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FINANCIAL STATEMENT FRAUD DETECTION ANALYSIS IN FRAUD TRIANGLE PERSPECTIVE

(Empirical Study in Manufacturing Companies in The Consumer Goods Industry Sub-Sector on the Indonesia Stock Exchange in 2018-2020)

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***Abstract**: This study aims to determine the effect of financial targets, financial stability, external pressure, ineffective monitoring, and rationalization on fraudulent financial statements. The population in this study are the consumer goods industry sub-sector of the manufacturing companies sector listed on the Indonesia Stock Exchange for the 2018-2020 period. Samples were selected using a purposive sampling method. The analysis method of this research uses multiple linear regression. The results of this study indicate that financial stability and rationalization have a significant effect on fraudulent financial statements, while financial targets, financial stability, external pressure, ineffective monitoring, and rationalization simultaneously affect fraudulent financial statements with a contribution value of 21.4% the rest is influenced by other variables.*
Keywords: Financial targets, Financial stability, External pressure, Ineffective monitoring, Rationalization.

Abstrak: Penelitian ini bertujuan untuk mengetahui pengaruh target keuangan, stabilitas keuangan, tekanan eksternal, pengawasan yang tidak efektif, dan rasionalisasi terhadap kecurangan laporan keuangan. Populasi dalam penelitian ini adalah industri barang konsumsi subsektor perusahaan manufaktur sektor yang terdaftar di Bursa Efek Indonesia periode 2018-2020. Sampel dipilih dengan menggunakan metode purposive sampling. Metode analisis penelitian ini menggunakan regresi linier berganda. Hasil penelitian ini menunjukkan, bahwa stabilitas keuangan dan rasionalisasi berpengaruh signifikan terhadap kecurangan laporan keuangan, sedangkan target keuangan, stabilitas keuangan, tekanan eksternal, pengawasan yang tidak efektif, dan rasionalisasi secara simultan berpengaruh terhadap kecurangan laporan keuangan dengan nilai kontribusi sebesar 21,4% sisanya adalah dipengaruhi oleh variabel lain.
Kata kunci: Target keuangan, Stabilitas keuangan, Tekanan eksternal, Pengawasan yang tidak efektif, Rasionalisasi.

PRELIMENTARY

Financial reports are an important instrument for company operations. The accounting process used by the company as a communication between financial data or company operational activities and certain parties who use the company's financial data. The information presented must be relevant to ease users making decisions. The information submitted must be free from misleading, erroneous material, and discrepancies that can reasonably be reported. Good financial performance of a company is a major consideration for investors Sausan et al (2020:104). When there is a misstatement of the financial statements, the information submitted becomes invalid which causes investors and potential investors to make wrong decisions. The increase in various cases of accounting

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scandals in the world has caused various parties to speculate that management has made mistakes in financial statements (Skousen et al 2009:54).

Misstatements arising from reporting have increased, data released by the Association of Certified Fraud Examiners (ACFE) in (2016:12) showed a value of 4% and in (2019:15) of 6.7%. This shows that the misstatement of financial statements is still a way for fraud to occur.

The level of financial statement fraud in the manufacturing sector has increased, based on data from ACFE Indonesia. In (2016:27) the manufacturing sector was at a value of 3.5% but in (2019:36) it increased to 4.2%. Seeing positive growth in the manufacturing sector becomes a good potential if it is accompanied by a low level of fraud. Referring to www.kemenperin.go.id February 9 2019 the processing industry still contributed the largest to the structure of the national gross domestic product (GDP) of up to 19.86% throughout 2018. Data contained in the Central Statistics Agency, the growth of large-scale manufacturing industry production and in 2019 there was an increase of 4.01% compared to 2018. On the investment side, the manufacturing industry sector also continued to grow significantly. In 2014 investment came in at Rp. 195.74 trillion, then it rose to Rp. 222.3 trillion in 2018. This investment also boosted employment to 18.25 million people in 2018. This amount contributed 14.72% to the total national workforce.

Detection, investigation, and monitoring regarding the anticipation of the potential occurrence of fraudulent financial statements can be carried out by investors and potential investors with categories that always occur during corporate fraud activities. This scheme was first introduced by Donald R. Cressey (1953) in the professional literature SAS No. 99 (2002:1722) which is called the fraud triangle. The fraud triangle describes the 3 conditions that cause asset misappropriation and fraud in financial statements. In general, fraud has three general characteristics. The fraud risk factors are pressure, opportunity and rationalization.

This study aims to analyze the ability of financial target variables, financial stability, external pressure, ineffective supervision, and rationalization in detecting fraudulent financial statements in manufacturing companies in the consumer goods industry sub-sector listed on the IDX in 2018-2020.

Fraud

The Association of Certified Fraud Examiners (ACFE) is the world's largest anti-fraud organization and a leading provider of anti-fraud education and training. ACFE defines fraud as fraud or misrepresentation by individuals or entities, and recognizes that errors can harm the individual or entity or other parties. Fraud is an act that has the intent to benefit oneself or another person, fraud, concealment or misappropriation of public funds, and abuse of trust, which aims to obtain illegal benefits in the form of money, goods/assets, services, etc.

Fraudulent Financial Statements

According to The Association of Certified Fraud Examiners (ACFE) (2004:1), financial statement fraud can be defined as an action taken by management to cover up the financial condition of a company that does not actually apply the priority scale of financial statements and even manipulates the presentation of financial statements with the aim of obtaining benefits. Individuals regarding their position and responsibilities.

Earnings Management

Scott (2003:369) defines earnings management as a choice made by managers in determining accounting policies

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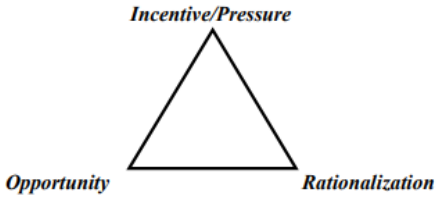
to achieve certain goals. Measuring management performance, financial statements are often used as an evaluation of company performance. Policies and decisions by management in the context of the process of preparing financial statements will affect the evaluation of the company's performance. However, the profit figures generated in the income statement are often influenced by the accounting methods used by Kieso and Weygandt (2011: 839), so high profits do not necessarily reflect large cash. Earnings management is affected by conflicts between the interests of management (agent) and owners (principals) that arise because each party tries to achieve or consider the level of prosperity it wants. The asymmetry between management (agent) and owner (principal) provides an opportunity for managers to act opportunistically. In terms of financial reporting, managers can carry out earnings management to mislead owners (shareholders) about the company's economic performance, Lisa (2012:43).

Earnings management action is the beginning of the occurrence of financial statement fraud. Based on the description above, it is very relevant if research to detect fraudulent financial statements is proxied by earnings management carried out by companies because both have a causal relationship.

Fraud Triangle

One of the basic concepts of fraud prevention and detection is the fraud triangle. This concept is also called Cressey's Theory because this term arose because of research conducted by Donald R. Cressey in 1953. Cressey's research was published under the title Other's People Money: A Study in the Social Psychology of Embezzlement in Skousen (2002:56) explains the reasons why people commit fraud. There are three elements of the fraud triangle, including: opportunity, rationalization, and pressure. The following fraud triangle is visualized in Figure 1:



Fraud Triangle Theory oleh Cressey (1953)

Fraud Triangle Visualization

Source: Syahputra and Afnan (2020)

Pressure

According to Albrecht et al. (2011:36), pressure can be categorized into four groups: financial Pressures almost 95% of frauds are committed because of financial pressure, Pressure on Bad Habits, Work-Related Pressures the absence of job satisfaction obtained by employees have to commit fraud to get "reward" for their hard work.

Opportunity

Fraud can be committed if there is an opportunity to do so. This opportunity can be taken if the fraud committed is of low risk to be known and detected.

Rationalization

Rationalization makes someone who initially did not want to commit fraud in the end. Rationalization is a personal reason (because there are other factors) that can justify an act even though the act is actually wrong.

Hypothesis Formulation

Relationship of financial targets with fraudulent financial statements

SAS No. 99 (2002: 1750) defines financial targets as the risk of excessive pressure on management to achieve financial targets set by the board of directors or management. The comparison of profit to total assets or return on assets is a measure of operational performance that is widely used to show how efficiently assets have worked (Richmayanti 2020:26). Return on asset formula

$$\text{ROA} = \frac{Earning\ After\ Tax}{\text{Total Aset}}$$

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The formulation of the hypothesis H1: Financial targets partially have a significant effect on detecting fraudulent financial statements.

The relationship between financial stability and fraudulent financial statements

According to SAS No. 99 (2002:1749) financial stability is threatened by economic conditions, industry and the situation of operating entities, managers face pressure to commit fraudulent financial statements. The form of manipulation of the financial statements by management is related to the growth of company assets. The ratio of changes in total assets to a proxy for the financial stability variable (ACHANGE), with the following formula:

$$ACHANGE: \frac{(\text{Total Aset t} - \text{Total Aset t} - 1)}{\text{Total Aset t} - 1}$$

H2: Financial stability partially has a significant effect on detecting fraudulent financial statements.

Relationship of external pressure with fraudulent financial statements

External pressures can occur when companies face major difficulties in fulfilling credit loans with high risk. The external pressure variable is measured using the Leverage Ratio (LEV). The use of this ratio can show the proportion of the use of debt for cash financing needs by a company. The Leverage formula is:

$$LEV : \frac{Kewajiban}{Total\ Aset}$$

H3: External pressure partially has a significant effect on detecting fraudulent financial statements

The relationship between ineffective monitoring and fraudulent financial statements

One of the ways to minimize fraud or fraud is with a good supervisory mechanism. According to Muhammad (2018:6) the board of commissioners is tasked with ensuring the implementation of the company's strategy, supervising management in managing the company and requiring accountability. In particular, independent commissioners who are part of the board of commissioners play a very important role in minimizing earnings management, which is a form of fraudulent financial statements made by the management. Monitoring is proxied by the number of independent commissioners compared to the total number of commissioners (BDOUT). The BDOUT formula is as follows:

$$BDOUT : \frac{Jumlah\ dewan\ komisaris\ independen}{Jumlah\ dewan\ komisaris}$$

H4: Ineffective monitoring partially has a significant effect on detecting fraudulent financial statements

Rationalization relationship with fraudulent financial statements

Rationalization causes fraud perpetrators to seek justification for their actions. According to Skousen et al., (2009:67) the total accrual ratio variable can be used to describe the rationalization associated with the use of the accrual principle by management. The formula for the ratio of total accruals to assets is:

$$TATA : \frac{Total\ Akrual}{Total\ Aset}$$

H5: Rationalization partially has a significant effect on detecting fraudulent financial statements.

Relationship of pressure, opportunity, and rationalization with fraudulent financial statements

Financial statement fraud can occur due to the influence of three factors, namely pressure, opportunity and rationalization. Simultaneous research combines these three factors to prove that

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a combination of the three can be used to detect fraudulent financial statements. Fraudulent financial statements with earnings management proxies can be symbolized by Discretionary accruals (DACC), with the formula is:

$$TAit = NIit - CFOi(1)$$

$$TAit / Ait\text{-}1 = \beta1 (1 / Ait\text{-}1) + \beta2 (\Delta REVit / Ait\text{-}1) + \beta3 (PPEit / Ait\text{-}1) + e (2)$$

$$NDAit = \beta1 (1 / Ait\text{-}1) + \beta2 (\Delta REVit / Ait\text{-}1 - \Delta Rect/ Ait\text{-}1) + \beta3 (PPEit / Ait\text{-}1) + e (3)$$

$$DAit = (TAit / Ait\text{-}1) - NDAit (4)$$

H6: Financial targets, financial stability, external pressure, ineffective supervision and rationalization have a simultaneous effect on detecting fraudulent financial statements

METHOD

This is an associative research with the aim to determine the relationship between one variable and another variable.

The type of data used in this study is secondary data, from Indonesia Stock Exchange (IDX) with requirement data on the annual financial statements of manufacturing companies in the consumer goods industry sub-sector during the 2018-2020 period. The sampling technique used is a purposive sampling method that is selected using certain considerations that are tailored to the research objectives or research problems developed.

Hypothesis testing in this study uses multiple linear regression, which is an analytical method that uses more than one independent variable that affects the dependent variable. In addition, the classical assumption test was also used to test whether the regression model really showed a significant and representative relationship consisting of: descriptive statistical test, autocorrelation test, normality test, multicollinearity test, and heteroscedasticity test; as well as testing determination and hypothesis testing consisting of f test and t test. The F test is used to determine the effect of the independent variable on the dependent variable simultaneously. The t test is used to determine the effect of the independent variable on the dependent variable partially.

RESULTS AND DISCUSSION

Descriptive Statistics Test

According to Ghozali (2011: 19) descriptive statistics provide an overview or description of data seen from the minimum value, maximum value, average value and standard deviation of each variable. Here are the results of the descriptive statistical test:

Keterangan	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
ROA	86	.00	.47	.1014	.08909
ACHANGE	86	-.29	.70	.1062	.16243
LEV	86	.12	.84	.3916	.17371
BDOUT	86	.17	.60	.3951	.09164
TATA	86	-.20	.32	-.0212	.08137
DAA	86	-.01	.02	.0023	.00536
Valid N (*list wise*)	86				

Source: processed secondary data, 2021

The financial target (ROA) has a minimum value of 0.00, a maximum value of 0.47, and a mean of 0.1014 with a standard deviation of 0.08909.

Financial stability (ACHANGE), has a minimum value of -0.29, a maximum value of 0.70, and a mean of 0.1062 with a standard deviation of 0.16243.

External Pressure (LEVERAGE), has a minimum value of 0.12, a maximum value of 0.84 and a mean of 0.3916 with a standard deviation of 0.17371.

Supervision Ineffectiveness (BDOUT) has a minimum value of 0.17, a maximum value of 0.6, and a mean of 0.3951 with a standard deviation of 0.09164.

Rationalization (TATA) has a minimum value of -0.2, a maximum value of 0.32, and a mean of -0.0212 with a standard deviation of 0.8137.

The descriptive results of the financial statement fraud variable obtained an average value (mean) of 0.0023. This shows that on average, various industrial sub-sector manufacturing companies in

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2018-2020 tend to practice financial statement fraud because they have an average value of less than 1 (0.0023 < 1).

Classic assumption test

Classical assumption test is needed to detect whether there is a deviation from the classical assumption on the multiple regression equation used. This test consists of normality, multicollinearity, autocorrelation, and heteroscedasticity tests.

Normality test

Table 2 of the results of the Kolomogorov Smirnov. normality test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		86
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.00460773
Most Extreme Differences	Absolute	.082
	Positive	.082
	Negative	-.043
Test Statistic		.082
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: processed secondary data, 2021

Based on Table 2, the significance value of the Kolmogorov-Smirnov Nonparametric test results is 0.200 which is greater than 0.05. This indicates that H0 is accepted, which means the residual data is normally distributed.

Multicollinearity test

The multicollinearity test aims to test a correlation between the independent variables in the regression model.

Table 3 multicollinearity test results

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	X1	.959	1.043
	X2	.958	1.044
	X3	.892	1.121
	X4	.864	1.157
	X5	.972	1.029
a. Dependent Variable: Y			

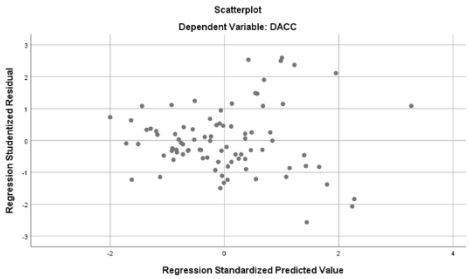
Source: processed secondary data, 2021

Based on Table 3 shows that all independent variables consisting of ROA, ACHANGE, LEVERAGE, BDOUT, and TATA have a Tolerance value of more than 0.1 and a VIF value of less than 10. It means there is no multicollinearity or no correlation between variables. independent of the independent variables in this regression model.

Heteroscedasticity test

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another observation.

The results of the heteroscedasticity test in Figure 3 are as follows:



plot points spread randomly above and below the value 0 on the Y axis. It means that in this study there was homoscedasticity or there was no heteroscedasticity. However, to be more convincing in ensuring the accuracy of the results, a Park test is needed, because the scatterplot test has a weakness, namely the number of observations affects the plotting results.

Table 4 Park test results:

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-12.908	1.526		-8.460	.000
	ROA	-4.237	2.826	-.159	-1.499	.138
	ACHANGE	3.155	1.551	.216	1.825	.055
	LEVERAGE	.926	1.503	.068	.616	.540
	BDOUT	1.337	2.894	.052	.462	.645
	TATA	5.915	3.074	.203	1.925	.058
a. Dependent Variable: LNRE2						

Source: processed secondary data, 2021

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Based on the results in table 4, it shows that there is no independent variable that is statistically significant affecting the dependent variable Absolute Ut (AbsUt) value. It can be seen from the probability that the significance is above the 0.05 confidence level. This is in accordance with the results of the heteroscedasticity test with the Scatter Plot graph. It means the regression model in this study does not have heteroscedasticity.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t-1 (Ghozali, 2011:111). This research will detect autocorrelation with the Durbin Watson Test.

Table 5 Durbin Watson test results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.510[a]	.260	.214	.00475	1.908

a. Predictors: (Constant), TATA, LEVERAGE, ROA, ACHANGE, BDOUT

b. Dependent Variable: DACC

Source: processed secondary data, 2021

Based on Table 5 shows that the DW value is 1.908. This value will be compared with the table value where the number of samples (n) = 86 and the number of independent variables (k) = 5 with a significance of 0.05, so the upper limit (dU) is 1.7740. Therefore, the Durbin-Watson value is greater than the upper limit (dU) and less than 4 – 1.7740 (4 – dU) or in other words 1.7740 < 1.908 < 2.226. It means in this regression model there is no positive and negative correlation or there is no autocorrelation.

Multiple Linear Regression Test Analysis

The results of the regression analysis are in the form of coefficients for each independent variable. This coefficient is obtained by predicting the value of the dependent variable with an equation. Table 6 multiple linear regression test results.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.000346	.003		-.109	.914
	ROA	-.003	.006	-.056	-.571	.570
	ACHANGE	.010	.003	.316	3.220	.002
	LEVERAGE	.002	.003	.055	.536	.593
	BDOUT	.004	.006	.074	.719	.474
	TATA	.022	.006	.338	3.467	.001

a. Dependent Variable: DACC

Source: processed secondary data, 2021

Y= -0.000346– 0.003 X1 + 0.010X2 + 0.002X3 + 0.004X4 + 0.022X5

Information:

Y= Financial Statement Fraud

X1= Financial Target (ROA)

X2=Financial Stability (ACHANGE)

X3 = External Pressure (LEVERAGE)

X4=Ineffective Monitoring (BDOUT)

X5= Rationalization (TATA)

Based on the multiple linear regression equation above, the interpretation of each variable is as follows:

a. The constant of -0.000346 indicates that if the independent variables are financial targets, financial stability, external pressure, ineffective supervision and rationalization are constant or 0, then the dependent variable or financial statement fraud is -0.000346.

b. The financial target coefficient (ROA) of -0.003 indicates that each increase in the financial target of one unit will result in a decrease in financial statement fraud by -0.003 with the assumption that the other variables of this regression model are fixed.

c. The coefficient of financial stability (ACHANGE) of 0.010 indicates that an increase in financial stability of one unit will result in an increase in fraudulent financial statements of 0.010 with the assumption that the other variables of this regression model are fixed.

d. The coefficient of external pressure (LEVERAGE) of 0.002 indicates that an increase in external pressure of one unit will result in an increase in financial statement fraud of 0.002 with the assumption that the other variables of this regression model are constant.

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e. The ineffective monitoring coefficient (BDOUT) of 0.004 indicates that each increase in the ineffectiveness of one unit company supervision results in an increase in financial statement fraud of 0.004 with the assumption that the other variables of this regression model are constant.
f. The rationalization coefficient (TATA) of 0.022 indicates that each increase in the rationalization of one-unit company results in an increase in financial statement fraud of 0.022 with the assumption that the other variables of this regression model are fixed.

Hypothesis test

Test of determination (R2)

The coefficient of determination measures how far the model's ability to explain the dependent variable variance.
Table 7 results of determination test (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510[a]	.260	.214	.00475

a. Predictors: (Constant), TATA, LEVERAGE, ROA, ACHANGE, BDOUT

Source: processed secondary data, 2021

Based on Table 7, the Adjusted R square value in the coefficient of determination test is 0.214 or 21.4%. This shows that the independent variable contributes to the financial statement fraud variable by 21.4% while the remaining 78.6% is influenced by other variables not examined in this study.

T test (partial test)

According to Ghozali (2011: 98) statistical t test basically shows how far the influence of an explanatory or independent variable individually in explaining the variation of the dependent variable. Table 8 T test results

Source: processed secondary data, 2021

a. Proof of Hypothesis 1
Based on the results of data processing above, it can be seen that the financial target variable (ROA) has t count < t table (- 0.571 < 1.99006) or a significance of 0.570 > 0.05. Hypothesis 1 financial targets have a partial effect on detecting financial statements is rejected. This shows that the financial target variable has no effect in detecting fraudulent financial statements.
b. Proof of Hypothesis 2
Based on the results of data processing above, it can be seen that the financial stability variable (ACHANGE) has t count > t table (3.220 > 1.99006) or a significance of 0.002 <0.05. Hypothesis 2 which states that financial stability has a partial effect on detecting fraudulent financial statements is accepted. This shows that the financial stability variable has an effect on detecting fraudulent financial statements.
c. Proof of Hypothesis 3
Based on the results of data processing above, it can be seen that the external pressure variable (LEVERAGE) has t count < t table (0.536 < 1.99006) or a significance of 0.593 > 0.05. Hypothesis 3 which states that external pressure has a partial effect on detecting fraudulent financial statements is rejected. This shows that the external pressure variable has no effect in detecting fraudulent financial statements.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.000	.003		-.109	.914
	ROA	-.003	.006	-.056	-.571	.570
	ACHANGE	.010	.003	.316	3.220	.002
	LEVERAGE	.002	.003	.055	.536	.593
	BDOUT	.004	.006	.074	.719	.474
	TATA	.022	.006	.338	3.467	.001

a. Dependent Variable: DACC

d. Proof of Hypothesis 4
Based on the results of data processing above, it can be seen that the ineffective supervision variable (BDOUT) has t count < t table (0.719 < 1.99006) or a significance of 0.474 > 0.05. Hypothesis 4 ineffectiveness monitoring has a partial effect on detecting fraudulent financial statements is rejected. This shows that the ineffectiveness of the supervision variable has no effect in detecting fraudulent financial statements.
e. Proof of Hypothesis 5
Based on the results of data processing above, it can be seen that the rationalization variable (TATA) has t count > t table (3.467 > 1.99006) or a

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significance of 0.001 <0.05. Hypothesis 5 which states that rationalization has a partial effect on detecting fraudulent financial statements is accepted. This shows that the rationalization variable has an effect on detecting fraudulent financial statements.

F test (simultaneous test)

Simultaneous significance test (f statistic test) shows whether all independent or independent variables included in the model have a joint effect on the dependent variable (Ghozali, 2011:101).

Table 9 f test results (simultaneous test)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	5	.000	5.624	.000[b]
	Residual	.002	80	.000		
	Total	.002	85			
a. Dependent Variable: DACC						
b. Predictors: (Constant), TATA, LEVERAGE, ROA, ACHANGE, BDOUT						

Source: processed secondary data, 2021

Based on the Anova test or F test on the output, it can be seen that F count > F table or 5,624 > 2.33 with a significance level of 0.000 from a significance level of 0.05. Hypothesis 6 which states that financial targets, financial stability, external pressure, ineffective supervision and rationalization simultaneously have an effect on detecting fraudulent financial statements.

DISCUSSION

Discussion of the Results of Hypothesis 1

Based on the results of data processing above, it can be seen that the financial target variable (ROA) has t count < t table (- 0.571 < 1.99006) or a significance of 0.570 > 0.05. This shows that the financial target variable with the return on assets proxy has no effect in detecting fraudulent financial statements. This is in line with research by Aulia and Afiah (2020) which states that financial targets have no effect on fraudulent financial statements.

Based on the aspect of the direction of influence, it shows that the financial target variable has a positive effect on fraud in the financial statements of SAS No. 99 (AU Section 316) (2002:1757). This means that companies with high ROA levels have a greater tendency to commit financial statement fraud. The higher the ROA value of the company, the more likely it is to commit SAS No. financial statement fraud. 99 (AU Section 316) (2002:1757).

Discussion of the Results of Hypothesis 2

Based on the results of data processing above, it can be seen that the financial stability variable (ACHANGE) has t count > t table (3.220 > 1.99006) or a significance of 0.002 <0.05. This shows that the financial stability variable with a proxy for the increase in asset ratio has an effect on detecting fraudulent financial statements. This is in line with research from Prasmaulida (2016) which states that financial stability has a positive and significant influence on financial statement fraud.

If the growth rate of the company's assets is getting smaller or even negative, it indicates that the company's financial condition is unstable and is considered unable to operate properly Skousen et al (2009:59). Management is often under pressure to show that the company has been able to manage assets well so that the profits it generates are also large and, in the end, it will increase the bonuses it receives and will generate high returns for investors.

Discussion of the Results of Hypothesis 3

Based on the results of data processing above, it can be seen that the external pressure variable (LEVERAGE) has t count < t table (0.536 < 1.99006) or a significance of 0.593 > 0.05. This shows that the external pressure variable with leverage proxies has no effect in detecting fraudulent financial statements. This is in line with Richmayanti's (2020) research which states that external pressure has no effect on financial statement fraud.

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If the company has high leverage, meaning that the company has large debt and the credit risk is also high, then there is concern that in the future the company will not be able to repay the capital loan provided. Therefore, the company must save from such conditions in order to be considered capable of repaying the loan.

Discussion of the Results of Hypothesis 4

Based on the results of data processing above, it can be seen that the ineffective monitoring variable (BDOUT) has t count < t table (0.719 < 1.99006) or a significance of 0.474 > 0.05. This shows that the ineffective monitoring variable with the independent commissioner board ratio proxy has no effect in detecting fraudulent financial statements. This is in line with research from Rahman et al (2020) which states that the ineffective supervision variable has no effect on financial statement fraud.

Independent commissioners are not involved in day-to-day operations, but they communicate directly with the board of directors and independent internal auditors in identifying and assessing the entity's vulnerability to fraud in the SAS No. financial statements. 99 (AU Section 316) (2002:1766). This indicates that they are more likely to act independently and as a separator of interests between the principal and the agent.

Discussion of the Results of Hypothesis 5

Based on the results of data processing above, it can be seen that the rationalization variable (TATA) has t count > t table (3.467 > 1.99006) or a significance of 0.001 <0.05. This shows that the rationalization variable has an effect on detecting fraudulent financial statements.

Rationalization can also be called justification. Rationalization is a personal reason (because there are other factors) that can justify an act even though the act was actually wrong Skousen et al (2009: 56). Fraud perpetrators usually look for rational justifications to justify their actions, making them difficult to detect

Discussion of Hypothesis Results 6

Based on the Anova test or F test on the output, it can be seen that F count > F table or 5,624 > 2.33 with a significance level of 0.000 from a significance level of 0.05. This shows that the financial target variables, financial stability, external pressure, ineffective supervision, and rationalization simultaneously have a positive and significant effect in detecting fraud in the financial statements of companies in the manufacturing sector of the consumer goods industry sub-sector for the 2018-2020 period. This is reinforced by the results of the Adjusted R square of 0.214. This shows that the independent variables consisting of financial targets, financial stability, external pressure, ineffective monitoring, and rationalization contributed to the influence of the variable of financial statement fraud by 21.4% while the remaining 78.6% was influenced by other variables not examined in this study. this research.

CONCLUSION

The financial target, External pressure, ineffective monitoring variables partially has no effect in detecting fraudulent financial statements.

The financial stability and rationalization variable partially has an effect on detecting fraudulent financial statements.

Financial target variables, financial stability, external pressure, ineffective supervision, and rationalization simultaneously have a positive and significant effect in detecting fraud in the financial statements of companies in the manufacturing sector of the consumer goods industry sub-sector for the 2018-2020 period.

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