

Detection of Financial Statement Fraud Using Hexagon Theory Analysis and Covid-19

(Empirical Study of Food and Beverage Manufacturing Companies Listed on the IDX in 2016-2021)

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Abstract: This study aims to determine the influence of the fraud hexagon model, namely stimulus (pressure) proxied with financial targets, opportunities proxied with the nature of industry, rationalization proxied by change in auditors, capability proxied by change of directors, arrogance which is proxied with frequent numbers of CEO's pictures, collusions proxied with government projects, and covid-19 against financial statement fraud. The sample of this study is a food and beverage sub-sector manufacturing company listed on the Indonesia Stock Exchange (IDX) in 2016-2021. This study uses secondary data, namely financial statements and annual reports. Based on the purposive sampling method, the number of companies sampled in this study was 16 companies out of a total of 20 registered companies and multiple linear regression analysis using the SPSS 25 program. The results of this study found that financial targets, nature of industry, frequent numbers of CEO's picture, and government projects have a significant effect on financial statement fraud. Meanwhile, changes in auditors, changes of directors, and covid-19 did not have a significant effect on financial statement fraud in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2016-2021.

Keywords: Financial Target, Nature of Industry, Change in Auditor, Change of Director, Frequent Number of CEO Picture, Covid, and Fraud Financial Statement

I. INTRODUCTION

Financial statements being an important instrument in the company's operations help to communicate financial information to stakeholders and related parties, which is considered the final process in the accounting cycle, reflecting the condition of the company in a certain period and fulfilling accounting information (Adrian Kayoi, 2019). The purpose of the financial report is to provide information about a company's financial position, performance, and cash flow that is useful to a large number of users in economic decision making (Bhaktiar, 2021). Through the company's financial statements, it can show an increase in the existence of the company's performance, but the financial statements are only for the purpose of getting a good impression from various parties. The encouragement or motivation of the parties to always behave well often forces the company to manipulate certain parts so that in the end it provides incorrect information, certainly harming many parties. Fraudulent actions committed by companies to manipulate financial statements are often referred to as fraud, and the practice of financial reporting fraud itself is better known as financial reporting fraud (Adrian Kayoi, 2019).

An accounting scandal that has developed widely, especially in Indonesia. Such as some cases that have been revealed to the public, especially those engaged in manufacturing companies in the multinational food and beverage industry at PT. The Three Pillars of Prosperous Food (AISA) financial statements in 2017 have been re-presented or restatement of the previous keua report, there were allegations of manipulation and it was known that the company's net loss with the AISA code was Rp. 5.32 trillion which was previously reported at Rp. 551.9 billion, meaning that there was a very large bubble of Rp. 4.68 trillion (Fajrian, 2020).

It can be interpreted that from this case, it indicates that financial statement fraud is increasing in a company. Several theories explain the analytical methods used in detecting potential fraudulent financial reporting known as the fraud triangle (Cressey 1953), developed into diamond fraud, then redeveloped into pentagon fraud (Crowe 2011), and the theory built from the previous three theories is referred to as fraud hexagon (Vousinas, 2019). Specifically developed

the theory of fraud detection hexagon explains six elements of detecting the risk of fraud, namely pressure, capability, opportunity, rationalization, arrogance, and collusion (Vousinas, 2019). The *hexagon model* fraud theory is the latest theory and has not been widely used to detect financial statements that contain *fraud* before, especially in Indonesia. The indicator of *detection of fraudulent* (fraud) of financial statements that is described in the fraud *hexagon model* is the most complete theory of some of the previous *fraud* models.

II. LITERATURE REVIEW

2.1 Agency Theory

(Jensen, M.C., 1976) stated agency theory is a relationship that arises due to the existence of a contract between one or more persons (principals) and agents by delegating some authority to make the best decisions to the agent. Sometimes the decisions given by the management system are not in accordance with the interests of shareholders so that there is a clash of interests called *conflict of interest*. The *unit* of analysis in the analysis of agency theory is the contract that underlies the relationship between the principal and the agent so that the focus of this theory to determine the most efficient contract that establishes the relationship between the principal and the agent.

2.2 Fraud

Fraud according to the *Association of Certified Fraud Examiners* (ACFE, 2022) is an unlawful act carried out intentionally with a certain purpose by manipulating financial statements, providing incorrect or erroneous financial statements or other actions carried out within the organization or outside the organization to obtain personal or group benefits that can directly or indirectly harm other parties.

Suyandari and Endiana (2016) in (Kusumawati et al., 2021) explaining the common methods used by perpetrators in fraud actions, the first is to play the accounting system as a means to create the desired results. For example, it is to mark up or decrease revenue as desired. The perpetrator can manipulate assumptions or methods that are usually used to calculate depreciation expenses, allowance for doubtful receivables, allowance for obsolete inventory, and so on. The second is the accounting system, where fraudsters provide false (fictitious) information into the accounting system to manipulate the results of the reported accounting cycle. Third, exit the accounting system where the fraudster discloses financial statements according to his wishes. The financial statements must be adjusted to the financial reporting process of the operating entity with additional adjustments to obtain results that are in accordance with the wishes of the perpetrator.

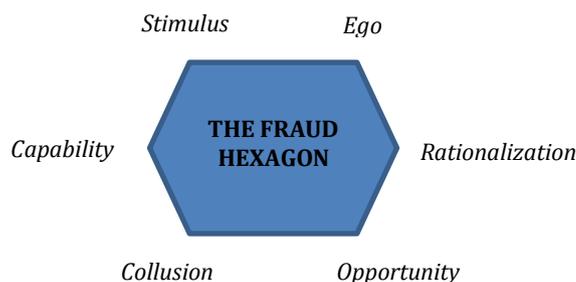
2.3 Fraud Financial Statement

The existence of financial statements or commonly referred to as financial statement fraud is an intentionality in committing negligence and errors in making financial statements with presentations that are not in accordance with generally accepted accounting principles. Fraud involves asset misappropriation, corruption, and financial statement fraud (Siddiq et al., 2017).

2.4 Fraud Model

Fraud Hexagon Theory

Following the times, fraud theory has developed. The latest theory that examines the triggering factors of fraud in detail is the theory of fraud hexagon (Vousinas, 2019). The theory originated from the *fraud triangle* proposed by Donald R. Cressey in 1953. Then developed kembali by adding a fourth element, namely *capability* (ability) known as *diamond fraud*. Then there's Crowe's (2011) new view of redeveloping the theory to make it known as *the arrogance* (ego) to flesh it out so it's called *pentagon fraud*. The latest and more complex theory in detecting *fraud* is the *hexagon fraud* theory developed by Vousinas (2019) by adding a new element that makes the sixth element, namely *collusion*. According to the state that if collusion occurs in employees or between employees and external parties, then *fraud* will be more difficult to stop. So accidentally these factors can affect the occurrence of *fraud*.



Draw 1

Fraud Hexagon Model (S.C.C.O.R.E)

Source: Vousinas (2019)

A. Pressure

Pressure occurs when there is pressure from both financial and *non-financial* factors that occurs to a related party, both employees or management want to hide the fraud they committed (Skousen et.al, 2015). This situation shows that the company is on an unstable condition because it is unable to maximize its assets and cannot use investment funds efficiently (Sari & Nugroho, 2021).

1. Financial Target

SAS No.99 states that *Financial Target* is a risk due to a pressure on management to achieve financial targets based on the provisions of management or directors including the payment of bonuses and incentives that will be received by employees (Setiawati & Baningrum, 2018). The measure to assess the *Financial Target* obtained by the company on operating expenses is ROA (*Return On Assets*) (Skousen et.al, 2015). The higher the ROA obtained by a company, the better the company's performance, and vice versa. Efforts to improve performance by seizing high goals can lead to the possibility of financial reporting fraud. Research conducted by (Kusumawati et al., 2021) providing empirical evidence that *Financial Target* has an effect in detecting *Financial Statement Fraud*.

H1 : Financial Target berpengaruh terhadap Financial Statement Fraud

B. Opportunity

Opportunity is a situation that opens up opportunities for someone to commit *fraud*. This can occur due to weaknesses in the control of the internal accounting system, inefficient management supervision, and abuse of position or authority (이명걸 & YoungGyu Ahn, 2014).

1. Nature of Industry

Nature of Industry is an ideal state of affairs for companies in the industry. The state of affairs can be measured through accounts receivable on financial statements. There are certain accounts in the financial statements whose balance size is determined by the company based on an estimate, for example undated receivables and obsolete inventory accounts (Setiawati & Baningrum, 2018). According to Annisya, et al (2006) in (Setiawati & Baningrum, 2018) Assessment of estimates such as obsolete inventory and uncollectible receivables allow management to carry out manipulations, such as manipulating the economic life of assets. With a subjective assessment in determining the value of the account, management can use the account as a tool to commit financial statement fraud in the preparation of financial statements. *The nature of industry* is measured using a proxies of the ratio of changen accounts receivable.

The results of this analysis are in line with research conducted by (Lestari & Florensi, 2022) showing that *Nature of Industry* affects Financial Statement Fraud.

H2 : Nature of Industry berpengaruh terhadap Financial Statement Fraud

C. Rationalization

Rationalization is an attitude or behavior carried out by justifying fraud. Since many fraudsters see themselves as honest people, ordinary people and not as criminals, they have to come up with several reasons to make the act of committing fraud more acceptable to them (Vousinas, 2019). According to Lee and Ahn (2014) states that rationalization is an attitude, character, and ethical values that allow certain parties to commit fraudulent acts, or people who are in a stressful environment to rationalize *fraud*.

1. Change in Auditor

Where the auditor's responsibility in overseeing financial statements is crucial, the auditor's opinion is used as a basis for evaluating financial statements. As the change of auditors in the company reflects that the company has avoided the detection of *fraudulent* financial statements by the previous auditor (Tiffani, 2009) in (Kristen et al., 2021). The results of this analysis are in line with research conducted by (Lestari & Florensi, 2022) showing that Change in Auditor affects financial statement fraud.

H3 : Change in Auditor affects Financial Statement Fraud

D. Capability

(Wolfe & Hermanson, 2004) States that fraud cannot occur without those who have the proper ability to do so. Perpetrators must have a good ability to recognize opportunities to be able to carry out fraud tactics appropriately and get maximum profit.

1. Change of Director

(Wolfe & Hermanson, 2004) explained that the change of directors is one of the factors in the conflict of interest. So the change of directors is an attempt to remove the traces by removing directors who are believed to have committed fraud. The research conducted by (Siddiq et al., 2017) the findings found that *Change of Director* is related to *Capability* which affects the actions of *Financial Statement Fraud*. Based on this description, the formulation of hypotheses that can be proposed is:

H3 : Change of Director berpengaruh terhadap Financial Statement Fraud

E. Arrogance

Arrogance is an attitude in which a person who feels that there is no internal supervision or corporate wisdom does not apply to him, and is believed not to be bound by it, so that he does not believe that he has committed fraud (Baweks et al., 2018) in (Kristen et al., 2021) .

1. Frequent Number of CEO PIC

Frequent Number of CEO is the number of photos displayed in the company's annual report. The level of arrogance or superiority that the CEO has can be presented by the large number of CEO photos displayed in a company's annual report (Sasongko & Wijyantika, 2019). A high level of arrogance will cause fraud because with the arrogance and superiority that the CEO has, making the CEO feel that any internal control will not apply to him because of his status and position held.

The results of this study are in line with research conducted by (Sasongko & Wijyantika, 2019) showing that the Frequent Number of CEOs affects financial statement fraud.

H5 : Frequent number of CEO berpengaruh terhadap Financial Statement Fraud

F. Collusion

(Vousinas, 2019) states that many acts of fraud and *white collar-crime* are caused by collusion factors, namely agreements or cooperation established between two or more individuals to achieve a pindana or fraud. *Collusion* can be reviewed in several factors namely, government projects, political connections, and *stated-owned enterprises*.

1. Government Projects

Government projects are the result of cooperation between companies and government projects. Manipulating financial statements in this case can occur when the larger the scale of government project cooperation, the greater the company's financial income received, so as to encourage management agencies to take advantage (Kristen et al., 2021).

The results of this study are in line with the research conducted by (Sari & Nugroho, 2021) which states that *collusion* calculated with government projects has a significant effect on *fraudulent* financial statements.

H6 : Government projects affect Financial Statement Fraud

G. Covid-19

According (Sunitha, 2020) to him, he conducted research to determine the impact of the COVID-19 pandemic on the financial performance of companies listed on the Indonesian Stock Exchange. The results show that during the covid-19 pandemic the leverage ratio and short-term activity ratio rose, but the liquidity ratio and profitability ratio of the company decreased. However, there were significant differences in the U.S. profitability ratio and the company's short-term activity ratio before and during the covid-19 pandemic. The liquidity ratio, profitability ratio, and short-term activity ratio of the consumer goods sector increased, while the leverage ratio decreased. Meanwhile, the industries that have experienced a decline in liquidity and profitability ratios are the real estate, real estate and construction, finance, trade, services and investment industries.

The results of the research conducted (Sunitha, 2020) provide empirical evidence that *Covid-19* has an effect on *Fraud Financial Statement*.

H7: Covid-19 affects Financial Statement Fraud

III. METHOD

Purposive sampling is used in this study's sampling technique, which involves selecting samples based on the researcher's own criteria rather than at random. The research conducted will be used to define the selection criterion. using a sample of criteria:

- a. Food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2016-2021 period
- b. Food and beverage sub-sector manufacturing companies listed consecutively on the Indonesia Stock Exchange (IDX) during the period 2016-2021
- c. Companies that publish financial statements on the company's website or the Indonesia Stock Exchange (IDX) website during the 2016-2021 period

Regression Equation as follows:

$$M - SCORE = \alpha + \beta_1ROA + \beta_2RECEIVABLE + \beta_3AUDCHANGE + \beta_4DCHANGE + \beta_5CEOPIC + \beta_6PROPEM + \beta_7CVD + \varepsilon$$

Where as follows:

- M-SCORE = Financial Statement Fraud
- ROA = Financial Target
- RECEIVABLE = Nature of Industry
- AUDCHANGE = Rationalization
- DCHANGE = Capability
- CEOPIC = Frequent Number of CEO's Picture
- PROPEM = Government Project
- CVD = Covid
- ε = Error

Dependent Variable

In this research, the dependent variable (Y) is a fraudulent financial statement. The 1999-adopted Beneish Model was used to calculate the fraudulent financial statement ¹. As for the formula as follow:

$$M - Score = -4.48 + 0.920 DSRI + 0.528GMII + 0.404AQI + 0,892SGI + 0.115DEPI - 0.172SGAI - 0.327LVGI + 4.697TATA$$

Following are details for each ratio: Index of Days' Sales in Receivables 1. (DSRI). This ratio is used to compare a year's worth of sales days in the form of receivables to the year before. The likelihood of financial statement tampering increases with DSRI. The formula on the DSRI is as follow:

$$DSRI = \frac{\frac{NetReceivable_t}{Sales_t}}{\frac{NetReceivable_{t-1}}{Sales_{t-1}}}$$

1. Gross Margin Index (GMI)

This ratio is used to determine the gross profit margin when comparing one year to the next. The GMI formula is as follows:

$$GMI = \frac{\frac{(Sales_{t-1} - COGS_{t-1})}{Sales_{t-1}}}{\frac{(Sales_t - COGS_t)}{Sales_t}}$$

2. Asset Quality Index (AQI)

This ratio compares current assets, buildings, land, and equipment with total assets to represent changes in the risk of asset realization. The AQI formula is as follows:

$$AQI = \frac{\frac{(1 - (\frac{CurrentAsset_t + FixedAsset_t}{TotalAsset_t}))}{TotalAsset_t}}{\frac{(1 - (\frac{CurrentAsset_{t-1} + FixedAsset_{t-1}}{TotalAsset_{t-1}}))}{TotalAsset_{t-1}}}$$

3. Sales Growth Index (SGI)

This ratio is used to analyze revenue growth from the prior year to the current year. The SGI formula is as follows:

$$SGI = \frac{Sales_t}{Sales_{t-1}}$$

4. Depreciation index (DEPI)

Comparing the current year's cost of depreciation and the gross values of buildings, land, and equipment to the prior year's. DEPI formulas as follows:

$$SINCE = \frac{\frac{Depreciation_{t-1}}{Depreciation_{t-1} + FixedAsset_{t-1}}}{\frac{Depreciation_t}{Depreciation_t + FixedAsset_t}}$$

5. Sales, General and Administrative Expenses Index (SGAI)

This ratio is used to compare the current year's sales and administrative costs to the prior year's sales. The SGAI formula is as follows:

$$SGAI = \frac{\frac{SGA_{expensest}}{Salest}}{\frac{SGA_{expensest}}{Salest} - 1}$$

6. *Leverage Index (LVGI)*

This ratio is used to assess the firm's long-term risk and the financial health of the company. LVGI formula is as follows:

$$LVGI = \frac{\frac{TotalLiabilitiest}{TotalAssett}}{\frac{TotalLiabilitiest}{TotalAssett} - 1}$$

7. *Total Accruals to Total Assets Index (TATA)*

Accounting profits that are not cash profits are measured using this ratio. The TATA formula is as follows:

$$TATA = \frac{Incomefromoperationst - Netcas hflowprovidenbyoperatingactivitiest}{Total Assett}$$

Independent Variables

The variable that influence the dependent variable (Y), known as the independent variable (X), often has a positive or negative impact. The following are the independent variables included in this study:

a. *Financial Targets*

Financial target is the risk of excessive pressure on management to achieve financial targets set by the board of directors or management, including the purposes of receiving incentives from sales and finances. *Financial Target* is proxied with *Return on Asset (ROA)* as follows:

$$ROA = \frac{NetIncome}{Totalaset}$$

b. *Nature of Industry*

Nature of Industry is an ideal state of affairs in a company in industry. The state of affairs can be measured through accounts receivable on financial statements. Estimation assessments such as obsolete inventories and uncollectible receivables allow management to accomplish manipulations, such as manipulating the economic lifespan of assets. With a subjective assessment in determining the value of the account, management can use the account as a tool to carry out financial statement fraud in the preparation of financial reports. *The nature of industry* is measured using a proxy for the ratio of changes in accounts receivable(Skousen et.al, 2009):

$$Receivable = \frac{Receivablet}{Salest} - \frac{Receivablet - 1}{Salest - 1}$$

c. *Change in Auditor*

Based on research,(Skousen et.al, 2009)it is stated that if the company changes auditors, audit failures, and litigation increases, it is very likely that the company will commit financial reporting fraud. Rationalization can be proxied by auditor turnover measured by dummy variables. If the company changes auditors in 2016-2021, they are given 1 if the company does not change auditors in 2016-2021, it is coded 0.

d. *Change of Director*

Change of directors is a company's effort to improve the performance of the board of directors by changing the composition of the board of directors or recruiting directors. Capability can be proxied by the turnover of directors measured by dummy variables. If the company experiences a change of directors in 2016-2021 is given code 1 if the company does not experience a board of directors in 2016-2021 is assigned a code 0(Wolfe & Hermanson, 2004).

e. *Frequent Number of CEO's Picture*

The frequent number of CEO's picture in question is The large number of photos of the CEO displayed in an annual report of the company can present that the increase in arrogance and superiority that the CEO has. In this study, arrogance was measured by the number of photos or pictures of the CEO displayed in the *annual report* during the research period(Vousinas, 2019).

f. *Government Projects*

The government project in question is the cooperation between the company and the command project the more cooperation that the company has with the government project, the greater the financial income received by the company can encourage management emancipation of financial statements(Sari & Nugroho, 2021).

Government projects can be measured using dummy variables if the company cooperates with government projects in 2016-2021 then it is assigned code 1, if the company does not cooperate with government projects in FY2016-2021 it is coded 0(Vousinas, 2019).

g. Covid-19

Covid-19 is the spread of the virus in humans that has occurred until now, therefore it greatly affects the rigging of financial statements. This study used dummy variables. Companies in 2016-2019 are coded 0, while companies in 2020-2021 are coded 1(Sunitha, 2020).

IV. RESULT

Descriptive Statistic

Table 2 explains about an overview of the data seen from the minimum, maximum, average, and standard deviation of the tested variables as follows:

Table 2

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Target	70	-0.12100	0.43170	0.85896	0.09813
Nature of Industry	70	0.28997	1.35159	0.31515	0.51281
Change of Auditor	70	0.00000	1.00000	0.53000	0.50300
Change of Director	70	0.00000	1.00000	0.11000	0.32000
Frequent Number of CEO PIC	70	2.00000	8.00000	4.28600	1.72070
Government Projects	70	0.00000	1.00000	0.43000	0.49800
Covid-19	70	0.00000	1.00000	0.30000	0.46200
Mscore Financial Statement Fraud	70	-5.64722	0.40916	-2.28927	0.84984
Valid N(listwise)	70				

Source : SPSS 25

The following findings of descriptive statistical tests are shown in Table 2 above:

1. Variable financial target with the 70 has the lowest value -0.12100 and the highest value 0.43170 which mean of 0.85896 of the collected company data for individual financial target and the value of the standard deviation of 0.09813;
2. Variable nature of industry with the 70 has the lowest value 0.28997 and the highest value of 1.35159 which mean of 0.31515 of the collected company data for individual nature of industry and the value of the standard deviation of 0.51281;
3. Variable change of auditor with the 70 has the lowest value 0.00000 and the highest value of 1.00000 which mean of 0.53000 of the collected company data for individual change in auditor and the standard deviation of 0.50300;
4. Variable change of director with the 70 has the lowest value 0.00000 and the highest value of 1.00000 which mean of 0.11000 of the collected company data for individual change of director and the standard deviation of 0.32000;
5. Variable frequent number of ceo with the 70 has the lowest value 2.00000 and the highest value of 8.00000 which mean of 4.28600 of the collected company data for individual frequent number of ceo and the standard deviation of 1.72070;
6. Variable proyek pemerintah with the 70 has the lowest value 0.00000 and the highest value of 1.00000 which mean of 0.43000 of the collected company data for individual proyek pemerintah and the standard deviation of 0.49800;
7. Variable covid-19 with the 70 has the lowest value 0.00000 and the highest value of 1.00000 which mean of 0.30000 of the collected company data for individual proyek pemerintah and the standard deviation of 0.46200;
8. Variable mscore financial statement fraud with the 70 has the lowest value -5.64722 and the highest value of 0.40916 which mean of -2.28927 of the collected company data for individual proyek pemerintah and the standard deviation of 0.84984;

Normality Test

Based on the SPSS output, it can be seen that the value of the One-Sample Kolmogorof-Smirnov Test is 0.590 and the Asymp Sig. (2-tailed) is greater than the level of significant by 0.05 or 5% so it can be concluded that the data has a norm distribution I.

N		70
Normal Parameters	Mean	0.000
	Std.Deviation	0.608
Most Extreme Differences	Absolute	0.059
	Positive	0.046

	Negative	-0.590
Test Statistic		0.590
Asymp Sig. (2-tailed)		0.200

Multicollinearity Test

The table below shows the results of the multicollinearity test:

Table 3

	Tolerance	BRIGHT
(Constant)		
Financial Target	0.976	1.025
Nature of Industry	0.799	1.252
Change of Auditor	0.963	1.039
Change of Director	0.959	1.04
Frequent Number of CEO PIC	0.964	1.037
Government Projects	0.951	1.052
Covid-19	0.780	1.282

Source: SPSS 25

The described explanation leads to the conclusion that none of the variables in this study, which financial target, nature of industry, change of auditor, change of director, frequent number of ceo, proyek pemerintah, and covid-19 have any relationship to one another. This conclusion is supported by the acquisition of Tolerance values of each variable > 0.10 and VIF<10.

Heteroscedasticity test

The glejser test is a hypothesis test of whether a regression model has an indication of heteroskedasticity by means ofresidual absolut regression. The criteria of the glacier test are that if the probability value < 0.05 then heteroskesdasticity occurs and if the probability value is >0.05 then heteroskesdasticity does not occur.

Table 4

	t	Itself.
(Constant)	3.723	0.000
Financial Target	1.928	0.058
Nature of Industry	0.486	0.629
Change of Auditor	-0.290	0.773
Change of Director	1.165	0.249
Frequent Number of CEO PIC	-1.372	0.175
Government Projects	-1.240	0.220
Covid-19	0.313	0.755

Source : SPSS 25

The significance of the independent variables, which financial target, nature of industry, change of auditor, change of director, frequent number of ceo picture, proyek pemerintah, and covid-19 has a significance value > 0.05, which indicates that there is no heteroscedasticity in the research regression model.

Autocorrelation Test

The table below shows the results of the autocorrelation test:

Table 5

Model Summary^b

Model	R	R Square	Durbin-Watson
1	0.699 ^a	0.489	2.041

Source: SPSS 25

The Durbin Watson (DW) value obtained from the table above is 2.041, which indicates that there is no autocorrelation ($1.8375 < 2.041 < 2.1625$), in the regression model of this study. This is the outcome of the autocorrelation test.

F Test

These are the F test results:

Table 6
ANNOVA ^a

Model	Mean Square	F	Itself.
Regression	3.478	8.462	.000 ^b
Residual	0.411		

Source: SPSS 25

It is significant table 6 above that independent variables like financial target, nature of industry, change of auditor, change of director, frequent number of ceo, proyek pemerintah, and covid-19 can all have an immediate and considerable impact on financial perform. This is demonstrated by the significant value in the preceding table ($0.000 < 0.05$).

Hypothesis Test (T-Test)

Hypothesis test result (t test) can be seen from table below:

Table 8

	t	Itself.	Information
(Constant)			
Financial Target	2.628	0.011	Accepted
Nature of Industry	4.654	0.000	Accepted
Change of Auditor	-1.420	0.161	Rejected
Change of Director	-1.225	0.225	Rejected
Frequent Number of CEO PIC	2.936	0.005	Accepted
Government Projects	-2.775	0.007	Accepted
Covid-19	-0.457	0.650	Rejected

Source: SPSS 25

Seen from table above, the following result are obtained :

1. Financial Target has significantly influence financial statement fraud
2. Nature of Industry has significantly influence financial statement fraud
3. Change of Auditor does not significantly influence financial statement fraud
4. Change of Director does not significantly influence financial statement fraud
5. Frequent Number of CEO has significantly influence financial statement fraud
6. Project Government has significantly influence financial statement fraud
7. Covid-19 does not significantly influence financial statement fraud

V. CONCLUSION

Based on the results of this study, it shows that four of the seven independent variable variables have a significant effect on financial statement fraud, namely stimulus in terms of financial targets, opportunities mined from the nature of industry, arrogance reviewed from the frequent number of CEO's picture, and collusion reviewed from government projects. For other factors, namely rationalization in terms of change of auditors, capability in terms of change of directors, And Covid-19 has no effect on financial statement fraud.

In this study, it examined the manufacturing companies of the food and beverage sub-sector with an observation year of 6 years from the 2016-2021 period. The study sought to find measurements for collusion factors in the fraud hexagon model, although it was still limited to the information available on the annual report. Further research can use broader measurements as suggested by using supporting information from various parties related to the acquisition of government projects. Further research can also be carried out on the classification of other industries that are on the stock exchange market and carried out for medium-term or long-term periods. By using different

industry classifications, financial statement fraud detection can show different characteristics of fraud, while the use of a longer warning period can provide an overview of fraud committed in the company's financial statements.

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