

THE EFFECT OF FRAUD HEXAGON IN DETECTING A FRAUDULENT FINANCIAL REPORTING

By Nadita Saputri

Abstract

This research is using a quantitative study that aims to analyze the effect of Fraud Hexagon which consists of financial stability, ineffective monitoring, change in auditors, change in directors, frequent number of CEO's pic, political connections, and state-owned enterprises on fraudulent financial reporting. The population in this study consisted of companies in the Basic Industry and Chemicals sector which listed on Indonesia Stock Exchange 2019 – 2021. The sample selection in this study used a purposive sampling method which produced 168 observations. Hypothesis testing in this study is using a panel data analysis with STATA version 14. The results of this study indicate rationalization proxied by change in auditors has a significant negative effect on fraudulent financial reporting. Meanwhile, financial stability, ineffective monitoring, change in directors, frequent number of CEO's pic, political connections and state-owned enterprises have no effect on fraudulent financial reporting.

Keywords : *Fraud Hexagon, Financial Stability, Ineffective Monitoring, Change in Auditor, Change in Director, Frequent Number of CEO's Pic, Political Connection, Fraudulent Financial Reporting.*

PENGARUH *FRAUD HEXAGON* DALAM MENDETEKSI *FRAUDULENT FINANCIAL REPORTING*

Oleh Nadita Saputri

Abstrak

Penelitian ini merupakan penelitian kuantitatif yang memiliki tujuan untuk menganalisis pengaruh *Fraud Hexagon* yang terdiri dari *financial stability*, *ineffective monitoring*, *change in auditor*, *change in director*, *frequent number of CEO's pic*, *political connection*, dan *state-owned enterprises* terhadap *fraudulent financial reporting*. Populasi dalam penelitian ini terdiri dari perusahaan sektor *Basic Industry and Chemicals* yang terdaftar di Bursa Efek Indonesia 2019 – 2021. Pemilihan sampel dalam penelitian ini menggunakan metode *purposive sampling* yang menghasilkan 168 observasi. Pengujian hipotesis dalam penelitian ini menggunakan analisis data panel dengan aplikasi STATA versi 14. Hasil dari analisis data yang dilakukan, dapat disimpulkan bahwa *rationalization* yang diproksikan dengan *change in auditor* memiliki pengaruh negatif signifikan terhadap *fraudulent financial reporting*. Sedangkan *financial stability*, *ineffective monitoring*, *change in director*, *frequent number of CEO's pic*, *political connection* dan *state-owned enterprises* tidak memiliki pengaruh terhadap *fraudulent financial reporting*.

Kata kunci : *Fraud Hexagon, Financial Stability, Ineffective Monitoring, Change in Auditor, Change in Director, Frequent Number of CEO's Pic, Political Connection, Fraudulent Financial Reporting.*