

ABSTRACT

This study empirically examines the effectiveness of the fraud triangle proposed by Cressey (1953) to detect fraudulent financial statements. In the theory of pressure, opportunity and rationalization are always present in fraud situations. The variables used were sales growth, leverage, profitability, changes in assets, BOC independent, and change of KAP.

This population of study was non-financial companies listed on the Stock Exchange in 2010-2014, and then taken the sample were taken by purposive sampling with the fraud company's criteria were getting sanction from Otoritas Jasa Keuangan for violating the rules of Article VIII G.7 and compared with companies that do not contain elements of fraud, has a total asset size of, in a similar industry sub-sector, and the same assessment. The total sample of 46 companies with details of 23 companies that commit fraud and 23 companies did not commit fraud. This study uses logistic regression as the dependent variable is a dummy variable (non-metric), while the independent variable combination between metric and non-metric.

These results indicate that profitability represents the pressure negatively affect the financial statement fraud. While variable sales growth, leverage, changes in assets, BOC independent, and change of KAP does not affect the financial statement fraud.

Keywords: financial statement fraud, fraud risk factors, logistic regression