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RESEARCH ARTICLE

Optimization of Green Value through the Application of the Determinant Pentagon Model in Prevention of Fraud in Financial Reports

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ABSTRACT

This study looks into the effects of using the Pentagon model on a business's green value, especially with regard to preventing financial statement fraud. Five independent variables make up the Pentagon model: ego, opportunity, capability, pressure, and rationalization. Through the use of associative analysis and a quantitative methodology, the study investigates the connections among these factors. A total of 205 data points were examined using Smart PLS. The data were taken from the annual reports of 41 Indonesian mining companies registered on the Indonesia Stock Exchange between 2018 and 2022. Financial targets were found to have a considerable favorable influence on financial statement fraud, but the proportion of independent commissioners, industry type, and auditor turnover did not show any significant effects. On the other hand, financial statement fraud was significantly negatively impacted by CEO duality. Additionally, financial.

INTRODUCTION

In a global climate where environmental and social issues are becoming more and more relevant, optimizing green value—which refers to boosting environmental value and sustainability in corporate activities—is becoming more and more crucial. As one of the industries with the potential to have a significant impact on the environment, mining companiesin Indonesia are coming under increasing pressure to embrace more open and sustainable business practices. Financial reporting fraud is one of the major issues facing the mining industry. This fraud can include manipulation of financial data, tax avoidance, and concealment of negative environmental impacts. Such practices not only harm stakeholders and damage thecompany's reputation, but also hinder efforts towards sustainability and corporate socialresponsibility.

More and more companies and organizations are paying attention to sustainability and environmental issues in their company operations. This includes the application of sustainablevalues such as integrity, transparency and accountability. The occurrence of financial reporting *fraud cases* in various companies shows that this risk is still relevant and needs to be addressedseriously. Cases such as Enron, Worldcom, and Lehman Brothers are clear examples of how financial reporting fraud practices can cause major losses to shareholders and the economy as a whole (Simon, 2015) . Financial regulators in various countries have taken steps to increase transparency and accountability in financial reporting. These initiatives often reflect an emphasis on sustainable values and corporate social responsibility.

According to Jiarni and Utomo (2019), maintaining public trust in financial institutions and companies is crucial for ensuring market stability and fostering sustainable economic growth.Transparent and honest financial reporting plays a vital role in building and preserving this trust (Utami et al., 2019). Consequently, investigating the role of green values in this context is essential for understanding how

sustainable practices can enhance public trust. Elviani et al.(2020) note that fraud negatively impacts company value. Fraud is committed not only due toexternal pressures but also because individuals have the capability, authority, and opportunities

to engage in fraudulent activities and rationalize their actions (Abbas et al., 2021). Researchershave focused on Indonesian mining companies because these firms often have substantial environmental impacts. Fraudulent financial reporting can lead to misallocation of resources, exacerbating environmental harm, damaging the company's reputation, and underminingpublic trust (Varghese & Sasidharan, 2020).

LITERATURE REVIEW

Agency Theory

The relationship between shareholders, who are the principals, and firm management, who function as agents, is described by agency theory in corporate finance (Jensen & Meckling, 1976). It is anticipated that the representatives will work in the organization's and its shareholders' best interests. However, management may sometimes pursue actions that align with their own interests or conflicts of interest, rather than those of the principals. Since agentshave direct access to financial information and control over the preparation of financial statements, there is potential for them to act in ways that benefit themselves rather than the shareholders, especially if personal incentives are involved (Richardson et al., 2022).

Pentagon Theory

Research related to the factors that trigger financial reporting fraud has been widely conductedusing various models, including *the fraud Triangle* (Cressey, 2019) , *fraud Diamond* (Simon, 2015) which added one factor, namely capability. This developed into Pentagon fraud (Vousinas, 2019) by adding *ego* . Someone commits fraud because of the stimulus from the company and it is an opportunity and the ability to commit fraud. Someone feels right what hasbeen done so that it makes them arrogant because they are able to commit *fraud* (Simon, 2015)

. According to research results from (Supriatiningsih et al., 2023) that factors such as *stimulus, opportunity* , capability, rationalization and ego influence financial statement fraud.

Green Value

Green values, refer to ethical and sustainable principles that form the basis for business practices and individual behavior (Tarjo et al., 2022) . This concept is often associated with efforts to preserve and protect nature and promote sustainable social and economic welfare. Aspects of green values are environmental conservation, social justice, transparency and accountability, and innovation and efficiency (Purbawangsa et al., 2020) . *Green values* emphasize the importance of integrity and transparency in all aspects of business, including financial reporting. According to (Gama et al., 2023) (H. Nguyen et al., 2023) companies thatembrace *green values* tend to have a stronger culture of upholding integrity and avoiding unethical practices including manipulation or *fraud* in financial reports.

Financial statement fraud

fraud refers to fraudulent acts carried out intentionally to manipulate or mislead the financial information presented in an entity's financial statements (Bumi; Supriatiningsih, 2023) (Samukri et al., 2022) . According to (Gbegi & Adebisi, 2013) (Uzliawati et al., 2023) the purpose of *fraud* is to deceive or mislead stakeholders, such as investors, creditors, regulators and the general public, about the financial condition, performance or financial position of the company. Companies that embrace green values tend to have a higher level of transparency infinancial reporting which can help prevent and detect financial statement fraud (Skousen et al.,2009) .

2.2. Hypothesis Development

Financial targets and financial report fraud

When a company has very high financial targets, management may face great pressure to achieve them. This pressure can drive individuals to manipulate financial statements to make it appear as if the targets have been achieved, even when in reality this is not the case. In situations where a company is unable to achieve its set financial targets, management may feel

pressured to cover up poor performance. Manipulating financial statements is one way to hidethe inability to achieve targets, which can increase the likelihood of fraud. This study is supported by (Indarto & Ghozali, 2016) , (Budiyono & Arum, 2020) So the hypothesis is formulated as follows:

H1 = Financial targets have a positive effect on financial report fraud.

Nature of Industry (Opportunity) and financial reporting fraud

The mining industry frequently encounters significant operational complexity and uncertainty, including fluctuations in commodity prices, regulatory changes, and environmental risks. This complexity can create opportunities for managers to manipulate financial statements to conceal instability or uncertainty not reflected in the reports. Additionally, the limited infrastructure and accessibility in mining operations can impact the accuracy of financial reporting. The challenges of accessing and overseeing operations in remote areas can heighten the risk of datamanipulation and fraud due to weaker oversight. The mining sector is also highly regulated and involves extensive interaction with government bodies and regulations. The pressure to adhereto stringent regulations or secure permits may lead companies to alter financial statements to appear more compliant than they actually are. These findings are supported by Supriatiningsihet al. (2024) and Khamainy et al. (2022). Thus, the hypothesis is stated as follows:

H2 = The nature of the industry affects financial report fraud.

Change of audit (Rationalization) and financial report fraud

Changes in auditors can cause disruptions in the audit process and internal supervision. New auditors may need time to understand the company's internal conditions and accounting processes. During this transition period, it is possible that supervision of financial practices is not as strict as before, which can increase the risk of fraud. New auditors may have different approaches and assessment methods than previous auditors. Uncertainty in assessment and supervision can provide an opportunity for managers to manipulate financial statements beforethe new auditor fully adapts and understands the company's conditions. If the company choosesa new auditor for certain reasons that may not be related to audit quality, such as lower fees orpersonal relationships, the new auditor may be affected by a conflict of interest. This can diminish audit quality and elevate the chances of financial statement manipulation. This assertion is corroborated by Ozcelik (2020) and SN Amin (2018). Consequently, the hypothesisis formulated as follows:

H3 = Rationalization positively impacts financial report fraud.

Independent commissioners and financial report fraud

There is a noteworthy ratio between independent commissioners and financial report fraud. Usually, impartiality and interests untouched by management are sought of independent commissioners. An increased percentage of independent commissioners results in stricter supervision of the financial reporting and accounting procedures, which lowers the risk of fraud. These commissioners usually have substantial experience and knowledge of accountingethics and regulations, making them more effective at enforcing ethical standards and identifying potential fraudulent activities. Their presence enhances transparency in financial reporting and decision-making, ensuring that financial reports are prepared accurately and thoroughly, which minimizes opportunities for management to engage in manipulation or fraud. This perspective is supported by Triyani et al. (2019b). Thus, the hypothesis is stated asfollows:

H4 = The proportion of independent commissioners has a positive effect on financial report fraud.

CEO Duality and financial report fraud

When the CEO also serves as the chairman of the board of commissioners, power and controlover the company's operations are centralized in one individual. This concentration of authoritycan diminish checks and balances, increasing the likelihood of fraud due to reduced internal oversight. With the CEO holding both roles, oversight of financial reporting and accounting practices becomes less effective. Insufficient oversight can create opportunities for managers to manipulate financial statements. In a CEO duality arrangement, accountability for financialdecision-making is weakened because the CEO occupies a pivotal position on the board of commissioners. This can result in diminished accountability and less rigorous scrutiny of financial performance and reporting. This finding is supported by Sabbaghi (2016) and Salehi& Norouzi (2023). Therefore, the hypothesis is formulated as follows:

H5 = CEO duality has a positive effect on financial report fraud.

Financial reporting fraud and green value

Financial statement fraud can undermine investor and stakeholder confidence in a company's transparency and accountability. This erosion of trust can significantly affect the company's green value, which represents its dedication to sustainable practices and environmental stewardship. Instances of financial statement fraud can tarnish the company's reputation, directly influencing how the industry and investors view its commitment to environmental responsibility, thereby diminishing its green value. Financial statement fraud can also result insignificant losses in terms of money, such as penalties, court costs, or lost profits. The company's green worth may be further diminished by these financial losses since they may limit the funds available for green projects. Elviani et al. (2020), Johnson et al. (2014), and Rukmana (2018) all support this research. Consequently, the following is how the hypothesis is put forth: H6 = Green value is impacted by financial report fraud.

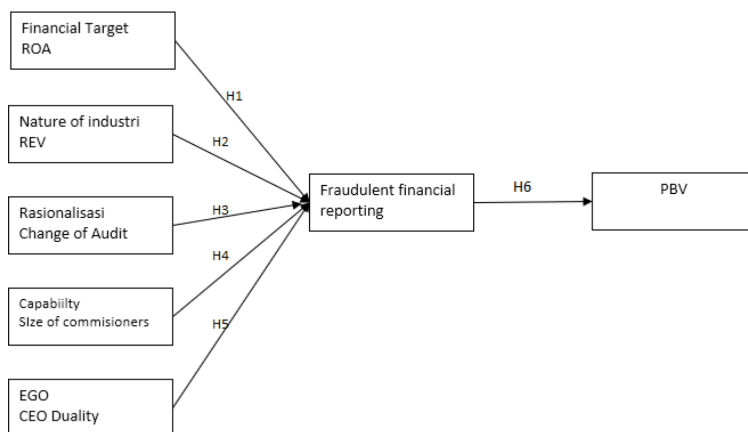

Figure 1: Framework
Source: author's data processing

RESEARCH METHODS

This study uses a quantitative methodology that focuses on businesses' financial performance. Associative analysis is the analytical technique employed, which looks at the connections between various industry groupings. The Pentagon model serves as the basis for the independent variables, which include ego, opportunity, pressure, capability, and rationalization. Green value is the dependent variable, while financial statement fraud is the intervening variable. All mining businesses registered between 2018 and 2022 on the IndonesiaStock Exchange compose the research population. Data is collected from the annual financial reports of these companies, as well as from their official websites. The sample includes 41 Indonesian mining companies over a five-year period, totaling 205 data points. The data, whichis secondary and sourced from www.bei.ac.id, includes both time series and cross-sectional categories. Data analysis is performed using the Smart PLS application, with tests for descriptive statistics, beta coefficients, and hypotheses.

Operational Variables

Pressure is proxied by financial targets. According to SAS No. 99 (24) , . In addition to attracting investors, there are financial targets to measure the bonuses that will be received bymanagement and to measure the performance of company management. Financial targets are represented by Return on Assets (ROA), which measures how effectively a company has utilized its assets. Additionally, ROA can be used to evaluate managerial performance, which helps in determining bonuses and salary adjustments (Skousen et al., 2009).

Financial target = Profit after tax-1

Total assets t-1

Opportunity is represented by the nature of the industry, which includes factors such as the state of a company's receivables. Managers may respond differently to demonstrate that the company is operating optimally within its industry environment (Darmawan et al., 2021).

REV = Receivable – Receivable t-1 Sales – Sales t-1

The AuChange model uses a dummy variable to measure rationalization, which is proxied byauditor change. If the corporation modifies KAP over the 2020–2022 period, it is assigned a value of 1, and if there is no auditor change, it is assigned a number of 0 (26).The term "capabilities" describes senior management's willingness to perpetrate fraud, especially when a high-ranking individual is involved (Khamainy et al., 2022).

Changes in directors serve as a stand-in for capability because they can be used to cover up fraud perpetrated by former directors. A dummy variable is used to quantify this: Dchange = 1in the event that the firm changes directors, and 0 in the other case.

CEO Duality, which happens when a person occupies both the CEO and Chairman of the Board roles within a corporation, is a representation of ego (Hsu et al., 2019). Luhri et al. (2021)state that a dummy variable is also used to measure this, with a value of 1 denoting CEO Dualityand a value of 0 denoting no duality.

ANALYSIS RESULTS AND DISCUSSION

Analysis results

Descriptive Statistics

Table 1. Results of descriptive statistical tests

	N	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
ROAFT	200	0.043	0.026	-1.122	0.616	0.18	10,735	-0.99
REVN	200	0.112	0.133	-9,328	5,054	1,025	46,515	-4.783
RCoA	200	3.175	3,000	1,000	6,000	0.644	5,067	0.159
CSoC	200	0.432	0.4	0.17	1,000	0.133	1,061	0.696
CEO	200	0.052	0	0	1,000	0.22	14,617	4.042
F-SCORE	200	58,928	0.69	-2.443	1171.392	233,568	13,478	3,881
PBV	200	-106,903	1,085	-2.1834	113,489	1540.265	199,964	-14.140

Source: Smart PLS processing results

As indicated in Table 4.1, the descriptive statistics reveal the following values: The range of F-SCORE (Y) is -2.443 at least and 1171.392 at maximum. Its standard deviation is 233.568 andits average (mean) is 58.928. The ROAFT dataset shows a mean of 0.043, a standard deviationof 0.18, a minimum value of -1.122, a maximum value of 0.616. REVN has a minimum valueof -9.328 and a maximum value of 5.054, with a mean of 0.112 and a standard deviation of

1.025. RCoA has a standard deviation of 0.644 and an average of 3.175, with a range of 1.000to 6.000 at its maximum. With a mean of 0.432 and a standard deviation of 0.133, CsoC rangesfrom 0.17 to 1.000. CEOD has a range of 0.00 to 1.0.

Beta Coefficient Test

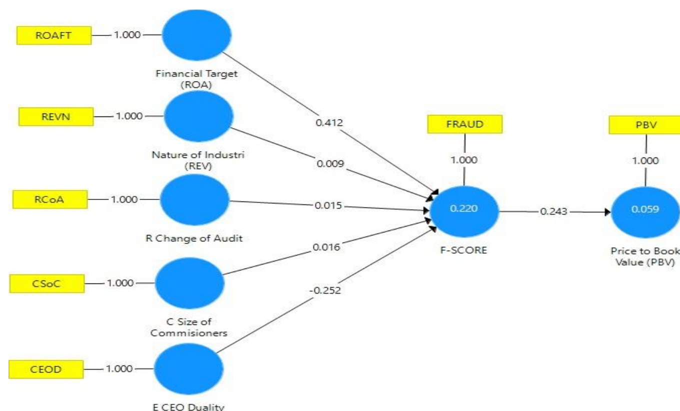

Figure 2. Beta Coefficient
Source: Smart PLS processing results

Financial Target (ROA) → F-SCORE • Beta Coefficient (β): 0.412 • Interpretation: A positive beta coefficient of 0.412 suggests that Financial Target (ROA) positively impacts F-SCORE. This implies that for every one-unit increase in ROA, F-SCORE increases by 0.412 units. Thus,higher financial targets (as measured by ROA) are associated with a greater likelihood of financial statement fraud, as indicated by an elevated F-SCORE.

Nature of Industry (REV) → F-SCORE • Beta Coefficient (β): 0.009 • Interpretation: The verysmall beta coefficient of 0.009 indicates that the Nature of Industry (REV) has a minimal effecton F-SCORE. This means that the industry type does not significantly influence the level of financial statement fraud.

Change of Auditor → F-SCORE • Beta Coefficient (β): 0.015 • Interpretation: The small betacoefficient of 0.015 suggests that changes in auditors have a negligible effect on F-SCORE. This indicates that changing auditors does not significantly impact the occurrence of financialreporting fraud.

Size of Board of Commissioners → F-SCORE • Beta Coefficient (β): 0.016 • Interpretation: The beta coefficient of 0.016 shows that the size of the board of commissioners has a minimaleffect on F-SCORE. This means that the number of commissioners on the board does not significantly affect financial statement fraud.

F-SCORE → CEO Duality The CEO duality has a negative beta coefficient (β) of -0.252, meaning that financial reporting fraud is negatively impacted when the CEO also holds the position of chairman of the board of commissioners. This implies that having a CEO in dual capacities is linked to a higher incidence of financial reporting fraud, which is indicative of a less open leadership structure.

F-SCORE → Price to Book Value (PBV) • Beta Coefficient (β): 0.243 • Interpretation: The beta coefficient of 0.243 indicates that F-SCORE positively affects Price to Book Value (PBV).This means that an increase in financial reporting fraud (higher F-SCORE) results in a decreasein the company's market value (PBV) by 0.243 units. Companies with higher financialreporting fraud tend to have lower market valuations, as reflected in a higher PBV ratio.

T-test Statistics

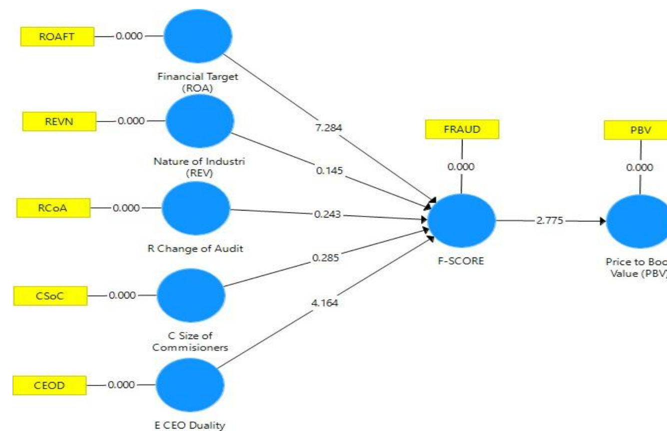

Figure 3. T Statistics
Source: Smart PLS processing results

The interpretation:

Relationship Between Variables:

Financial Target (ROA) → F-SCORE

T-Statistic: 7.284

P-Value: 0.000 (significant)

Interpretation: F-SCORE is significantly improved by ROA. This suggests a direct correlation between higher financial reporting fraud (F-SCORE) and greater financial performance as indicated by ROA. Financial statement fraud is more common when financial targets are higher.

Nature of Industry (REV) → F-SCORE

T-Statistic: 0.145

P-Value: Not significant

Interpretation: Financial reporting fraud is not greatly impacted by the natureof the industry. This shows that the degree of financial reporting fraud is not directly correlated with the industry a company works in.

Change of Auditor → F-SCORE

T-Statistic: 0.243

P-Value: Not significant

Interpretation: The impact of auditor changes on financial statement fraud is negligible. This indicates that the likelihood of misleading financial reporting isnot much affected by changing auditors.

Size of Board of Commissioners → F-SCORE

T-Statistic: 0.285

P-Value: Not significant

Interpretation: There is no discernible effect of the commissioners' size on F-SCORE. Therefore, it does not seem that the quantity of financial statement fraud is impacted by the number of board members.

CEO Duality → F-SCORE

T-Statistic: 4.164

P-Value: 0.000 (significant)

Interpretation: CEO Duality has a significant negative effect on financial reporting fraud. When the CEO also serves as the chairman of the board, the quality of financial reporting tends to decrease, likely due to reduced oversightindependence.

F-SCORE → Price to Book Value (PBV)

T-Statistic: 2.775

P-Value: 0.000 (significant)

Interpretation: F-SCORE has a significant positive effect on Price to Book Value (PBV). Companies with higher levels of financial reporting fraud (higherF-SCORE) tend to have a lower market valuation, as indicated by a larger PBVratio. This suggests that the market assigns less value to companies with poor financial reporting practices.

Hypothesis Testing

Table 2. Hypothesis test results

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	
Financial Target (ROA) → F-SCORE	0.412	0.412	0.057	7.284	**0.000**	Supported
Nature of Industry (REV) → F-SCORE	0.009	0.011	0.062	0.145	**0.884**	Not supported
R Change of Audit → F-SCORE	0.015	0.014	0.063	0.243	**0.808**	Not supported
C Size of Commissioners → F-SCORE	0.016	0.015	0.058	0.285	**0.776**	Not supported
E CEO Duality → F-SCORE	-0.252	-0.249	0.061	4.164	**0.000**	Supported
F-SCORE → Price toBook Value (PBV)	0.243	0.243	0.088	2.775	**0.006**	Supported

Source: Smart PLS processing results

The interpretation:

Financial targets, which represent a company's financial performance, have a considerable favorable impact on financial statement fraud, supporting the concept. More specifically, thereis a correlation between larger financial targets and a rise in financial statement fraud.

There is no evidence to support this theory. Financial statement fraud is not greatly impacted by the type of the industry. Stated differently, the degree of financial statement fraud is not significantly influenced by the industry in which the company works.

This notion is unsupported by any data. Changes made by auditors have very little impact on financial statement fraud. This suggests that the number of financial statement fraud cases is not greatly affected by auditor replacement.

This notion is unsupported by any data. The size of the commissioners does not significantly affect the amount of financial statement fraud. The number of commissioners on the board hasno bearing on the amount of financial statement fraud.

There is evidence to support this theory. F-SCORE is significantly impacted negatively by CEODuality. This indicates that there is less financial reporting fraud when the CEO also serves asthe board chairman, as indicated by a lower F-SCORE. This could be explained by better oversight or a lower likelihood of conflicts of interest.

There is evidence to support this theory. The worth of a corporation is significantly increased by financial statement fraud. This suggests that firms that commit more financial statement fraud typically have lower market values.

DISCUSSION

Financial targets influence financial report fraud

According to the results, financial targets have a favorable impact on financial statement fraud, supporting the original theory. To accomplish their strategic objectives, businesses frequently set financial targets like revenue, profit, or specific financial ratios. Managers or connected parties may alter financial accounts to portray performance in line with these targets as a resultof pressure to meet these expectations. For example, if a company does not achieve its expected profit target, managers may be forced to use creative accounting or inaccurate reporting to meetexpectations. Mining companies often face high fluctuations in commodity prices and operating costs. To overcome this uncertainty, companies may set very ambitious financial targets. The pressures stemming from these targets can be greater than in other sectors, increasing the risk of financial statement manipulation. Financial statement fraud includes various forms of manipulation of financial information presented in annual or quarterly reports.This may entail raising revenue, cutting costs, or postponing the acknowledgment of losses. When targets are hard to hit, people in the organization could feel pressured to do these things only to look like they're meeting the goals. The study's findings support (Indarto & Ghozali, 2016) and (Dwi Budiyatno et al., 2022) rather than (Haqq & Budiwitjaksono, 2019) and (Puspitha & Yasa, 2018), which contend that financial aims have no bearing on financial reportfraud.

Nature of Industry has no effect on financial report fraud

The findings are that the nature of the industry has no effect on financial statement fraud. Although the characteristics of the mining industry have special challenges and dynamics, in the end, the risk of fraud is often more influenced by internal company factors such as pressure to achieve financial targets and weaknesses in internal controls. Therefore, the nature of the industry may be less relevant than these internal factors in influencing financial statement fraud. In Indonesia, all companies, including mining companies, must comply with the same accounting standards and regulations related to financial statements. This means that although the mining industry has unique characteristics, the supervision and regulations that apply to prevent fraud are the same for all sectors. Therefore, the degree of fraud is not much impacted by the type of the industry. The present investigation's findings align with those of previous studies conducted by Fadli & Junaidi (2022), Supriatiningsih et al. (2024), and Kamainy et al. (2022), which indicate that industry dynamics impact instances of financial report fraud.

Change of audit has no effect on financial report fraud

The findings are that change of audit has no effect on financial statement fraud. Companies, including mining companies, must comply with the same accounting standards and regulations, regardless of whether they change auditors or not. Therefore, changing auditors does not always affect internal control or fraud risk, because new auditors must also follow the same standards in conducting audits. Auditors have a responsibility to detect and report fraud, but their effectiveness in performing this taskdepends on various factors such as audit methodology and knowledge of the industry. If new auditors do not have a deep understanding of the specifics of the mining industry, they may not be more effectivein detecting fraud than previous auditors. The results of this study are supported by (Achmad et al., 2022) but the results of this study differ from (Ozcelik, 2020) , (MN Amin, 2011) which state that change of audit has an effect on financial statement fraud.

Capability with the proxy of the proportion of commissioners has an effect on financial report fraud The evidence suggests that the percentage of commissioners has no effect on financial statement fraud. Commissioners are primarily responsible for overseeing management and ensuring that financial statements are accurate and compliant with legal requirements. Increasing the number of commissionerscan improve internal management and monitoring, especially the independent ones. Stricter control canreduce the likelihood of fraud because these types of actions are more likely to be detected. Thepercentage of independent commissioners on the board of commissioners may have an impact on thelevel of fraud. A dispassionate opinion is held by independent commissioners who are not directlyinvolved in the day-to-day management of the company. They are more likely to detect and put an end to financial statement fraud if there is a large proportion of independent

commissioners. Study outcome Triyani et al., 2019a) supports this, while research from Khaksar et al., 2022, and Syaputra, 2020indicates that the percentage of independent commissioners.

CEO Duality influences financial reporting fraud

The results show that financial statement fraud is unaffected by CEO duality. The findings demonstrate that CEO duality has no effect on financial statement fraud. CEO Duality is the term used to describe when an individual serves as both the CEO and the Chairman of the Board of Commissioners. This concentration of authority may result in less objective supervision of managerial actions. When the CEO is also the chair of the board of commissioners, there is a conflict of interest and insufficient external controls, which can result in financial statement fraud. Given that the CEO simultaneously serves as the board of commissioners' chair, the internal supervision system might not be sufficient. The board of commissioners, which is in charge of overseeing and assessing the CEO's performance, may perform worse in its job if the CEO doubles as the board chair. Too little supervision may. The results of the study, as presented by Achmad et al. (2022), are not consistent with the findings of Sabbaghi (2016) and Al-Hadi & Habib (2023), which suggest that CEO Duality has a detrimental effect on financial fraud.

Financial reporting fraud affects company value

The findings are that financial statement fraud has a negative impact on company value. Financial statement fraud often results in direct financial losses. Financial data manipulation to conceal losses orinflate profits can result in poor managerial and investment choices. Since reported revenues do not accurately reflect the company's financial situation, these losses have a direct impact on the profitability and value of the business. Financial statement fraud can cause a major decline in investor confidence. For the purpose of making investing decisions, investors rely on reliable financial accounts. Investors may become less trusting of the management team if fraud is exposed, which could result in lower stock prices and a drop in the company's overall worth. Businesses that commit financial statement fraud frequently have to pay hefty fines and court fees. These expenses include of legal fees, regulatory fines, and financial statement correction expenditures. The study's results were influenced by (Rukmana, 2018) (Elviani et al., 2020).

CONCLUSION

Conclusion

The study's findings demonstrate that financial targets significantly reduce the likelihood of financial statement fraud. The percentage of independent commissioners, the nature of the industry, and auditor changes have little bearing on financial statement fraud. Financialstatement fraud is significantly impacted negatively by CEO duality. The worth of a corporation is significantly increased via financial reporting fraud.

Limitations

This study may only cover mining companies in Indonesia and does not take into account different variables or conditions in other countries or other industry sectors. This may limit thegeneralizability of the findings to other industries or contexts. The data used in this study mayhave limitations in terms of accuracy or completeness, especially related to financial reportingand fraud practices. The research methodology may also affect the results, such as in terms ofthe selection of variables and analysis techniques used. This study may not consider all variables that can affect financial reporting fraud, such as corporate culture, organizational ethics, or market dynamics. These variables may have a significant effect but are not measuredin this study.

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