ABSTRACT

Fraud is an act carried out intentionally by an individual or a certain group to obtain a personal or collective advantage. In this case, financial statement fraud is one of the actions that can be found in a company. Financial statement fraud can be done by manipulating and falsifying important information in the financial statements. This action can mislead users of financial statements in the decision-making process.

Collusion is the existence of an illegal contract or secret cooperation between two or more people with a purpose that is contrary to applicable law but as if it was natural with the aim of gaining mutual benefit. This study aims to determine the effect of collusive factors on fraudulent financial reporting. Collusion factors include political connections, state-owned enterprises and related party transactions. The fraudulent financial reporting that uses the F-score Model indicator.

The population in this study are all manufacturing sector companies for the period 2017-2020 which are listed on the Indonesia Stock Exchange (IDX) as many as 193 companies. The resulting sample is 57 companies using purposive sampling. The analytical method used is logistic regression using SPSS 26 software.

The results of the tests that have been carried out show that simultaneously the variables of political connections, state-owned enterprises and related party transactions have a significant effect on fraudulent financial reporting. Partially, related party transactions have a positive effect on financial statement fraud, while political connections and state-owned enterprises have no significant effect on fraudulent financial reporting.

The independent variable in this study was only able to explain the variation of the dependent variable by 9.6%. So for further researchers it is recommended to develop other independent variables. For management, it is expected not to have sales with related parties exceeding 25% in the company. For investors, it is hoped that it can be taken into consideration in analyzing financial statements first, to be able to see companies that have relationships below 25% to invest their capital. company.

Keywords: fraudulent financial reporting, political connection, related party transaction and state-owned enterprises.