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USING DIAMOND FRAUD ANALYSIS, DETERMINING FINANCIAL INFORMATION DISHONESTY'S IMPACTS

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Abstract: The purpose of this research is to determine and analyses the impact of financial statement fraud on financial stability, board of commissioners, change of public accounting firm, and partial change of board of directors. This study's population consists of non-financial state-owned enterprises registered on the Indonesia Stock Exchange between 2016 and 2020, totaling up to 16 companies. The sample was chosen using the Purposive sampling approach, with sample collection scheduled depending on the desired sample qualification. Descriptive Analysis, Multiple Linear Analysis, and the Classical Assumption Test are the data analysis methodologies employed, with data processing carried out using the spss 25 program. Partial Results of *Ineffective Monitoring* proxied by the Board of Independent Commissioners, *Rationalization* Proxied by Change of Public Accounting Firm and Cappability Proxy by Change of Board of Directors had No Effect and were Not Significant on Financial Statement Fraud, whereas for Partial Results of *Financial Stability* Proxied by *Achange* proven to have a positive and significant effect on financial statement fraud.

Keywords: Financial Stability, Ineffective Monitoring, Rationalization dan Cappability

Abstrak: *Tujuan penelitian ini adalah untuk mengetahui dan menganalisis dampak kecurangan laporan keuangan terhadap stabilitas keuangan, dewan komisaris, pergantian kantor akuntan publik, dan pergantian sebagian dewan direksi. Populasi penelitian ini terdiri dari BUMN non-keuangan yang terdaftar di Bursa Efek Indonesia pada tahun 2016 hingga 2020 yang berjumlah 16 perusahaan. Pemilihan sampel dilakukan dengan pendekatan Purposive sampling, dengan pengambilan sampel dijadwalkan tergantung pada kualifikasi sampel yang diinginkan. Analisis deskriptif, Analisis Linier Berganda, dan Uji Asumsi Klasik merupakan metodologi analisis data yang digunakan, dengan pengolahan data dilakukan dengan menggunakan program spss 25. Hasil Parsial Pengawasan Tidak Efektif yang diproksi Dewan Komisaris Independen, Rasionalisasi yang Diproksikan Pergantian Kantor Akuntan Publik dan Kapabilitas yang Diproksikan Pergantian Direksi Tidak Berpengaruh dan Tidak Signifikan terhadap Kecurangan Laporan Keuangan, sedangkan untuk Hasil Parsial Stabilitas Keuangan Diproksikan by Achange terbukti berpengaruh positif dan signifikan terhadap kecurangan laporan keuangan.*

Kata Kunci: *Stabilitas Keuangan, Pengawasan yang Tidak Efektif, Rasionalisasi dan Kapabilitas*

INTRODUCTION

Financial *Statement* is a report that needs to be contained in a business entity. This is because financial statements provide information for users both *internal* and *external* that can because to make decisions that are consistent with the state of the company. In addition, the content of important information in a financial statement makes managers more motivated to improve the performance of business entities so that existence in the business world will be maintained.

Financial accounts are detailed, however, there is frequently fraud in the report. Financial reporting fraud can be done on purpose to deceive financial statement users by presenting the significant value of falsified financial statements. Many factors contribute to the commission of fraud (misrepresentation), including a conflict of interest between management as an agent and investors as a Principal that favors one party and leads to financial fraud reports.

A good corporate entity needs clean, efficient financial reporting procedures. In order to prevent financial statement fraud, which could result in potentially incorrect and unwanted explanations with notification synchronization, the explanation provided in the financial statements displays all accounting activities of the Business Entity and is intended to meet the standards for the explanation that are currently in place.

Cheating is a common knowledge that consists of numerous forms that may be used for human cunning and exploited by a person to profit from other people based on incorrect activities. Fraud is committed to earn profits in the form of income and assets in order to avoid paying service losses, avoid paying taxes, and save the necessities of individuals or businesses. Financial statement fraud is also sometimes committed by businesses that are in the midst of a financial crisis and are motivated by misplaced opportunism.

The need to constantly update and improve an organization's capacity to build its wealth, which may then be stated in the financial statements, is typically what drives an organization's propensity to engage in financial statement fraud. Based on this, business entities frequently engage in profit management and different iterations to improve their financial accounts in order to draw in investors. Financial statement fraud can occur frequently if there is no detection or protection.

Financial statement fraud could lead to inaccurate justifications and a violation of financial notification protocols. The Association of Certified Fraud Examiners defines fraud as a phishing or deviation activity carried out by people or organizations who are aware that irregularities may result in benefits that are detrimental to people or businesses. Financial statement fraud is an important topic to research because public SOE Business Entities in Indonesia have recently experienced accounting issues. According to popular view, fraud is typically defined as fraud or deception that aims to make both material and immaterial profits.

According to the 2019 Acfe survey findings, corruption is the fraud that causes the most harm in Indonesia. According to 167 respondents in total, or 69.9%, corruption is the most harmful form of fraud in Indonesia. In the following order, 50 respondents, or 20.9%, claimed that misuse of state assets, corporate assets, and assets caused losses. While 22 respondents, or 9.2%, reported financial statement fraud that caused losses in the third place.

The number of fraud cases that occur should be carried out a strategy to detect and handle this. However, it is not as easy as imagined, detecting fraud will be more difficult to detect because based on SAS 82 fraud will generally be polished and will be hidden properly so that material misstatements will be difficult for auditors to find.

Differences in interest (conflict, of interest) between management as agent and investor as principal can lead to fraud. Where investors are interested in receiving a big return on their investment and agents are interested in receiving a substantial remuneration for the results of their labor. This is what will motivate management (agents) to take acts that benefit them but harm investors (principal), such as committing fraud (fraud). Investors may be particularly affected by losses caused by fraudulent practices because the decisions they make can affect the returns on their assets. 2020 Mekarsari

Integrity risk, also known as fraud risk, refers to the possibility that management or employees will commit fraud, that the company will engage in illegal activity, or that there will be other deviations from the norm that could damage the company's good name and reputation and its ability to continue existing. Companies must learn how to spot fraud at its earliest stages since the risk of fraud necessitates that they adopt preventive measures (Priantara, 2013, p. 211).

Measures for fraud detection cannot be used universally. To be able to detect fraud, it is essential to have a thorough grasp of the different types of fraud that could occur in the organization. Each fraud has its own unique features. Additionally, fraud can be detected by spotting certain traits that serve as early warning signs. Fraudsters are typically found in managerial and lesser positions.

The diamond fraud theory, according to Sari & Rofi (2020), can be used to identify financial statement fraud. The fraud triangle idea has been further developed in the form of a fraud diamond. However, the capability component has been included as a refining factor in diamond fraud. The factors in diamond fraud are actually the same as the factors in the fraud triangle. Wolfe and Hermanson (2004)'s fraud triangle included capability as a factor of renewal.

There are a number of earlier research findings on the impact of financial statement fraud. Financial stability pressure has a beneficial impact on financial statement fraud as the first factor. This study concurs with that of Dharma Pangestu et al., (2020), but does not concur with that of Permatasari & Laila, (2021), which claims that Financial Statement fraud is unaffected by changes to the financial stability metric.

Ineffective oversight by the board of commissioners is the second factor. Opportunity has a major impact on the discovery of financial statement fraud, according to study by Annisa Dida Ramadhani & Nurbaiti, (2020), and Izzah et al., (2021), although this research is inconsistent with other studies that have found the opposite.

Rationalization, as measured by new auditors, is the third factor. Research by Izzah et al., (2021), Annisa Dida Ramadhani & Nurbaiti, (2020), and Although this research differs from that of Permatasari & Laila, (2021) and Dharma Pangestu et al., (2020), rationalization has a substantial impact on the identification of financial statement fraud. The identification of financial statement fraud is unaffected by rationalization.

The final element is the ability that would be replaced by the Board of Directors. Capability has a favorable impact on the detection of financial statement fraud, according to study by Primastiwi et al. and Annisa Dida Ramadhani & Nurbaiti from 2020 and 2021, respectively. However, this research contradicts claims of has no impact on financial statement fraud.

The results of earlier studies varied from those of the current study, and certain instances of financial statement fraud have not yet been widely recognized. By employing Fraud Diamond as an Independent Variable, this study also brought up the subject of Financial Statement Fraud.

Then the companies were chosen as the study's population and sample because, according to an ACFE Indonesia (2020) survey performed in 2019, state companies are the second most prevalent institution for fraud cases in Indonesia, accounting for 31.8% of all fraud instances. State-owned businesses that are not in the financial sector and are listed on the Indonesia Stock Exchange for the years 2016 to 2020 make up the population of this study.

Statement of the Problem

Based on the information provided, the following issue formulation is obtained:

1. Does Financial Stability affect the likelihood that state-owned businesses that are not in the financial sector will discover financial statement fraud between 2016 and 2020?
2. Does Opportunity have an impact on the likelihood of spotting financial statement fraud in state-owned businesses that aren't in the banking sector and are listed on the Indonesia Stock Exchange between 2016 and 2020?
3. Will rationalization influence how state-owned businesses that are not in the banking sector and are listed on the Indonesia Stock Exchange between 2016 and 2020 will be able to identify the danger of financial statement fraud?
4. Does the capacity of state-owned non-financial firms listed on the Indonesia Stock Exchange between 2016 and 2020 affect the risk of detecting financial statement fraud?

Research Purposes

1. The first objective of this study is to ascertain whether the chance of detecting financial statement fraud in state-owned non-financial firms listed on the Indonesia Stock Exchange between 2016 and 2020 is influenced by financial stability.
2. To ascertain if state-owned non-financial firms listed on the Indonesia Stock Exchange are at danger of financial statement fraud detection for the 2016–2020 period.
3. To ascertain, for the period from 2016 to 2020, whether rationalization affects the possibility of spotting financial statement fraud in state-owned non-financial firms listed on the Indonesia Stock Exchange.
4. To determine whether competence affects the risk of financial statement fraud detection in state-owned non-financial firms listed on the Indonesia Stock Exchange for the 2016-2020 period.

LITERATURE REVIEW

A. Behavioral Theory

This theory places a lot of focus on the viewpoint of beliefs that might lead someone to act in a certain way. According to the believing perspective, the will to act is formed by combining several traits, features, and aspects of specific knowledge.

Planned behavior theory, according to Fishbein and Ajzen (1975), is an advancement over reasoned action theory. According to the reasoned action theory, there are two factors subjective norms and attitudes toward behavior that influence whether a person intends to take a particular action. Ajzen (1988) added one aspect a few years later, and it was the control of individual perceptual behavior or perceived behavioral control. These elements transform planned behavior theory from justified action theory into planned behavior theory.

B. Fraudulent Financial Statements

Financial statement fraud (fraud) is a widely held belief that encompasses a wide range of variations and is committed for the purpose of personal deceit on behalf of a person seeking to gain financial gain through deception. There are two different ways to define fraudulent financial statements. The first description covers situations where management intended to give external users financial statement explanations that were materially inaccurate. Asset irregularities for central managers are a part of the second category. The chairman, vice chairman, chief executive officer, president, chief financial officer, and treasurer make up the central management.

C. Fraud diamond

The diamond fraud theory replaces Cressey's fraud triangle idea from 1953. The fraud diamond's variables are very identical to those in the fraud triangle since it also includes capability variables to complete those variables. The fraud triangle developed by Wolfe and Hermanson has the flexibility to evaluate fraud events. According to Wolfe and Hermanson (2004), deception cannot be carried out without the precise execution of every aspect of the deception.

D. Pressure

The inclination or pressure that leads someone to cheat is pressure. According to Vidella, A., Afiah (2020), based on SAS No. 99, there are a number of circumstances related to pressure that lead someone to commit fraud, including financial stability, external pressure, and internal pressure.

E. Opportunity

Ineffective monitoring, as defined by SAS No. 99 of 2008, is a circumstance in which the company's internal control system is ineffective. This may happen as a result of the board of commissioners' and audit committee's insufficient oversight of the internal control system, financial reporting procedures, and similar matters. Skousen et al. (2009)'s list of proxy potential includes the industry's nature, ineffective monitoring, and organisational structure.

F. Rationalization

As stated in Statement of Auditing Standards No. 99 of 2008 (Shelton, 2014), The three components of rationalisation are change in auditor, total accrual, and auditor opinion. Rationalisation is the attitude or rationalisation of board members, management, or staff that permits them to participate in rationalising financial statement deception.

G. Abilities

According to Wolfe and Hermanson (2004), it is desirable to add proficiency to support and prevent a fraud incident by including the fourth variable, capability. Where the position and skill do not exist in other people, the position or duty of an individual in a Business Entity can present opportunity for people to engage in fraud acts.

Hypothesis

Financial Statement Impact of Financial Stability Identifying risks

According to SA No.99 of 2008, perils resulting from business operations, entity operations, or unpredictable industrial conditions may put pressure on management of the company to engage in fraud. The request to manage the company's consistent financial performance in order to increase the company's value provided the drive.

According to Nugraheni and Triatmoko (2017), if asset growth turns negative or is relatively low, it may indicate that the company's operations are subpar and will threaten its capacity to maintain its financial stability. The lack of asset growth is what motivates management at the organization to falsify its financial accounts.

The findings of this study are at contrast with those of Sihombing and Raharjo (2014), Skousen, et al (2009), and Aprilia (2017), which demonstrate that financial stability (ACHANGE) significantly reduces the likelihood of financial statement fraud. As a result, the study's first hypothesis is:

H_1: Financial stability has a negative impact on financial statement risk detection.

The Impact of Rationalisation on the Identification of Financial Statement Risk

Justification for management's activities to conduct statement fraud is called rationalisation. Accounting fraud tactics used by corporate management may be reflected in the company's overall accruals.

According to Dewi & Lestari (2020), the primary motivation for people to carry out an activity is their intention in the Theory of Planned Behaviour (TPB). Attitudes, subjective norms, and the perception of behavioural control all have an impact on intention. An individual's intention to react to an object is influenced by their attitude towards it. In addition to attitudes, subjective norms the support of a behaviour by those in one's immediate vicinity have an impact on intentions (Ajzen, 1991).

Studies by Stice (1991) and Pierre and Anderson (1984) demonstrate that auditor changes can take place for valid causes. According to research by Rachmawati (2014), auditor change coupled with rationalisation has a favourable impact on financial statement fraud. Based to the given description, the research thesis is as follows:

H_2: Rationalzaton effect Postf on Financial Statement Risk Detection.

Opportunity's Impact on Financial Statement Identifying risks

When a corporation lacks a supervisory unit that effectively monitors corporate performance, there is inadequate monitoring or supervision (Maghfiroh, 2015). According to Siddiq et al. (2017), Beasley et al. (1999) found that a company's percentage of independent board members has an impact on the frequency of financial statement fraud. According to Putriasih (2014), Financial Statement Fraud can be detected or influenced by ineffective monitoring.

Dewi & Lestari's (2020) analysis According to the Theory of Planned Behaviour (TPB), people's intentions are the primary drivers of their behaviour. Attitudes, subjective norms, and the perception of behavioural control all have an impact on intention.

An individual's intention to react to an object is influenced by their attitude towards it. In addition to attitudes, subjective norms the support of a behaviour by those in one's immediate vicinity have an impact on intentions (Ajzen, 1991).

According to research by Kusumawardhani (2013), financial statement fraud, or the manipulation of financial statements as represented by earnings management, is significantly influenced by ineffective monitoring. This is consistent with research by Agusputri (2019), which found that inadequate monitoring contributes to financial statement fraud. The opposite is true, according to study by Maghfiroh (2015), who indicates that inadequate monitoring has little bearing on financial statement fraud.

H_3: Ineffective Monitoring of Positive's Impact on Financial Statement Risk Detection

Capability's Impact on Financial Statements Identifying risks

Utilizing individual capabilities, the capability is a factor that promotes fraud in a firm. The skill in question is the capacity for situational reading and opportunity spotting, which is promoted by pressure to commit fraud from both within and from outside sources.

According to Dewi & Lestari (2020), the primary motivation for people to carry out an activity is their intention in the Theory of Planned Behavior (TPB). Attitudes, subjective norms, and the perception of behavioral control all have an impact on intention. An individual's intention to react to an object is influenced by their attitude towards it. In addition to attitudes, intentions are influenced by subjective norms which are support from people around individuals for a behavior carried out by individuals (Ajzen, 1991). The change of directors becomes a capability indicator, signaling that the danger of fraud in a company's financial statements would increase, according to Zulfa & Bayagub's (2018) research.

H_4: Capability has an objective effect on Financial Statement Risk Detection.

RESEARCH METHODOLOGY

Research and Measurement Variables

a. Dependent Variables

The detection of the risk of financial statement fraud serves as the study's dependent variable. For the purpose of calculating financial statement fraud detection, the Beneish M-score model is employed. The Dummy approach :

$$\mathbf{M\ score} = -\mathbf{4.840} + \mathbf{0,920} * \mathbf{DSRI} + \mathbf{0,528} * \mathbf{GMI} + \mathbf{0,0404} * \mathbf{AQI} + \mathbf{0,892} * \mathbf{SGI} + \mathbf{0,115} * \mathbf{DEPI} - \mathbf{0,172} * \mathbf{SGAI} - \mathbf{0,327} * \mathbf{LVGI} + \mathbf{4,697} * \mathbf{TATA}$$

Dummy Method:

0 = if the result of the Beneish Ratio Index < -2.22, then the company is not indicated to have committed financial statement fraud

1 = if the result of the Beneish Ratio Index > -2.22, then the company is indicated to have committed financial statement fraud.

b. Independent Variables

Pressure

Financial stability is used as a proxy for variable pressure. A company entity that is in a steady state is said to have financial stability. The company's asset condition provides insight into the stability of the company's situation. ACHANGE, which measures the ratio of changes in total assets over a two-year period, serves as a proxy for financial stability. *Financial stability* is formulated with the asset change ratio (ACHANGE):

$$\mathbf{ACHANGE} = \frac{(\mathbf{Total\ Assets\ (t) - Total\ Asset\ (t-1)})}{\mathbf{Total\ Assets\ (t-1)}}$$

Opportunity

Ineffective monitoring is a situation in which the company has a supervisory unit that effectively monitors the performance of company management.

According to research by Vidella, A, Afiah, (2020), fraud can be reduced in a number of ways, one of which is with a good supervision mechanism, one of which is with a board of commissioners who are independent of the business or, more commonly, independent commissioners, so that the company's performance will be more effective.

Ineffective monitoring is proxied with BDOUT which is formulated as follows:

$$\mathbf{Bdout} = \frac{\mathbf{Number\ of\ independent\ board\ of\ Commissioners}}{\mathbf{Total\ number\ of\ board\ of\ commissioners}}$$

Rationalization

The Rationaization Element in this study uses a change in auditor proxy with auditor change (AUDCHANGE) measured by dummy variables. If a public accounting company changes over the 2016–2020 period, it will be assigned a code of 1, but if there is no change during that time, it will be assigned a code of 0.

Capability

The more open opportunities for fraud, stress times brought on by changes in directors may affect those opportunities (Wolfe and Hermanson, 2004). Therefore, the change in directors of the company (DCHANGE), which is quantified by the dummy variable, serves as a proxy for capacity in this study. It is given the code 1 if the company's board of directors changes during the 2016–2020 period; otherwise, it is given the value 0 if there are no changes to the board of directors during that time.

c. Sample, population and research techniques

a. Population

The companies included in the non-financial Public State-Owned Enterprises (SOEs) on the Indonesia Stock Exchange make up the study's population. There are roughly 16 Business Entities.

b. Sample

The sample considered in this study includes state-owned, non-financial businesses that are scheduled to list on the Indonesia Stock Exchange between 2016 and 2020. Purposive sampling was employed in this study as the sample strategy. A planned sample collection based on the necessary sample qualification is known as a purposeful sampling method. 16 businesses served as the study's samples.

c. Data Collection Methodologies

The method used in this investigation is quantitative research. This study made use of secondary data from state-owned, non-financial companies that are listed on the

Indonesia Stock Exchange. The source of the data was the commercial financial statements of the listed companies on the Indonesia Stock Exchange website, www.idx.co.id. The data collection strategies used in this study were the literature study strategy and the documentation method.

d. Data Analysis Techniques

Descriptive statistical analysis and logistic regression analysis are the analysis techniques employed in this study to test and validate the hypothesis with the use of the SPSS programme version 25.

RESULT AND DISCUSSION

1. Descriptive Statistical Analysis

Table1. Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
ACHANGE	80	-,29	1,45	13,82	,1728	,03032	,27115
BDOUT	80	,17	,60	28,37	,3546	,00981	,08776
AUDCHANGE	80	0	1	21	,26	,050	,443
DCHANGE	80	0	1	36	,45	,056	,501
M-SCORE	80	0	1	27	,34	,053	,476
Valid N (listwise)	80						

Source: data processed by researchers

2. Logistic Regression Analysis

Table 2. Variables in the Equation

		B	S.E.	Forest	df	Itself.	Exp(B)
Step 1[a]	ACHANGE	2,346	1,045	5,035	1	,025	10,441
	BDOUT	-,329	2,922	,013	1	,910	,720
	AUDCHANGE	,395	,557	,502	1	,478	1,484
	DCHANGE	,102	,512	,039	1	,843	1,107
	Constant	-1,148	1,096	1,096	1	,295	,317

a. Variable(s) entered on step 1: ACHANGE, BDOUT, AUDCHANGE, DCHANGE.

Source: data processed by researchers

Based on the results of the SPSS Logistic Regression Test Output data, the following equation can be arranged:

FRAUD = -1,148 + 2,346 ACHANGE+ -0,329 BDOUT + 0,395AUDCHANGE + 0,102 DCHANGE

Discussion

1. The *Financial Stability's* Impact on Financial Statement Fraud

The Financial Stability Variable (ACHANGE) achieved an Exp (B) value of 10.441 with a significance value of 0.025<0.05, according to the study's findings. The financial stability has a major impact on financial statement fraud in non-financial SOEs listed on the Indonesia Stock Exchange in 2016–2020, according to these data, which support hypothesis one (H1) and reject hypothesis zero (H0). The ACHANGE Variable has a positive effect, therefore every rise in its value will result in a 10,441-fold increase in the exposure of signs of financial statement fraud.

The higher the degree of financial statement fraud, the lower the likelihood of fraudulent financial statement practices; conversely, the lower the level of financial statement fraud, the higher the amount of financial statement fraud. When a company's stability is good, it means that the company can manage its assets well. As a result, corporations are no longer forced to mislead financial accounts. When a company's financial status is poor or unstable, the likelihood of financial statement fraud increases.

This is consistent with the findings of (Dharma Pangestu, A., Oktavia, R., & Amelia, Y. (2020). and (Suprayogi, B., & Purnamasari, P. (2018) who discovered a negative and significant relationship between financial stability and financial statement fraud, with high financial stability causing a tendency to commit low financial statement fraud. This is due to the fact that when a company's financial situation is stable, the probability of financial statement fraud lowers. This is owing to the company's efficient financial stability early warning system.

In addition, the company's assets are expanding in value, reflecting the true value of growth and demonstrating that it is not the consequence of manipulation. As a result, management won't engage in fraud even if the company's financial situation is precarious.

2. The Board of Commissioners' Influence on Financial Statement Fraud

The board of commissioners' variable received an Exp(B) value of 0.720 with a significance of 0.910 > 0.05 based on the findings of the logistic regression test. Based on these findings, the first hypothesis (H2) was rejected and H0 was accepted, indicating that the board of commissioners has no substantial influence on Financial Statement Fraud in non-financial state-owned companies listed on the Indonesia Stock Exchange between 2016 and 2020.

An independent board of commissioners, in general, guarantees that the company's oversight is more impartial and objective. A more independent board of commissioners is thought to improve the company's success. However, if there is an intervention in the independent board of commissioners, the objective of the independent board of commissioners' supervision will become non-objective, so the number or number of independent board of commissioners in a company is not an effective factor in increasing the company's operational supervision.

This study contradicts the findings of Lestari and Kurniawan, (2021), Arjapratama et al., (2020), and Primastiwi et al., (2021), who found that the Board of Commissioners had an impact on Financial Statement Fraud. This suggests that a large number of independent commissioners on a business's board of directors does not guarantee that the company does not commit financial report fraud, because the company may merely establish independent commissioners to comply with requirements. Furthermore, practically all significant corporations, such as manufacturing firms listed on the Indonesia Stock Exchange, have independent commissioners consisting of more than one person operational oversight.

3. The Impact of a Change in Public Accounting Firm on Financial Statement Fraud

The logistic regression test findings showed that the Public Accounting Firm Change variable had an Exp (B) value of 1.484 with a significance of 0.478 < 0.05. Based on these findings, the first hypothesis (H3) was accepted and H0 was accepted, indicating that changing public accounting firms had no substantial impact on financial statement fraud in non-financial state-owned companies listed on the Indonesia Stock Exchange between 2016 and 2020.

The findings of this study are consistent with those of Annisa Dida Ramadhani and Nurbaiti (2020), (Luhri et al., 2021), and (Lorena, 2019), who found that changing public accounting firms has no effect on financial statement fraud.

This could occur if the corporation was dissatisfied with the auditor's performance the previous year. Not all corporations that change auditors are the result of financial statement fraud. Companies with strong and positive motivation will almost probably seek the services of objective and independent auditors. Furthermore, changes in auditors made by the company may not be motivated by a desire to diminish financial statement fraud detection by previous auditors.

4. The Impact of a Change in the Board of Directors on Financial Statement Fraud

According to the logistic regression test results, the variable Change of the Board of Directors had an Exp(B) value of 1.107 with a significance of 0.843 > 0.05. Based on these findings, the first hypothesis (H4) was rejected and H0 was accepted, indicating that a change in the Board of Directors has no substantial impact on Financial Statement Fraud in non-Financial State-Owned Companies listed on the Indonesia Stock Exchange between 2016 and 2020.

Changes in directors, according to (Sihombing & Rahardjo, 2014), frequently occur owing to the desire of the highest stakeholders to improve company performance through changes in directors who are perceived more capable than prior directors. The company's board of directors is changing not only to cover up the fraud, but also to improve the company's performance. When the directors are not performing adequately, it is necessary to replace them with more competent ones in order to improve the company's quality.

The findings of this study align with those of Ferdiansah et al., (2020), Rahayuningsih & Sukirman, (2021), and Nor Aini Aprilia & Furqani, (2021), who found no influence of Board of Directors Change on Financial Statement Fraud. This demonstrates that the size of the board of directors’ change has no effect on the occurrence of Financial Statement Fraud.

CONCLUSION

Based on the findings of the previous chapter, it is possible to conclude

1. Based on the findings of the discussion in the preceding chapter, it can be said that Financial Stability has a positive and significant impact on Financial Statement Fraud, according to the findings of the first study on Diamond Fraud Factors as Pressure Variables using Financial Stability Proxies. An enterprise's overall assets may have changed substantially, but this does not always mean fraud has occurred.
2. According to research on the Opportunity Variables used in Ineffective Monitoring Proxies, the Second Diamond Fraud Factor, it can be said that Financial Statement Fraud is affected by Ineffective Monitoring but that it is not a substantial factor. This is so that corporate performance can be improved and so that the business can continue to be maintained or run

appropriately. An independent commissioner acts as a measurement instrument for ineffective supervisory variables.

3. Based on research on the third Diamond Fraud Factor's Rationalization Variables, which use the Public Accounting Firm Change proxy as a proxy, it can be said that the Financial Statement Fraud is affected by but not significantly impacted by the Public Accounting Firm Change. This could occur if the business is not content with the auditor's performance from the prior year.
4. Based on the study's findings on the fourth Diamond Fraud Factor, Capability Variables that Use the Proxy for Change of the Board of Directors, it is possible to draw the conclusion that the Change of the Board of Directors Has an Effect but Is Not Significant on Financial Statement Fraud. The highest stakeholders typically want to improve firm performance through changes in directors who are seen as more competent than the previous directors, which is why changes in directors frequently take place.

Author Limitations

This research includes drawbacks that make it far from perfect, but it can be utilized as a starting point for further research. This study has the following limitations:

1. The population and study sample are restricted to non-bank state-owned enterprises registered on the Indonesia Stock Exchange (IDX) between 2016 and 2020.
2. This study only includes one variable from each Diamond Fraud factor, such as the Pressure factor, which is proxies by the Financial Stability variable, the Opportunity factor, which is proxies by the Ineffective Monitoring variable, the Rationalization factor, which is proxies by the Public Accounting Firm Change variable, and the Capability factor, which is proxies by the Change of Board of Directors.
3. It only has one variable from each diamond fraud component.

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