ABSTRACT

Melani Yohana Simanjuntak, NIM. 7203220022. The Influence of Fraud Pentagon on The Likelihood of Fraudulent Financial Reporting on Indonesian's Listed Manufacturing Companies with CEO's Gender as The Moderating Variable. A Thesis of Accounting Major, Department of Accounting, Faculty of Economics, State University of Medan, 2024.

Fraudulent Financial Reporting (FFR) remains a significant concern within Indonesia's manufacturing sector. The Fraud Pentagon framework, encompassing five key elements - pressure, opportunity, rationalization, competence/capability, and arrogance - offers a valuable lens to examine the underlying factors contributing to this issue. This study seeks to investigate the impact of these Fraud Pentagon elements on fraudulent financial reporting practices within Indonesian manufacturing companies for the year 2023 using F-Score Model by Dechow. This study also investigates the potential moderating effect of CEO gender on the connection between the fraud pentagon and FFR.

This study employs quantitative methods to analyze secondary data. The data originates from the 2023 annual financial reports of 72 manufacturing companies publicly traded on the Indonesia Stock Exchange (BEI). Logistic regression serves as the chosen statistical technique for data analysis.

The research results reveal that only Pressure (which is proxied by external pressure - LEV) has an influence on fraudulent financial reporting, individually. While Opportunity, Rationalization, Competence/Capability, and Arrogance have no influence on fraudulent financial reporting. This means that manufacturing companies that experience high financial pressure are more at risk of committing financial report fraud. Additionally, CEO's Gender, as the moderating variable upon this research is statistically proven failed to moderate all 5 elements of Fraud Pentagon in detecting the likelihood of FFR. This conclude that the risk of FFR is not contingent upon the gender of the company's leader.

Keywords: Fraud, Fraudulent Financial Reporting, Fraud Pentagon, F-Score Model.