Determinants of Fraud Pentagon Theory Perspective and Its Effects on Fraudulent Financial Statement in Mining Companies Which Is Listed In Indonesia Stock Exchange

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Abstract

This type of research is quantitative research. This study uses secondary data from financial statements and company annual reports published by the Indonesia Stock Exchange (IDX) during 2016-2018. The sampling technique uses a purposive sampling stage. Data analysis was performed using logistic regression analysis using SPSS version 22 software program which described the relationship between Financial Targets, External Pressure, Quality of External Auditors, Change in Auditors, Changes of Directors, and Frequent Number of CEO's Picture as an independent variable on the dependent variable, Fraudulent Financial Statement. The results of this study are Financial Target, External Pressure, Quality of External Auditor, Change in Auditor and The Board Directors has no effects on Fraudulent Financial Statement. The for Frequent Number of CEO's Picture effect on Fraudulent Financial Statement.

I. Introduction

The final process in an accounting cycle is the results obtained in the form of financial statements. The financial statements reflect the condition of the company in a certain period of time. The financial statements have been prepared in accordance with Financial Accounting Standards (SAK) established by the Indonesian Institute of Accountants (IAI). The purpose of making financial statements is to provide information about the financial position, financial performance, and cash flow of the entity that is beneficial for most users of financial statements in making economic decisions as stated in the Financial Accounting Standards (SAK) 2009. By analyzing the financial statements company, then this will be able to help the parties concerned in making decisions.

Financial literacy is a measurement of one's understanding of financial concepts, and the ability and confidence to manage personal finances through appropriate short-term decision making, long-term financial planning, and attention to economic events and conditions (Remund in Lubis, 2019)

Users of financial statements consist of internal users and external users (Nabila, 2013). This internal user is a party that is directly related to the daily activities of the company both short term and long term. The company management acts as an internal user because they are directly responsible for the preparation of a financial statement. While external users consist of investors, creditors, suppliers, government and other users.

The act of manipulating financial statements is a form of fraud. According to the Treadway Commission (Hasnan et al, 2013), financial reporting fraud, hereinafter referred to as fraud is defined as "intentional deviations from company records such as the misuse of

accounting principles, which results in materially misleading financial statements". Ernst and Young LPP (Nabila, 2013) explained that according to the Association of Certified Fraud Examinners (ACFE) in 2002, fraud is an act of fraud or error made by a person or entity that knows that a mistake can result in some unfavorable benefits to individuals or entities or other party.

Fraudulent financial statements that have occurred in several industrial sectors in Indonesian companies have been carried out. A similar statement was made by Trihargo (2016) which states that the latent danger that threatens the world is fraud. This statement is supported by data that 5% of income in organizations falls victim to fraud every year.

Research conducted by the Association of Certified Fraud Examinners (ACFE) in 2016 explained that there were three main categories of fraud that occurred, consisting of misappropriation of assets (Asset misappropriation), corruption (corruption), and fraudulent financial statements (Fraudulent Financial Statement). Of the various fraud cases discovered by ACFE, 83.5% were cases of misuse of assets with an average loss of $ 125,000, the percentage of corruption cases was 35.4% with an average loss of $ 200,000 and the remaining 9.6% was a fraud case financial statements with a loss of $ 975,000. Compared to the previous case, it can be concluded that the percentage of manipulation of financial statements is quite small but the losses incurred are more than other loss cases.

One sector that was detected conducting financial statement fraud was a mining company. Mining companies according to data from ACFE World in 2016 were also proven to have cheated financial statements by 0.9% while oil and gas, ranked 11th in committing fraud. The data is evident from the reporting of cases of mining companies in Indonesia who have committed fraud.

In this problem, the role of an auditor is needed to detect fraud as early as possible, so as to prevent fraud and the possibility of prolonged scandal. The auditor must be able to consider the possibility of fraud from various perspectives. One of them with the theory that is often used to estimate fraud is the Triangle Theory introduced by Cressey (1953). Cressey (1953) revealed that financial reporting fraud occurs always followed by three conditions namely pressure, opportunity, and rationalization. As research develops, theories emerge from the development of the Fraud Triangle theory discovered by Cressey. The first development put forward by Wolfe and Hermansen in 2004 is known as the Diamond Fraud theory. In this theory, adding a qualitative element that is believed to have a significant influence on fraud, namely capability. From 2004 to 2011 there was only one development of the theory put forward by Crowe (2011) as a refinement of the theory of fraud from Cressey. Crowe (2011) found a study that the element of arrogance (arrogance) also contributed to the impetus of fraud. The research proposed by Crowe (2011) is an extension of the Fraud Triangle theory and the Diamond Fraud theory, so that the fraud model found by Crowe (2011) consists of five indicator elements, namely pressure, opportunity, rationalization, competence, and arrogance. Five elements of the theory developed by Crowe (2011) are called the Pentagon Theory Fraud.

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competence, and arrogance. Five elements of the theory developed by Crowe (2011) are called the Pentagon Theory Fraud.

II. Review of Literatures

2.1 Agency Theory

Agency Theory or agency theory in general is the relationship between shareholders as shareholders and management as agents. This relationship begins with the existence of a corporation that separates firmly between ownership of the company and the management. Management is a contracted party by shareholders to work in the interests of shareholders. According to, Jensen and Meckling in (Ahmad, 2017) agency relationship arises because of a contract between the principal and agent by delegating some decision-making authority to the agent. Agency theory explains the contractual relationship between principal and agent. The agent and principal are interconnected because they have a relationship in the interests that are expected by each party. As an agent, management is responsible to the principal for what has been given by the principal in the form of a flow of funds for the sustainability of the company's operations and vice versa the principal expects a reward as a feed back for contributions made to the company.

2.2 Definition of Fraud

Fraud is a felony by using false representations to gain an unfair advantage or by forcibly taking the rights or interests of others. According to, Sukirman and Maylia (Taufiqotul, 2017) fraud is an act of corporate fraud that is an act committed intentionally by management or company owners to take actions that violate the rules set by the regulator. In addition, there are many definitions and understandings that explain fraud. According to The Institute of Internal Auditors (IIA) fraud is defined as "An array of irregularities of illegal acts characterized by intentional deception", which can be interpreted as a set of actions that are not permitted and violate the law which is marked by the element of deliberate fraud. The more specific definition of fraud revealed by The Association of Certified Fraud Examiners (ACFE) states that fraud is any attempt to find out or deceive other parties to get benefits (any attempt to device another party to gain a benefit).

2.3 Fraudulent Financial Statement

According to Priantara (2013) in Ahmad (2017), fraudulent financial statements aim to deceive investors and creditors by increasing the value of assets and recognizing income, and conversely lowering the value of liabilities and charging operational costs and production costs.

SAS No. 99 states that fraudulent financial statements can be related to the following matters:
  a) Manipulation, falsification and alteration of accounting data or supporting documents from the provision of financial statements.
  b) Deliberate recording errors from events, transactions or other significant information on the financial statements.
  c) Intentional errors in the use of accounting principles for the amount, classification, method of delivery or disclosure.

2.4 Fraud Triangle Theory

Mark Zimbelemen (Taufiqotul, 2017: 33) states that there are three elements that appear simultaneously that can encourage someone to commit fraud, among others: Pressure, Oppurtunity (opportunity), and Rationalization (rationalization). Here is a picture of the fraud triangle scheme as shown in the picture:
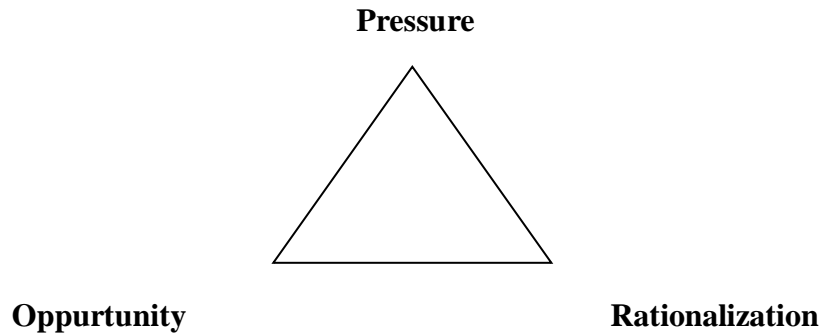
Pressure

Oppurtunity   **Rationalization**

Figure 1. Fraud Triangle Theory by Cressey (1953)

a. Pressure

Conditions that can determine a person to commit fraud stated by Albrecht et al in Ahmad (2017), pressure is divided into three groups, namely:

1. Financial Pressure
   Nearly 95% of fraud was carried out due to financial pressure which was usually resolved by stealing.
2. Vices Pressure
   At this pressure due to the urge to satisfy the habit (lust). This pressure encourages fulfilling bad habits that can be considered a hobby.
3. Work-Related Pressure
   Skousen (2009) ROA is a ratio to measure a company's ability to make a profit. ROA is calculated using the following formula:

$$ROA = \frac{Net\ profit}{Total\ Assets}$$

External Pressure is excessive pressure for management to meet the requirements or expectations of third parties. To overcome this pressure companies need additional debt or external financing sources to remain competitive, including research funding and development or capital expenditure. External financing needs are related to cash generated from financing through debt (Skousen et al, 2009). Therefore the external pressure in this study is proxied by the leverage ratio (LEV). The leverage ratio is calculated using the following formula:

$$LEV = \frac{Total\ of\ doubt}{Total\ Assets}$$

b. Opportunity

The second element of the Fraud Triangle is opportunity. Fraud is not possible if there are no opportunities or opportunities under the right conditions for cheating. According to

Albrecht et al in Ahmad (2017) there are six factors for opportunities to commit fraud, including:
1. Lack of control in preventing and detecting fraud
2. Inability to assess the quality of performance
3. Failure to discipline fraudsters
4. Lack of supervision over access to information
5. Ignorance and inability to anticipate fraud
6. Lack of an audit trail

The quality of external auditors is determined in the selection of audit services at public accounting firms appointed by the company, namely the KAP incorporated in BIG4 and Non-BIG4. Lennox and Pittman (2010) found that BIG4 audit firms have human resources who have more ability to detect financial statement fraud than Non BIG4 audit firms. Therefore this research proxies Opportunity with Quality of External Auditor measured with dummy variables as follows:

> Code 1 = If you use KAP BIG4 audit services
>
> Code 0 = If not using KAP BIG4

c. Rationalization

The attitude of rationalization is the final element in the triangular theory of cheating which underlies the assumption that the action taken is correct. Rationalization is the reason for the personal justification of fraud perpetrators for mistakes from acts that harm other parties. Albrecht et al in Ahmad (2017) explained that rationalization often occurs when committing fraud includes:
1. The asset is actually mine (perpetrator's fraud)
2. I only borrowed and will pay it back
3. No party is harmed
4. This is done for something urgent
5. We will correct the books after this financial problem is resolved
6. I am willing to sacrifice my reputation and integrity as long as it can improve my standard of living

Change in auditor or change of auditor used by the company can be considered as a form to eliminate the trail of fraud (Fraud trail) found by the previous auditor. This tendency encourages companies to replace their independent auditors in order to cover the deficiencies contained in the company. Therefore this study proxies Rationalization with Change In Auditor (CPA) as measured by the dummy variable as follows:

> Code 1 = There was a change in the accounting firm during the period 2016-2018
>
> Code 0 = There were no KAP changes during the period 2016-2018

The progress of the business era certainly greatly influenced the development of the study of fraud. One of them was carried out by Wolfe and Hermanson in December 2004 who adopted the theory of the Cressey Triangle Theory with three elements, then developed it with the added Capability element known as the Fraud Diamond theory. The discovery is described as shown below:
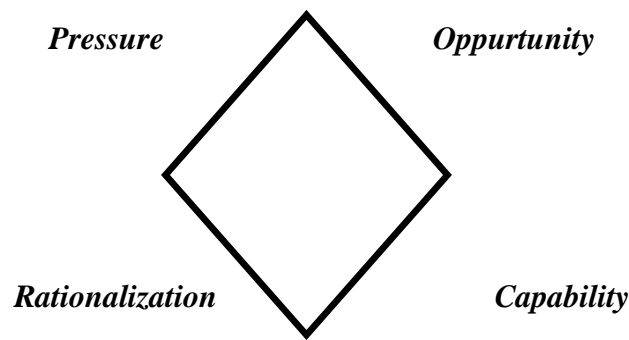
Figure 2. Fraud Diamond Theories by Wolfe and Hermanson (2004)

Fraud Diamond is an additional element of the fraud triangle, where this element is expected to increase fraud prevention and detection. The fraud triangle can be increased in the prevention and detection of fraud by considering the fourth element (Wolfe and Hermanson, 2004: 38) in Restu (2018). The purpose of the fourth element there is individual's capability. Wolfe and Hermanson, 2004 argued that the nature and ability of someone who has a primary role in an organization can present fraud, outside of the three elements in the fraud triangle.

Competence owned by someone in the company will affect the likelihood of someone committing fraud. Wolfe and Hermanson (2004) suggest that changes in directors will cause a stress period that results in more opportunities for fraud. Therefore this study proxies competence with the change of company directors (DCHANGE) as measured by the dummy variable as follows:

> Code 1 = There is a change of company directors
>
> Code 0 = There is no change in company directors

d. Fraud Pentagon Theory

Fraud Pentagon Theory is a concept that illustrates factors which causes fraudulent occurrences. In this pentagon fraud theory two other important variables are added outside of the three important variables in the fraud triangle theory, namely competence and arrogance. Fraud triangle theory can be developed more broadly into fraud pentagon theory, where employee competence and arrogance are factors that are taken into account in the three general conditions that were present before when fraud occurred.

Figure 3. Fraud Pentagon Theories by Crowe Horwath (2012)

Horwath (2011) in Ahmad (2017) suggested that there are five elements of arrogance from the perspective of the CEO, namely as follows (Yusof, et., Al, 2015: 130):

1. The CEO's big ego looks more like a celebrity than an entrepreneur.
2. The CEO considers internal control does not apply to him.
3. Has the characteristics of disruptive behavior.
4. Have the habit of leading authoritatively.
5. Have a fear of losing position or status.

According to Crowe (2011), there is also the possibility that the CEO will do whatever it takes to maintain his current position and position. Therefore this study proxies arrogance with the frequent number of CEO's picture measured by:

> CEOPIC = the frequency with which CEO images appear in annual

III. Research Method

3.1 Population and Sample
a. Population
The population in this study are all mining companies listed on the Indonesia Stock Exchange (IDX) from 2016-2018. The population of 46 companies, obtained from the Indonesia Stock Exchange (IDX) website, namely www.idx.co.id.

b. Sample
The sample selection method in this study uses a purposive sampling method with judgment sampling technique. Where the sample is determined based on certain criteria established by the author. Some criteria in determining the sample include:
1. Mining companies listed on the Indonesia Stock Exchange during 2016-2018.
2. The company publishes complete financial reports and annual reports for 2016-2018.
3. The company's annual report has data relating to the variables needed in research for 2016-2018

Table 1. Sample Criteria Calculation

No	Information	Total
1.	Mining companies were listed on the Indonesia Stock Exchange during 2016-2018.	46
2.	Companies that do not publish complete annual reports during 2016-2018 according to the data needed in the research variable.	(6)
3.	Annual reports of companies that do not have data relating to variables needed in research during 2016-2018.	(23)
The number of companies that meet the criteria as a sample per year		17
Total research observations		51

3.2 Technique of Collection Data
The data collection techniques in this study are using secondary data. Secondary data is data that refers to information obtained from existing sources. This is done by searching and recording information needed on secondary data in the form of annual reports or annual reports in 2016-2018 which can be accessed on the site.

IV. Result and Discussion

4.1 Data Analysis
a. Descriptive Statistical Analysis

The population in this study are all mining companies listed on the Indonesia Stock Exchange (IDX) from 2016-2018. The population amounted to 46 companies, after conducting a sample study using purposive sampling technique or based on certain criteria, 17 mining companies were obtained within a period of 3 years of observation, so the number of study samples was 51 companies that became the study sample.

To find out statistical data including the number of samples, the minimum value, the maximum value, the average value and the standard deviation of all research variables, descriptive statistics are found in Table 5.1.

Table 2. Descriptive Statistics

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Fraudulent Financial Statement	51	0	1	,47	,504
Financial Target	51	-30,76	20,68	1,6712	9,36658
External Pressure	51	,25	,69	,4867	,13072
Quality of External Auditor	51	0	1	,55	,503
Change In Auditor	51	0	1	,10	,300
Pergantian Direksi	51	0	1	,16	,367
Frequent Number Of CEO's Picture	51	1	7	2,96	1,166
Valid N (listwise)	51				

Source: Data Processed with SPSS Version 22

Based on table 2 the results of the analysis using descriptive statistics can be concluded that:

1. Financial Statement Fraudulent as the dependent variable with the number of samples 51 has a minimum value of 0, a maximum value of 1, an average value (mean) of 0.47 and a standard deviation of 0.504.
2. Financial Targets as an independent variable with a sample size of 51 having a minimum value of -30.76, a maximum value of 20.68, an average value of 1.6712 and a standard deviation of 9.36658.
3. External pressure as an independent variable with a number of samples 51 has a minimum value of 0.25, a maximum value of 0.69, an average value (mean) 0.4867 and a standard deviation of 0.13072.
4. Quality of External Auditors as an independent variable with a number of samples 51 has a minimum value of 0, a maximum value of 1, an average value (mean) of 0.55 and a standard deviation of 0.503.
5. Change in Auditors as an independent variable with a sample size of 51 having a minimum value of 0, a maximum value of 1, an average value (mean) of 0.10 and a standard deviation of 0.300.
6. Substitution of Directors as an independent variable with a sample size of 51 has a minimum value of 0, a maximum value of 0, an average value (mean) of 0.16 and a standard deviation of 0.367.
7. Frequent Number of CEO's Picture as an independent variable with a sample size of 51 having a minimum value of 1, a maximum value of 7, an average value (mean) of 2.96 and a standard deviation of 1.166.

b. Logistic Regression

Logistic regression analysis is a regression used as modeling of a likelihood of occurrence with the dependent variable (Y) of the two choice categorical type. In this study, mining companies listed on the Indonesia Stock Exchange with the dependent variable (Y) are categorized / two choices, namely Non Fraud 0 and Fraud 1. This explanation can be seen in Table 5.2 below:

Table 3. Data Identification

Original Value	Internal Value
0	0
1	1

Source: Data Processed with SPSS Version 22

In this study the amount of data processed was 51 companies or N = 51. To see the completeness of the data processed in this study and find out the absence of a missing case is shown in table 3 below:

Table 4. Data Processed

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	51	100,0
	Missing Cases	0	,0
	Total	51	100,0
Unselected Cases		0	,0
Total		51	100,0

Source: Data Processed with SPSS Version 22

The stages in testing using logistic regression analysis can be explained as follows (Ghozali, 2011):

1. Assessing the Feasibility of the Regression Model (Hosmer and Lemeshow's Goodness of fit test)

The feasibility of the regression model was assessed using the Hosmer and Lemeshow's Goodness of fit test. If the value of Hosmer and Lemeshow's Goodness of fit test is equal to or less than 5% (0.05), then the null hypothesis is rejected which means there is a significant difference between the model and its observation value so that the Goodness fit model is not good because it cannot predict the value of the observation. If the value of Hosmer and Lemeshow's Goodness of fit test is greater than 0.05, then the null hypothesis is accepted and means that the model is able to predict its observational value or the model can be said to be acceptable because it matches the observational data.

Table 5. The Feasibility of the Regression Model

Step	Chi-square	df	Sig.
1	3,355	8	,910

Source: Data Processed with SPSS Version 22

The SPSS output results presented in table 5 show that the Chi-square value of 3.355 with a significance (p) of 0.910. Based on these results, with a significance value greater than 0.05 (p> 0.05), the model can be concluded able to predict the value of the observation or the

model is said to be fit with the data and the model can be accepted so that this model can be used for further analysis.

2. Assess Overall Model Fit (Overall Model Fit)

Likelihood L of the model is the probability that the hypothesized model represents the input data. To test the null hypothesis and Likelihood L is transformed into -2Logl. The test is done by comparing the value of the initial -2 Log Likehood (-2LogL) (block number = 0) with the value of -2Log Likehood (-2LogL) end (block number = 1). Decreased Likelihood (-2LL) shows a better regression model or in other words the model is hypothesized fit with the data.

Table 6. Test Assessing Overall Model (Block Number 0: Beginning Block*)*

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	70,524	-,118
	2	70,524	-,118

Source: Data Processed with SPSS Version 22

Table 6 shows the value of -2 Log Likehood (-2LogL) in the first block (block number = 0), showing a value of -2LogL of 70.524. then the next -2LogL value (block number = 1) is shown in the following table 5.6:

Table 7. Test Assessing Overall Model (Block Number = 1)

Iteration		-2 Log likelihood	Coefficients						
			Constant	X1	X2	X3	X4	X5	X6
Step 1	1	58,812	-1,569	-,058	-1,388	,374	1,583	-1,042	,685
	2	58,425	-1,797	-,074	-1,865	,485	1,965	-1,267	,821
	3	58,421	-1,810	-,076	-1,929	,499	2,012	-1,290	,833
	4	58,421	-1,810	-,076	-1,930	,499	2,013	-1,290	,833

Source: Data Processed with SPSS Version 22

Based on table 7 it can be seen that the value of -2Log Likehood (-2LogL) in block number = 1 after the six independent variables are included, namely financial target, external pressure, quality of external auditor, change in auditor, change of directors, and frequent number of CEO's picture to be 58,421.

As shown in tables 5.5 and 5.6 the initial Log-2 (-2LogL) value (block number = 0) is 70.524 and the next -2 Log Likehood (-2LogL) value (block number = 1) is 58.421. This means a decrease of 12,103. The decline in the value of 2LogL shows a better regression model or in other words the model is hypothesized fit with the data.

3. Coefficient of Determination (Cox and Snell's R Square)

The magnitude of the coefficient of determination in the logistic regression model is indicated by the value of Nagelkerke R Square. Nagelkerke's R2 value can be interpreted like the R2 value in multiple regression. A small value means that the ability of independent variables in explaining the variation of the dependent variable is very limited. A value that detects one means that the independent variables provide almost all the information needed to predict variations in the dependent variable. The results of the coefficient of determination test can be seen in table 8 below:

Table 8. Determination Coefficient Test

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	58,421ᵃ	,211	,282

Source: Data Processed with SPSS Version 22

Based on table 8 it can be seen that the value of Nagelkerke R Square is 0.282. This means that the variability of the dependent variable that can be explained by the independent variable is 28.2%. While the remaining 71.8% is explained by other factors not examined in this study such as financial stability, nature of industry, and audit reports.

4. Classification Matrix Test

The classification matrix test shows the predictive power of the regression model to predict the likelihood of a company making fraudulent financial statement decisions. In the logistic regression output this number can be seen in the classification table. The results of the classification matrix test can be seen in table 9:

Table 9. Matrix Classification Test

		Predicted		
		Fraudulent Financial Statement		Percentage Correct
	Observed	0	1	
Step 1	Fraudulent Financial Statement 0	21	6	77,8
	1	8	16	66,7
	Overall Percentage			72,5

Source: Data Processed with SPSS Version 22

Based on table 9 above shows the power of the regression model to predict the possibility of the prediction level of the model is 72.5%, where 77.8% of non-fraud and 66.7% of fraud has been able to be predicted by the model. This means that the predictive ability of the model with financial target variables, external pressure, quality of external auditors, change in auditors, change of directors and frequent numbers of CEO's picture can statistically predict 66.7%.

The predictive power of the regression model to predict the likelihood of fraudulent financial statements is 66.7%. This shows that by using the regression model used, there are 34 companies (66.7%) predicted to do fraudulent financial statements from a total of 51 companies that do fraudulent financial statements. The strength of the prediction of the company model that was declared not to commit fraud (non-fraud) was 77.8%, which means that with the regression model used there were 40 companies (77.8%) out of a total of 51 companies that did not carry out fraudulent financial statements. So that the overall classification accuracy of 72.5%.

5. Research Hypothesis Test
   a) Hypothesis testing is done to compare the significance value (sig) in the table variable in the equation with 5%. The rules of decision making are:
   b) If the probability value (sig) $<\alpha = 5\%$, then the hypothesis is accepted
   c) If the probability value (sig)$> \alpha = 5\%$, the hypothesis is rejected

The results of the research hypothesis test can be seen in table 10 below:

Table 10. Research Hyphotesis Test

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1ª	Financial Target	-,076	,047	2,580	1	,108	,927
	External Pressure	-1,930	2,837	,463	1	,496	,145
	Quality of External Auditor	,499	,719	,482	1	,487	1,647
	Change In Auditor	2,013	1,262	2,545	1	,111	7,484
	Pergantian Direksi	-1,290	,975	1,749	1	,186	,275
	Frequent Number Of CEO's Picture	,833	,372	5,024	1	,025	2,301
	Constant	-1,810	1,931	,879	1	,349	,164

Source: Data Processed with SPSS Version 22

Based on table 10 above it can be concluded that:

H1: Financial Target has no effect on fraudulent financial statements.
Based on table 5.9 the results of testing the independent target financial variable has a significance level of 0.108 greater than $\alpha = 0.05$. The resulting beta coefficient value -0,076. This shows that the H1 hypothesis is rejected. So it can be concluded that there is no effect of financial targets on fraudulent financial statements.

H2: External Pressure has no effect on fraudulent financial statements. Based on table 5.9 the independent external pressure variable test results have a significance level of 0.496 greater than $\alpha = 0.05$. The resulting beta coefficient value -1,930. This shows that H2 was rejected. So it can be concluded that there is no influence of external pressure on fraudulent financial statements.

H3: Quality of External Auditor has no effect on fraudulent financial statements.
Based on table 5.9 the results of testing the independent variable quality of external auditor have a significance level of 0.487 greater than $\alpha = 0.05$. The resulting beta coefficient value is 0.499. This shows that H3 was rejected. So it can be concluded that there is no effect of quality of external auditors on fraudulent financial statements.

H4: Change in Auditor has no effect on fraudulent financial statements. Based on table 5.9 the results of testing the independent variable change in auditor have a significance level of 0.111 greater than $\alpha = 0.05$. The resulting beta coefficient value 2.013. This shows that H4 was rejected. So it can be concluded that there is no effect of change in auditor on fraudulent financial statements.

H5: Change of Directors has no effect on fraudulent financial statements. Based on table 5.9 the results of testing the independent variable changes in directors have a significance level of 0.186 greater than $\alpha = 0.05$. The resulting beta coefficient value -1,290. This shows that H5 was rejected. So it can be concluded that there is no effect of the change of directors on fraudulent financial statements.

H6: Frequent Number of CEO's Picture affects the fraudulent financial statement.
Based on table 5.9 the results of testing the frequent variable of CEO's picture independent variables have a significance level of 0.025 smaller than $\alpha = 0.05$. The resulting beta coefficient value is 0.833. This shows that H6 was accepted. So it can be concluded that there is an effect of frequent number of CEO's picture on fraudulent financial statements.

6. Logistic Regression Coefficient Test
Logistic regression serves to test whether the probability of occurrence of related variables can be predicted with the independent variable. In this study the logistic regression test was used to see the effect of financial targets, external pressure, quality of external audits,

change in auditors, changes in directors and frequent numbers of CEO's picture on fraudulent financial statements. To make a logical regression equation equation can be seen in table 5.9. The form of the equation from the logistic regression analysis is as follows:

$$FRAUD = -1,810 + -0,076ROA + -1,930LEV + 0.499AUD + 2,013CPA + -1,290DCHANGE + 0.833CEOPIC + \varepsilon$$

4.2 Evaluation of Data
a. Influence of Financial Targets on Financial Statement Statement on Mining Companies listed on the Indonesia Stock Exchange

Based on the results of data analysis it is known that the independent target financial variable has a significance level of 0.108 greater than α = 0.05. The resulting beta coefficient value -0,076. So it can be concluded that there is no effect of financial targets on fraudulent financial statements.

These results indicate that the financial target has a negative and not significant effect on fraudulent financial statements. Financial targets are financial targets that companies want to achieve. The manager does not consider the financial target as a financial target that is difficult to achieve so that the size of the financial target does not trigger a fraudulent financial statement made by management.

b. Effect of External Pressure on Financial Statement Statement on Mining Companies listed on the Indonesia Stock Exchange

Based on the results of data analysis, it is known that the independent variable external pressure has a significance level of 0.496 greater than α = 0.05. The resulting beta coefficient value -1,930. So it can be concluded that there is no influence of external pressure on fraudulent financial statements.

These results indicate that external pressure has a negative and not significant effect on fraudulent financial statements. External pressure is a fixed cost used to fund a company. These costs can benefit the company if it can be managed properly so as to generate revenue greater than the fixed costs incurred. So that management does not need to do fraudulent financial statements to return the debt used to fund the company.

The results of this study support the research of blessing (2013) and Asmaranti Yuztiya (2016) which states that external pressure has no effect on fraudulent financial statements.

c. Effect of Quality of External Auditor on Financial Statement Statement on Mining Companies listed on the Indonesia Stock Exchange

Based on the results of data analysis, it is known that the independent variable quality of external auditor has a significance level of 0.487, greater than α = 0.05. The resulting beta coefficient value is 0.499. So it can be concluded that there is no effect of quality of external auditors on fraudulent financial statements.

These results indicate that the quality of external auditors has a negative and not significant effect on fraudulent financial statements. Quality of external auditors who use KAP BIG4 or who do not use KAP BIG4 do not become a reference for a company to carry out fraudulent financial statements.

d. Effect of Change in Auditors on Financial Statement Statement on Mining Companies listed on the Indonesia Stock Exchange

Based on the results of data analysis, it is known that the independent variable change in auditor has a significance level of 0.111, greater than α = 0.05. The resulting beta coefficient

value 2.013. So it can be concluded that there is no effect of change in auditor on fraudulent financial statements.

These results indicate that the change in auditor has a negative and not significant effect on fraudulent financial statements. Companies do change in auditor not because they want to reduce the detection of financial statements by old auditors, but because the company complies with Government Regulation of the Republic of Indonesia No. 20 of 2015 article 11 paragraph 1 which states that the provision of audit services on financial statements to a company by a public accountant is limited 5 (five) years in a row.

e. Influence of Directors Change on Financial Statement Fraudulent on Mining Companies listed on the Indonesia Stock Exchange

Based on the results of data analysis, it is known that the independent variable change of directors has a significance level of 0.186 greater than $\alpha = 0.05$. The resulting beta coefficient value -1,290. So it can be concluded that there is no effect of the change of directors on fraudulent financial statements.

These results indicate that the change of directors has a negative and not significant effect on fraudulent financial statements. The company changes the directors not because they want to cover up the fraud committed by the previous directors. But the highest stakeholders in the company want an improvement in the company's performance by recruiting directors who are considered more competent than the previous directors.

f. Effect of Frequent Number of CEO's Picture on Financial Statement Statement on Mining Companies that are listed on the Indonesia Stock Exchange

Based on the results of data analysis, it is known that the frequent variable of CEO's picture independent variable has a significance level of 0.025 smaller than $\alpha = 0.05$. The resulting beta coefficient value is 0.833. This shows that H6 was accepted. So it can be concluded that there is an effect of frequent number of CEO's picture on fraudulent financial statements.

These results indicate that the frequent number of CEO's picture affects the fraudulent financial statement. A high level of arrogance can lead to fraud because with the arrogance and superiority that a CEO has, it makes the CEO feel that any internal control will not apply to him because of his status and position.

IV. Conclusion

This study aims to determine whether Financial Targets, External Pressure, Quality of External Auditors, and Change in Auditors, Changes of Directors and Frequent Number of CEO's Picture affect the Financial Statement Statement on Mining Companies listed on the Indonesia Stock Exchange.

Based on testing using logistic regression analysis (logistic regression) methods, the following conclusions are obtained:

1. Financial Targets have no effect on the Financial Statement Fraudulent.
2. External Pressure has no effect on the Financial Statement Statement.
3. Quality of External Auditors does not affect the Financial Statement Statement.
4. Change in Auditor does not affect the Financial Statement Statement.
5. Change of Directors has no effect on the Financial Statement Statement.
6. Frequent Number of CEO's Picture affects the Financial Statement Statement.

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