ABSTRACT

This study explores the application of the New Fraud Diamond framework in detecting financial statement fraud among non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The research investigates eight independent variables which are financial stability, external pressure, personal financial need, financial targets, industry characteristics, monitoring effectiveness, earnings growth, and changes in company directors. Financial statement fraud, as the dependent variable, is measured using the Beneish M-Score, a model designed to identify potential irregularities in reported financial data.

The sample consists of 273 companies selected through purposive sampling based on specific criteria. Secondary data were obtained from annual financial statements, the official IDX website, and Bloomberg. A logistic regression analysis was conducted to examine the influence of each variable on the likelihood of fraudulent financial reporting.

The results indicate that personal financial need and financial targets significantly increase the likelihood of financial statement fraud. In contrast, financial stability, external pressure, industry characteristics, effective monitoring, earnings growth, and changes in directors were found to have no significant effect. These findings indicate that some pressure-related factors may play a stronger role in shaping fraudulent behavior, especially within industries that are often perceived as less volatile.

Keywords*: New Fraud Diamond, Beneish M-Score, financial statement fraud, personal financial need, financial targets.*