

ABSTRACT

This study seeks to examine the influence of various factors derived from the Hexagon Theory, along with accounting conservatism, on the incidence of financial statement fraud. The dependent variable in this research is financial statement fraud, measured using the F-score developed by Dechow (2011). The independent variables include: the pressure factor, proxied by financial stability; the opportunity factor, proxied by the proportion of independent commissioners; the rationalization factor, proxied by change in auditor; the capability factor, proxied by changes in the board of directors; the arrogance factor, proxied by the appearance of the CEO's photograph in financial reports; and the collusion factor, proxied by political connections. In addition, accounting conservatism is analyzed as an external factor beyond the Hexagon Theory framework.

The empirical setting of this study comprises food and beverage companies listed on the Indonesia Stock Exchange (IDX) over the period 2021 to 2023 a total of 252 companies. The sample in this study was determined using a purposive sampling method, followed by the removal of outlier data to minimize bias. The total number of samples used in this research is 200. A quantitative research design is employed, utilizing logistic regression analysis to test the hypotheses.

The results reveal that financial stability, representing the pressure component, exerts a positive and statistically significant influence on financial statement fraud. This finding suggests that heightened financial pressure may incentivize managerial misconduct in the form of fraudulent reporting. Conversely, changes in the board of directors reflecting the capability factor exert a negative influence, indicating that leadership transitions may mitigate the likelihood of fraudulent behavior. In contrast, the proportion of independent commissioners, change in auditor, political connections, CEO photo appearance, and accounting conservatism exhibit no significant effect on financial statement fraud. These results imply that, within the context of the companies examined, these variables may not serve as strong predictors of fraudulent reporting practices. This study is expected to contribute to the growing body of literature on fraud detection and prevention, particularly in the realm of financial reporting. It also aims to serve as a valuable reference for regulators, auditors, investors, and corporate governance practitioners in identifying and managing fraud risk within the food and beverage industry.

Keywords: Fraud, Financial Statement Fraud, Hexagon Theory, Accounting Conservatism, Food and Beverage Companies, Indonesia Stock Exchange