

ABSTRACT

Financial statements become an important instrument in the operations of a company. Company's financial condition may be reflected in the financial statements. However, there are many loopholes in the financial statements which can become a chance for the management and certain parties to commit fraud on the financial statements. This study was conducted to analyze the effect of the Development variables of fraud triangle by Cressey, the fraud diamond proposed by Wolfe and Hermanson (2009) that financial targets, financial stability, external pressure, nature of industry, ineffective monitoring, change in auditors, audit opinion and change of director towards the financial statement fraud which proxied by f-score.

The samples used in this study are 33 property and real estate sector service companies that listed in Indonesia Stock Exchange during the period 2014-2018. The type of data used are secondary data, in the form of annual reports of companies listed on the Stock Exchange during the period 2014-2018. Hypothesis testing was conducted using multiple linear regression with SPSS 21 software.

The results showed that the variables of financial stability shown to affect positive and significant the financial statement fraud. This study does not prove that financial targets, external pressure, nature of the industry, ineffective monitoring, change in auditors, audit opinion, and change of directors has an influence positive and significant on the financial statement fraud.

Keywords: Financial Stability, External Pressure, Financial Target, Nature of Industry, Ineffective Monitoring, Change in Auditor, Audit Opinion, Change of Director, Financial Statement Fraud.