

ABSTRACT

This study aims to analyze the relationship between the dimensions of the New Fraud Star Theory and financial statement fraud indication in Heavy Construction and Civil Engineering sub-industry companies listed on the Indonesia Stock Exchange during the 2021–2024 period, with Narrative Disclosure Quality (NDQ) as a moderating variable. This study employs a quantitative approach using secondary data from annual reports and financial statements. The sample was selected through purposive sampling, resulting in 26 companies and 104 observations. Fraud indication was measured using the Beneish M-Score, while hypothesis testing was conducted using PLS-SEM with WarpPLS 8.0, complemented by sensitivity analysis. The results show that incentive has a marginal positive relationship, opportunity has a negative and significant relationship, rationalization has a positive and significant relationship, capability is not significant, internal scope has a marginal positive relationship, external scope is not significant, and culture social/organizational has a negative and significant relationship with financial statement fraud indication. In the moderation model, NDQ was not consistently proven to weaken or strengthen the relationship between the dimensions of the New Fraud Star Theory and fraud indication, as some results were contrary to the hypotheses and most were not stable in the sensitivity analysis. These findings indicate that fraud risk in the construction sector is more closely associated with operational pressure, internal detection mechanisms, and organizational culture than with the quality of annual report narratives alone.

Keywords: *New Fraud Star Theory, Financial Statement Fraud, Narrative Disclosure Quality, Heavy Construction, Beneish M-Score.*

