

ABSTRACT

The purpose of this research is to examine the risk factors of fraud triangle on financial statements fraud. Fraud triangle measured by financial target and financial stability (pressure), nature of industry (opportunity), and change in auditor (rationalization). Financial statements fraud measured using Beneish M-Score model.

The population in this study are manufacturing in the consumer goods industry sector companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. The sample was selected using purposive sampling technique. The number of samples in this research were 161. The data used was secondary data and analysis technique for hypothesis testing was using multiple linear regression analysis which was processed with SPSS software version 21s.

Results of this research that financial stability calculated by changes in total assets, and nature of industry which was calculated by the comparison between receivables and sales, had a positive effect on financial statements fraud. Meanwhile, the financial target calculated by return on assets ratio and change in auditor has no effect on financial statements fraud. Financial target, financial stability, nature of industry, and change in auditor can simultaneously have an influence on financial statements fraud.

Keywords: fraud, financial statement fraud, financial target, financial stability, nature of industry, change in auditor, M-Score