

ABSTRACT

This study aims to analyze the effect of fraud hexagon factors on indications of financial reporting fraud using the Benish M-Score model. Factors in the fraud hexagon include pressure proxied by financial stability, opportunities proxied by ineffective monitoring, rationalization proxied by audit opinion, ability proxied by changes in directors, ego proxied by CEO duality, and collusion proxied by audit fees.

The sample of this study consisted of consumer non-cyclical companies listed on the Indonesia Stock Exchange (IDX) in 2020-2023. The sample in this study consisted of 60 research samples taken using the purposive sampling method. The analysis method in this study is logistic regression analysis calculated using the IBM SPSS Statistic 26 program.

The results of this study indicate that rationalization factors proxied by audit opinion affect indications of financial reporting fraud. However, pressure proxied by financial stability, opportunities proxied by ineffective monitoring, ability proxied by changes in directors, ego proxied by CEO duality, and collusion proxied by audit fees do not affect indications of financial reporting fraud. The limitation of this study is limited to four years of research which causes the number of research samples to tend to be small. The originality of this study is the use of fraud hexagon theory with non-cyclical consumer companies as sample companies and the use of GCG elements for control variables, such as audit committees and risk management.

Keywords: financial statement fraud, fraud hexagon.