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THE EFFECT OF HEXAGON MODEL FRAUD ON FINANCIAL REPORT FRAUD (EMPIRICAL STUDY ON INDUSTRIAL SECTOR COMPANIES LISTED ON THE IDX IN 2020-2022)

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Abstract
Fraud cases are increasing from year to year and the most detrimental is financial statement fraud and causes losses for companies and users of financial statements. This study aims to analyze the fraud hexagon factors in detecting financial statement fraud in industrial sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2022 period. The sampling method used in this study is purposive sampling. The samples that met the research criteria were 33 industrial companies. The data analysis method uses the logistic regression method with the help of the EViews application to test the data. The results of the study indicate that financial targets, external pressure, ineffective supervision, change of auditors, change of directors, collusion and frequent appearance of CEO photos have no effect on detecting financial statement fraud.

Keywords: Fraud Hexagon, Financial Report Fraud

1. Introduction

Fraud is any type of deliberate action to take or lose property, property or money through deception, deception or other unfair means (ACFE, 2020). Someone tends to commit fraud if it is motivated by various things that can facilitate their goals and provide benefits for them. Fraud can eliminate public trust in financial reports, and even lead to bankruptcy for companies that commit fraudulent acts, especially in terms of presenting financial reports.

The Association of Certified Fraud Examiners (2020) reported that 2,504 cases of fraud occurred in 125 countries from January 2018 to September 2019. Misappropriation of assets is the category of fraud that has the largest number of cases, namely 86%, resulting in losses of $100,000 per case. The second category is fraudulent financial reporting, namely 10%, resulting in losses of $954,000 per case. The third category is corruption, namely 43% with losses of $200,000 per case. Financial reporting fraud is the category of fraud with the lowest frequency but results in much greater losses compared to other categories

Unknown fraudulent financial reporting can escalate into a major problem that harms many parties (Skousen et al., 2009). The Association of Certified Fraud Examiners (2020) defines fraudulent financial reporting as an act where an employee or company staff intentionally causes misstatement or omission of material information in the company's financial reporting (for example, increasing reported assets, reducing reported costs, or recording false income).

The results of the research show that financial targets, external pressure, ineffective monitoring, change in auditor, change in director, and frequent number of CEO's picture

have no influence in detecting financial. Financial reports are important for companies because financial reports contain information about conditions or performance. from a company over a certain period of time whose contents can change the decisions of financial report users (Imtikhani & Sukirman, 2021).

Financial targets are a pressure on management to show their best performance in achieving a target. Pressure to meet financial targets allows managers to manipulate the presentation of financial reporting so that the company's financial reports comply with predetermined targets (Kartikawati et al., 2020). Financial targets provide financial pressure for management to successfully achieve financial targets within a period. When financial targets are imposedtoo heavy but the financial performance conditions have not been able to achieve it, management is encouraged to manipulate in order to achieve the financial targets that have been set, so that there are indications of fraud in the preparation of financial reports. This is supported by research by Hidayah & Saptarini (2019); Kartikawati et al., (2020) stated that financial targets influence fraudulent financial reporting.

Financial Stability is a condition to see whether the company's financial condition is stable or not. Skousen et al. (2009) argue that this can be measured by looking at changes in a company's total assets from year to year and state that if a manager feels that the company's financial stability is under pressure in various situations, this can trigger him to use various methods to beautify the company's appearance, such as fraudulent financial reports. The research results of Renata & Yudowati (2020) explain that the financial stability variable shows a significant influence on fraudulent financial reports.

External pressure is a situation where the company experiences pressure from parties outside the company. The greater the level of debt a company has compared to the total assets owned, the greater the pressure that will encourage management to commit fraud in presenting financial reports (Faidah, 2018). This pressure will be a trigger for management to manipulate financial reports. This is in line with research conducted by Faidah (2018); Sari & Safitri (2019) stated that external pressure influences fraudulent financial reporting.

Opportunity is a condition or situation that allows management to commit fraud for its own benefit (Sari and Safitri, 2019). The connection between opportunity and agency theory is that the existence of a weak monitoring system can open up opportunities for management to commit fraud due to the small amount of income received and the high cost of living.

Rationalization is someone's justification for their actions which contain fraud. The connection between agency theory and rationalization is the self-justification attitude of management which assumes that it has worked much harder than the company owner, thereby encouraging them to take action to maximize their interests. Rationalized mechanisms enable individualsto justify bad behavior (Albrech et al., 2012).

Ability with agency theory is the ability that a director has as an agent to act not always in accordance with the interests of the company owner or principal, but rather to maximize his own welfare. According to Wolfe & Hermanson (2004), ability is the background for fraud. The CEO's position can be used to influence other people and with his ability to take advantage of conditions with the aim of expediting his fraudulent actions. This statement is supported by research by Riandani & Rahmawati (2019); Hidayah & Saptarini (2019) revealed that changes in directors have an effect on fraudulent financial reporting.

Collusion is secret cooperation for bad purposes. For example, if there is an agreement between a superior and a subordinate to steal a certain amount of money, this creates a high potential for fraud. According to Vousinas (2019), collusion refers to a deceptive agreement or compact between several individuals, for certain parties with bad intentions, such as defrauding a third party of his rights by being able to taketaking advantage of another person's position or taking advantage of a victim.

The change in auditor is used to proxy for the rationalization element, the old auditor may be better able to detect all possible fraud committed by management, either directly or indirectly. This is what encourages companies to replace their independent internal auditors in order to cover up fraud in the company.

Change in Director is used to proxy for the element of probability, changing directors can cause a stress period which will open up opportunities to commit fraud. The replacement of more competent directors is an effort by the company to improve the performance of the previous directors. Apart from that, replacing directors is also considered an effort to reduce the effectiveness of management performance because it takes longer to adapt to the work culture of the new directors.

State-owned Enterprises are government-owned companies, the government's role as a regulator or regulator or law enforcer and asset owner create the possibility of preferential treatment based on policies for government-owned companies. With the existence of a privileged relationship, the company has the potential to take advantage of this condition by not carrying out good governance and can cover up fraud that occurs in the company. State-owned Enterprises are companies that are partly owned or even fully owned by the government, either in the form of state-owned (BUMN) or regional-owned (BUMD).

2. Theoretical Background

2.1 Agency Theory (Agency Theory)

Jensen & Meckling (1976) first explained Agency Theory, which states that there is a contractual relationship between the principal and management (agent). With the existence of a cooperation contract between the principal and the agent, this creates problems with the agent which are called agency problems, where the principal hands over decision-making authority to the agent and the agent must be responsible to the principal through company performance accountability reports (Kristen et al., 2021). These differences in interests and objectives trigger fraudulent acts in financial reporting or also known as fraudulent financial statements carried out by management (Imtikhani & Sukirman, 2021).

2.2 Fraud

Fraud is a deliberate action carried out by a person or entity with the intention of gaining personal or group benefit and causing harm to other parties (Agustina & Pratomo, 2019:45). Fraud theory was first developed in 1953 by Donald R. Cressey, by interviewing 250 defendants. It was revealed that the reason for the breach of trust assessment was due to financial difficulties. So there is pressure and understanding that there may be an opportunity to be able to resolve the problem confidentially by violating trust, the violation of trust can be carried out independently, and treating it as normal behavior (rationalization) (Yunida & Wilasittha, 2021). So there are three factors that encourage fraud, namely: pressure, opportunity and rationalization.

2.3 Financial Statement Fraud

is a deliberate action or behavior to eliminate, manipulate or replace material accounting data facts from actual facts so that they can change the decisions and judgments of users of financial reports (Sari & Nugroho, 2020). According to Statement on Auditing Standards (SAS) No. 99, financial statement fraud can be carried out in several ways, namely manipulating data supporting financial statements and changing accounting records, making deliberate mistakes and negligence regarding elements of financial statements and abusing principles related to governance. a way of presenting or disclosing accounting and classification that is done intentionally.

2.4 Fraud Hexagon

Fraudhexagonis an act that is deliberately carried out to commit fraud carried out by management to present financial information in a manipulated manner so that management's performance is seen as good by users of financial information. This research is intended to determine the factors that exist inFraud Hexagaon Modelin detecting its presenceFraudfinancial statements.

2.5 Financial Targets

Pressure can be measured using financial targets which are usually reflected through a company's profit level which can be calculated through the ROA (Return On Assets) value (Skousen et al., 2009). Mertha Jaya & Poerwono (2019) in their research also support this where the tests used with the pentagon fraud theory show that fraudulent financial reports are significantly influenced by the financial target, as is the research of Setiawati & Baningrum (2018).

H1: Financial targets influence financial statements

2.6 Financial Stability

Skousen et al. (2009) argue that this can be measured by looking at changes in a company's total assets from year to year and state that if a manager feels that the company's financial stability is under pressure in various situations, this can trigger him to use various methods to beautify the company's appearance, such as fraudulent financial reports. The research results of Renata & Yudowati (2020) explain that the financial stability variable shows a significant influence on fraudulent financial reports.

H2: Financial stability influences financial statements

2.7 External pressure

The greater the level of debt a company has compared to the total assets owned, the greater the pressure that will encourage management to commit fraud in presenting financial reports (Faidah, 2018). This pressure will be a trigger for management to manipulate financial reports. This is in line with research conducted by Faidah (2018); Sari & Safitri (2019) stated that external pressure influences fraudulent financial reporting.

H3: External pressure influences fraudulent financial reporting

2.8 Opportunity / opportunity

Opportunity is a condition or situation that allows management to commit fraud for its own benefit (Sari and Safitri, 2019). Fraud can be minimized, one way or another, by means of a good monitoring mechanism within the company. This is supported by

research conducted by Lastanti (2020), stating that opportunities in the form of ineffective supervision have an influence on fraudulent financial reporting.

H4: Opportunities influence fraudulent financial reporting

2.9 Rationalization

Rationalization is someone's justification for their actions which contain fraud. Rationalized mechanisms allow individuals to justify unfavorable behavior (Albrech et al., 2012). Rationalization is an element of fraud, where fraudsters look for things that can be used as justification for their actions, such as reasons for loved ones or making their family happy (Desviana et al., 2020).

H5: Rationalization influences fraudulent financial reporting

2.10 Ability

According to Wolfe & Hermanson (2004), ability is the background for fraud. The CEO's position can be used to influence other people and with his ability to take advantage of conditions with the aim of expediting his fraudulent actions. This statement is supported by research by Riandani & Rahmawati (2019); Hidayah & Saptarini (2019) revealed that changes in directors have an effect on fraudulent financial reporting.

H6: Ability to influence fraudulent financial reporting

2.11 Collusion

Collusion is secret cooperation for bad purposes. According to Vousinas (2019), collusion refers to a deceptive agreement or agreement between several individuals, for certain parties with bad intentions, such as defrauding a third party of their rights through their ability to take advantage of another person's position or take advantage of the victim. According to Alfarisi (2010), collusive behavior in a market can also be traced through market performance, the level of profit obtained, or the Price-Cost Margin (PCM) of that market. According to Martin (2002) in Alfarisi (2010), a market that has a high level of concentration, namely the percentage of market share controlled by the company relative to the total market share is high and the level of profit is high, which can indicate that in that market there is collusive behavior. (market power theory) or simply that companies in the market have a high level of efficiency (efficiency hypothesis), so they can set prices far above marginal costs.

H7: Collusion influences fraudulent financial reporting

2.12 Changer in Auditor

The change in auditor is used to proxy for the rationalization element, the old auditor may be better able to detect all possible fraud committed by management, either directly or indirectly. This is what encourages companies to replace their independent internal auditors in order to cover up fraud in the company.

H8: Changes in Audit have an effect on financial statement fraud

2.13 Change in Director

Change in Director is used to proxy for the element of probability, changing directors can cause a stress period which will open up opportunities to commit fraud. The replacement of more competent directors is an effort by the company to improve the performance of the previous directors. Apart from that, replacing directors is also

considered an effort to reduce the effectiveness of management performance because it takes longer to adapt to the work culture of the new directors.

H9: Changes in Director have an effect on fraudulent financial statements

2.14 State owned Enterprise

State owned Enterprises are companies that are partially owned or even fully owned by the government, either in the form of state-owned (BUMN) or regional-owned (BUMD). Shawtari et al. (2017) stated that business entities owned by the government have weak supervision so that the profits generated are not large. Ownership by the government will provide benefits in the form of special privileges to the company, whether in the form of politics, finance, or access to resources (Gaio & Pinto, 2018).

H10: State owned enterprises have an effect on financial reports

3. Methods

3.1 Population and Sample

In this research, the population used is all companies in the industrial sector that have been listed on the IDX in 2020-2021 with a total of 54 companies. The data in this research is secondary data in the form of financial reports and company annual reports which have been audited and accessed via the company website or the official website of the Indonesia Stock Exchange (www.idx.co.id). This research method uses a purposive sampling method with the following criteria:

1) Industrial sub-sector companies that went public on the IDX during 2020-2021
2) Companies that publish financial reports for 2020-2021
3) Companies stated in rupiah currency
4) Companies whose financial reports cannot be accessed in 2021
5) Companies that use reporting currencies other than rupiah.

3.2 Variable Measurement

3.2.1 Financial Reporting Fraud (Y)

Financial reporting fraud is measured using the F-score (fraud score model) which is a model proposed by Dechow et al., (2007). The Fraud Score model is the sum of the quality of accruals and financial performance which includes two variable components (Skousen, et al., 2009)

3.2.2 Independent Variable

Independent variables are variables that cause changes to the dependent variable, either positively or negatively (Sekaran and Bougie, 2017:79). In this research, there are six independent variables used, namely pressure, capability, opportunity, rationalization, arrogance, and collusion.

No	Variable Name	Measurement Scale
1	Financial Statement Fraud (Y)	F-score = accrual quality + financial performance 1 = f score > 1 0 = f score < 1
2	Financial Targets	Roa = net profit / total assets
3	Financial Stability	Achange = (total assets(t) – total assets (t-1) / total assets t
4	External Pressure	Lev= total liabilities / total assets

5	Opportunity / Opportunity	$INVENTORY = \frac{Inventory_t}{Sales_t} - \frac{Inventory_{t-1}}{Sales_{t-1}}$
6.	Rationalization	If there is a change in public accounting firm during the 2020-2021 period then it is given code 1, otherwise it is given code 0
7	Ability / Capability	Code 1 if there is a change of directors in the company, code 0 if there is no change of directors in the company.
8	Collusion	1 = there is cooperation between the company and the government project 0 = there is no cooperation between
9	Changes In Auditors	If there is a change of public accounting firm during the 2020-2021 period then it is given code 1, otherwise it is given code 0
10	Changes In Directors	The total number of ceo photos displayed in an annual report
11.	State Owned Enterprise	Value 1 if the company is a government-owned company, and value 0 if the company is not

4. Results and Discussion

4.1 Descriptive statistical analysis

This research uses descriptive statistical analysis of each research variable. Descriptive statistical analysis aims to provide an overview of all research variables used by looking at the average value (mean), minimum value, maximum value and standard deviation of each research variable. The following are the results of descriptive statistical tests of the dependent and independent variables in this research:

Table 2. Descriptive Statistical Analysis

	ACHANGE	CPA	CPB	DCHANGE	KOLASI	LEV	OPPORTUN...	ROA	RSN	SOE
Mean	-30.20492	0.515152	0.393939	1.424242	0.696970	0.455176	0.199602	0.944937	0.606061	0.515152
Median	0.050000	1.000000	0.000000	1.000000	1.000000	0.397854	0.250000	0.060848	1.000000	1.000000
Maximum	0.998909	1.000000	1.000000	7.000000	1.000000	1.691448	38.94092	36.15116	2.000000	1.000000
Minimum	-915.4556	0.000000	0.000000	0.000000	0.000000	-0.650000	-25.32299	-5.782109	0.000000	0.000000
Std. Dev.	159.5909	0.507519	0.496198	1.714466	0.466694	0.418166	10.06777	6.406172	0.555619	0.507519
Skewness	-5.410837	-0.060634	0.434122	2.114380	-0.857195	0.617322	1.070009	5.226845	0.128099	-0.060634
Kurtosis	30.51205	1.003676	1.188462	7.443297	1.734783	5.272186	9.114059	29.43653	2.061971	1.003676
Jarque-Bera	1201.780	5.500019	5.548837	51.73478	6.242370	9.194867	57.69693	1111.233	1.300112	5.500019
Probability	0.000000	0.063927	0.062386	0.000000	0.044105	0.010078	0.000000	0.000000	0.522017	0.063927
Sum	-996.7625	17.00000	13.00000	47.00000	23.00000	15.02082	6.586880	31.18291	20.00000	17.00000
Sum Sq. Dev.	815015.7	8.242424	7.878788	94.06061	6.969697	5.595603	3243.520	1313.249	9.878788	8.242424
Observations	33	33	33	33	33	33	33	33	33	33

Based on the table above, information can be obtained that fraud in financial reports which is proxied by F-Score as the dependent variable has an average (mean) of 4.9400 with a standard deviation of 1058.764. This value shows that the company's normal F-Score value is 4.9400. However, there is an industrial sector company that has a fairly high F-Score value of 27.3700, namely the company Kobexindo Tractors Tbk in 2021. Meanwhile, the company that has the lowest F-Score value is Jembo Cable Company Tbk in 2021 at 0.0100

4.2 Multicollinearity Test

The multicollinearity test shows that there is no linear relationship between the independent variable or independent variable which is influenced by the dependent variable or dependent variable. Testing can be done by looking at the Tolerance and Variance Inflation Factor (VIF) values in the regression model.

Table 3. Multicollinearity Test Result

	ACHANGE	CPA	CPB	DCHANGE	KOLASI	LEV	OPPORTUN...	ROA	RSN	SOE
ACHAN...	1.000000	-0.154951	0.122267	0.029298	-0.127160	0.022193	0.431660	-0.967935	-0.109033	0.166643
CPA	-0.154951	1.000000	0.037604	0.064211	0.283864	0.001989	-0.151015	0.193424	0.298880	-0.091912
CPB	0.122267	0.037604	1.000000	-0.055657	0.261715	0.167377	-0.155647	-0.177670	0.127088	-0.210580
DCHA...	0.029298	0.064211	-0.055657	1.000000	-0.068644	-0.018851	-0.104287	-0.070037	-0.278348	-0.079447
KOLASI	-0.127160	0.283864	0.261715	-0.068644	1.000000	0.360131	-0.056930	0.091374	0.248334	0.151927
LEV	0.022193	0.001989	0.167377	-0.018851	0.360131	1.000000	-0.084416	-0.025297	0.093961	-0.005457
OPPO...	0.431660	-0.151015	-0.155647	-0.104287	-0.056930	-0.084416	1.000000	-0.488104	-0.169887	0.230649
ROA	-0.967935	0.193424	-0.177670	-0.070037	0.091374	-0.025297	-0.488104	1.000000	0.164153	-0.200374
RSN	-0.109033	0.298880	0.127088	-0.278348	0.248334	0.093961	-0.169887	0.164153	1.000000	0.077239
SOE	0.166643	-0.091912	-0.210580	-0.079447	0.151927	-0.005457	0.230649	-0.200374	0.077239	1.000000

Based on the table above, it can be concluded that the independent variables in this study have a low correlation. This is shown in the correlation level of one variable with other independent variables below 0.8. Thus, it can be concluded that in this research the panel data regression model is free from multicollinearity problems, so that the next stage of classical assumption testing can be carried out.

4.3 Heteroscedasticity test

The Heteroscedasticity test is carried out to detect and ensure that the residual variance from the analysis unit is constant or homoscedastic. The author uses the Glejser test to identify the possibility of heteroscedasticity in this research model. The results of the Glejser test can be seen in the table below. Thus, it can be concluded that there are no independent variables that have a statistical influence on the absolute residual regression value of the panel data regression model. So, it can be concluded that the panel data regression model used in this research is free from heteroscedasticity problems.

Table 4. Heteroscedasticity Test Result

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	75.05558	55	0.0374
Pesaran scaled LM	1.912224		0.0558
Pesaran CD	-0.773786		0.4391

4.4 T Test

The T test is a statistical test used to test the truth or falsity of a hypothesis which states that between two sample means taken randomly from the same population, there is no significant difference (Sudjiono, 2010). The T-statistic is a value used to see the level of significance in hypothesis testing by assessing the T-statistic through a bootstrapping procedure. In hypothesis testing it can be said to be significant when the T-statistic value is greater than 1.96, whereas if the T-statistic value is less than 1.96 then it is considered not significant (Ghozali, 2016). Decision making is done by looking at the significant values in the coefficient table. Usually, the basis for testing regression results is carried out with a confidence level of 95% or with a significance level of 5% (α = 0.05).

Table 5. T Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.749374	2.864699	0.610666	0.5477
ACHANGE	0.006918	0.030013	0.230492	0.8198
CPA	2.605415	2.340582	1.113149	0.2777
CPB	-2.794523	2.613699	-1.069183	0.2966
DCHANGE	1.390571	0.676428	2.055757	0.0519
KOLASI	-0.922949	2.768336	-0.333395	0.7420
LEV	2.627309	2.739580	0.959019	0.3480
OPPORTUNITY	-0.010827	0.133545	-0.081076	0.9361
ROA	0.068789	0.806536	0.085289	0.9328
RSN	-0.405077	2.199407	-0.184176	0.8556
SOE	-0.377814	2.351041	-0.160701	0.8738

4.5 F test

The F test aims to find out whether the independent variables together (simultaneously) influence the dependent variable. The F test is carried out to see the influence of all independent variables together on the dependent variable. The level used is 0.5 or 5%, if the significant value F <0.05 then it can be interpreted that the independent variable simultaneously influences the dependent variable or vice versa (Ghozali, 2016).

Table 6. F Test Result

Root MSE	4.841177	R-squared	0.315031
Mean dependent var	3.937576	Adjusted R-squared	0.003681
S.D. dependent var	5.940150	S.E. of regression	5.929207
Akaike info criterion	6.658859	Sum squared resid	773.4208
Schwarz criterion	7.157695	Log likelihood	-98.87118
Hannan-Quinn criter.	6.826703	F-statistic	1.011824
Durbin-Watson stat	3.294929	Prob(F-statistic)	0.464343

4.6 Coefficient of Determination Test (R2)

This coefficient of determination test was carried out with the aim of measuring the model's ability to explain how the influence of the independent variables together (simultaneously) influences the dependent variable which can be indicated by the adjusted R - Squared value (Ghozali, 2016). The coefficient of determination shows the extent to which the contribution of the independent variable in the regression model is able to explain variations in the dependent variable. The coefficient of determination can be seen through the R-square (R2) value in the Model Summary table. According to

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Ghozali (2016), a small coefficient of determination value means that the ability of the independent variables to explain the dependent variable is very limited. On the other hand, if the value is close to 1 (one) and away from 0 (zero), it means that the independent variables have the ability to provide all information needed to predict the dependent variable (Ghozali, 2016)

Table 7. Coefficient of Determination Test Result

Root MSE	4.841177	R-squared	0.315031
Mean dependent var	3.937576	Adjusted R-squared	0.003681
S.D. dependent var	5.940150	S.E. of regression	5.929207
Akaike info criterion	6.658859	Sum squared resid	773.4208
Schwarz criterion	7.157695	Log likelihood	-98.87118
Hannan-Quinn criter.	6.826703	F-statistic	1.011824
Durbin-Watson stat	3.294929	Prob(F-statistic)	0.464343

Based on the data in the table above, the R Square value is 0.463. This can be interpreted that the ability of the independent variables, namely change in auditor, change in director, state own enterprise, opportunity, capability, rationalization and collusion in this research sample, is able to explain the dependent variable of fraudulent financial reporting by 46%. Then the remaining 54% is influenced by financial statement fraud detection variables that are not used in this research.

4.8 Panel Data Regression Analysis

Panel data regression analysis is a method used to model the influence of predictor variables on response variables in several sectors observed from a research object during a certain time period. Panel data regression analysis is a method used to model the influence of predictor variables on response variables in several sectors observed from a research object during a certain time period. Apart from that, panel data regression is also used to forecast response variables in each existing sector. However, to predict it, it is necessary to forecast the predictor variables in each sector first.

Table 8. Panel Data Regression Analysis Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.749374	2.864699	0.610666	0.5477
ACHANGE	0.006918	0.030013	0.230492	0.8198
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DCHANGE	1.390571	0.676428	2.055757	0.0519
KOLASI	-0.922949	2.768336	-0.333395	0.7420
LEV	2.627309	2.739580	0.959019	0.3480
OPPORTUNITY	-0.010827	0.133545	-0.081076	0.9361
ROA	0.068789	0.806536	0.085289	0.9328
RSN	-0.405077	2.199407	-0.184176	0.8556
SOE	-0.377814	2.351041	-0.160701	0.8738

Based on the table above, the regression equation in this study is:

FSCORE = 8.806479 - 0.015780 ACHANGE + 5.036169 CPA - 6.352235 CPB + 0.659997 DCHANGE - 6.881595 COLLATION + 5.380967 LEV + 0.053100 OPPORTUNITY – 0.582289 ROA + 0.0085 10 RSNs – 2.911726 SOE + E

5. Conclusion

The conclusion of regression equation above can be interpreted as follows:

1) If the independent variables in this research are considered fixed, then the value of financial statement fraud is 8.806479.
2) The financial stability coefficient is 0.015780. This shows that financial stability has a negative direction towards fraudulent financial statements.
3) The change in auditor coefficient is 5.036169. This shows that the change in auditor has a positive direction towards financial statement fraud.
4) The ability coefficient is 6.352235. This shows that ability has a negative direction towards financial statement fraud.
5) The change in director coefficient value is 0.659997. This shows that change in director has a positive direction towards financial statement fraud.
6) The collation coefficient is 6.881595. This shows that the correlation has a negative direction towards fraudulent financial statements.
7) The pressure coefficient is 5.380967. This shows that pressure has a positive direction towards fraudulent financial statements.
8) The coefficient of opportunity is -0.053100. This shows that opportunity has a positive direction towards financial statement fraud.
9) The financial target coefficient is 0.582289. This shows that financial targets have a negative direction towards fraudulent financial statements.
10) The rationalization coefficient is 0.008510. This shows that rationalization has a positive direction towards financial statement fraud.
11) The state own enterprise coefficient is 2.911726. Shows that the state own enterprise has a negative direction towards fraudulent financial statements.

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