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THE EFFECT OF HEXAGON FRAUD ON FINANCIAL STATEMENT FRAUD (EMPIRICAL STUDY OF INFRASTRUCTURE SECTOR COMPANIES IN 2020-2022)

Mohamad Zulman Hakim[1], Dewi Rachmania[2], Indra Gunawan Siregar[3], Adela Rhiana Novitasari[4]*, Anggun Munifatul Afifah[5], Pika Yolanda[6]
[1,2,3,4,5,6]Faculty of Economics and Business, University Muhammadiyah Tangerang, Indonesia
*Corresponding Author:
adelarhiana.30@gmail.com

Abstract
Financial statement fraud is a discrepancy between the application of accounting principles and the preparation of financial statements with the aim of deceiving users of financial statements. This study aims to analyze the effect of Fraud Hexagon on fraudulent financial statements. There are 10 variables used, namely Financial Targets, Financial Stability, External Pressure, Monitoring, Ideal conditions of a company, the position of a CEO, Managerial Ownership, Change of directors, Government Ownership, Political connections. Financial statement fraud is measured using the Beneish M-Score Model. The sample in this research is infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) in 2020-2021 with a total sample of 27 companies. data analysis in this study using panel data regression analysis. The results of this study indicate that the financial targets and ideal conditions of a company have an influence on the potential for fraudulent financial reporting. Financial Stability, External pressure, Monitoring, the position of a CEO, Managerial Ownership, Change of directors, Government Ownership, Political connections have no influence on the potential for fraudulent financial reporting.

Keywords: Fraud Hexagon, Financial Statement Fraud

1. Introduction

Financial statement fraud can be defined as fraud committed by management in the form of material misstatement of financial statements that is detrimental to investors and creditors. This fraud can be financial or non-financial fraud. Financial reports are a form of management accountability to stakeholders or stakeholders. Financial reports must be prepared honestly and in accordance with Financial Accounting Standards (FAS) set by the Indonesian Accounting Association (IAI). However, in practice, not all company management is aware of the importance of clean and fraud-free financial reports (Mintara & Hapsari, 2021).

According to (ACFE, 2019) based on the results of a survey conducted by ACFE Indonesia in 2019 it shows that the most detrimental fraud in Indonesia is corruption. Consecutively as much as 69.9% stated that corruption is the most detrimental act of fraud in Indonesia. The next sequence of 20.9% stated that the misuse of state and company assets/wealth caused losses. While the third, as much as 9.2% stated that financial statement fraud caused losses. One of the cases of fraudulent financial reporting in Indonesia, namely the Pelindo II corruption case, involved the name of the former

Managing Director of PT Pelindo RJ Lino who had been named a suspect since 2015. He is suspected of abusing his authority by directly appointing HDHM from China in the procurement of three QCC units. In the report issued by the BPK in 2020, there were 4 projects at PT Pelindo II which caused state losses of up to IDR 6 trillion. The four projects are outside the project for the procurement of mobile cranes and quay crane containers whose alleged corruption is being handled by Bareskrim Polri and the KPK. One example of fraud cases that occurred in large overseas companies such as Facebook and Google. Esvaldas Rimasauskas, was charged with committing crimes of identity theft, financial fraud and money laundering during 2013-2015. Esvaldas Rimasauskas committed fraud with a total loss of US$ 122 million. Each Facebook US $ 99 million and Google US $ 23 million. Based on FBI data, the total losses suffered by companies worldwide through BEC fraud reached US $ 12.5 billion. The modus operandi that is generally carried out is hijacking emails and sending them as if they were genuine from the company's business partners. The fraud cases experienced by Facebook and Google are examples of misappropriation asset type fraud cases.

Financial stability is a condition in which the national financial system operates effectively and efficiently and is able to survive in a state of vulnerability, both internally and externally. The more stable the company's financial position, the greater the potential for fraudulent financial reporting due to the higher growth in the company's assets. According to research results from (Istanto, 2022) financial stability has a positive effect on fraudulent financial statements. According to the results of research from (Lionardi and Suhartono, 2022) financial stability has no effect on fraudulent financial statements.

The financial target is the level of profit that must be obtained for the effort expended to obtain this profit. The higher the return on assets (ROA) in the company reflects the higher the possibility of fraudulent financial reporting in the company. According to the results of research from (Sagala and Siagian, 2021) financial targets affect fraudulent financial statements. According to research results from (Nadziliyah and Primasari, 2022) financial targets have no effect on fraudulent financial statements.

External pressure is excessive pressure for management to meet the requirements or expectations of third parties. The higher the leverage ratio, the greater the possibility of financial statement fraud that occurs in a company. External parties of the company such as creditors can monitor the company's debt cycle so that the potential for companies to commit fraudulent financial statements is small. According to research results from (Hartadi, 2022) external pressure has a significant effect on fraudulent financial statements. According to the results of research from (Dewi and Yuliati, 2022) external pressure has a negative effect on fraudulent financial statements. According to the results of research from (Kurniawan and Trisnawati, 2022) external pressure has no effect on fraudulent financial statements.

According to (Mega & Deliza, 2019) one of the factors that can cause fraudulent actions in financial statements to occur is the lack of effective supervision from companies to supervise their employees so that opportunities arise to commit fraud. Therefore, every company that has implemented OJK regulations regarding the proportion of independent commissioners makes supervision of management performance more effective. Increase in the level of ineffective oversight by the board of commissioners in a company. The number of independent commissioners and the total number of members of the board of commissioners in the company is relatively constant. According to the results of research from (Kusumosari and Solikhah, 2021) ineffective

monitoring has a positive effect on fraudulent financial statements. According to research results from (Septriani and Desi, 2018) ineffective monitoring has an effect on fraudulent financial reports. According to research results from (Octaviana, 2022) ineffective monitoring has no effect on fraudulent financial reports.

Nature of industry is the ideal state of a company in the industry. Companies with high amounts of receivables can cause the company's cash inflow to be hampered. Coupled with a high amount of bad debts, it can cause the company to suffer losses, which can trigger management to commit fraudulent financial statements. According to the results of research from (Octaviana, 2022) the nature of industry has a positive and significant effect on fraudulent financial statements. According to the results of research from (Alifa and Ika, 2022) the nature of industry has a negative and significant effect on fraudulent financial statements. According to the results of research from (Alifa and Ika, 2022) the nature of industry has a negative and significant effect on fraudulent financial statements. According to the results of research from (Octani et al, 2022) the nature of industry has no effect on financial statement fraud.

CEO tenure is the position of a CEO in a company that can show the level of loyalty of the CEO in the company. Basically an assessment of the CEO's ability can be seen from reputation, but it is difficult to measure directly the capabilities possessed by the CEO, so that it can be measured by looking at the length of the CEO's tenure in the company. The CEO's long tenure shows that the CEO tends to be experienced and understands better the condition of the company compared to the CEO who just served. According to the results of research from (Christian and Visakha, 2021) CEO Tenure has a significant negative effect on financial statement fraud. According to research results from (Hernanda, 2022) CEO Tenure has no effect on fraudulent financial statements.

Managerial share ownership can align the interests of shareholders with managers, because managers directly benefit from the decisions taken and managers bear the risk if there are losses arising as a consequence of making wrong decisions. Managerial ownership will affect management performance, the greater the managerial ownership, the more management will have the responsibility to fulfill the wishes of management, which in this case includes itself. According to research results from (Aprilia, 2017) managerial ownership has a significant effect on fraudulent financial statements. According to the results of research from (Hernanda, 2022) managerial ownership has no effect on fraudulent financial statements.

The change of directors is considered to be able to hide fraudulent financial statements that have been committed by the previous directors. Companies that commit fraud usually change directors frequently because under these conditions the company experiences a stress period when the company is unstable. The replacement of directors is carried out so that the company can develop further and the new director may be transferred to a different level because of the director's good performance ability so that he is able to provide good participation to the company. According to the results of research from (Lionardi and Suhartono, 2022) change in director has a significant positive effect on fraudulent financial statements. According to the results of research from (Nadziliyah and Primasari, 2022) change in directors has a significant negative effect on fraudulent financial statements. According to the results of research from (Hartadi, 2022) change in director has a significant negative effect on fraudulent financial statements.

Government ownership is the number of company shares owned by the government. Share ownership by the government of a country is generally found in state-owned

companies that have gone public. Government ownership of the company allows management to rationalize fraudulent financial reporting. The size of the shares owned by the government in the company can lead to a higher potential for fraudulent financial statements because management must meet revenue targets by manipulating financial reports. According to the results of research from (Hernanda, 2022) government ownership has a significant positive effect on fraudulent financial statements. According to the results of research from (Lukman and Harto, 2023) government ownership has no effect on fraudulent financial statements.

According to (Faccio, 2006) political connections are company officials who are members of parliament, ministers or heads of state, related to state officials, state institutions. This variable is measured by whether the company has political connections with government officials, members of parliament, the military and also former officials or not. The more connections a company has, the more profits it gets and therefore there is a tendency to abuse its facilities. This is because the management of a company that has political connections does not necessarily take advantage of its position to gain personal or group benefits. According to the results of research from (Nadziliyah and Primasari, 2022) political connections have a positive effect on fraudulent financial statements. According to research results from (Dewi and Yuliati, 2022) political connections have a negative effect on fraudulent financial statements. According to research results from (Amajida Hernanda, 2022) political connections have no effect on fraudulent financial statements.

2. Theoretical Background

Agency Theory

According to Jensen and Meckling (1976), agency theory is a design that explains contextual relationships between principals and agents, namely between two or more people, a group or an organization. In the hospitality business, the CEO is the principal and the business unit manager is the agent. Thus a lot happens in agency theory, where age will know and understand the situation of the company/organization so that it can cause information asymmetry which can trigger principal actions that are unable to determine whether the business carried out by the agent is truly optimal. However, with the development of a company that is getting bigger, it results in frequent conflicts between owners and management, in this case shareholders (investors) and agents represented by management (directors). It is this difference in interests between management (agent) and the principal that can lead to agency conflicts. Principals and agents both want big profits. Principals and agents also avoid the risk of separate ownership and courts within a company being one of the factors that trigger conflicts of interest which can be referred to as agency conflicts (agency theory). Agency conflicts can occur between parties who have different interests and goals that will attack and hinder the company from achieving positive performance so as to generate value for the company itself and also as shareholders.

Fraud Hexagon Model

The Fraud Hexagon Theory is a theory developed by Vousinas (2019), where the collusion factor is added as a factor in the occurrence of fraud in financial statements. Initially, this theory was developed by Donald Cressey (1953), where he developed the fraud triangle. This theory explains that there are 3 factors that cause individuals to

commit fraudulent acts on financial statements, namely: opportunity, pressure, and rationalization. David Wolfe and Dana Hermanson (2004) included a fourth element, capability, in the factors that cause individuals to manipulate financial statements. Crowe (2011) further developed the theory of fraud and added a fifth factor, namely arrogance. Vousinas (2019) then adds a new factor in the form of collusion as an element that makes someone commit financial statement fraud. Collusion is one of the central elements in many adverse and complex cases. Collusion is a false agreement between two or more people.

The Effect of Financial Stability on Fraudulent Financial Statements.

According to Skousen et al. (2008) in Chandra and Suhartono (2020), Financial Stability is a situation that describes a financial condition of a company that is in a stable condition and does not fluctuate or be too extreme. Managers are under pressure to commit fraudulent financial reporting when the financial stability or profitability of the company is threatened by the economic, industrial or operating conditions of the entity. The results of research conducted by Imtikhami and Sukarman (2021), Chantia et al. (2021), and Chandra and Suhartono (2020) state that Financial Stability has a significant positive effect on fraudulent financial statements.

H1: Financial Stability has a positive effect on fraudulent financial reporting.

The Effect of Financial Targets on fraudulent financial statements.

According to the Statement on auditing standards (SAS) No. 99, Financial Targets are pressure on management to do their best to achieve a certain target, where bonuses and incentives will usually be received based on sales results or profits that can be obtained. The results of research conducted by Setiawati & Baningrum (2018), and Samuel & Valentine (2021) state that financial targets have a significant positive effect on fraudulent financial statements.

H2: Financial Target has a positive effect on fraudulent financial statements.

The Effect of External Pressure on Fraudulent Financial Statements.

External pressure is excessive pressure for management to meet the requirements or expectations of third parties. Excessive pressure from external parties is a form of additional debt or external sources of financing to remain competitive (Skousen, C. J. & Wright, 2009). The results of research conducted by Hartadi (2022), Quraini & Rimawati (2018), and Istanto (2022) state that external pressure has a significant positive effect on fraudulent financial statements.

H3: External Pressure has a positive effect on fraudulent financial reporting.

The Effect of Ineffective Monitoring on Fraudulent Financial Statements.

Fraudulent acts in financial statements can occur, namely the lack of effective supervision from the company to supervise its employees so that opportunities arise to commit fraud. According to Siddiq et al. (2017) explained that acts of fraud within the company can be prevented by increasing the ratio of the board of commissioners. The results of research conducted by Putriasih et al. (2016), Septriani and Desi (2018) and Kusumosari and Solikhah (2021) state that ineffective monitoring has a significant positive effect on fraudulent financial reporting.

H4: Ineffective monitoring has a positive effect on fraudulent financial reporting.

The Effect of the Nature of Industry on Fraudulent Financial Statements.

Nature of industry is the ideal state of a company or organization in the industry. This situation is a form of the nature of the industry, namely the condition of company receivables, a good company will suppress and reduce the amount of company receivables and increase the company's cash flow receipts. According to Annisya & Asmaranti (2016), valuation of estimates such as obsolete inventory and uncollectible accounts allows management to perform manipulations, such as manipulation of the economic life of assets. The results of research conducted by Margaretha & Sugi (2022), and Jihan, Dwiharyadi & Dedy (2022) state that the nature of industry has a significant positive effect on financial statement fraud.

H5: The nature of industry has a positive effect on fraudulent financial statements.

The Influence of CEO Tenure on Financial Statement Fraud.

CEO tenure is the position of a CEO in a company that can show the level of loyalty of the CEO in the company. CEO tenure will be measured by the length of time a person has led the company or calculated by the number of years the CEO has served in that position. Research conducted by Silaban & Zainal, 2021 shows the results that CEO Tenure has a negative influence on the potential for fraudulent financial statements. This is because the longer the position held by a CEO raises a positive contribution to the effectiveness and efficiency of the tasks that are successfully carried out. The results of this study state that CEO tenure has a significant negative effect on financial statement fraud.

H6: CEO tenure has a negative effect on fraudulent financial statements.

The Effect of Managerial Ownership on Fraudulent Financial Statements.

Managerial share ownership can align the interests of shareholders with managers, because managers directly benefit from the decisions taken and managers bear the risk if there are losses arising as a consequence of making wrong decisions. Managerial ownership will affect management performance, the greater the managerial ownership, the more management will have the responsibility to fulfill the wishes of management, which in this case includes itself. The results of research conducted by Aprilia (2017), Triyani (2019), and Hernanda (2022) state that managerial ownership has a significant effect on financial statement fraud

H7: Managerial Ownership has an effect on fraudulent financial statements.

Effect of Change in Director on Fraudulent Financial Statements.

Change in Director or replacement of directors is a change in duties and authority of the old board of directors to the new board of directors with the hope of building better management performance than the previous period by making changes to a more competent organizational structure. A change of directors is considered to be able to prevent fraud or vice versa with a change of new directors it can trigger fraud in an entity. According to Wolfe & Hermanson (2004), the condition of changing directors can be considered as a trigger for a stress period in creating high opportunities for fraud. The results of research conducted by Septriyani & Handayani (2018), Kordianus et al. (2021), and Lionardi and Suhartono (2022) state that change in directors has an effect on fraudulent financial statements

H8: Change in director has an effect on fraudulent financial reporting

Effect of Government Ownership on Fraudulent Financial Statements.

Government ownership is the number of company shares owned by the government. Share ownership by the government of a country is generally found in state-owned companies that have gone public. Government ownership of the company allows management to rationalize fraudulent financial statements. The results of research conducted by Aviantara (2021), Hernanda (2022) state that government ownership has an effect on fraudulent financial reporting.

H9: Government ownership has an effect on fraudulent financial reporting.

The Effect of Political Connection on Fraudulent Financial Statements.

Political connection according to Faccio (2006) is if the shareholder authority or company officials are members of parliament, ministers or heads of state, related to state officials, state institutions. The more connections a company has, the more profits it gets and therefore there is a tendency to abuse its facilities. This is because the management of a company that has political connections does not necessarily take advantage of its position to gain personal or group benefits. The results of research conducted by Herlina & Niken (2022), Cindy & Anik (2022) and Ratna (2022) say that political connections have an effect on financial statement fraud.

H10: Political connections have an effect on fraudulent financial statements

3. Methods

Sampling Method

This study uses infrastructure companies listed on the Indonesia Stock Exchange (IDX) in 2020-2022 with audited financial report objects as a population. The research sample was taken using a purposive sampling method with the aim of obtaining a sample according to the required criteria. These criteria are as follows:

a. Companies in the infrastructure sector listed on the IDX in 2020-2022.
b. Companies in the infrastructure sector that do not delist during 2020-2022.
c. Companies in the infrastructure sector that publish financial and annual reports on the IDX or company websites during 2020-2022.
d. Companies in the infrastructure sector that experience profits during 2020-2022.

Methods of Data Analysis

1. Descriptive Statistical Analysis
   Descriptive statistics are statistical calculations that are used to describe a data that has been collected and then a conclusion is made. This data can be retrieved by looking at the mean value, variance, standard deviation, minimum value, maximum value, sum, range, kurtosis, and skewness (Ghozali, 2018).

2. Panel Data Regression Estimation
   The analytical tool used in this study is the panel data regression model. This analysis is used to measure the effect of more than one independent variable on the dependent variable. The calculation model is as follows:
   MSCORE = α + β**ββ** **AA**CH**AA**N**AA**E + β**ββ** RO**AA** + β**ββ** LEV + β**ββ** BDOUT + β**ββ** REC + β**ββ** K**AA**P + β**ββ** CP**AA** + β**ββ** O**AA** + β**ββ** POLCON +β**βββ** WB**WW** + ε

Basically, there are three approaches that can be used to determine the panel data regression model, namely the common effect model approach, the fixed effect model approach, and the random effect model approach. The next thing that comes to mind is that of the three approaches used to determine the panel data regression model, which approach is most suitable for a given problem. According to Widarjono (2007: 258), there are three types of special tests used to select the best panel data regression model for an existing problem, namely:

a. Common Effect Model (CEM)
   The panel data model is the simplest because it only combines time series and cross section data. In the estimation method used the least squares approach (Ordinary Least Square/OLS).
b. Fixed Effects Model (FEM)
   This model assumes that the differences between individuals can be accommodated from the intercept differences, where each individual is an unknown parameter. Therefore, to estimate panel data this model uses a dummy variable technique to capture differences in intercepts between companies
c. Random Effect Model (REM)
   This model adds the possible disturbance variable that can appear in the inter-time relationship. The right method to use is the Generalized Least Square (GLS) method. GLS is a technique for overcoming the existence of demand autocorrelation and the correlation between observations and their respective variants.

3. Engineering Regression Model Selection Data Panel
   a. Chow Test
      The Chow test is used to determine the best panel data regression model among the models obtained based on the common effect model approach with the model obtained using the fixed effect model approach. With the formula Fcount stated as follows (Baltagi, 2005).
   b. Hausman Test
      The hausman test is used to determine the best panel data regression model among the models obtained based on the random effect model approach with the model obtained by the fixed effect model approach. p – value is less than the significance level found, then H0 is rejected so that the selected model is the fixed effect model.
   c. Lagrange Multiplier Test
      According to Widarjono (2007), the lagrange multiplier test is used to determine the best panel data regression model among the models obtained based on the random effect model approach with the model obtained by the common effect model approach

4. Results and Discussion

Panel data model selection techniques

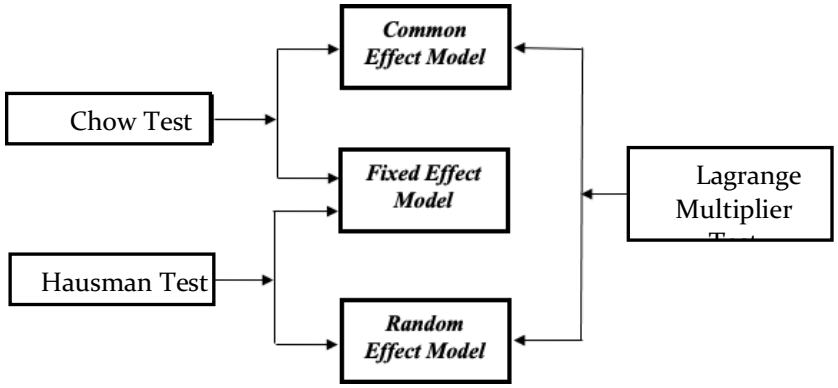

Figure 1. panel data model selection techniques

Chow Test

Tabel 1.1 Chow test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.138369	(26,44)	0.3447
Cross-section Chi-square	41.668232	26	0.0266

From the table above the results of the probability cross-section F show a value of 0.3447 which indicates that it is greater than the predetermined significance level, namely α = 5%. This value shows that H0 is accepted and H1 is rejected. So based on the chow test, the right model is CEM.

Hausman Test

Hausman test is used to determine the best regression model between FEM and REM.

Tabel 1.2 Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.081870	10	0.8856

From the table above the results of the random cross-section probability show a value of 0.8856 which is greater than the predetermined significance level, namely α = 5%. This value shows that H0 is accepted and H1 is rejected. So based on the Hausman test, the right model is REM.

Lagrange Multiplier Test

The Lagrange Multiplier test is used to select the best regression model between CEM and REM.

Tabel 1.3 Lagrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.245041 (0.6206)	0.540202 (0.4623)	0.785242 (0.3755)
Honda	0.495016 (0.3103)	-0.734984 (0.7688)	-0.169683 (0.5674)
King-Wu	0.495016 (0.3103)	-0.734984 (0.7688)	-0.575950 (0.7177)
Standardized Honda	1.153001 (0.1245)	-0.418427 (0.6622)	-4.069187 (1.0000)
Standardized King-Wu	1.153001 (0.1245)	-0.418427 (0.6622)	-2.951366 (0.9984)
Gourieroux, et al.	--	--	0.245041 (0.5315)

From the table above the results of both breus ch-pagan show a value of 0.3755 which is greater than the established significance level, namely α = 5%. This value shows that H0 is accepted and H1 is rejected. So based on the lagrange multiplier test, the right model is CEM.

Classic Assumption Test

Tabel 2. Multicholinearity Test Results

	ACHANGE	ROA	LEV	BDOUT	REC	CEOTEN	OSHIP	CPA	GOVSHIP	POLCON
ACHA...	1.000000	0.179052	0.148302	0.250579	-0.035594	0.036377	0.055185	-0.092397	-0.111396	-0.090296
ROA	0.179052	1.000000	-0.335550	0.112715	-0.118761	-0.026521	-0.017551	-0.121538	-0.168806	0.115869
LEV	0.148302	-0.335550	1.000000	0.001502	0.003939	-0.040617	0.104190	0.146427	0.458087	0.007729
BDOUT	0.250579	0.112715	0.001502	1.000000	-0.038221	-0.050062	0.069748	-0.062498	0.040427	0.167606
REC	-0.035594	-0.118761	0.003939	-0.038221	1.000000	0.011338	0.092835	0.009306	-0.016463	0.073007
CEOTEN	0.036377	-0.026521	-0.040617	-0.050062	0.011338	1.000000	-0.122770	-0.365684	-0.321971	-0.117904
OSHIP	0.055185	-0.017551	0.104190	0.069748	0.092835	-0.122770	1.000000	-0.105285	0.342555	0.106232
CPA	-0.092397	-0.121538	0.146427	-0.062498	0.009306	-0.365684	-0.105285	1.000000	0.244269	0.036116
GOVSHIP	-0.111396	-0.168806	0.458087	0.040427	-0.016463	-0.321971	0.342555	0.244269	1.000000	0.189966
POLCON	-0.090296	0.115869	0.007729	0.167606	0.073007	-0.117904	0.106232	0.036116	0.189966	1.000000

Source: Processed data (2020)

Description: Based on the table above, it can be interpreted that the independent variables in this study have a low correlation. This is shown at the level of correlation of one variable with other independent variables below 0.80. The highest correlation occurs in external pressure with owner ownership of 0.458087. Meanwhile, the lowest correlation level occurs at financial targets with managerial ownership of -0.017551. So it can be concluded that there is no multicollinearity in the research model.

Tabel 3. Heteroscedasticity Test Results

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	2.931366	Prob. F(63,17)	0.0082
Obs*R-squared	74.17222	Prob. Chi-Square(63)	0.1585
Scaled explained SS	171.5051	Prob. Chi-Square(63)	0.0000

Source: Processed data (2020).

Description: Based on the white test, it shows that the results of the independent variables have no effect on the regression of the absolute residual regression panel data model because the Prob value. Chi-Square of 0.1585 is greater than 0.05. The panel data regression model used in this study is free from the problem of heteroscedasticity.

Hypothesis test

Based on the model testing conducted through the previous Chow test andLagrange test, the most appropriate panel data regression model for this study is the common effect model (CEM).

T Test

By comparing the t-statistic value with the t-table value of 81 units of analysis(df: N-1=81-1=80), a t-table value of 1.9901 is obtained.

Tabel 4.1. T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.875375	0.456503	-4.108131	0.0001
ACHANGE	0.871361	0.559193	1.558245	0.1237
ROA	-4.973798	2.321571	-2.142428	0.0356
LEV	-0.865317	0.436448	-1.982633	0.0513
BDOUT	0.263180	0.905542	0.290633	0.7722
REC	0.753331	0.258247	2.917093	0.0047
CEOTEN	0.024551	0.024684	0.994622	0.3233
OSHIP	-0.004679	0.086355	-0.054184	0.9569
CPA	-0.035619	0.175755	-0.202663	0.8400
GOVSHIP	0.213470	0.500168	0.426796	0.6708
POLCON	0.290457	0.160383	1.811027	0.0744

Desricption: Based on the output results above that affect the T test, namely the Financial Target Variable and the Nature of Industry with a probability value of 0.03 and 0.004 < 0.05. it can be stated that the financial target variableand the nature of industry variable have an effect on fraudulent financial reporting.

Coefficient of Determination (R2)

Tabel 4.2 Determination Coefficient Test (R2)

R-squared	0.240108	Mean dependent var	-2.048190
Adjusted R-squared	0.131552	S.D. dependent var	0.728365
S.E. of regression	0.678768	Akaike info criterion	2.188576
Sum squared resid	32.25080	Schwarz criterion	2.513748
Log likelihood	-77.63732	Hannan-Quinn criter.	2.319039
F-statistic	2.211831	Durbin-Watson stat	2.140974
Prob(F-statistic)	0.026723		

Description: Based on the table above, the adjusted R-squared value is 0.1315,the coefficient of determination indicates that financial targets and the nature of industry can explain financial statement fraud of 13.15%. While the remaining 86.85% can be explained by other variables.

F Test

Tabel 4.3 F Test Results

R-squared	0.240108	Mean dependent var	-2.048190
Adjusted R-squared	0.131552	S.D. dependent var	0.728365
S.E. of regression	0.678768	Akaike info criterion	2.188576
Sum squared resid	32.25080	Schwarz criterion	2.513748
Log likelihood	-77.63732	Hannan-Quinn criter.	2.319039
F-statistic	2.211831	Durbin-Watson stat	2.140974
Prob(F-statistic)	0.026723		

Desription: Based on the table above, the prob value (F-statistic) is 0.027 < 0.05. Then H0 is accepted and Ha is accepted, which means that financial stability, financial targets, external pressure, ineffective monitoring, natureof industry, CEO tenure, managerial ownership, change in directors, government ownership, and political connections have an effect on fraudulent financial reporting in infrastructure sector companies.

Panel data regression analysis

Tabel 5. Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.875375	0.456503	-4.108131	0.0001
ACHANGE	0.871361	0.559193	1.558245	0.1237
ROA	-4.973798	2.321571	-2.142428	0.0356
LEV	-0.865317	0.436448	-1.982633	0.0513
BDOUT	0.263180	0.905542	0.290633	0.7722
REC	0.753331	0.258247	2.917093	0.0047
CEOTEN	0.024551	0.024684	0.994622	0.3233
OSHIP	-0.004679	0.086355	-0.054184	0.9569
CPA	-0.035619	0.175755	-0.202663	0.8400
GOVSHIP	0.213470	0.500168	0.426796	0.6708
POLCON	0.290457	0.160383	1.811027	0.0744

Desription: Based on the table above, the regression equation in this study is:
MSCORE = -1.875375 + 0.871361 ACHANGE – 4.973798 ROA – 0.865317 LEV + 0.263180 BDOUT + 0.753331 REC + 0.024552 CEOTEN – 0.004679OSHIP – 0.35619 CPA + 0.213470 GOVSHIP + 0.290457 POLCON + e.

The coefficient value shows that financial stability, ineffective monitoring, nature of industry, CEO tenure, government ownership and political connections have a positive direction towards fraudulent financial statements and independent variables, financial targets, external pressure, managerial ownership and change in directors have a negative direction towards fraud. financial statements.

5. Conclusion

Based on the analysis that has been done, it can be concluded that the financial target variable has a negative influence on financial statement fraud, this is because the company's lowered financial targets can actually be an indication of fraud because when the financial targets set are deemed low and easy to achieve, managerial will take advantage of profitability that is more than this number for personal gain so that they are more likely to manipulate reports. And the nature of industry variable has a positive influence on financial statement fraud, this is because the higher the ratio of total receivables owned by a company, the higher the possibility of fraudulent financial statements. Meanwhile, financial stability, external pressure, ineffective monitoring,

CEO tenure, managerial ownership, change in directors, government ownership, and political connections have no effect on fraudulent financial reporting.

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