

ABSTRACT

This research investigates the factors influencing fraudulent financial reporting in the healthcare industry in Indonesia based on the fraud pentagon theory. The pentagon theory elements include pressure, opportunity, rationalization, competence, and arrogance.

This study utilized secondary data obtained from annual reports and financial statements of healthcare companies listed on the Indonesia Stock Exchange during the period 2018-2021. Data analysis was conducted using PLS-SEM in Smart PLS 4.

The research findings indicate that pressure has a positive impact on fraudulent financial reporting, while competence has a negative impact on fraudulent financial reporting. Meanwhile, the variables of opportunity, rationalization, and arrogance do not influence fraudulent financial reporting. The results of this study can be utilized by financial statement users as a reference for detecting signs of fraudulent financial reporting. The contribution of this research to stakeholders, including management and policymakers, lies in fraud detection as a crucial component of the anti-fraud strategy utilizing information from financial statements.

Keywords: Fraudulent financial reporting, Fraud Pentagon, Pressure, Opportunity, Rationalization, Competence, Arrogance.



FEB UNDIP