unit, on average the Financial Statement Fraud will decrease by 41673.91 , ceteris paribus assumption. The results of the significance test show a probability value of 0.0204 < 0.05 (5% alpha) then H1 is accepted . It is statistically concluded that at the 95% confidence level, the effectiveness of supervision has a positive effect on fraudulent financial statements .

The results of the study show that the effectiveness of supervision has an effect against fraudulent financial reporting . This implies that one aspect of reporting financial statements by business is the efficiency of supervision using the Cash Effective Tax Rate (CETR). The Cash Effective Tax Rate (CETR), which assesses the unreasonable size of a company's CETR, has an impact on financial reporting and research potential.

CONCLUSIONS

This study intends to investigate and provide empirical information about the factors that make up the elements of the fraud triangle , namely the pressures and opportunities that influence how companies choose to disclose their financial information. Based on the results analysis that has been done, can be drawn The conclusion is that the variables of financial stability and effectiveness of supervision have a positive effect on fraudulent financial statements in manufacturing companies in various industrial sectors, while external pressure and financial targets have a negative effect on fraudulent financial statements in manufacturing companies in various industrial sectors.

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