ABSTRACT

This research supports providing information about anything related to political connections in increasing financial statment fraud while consider the role of CSR disclosure as a mediating variable for go public companies that publish sustainability reports in 2019 and 2020. This analysis is also supported by several control variables there are company size, leverage, and profitability.

Purposive sampling is a sample selection method used in this research, as far as produce a sample of 138 companies on the Indonesia Stock Exchange which are then divided into 9 sectors. The analysis technique used is descriptive analysis and path analysis. Path analysis is used to determine the mediating effect of CSR disclosure. Political connections use a categorical scale (dummy), financial statement fraud use a categorical scale (dummy), and CSR disclosures determined using score GRI Standards.

Based on the results of the regression test, political connections have a negative and significant influence on financial statement fraud. The positive and significant influence of political connections on CSR disclosure can also be empirically proven through the results of regression tests. The presence of three control variables that support also have a significant influence on the increase in the level of determination coefficient. This research also provides information about CSR disclosures that are able to mediate the political connections to financial statement fraud in all samples offered as well.

Keywords : Political connections, financial statement fraud, CSR disclosure, company size, leverage, and profitability