

ABSTRACT

Fraudulent financial reporting is a deliberate action that intended to deceive financial statement user, which must be detected and removed immediately to evade detriments on many parties.

This research aims to examine and obtain evidence of the influence of fraud pentagon on fraudulent financial reporting, descriptively, simultaneously and partially.

This research population includes infrastructure, utility, and transportation sector companies listed on the Indonesia Stock Exchange, 2016-2017. The sample collected by purposive sampling, which obtains 45 company with two years of observation. Therefore, there are 90 of the total sample researched. The analysis technique utilized the logistic regression using SPSS 24 software.

The result shows that pressure, opportunity, rationalization, competence, and arrogance factors simultaneously affect the fraudulent financial reporting. Only the pressure factor that affects partially. Moreover, opportunity, rationalization, competence, and arrogance factors do not influence the fraudulent financial reporting.

The researcher suggests applying other proxies to detect fraudulent financial reporting or lengthening observation by using the data sample from other sectors. The companies suggested being cautious in case the company has a high leverage ratio. The investors suggested being scrupulous to invest. The auditors suggested being meticulous on the auditing process and concerned on possible causative factors of fraudulent financial reporting.

Keywords : *Fraud Pentagon, Fraudulent Financial Reporting*