

ABSTRACT

Financial statements are prepared to give corporate accounting information and communication tools for corporate economic activities with external parties of the company. However, there are still some cases of fraud financial statements that have an impact on future decision making.

The purpose of this research is to know the effect of financial stability, external pressure, nature of industry, ineffective monitoring, and rationalization simultaneously or partially in detecting fraud financial statements in a manufacturing company consumer goods industry sector listed in Indonesia Stock Exchange period 2017–2019.

This study uses a quantitative method with the data used is secondary data. The sampling technique on this research is purposive sampling and obtained 51 companies unit samples. Technique analysis on this research is using panel data regression analysis with E-views 11.

The results of this research indicate that simultaneously financial stability, external pressure, nature of industry, ineffective monitoring, and rationalization have a significant effect on fraudulent financial statements. Partially, financial stability have a significant effect on fraudulent financial statements. However external pressure, nature of industry, ineffective monitoring, and rationalization is not significant on fraudulent financial statements.

For the next research it was expected to use other variables or try another proxy. For the internal companies, they need to increase the performance and compliance so in future there are no more fraud financial statements. For the external companies to be more careful in making decisions to invest in a company.

Keywords: fraud triangle; financial statement fraud