

ABSTRACT

This research was conducted to examine the effect of pressure , opportunity and rationalization to the possibility of fraudulent financial statements . Pressure factor is proxied by financial leverage , capital turnover ratio , and profitability . Opportunity factor is proxied by related party transaction , audit firm size , and inventories divided by total assets ratio. Meanwhile, rationalization factor is proxied by the change of auditors , audit opinion , and ability of Going Concern . Control variables that used in this research , is total assets .

Population in this research is the all non-financial companies listed on the Indonesia Stock Exchange in 2008 and 2011 . The criteria that companies committing fraud is BAPEPAM regulation offenses no. VIII.G.7 . on guidelines for the presentation of financial statements, while corporate partner considered cheating is having a same subsector with corporate fraud , has net sales or total assets of which approximately 30 % of net sales or total assets of the company's fraud , so the total sample of 65 companies after 14 companies be taken out from the study because of incomplete financial data . The analysis technique used in this research is logistic regression with stepwise method .

The results of the analysis showed that the profitability variables had negatively affect to the possibility fraudulent financial statements . While financial leverage variables , the ratio of capital turnover , related party transactions , audit firm size , the ratio of inventory per total asset , change of auditors , the audit opinion , and the ability of Going Concern had no significant effect .

Keywords : financial statement fraud , pressure , opportunity , rationalization