

ABSTRACT

The purpose of this study is to analyze the influence of fraud factors from the Pentagon Fraud theory in detecting fraud in financial reports in manufacturing companies in the consumer goods industry sector between 2019 and 2021. The dependent variable in this research is financial statement fraud and is proxied by the F-Score Model. The independent variables are financial target, financial stability, ineffective monitoring, change in auditor, rationalization, change in director, political connection, and dualism position.

The research population consists of manufacturing companies in the consumer goods industry sector that are listed on the Indonesia Stock Exchange between 2019 and 2021. Purposive sampling was used in the sampling technique, resulting in a sample of 140 companies that met the criteria. The hypothesis was then tested using multiple regression analysis with the SPSS 24 software.

The results of this study show that financial targets with the Return of Assets (ROA) proxy, ineffective monitoring with the BDOUT proxy, and rationalization with the TATA proxy all have an effect on detecting fraud in financial reports. Concurrently, financial stability, change in auditor, change in director, political connection, and dualism position are ineffective in identifying and detecting fraud in financial reports.

Keywords: Pentagon Fraud Theory, Financial Report Fraud, F-Score Model, Manufacturing Companies