

FRAUD FINANCIAL STATEMENTS IN PENTAGON'S FRAUD PERSPECTIVE (Study on the Mining Sector Listed on the Indonesia Stock Exchange 2016 – 2020 Period)

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Abstract

Fraudulent financial statements are intentional or omission by the company. The occurrence of fraudulent financial statements in addition to causing internal conflicts within a company will also harm external parties in decision making. This study aims to detect fraudulent financial statements using the fraud pentagon analysis with financial stability, external pressure, financial targets, ineffective monitoring, nature of industry, auditor replacement, replacement of directors, and the appearance of CEO images in mining sector companies listed on the Indonesia Stock Exchange. 2016-2020 period. The population in this study is the mining sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period, which are 36 sample companies. The analytical technique used is logistic regression using SPSS 25 software. The results of this study indicate that the pentagon fraud simultaneously affects financial reporting fraud in mining sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The partial test results show that the financial target and the nature of the industry have a positive effect, external pressure has a negative effect on fraudulent financial reporting. Financial stability, ineffective monitoring, replacement of auditors, replacement of directors, and the appearance of the CEO image have no partial effect on financial statement fraud. Based on the results in this study, the researcher provides theoretical and practical suggestions. Theoretically, researchers provide suggestions to academics and future researchers. Practically providing advice to companies as well as investors.

Keywords: *Fraud Pentagon, Financial Statement Fraud*

Abstrak

Kecurangan laporan keuangan adalah kesengajaan ataupun kelalaian yang dilakukan oleh perusahaan. Terjadinya kecurangan laporan keuangan selain akan menimbulkan konflik internal di dalam suatu perusahaan juga akan merugikan pihak eksternal dalam pengambilan keputusan. Penelitian ini bertujuan untuk mendeteksi kecurangan laporan keuangan menggunakan analisis fraud pentagon dengan faktor *financial stability, external pressure, financial target, ineffective monitoring, nature of industry*, penggantian auditor, penggantian direksi, dan kemunculan gambar CEO pada perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia periode 2016-2020. Populasi dalam penelitian ini ialah perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia periode 2016-2020 yaitu berjumlah 36 perusahaan sampel. Teknik analisis yang digunakan adalah regresi logistik dengan menggunakan software SPSS 25. Hasil penelitian ini menunjukkan bahwa secara simultan *fraud pentagon* berpengaruh terhadap kecurangan pelaporan keuangan pada perusahaan sektor pertambangan yang terdaftar di Bursa Efek Indonesia periode 2016-2020. Hasil pengujian secara parsial menunjukkan bahwa *financial target* dan *nature of industry* berpengaruh positif, *external pressure* berpengaruh negatif terhadap kecurangan pelaporan keuangan. *Financial stability, ineffective monitoring, penggantian auditor, penggantian*

direksi, dan kemunculan gambar CEO tidak berpengaruh secara parsial terhadap kecurangan laporan keuangan. Berdasarkan hasil dalam penelitian ini, peneliti memberikan saran secara teoritis dan praktis. Secara teoritis peneliti memberikan saran kepada akademisi dan peneliti selanjutnya. Secara praktis memberikan saran kepada perusahaan serta investor.

Kata kunci: *Fraud Pentagon*, kecurangan Laporan Keuangan.

I. INTRODUCTION

Financial statements are the performance of companies that have information for use by management and investors in knowing the company's income and profits. Financial statements are a measure of a company's performance as a company management packaging that affects investment activities in the future (Siddiq et al., 2017). Financial statements are usually used as a reference by investors as external users of financial statements, regardless of whether the company is in good condition or not. Companies need to provide financial reports that relevant and easily understood by external users of financial statements. However, in practice, there are still companies that commit fraud on financial statements because they want to present financial statements as well as possible in the eyes of investors.

Fraudulent financial statements are intentional or omission by the company. In this case, the financial statements presented are not in accordance with proper accounting principles and may influence the decisions taken by interested parties. The fraud triangle or other terms, the fraud triangle has three factors, namely pressure, opportunity and rationalization introduced by Cressey (1953), and refined into a fraud diamond by Wolfe & Hermanson (2004) by adding one element, namely ability (capability). Then the fraud diamond theory was developed into a fraud pentagon by Crowe Howarth LLP (2010) by adding one element, namely arrogance.

The case of fraudulent financial reporting that occurred at PT Cakra Mineral Tbk which was revealed in 2016 began with the director of PT Cakra Mineral who had been reported to the Indonesia Stock Exchange (IDX) and the Financial Services Authority (OJK). due to cases of embezzlement, accounting manipulation and problems related to false disclosures directed by Boelio Muliadi, the President Director of the company Cakra Mineral (www.beritalima.com).

This study aims to determine the simultaneous and partial effect of variables on financial stability, external pressure, financial targets, ineffective monitoring, nature of industry, auditor replacement, replacement of directors, the appearance of CEO images in mining companies that are consistently listed on the Indonesia Stock Exchange in 2016-2020.

II. LITERATURE REVIEW

2.1 Agency Theory

Agency theory was first put forward by Michael C. Jensen and William H. Meckling in 1976. Agency theory is a business reference and the basic foundation of a company. The theory describes the correlation or relationship between the principal and agent for a cooperation agreement or nexus of contract (Siddiq et al., 2017). The agency relationship is made in the form of a contract, which states that this relationship contract is effective in encouraging the parties to fulfill the contract without disputes and to obtain maximum results from various alternative actions that the agent will take (Suwardjono in Santoso, 2019).

2.2 Fraudulent Financial Statements

In this study to detect fraudulent financial statements using the measurement of the fraud score model (F-score). The F-score is a measurement using the financial reporting fraud risk assessment method with the highest level of accuracy. The F-score is assessed with a dummy variable. A company can be predicted to commit fraud on financial statements if the fraud score model after being calculated is worth more than 1, but the company cannot be predicted to commit fraudulent actions against financial reporting if the fraud score model value is less than 1 (Harahap in Agusputri & Sofie, 2019). Calculating the F-score is to add up the quality of accruals and financial performance as follows:

$$F\text{-Score} = \text{Accrual Quality} + \text{Financial Performance}$$

Accrual quality is calculated using the RSST accrual.

$$\text{RSST accrual} = \frac{(\Delta WC + \Delta NCO + \Delta FIN)}{\text{Average Total Assets}}$$

Dimana

$$WC = (\text{Current Assets} - \text{Current Liability})$$

$$FIN = (\text{Total Investment} - \text{Total Liability})$$

$$NCO = (\text{Total Assets} - \text{Current Assets} - \text{Investment and Advance}) - (\text{Total Liability} - \text{Current Liability} - \text{Long Term Debt})$$

$$ATS = \frac{(\text{Beginning Total Assets} + \text{End Total Assets})}{2}$$

Financial Performance is calculated by:

$$\text{Financial Performances} = \text{change in receivables} + \text{change in inventories} + \text{change in cash sales} + \text{change in earnings}$$

Dimana:

$$\text{Change in receivable} = \frac{\Delta \text{Receivables}}{\text{Average Total Assets}}$$

$$\text{Change in inventories} = \frac{\Delta \text{Inventories}}{\text{Average Total Assets}}$$

$$\text{Change in cash sales} = \frac{\Delta \text{Sales}}{\text{Sales (t)}} - \frac{\Delta \text{Receivables}}{\text{Receivables (t)}}$$

$$\text{Change in earnings} = \frac{\text{Earnings (t)}}{\text{Average Total Assets (t)}} - \frac{\text{Earnings (t-1)}}{\text{Average Total Assets (t-1)}}$$

2.3 Pentagon Fraud

The fraud pentagon is the development of the fraud diamond theory proposed by Crowe Howarth in 2011. The fraud pentagon theory adds one element that can trigger an act of fraud, namely the element of arrogance.

2.4 Pressure

The first element of the fraud triangle is pressure. pressures is the cause of someone committing fraud. Several conditions commonly occur under pressure, resulting in fraud in financial statements (Wicaksono in Pertiwi & Triyanto, 2020). In this research, pressure will be proxied by financial stability, external pressure and financial target.

2.5 Opportunity

Opportunity is a condition where the company is not effective in monitoring the company's performance. This ineffectiveness can create opportunities for managers to commit fraud in financial statements. In this study, opportunity is proxied by the nature of

industry by measuring the company's bad debts and ineffective monitoring by measuring the company's audit committee.

2.6 Rationalization

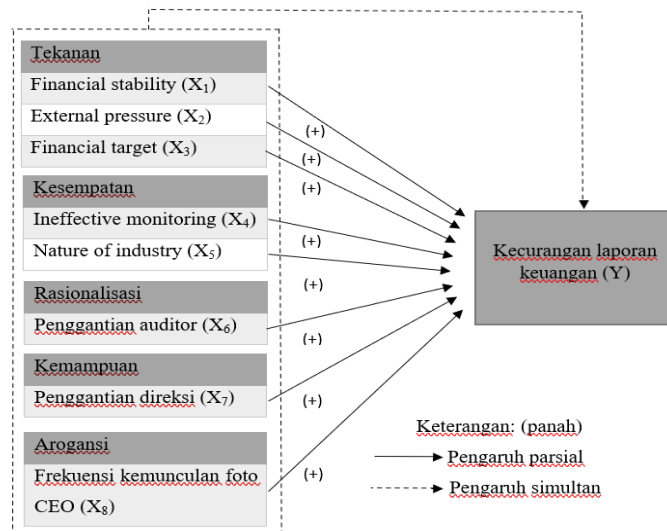
Rationalization is the third pillar of the fraud triangle, this rationalization is the most difficult element to measure, because rationality is a justification of fraudulent actions with an attitude of justification that assumes that their actions are not wrong. In this study, rationalization was measured using auditor replacement. Auditor turnover is measured using a dummy variable by giving a score of 1 if the sample company changes auditors during the study period and 0 if the sample companies do not change auditors during the study period.

2.7 Capability

Capability is proxied by the change of directors because it depends on the politics and interests of certain parties, which often lead to conflicts of interest (Mayangsari, 2020). Companies that commit fraud often change the structure of their board of directors due to the unstable condition of the company. Frequent changes in board turnover reflect political interests so that it is reflected as an effort to reduce the effectiveness of management performance (Ratna in Sepriyani & Handayani, 2018). Change of directors is measured using a dummy variable by giving a score of 1 if the sample company changes directors during the study period and 0 if the sample company does not change directors during the study period.

2.8 Arogansi

The arrogance that stems from fraud is based on the fact that the company is doing well through hard work, and in order to maintain that they will cheat to make the company look good in the eyes of the stakeholders, and to get praise (Vivianita & Indudewi, 2019). Setiawati & Baningrum research (2018) The number of CEO images displayed in the company's annual report may reflect the arrogance of a CEO. In this study, arrogance is measured using the frequent number of CEO's picture (CEOPIC) proxy in the company's annual report.



Gambar 1. Kerangka Pemikiran

H1: Financial stability, external pressure, financial target, ineffective monitoring, nature of industry, turnover auditors, change of directors and the appearance of the CEO image have a simultaneous effect on Report Fraud Finance

- H2: Financial Stability partially positive effect on Financial Statement Fraud
- H3: External pressure partially positive effect on Financial Statement Fraud
- H4: Financial target partially positive effect on Financial Statement Fraud
- H5: Ineffective monitoring partially positive effect on Financial Statement Fraud
- H6: Nature of industry partially positive effect on Financial Statement Fraud
- H7: Auditor change has a partial positive effect on Financial Statement Fraud
- H8: Change of directors has a partial positive effect on Fraudulent Financial Statements
- H9: The appearance of the CEO image has a partial positive effect on Financial Statement Fraud

III. METHODS

In this study the method used is quantitative. Quantitative method is a type of research based on the philosophy of positivism, which is used to examine the population or sample. In this study, no research was involved because the data used were secondary, namely using data available on the Indonesia Stock Exchange website.

3.1 Population and Sample

The population in this study are 36 mining companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The purposive sampling technique used in this study obtained a sample of 36 companies or 180 data samples.

Table 1. Population and Sample

No.	Sample Selection Criteria	total
1.	Mining sector companies listed on the Indonesia Stock Exchange in 2016-2020.	47
2.	Mining sector companies that are listed on the Indonesia Stock Exchange and do not consistently publish audited financial reports and annual reports for the 2016-2020 period.	(11)
Number of research sample companies		36
Research year		5
Total research sample (36x5)		180

Source: Processed data (2022)

3.2 Operational Variables

Table 2.Operational Variables

Variabel	Definisi	Indikator	Skala
Variabel Dependen			
Financial Statement fraud (Y)	Financial statement fraud is the intentional or omission of a person in financial reporting. This consideration is carried out through the presentation of financial statements that are not in accordance with generally accepted accounting principles	Variabel <i>dummy F-score</i> 1 = if the f-score > 1.00 there is an indication of financial statement fraud. 0 = if the result of f-score < 1.00 there is no indication of financial statement fraud. (Harahap in Agusputri & Sofie, 2019)	Nominal

	(Rahmayuni in Rahmatika et al., 2019)		
Variabel Independen			
<i>Financial Stability (X1)</i>	Financial Stability occurs when the financial stability of a company is unstable, it can cause management to commit fraudulent financial statements (Fitriyah & Novita, 2021).	<i>Financial Stability</i> ACHANGE: $\frac{Total\ aset_t - Total\ aset_{t-1}}{Total\ aset_{t-1}}$ (Rahayuningsih & Sukirman, 2021)	Rasio
<i>External Pressure (X2)</i>	External pressure is a condition in which managers experience excessive external pressure to fulfill the interests of third parties (Tiffani & Marfuah, 2015).	<i>External Pressure</i> Lev ratio: $\frac{Total\ liabilities}{Total\ assets}$ (Fathmaningrum & Anggarani, 2021)	Rasio
<i>Financial target (X3)</i>	Financial target is a condition where there is excessive pressure on management to achieve the financial targets set by the board of directors (Yesiariani & Rahayu, 2016).	<i>Financial target</i> Return On Asset: $\frac{net\ profit}{Total\ asset}$ (Skousen et al dalam Rukmana, 2021)	Rasio
<i>ineffective monitoring (X4)</i>	ineffective monitoring or ineffective monitoring is a condition where the company does not have a system of supervision and monitoring. The more ineffective the supervision and monitoring of the company, the higher the possibility of fraudulent financial statements (Fathmaningrum & Budgeti, 2021).	<i>ineffective monitoring</i> BDOUT: $\frac{Jumlah\ komisararis\ independen}{Total\ dewan\ komisararis}$ (Daud & Yuniasih, 2020)	Rasio
<i>nature of industry (X5)</i>	The nature of the industry is a good state in an industrial company. Good or ideal conditions in the company will certainly benefit the company (Agusputri & Sofie, 2019).	<i>nature of industry</i> Rasio total piutang (RECEIVABLE): $\frac{Receivable_t}{sales_t} + \frac{Receivable_{t-1}}{sales_{t-1}}$ (Tiffani & Marfuah, 2015)	Rasio
<i>Auditor change (X6)</i>	Rationalization can be reviewed by a change of auditors, because the period periodically deliberately replaces the old external auditor to	Pergantian auditor dummy variable 1 = if the company changes auditors. 0 = if the company does not change auditors.	Nominal

	eliminate the previous Auditor's Fraud Traces (Shelton in Sari & Subkhi, 2021).	(Siddiq et al., 2017)	
Change of directors (X7)	capability is proxied by the change of directors because it depends on the politics and interests of certain parties, which often lead to conflicts of interest (Mayangsari, 2020).	Variabel <i>dummy</i> DCHANGE: 1 = if the company changes directors. 0 = if the company does not change directors. (Septriyani & Handayani, 2018)	Nominal
CEO Photo Occurrence Frekuensi (X8)	The number of CEO images displayed in the company's annual report may reflect the arrogance of a CEO (Setiawati & Baningrum, 2018).	CEOPIC: The number of CEO photos shown in the financial statements of the sample companies. (Siddiq et al., 2017)	Rasio

IV. RESULTS

4.1 Descriptive Statistical Analysis

a. Ratio-scale Descriptive Statistical Analysis

Table 3. Results of Descriptive Statistics Testing for Ratio-Scaled Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Stability	180	-0,8147	2,4563	0,0579	0,3098
External Pressure	180	0,0028	1,9057	0,5595	0,3178
Financial Target	180	-0,9332	1,0898	0,0486	0,1932
Ineffective Monitoring	180	0,1429	0,6667	0,3964	0,1023
Nature of industry	180	0,0000	2,8509	0,4389	0,5037
Number of CEO picture	180	1	18	5,62	3,309

Source: Processed data (2022)

Table 3 shows that the results of the descriptive statistical analysis of the financial stability variable have an average value of 0.0579 where this value is lower than the standard deviation of 0.3098. This shows that the data on the financial stability variable varies. The maximum value of the financial stability variable is 2.4563 by PT J Resources Asia Pacific Tbk (PSAB) in 2017 and the minimum value is -0.8147 by PT Capitalinc Investment Tbk (MTFN) in 2016.

Based on the results of descriptive statistical analysis, the external pressure variable has an average value of 0.5595 where this value is higher than the standard deviation of 0.3178 so that the data on the external pressure variable does not vary. The maximum value of the external pressure variable is 1.9057 by PT J Resources Asia Pacific Tbk (PSAB) in 2016 and the minimum value is 0.0028 by PT Energi Mega Persada Tbk (ENGR) in 2017.

Based on the results of descriptive statistical analysis on the financial target variable has an average of 0.0486 where the value is lower than the standard deviation of 0.1932 so that the data on the financial target variable varies. The maximum value of the financial target variable is 1.0898 by PT Bukit Asam Tbk (PTBA) in 2016 and the minimum value is -0.9332 by PT Capitalinc Investment Tbk (MTFN) in 2016.

Based on the results of descriptive statistical analysis, the ineffective monitoring variable has an average of 0.3964 where the value is higher than the standard deviation of 0.1023 so that the data on the ineffective monitoring variable does not vary. The maximum value of the ineffective monitoring variable is 0.6667 by PT Toba Bara Sejahtera Tbk (TOBA)

in 2016 and the minimum value is 0.1429 by PT Indo Tambangraya Megah Tbk (ITMG) in 2018.

Based on the results of descriptive statistical analysis on the nature of industry variable, it has an average of 0.4389 where the value is lower than the standard deviation of 0.5037 so that the data on the nature of industry variable varies. The maximum value of the variable is 2.8509 by PT Radiant Utama Interinsco Tbk (RUIS) in 2018 and the minimum value of 0.0000 by PT Mitra Investindo Tbk (MITI) in 2020.

Based on the results of descriptive statistical analysis on the CEO photo appearance variable, it has an average of 5.62 where the value is higher than the standard deviation of 3.309, so the data on the CEO photo appearance variable does not vary. The maximum value of the variable is 18 by PT Bukit Asam Tbk (PTBA) in 2017 and the minimum value of 1 by PT Perdana Karya Perkasa Tbk (PKPK) in 2016.

b. Nominal-scale Descriptive Statistical Analysis

Table 4. Nominal-Scale Variable Descriptive Statistics Test Results

	N	Yang Melakukan	Yang Tidak Melakukan	presentase
Pergantian auditor	180	11 (6,1%)	169 (93,9%)	100%
Pergantian direksi	180	102 (56,7%)	78 (43,3%)	100%
Kecurangan Laporan Keuangan	180	21 (11,7%)	159 (88,3%)	100%

Source: Processed data (2022)

Based on the results of the descriptive analysis of the auditor turnover variable shown in Table 4, it shows that there are 11 companies (6.1%) that change auditors during 2016-2020, while the remaining 169 companies (93.9%) do not change auditors.

Based on the results of the descriptive analysis of the change of directors variable shown in Table 4, it shows that there are 102 companies (56.7%) that change directors during 2016-2020, while the remaining 78 companies (43.3%) do not change directors.

Based on the results of the descriptive analysis of the financial statement fraud variable shown in Table 4, it shows that there are 21 companies (11.7%) that are indicated to commit financial statement fraud during 2016-2020, while the remaining 159 companies (88.3%) are not indicated to commit fraud. financial statement fraud.

4.2 Logistics Regression Analysis

a. Assessing the Feasibility of the Regression Model

Table 5. Hosmer and Lemeshow Test

<i>Hosmer and Lemeshow Test</i>			
Step	Chi-Square	Df	Sig.
1	5,868	8	0,662

Source: Processed data (2022)

Based on the results of the Hosmer and Lemeshow Test in table 5, a significance value of 0.662 is obtained, which indicates that the significance value is greater than 0.05, so the hypothesis is accepted or cannot be rejected. This shows that the regression model used in this study is feasible to be used in further analysis.

b. Koefisien Determinasi

Table 6. Koefisien Determinasi

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square

1	103,683 ^a	0,134	0,262
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Source: Processed data (2022)

Based on the results of the model summary table 6 shows the test results of Nagelkerke's R Square of 0.262 or 26.2% owned, meaning that the independent variable is able to explain the variation of financial statement fraud and the remaining 73.8% is influenced by other factors outside of the variable. used in this study.

c. Simultaneous Test

Table 7. Simultaneous Test

<i>Omnibus Test of Model Coefficients</i>				
		Chi-square	df	Sig.
Step 1	Step	26,000	8	0,001
	Block	26,000	8	0,001
	Model	26,000	8	0,001

Source: Processed data (2022)

Based on table 7 it can be seen that the overall significance level of the independent variables is 0.001 or less than 0.05 thus simultaneously the independent variables are financial stability, external pressure, financial targets, ineffective monitoring, nature of industry, auditor turnover, change of directors and The frequency of occurrence of CEO photos has an effect on the dependent variable, namely financial statement fraud.

d. Partial Test

Table 8. Partial Test

<i>Variabel in the Equation</i>				
		B	S.E.	Sig.
Step 1 ^a	ACHANGE	-2,309	1,578	0,143
	LEV	-3,888	1,137	0,001
	ROA	3,302	1,146	0,004
	BDOUT	3,227	2,584	0,212
	RECEIVABLE	1,034	0,448	0,021
	AUDCHANGE	-0,153	1,126	0,892
	DCHANGE	0,230	0,546	0,673
	CEOPIC	-0,171	0,113	0,131
	Constant	-1,416	1,293	0,274

Source: Processed data (2022)

The financial stability variable (ACHANGE) has a probability value (sig.) of 0.143 where the value is greater than a significance level (α) of 0.05, this indicates that H0 is accepted, thus it can be concluded that the financial stability variable (ACHANGE) has no effect. against fraudulent financial statements.

The external pressure variable (LEVERAGE) has a probability value (sig.) of 0.001 where the value is smaller than the significance level (α) of 0.05, this shows that H0 is rejected, thus it can be concluded that the external pressure (LEVERAGE) variable has an effect on financial statement fraud.

The financial target variable (ROA) has a probability value (sig.) of 0.004 where the value is smaller than the significance level (α) of 0.05, this indicates that H0 is rejected, thus it can be concluded that the financial target variable (ROA) has an effect on financial statement fraud.

The ineffective monitoring variable (BDOUT) has a probability value (sig.) of 0.212 where the value is greater than the significance level (α) of 0.05, this indicates that H0 is accepted, thus it can be concluded that the ineffective monitoring variable (BDOUT) has no effect. against fraudulent financial statements.

The nature of industry variable (RECEIVABLE) has a probability value (sig.) of 0.021 where the value is smaller than the significance level (α) of 0.05, this shows that H0 is rejected, thus it can be concluded that the nature of industry variable (RECEIVABLE) effect on fraudulent financial statements.

Auditor turnover variable (AUDCHANGE) has a probability value (sig.) of 0.892 where the value is greater than the significance level (α) 0.05, this indicates that H0 is accepted, thus it can be concluded that the auditor turnover variable (AUDCHANGE) has no effect against fraudulent financial statements.

The change of directors variable (DCHANGE) has a probability value (sig.) of 0.673 where the value is greater than the significance level (α) of 0.05, this indicates that H0 is accepted, thus it can be concluded that the change of directors variable (DCHANGE) has no effect against fraudulent financial statements.

The variable frequency of occurrence of CEO photos (CEOPIC) has a probability value (sig.) of 0.131 where the value is greater than the significance level (α) of 0.05, this indicates that H0 is accepted, thus it can be concluded that the variable frequency of occurrence of CEO photos (CEOPIC) has no effect on fraudulent financial statements.

V. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The conclusions obtained from the results of this study are as follows:

1. Based on simultaneous testing, it shows that the variables of financial stability, external pressure, financial target, ineffective monitoring, nature of industry, auditor turnover, change of directors and the frequency of the appearance of CEO photos have a simultaneous effect on fraudulent financial statements in mining companies listed on the Stock Exchange. Indonesia (IDX) in 2016-2020.
2. Based on the partial test shows that:
 - a. The financial stability variable has no effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.
 - b. The external pressure variable has a negative effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.
 - c. The financial target variable has a positive effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.
 - d. The ineffective monitoring variable has no effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.
 - e. The nature of industry variable has a positive effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.
 - f. The auditor turnover variable has no effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.
 - g. The change of directors' variable has no effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.
 - h. The variable frequency of the appearance of CEO photos has no effect on the financial statements of mining companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020.

5.2 Recommendations

Theoretical Aspect

1. For academics, researchers realize that in conducting this research there are still some shortcomings and limitations. Therefore, the researcher suggests adding the latest references on matters related to financial statement fraud.
2. For further research, other proxies can be used that can be used to detect fraudulent financial statements such as total accruals and other proxies that can be used to determine the analysis of fraud pentagons in detecting financial fraud.

Practical Aspect

1. For companies, the results of this study can be used as an evaluation for the company and become an illustration of the factors that influence the occurrence of fraudulent acts in financial statements.
2. For investors, the results of this study can be used as material for consideration or analysis of financial statements in advance, so that the company can determine the financial stability of the company so that it can predict the future of a company where the capital will be invested.

VI. Limitation

Based on this writing there are several limitations experienced, among others:

1. The proxy for the pressure variable in this study only consists of three proxies, namely financial stability, external pressure, and financial target, while there are other factors that can influence financial statement fraud such as institution ownership.
2. The proxy for the opportunity variable in this study only consists of two proxies, namely ineffective monitoring, and the nature of industry, while there are other factors that can influence financial statement fraud, such as the quality of external audit.
3. There are research limitations that make it difficult to access financial reports on the company's website.

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