ABSTRACT

Fraud is an act committed by individuals or groups for the benefit of themselves or groups. Fraudulent financial statements is one type of fraud that is quite common in companies, this action is often done by companies to manipulate financial statements to deceive the public about the actual performance. This action was carried out because the company did not want investors to take back their shares and did not want to lose potential investors who planned to invest their capital.

This study aims to determine the effect of Diamond Fraud theory with External Pressure, Financial Targets, Nature of Industry, Ineffective Monitoring, Auditor change, and Directors' Change on Fraud Financial Statements on SOE companies listed on the Indonesia Stock Exchange in 2014-2018. The data used in this study were obtained from financial statements.

The population in this study is a state-owned company. The sample selection technique used was purposive sampling and obtained 16 companies with the 2014-2018 period. The data analysis method in this study is logistic regression using SPSS 23 software.

The results showed that simultaneous External Pressure, Financial Targets, Nature of Industry, Effective Monitoring, Auditor change, and Change of Directors had a significant effect on the Financial Statement Fraud. While partially, External Pressure and Nature of Industry have a significant negative effect on the Financial Statement Fraud, while the Financial Targets, Effective Monitoring, Auditor Change, and Change of Directors have no effect on the Financial Statement Fraud.
Keywords: *Eksternal Pressure, Financial Targets, Nature of Industry, Ineffective Monitoring, Auditor change, Change of Directors, Financial Statement Fraud*