

The Impact of Diamond Fraud on Financial Statement Fraud in Manufacturing Companies Sub- Sector Goods Consumption 2022-2023

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ABSTRACT

This study aims to determine influence *fraud diamond* to financial statement fraud. The variables used in the study consist of the dependent variable, namely financial statement fraud, while the independent variables consist of *pressure*, *opportunity*, *rationalization*, and *capability*. The study focuses on companies in the manufacturing sub- sector. goods consumption listed on the IDX in 2022-2023. The study population consisted of 96 manufacturing companies. sub- sector goods consumption. The research sample consisted of 86 manufacturing companies sub- sector goods consumption, with sampling using the *purposive sampling method* aimed at obtaining a representative sample with predetermined criteria. The research method used was logistic regression analysis. Based on the research results, *pressure* has an effect positive to financial statement fraud, *opportunity* No influential positive to financial statement fraud, *rationalization and capability* No influential negative to financial statement fraud. Limitations in this research namely the limitations of the research object of manufacturing companies which only focus on sector goods consumption which are listed on the IDX in 2022-2023 as well as the limitations of operational variables that cannot explain the whole in detecting and preventing fraud in financial statement fraud.

KEYWORDS: *diamond fraud*, financial statement fraud, manufacturing

INTRODUCTION

Financial statement is an important instrument, the result of an accounting process that can be used as a means communication with the parties concerned in taking decision (Medlar & Umar, 2023). *Occupational fraud* as an abuse of one's position that is carried out intentionally in taking company assets for personal gain and causing losses to other parties (ACFE, 2024). Financial reports provide an opportunity for this to occur. fraud what management does in financial statement fraud Fraud (Octaviani & Djati, 2020). financial statement misstatement is the act of management causing material misstatements or omissions of information in a company's financial statements by maximizing the total assets, revenues, and profits, and minimizing the total liabilities, costs, and losses (ACFE, 2024).

Agency theory is based on the fact that every individual who carries out actions based on personal interests and causes a conflict of interest between the principal and agent, results in agency costs (Abbas & Laksito, 2022). The phenomenon of financial statement fraud occurred at the beginning of the 21st century in large companies, namely Enron, Worldcom, Xerox, Toshiba, PT Kimia Farma, Bank BRI, Garuda Indonesia airline (Mohamad Zidane Ramadhan, 2021).

Financial statement fraud irregularities can be prevented, minimized and detected by conducting audits by independent auditors of the accounting systems and records applicable in the company

(Abbas & Laksito, 2022). Auditors are required to have knowledge, insight, and skills that support his profession for reduce occurrence error in find cheating (Antin Okfitasari et al., 2022). Financial statement fraud can be analyzed and detected using *the fraud diamond theory*, a development of *the fraud triangle theory* developed by Donald R. Creese. *The fraud diamond theory* has components of *pressure, opportunity, rationalization, and capability*. is an additional component of *the fraud triangle theory*. Without the right *capability*, fraud will occur. No will happen (Wolfe & Hermanson, 2004). Based on *the fraud diamond theory*, many researchers have proven the truth of this theory, such as Fadilah & Wahidahwati (2019), Istiyanto & Yuyetta (2021), Putri & Lestari (2021), Adesya & Dewayanto (2021), Rahma et al. (2022), Calista & Nugroho (2022), Deliana et al. (2022), and Medlar & Umar (2023). Results study previously research results found to be inconsistent, so further research is needed in accordance with the current situation regarding the relationship between *fraud diamond theory* with financial statement fraud.

Research by Ika Cipta Suryani (2019) and Solikhin & Parasetya (2023) proxied financial statement fraud by earnings management. This study used a new financial statement fraud measure introduced by Dechow et al. in 2009, known as *the fraud score (F Score)*. This relatively new measure was built on the basis of Beneish's research in 1997 and 1999 (Fauziah Wahyuningtias, 2016). *F Score* An appropriate proxy for detecting fraud in financial reporting in developing countries like Indonesia (Prastiwi & Meikhati, 2024). The research object was a manufacturing company. The determination of the cost of goods manufactured to the cost of goods sold involves accounting accounts involved in the method for determining the amount in rupiah. The financial statement easy used in the occurrence of fraud (Fifi Fironika Anggraini, 2019). This study aims to analyze and empirically prove the influence of *pressure, opportunity, rationalization, and capability* to *fraud diamond theory* with *F Score*.

METHODOLOGY

This research uses a quantitative descriptive method, which is a science related to data collection methods, data analysis, and interpretation of analysis results to obtain information in drawing and drawing conclusions in the form of numbers and analysis using statistics (Sihombing & Rahardjo, 2014). With method data analysis using analysis regression logistics with help E-views application 19. Testing regression logistics use test multicollinearity test model feasibility test (Hosmer and Lemeshow), and logistic regression test (Fadilah & Wahidahwati (2019).

Focus study This is company manufacturing sub- sector goods consumption listed on the Indonesian Stock Exchange in 2022-2023 with amount population as many as 94 companies. Determination sample use The *purposive sampling* method. The sample used as many as 86 companies manufacturing sub- sector goods consumption in study This.

The data collection method in this study used documentation and literature study methods (Sihombing & Rahardjo, 2014). Data study This originate from secondary data in the form of annual report and audited financial statements of manufacturing sub- sector companies goods consumption listed on the IDX in 2022-2023.

RESULTS AND DISCUSSION

Table 1
Descriptive Statistics Results

	<i>Pressure</i>	<i>Opportunity</i>	<i>Rationalization</i>	<i>Capability</i>	<i>F Score</i>
Mean	-0.006860	0.442291	0.418605	0.500000	0.244186
Maximum	0.470000	0.833000	1,000,000	1,000,000	1,000,000
Minimum	-1.020000	0.286000	0.000000	0.000000	0.000000
Std. Dev.	0.241798	0.124966	0.496224	0.502933	0.432123
Observations	86	86	86	86	86

Source: Eviews Output version 13 (Data processed by researcher, 2025)

The research sample in the research table is 86. *F Score* is the dependent variable in this study, the mean value is 0.244 186. *Fraud score (F Score)* is used as an indicator of financial statement fraud. Financial statement fraud does not occur when the minimum *F Score value* is 1,000 000 , and variation in the data sample occurs when the minimum *F Score value* is 0.000 000 , standard deviation or 0.432 123 .

Table 2
Multicollinearity Test Results

	<i>Pressure</i>	<i>Opportunity</i>	<i>Rationalization</i>	<i>Capability</i>	<i>F Score</i>
<i>Pressure</i>	1,000,000	0.060816	0.060495	0.027572	0.239160
<i>Opportunity</i>	0.060816	1,000,000	0.118297	0.148909	0.006513
<i>Rationalization</i>	0.060495	0.118297	1,000,000	-0.094281	0.011483
<i>Capability</i>	0.027572	0.148909	-0.094281	1,000,000	-0.189466
<i>F Score</i>	0.239160	0.006513	0.011483	-0.189466	1,000,000

Source: Eviews Output version 13 (Data processed by researcher, 2025)

The results of the multicollinearity test showed that no correlation between the independent variables in the study exceeded 0.8. It was concluded that there was no multicollinearity in this model. Therefore, the logistic regression model can be used.

Table 3
Hosmer and Lemeshow Test Results

HL Statistics	13.3169	Chi-Sq(8) Prob.	0.1014
Andrews Statistics	30.2837	Chi-Sq(10) Prob.	0.0008

Source: Eviews Output version 13 (Data processed by researcher, 2025)

The results of the model feasibility test (Hosmer and Lemeshow) showed a Hosmer and Lemeshow value of 13.3169, with a chi-square probability value of 0.1014 > 0.05, indicating no difference between the observation data and the estimated data from the logistic regression model. From the results of the model feasibility test (Hosmer and Lemeshow), the logistic regression model was declared to have a good fit (goodness of fit).

Table 4
Logistic Regression Analysis Results

Variable	Coefficient	Std. Error	Z -Statistic	Prob.
C	-1.115895	1.056621	-1.056097	0.2909
<i>Pressure</i>	5.919999	2.623979	2.256116	0.0241
<i>Opportunity</i>	0.719976	2.311261	0.311508	0.7554
<i>Rationalization</i>	-0.381013	0.576055	-0.661418	0.5083
<i>Capability</i>	-0.971259	0.570844	-1.701443	0.0889

Source: Eviews Output version 13 (Data processed by researcher, 2025)

From table 4, the logistic regression analysis equation is generated: *F Score* = -1.115895 + 4.593063. *Pressure* + 0.719976 . *Opportunity* - 0.381013 . *Rationalization* - 0.971259. *capabilities*

The Influence of *Pressure* on Financial Statement Fraud

The results of the logistic regression test for the *pressure variable* show a coefficient of 5.919999 and a significance value of $0.0241 < 0.05$, so H_a is accepted, which means the pressure hypothesis has a positive effect on financial statement fraud because the significance value is less than 0.05. Management's inability to maximize asset management can cause company financial instability (Rahma et al., 2022). Fraud is carried out with the aim of manipulating company stability to make it look better by increasing the total amount of assets (Istiyanto & Yuyetta, 2021). In line with research (Solikhin & Parasetya, 2023; Istiyanto & Yuyetta, 2021) .

The Influence of Opportunity on Financial Statement Fraud

The results of the logistic regression test of *the opportunity variable* show a coefficient of 0.719976 and a significance value of $0.7554 > 0.05$, so H_a is rejected, which means the *opportunity hypothesis* does not have a positive influence on financial statement fraud because the significance value is greater than 0.05. The fewer independent commissioners are expected to have independent and objective company supervision, so that in company performance will also increase and fraud the more little and vice versa if there is interference with independent commissioners which results in the loss of objectivity in company supervision (Istiyanto & Yuyetta, 2021). In line with research from (Istiyanto & Yuyetta, 2021; Solikhin & Parasetya, 2023) .

The Influence of Rationalization on Financial Statement Fraud

The results of the logistic regression test of *the rationalization variable* show a coefficient of -0.381013 and a significance value of $0.5083 > 0.05$, so H_a is rejected, which means *the rationalization hypothesis* does not have a negative effect on financial statement fraud because the significance value is greater than 0.05. The company's external auditor changed because the company was dissatisfied with the performance of the previous independent auditor. If the company has positive motivation, then the decision to change auditors is only to get objective results and to improve the company's performance in the future, (Putri & Lestari, 2021). In line with research from (Sihombing & Rahardjo, 2014).

The Influence of Capability on Financial Statement Fraud

The results of the logistic regression test of *the capability variable* show a coefficient of -0.971259 and the significance value is $0.0889 > 0.05$, which means that it is not accepted that *capability* does not have a negative influence on financial statement fraud because the significance value is greater than 0.05. Change of directors made aim to improve the company's quality by seeking directors who are deemed more competent (Calista & Nugroho, 2022). In line with research (Calista & Nugroho, 2022; Deliana et al., 2022; Solikhin & Parasetya, 2023).

CONCLUSION

The conclusions obtained from study This is *pressure* has an effect positive to financial statement fraud, *opportunity* No influential positive to financial statement fraud, *rationalization and capability* No influential negative to financial statement fraud. Limitations in this research namely the limitations of the research object of manufacturing companies which only focus on sector goods consumption which are listed on the IDX in 2022-2023 as well as the limitations of operational variables that cannot fully explain the detection and prevention of fraud in financial reporting. Suggestions for further researchers to expand the research objects and data as described above all sub- sectors manufacturing or banking and conducting direct observations at the company to obtain more valid primary data and using other operational variables besides those in this study to explain the overall way of detecting and preventing fraud in financial reporting.

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