

ABSTRACT

This study aims to examine the influence of the board of directors' attributes, namely size, gender diversity, independence, and narcissism, on indications of financial statement fraud through corporate risk. The study encompasses companies within the financial sector over the period spanning 2017 to 2022. Employing purposive sampling, the study gathered 463 observational data. The data analysis used path analysis conducted by Smart PLS. The findings reveal that both board size and independence exhibit a negative influence on indications of financial statement fraud, whereas gender diversity and narcissism among board of directors do not significantly influence such indications. Furthermore, board size, independence, and narcissism demonstrate a positive influence on corporate risk, whereas gender diversity on the board of directors negatively affects corporate risk. Additionally, corporate risk negatively influences indications of financial statement fraud. Through mediation analysis, corporate risk mediates the effects of board size, gender diversity, independence, and narcissism on indications of financial statement fraud. Theoretically, this study contributes to understanding how the board of directors' attributes affect corporate risk and financial statement fraud. The findings underscore the pivotal roles of board size and independence in mitigating fraud. From a practical standpoint, this research offers recommendations for company stakeholders and regulators to consider the composition and quality of the board of directors in efforts to manage corporate risk and prevent financial statement fraud.

Keywords: board of directors, financial statement fraud, corporate risk, financial sector.

