

ABSTRACT

This study aimed to obtain empirical evidence about the factors of fraudulent financial statement indication in testing pentagon fraud theory. To testing pentagon fraud theory used eight independent variables consisted of Financial Target, Financial Stability, External Pressure, Ineffective Monitoring, Related Party Transaction, Auditor Change, CEO Domination and CEO Narcissism. The Dependent Variable was fraudulent financial statement indication used F-Score model and then proxied by dummy variable 1 for firms indicated fraud and 0 otherwise.

The population of this study was all companies listed in Indonesia Stock Exchange (ISX) in 2012-2016. Sample of this study was manufacture companies listed in Indonesia Stock Exchange (ISX) in 2012-2016 used purposive sampling method. There were 385 samples which fulfilled criterion as the research sample. The logistic regression analysis was used for testing hypothesis.

The results of this study showed that Financial Target, Financial, Stability External Pressure, and CEO Narcissism significantly influence to Fraudulent Financial Statement Indication. Meanwhile Ineffective Monitoring dan Related Party Transaction, Auditor Change, and CEO Domination had no significantly influence to Fraudulent Financial Statement Indication.

Keywords: Fraudulent Financial Statement Indication, Financial Target, Financial Stability, External Pressure, Ineffective Monitoring, Related Party Transaction, Auditor Change, CEO Domination, CEO Narcissism