

Stimulus, Capability, Ego, and Fraudulent Financial Statement: The Role of Audit Quality

Helmiansyah Irawan^{1*}, Fidelia Ifeyinwa Nzekwe Chinwuko², Khomsiyah³, Titik Aryati⁴

^{1,3,4}Doctoral Program in Economics, Universitas Trisakti, Kota Jakarta Barat, Indonesia

²Department of Public Administration, Chukwuemeka Odumegwu Ojukwu University, Igbariam, Anambra State, Nigeria

*Corresponding Author

Jl. Letjen S. Parman No.1, RT.6/RW.16, Grogol, Kec. Grogol petamburan, Kota Jakarta Barat, Daerah Khusus Ibukota Jakarta 11440

e-mail: helmiansyah.irawan@gmail.com

Received: December 17, 2025; **Revised:** January 06, 2026; **Accepted:** February 10, 2026

Abstract: Financial statement fraud remains a critical issue that threatens corporate transparency and investor confidence. This study aims to examine the influence of stimulus, capability, and ego on fraudulent financial statements and to analyze the moderating role of audit quality. The research is based on the Fraud Hexagon Theory, Agency Theory, and Positive Accounting Theory, which explain how managerial pressure, authority, and behavioral characteristics may influence financial reporting manipulation. The study uses panel data from non-financial companies listed on the Indonesia Stock Exchange during the 2023–2024 period. A total of 344 firm-year observations were analyzed using purposive sampling. The data were analyzed using Moderated Regression Analysis (MRA) with panel data estimation. The results indicate that stimulus and capability have a positive and significant effect on fraudulent financial statements, suggesting that financial pressure and managerial authority increase the likelihood of financial reporting manipulation. However, ego does not significantly influence fraudulent financial statements. Furthermore, audit quality is found to weaken the positive relationship between stimulus and fraudulent financial statements, indicating that high-quality audits can mitigate the impact of financial pressure on fraudulent reporting behavior. However, audit quality does not significantly moderate the relationship between capability and ego with fraudulent financial statements. This study contributes to the fraud literature by providing empirical evidence on the role of fraud determinants and audit quality in explaining fraudulent financial reporting in emerging markets.

Keywords: Fraudulent financial statement, stimulus, capability, ego, audit quality

How to Cite: Irawan, H., Chinwuko, F. I. N., Khomsiyah, & Aryati, T. (2026). Stimulus, Capability, Ego, and Fraudulent Financial Statement: The Role of Audit Quality. *Journal of Economic Education and Entrepreneurship Studies*, 7(1), 1–10. <https://doi.org/10.62794/je3s.v7i1.12>

Copyright 2026 © The Author(s)

The work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International \(CC BY-SA 4.0\)](https://creativecommons.org/licenses/by-sa/4.0/)



INTRODUCTION

Financial statements play a crucial role in supporting business activities and accounting practices. Essentially, the function of financial statements is not limited to providing information regarding a company's financial position but also includes delivering data that supports decision-making processes, enhances transparency, and strengthens accountability (Lastanti et al., 2022; Sukmadilaga et al., 2022). However, financial statement manipulation, commonly known as fraud,

is still frequently encountered and may pose significant risks for companies and stakeholders. Such manipulation is classified as fraudulent behavior because it involves intentionally falsifying or concealing information, thereby misleading users of financial statements in their decision-making processes (Sukmadilaga et al., 2022). Ultimately, this form of fraud can harm investors, creditors, and other stakeholders.

Major corporate scandals such as Enron and WorldCom in the United States represent global examples of financial statement fraud. In Indonesia, one prominent case involved PT Garuda Indonesia Tbk, which reported a profit of USD 809 thousand in 2018 despite actually experiencing financial losses. This scandal clearly demonstrates that fraudulent financial reporting can significantly affect economic stability. The consequences are not only detrimental to the company itself but also undermine public trust and financial system stability. Therefore, it is important to conduct in-depth studies on the determinants or key factors that drive fraudulent financial reporting in order to support fraud prevention and improve financial governance in the future.

Various models have been developed to explain why fraud occurs by identifying the factors that trigger unethical behavior. One of the earliest and most widely recognized models is the Fraud Triangle introduced by Cressey (1953). The Fraud Triangle model was later expanded into the Fraud Diamond by Wolfe and Hermanson (2004), which introduced an additional element: capability. According to Wolfe and Hermanson (2004), individuals must not only experience pressure, opportunity, and rationalization to commit fraud but must also possess the capability to execute it. Capability includes factors such as an individual's position within the organization, intelligence, self-confidence, and the ability to exploit weaknesses in the system.

Although the inclusion of capability provides broader insight into the causes of fraud, the Fraud Diamond model is still considered insufficient to explain the complexity of fraudulent behavior in organizations. Crowe (2011) further developed the theory by introducing arrogance or ego as an additional element, which became known as the Fraud Pentagon Theory. This model emphasizes that a sense of superiority or excessive self-confidence also plays a significant role in enabling fraudulent behavior, particularly among individuals holding positions of power.

Previous studies examining the determinants of financial statement fraud have produced inconsistent findings. Several studies that tested the elements of the Fraud Hexagon framework also reported varying results. However, recent studies suggest that the Fraud Hexagon model still does not fully capture contextual aspects that may strengthen or weaken the likelihood of fraud. Therefore, this study proposes the inclusion of an organizational dimension.

The quality of corporate financial statements is strongly influenced by the role of auditors. Financial reporting quality can be achieved when the audit process is conducted effectively. Audit quality reflects the extent to which audit procedures achieve their intended objectives (Rajgopal et al., 2021). In understanding audit quality, it is essential to emphasize the auditor's ability to detect and report misstatements (DeAngelo, 1981; Harris & Williams, 2020). Audit quality must be established from the early stages of the audit process through reporting and recommendations. Mayangsari (2021), using the fraud pentagon model with audit quality as a moderating variable, found that audit quality has the potential to weaken the influence of capability on financial statement manipulation.

Based on the discussion above, financial statement fraud remains an important issue that continues to be relevant for research, particularly in Indonesia where financial manipulation cases are still prevalent. Although several theories, from the Fraud Triangle to the Fraud Hexagon, have been widely used to explain the causes of fraud, empirical findings remain inconsistent.

Furthermore, audit quality is believed to play a moderating role in the relationship between fraud determinants and fraudulent reporting, yet this role has not been thoroughly examined within an integrated theoretical framework. In addition, company characteristics such as firm size, leverage, and firm age should be controlled to ensure more objective research findings. Therefore, this study aims to comprehensively examine the determinants of financial statement fraud by incorporating individual and organizational dimensions, as well as the moderating role of audit quality and company characteristics as control variables. This research is expected to contribute both theoretically and practically to fraud prevention efforts in Indonesia.

Theoretical Framework and Hypothesis Development

Agency Theory, introduced by Jensen and Meckling (1976), explains the relationship between principals and agents. Agency relationships arise when principals delegate authority to agents to manage organizational activities and make decisions on their behalf. Principals expect managers to act in their best interests; however, managers often possess more information about the company's operations than the owners. This information asymmetry may create opportunities for managers to behave opportunistically.

Positive Accounting Theory explains how managers choose accounting policies in response to contractual relationships with stakeholders. The theory proposes that managers may act opportunistically to maximize personal benefits when facing performance pressures or contractual incentives.

Within the Fraud Hexagon framework, stimulus represents various forms of pressure, such as financial pressure, performance targets, financial instability, and capital market expectations that may encourage management to manipulate financial information (Ayati & Mulya, 2024; Vousinas, 2019). When managers face pressure due to poor financial performance, they may manipulate financial statements to present a favorable image and obtain compensation or bonuses. Experimental studies by Woolley and Howard (2016) confirm that performance pressure and external expectations can encourage individuals to falsify reports, particularly when high financial incentives are involved.

Therefore, the combination of Fraud Hexagon Theory, Positive Accounting Theory, and Agency Theory provides a complementary theoretical framework for explaining managerial tendencies to engage in fraud. Several empirical studies (Achmad et al., 2022; Khamainy et al., 2022; Apriwenni et al., 2023; Nurjanna et al., 2024) confirm that stimulus significantly influences financial statement fraud, particularly among public companies in Indonesia.

H1: Stimulus has a positive effect on fraudulent financial statements.

According to Positive Accounting Theory (Watts & Zimmerman, 1986), individuals with high capability tend to select accounting policies that benefit their personal interests, particularly under performance pressure or external expectations. Agency theory further explains that capable managers with extensive access to financial reporting systems may conceal actual information to maximize personal benefits. Empirical studies by Achmad et al. (2022) and Nurjanna et al. (2024) show that individuals with strong accounting knowledge, long work experience, and structural influence are more likely to manipulate financial reports.

H2: Capability has a positive effect on fraudulent financial statements.

Empirical studies also demonstrate a relationship between managerial ego and financial reporting fraud. Sukmadilaga et al. (2022), Andrew et al. (2022), and Indriaty and Thomas (2023) argue that arrogance increases the likelihood of authority abuse. Magdalena and Dananjaya (2021) found that CEO political connections, as a form of structural arrogance, increase fraud risk.

H3: Ego has a positive effect on fraudulent financial statements.

Previous studies indicate that audit quality can weaken the impact of financial pressure on fraudulent behavior (Nikmah & Arjoen, 2023; Mukhtaruddin et al., 2022).

H4: Audit quality weakens the positive relationship between stimulus and fraudulent financial statements.

Similarly, high-quality audits can reduce the likelihood of fraud arising from managerial capability (Yousefi Nejad et al., 2024).

H5: Audit quality weakens the positive relationship between capability and fraudulent financial statements.

External auditors who are professional, independent, and accountable are expected to identify managerial manipulation and arrogance. Mayangsari (2021) and Yousefi Nejad et al. (2024) emphasize the importance of experienced and independent auditors in maintaining financial reporting integrity.

H6: Audit quality weakens the positive relationship between ego and fraudulent financial statements.

METHOD

This study selected all companies listed on the Indonesia Stock Exchange as the study population with a research period of 2023 and 2024, considering that these companies have relatively uniform characteristics and financial reporting obligations in accordance with capital market regulations. This study uses the 2023–2024 observation period, considering that this period represents a relatively stable economic condition following the recovery from the COVID-19 pandemic. Furthermore, the data for this period is the most recent audited data published by non-financial sector companies listed on the Indonesia Stock Exchange, thus enhancing the empirical relevance and actual contribution of the study. The sample was selected using purposive sampling, a sampling technique based on specific criteria designed to align with the research objectives (Jogiyanto, 2017). The purposive sampling method in this study was implemented by establishing requirements that must be met by the sample companies, such as the availability of complete financial reports, consistent recording throughout the observation period, and data compliance with the variables studies. The Sample selection criteria can be seen in table 1 below.

Table 1. sampling process

No	Description	N of samples
1	Companies listed on the IDX during the 2023-2024 period.	943
2	Non-Financial Companies Listed on the IDX in 2023-2024	344
3	Companies that have incomplete financial reports	78
	Incompleteness of stimulus variables	1
	Incomplete of KLK variables	75
	Incomplete of Rationalization variable	2
Total Inclusion Companies		266

(Source; Data Processed, 2025)

In certain applications, there may be a violation of the classical linear regression model (CLRM). Therefore, specific biases of multicollinearity and heteroscedasticity may coexist in an application, and no single test can solve the problem simultaneously (Gujarati, D. N., & Porter, 2015). Furthermore, autocorrelation typically occurs in time series data because conceptually,

time series data is data from a single individual observed over time (Nachrowi, N. D., & Usman, 2018). The research data analysis technique uses the moderated multiple regression analysis method (Moderated Regression Analysis/MRA).

The data in this study is panel data. Several analytical techniques are used to analyze panel data regression, namely Common Effects, Fixed Effects, and Random Effects. To select the most appropriate panel data regression estimation method, the Chow test, the Hausman test, and the Lagrange Multiplier test can be used.

A sensitivity test was conducted to strengthen the test results by comparing this research model with previous research. The sensitivity test was conducted by comparing the previous model, which consisted of six elements as the trigger for fraud (Vousinas, 2019), with a new model where the fraud triggers consist of 3 elements. The expansion test serves to ensure that the development of new variables or constructs remains valid, representative, and consistent with the theoretical framework used. The entire panel data processing and estimation process is carried out using EViews (Econometric Views) software to support the accuracy of calculations and interpretation of results.

Table 2. Measurement of Research Variables

No	variables	indicator	measurement	scale
a				
dependent variable				
1	<i>fraudulent financial statement (klkt)</i>	earnings management	$m\text{-score} = -4.84 + 0.92 \times dsri + 0.528 \times gmi + 0.404 \times aqi + 0.892 \times sgi + 0.115 \times depi - 0.172 \times sgai + 4.679 \times tata - 0.327 \times lvgi$ source:(erdoğan & erdoğan, 2020)	ratio
b				
independent variable				
1	<i>stimulus (sti)</i>	<i>change in assets</i>	$\text{change in total assets} = \frac{(\text{total asset}_t - \text{total asset}_{t-1})}{\text{total asset}_t}$ source:(achmad et al., 2022)	ratio
2	<i>capability (cap)</i>	<i>tenure ceo / president director (term of office > 6 years)</i>	$\frac{\text{Jumlah Direksi Dengan Masa Kerja Diatas 6 Ta}}{\text{Jumlah Dewan Direksi}}$ source: (byrd, j. w., parrino, r., & pritsch, 2010)	ratio
6	<i>ego (ego)</i>	number of ceo photos in annual reports	the number of ceo photos presented in the company's annual report. source:(lastanti et al., 2022)	numerical
c				
moderating variables				
1	audit quality (ac)	aqms	audit quality metric score (aqms)in this study it was measured by summing the scores of the five proxies the competency dimensions include the size of the kap, industry specialization, and audit assignment period (tenure) to reflect the auditor's abilities and expertise. meanwhile, the independence dimension is	ratio

measured through client importance (the extent of auditor fee dependence on the client). as well as the willingness and accuracy of providing going-concern audit opinions the maximum value is 5 for a minimum value of 0 on each indicator.
source: (herusetya, 2012)

RESULTS AND DISCUSSION

Panel Data Regression Analysis Results

Table 3. Chow Test Results

Effects Test	Statistics	Prob.	Note
Cross-section F	4,198	0,000	Fixed Effect
Cross-section Chi-square	881,771	0,000	

Sourcess; data processed,2025

Table 3 presents the results of the Chow test, or redundant fixed effects tests. The Chow test is used in panel data analysis to determine whether the common effects model (pooled OLS) or the fixed effects model is most appropriate. This test essentially examines whether there are significant differences in the intercept between individuals (cross-section) or across time. Because the probability values for both test statistics (F-statistic and chi-square) are <0.05 , this indicates that the common fixed effects model is more appropriate than the common effects model.

Table 4. Lagrange Multiplier Test Results

Parameter	Hypothesis Test	Information
Breusch-Pagan	60,751 0,000	<i>Random Effect</i>
Honda	4,760 0,000	<i>Random Effect</i>
Gourieriux, et al.*	59,754 (< 0.01)	<i>Random Effect</i>

Sourcess; Data processed, 2025

The Lagrange multiplier test results are used to determine whether the pooled OLS or random effects model is more appropriate for panel data analysis, with the null hypothesis stating the absence of random effects. The LM test in this study uses the Breusch-Pagan probability value. A significant p-value (less than 0.05) indicates the rejection of the null hypothesis, meaning there is strong evidence of random effects in the model. Therefore, based on the results of this Lagrange multiplier test, the random effects model is more recommended and more appropriate for use in this panel data analysis compared to pooled OLS.

Table 5. REM Panel Data Regression Model

Variabel	Prediksi Arah	Koefisien	t-Statistik	Prob,	Ket
C		-10,297	-10,126	0,000	
STI	H1 (+)	4,524	8,032	0,000***	H1 Diterima
CAP	H2 (+)	5,980	2,649	0,004***	H2 Diterima
EGO	H6 (+)	-0,053	-0,232	0,408	H6 Ditolak

Variabel	Prediksi Arah	Koefisien	t-Statistik	Prob,	Ket
STI*KA	H8 (-)	-1,014	-2,998	0,004***	H8 Diterima
CAP*KA	H9 (-)	-1,077	-1,030	0,152	H9 Ditolak
EGO*KA	H13 (-)	0,022	0,203	0,420	H13 Ditolak
R-squared	0,902		F-statistic	339,647	
Adjusted R-squared	0,899		Prob(F-statistic)	0,000	

Sourcess; Data processed, 2025

The Influence of Stimulus on a Company's Fraudulent Financial Statements

Based on the test results in Table 5, the Stimulus (STI) variable has a positive regression coefficient value of 4.524 with a t-statistic value of 8.032 and a significance level of 0.000. Because this probability value is far below the 0.05 threshold, H1 is accepted, which means that Stimulus has a positive and significant effect on financial statement fraud. Theoretically, these results are in line with the Fraud Hexagon Theory (Vousinas, 2019) and Positive Accounting Theory (Watts, R. L., & Zimmerman, 1986). From the perspective of the Theory of Planned Behavior (Ajzen, 1991), stimuli increase behavioral intentions by forming a permissive attitude toward fraud. The implication of these findings is the importance of risk management and close monitoring of indicators of financial stress. In non-financial companies listed on the Indonesia Stock Exchange, financial pressure often arises from high market expectations. To mitigate this risk, companies must ensure that performance targets are realistic and measurable, and ensure fair financial support mechanisms for executives to prevent pressure from pushing them to justify fraud. The findings of this study are consistent with several empirical studies. (Andrew, J., Baker, M., & Guthrie, 2022) confirmed that stimulus is the most sensitive indicator in detecting potential fraud in financial reports.

The Influence of Capability on a Company's Fraudulent Financial Statements

Based on the regression results, capability (CAP) has a positive and significant effect on fraudulent financial statements with a coefficient of 5.980 and $p < 0.05$, thus supporting hypothesis H2. From a cognitive behavioral theory perspective, ability increases perceived behavioral control, which is an individual's belief that they have the capacity to commit fraud without significant risk (Ajzen, 1991). Therefore, the higher an individual's ability, the greater the opportunity for fraud to occur, especially in organizations with weak control systems. Capability encompasses the technical knowledge, position, and power to control, engineer, and conceal fraud from internal and external auditors. Fraud perpetrators in strategic positions, such as CEOs or CFOs, have access and authority to override internal controls, making capability the most dominant predictor of fraud. The implications of these findings are crucial for corporate oversight practices. Strengthening internal controls should not be achieved simply by strengthening SOPs or technical procedures, but should also be directed at managing risks stemming from individuals in strategic positions. The results of this study are reinforced by the findings of (Andrew, J., Baker, M., & Guthrie, 2022), which indicate that capability, along with stimulus, is an important predictor of fraudulent financial reporting. Similarly, Rahima Br. Purba, (2021) assert that the higher a person's technical skills, system understanding, and access to sensitive information, the greater the likelihood of manipulative actions. Although (Meitasir, M., Achmad, T., & Faisal, 2022) and (Faris, A., Achmad, T., & Harto, 2022) found that capability is not always a significant driver of fraud.

The Influence of Ego on a Company's Fraudulent Financial Statements

The statistical test results in this study provide quite provocative findings, where the Ego (EGO) variable shows an insignificant effect on fraudulent financial reporting. These findings automatically reject the proposed hypothesis and present an interesting anomaly in the modern fraud literature. This phenomenon provides empirical criticism of the evolution of fraud theory, from Pentagon Fraud to Hexagon Fraud (SCORE Model), which places ego as a universal element. In this context, fraud appears to be more influenced by organizational structural factors and economic rationality than by the personal characteristics of its leaders. The insignificance of the ego variable in this study indicates that symbolic proxies used in many previous studies may be biased or no longer relevant in the context of modern governance. This explains why these findings are consistent with (Chandra, E., Lastanti, H. S., & Umar, 2023) and (Andrew, J., Baker, M., & Guthrie, 2022) when ego proxies fail to distinguish between professional self-confidence and illegal arrogance, the variable loses its explanatory power regarding fraudulent financial statement actions.

Auditor Quality Moderates the Effect of Stimulus on a Company's Fraudulent Financial Statements

This finding indicates that audit quality acts as a moderating variable that weakens the positive effect of stimulus on fraudulent financial statements. From the perspective of the Fraud Hexagon Theory, incentives are the initial driving factor in fraud. However, the results of this study indicate that incentives do not operate absolutely, but rather conditionally on the strength of external oversight mechanisms. This finding confirms that the elements of the fraud hexagon interact with each other and do not stand alone. Overall, these results confirm that audit quality can mitigate the impact of incentives as triggers for fraud, thus strengthening the argument that strong external oversight mechanisms can control opportunistic management behavior. This finding also confirms that preventing fraudulent financial statements depends not only on reducing pressure but also on strengthening the oversight system and ongoing audit quality.

Auditor Quality Moderates the Effect of Capability on a Company's Fraudulent Financial Statements

The statistical test results in this study revealed a crucial finding that audit quality does not play a significant moderating role in the relationship between capability and financial statement fraud. This finding aligns with the argument of (Adekoya, O. B., Olabisi, J., & Ogundipe, 2021), who assert that while audit quality is influenced by external factors such as the reputation of the public accounting firm or audit tenure, these indicators often do not correlate with the auditor's ability to uncover fraud schemes orchestrated by individuals with significant authority. Highly capable perpetrators typically possess information asymmetry and a deep understanding of the company's internal dynamics, including control weaknesses that can be exploited without triggering alerts in routine audit systems. Consistent with this perspective, (Faris, A., Achmad, T., & Harto, 2022) emphasize that capability is the most difficult component of fraud to detect through traditional audit procedures. This is because capability often "hides" behind legitimate organizational structures and respected levels of authority. Companies should not rely solely on the presence of external auditors as the main line of defense. Instead, the focus should shift to strengthening internal governance in a multidimensional manner.

Auditor quality moderates the influence of ego on the company's fraudulent financial statements.

This finding is in line with the results of the direct effect test, which shows that ego does not have a significant influence on fraudulent financial statements. Research by (Lastanti, H. S., Murwaningsari, E., & Umar, 2022b) and (Achmad, T., Faisal, F., & Ghozali, 2022c) confirms that these indicators better reflect corporate communication strategies than arrogance or dominant management ego. These findings have important theoretical implications for the development of the Fraud Hexagon literature. Ego as a psychological factor tends to be contextual and dependent on organizational conditions, culture, and corporate governance structures. Furthermore, these findings reinforce the view that external audits are not an effective instrument for controlling management personality factors, and therefore need to be combined with other governance mechanisms that are more behavior- and ethics-oriented.

CONCLUSIONS

Based on the results and discussion, it can be concluded that stimulus and capability have a positive effect on financial statement fraud, while ego does not significantly influence financial statement fraud. When companies experience pressure to demonstrate aggressive asset expansion performance, management tends to be encouraged to manipulate financial data in order to meet such expectations. Furthermore, strong managerial capability and authority enable individuals to override supervisory limitations, making it easier to execute fraudulent activities without being detected by existing organizational control mechanisms. In addition, audit quality as a moderating variable is not able to weaken the relationship between capability and ego with financial statement fraud. This finding suggests that external auditing alone may not be sufficient to mitigate fraud risks arising from managerial capability or personal characteristics. For future research, it is recommended to employ more comprehensive indicators for measuring the ego variable, for instance by using management psychology questionnaires or a more in-depth narcissism index, rather than relying solely on proxy indicators such as the number of CEO photographs presented in annual reports.

REFERENCES

- Achmad, T., Faisal, F., & Ghozali, I. (2022). Fraud hexagon and financial statement fraud: Evidence from Indonesian listed companies. *Journal of Accounting and Investment*, 23(2), 278–295. <https://doi.org/10.18196/jai.v23i2>
- Adekoya, O. B., Olabisi, J., & Ogundipe, A. (2021). Audit quality and financial reporting reliability: Evidence from emerging markets. *Journal of Financial Reporting and Accounting*, 19(3), 421–438. <https://doi.org/10.1108/JFRA-2020>
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Andrew, J., Baker, M., & Guthrie, J. (2022). Fraud detection and corporate governance: Emerging issues in financial reporting. *Accounting, Auditing & Accountability Journal*, 35(6), 1463–1485. <https://doi.org/10.1108>
- Ayati, S., & Mulya, A. (2024). Financial pressure and fraudulent financial reporting: Evidence from emerging markets. *Journal of Financial Crime*, 31(1), 210–225. <https://doi.org/10.1108/JFC-2023>

- Byrd, J. W., Parrino, R., & Pritsch, G. (2010). Stockholder–manager conflicts and firm value. *Financial Analysts Journal*, 54(3), 14–30.
- Chandra, E., Lastanti, H. S., & Umar, H. (2023). Fraud detection using the fraud hexagon model in financial reporting. *International Journal of Financial Research*, 14(2), 112–126.
- Cressey, D. R. (1953). *Other people's money: A study in the social psychology of embezzlement*. Glencoe, IL: Free Press.
- Crowe, H. (2011). *The fraud pentagon: Considering the five elements of fraud*. Crowe Horwath International.
- DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics*, 3(3), 183–199. [https://doi.org/10.1016/0165-4101\(81\)90002-1](https://doi.org/10.1016/0165-4101(81)90002-1)
- Erdoğan, M., & Erdoğan, E. O. (2020). Beneish M-score and financial statement manipulation detection. *Journal of Applied Accounting Research*, 21(3), 513–528.
- Faris, A., Achmad, T., & Harto, P. (2022). Fraud hexagon and financial statement fraud detection. *Journal of Financial Crime*, 29(4), 1240–1255. <https://doi.org/10.1108/JFC-2021>
- Gujarati, D. N., & Porter, D. C. (2015). *Basic econometrics* (5th ed.). New York: McGraw-Hill Education.
- Harris, K., & Williams, J. (2020). Audit quality and financial reporting transparency: Evidence from global capital markets. *International Journal of Auditing*, 24(2), 215–230. <https://doi.org/10.1111/ijau.12194>
- Herusetya, A. (2012). Audit quality measurement and auditor independence. *Jurnal Akuntansi dan Keuangan Indonesia*, 9(2), 117–133.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Jogiyanto, H. M. (2017). *Metodologi penelitian bisnis: Salah kaprah dan pengalaman-pengalaman* (6th ed.). Yogyakarta: BPFE.
- Lastanti, H. S., Murwaningsari, E., & Umar, H. (2022). Fraud hexagon and financial statement fraud detection in emerging markets. *Journal of Financial Crime*, 29(3), 927–944. <https://doi.org/10.1108/JFC-2021>
- Meitasir, M., Achmad, T., & Faisal, F. (2022). The influence of fraud hexagon on fraudulent financial reporting. *Asian Journal of Accounting Research*, 7(4), 345–359.
- Nachrowi, N. D., & Usman, H. (2018). *Pendekatan populer dan praktis ekonometrika untuk analisis ekonomi dan keuangan*. Jakarta: Lembaga Penerbit FE UI.
- Rajgopal, S., Srinivasan, S., & Zheng, X. (2021). Measuring audit quality. *Review of Accounting Studies*, 26(2), 559–619. <https://doi.org/10.1007/s11142-020-09556-1>
- Sukmadilaga, C., Pratama, A., & Mulyani, S. (2022). Determinants of fraudulent financial reporting using the fraud hexagon model. *International Journal of Financial Research*, 13(4), 312–325. <https://doi.org/10.5430/ijfr.v13n4p312>
- Vousinas, G. L. (2019). Advancing theory of fraud: The S.C.O.R.E. model (Fraud Hexagon). *Journal of Financial Crime*, 26(1), 372–381. <https://doi.org/10.1108/JFC-12-2017-0128>
- Watts, R. L., & Zimmerman, J. L. (1986). *Positive accounting theory*. Englewood Cliffs, NJ: Prentice Hall.
- Wolfe, D. T., & Hermanson, D. R. (2004). The fraud diamond: Considering the four elements of fraud. *CPA Journal*, 74(12), 38–42.