ABSTRACT

Fraudulent financial statements are the result of misstatements resulting from intentional acts or omissions, which could materially mislead readers of the financial statements. Fraud arises because it is supported by three factors, one of which is pressure. Pressure is a condition felt by management due to incentives to commit fraud, consisting of: financial stability by proxy (GPM, ACHANGE, SCHANGE, CATA, SALAR, SALTA, INVSAL), external pressure (LEV, FINANCE, FREEC), personal financial need (OSHIP), and financial target (ROA).

The purpose in this research is to determine the most important pressure factors in detecting fraudulent financial statements. The objects in this research are manufacturing sector firms that are publicly listed on the Indonesia Stock Exchange in 2017-2021.

The research method used is quantitative and the sampling method uses a purposive sampling technique, obtained 137 sample companies with 685 total data observed. Data were analyzed using an Artificial Neural Network.

The findings indicated that the gross profit margin (GPM), cash flow from operating to total assets (CATA), demand for financing (FINANCE), leverage (LEV) and return on total assets (ROA) is the most important and influent proxies in detecting fraudulent financial statement, while other proxies are not too important and not influent in detecting fraudulent financial statements.

Based on the research findings, it is hoped that it can help future researchers to develop variables and proxies using the artificial neural network method related to fraudulent financial statements.

Keywords: Artificial Neural Network, External Pressure, Financial Stability, Financial Statement Fraud, Financial Target, Personal Financial Need