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Determinants of diamond fraud in detecting financial statement fraud and company value in the manufacturing industry listed on the Indonesia Stock Exchange 2017 – 2021

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Abstract: Destination study this is for analyze the determinant of diamond fraud using the F-Score Model in detect fraud report finance . Variable Dependent (bound) that is score company s ampel study are 13 companies industry manufactures listed on the Indonesian stock exchange during 2017 – 2021. types study quantitative Method data analysis using regression with panel data. Research results shows : 1) Financial Stability variable has an effect significant against financial statement fraud. 2) Financial target variables have an effect significant against financial statement fraud. 3) External Pressure variable not have influence significant against financial statement fraud. 4) Variable Nature Of Industry is influential significant against financial statement fraud. 5) Variable rationalization has an effect significant against financial statement fraud. 6) capability variable is not have influence significant against financial statement fraud. 7) Firm Value variable is not have influence significant against financial statement fraud.

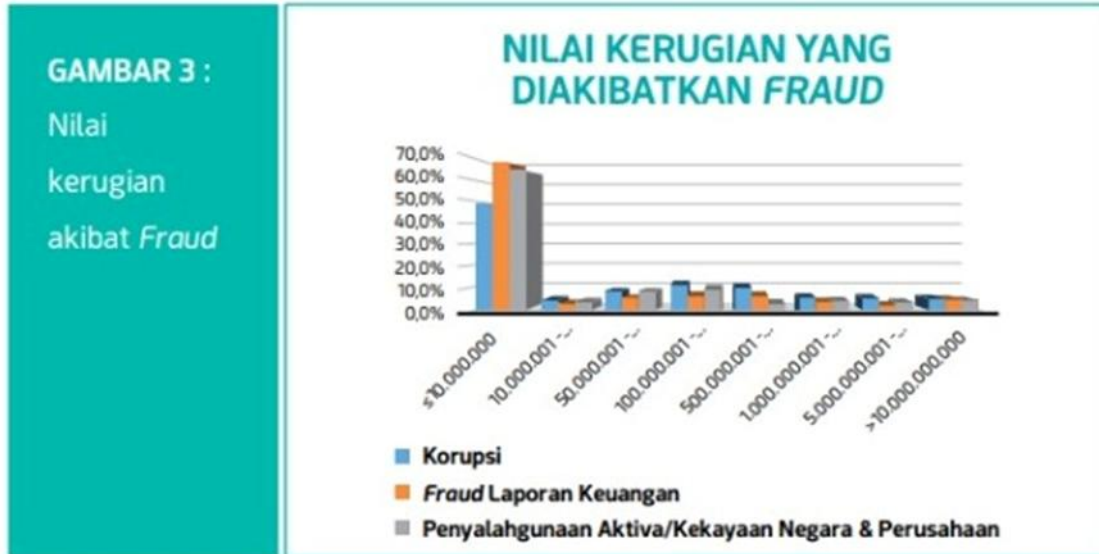
Keywords: fraud diamond theory, financial statement fraud, Company Value

INTRODUCTION

Fraud is a something action taken by intentional and that conducted for destination personal or others ,Related with reporting finance , fraud interpreted as intentional action _ done that resulted in a misstatement material in reporting finance (Generally Accepted Auditing Standard – GAAS, 2016). Increase fraud on report finance in one side could give profit for the perpetrators business because they could exaggerating results business (overstated) and condition finance they so that report finance they seen good in view public . Report finance aim give a useful information for stakeholders and parties related . Correct information will help all party for take right decision in operate activity economy or business . However competition strict business often push management or parties certain in company or organization on purpose manipulate report finance or no disclose by whole information important right reported by the company . who publish must report his finances . All company attempted serve the best report because Public could evaluate condition company from report financial statements presented . A number of example Polemic report Garuda Indonesia 's finances starting on April 24, 2019 or at the



RUPS. One the agenda validate report finance year 2018. However in the RUPS occur chaotic because two commissioner state not want to sign report finance that . Is known in report 2018 financials , Garuda notes profit clean one supported by work same between Garuda and PT Mahata Aero Terknologi . Work same that value reached US\$ 239.94 million or around Rp 3.48 trillion . (Row Scandal Lapkeu in the Indonesian Stock Market, Indofarma -Hanson. market - Ferry Sandria , CNBC Indonesia 27 July 2021).



Sumber: Data diolah, 2019

Source : data research 2019

Figure 1. Fraud reporting finance

Manufacturing company have not quite enough answer no limited means that riches personal owner companies can also made guarantee to whole debt company . Besides that , company manufacture have related risks with obligation company because funding originated from outside company so that opportunity The occurrence of financial statement fraud is very large in SAS No.99 for detecting financial statement fraud. Study conducted with develop the later variables developed again in a number of proxy size from the three legs of the fraud diamond (pressure, opportunity, rationalization and capability) .

Financial statement fraud is possible give impact on value company . Company value could depicted from offer price measured shares with the price book value, the more tall price share the more high value company (Satria Rukmana 2020). Company value is things to do Keep going noticed by the company . Management will always attempted for increase score the company because with score company which is getting increase so the company will also increase the prosperity of the holders its shares and company will more have convenience in get funding . Maximizing score company really important , because with maximizing score company so company the could reach destination main company . With so company will could Keep going compete and get Keep going survive inside Concurrent global market competition walking time competition felt the more tight (Handriani and Robiyanto , 2018). Study this will also using the Beneish F-Score model as tool measuring for determine existence indications of financial statement fraud and its effects variable on financial statement fraud and Variables Dependent (bound) , namely Price to Book Value (PBV) as score company . for maximize score company in factor reason fraud that is Pressure (Pressure), Opportunity (Opportunity) and Rationalization (Rationalization). Capabilities are defined as as ability perpetrator fraud for _ know and avoid system internal control , ability dealing with stress and action system internal control , capability deal with stress action cheating that has been done and guaranteed convincing self _ his actions no will known to anyone . There is six related traits and abilities _ with factor trusted capability _ important in personality / personality perpetrator fraud (Wolfe and Hermanson, 2004).



LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Financial Statement Fraud

Report finance published for give information finance about position finance , performance the company 's finances and cash flows that will help for party holder interest for make something decision economy . Report finances that are not give information with true and accurate will mislead users report finance in make decision . However , some _ party perpetrator business commit fraud or fraud in report finance for showing description condition the best finance so that could interesting profit for company that . Financial Statement Fraud is intentional or negligence in reporting report finance where report financial presented _ no in accordance with principle accountancy thank you general . Negligence or intentional this material nature so that could influence decisions that will taken by interested parties According to (Arjapratama , Putra, and Wijayanti 2020) Report finances too give know to users report finance that performance something company Keep going increase in period time certain , however on the other hand in the case certain performance visible company _ fine just this actually aim for interesting “ positive ” impression on some party .

For reduce possibility manipulation the so there is policy accountancy for detect it , policy the is PSAK No. 25. However , when report finance currently compiled and presented , still there is possibility happening mistakes inclusion nor mistake in Thing recording report finance entity in period recording that . Error the could caused by error count , policy incorrectly applied accounting , oversights or error interpretation facts , and fraud (PSAK No. 25) which requires for did presentation return report finance (restatements)

2.2. Agency Theory (Theory agency)

Agency Theory Jensen and Macling 1976 (Hidayat , 2017) underlies practice disclosure report yearly by company towards the holders stock . Agent have more many information about capacity self , environment work , and prospects company by whole in the future come compared with the principal (Hidayat , 2017). This is what causes existence imbalance information owned Among principal and agent , so that result in asymmetry information . Appearance problem agency occur because there is parties who have difference interest personal however each other work same in distribution different powers . _ Problem agency this could harmful principal because party principal no get adequate information and not _ have enough access in manage company.

Theory Fraud Diamond

Fraud diamonds are a view new about Fraud phenomenon proposed by Wolfe and Hermanson (2004). Fraud diamonds are something form improvement from Fraud triangle theory by Cressey (1953).. Based on results study the that compelling reason _ somebody commit fraud. However along with the development of the times, found 1 factor again which is reason somebody To do cheating . Fraud diamond added one element reliable qualitative have influence significant against Fraud namely Capability.



Source : Fraud Diamond Theory by Wolfe and Hermanson (2004)

Figure 2. Fraud Diamond



Element Fraud Diamond

By The whole Fraud Diamond is improvement of the Fraud Model proposed by Cressey. As for the elements from the Fraud diamond theory , among others:

a. Incentive/Pressure

Every perpetrator must face a number of type pressure for could To do fraud . Feeling pressure interpreted as guiding motivation perpetrator for involved in unethical behavior .Pressure sort of this could happens to all parties in all organizational level and can occur because various reasons (Ruankaew , 2016).

b. Opportunity

Opportunity is opportunity can occur because affected by weakness internal control , lack of supervision controlled , or because strategic position with utilise something condition or position certain , someone could with free arrange the interests of the people . According to (Ruankaew , 2016)

a. Rationalization

Rationalization is how justify his mind in To do action crime . Rationalization is difficult factor for be measured for detect fraud like management profit . Management profit is the manufacturing process decision open management Street to encouragement or understanding management on possible terms lead to cheating report finance (Rasiman & Rachbini , 2018). Rationalization allow cheater looking at action its illegal as something actions that can accepted . Reason like tempted for commit fraud because feel colleague work also does the same thing and not accept penalty on the fraudulent act can Becomes justification from deviations that occurred . In the end , action rationalization this only will produce announcement from fraudulent acts that have been happen , moreover if fraudulent actions are carried out by continuously (Hadiprajitno & Zulaikha, 2016). In the end , action rationalization this only will produce announcement from fraudulent acts that have been happen , moreover if fraudulent actions are carried out by constantly .

d. Capability

Capacity or capability interpreted as something ability or advantages somebody in utilise the circumstances surrounding it, which is the ability this more many directed at the situation for trick system internal control with destination for legalize real things _ prohibited in something organization (Arles, 2014). Connection Among Fraud Diamond theory with study this emphasize the motive for To do something action good that action for permanent obey the rules like follow SOP (Standard) Operational existing procedures or on the other hand , deviate from actual path .Implication is about how can pressure (pressure) motivate somebody for Act negative,pressure this can originated from superior like existence obligation tribute , deposit amount of funds to leader or other related agencies as reply service because has fight for budget from something project job.Opportunity (opportunity / opportunity) related with weak internal control or no walk as should be or existence internal relationship between provider goods and contractors so that Becomes gap for perpetrator for engineer winning tender, manipulating price , gratuity related permissions , non conformance specification to procurement goods service.

METHODS

Study this aim detect existence fraud report finance or financial statement fraud with using fraud diamonds. Detection fraud in report finance important because report finance play a role give information finance to interested parties _ to report finance . Study this use method observation to secondary data company manufactures listed on the Indonesia Stock Exchange with something population certain that collection the data carried out in the period 2017 to _ with year 2021 population sample as many as 13 companies listed on the Indonesian stock exchange . analysis statistics using the EVIEWS 12 program.

Technique Data analysis

Analysis tools used _ is Analysis Regression with using panel data.

Operations Variable

1. Variable dependent

Financial Statement Fraud with using the fraud score model as the model developed by Dechow , Larson, and Sloan (2011). The F-Score model is summation of the dependent variable that is quality accruals and performance finance (Skousen and Twedt, 2009), which described with equality as following :

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

Quality accrual (Accrual Quality) is proxied with RSST Accrual, which is calculated with formula namely :

$$RSST \text{ accrual} = (WC+ NCO + FIN)$$

Average Total Assets

Description :

WC (Working Capital) = (Current Assets – Current Liability)

NCO (Non Current Operating Accrual) = (Total Assets – Current Assets – Investment and Advances) – (Total Liabilities – Current Liabilities – Long Term Debt)

FIN (Financial Accrual) = Total Investment – Total Liabilities

ATS (Average Total Assets) = Begining Total Asset + End Total Assets) : 2

2. Variabel independent

a. Financial Stability

Financial Stability is situation that describes condition finance company in condition stable . Evaluation about stability condition finance company could seen from how state his assets . Asset as benefit possible economy _ occur in Century future earned _ or controlled by a entity certain as consequence transaction or past events. Total assets describe assets owned by the company . Total assets includes current assets and assets not smooth. Proxied Financial Stability with ACHANGE which is ratio change asset During two year (Skousen & Twedt, 2009) ACHANGE is calculated with formula :

$$ACHANGE = \frac{(Total \text{ Asett} - Total \text{ Asett} - 1)}{Total \text{ Asett} - 1}$$

b. Financial Target

Pressure capable explained as strong urge _ to psychic someone who makes that person To do something . (Ozcelik , 2020) in the study display a number of capable factor _ trigger pressure that is stability financial , financial targets , needs personal personal, pressure from outside company . one easy financial target indicator found namely ROA (Return On Assets) or in meaning score on something performance operational corporation , related effectiveness in use asset for get profit . (Skousen et al., 2008) in (Ramadan & Muid, 2021) display when the target is able achieved even exceeded , then manager will given an intensive bonus by the owners stock . Writer using ROA as proxy on variable pressure , which is the author assume when ROA a company high , then the pressure received by managers is also high , so that capable for trigger something behavior fraud report financially . Measurement technique namely :

$$ROA = \frac{\text{Profit After Tax}}{\text{Total Asset}}$$

c. External Pressure

External Pressure is excessive pressure for management for Fulfill requirements or hope from party third . For resolve pressure the company need additional debt or source financing external to stay competitive , including financing research and production development or capital. Needs financing external related with the cash generated from financing through debt (Skousen & Twedt, 2009) . because of that's external pressure on research this proxied with Leverage ratio (LEV). Leverage Ratio is calculated with formula :



$$LEV = \frac{\text{Total liabilities}}{\text{Total Asset}}$$

□

d. Nature of Industry

Nature of Industry is an ideal state company in industry . Condition accounts receivable effort is something form from the nature of industry that can responded with different reactions _ from each manager company . Good company will attempted for zoom out amount accounts receivable and multiply company cash receipts . study this use Total Accounts Receivable Ratio as proxy from Nature of Industry. Total receivables ratio calculated with formula used _ namely :

$$RECEIVABLE = \frac{\text{Receivable } t}{\text{Sales } t} - \frac{\text{Receivable } t-1}{\text{Sales } t-1}$$

e. Rationalization

Rationalization loaded with assessments subjective company . Assessment and retrieval decision subjective company _ the will reflected from score accrual company (Skousen & Twedt, 2009) . Total accrual ratio (TATA) can be calculated with formula calculation accruals by Beneish (1997) are :

$$TATA = \frac{(\text{Net Income from Continuing Operation} - \text{CF from Operation})}{\text{Total Asset}}$$

f. Capability

Capabilities owned somebody in company will influence possibility somebody commit fraud. Widyashanti and Prihatiningtias (2015) explain back already _ stated in SAS No. 99, that height change senior management , consultant or member directors could become a trigger cheating . Study this use change directors as proxy from element capability . Generally , change directors of the company contain element political and trigger conflict interest on interested parties . _ because of that study this proxying Capability with change directors company (DCHANGE) measured with where is the dummy variable if there is change Directors company During period 2017 - 2021 then given code 1, vice versa if no there is change directors company During period 2017-2021 then given code 0.

3. Intervening Variables (Between)

Price to Book Value (PBV)

Ratio this describe how much big market appreciate score book share something company . The more tall Prive to Book Value (PBV) means the market believes will prospect company that .

$$PBV = \frac{\text{Share Price}}{\text{Stock Book Value}}$$

RESULT AND DISCUSSION

Analysis Results Descriptive

Table 1. Statistics Descriptive

	Financial_S TAB	ROA_Financial _Stat	External_Pr ess	Nature_OF_Ind ustry	Rationaliza tion	Capabil ity	Financial_STAT_ Fraud	Pbv
Mean	0.164308	0.171231	0.318615	0.001538	11.89877	0.3076 92	0.594000	30.777 54
Median	0.060000	0.110000	0.280000	0.000000	0.930000	0.0000 00	0.650000	4.1400 00
Maximum	1.030000	0.920000	0.600000	0.220000	713.7900	1.0000 00	1.650000	199.88 00
Minimum	-0.300000	-0.050000	-0.040000	-0.150000	-1.340000	0.0000 00	-2.200000	0.0100 00
Std. Dev.	0.293188	0.212371	0.144502	0.050319	88.42165	0.4651 30	0.579849	49.568 27
Skewnes s	1.673365	1.841222	0.199043	0.803840	7.874320	0.8333 33	-2.011612	2.0812 59
Kurtosis	5.023149	5.993135	2.722218	8.584338	63.00861	1.6944 44	10.42097	6.8447 25



(Humanities, Management and Science Proceedings)

Jarque-Bera	41.42052	60.98965	0.638180	91.45897	10424.52	12.139 44	192.9879	86.960 43
Probability	0.000000	0.000000	0.726810	0.000000	0.000000	0.0023 12	0.000000	0.0000 00
Sum	10.68000	11.13000	20.71000	0.100000	773.4200	20.000 00	38.61000	2000.5 40
Sum Sq.						13.846		15724
Dev.	5.501394	2.886502	1.336375	0.162046	500376.9	15	21.51836	8.8
Observations	65	65	65	65	65	65	65	65

Source : Eviews Data Panel Regression Output 12, 2022

Based on the table above, it can be known that the mean (mean) of variable independent F (x1) Financial Stability has an average of 0.164308 with standard deviation as big as 0.293188. Standard deviation small from the mean shows scatter from small data variable or no existence enough gap big of the lowest and highest Financial Stability (x1).

Variable independent Financial Target (x2) has an average of 0.171231 with standard deviation as big as 0.212371. Standard deviation small from the mean shows scatter from small data variable or no existence enough gap big of the lowest and highest financial target (x2).

Variable independent external pressure (x3) has an average of 0.318615 with standard deviation as big as 0.144502. Standard deviation small from the mean shows scatter from small data variable or no existence enough gap big of the lowest and highest external pressure (x3).

Variable independent Nature of Industry (x4) has an average of 0.001538 with standard deviation as big as 0.050319. More big standard deviation value then the more variety values in Nature of industry or the more no accurate with the mean, on the contrary the more small standard deviation then the more similar values in Nature of Industry (x4) or the more accurate with the mean of ari small data variable or existence enough gap big of Nature of Industry (x4) highest and lowest.

Variable independent Rationalization (x5) has an average of 11.89877 by standard deviation as big as 88.42165. More big standard deviation value then the more variety values on Rationalization or the more no accurate with the mean, on the contrary the more small standard deviation then the more similar values on Rationalization (x5) or the more accurate with the mean of small data variable or existence enough gap big of Rationalization (highest and lowest x5).

Variable independent Capability (x6) has an average of 11.89877 by standard deviation as big as 88.42165. More big standard deviation value then the more variety values on Capability or the more no accurate with the mean, on the contrary the more small standard deviation then the more similar values on Capability (x6) or the more accurate with the mean of small data variable or existence enough gap big of Capability (x6) highest and lowest.

Intervening variable value company (z) has an average of 3077754 with standard deviation as big as 49,56827. Standard deviation small from the mean shows scatter from small data variable or no existence enough gap big from score company (z) lowest and highest.

Variable dependent price share (y) is worth of 0.164308 with standard deviation of 0.293188. Standard deviation small from the mean shows scatter from small data variable or no existence enough gap big from price stock (y) lowest and highest.

Test Uji Chow

Table 2. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.875372	(12,45)	0.0641
Cross-section Chi-square	26.359529	12	0.0095

Source : Output Regresi Panel Data Eviews 12, 2022



The Chow test has a probability value of 0.0095 or > 0.05 so it can be concluded that using the Common Effect Model is better than the Fixed Effect Model.

Hausman test

Test to determine whether to use the fixed effect model or the random effect model. If probability < 0.05 then the model used is the fixed effect model. Meanwhile, if the probability > 0.05 then the model used is a random effect model.

Table 3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.036410	7	0.2501

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
FINANCIAL_STAB_X1	-0.376770	-0.403585	0.002622	0.6005
ROA_FINANCIAL_STAT_X2	0.509472	0.722362	0.017828	0.1108
EXTERNAL_PRESS_X3	-0.106002	-0.600434	0.134764	0.1780
NATURE_OF_INDUSTRY_X4	-2.502418	-3.673362	0.424541	0.0723
RATIONALIZATION_X5	-0.002128	-0.002579	0.000000	0.0508
CAPABILITY_X6	-0.087588	-0.212929	0.002726	0.0164
PBV_Z	-0.004281	-0.002258	0.000003	0.2251

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.790313	0.168749	4.683356	0.0000
FINANCIAL_STAB_X1	-0.376770	0.154822	-2.433565	0.0190
ROA_FINANCIAL_STAT_X2	0.509472	0.238318	2.137781	0.0380
EXTERNAL_PRESS_X3	-0.106002	0.504304	-0.210195	0.8345
NATURE_OF_INDUSTRY_X4	-2.502418	1.146670	-2.182335	0.0343
RATIONALIZATION_X5	-0.002128	0.000511	-4.161843	0.0001
CAPABILITY_X6	-0.087588	0.101247	-0.865097	0.3916
PBV_Z	-0.004281	0.001965	-2.178540	0.0346

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.834857	Mean dependent var	0.594000
Adjusted R-squared	0.765129	S.D. dependent var	0.579849
S.E. of regression	0.281015	Akaike info criterion	0.546840
Sum squared resid	3.553614	Schwarz criterion	1.215882
Log likelihood	2.227716	Hannan-Quinn criter.	0.810820
F-statistic	11.97319	Durbin-Watson stat	2.128717
Prob(F-statistic)	0.000000		

Source : Eviews Data Panel Regression Output 12, 2022

The results of the Hausman test show that score probability more than 5%, then the random effect test is used in study this .



Large Multiplier Test

Test to determine the best model between the Common Effect Model and the Random Effect Model. If the probability value is > 0.05 then the best model to use is the Common Effect Model. However, if the probability value is < 0.05 , the best model used is the Random Effect Model.

Table 4. Large Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.314923 (0.5747)	0.102718 (0.7486)	0.417641 (0.5181)
Honda	0.561180 (0.2873)	0.320497 (0.3743)	0.623439 (0.2665)
King-Wu	0.561180 (0.2873)	0.320497 (0.3743)	0.558148 (0.2884)
Standardized Honda	1.143487 (0.1264)	0.660071 (0.2546)	-2.337993
Standardized King-Wu	1.143487 (0.1264)	0.660071 (0.2546)	-2.078598
Gourieriou, et al.*	--	--	0.417641 (≥ 0.10)

*Mixed chi-square asymptotic critical values:

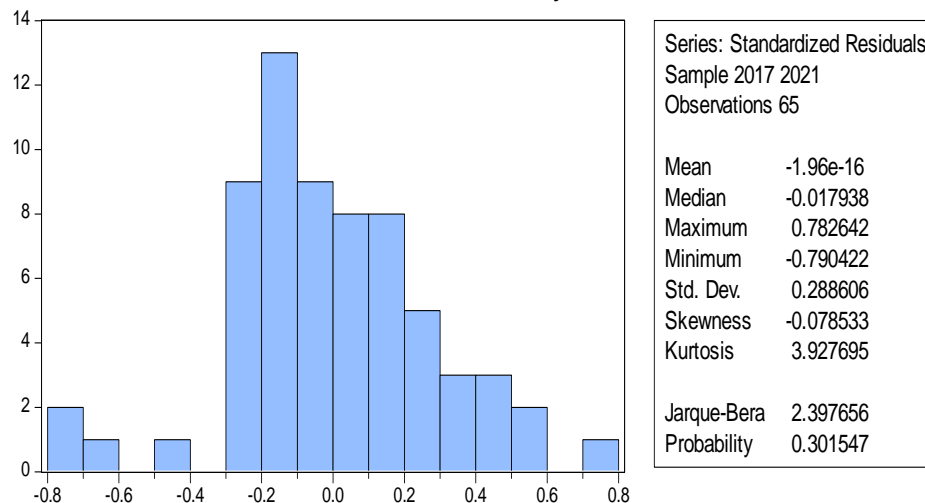
1%	7.289
5%	4.321
10%	2.952

Source : Eviews Data Panel Regression Output 12, 2022

The Lagrange Multiplier test has a probability value of $0.926 > 0.05$ so it can be concluded that using the Common Effect Model is better than the Random Effect Model.

Normality test

Table 5. Normality test



Source : Eviews Data Panel Regression Output 12, 2022



The results of the normality test show that Jarque-Bera statistical test probability is 0.301547 which indicates that the data is normally distributed.

Table 6. Output Regresi Data Panel Pendekatan random effects

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FINANCIAL_STAB_X1	-0.403585	0.146110	-2.762201	0.0077
ROA_FINANCIAL_STAT_X2	0.722362	0.197402	3.659346	0.0006
EXTERNAL_PRESS_X3	-0.600434	0.345771	-1.736506	0.0879
NATURE_OF_INDUSTRY_X4	-3.673362	0.943563	-3.893075	0.0003
RATIONALIZATION_X5	-0.002579	0.000456	-5.652527	0.0000
CAPABILITY_X6	-0.212929	0.086746	-2.454643	0.0172
PBV_Z	-0.002258	0.001039	-2.172314	0.0340
C	0.899273	0.118722	7.574616	0.0000

Effects Specification		S.D.	Rho

Source : Eviews Data Panel Regression Output 12, 2022

Test The Financial Stability Hypothesis Against the Financial Statement Hypothesis first put forward in financial stability variable with financial statement fraud , namely "financial stability has an effect " against financial statement fraud". Based on Table 5.1 the financial stability variable has t-statistic value -2.762201 with the prob value is 0.0077, which means that 0.0077 more small of 0.05. which means that Based on criteria thatthen the financial stability hypothesis has influence significant against financial statement fraud, so H1 is accepted .

Test Target Financial Hypothesis Against Financial Statement Hypothesis the second one put forward in Financial target variable with financial statement fraud , namely "Financial target has an effect " against financial statement fraud". Based on table 5.1 Financial target variables have t-statistic value 3.659346 with the prob value is 0.0006, which means that more small of 0.05. Based on criteria the so meaningful hypothesis _ that Based on criteria thatthen the target financial hypothesis has influence significant to financial statement fraud, so H2 is accepted .

Test External Pressure Hypothesis on Financial Statement Hypothesis the third that was put forward in External Pressure variable with financial statement fraud , namely "External Pressure has an effect " against financial statement fraud". Based on Table 5.1 External Pressure variable has t-statistic value of -1.736506 with prob value of 0.0879 , which means that 0.0879 more big of 0.05. Based on criteria the so the hypothesis of financial stability pressure is not have influence to financial statement fraud, so H3 is rejected .

Test Hypothesis Nature Of Industry Toward Financial Statement Hypothesis first put forward in Nature Of Industry variable with financial statement fraud , namely "Nature Of Industry has an effect " against financial statement fraud". Based on table 5.1 Nature Of Industry variables have t-statistic value of -3.893075 with the prob value is 0.0003, which means that 0.0003 more big of 0.05. Based on criteria the so the hypothesis that financial stability pressure has influence against financial statement fraud, so H4 is accepted .

Test The hypothesis put forward in variable total accrual ratio rationalizatio with financial statement fraud , namely " the ratio of total accruals rationalization has an effect " positive against financial statement fraud". Based on table 5.1 variables ratio total accrual rationalization has t-statistic value is -5.652527 with the prob value is 0.0000 , which means that 0.0000 more small of 0.05. Based on criteria thatthen hypothesis ratio of total accruals rationalization has influence positive significant against financial statement fraud, so H5 is accepted.



Hypothesis the sixth proposed in the change variable directors capability with financial statement fraud, namely "change" influential capability directors against financial statement fraud". Based on table 5.1 variables change capability directors have t-statistic value is -2.454643 with the prob value is 0.0172, which means that 0.0172 more big of 0.05. Based on criteria the so hypothesis change directors capability no have influence to financial statement fraud, so H6 is rejected.

Hypothesis to the seven proposed in the variable value of the company with financial statement fraud, namely "Company Value" take effect against financial statement fraud". Based on table 5.1 variables change capability directors have t-statistic value is -2.172314 with the prob value is 0.0340, which means that 0.0340 more big of 0.05. Based on criteria the so Hypothesis Firm value no have influence to financial statement fraud, so H7 is rejected.

CONCLUSIONS

1. Financial Stability variables have an effect significant against financial statement fraud.
2. Financial target variables have an effect significant against financial statement fraud.
3. External pressure variable not have influence significant against financial statement fraud.
4. Variable Nature Of Industry has an effect significant against financial statement fraud. Variable rationalization has an effect significant against financial statement fraud.
5. Capability variable not have influence significant against financial statement fraud.
6. Firm Value variable not have influence significant against financial statement fraud.

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