

ABSTRACT

The aim of this research was to analyze the factors of the fraud triangle in detecting fraudulent financial reporting. This research was replicated from the previous research, Hasnan et al. (2013). The difference between this research and the previous is in the object or the location. Previous study was done in Malaysia, while this reserach was done in Indonesia. In this research, the independent variable is added financial targets (based on the research of Skousen et al, 2009), leverage and auditor switch (based on the research of Lou and Wang, 2009). The addition of these variables into this research because of differences in the results of each study investigators, in addition to the fraud triangle theory states that these conditions favor the occurrence of fraudulent financial reporting. This research is done to prove the influence of these variables on fraudulent financial reporting.

The population of this research is the non financial companies listed in Indonesia Stock Exchange in 2008-2012. Statistical data analysis method used is logistic regression. The hypothesis of this research is divided into eight, foreign ownership, leverage, financial targets, effective monitoring, multiple directorship, related party transaction, auditor switch, and the hypothetical simultaneous effect on fraudulent financial reporting.

The result of this research shows that only factor multiple directorships (CROSSDIR) and auditor switch (CPA) has significant influence on fraudulent financial reporting. While other factors, foreign ownership (FOROWN), leverage (LEV), financial targets (ROA), effective monitoring (IND), related party transactions (RPT) has no significant influence on fraudulent financial reporting. The implications of this research indicate that the company is experiencing fraud reporting has high multiple directorships and a change of auditors in the period. It is important to know the factors that affect the fraudulent financial reporting to minimize fraud that occurred. So that the information used for decision making becomes relevant.

Keywords: *fraudulent financial reporting, fraud triangle, pressure, opportunity, and rationalization.*