

ABSTRACT

The aim of this research is to test the influence and provide empirical evidence regarding the factors of financial statement fraud using Fraud Diamond. The factors are financial stability, external pressure and financial targets which are dimensions of pressure. The dimensions of this opportunity are the nature of the industry and the effectiveness of oversight. The dimension of rationalization is the change of auditor and the dimension of capability is the change of direction. This research uses the Fraud Diamond approach in analyzing factors that might be an indication of financial statement fraud.

This research uses financial reports of manufacturing companies listed on the IDX in the 2018-2022 period as the population. The number of samples that were the objects of this research was 205 (41 companies x 5 years). The analytical tool used in this research uses multiple regression.

The results of this research show that financial stability and financial targets, which are dimensions of pressure, have a positive and significant effect on financial report fraud. External pressure has no effect on financial statement fraud. The dimension of opportunity, namely the nature of the industry, has a positive effect on financial report fraud and the effectiveness of supervision has a negative effect on financial report fraud. The dimension of rationalization, namely changing auditors, has a positive effect on financial report fraud. Change of directors, which is a dimension of ability, has a positive effect on financial statement fraud.

**Keywords: Financial Report Fraud, Diamond Fraud, Financial Reports,
Fraud Detection**