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Fraudulent Financial Statement: Implementation of XBRL and Perspective Fraud Hexagon In 5.0 Era

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Article info

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Extensible business reporting language (XBRL), Fraud hexagon, and Fraudulent financial statement

Abtract

This study aims to examine implementation of XBRL and fraud hexagon on the fraudulent financial statement. The purpose of this paper is to determine the influence of implementation of XBRL, stimulus, ego, capability, rationalization, collusion, and opportunity on the fraudulent financial statement. This study employs a quantitative approach to explain the relationship among the variables. The samples in this study is limited to non-financial state-owned companies in Indonesia. The data from non-financial stated-owned enterprises In Indonesia were collected and the analysed through the panel data. Results show that the implementation of XBRL and the fraud hexagon perspective have a simultaneous effect on fraudulent financial statements. This study expands on previous works by investigating the Influence of XBRL Adoption on Financial Reporting Timeliness: Evidence from Indonesian Banking Industry. Such empirical evidence is expected to be used by companies, regulators and researchers in understanding factors that influence financial reporting fraud in non-financial state-owned companies. The samples in this study is limited to non-financial state-owned companies in Indonesia.

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1. Introduction

Technology in this world is growing. In recent years technology has shown rapid development. Technological developments provide many changes both in people's mindsets, as well as in the way a company does business, including how to present and convey information. Organisations are facing more challenges competitions this many are striving to look for a sustainable and competitive advantage that would help them to achieve better performance (Hariyati & Tjahjadi, 2018; Kahupi et al., 2021; Hutahayan, 2020; Mahdi & Nassar, 2021; Farida & Setiawan, 2022; Rehman & Prokop, 2023).

Presenting financial information today cannot be separated from the role of information technology. The use of technology in the company's financial reports is considered very important. Therefore, to be able to realize this desire and also to be able to support the creation of facilities for implementing business intelligence, as well as to make it easier for investors and regulators to access and process the data needed for decision making, an integrated solution is needed. Quality of information system processing includes software and data components that represent system quality (My Le et al., 2018; Smith & Puasa, 2016; Urus et al., 2020; and Lutfi, 2023).

In standardizing the language for reporting information, in this case, namely the Extensible Business Reporting Language (XBRL). According to the IFRS, reported earnings provide useful accounting information for evaluating the firm's performance. It appears that higher quality earnings reflect the firm's reliability and transparency (Kim & An, 2019). Financial reports are the end product of a series of processes for recording and summarizing business transaction data that are used to inform stakeholders about the health and financial performance of the company (Hery, 2018; Jemunu et al., 2020; and Utami & Permatasari, 2023).

One of the factors that contributes to fraudulent activities is lack of government support in a few countries (Joseph et al., 2021). Generally manifested in statements of *assets*, sales and profits that are too high or statements of liabilities, expenses or losses that are too low (Kukreja et al., 2020; Putra & Kusnoegroho, 2021; and Narsa et al., 2023).

Based on agency theory, information gap is also an opportunity for an agent to act fraudulently for his own benefit. When fraudulent financial statements occur, it will have an impact on many parties. Fraudulent financial activities include errors in data collection and information analysis which become the foundations of financial statement and reports, false accounting estimates, appraisals and evaluations derived from incorrect interpretation, and errors in the implementation and application of accounting principles and standards in relation to sums, classification, and data presentation (Pitchayatheeranart & Phornlaphatrachakorn, 2023).

The perpetrators must bear the consequences, the public will also lose trust, and the worst thing that will happen to a company is bankruptcy. Phenomena related to financial statement fraud in non-financial SOEs have occurred a lot, such as in Garuda Indonesia, Garuda Indonesia was officially found guilty and sanctioned by several institutions such as the Ministry of Finance, the Financial Services Authority, and the Indonesia Stock Exchange for revenue fraud in financial statements in 2018. In addition, Garuda is also suspected of cheating in the procurement of CRJ-10001 and ATR 72-600 aircraft, causing the state to lose Rp8.8 billion (Nabila, 2023).

Apart from PT. Waskita Karya, there is another case in Indonesia which is a report manipulation scandal finance, namely from PT Garuda Indonesia (GIAA). Reported through a letter news, the manipulation that was carried out started from the bookkeeping of the financial statements for the 2018 financial year by reporting the company's net profit of USD 809.85 thousand. This acquisition soared in contrast to the 2017 financial report which earned a loss of USD 216.5 million. This raises an awkwardness because this performance is quite surprising.

On October 31, 2018, Garuda's management entered into a cooperation agreement with PT Mahata Aero Teknologi (Mahata) regarding the provision of in- flight connectivity services and in-flight entertainment and content management. The Financial Services Authority (OJK) asked the Indonesia Stock Exchange (IDX) to conduct an inspection regarding this collaboration. The IDX focuses more on examining the cooperation transactions between Garuda Indonesia and PT Mahata Aero Technology. Explanation by the Main Director of Garuda Indonesia, I Gusti Ngurah Askhara Danadiputra, said that the cooperation agreement was motivated by irregularities regarding the company's financial statements. By recognizing income that is still in the form of *5* receivables of US$239 million. This condition is considered unreasonable because the company has recorded revenue from the transaction so that the company is also automatically recorded as making a profit in 2018. On an accrual basis, recognition of receivables as income occurs if there is real certainty of payment.

In addition, the installation of services in accordance with the cooperation agreement between Garuda Indonesia and Mahata should have been realized on Garuda's aircraft so that payments should have been obtained and recorded. But in reality, until now Mahata has no guarantee of payment (Hartomo, 2019). Furthermore, on December 5, 2019 Erick Tohir, Minister of SOEs dismissed Garuda's Main Director because of an illegal action taken, namely smuggling a classic Harley Davidson motorcycle and two Brompton folding bicycles which were found by Customs and Excise Officers on board an Airbus A330-900 aircraft. Ferdy Hasiman, researcher at the Alpha Research Databas*e* Indonesia think tank, said the case might lead to a conflict of interest and corrupt practices at Garuda. And the KPK was deployed to investigate the smuggling case to see if it led to corruption or other gratuities at Garuda (Paat & Suparman, 2019).

According to The Association of Certified Fraud Examiners financial statement fraud is an intentional act of material misstatement in the financial statements of an organization. Fraudulent acts in financial reporting can be caused by pressure and performance expectations. Efforts made by the Indonesia Stock Exchange to minimize these problems are by developing a reporting system based on Extensible Business Reporting Language (XBRL), namely digital based reporting using an authorized reporting language; the terms and explanations contained in XBRL will make it easier for users to understand financial information more efficiently (Wijaya & Suryaningrum, 2021).

Financial statement fraud is influenced by several factors that have been proven in various fraud detection models. In this study, the fraud detection model used is the fraud hexagon theory approach. This model is a development of the previous model, namely pentagon fraud which consists of five factors that cause fraud to become six factors, namely: Stimulus (Pressure), Capability, Opportunity, Rationalization, Ego (Arrogance) plus the Collusion factor (Vousinas, 2019; and Achmad et al., 2022).

Research on the effect of XBRL implementation and hexagon fraud on financial statement fraud has been carried out a lot, but there are still differences in research results. The first factor that affects financial statement fraud is the implementation of XBRL. Research related to the role of XBRL has been conducted by Hsieh et al. (2019); Li et al. (2020); Cormier et al. (2022); Tawiah & Borgi (2022); Saragih & Ali (2023); and Mustafa (2023). The results of this research are in line with (Kim et al., 2019), namely a decrease in report fraud finances after the implementation of XBRL.

The second factor that affects financial statement fraud is fraud hexagon (Hanifah & Clyde, 2022). Fraud hexagon consist of stimulus, capability, collusion, opportunity, rationalization, and ego. Alfarago, et al (2023) stated that stimulus (pressure) is a condition that generally encourages someone to commit fraudulent acts. High pressure received by the company often leads to an increase in fraud risk. This is in line with the research conducted by Rianggi & Novita, (2023); Alfarago, et al (2023); and Aviantara (2021), which stated that stimulus with financial stability proxies can affect financial statement fraud. However, it is not in line with research conducted by Natalia & Kuang (2023). In this research, capability proxied by the director change. Changes in directors are often filled with political content and the interests of particular parties which trigger the conflict of interest (Rahardjo & Sihombing, 2014). Changes and changes in the management structure carried out can be an indication of fraud and can detect the occurrence of fraudulent financial statements (Rianggi & Novita, 2023). This is in line with the research conducted by Aviantara (2021) & Sasongko & Wijayantika (2019). However, Apsari, et al (2023); Rianggi & Novita (2023) and Alfarago, et al (2023) stated that the change in director occurred not to avoid financial statement fraud but to give a mandate to the new directors to improve the Company's condition. Next factor is collusion. Collusion is a form of fraud that is carried out jointly by several people, whether it involves individuals from outside the organization, or between employees within the organization (Rianggi & Novita, 2023). However, it is not in line with Alfarago, et al (2023) who stated that collusion measured by joint projects with the government does not contribute to the likeli-hood of financial statement fraud as the existing project cooperation has no fraudulent purposes. The research conducted by Rianggi & Novita (2023), showed that opportunity, rationalization, and ego can effect to financial statement fraud. However, this is not in line with the research of Alfarago, et al (2023) which stated that the opprtunity proxied by related party transactions does not affect the likelihood of fraud. Natalia & Kuang (2023); Alfarago, et al (2023); & Yesiariani & Rahayu (2017) stated that rationalization has no effect on financial statement fraud. This implies that the use of the accrual principle describes the rationalization carried out by management when committing fraud. The last factor that affects financial statement fraud is ego. Based on research by Alfarago, et al (2023) and Aviantara (2021) stated that ego which measured by educational level could not affect to financial statement fraud.

Research related to XBRL has been widely conducted, but research findings show inconsistent results. The purpose of this study is to determine the effect of XBRL implementation, stimulus, ego, capability, rationalisation, collusion, and opportunity on financial statement fraud.

2. Hyphotesis Development

Based on agency theory, information gap is also an opportunity for an agent to act fraudulently for his own benefit, when fraudulent financial statements occur, it will have an impact on many parties. The perpetrators must bear the consequences, the public will also lose trust, and the worst thing that will happen to a company is bankruptcy. Based on the explanation regarding agency theory above, it can be concluded that it is difficult to believe that agents will always act in accordance with the interests of the principal. This is because the principal as the owner of capital or the company has different interests with management or agents. Both principals and agents will act based on their respective interests. This will provoke the emergence of several characteristics that lead to acts of fraud. Differences in interests caused by information gaps can lead to bigger problems with fraud getting out of control (Wijaya & Suryaningrum, 2021).

The association of certified fraud examiners stated that financial statement fraud is an act of intentional misrepresentation of the financial condition of a company which is carried out through misstatement or disclosure of information that is not true in financial statements to deceive users of financial statements. financial statement fraud is an activity of manipulating, falsifying, or changing accounting records or supporting documents of financial reports that are prepared incorrectly or deliberately omit important elements and information in reports and deliberately apply wrong accounting principles. in his article Beneish (1999) explains the quantitative differences between public companies that manipulate financial statements and companies that do not. beneish uses financial report data from all companies registered in the compustat database in 1989-1992. this study uses the beneish m-score model to detect fraudulent financial statements the association of certified fraud examiners stated that financial statement fraud is an act of intentional misrepresentation of the financial condition of a company which is carried out through misstatement or disclosure of information that is not true in financial statements to deceive users of financial statements. financial statement fraud is an activity of manipulating, falsifying, or changing accounting records or supporting documents of financial reports that are prepared incorrectly or deliberately omit important elements and information in reports and deliberately apply wrong accounting principles. Beneish (1999) explains the quantitative differences between public companies that manipulate financial statements and companies that do not. beneish uses financial report data from all companies registered in the compustat database in 1989-1992. this study uses the beneish m-score model to detect fraudulent financial statements.

The extensible business reporting language (XBRL) is a universally used electronic communications language for the transmission and exchange of business information, which improves the preparation, analysis, and accuracy processes for the various parties that provide and use business information. an institution can prepare an information report based on XBRL (IDX, 2021). XBRL is currently used in reporting processes across a variety of sectors including banking, insurance, securities regulators, data providers, and taxation. XBRL was created specifically to communicate information between businesses and users of financial information such as analysts, investors and regulators, by presenting a common standard electronic format for use in business reporting. XBRL does not change the information that is reported, it only changes how the information is reported, (Bei, 2021).

XBRL as a standard business reporting format that has been used globally has advantages recognized by various institutions in indonesia, including Bank Indonesia and IDX, (Rupang, et al, 2019). IDX is the second organization to officially launch XBRL implementation for public companies in indonesia. since 2012, the Indonesia Stock Exchange (IDX) has started to develop XBRL-based reporting. to carry out the report, idx must prepare a taxonomy that represents a report. as an initial step in deve-lopment, idx has completed a special taxonomy for company financial reports. Furthermore, this taxonomy of financial statements will be disse-minated to all listed companies, (IDX, 2021). the increasing use of XBRL is a fundamental change for the flow of financial information (Eierle, et al, 2014). in indonesia, the obligation to submit financial reports in XBRL format has been implemented since november 2, 2015. Based on agency theory and previous research, the formulation of the research hypothesis is:

H_1: XBRL implementation has an effect on fraudulent financial statement.

The basis of the hexagon fraud model is the fraud triangle which was discovered by donald R. cressey in 1953. this theory explains why people commit fraud. The fraud triangle is caused by three conditions that arise, namely incentives or pressure, opportunity and attitude or rationalization. furthermore Wolfe & Hermanson (2004) argues that there is a renewal of the fraud triangle to increase the ability to detect fraud by adding a fourth element of capability (Faradiza, 2018). the latest theory that examines more deeply the factors that trigger fraud is the pentagon fraud theory (crowe's fraud pentagon theory). the pentagon fraud theory is an extension of the fraud triangle theory previously put forward by cressey. in this theory howarth adds two other elements of fraud namely competition and arrogance (competence & arrogance). According to Vausinas (2019), the founder of the hexagon fraud model stated that the high level of fraud in recent decades, including enron, worldcom and parmalat, all justify that collusion is a central element in many complex and costly frauds and financial crimes (white collar). Fraud hexagon consists of stimulus, ego, capability, rationalization, collusion, and opportunity.

Stimulus is pressure in committing fraud, both financial and non-financial (Vousinas, 2019). Pressure arises when management feels threatened by the company's financial condition and this can be seen from financial stability (Rianggi & Novita, 2023). The stimulus that can occur on managers in several conditions, one of which is the company's high financial needs. Managers will try to present the best financial reports to gain outside parties' trust, which triggers managers to commit financial report fraud (Jati and Setiyani, 2023).

H_2: Stimulus has an effect on fraudulent financial statement.

Ego is the attitude or action of a person who feels that company wisdom does not apply to him or internal control, and his beliefs are not bound by these things, so he does not believe that he has committed fraud (Bawekes et al., 2018).

H_3: Ego has an effect on fraudulent financial statement.

The capability that cause someone to cheat are the position they hold in the company, the intelligence they have, the trust they have, and the skills they have (Alfarago et al, 2023). Aviantara (2021) states that the element of ability as proxied by director change affects financial statement fraud.

H_4: Capability has an effect on fraudulent financial statement.

Rationalization is one of the important elements of fraud, in which the perpetrator seeks justification for his actions. Attitude or character provokes one or more individuals to rationally commit fraud (Kusumawati et al, 2021). Natalia and Kuang (2023) stated that form of thought of any action that is considered normal and understandable in community. Rationalization has a subjective assessment of the entity, the subjective assessment and decision-making will be reflected in the accrual value of the entity (Milania & Triyono, 2022). Rationalization occurs when a company has committed fraud, but believes that the action taken is legal and reasonable to be carried out. One form of rationalization is to find a rational reason to justify it, which can be caused by the use of the accrual principle which is influential in management decision-making (Natalia and Kuang, 2023).

H_5: Rationalization has an effect on fraudulent financial statement.

Collusion is a form of fraudulent action that is carried out jointly by many people, either by a group of individuals and parties outside the organization, or between employees within the organization (Vousinas, 2019). One measure of collusion is in companies that work on government projects (Sari & Nugroho, 2021).

H_6: Collusion has an effect on fraudulent financial statement.

Opportunity is the ability to commit fraud. Studies on frauds have emphasized that opportunity is provided also by the position and authority of the individuals within the company. A top position in the company confers power and the ability (Vousinas, 2019).

H_7: Opportunity has an effect on fraudulent financial statement.

3. Data and Methods

This study is causality research that aims to examine the causal effect between two or more variables. This study tests the hypothesis based on data from non-financial state-owned companies listed on the Indonesia Stock Exchange (IDX) in 2019 to 2021, so the unit of analysis used is the company group. This study uses fraudulent financial statements as the dependent variable. Meanwhile, for the independent variables are using XBRL implementation and the fraud hexagon perspective. The other independent variables are fraud hexagon perspective that consist of stimulus, ego, capability, rationalization, collusion, and opportunity. The following is the proxy used in this study. The operationalization of the research variables is presented in table 1.

This study uses secondary data from non-financial state-owned companies listed on the idx for 2019-2021. The research data was collected using content analysis data collection techniques sourced from the company's financial reports and annual reports.

Table 1 Operational definition of Variables

Variable	Proxy
Fraudulent Financial Satetements	Beneish M-Score (Kukreja et al, 2020)
XBRL Implementation	Dummy variable= 0 is for companies that have not reported their financial statements in XBRL format; 1 is for companies that have reported their financial statements in XBRL format (Lestari et al, 2021)
Stimulus	Financial Stability (Alfarago et al, 2023)
Ego	Dummy variable= 0 if CEO has Doctoral Program; and 1 if CEO has maximum Master Program (Aviantara, 2021)
Capability	Director Change (Aviantara, 2021)
Rationalization	TACC (Milania & Triyono, 2022)
Collusion	Dummy Variabel= 0 if companies have not cooperates with a government project; 1 if companies have cooperates with a government project (Vousinas, 2019)
Opportunity	Effective Monitoring (Skousen et al, 2009)

This study uses a population that comes from all non-financial bumn companies listed on the IDX, namely 16 companies. Sampling was carried out using purposive sampling technique, where there are criteria in determining the research sample. This study uses panel data regression to determine the relationship between the independent variable and the dependent variable. In this study, panel data regression analysis was used because there was a combination of cross section and time series data. The equation for the analysis of the panel data regression model used in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + e$$

Where: Y= Fraudulent Financial Satetements; X_1= XBRL; X_2= Stimulus; X_3= Ego; X_4= Capability; X_5= Rationalization; X_6= Collusion; X_7= Opportunity; α= Constant; β_1-β_7= Regression coefficient

4. Result

In panel data regression, there are three models that can be used. To determine the right model to use in this study, it was carried out. Three types of tests, namely: chow test; and hausman test; and lagrange multiplier test. The results of selecting the panel data regression model are explained as follows: 1) The chow test explains that the chi-squ-are cross-section value is 0.081, where the value is more than 0.05. Based on the test results, it can be conclu-ded that H_0 is accepted and H_1 is rejected, which means that the best model used in this study is the common effect model compared to the fixed effect model or random effect model. 2) The hausman test shows a probability value of 0.290 where this value is greater than the provisional value of 0.05. Based on these results it can be said that H_0 is accepted and H_1 is re-jected, which means that the right model used in this study is the random effect model. The re-sults of the two tests that have been carried out, namely the Chow test and the Hausman test, show that this study uses panel data regression with a random effect model. 3) The lagrange multiple test shows that the Breusch – Pagan has value of 0.001 and it can be concluded that the appropriate model for these results is common effects.

Hypothesis Test

The results of the test of the coefficient of determination and the simultaneous test are presented in table 2. Based on table 2, the adjusted R-square result is 0.433 with a probability value (*F-statistic*) of 0.000 < α = 0.05, it can be interpreted that the implementation of XBRL, Fraud Hexagon Perspective consisting of stimulus, ego, capability, rationalization, collusion, and opportunities can explain by 43% for Fraudulent Financial Statement in BUMN companies Non-financials listed on the Indonesia Stock Exchange (IDX) in 2019-2021. The rest is explained by other factors outside of research.

Therefore implementation of XBRL, the Fraud Hexagon Perspective which consists of stimulus, ego, capability, rationalization, collusion, and opportunity to simultaneously influence Financial Statement Fraud in non-financial SOEs companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021. Partially, rationalization can affect Financial Statement Fraud. Meanwhile, other independent variables, namely implementation of XBRL, stimulus, ego, capability, collusion, and opportunity, cannot affect Financial Statement Fraud in non-financial SOEs companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021.

Table 2. Regression Analysis Test

Variable	Coefficient	SE	t-Statistic	Prob.
C	-2.869	0.814	-3.526	0.000
XBRL	-0.249	0.352	-0.707	0.483
Stimulus	0.999	0.673	1.482	0.144
Ego	0.205	0.793	0.259	0.797
Capability	0.125	0.428	0.293	0.771
Rationalization	8.683	1.391	6.244	0.000
Collusion	0.039	0.508	0.076	0.939
Opportunity	1.561	1.450	1.077	0.287
R-Squared	0.501	Mean dependent var		-2.801
Adjusted R-Squared	0.433	S.D. dependent var		1.631
S.E. of regression	1.228	Akaike info criterion		3.373
Sum squared resid	78.435	Schwarz criterion		3.652
Log likelihood	-93.174	Hannan-Quinn criter.		3.482
F-Statistic	7.444	Durbin-Watson stat		2.208
Prob(F-Statistic)	0.000			

5. Discusssion

XBRL Implementation to Financial Statement Fraud

The results showed that XBRL has no effect on financial statement fraud. The findings of this study indicate that whether or not companies implement XBRL, financial statement fraud can still occur. This is because financial statement fraud can be done through the preparation of accounting policies that are made using accrual accounts. In addition, the difference in interests between the principal and agent causes the agent to try to make accounting policies that will benefit the agent. Meanwhile, the main focus of XBRL is to produce standards for more efficient use of financial reports, ease of finding financial report information and reuse of that information (Hake, 2005). However, the results of this study are not in line with the research Wijaya & Suryaningrum (2021); Lestari et al. (2021); Aksoy et al. (2021); Hwang, et. al. (2021); Al-Okaily, et. al, (2024), which states that the implementation of XBRL has an influence on financial statement fraud. The business and financial information collected in XBRL is a machine format reading and operation, thereby increasing the ease of dissemination and public analysis, thus making it easier to detect fraudulent financial statements (Wijaya & Suryaningrum, 2021).

Hexagon Fraud Perspective to Fraudulent Financial Statements

The results showed that stimulus, ego, capability, collusion, and opportunity partially had no effect on financial statement fraud, while rationalisation had a positive and significant effect on financial statement fraud. The variable of stimulus in this research proxied by financial stability. Based on table 1, it can be seen that stimulus has no effect on financial statement fraud. The results of this study are in line with research conducted by Natalia & Kuang (2023). However, it is not in line with the research conducted by Rianggi & Novita (2023); Alfarago, et al (2023); and Aviantara (2021), which stated that stimulus with financial stability proxies can affect financial statement fraud. This proven that the greater ratio of growth in total assets lead the probability of financial statement fraud.

The result shows that Ego measured by CEO Education, does not impact to the financial statement fraud. This is in line with the research conducted by Alfarago, et al (2023) and Aviantara (2021) wich stated that CEO Education as the Ego factor which measured by educational level could not affect to FFR. This study expects the hypothesis result that higher the level of education inline with higher awareness of anti-fraud manner. fraud is ethical behavior which have big portion through informal education like home parenting, religious discourse, and public moral lectures, a huge different with performance or technical that taught from formal education, so whoever high educated people, fraudsters live in different dimension (Aviantara, 2021).

From the regression result, it is also concluded that capability measured by a change of director has no significant effect on financial statement fraud. The same was expressed by Apsari, et al (2023); Rianggi & Novita (2023); Alfarago et al (2023). This means that the entity that changes in director is not because there is an indication of fraud but because the entity wants to update the performance of the leadership by replacing the old board of directors structure with a new director who is consi-dered more capable and able to provide better dedication to the progress of the entity (Rianggi & Novita, 2023). Apsari, et al (2023) stated that the change in director occurred not to avoid financial statement fraud but to give a mandate to the new directors to improve the company's condition.

Based on the result, collusion has no effect on financial statement fraud. The results of this study are in line with the research conducted by Rianggi & Novita (2023) dan Alfarago, et al (2023). It also shows that entities working on government projects are not related to fraudulent financial statements. The work on government projects will have a good impact on the survival of the entity as well as have a positive impact on the entity such as increasing revenue and as a strategy for the company to compete with similar companies, Rianggi & Novita (2023).

The results of the study show that opportunity does not have a significant influence on financial statement fraud. This indicates that no matter how many independent boards of commissioners there are compared to the total board of commissioners, there is no impact on the practice of fraudulent financial statements. In line with what was revealed by Sihombing & Panggulu (2022); Imtikhani (2021); and Wicaksono & Suryandari (2021) that Whether or not the oversight of the board of commissioners is effective does not cover management's opportunity to commit fraudulent financial reporting.

The results showed that the rationalisation sub variable had a significant positive effect on fraudulent financial statements. The results of this study support the research Duffin & Djohan (2022), whic states that the management of a company will always trying to please the holders the stock company principals. They will trying to achieve the target/expectation that is determined by shareholders. When operating results are not satisfactory, management will try manipulate financial reports. Their rationalization is that the goal is improvement shareholder wealth. Thus, they confirmed their wrong actions for the purpose shareholder interests. This is in line with the research conducted by Rianggi & Novita, (2023) and Iqbal (2016), rationalization which illustrates the basis of accrual, gives management the authority to engineer financial statements because the accrual principle is related to decision-making. The results of this analysis also explain that total accrual can be a trigger for fraud because if the total accrual is higher, the company tends to commit fraudulent actions to give an overview of management decision-making that creates fraudulent financial statements. Accrual is a representative of the decision that has been designed by the management and provides ideas or information about the rationalization of the entity's financial statements so that fraud occurs in the financial statement.

6. Conclusion and Suggestion

Conclusion

The results of the study indicate that the implementation of XBRL, Stimulus, ego, capability, collusion, and opportunity do not have a significant effect on Financial Statement Fraud. While Rationalization has a significant effect on Financial Statement Fraud. The implication of this research is that justification for the behavior carried out is a driving factor in fraud.

Suggestion

This research was limited to non-financial state-owned companies in Indonesia with 2019-2021 observation period. During this period, a pandemic occurred, which had an impact on the company's condition. Further research can be carried out by expanding the research object and adding other variables related to fraudulent financial statements.

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