FRAUD TRIANGLE ANALYSIS IN DETECTING FRAUD FINANCIAL STATEMENT IN MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE 2015-2019

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ABSTRACT

This study aims to examine the effectiveness of the fraud triangle in detecting fraudulent financial statements. This study uses three independent variables of the fraud triangle, namely pressure, opportunity and rationalization, which are then divided into six sub-variables. Variable pressure was analyzed using financial stability, external exposure, personal financial needs, and financial targets. Opportunity variable is analyzed by effective monitoring, meanwhile rationalization variable is analyzed by using auditor switch. Meanwhile, the dependent variable uses financial statement fraud which is proxied by earnings management. The population of this research is manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019. Sampling research using purposive sampling method, namely companies that earn profits in a row during the span of the study. Based on the results of the study, it is concluded that the financial stability variable which is proxied by the ACHANGE ratio and the financial needs variable which is proxied by OSHIP has a positive impact on financial statement fraud, while the external exposure which is proxied by LEVERAGE, the financial target which is proxied by ROA, the effective monitoring which is proxied by IND and auditor switch has no effect on financial statement fraud which is proxied by earnings management.

Key Words: financial statement fraud, fraud triangle, financial stability, external pressure, personal financial need, financial target, ineffective monitoring, auditor switch, earnings management.

I. INTRODUCTION

According to the Association of Certified Fraud Examiners (ACFE) in the 2019 Indonesian Fraud Survey, there were 239 cases of fraud that occurred in 2019. With details of 167 cases of corruption, 50 cases of asset misuse and 22 cases of financial statement fraud. In the survey, 67.4% of financial statement fraud occurred in losses below ten million rupiah, while losses of more than ten billion occurred at 5%. There are so many cases of fraud that have occurred in the world. In 2019, PT Garuda Indonesia was proven to have manipulated financial statements by recording a profit of US $ 809.85 thousand in 2018, which is inversely proportional to the condition in the previous year which experienced a loss of US $ 216.58 million, this was due to the recognition of revenue from PT Mahata Aero Teknologi for providing in-flight connectivity services and in-flight entertainment management.

Financial statement fraud can be carried out by a number of actions, starting from the first, namely manipulation, falsification, or changes to accounting records or supporting documents that are the source of data for the presentation of financial statements. Second, misrepresentation or omission from the financial statements of significant events, transactions or information. Third, namely the deliberate misapplication of accounting principles relating to the amount, classification and presentation method. Asus of financial statement fraud that occurred in Indonesia was part of the audit failure which was also carried out by the Public Accounting Firm (KAP).

The object examined in this study is the financial statements of manufacturing companies listed on the Indonesia Stock Exchange during the 2015-2018 period. The reason for choosing a manufacturing company as an object of research is because manufacturing companies have a longer business process chain compared to other types of industries. So that this has an impact on increasing the potential for fraudulent financial statements. In addition, ACFE (2018) reports that the most fraud cases in Asia-Pacific occur in the manufacturing sector.
II. LITERATURE REVIEW

Agency Theory

Meckling (1976) defines an agency relationship as a contract that occurs when one or more individuals (principal) bind an agreement with another individual (agent) which involves delegating authority to the agent in making decisions. In a corporate company, the principal is the owner or shareholder of the company, while the agent is the management who is given the obligation to manage the company. As the company develops, owners or shareholders have limited time and ability to manage their companies. Eisenhardt (1989) categorizes agency theory with three assumptions of human nature, namely: (1) self-interest, (2) humans have limited thinking about future perceptions (bounded rationality), and (3) Humans tend to avoid risk (risk aversion). From these interests, there is an opportunity for conflict between the principal and agent, management will prioritize their personal interests rather than those of the owner.

Fraud

According to the Association of Certified Fraud Exainers (ACFE), fraud is an act of deception or deliberate misrepresentation to gain personal or group gain that can directly or indirectly harm other parties. The perpetrators of fraud can be categorized into four groups (Suprajadi, 2009): (1) First-time offenders are a type of perpetrator without a criminal background. (2) Repeat offenders are a pressure factor and rationalization will be less dominant than the first-time offenders. (3) Organized crime groups are the main factor this type of fraud can be carried out because of the opportunity, (4) Internally committed for the perceived benefit of the corporation is the domination of pressure factors and rationalization of opportunities, the conditions are the same as the type of first-time offenders and repeat offenders.

Types of Cheating


Fraud Triangle

According to Donald Cressey (1953) in his research, he concluded that there are three conditions for individuals to commit fraud. These three things are called the fraud triangle which consists of pressure, opportunity, and rationalization.

![The Cheating Triangle](image.png)

1. Pressure

According to Statement of Auditing Standards No. 99, there are four types of general pressure conditions that lead to fraud. These conditions are financial stability, external pressure, personal financial need and financial targets.

a, financial stability

Financial stability is a condition that describes the company's financial condition in a stable condition. Financial stability is also used as a measure of a company's performance so that it can be used as a reference or benchmark in decision making. (Martantya and Daljono, 2013) Financial stability can be proxied by ACHANGE, which is the ratio of changes in company assets in two years of financial reporting.

b, External Pressure

Pressure from outside parties can influence someone to commit fraud. External pressure can take the form of the ability to get loans and the ability to pay loans to third parties. Leverage (LEV) can be used as a proxy for external pressure. Financial leverage is the company's ability to benefit from assets to meet its overall needs and obligations. (Cashmere, 2019).
Examples of personal interests that are pressures experienced by managers that will lead to fraudulent financial statements include financial pressure, pressure from bad habits and pressure related to work. The higher the percentage of share ownership by insiders, the more fraudulent practices in manipulating financial statements will be. Personal financial need is proxied by ownership in the firm hold by insider (OSHIP) which is the ratio of share ownership by insiders.

d. Financial Target

Skousen et al. (2009) stated that return on assets (ROA) is often used in assessing manager performance and in determining bonuses, wage increases, and others. The higher the ROA targeted by the company, the more prone the management will be to manipulate earnings which is a form of fraud so that it has a positive relationship with fraudulent financial statements.

2. Opportunity

Opportunity is a strong factor motivating someone to commit fraud compared to pressure and rationalization factors. According to Ni Putu Emy Suryandari (2019), one effective way to reduce the opportunity for financial statement fraud is to improve the company's internal control system. With the existence of an independent commissioner, the existing internal control will increase so that the opportunity for someone to commit fraud in financial statements will be smaller. Therefore, opportunity (Opportunity) can be proxied by using IND which is the ratio of the ratio between independent commissioners and the number of commissioners.

3. Rationaliation

Rationalization is the most difficult part to detect because this factor has been neatly arranged. Actions based on certain rationalizations will justify such actions, as well as fraud (Diaz Priantara, 2013). According to SAS No. 99, there are two conditions that commonly occur in this rationalization factor, namely the change of auditors (Audit Switch) and audit opinion. In this research, rationalization uses a proxy for auditor turnover. Changing auditors are mandatory and voluntary. Several studies indicate that financial statement fraud increases when auditors change. This happened because the new auditors had not yet thoroughly studied the business processes and conditions of the company.

Financial Statement Fraud

According to ACFE (1998) financial statement fraud is a deliberate act or negligence that results in material misstatement that misleads financial statements so that it can harm investors or creditors. Nguyen (2008) states that financial statement fraud can be carried out by anyone who has the opportunity. According to Taylor (2004) in Nguyen (2008: 8) there are two main groups of perpetrators of financial statement fraud: 1. Senior management (Chief Executive Officer (CEO), Chief Financial Officer (CFO), and others). CEO cheating was involved at a 72% rate, while CFO was at a 43% rate. 2. Middle and low level employees. These employees are responsible to a subsidiary, division or other unit and they are cheating to protect their poor performance.

Earning Management

Previous Research

Skousen et al. (2008) conducted a study to analyze the fraud triangle against fraudulent financial statements. The results of this study indicate that the five pressure variables, namely ACHANGE, FINANCE, FREEC, OSHIP and 5% OWN significantly influence the occurrence of financial statement fraud. In addition, two opportunity variables, IND and CEO, also have a significant effect on the occurrence of fraudulent financial statements. In this study, Skousen used a research method with logit regression analysis.

Lou and Wang (2009), research conducted using logistic regression methods. Research conducted by Lou and Wang uses data from the Taiwan Stock Exchange (TSE). The results of this study are that the fraudulent financial statements occur due to the following conditions: financial pressure from the company or company supervisors, questionable integrity of managers in the company and the relationship between the company and its auditors.
I Gusti Putu Oka Surya Utama et al (2018) conducted a research on the analysis of financial statement fraud with a fraud triangle perspective. The results of the research conducted show that the variables of pressure and rationalization with the proxies of financial stability, external pressure, personal financial need and auditor switching have a positive effect on fraudulent financial statements. Besides that, the opportunity variable proxied by organizational structure shows that these elements have a negative effect on fraudulent financial statements. However, in the proxy for financial targets, the nature of industry and effective monitoring have no effect on fraudulent financial reporting actions.

III. RESEARCH METHODE

Type Research
This type of research used in this research is quantitative research. This study is intended to find a causal relationship between exchange, leverage, oship, roa, ind and auditor switch as independent variables on earnings management as the dependent variable.

population and sample
The population in this study were manufacturing companies listed on the Indonesia Stock Exchange with a span of five years from 2015 - 2019. In this study, the sampling technique used was purposive sampling method. Purposive sampling is a sample collection technique with certain criteria and criteria that are used as follows:

2. Miscellaneous industrial sector manufacturing companies that have published complete financial reports during the observation period on the Indonesia Stock Exchange for the 2015-2019 period.
3. Miscellaneous industrial sector manufacturing companies listed on the IDX in 2015-2019 which present financial reports in rupiah as the reporting currency.
4. Manufacturing companies benefit from being listed on the IDX for the 2015-2019 period. Based on the results of selecting samples with certain criteria, the samples in this study were 72 companies.

Independent Variable
This study is intended to find a causal relationship between exchange, leverage, oship, roa, ind and auditor switch as independent variables on earnings management as the dependent variable.

ACHANGE
Financial stability can be proxied by CHARGE, which is the ratio of changes in company assets in two years of financial reporting. ACHANGE can be calculated using the formula:

\[ ACHANGE = \frac{\text{total asset}_t - \text{total asset}_{t-0}}{\text{total asset}_t} \]

LEVERAGE
In the leverage ratio, it states that high leverage results can be associated with a greater possibility for management to conduct financial reports. The LEV ratio can be calculated using the formula:

\[ \text{LEV} = \frac{\text{Total Liabilities}}{\text{Total Aset}} \]

ROA
ROA is used as a calculation for the financial targets variable in this study. Return on Asset (ROA) is part of the profitability ratio in financial statement analysis or company performance measurement.

\[ \text{ROA} = \frac{\text{Net Profit}}{\text{total asset}} \]
OSHIP
Personal financial need is proxied by ownership in the firm held by insider (OSHIP) which is the ratio of share ownership by insiders.

\[
\text{OSHIP} = \frac{\text{shares owned by an insider}}{\text{outstanding shares}}
\]

IND
Opportunity can be proxied by using IND which is the ratio of the ratio between independent commissioners and the number of commissioners. The greater the result of this ratio, the more effective the control is carried out.

\[
\text{IND} = \frac{\text{number of independent commissioners}}{\text{number of commissioners' boards}}
\]

Auditor Switch
In this research, rationalization uses a proxy for auditor turnover. Auditor switch Auditor switch is proxied by CPA. CPA uses a dummy variable, code 1 if the company changes auditors, whereas if the company does not change auditors, code 0 is used.

Variable Dependent
In this study the dependent variable uses earnings management. Accrual earnings practices or so-called accrual earnings management in this study are measured by the modified Jones model (Jones Modified Model) by Dechow et al. (1995) to calculate discretionary accruals, with the following formulations:

Determine the total value of accruals with the formulation:

\[
\text{TA}_{it} = \text{NI}_{it} - \text{CFO}_{it}
\]

Determining the parameter values of \(\alpha_1, \alpha_2, \alpha_3\) using the Jones Model (1991), with formulation:

\[
\text{TA}_{it} = \alpha_1 + \alpha_2 \Delta \text{Revit}_{it} + \alpha_3 \text{PPE}_{it} + \epsilon_{it}
\]

Scaling the data by dividing all these variables by the previous year's assets (\(\text{A}_{it-1}\)), so that the formula changes to:

\[
\text{TA}_{it} / \text{A}_{it-1} = \alpha_1 \left(1/ \text{A}_{it-1}\right) + \alpha_2 \left(\Delta \text{Revit}_{it} / \text{A}_{it-1}\right) + \alpha_3 \left(\text{PPE}_{it} / \text{A}_{it-1}\right) + \epsilon_{it}
\]

Calculate the NDA value with the formulation:

\[
\text{NDA}_{it} / \text{A}_{it-1} = \alpha_1 \left(1/ \text{A}_{it-1}\right) + \alpha_2 \left(\Delta \text{Revit}_{it} / \text{A}_{it-1} - \Delta \text{Rec}it_{it} / \text{A}_{it-1}\right) + \alpha_3 \left(\text{PPE}_{it} / \text{A}_{it-1}\right) + \epsilon_{it}
\]

The parameter values \(\alpha_1, \alpha_2, \alpha_3\) are the results of the calculation in step 2. Determine the value of discretionary accruals, which is an indicator of accrual earnings management by reducing total accruals with non-discretionary accruals:

\[
\text{DA}_{it} = \text{TA}_{it} - \text{NDA}_{it}
\]

Description:

\[\text{TA}_{it}\] : Total accruals of company ii in it period
\[\text{CFO}_{it}\] : The company's operating cash flow in period t
\[\text{A}_{it}\] : discretionary accruals for the company i for the period t
\[\Delta \text{Revit}_{it}\] : I change in sales for my net company i in that period
\[\Delta \text{Rec}it_{it}\] : Change in the company's receivables i in this period t
Multiple Regression Analysis

Multiple regression analysis in this study was used to test the effect of the independent variables, namely exchange, leverage, oship, roa, ind and auditor switch on the dependent variable of earnings management. The following is the multiple regression equation used in this study

\[ \text{Earnings Management} = \beta_0 + \beta_1 \text{ACHANGE} + \beta_2 \text{LEV} + \beta_3 \text{OSHIP} + \beta_4 \text{ROA} + \beta_5 \text{IND} + \beta_6 \text{AUDITOR SWITCH} + e \]

Description:
- ACHANGE = Change in assets
- Leverage = Use of assets
- OSHIP = Insider ownership of shares
- ROA = Return On Asset
- IND = Independent commissioner
- Auditor Switch = Change of auditors
- \( \beta_0 \) = Konstanta
- \( \beta_1 - \beta_6 \) = Regression coefficient
- e = Error

Coefficient test Determination

This test is used to determine the direction and magnitude of the influence between the independent variable and the dependent variable, which is indicated by the magnitude of the coefficient of determination (R2). The coefficient of determination can also be interpreted if the value of R2 approaches 1, the contribution of the independent variable to the dependent variable is getting stronger. Meanwhile, if R2 approaches 0, the independent variable can explain the weaker dependent variable. F test Testing the overall regression coefficient is to show whether there is one independent variable as a whole or together has an influence on the dependent variable (Imam, 2016: 171). The level of significance of the F test is 0.05. Decision making uses the following criteria: a. If the sig-F value is \( \leq 0.05 \), it can be said that there is one independent variable that has a significant effect on the dependent variable and the regression model is said to be fit. b. If the sig-F value> 0.05 then none of the independent variables has a significant effect on the dependent variable and the regression mode is said to be unfit. T test The t statistical test basically shows how far the influence of one explanatory / independent variable individually in explaining the variation of the dependent variable (Ghozali, 2016: 97). In t-test testing the effect of each independent variable on the dependent variable using a significant level of 5%. Guidelines for decision making are as follows: 1. If significant> 0.05 then Ho is accepted and Ha is rejected, meaning that the independent variable has no effect on the dependent variable. 2. If significant <0.05 then Ho is rejected and Ha is accepted, meaning that the independent variable has an effect on the dependent variable.

IV. RESULTS AND DISCUSSION

Descriptive Analysis

The purpose of this research description is to describe the variables used, such as the minimum, maximum, mean and standard deviation of the research variables. Descriptive statistics describe the sample characters used in this study. Complete descriptive statistics in this study are shown in table 5.1 below:

Table 4.1 Descriptive statistics variables

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

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Table 4.2 Normality test results

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
</tr>
</thead>
</table>
| N                       | 360
| Normal Parameters       | Mean: 0.027778, Std. Deviation: 0.13244870
| Most Extreme Differences| Absolute: 0.175, Positive: 0.175, Negative: -0.139
| Test Statistic          | Asymp. Sig. (2-tailed): 0.103

Based on the Kolmogorov Smirnov test in Table 5.4, it is found that the Asymp Sig. (0.103) is greater than \( \alpha \) (0.05) so it can be concluded that the data used are normally distributed.

Table 4.3 Multicollinearity test results

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
</tr>
<tr>
<td>X1</td>
<td>.994</td>
</tr>
<tr>
<td>X2</td>
<td>.974</td>
</tr>
<tr>
<td>X3</td>
<td>.977</td>
</tr>
<tr>
<td>X4</td>
<td>.900</td>
</tr>
<tr>
<td>X5</td>
<td>.887</td>
</tr>
<tr>
<td>X6</td>
<td>.994</td>
</tr>
</tbody>
</table>

Based on Table 5.5 above, it can be seen that the regression model does not experience multicollinearity disorders. This can be seen in the tolerance value of each variable greater than 10 percent (0.1). The VIF calculation results also show that the VIF value of each variable is less than 10. So it can be concluded that there is no multicollinearity between the independent variables in the regression model.

Autocorrelation Test

Table 4.4 Autocorrelation Test Results

<table>
<thead>
<tr>
<th>Model Summary, b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), X6, X5, X1, X2, X3, X4
b. Dependent Variable: Y

Sumber: Hasil Olah Data, 2019
Based on the results of the autocorrelation test in Table 5.6, the durbin-watson stat (dw) value is 2.057 and the dU value based on the durbin Watson table is 1.8306. Because the value of dU (1.8306) < dw (2.057) < 4-dU (2.1694), it can be concluded that the model does not contain autocorrelation.

Uji Heteroskedastisitas

Based on the table above, it is found that the independent variables ACHANGE (X1), Leverage (X2), OSHIP (X3), ROA (X4), IND (X5) and Auditor Switch (X6) have a Sig. greater than 0.05, so it can be concluded that the independent variable Earnings Management (Y) in the model does not experience heteroscedasticity symptoms. Partial Testing (t Statistical Test) The t test in this study aims to test whether or not the relationship between the independent variables ACHANGE (X1), Leverage (X2), OSHIP (X3), ROA (X4), IND (X5) and Auditor Switch (X6) is related to the dependent variable of Earnings Management (Y). The results of the t test in this study can be seen in the following table 5.10:

**Table 4.5 Heteroscedasticity test results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.007</td>
<td>.015</td>
<td>.454</td>
<td>.650</td>
</tr>
<tr>
<td>X1</td>
<td>-.048</td>
<td>.022</td>
<td>-.113</td>
<td>-2.148</td>
</tr>
<tr>
<td>X2</td>
<td>.000</td>
<td>.005</td>
<td>.001</td>
<td>.028</td>
</tr>
<tr>
<td>X3</td>
<td>.063</td>
<td>.029</td>
<td>.116</td>
<td>2.189</td>
</tr>
<tr>
<td>X4</td>
<td>.044</td>
<td>.042</td>
<td>.058</td>
<td>1.042</td>
</tr>
<tr>
<td>X5</td>
<td>.024</td>
<td>.036</td>
<td>.037</td>
<td>.671</td>
</tr>
<tr>
<td>X6</td>
<td>-.002</td>
<td>.007</td>
<td>-.014</td>
<td>-.272</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Reabs

Based on the table above, the multiple linear regression equation is obtained as follows:

\[ Y = -3.228 + 0.469 \times X1 + 0.008 \times X2 - 0.347 \times X3 + 0.062 \times X4 - 0.013 \times X5 + 0.010 \times X6 + e \]

**Discussion of Hypothesis Test Results**

The Effect of Financial Stability on Fraudulent Financial Statements

The ACHANGE variable shows a regression of 0.469 with a significance level (P Value) of 0.000 <0.05. Because the level of significance (p) is smaller than \( \alpha = 0.05 \), the 1st hypothesis is
The IOSHIP variable shows a regression of -0.347 with a significance level (P Value) of 0.000 <0.05. Because the level of significance (p) is smaller than $\alpha = 0.05$, the 3rd hypothesis has been successfully accepted. This study was successful in proving that personal financial need has an effect on financial statement fraud. This means that the more the internal owners of the company depend on their personal financial needs on the company's assets, the more potential the fraudulent financial reporting practices will be. Fraud is committed by management with a dual role as executor and owner by making certain company performance achievements to obtain dividends and high stock returns. The results of this study are consistent and in accordance with the findings of Morck et al (1998), I Gusti Putu Oka Surya Utama et al (2018) and Mukhlis Eko Haryono's Research (2014) which states that when company executives have a strong financial role in the company, personal financial the needs of the executives of the company will also be affected by the company's financial performance. The existence of share ownership by people in the company causes the person concerned to feel that he has a claim right on the company's income and assets so that it will affect the company's financial condition. This result is different from the findings of Tiffany, Laila & Marfuah (2015), Zakharia Sabatian & Francis M Hutabarat (2020) and Nur Aisyah, Chrisna Suhendi (2019), which show that financial need has no effect on financial statement fraud because low managerial ownership indicates whereas in the sample companies there has been a clear separation between shareholders as owners who control the running of the company and managers as managers of the company's operations.
company. The existence of a clear separation causes managers not to have sufficient ability to commit fraudulent financial statements.

The Influence of Financial Targets on Fraudulent Financial Statements


Effect of Audit Switches on Fraudulent Financial Statements

The Audit Switch variable shows a regression of 0.010 with a significance level (P Value) of 0.673> 0.05. Because the level of significance (p) is greater than α = 0.05, the 6th hypothesis is not accepted. This study succeeded in proving that the switch auditor had no effect on financial statement fraud. This is not in line with Mardianto and Carissa Tiono (2019) who state that frequent auditor changes give the idea that the company might not be able to find out the replacement auditor. The results of this study are in accordance with the research of Nur Aisyah, Chrisna Suhendi (2019), Kennedy S & Shiddiq N R. (2014), Tiffani, Laila & Marfua (2015) and Zakaria Sabatian & Francis M Hutabarat (2020). This result is different from the findings of Sorenson et al. (1983) and Skousen et al. (2009) which shows that rationalization affects financial statement fraud. This result is probably due to the fact that the sample companies replaced auditors, not because the company wanted to reduce the possibility of detecting fraudulent financial statements by the old auditors, but rather because the company wanted to comply with Regulation of the Minister of Finance of the Republic of Indonesia Number 17 / PMK.01 / 2008 Article 3 paragraph 1 state that the provision of general audit services on the financial statements of an entity may be carried out for a maximum of 6 (six) consecutive financial years by the same accounting firm and 3 (three) consecutive years by the same auditor to the same client.

V. CONCLUSION

Based on research on the fraud triangle on financial statement fraud in manufacturing companies in 2015 - 2019, the following conclusions can be drawn:

1. Financial Stability (ACHANGE) affects the occurrence of financial statement fraud.
2. External Pressure (Leverage) has no effect on the occurrence of financial statement fraud. 3. Financial Need (OSHIP) affects the occurrence of financial statement fraud.
4. Financial Target (ROA) has no effect on the occurrence of financial statement fraud.
5. Effective Monitoring (IND) has no effect on the occurrence of financial statement fraud.
6. Auditor Switch has no effect on the occurrence of financial statement fraud.

Suggestion

The suggestions for further research based on this research are as follows: a. For researchers who will conduct further research, this research is expected to be used as a reference, support, guidelines, comparison, and it is expected to add other variables that can be used as indicators in further research. This is because there are still undiscovered variables that have a relationship with internet understanding.

b. And for further research, other statistical analyzes can be carried out so that the model obtained is more accurate.

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