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FINANCIAL REPORTING FRAUD ANALYSIS FROM THE PERSPECTIVE OF THE PENTAGON FRAUD

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Abstract
This research aims at investigating fraudulent financial reporting, pressure, opportunities, rationalization, competence and arrogance. Additionally, the Chemical industry tends to have a greater risk of fraud, thus the object of this research is Basic Industry & Chemical Sectors listed on the Indonesia Stock Exchange from 2015 to 2019. The sample used the purposive sampling method and the tests were carried out by using SPSS 25 consisted of the feasibility of the regression model, and simultaneously also partial significance tests. Lastly, The results from this research are pressure, opportunity, rationalization, efficiency and arrogance which did not have a significant impact on financial reporting fraud, however partially pressure did have an impact on it.

INTRODUCTION

The Ministry of Industry (Kemenperin) in its 2016 Performance Report found that the industries that gave the largest contribution to the national gross domestic product were manufacturing industrial companies, amounting to 20.51% (Kementerian Perindustrian RI, 2016). Manufacturing companies are companies whose activities are processing raw materials into finished products (Syaiful, 2016). Manufacturing companies have three types of inventory, namely raw material inventory, work-in-process inventory, and finished goods inventory (Shatu, 2016). These inventories are vulnerable to fraud and have difficulties in the audit process. Thus, this makes manufacturing companies as holders of an important role in Indonesia's national economic growth have greater opportunities for fraud than other types of companies. According to the ACFE (Association of Certified Fraud Examiners, 2016), the fraud that caused the biggest losses in the world in 2016 was fraud in the presentation of financial statements. Losses for this type of fraud reached 75% of the total median loss, even though the case was only 10% of the 2,410 total fraud cases that existed (Association of Certified Fraud Examiners, 2016).

Companies that had their chemical inventory tended to have a greater risk of fraud than other types of manufacturing companies, as stated by Elder et al., (2015) stated that chemicals are a type of inventory that is difficult to observe and assess because of its diversity. The basic industry is defined in the Large Indonesian Dictionary (KBBI) as an industry that processed capital goods such as machinery, chemicals, which were used in other industries (Kementerian Pendidikan dan Kebudayaan RI,2016). While the chemical industry as an industry involved in the processing of raw materials obtained through mining, agriculture, and other sources, into materials, chemicals, and chemical compounds which can be in the form of final products or intermediate products that were used in other industries (Fajrin, 2016).

Several cases of fraudulent financial reporting, especially in chemical companies in the manufacturing industry, were still found. Noria Corporation (2017) revealed that 37% of companies in the chemical industry experienced various types of fraud. Tianhe Chemicals, a Hong Kong chemical company, were accused in 2014 of telling investors that their revenues were growing at more than 20% per year while filing documents with regulators showed significantly lower revenues and profits (Riley, 2014). Tianhe was considered to overstate its income, profits and produce contradictory tax data by doing double bookkeeping (Riley, 2014). In Indonesia, PT Tiga Pilar Sejahtera Food Tbk (AISA) faced a fraudulent financial reporting scandal. The scandal was revealed from the result of an investigative audit of AISA's financial statements for December 31, 2017, by Ernst & Young which reported allegations of inflating assets in several accounting posts. This indicated fraudulent financial reporting carried out by AISA, where there was a material misstatement in the financial statements done by management intentionally (Association of Certified Fraud Examiners, 2016). Another fraud case, especially in Indonesia's basic industry and chemical sectors, was related to PT Toba Pulp Lestari Tbk (INRU) which was reported in 2019 to have caused state loss due to an attempt on manipulating taxes and pulp export. But so far there has been no follow-up from the goverment on this finding. INRU was considered doing profit shifting by misclassification of harmonized system code. Another fraud case in Indonesia's basic industry and chemical sectors was related to PT Surabaya Agung Pulp & Paper Industry (SAIP) where it was proven that two SAIP curators in 2014 were suspected in cases of falsification of receivable documents (Bramantoro, 2014).

The cases above could be an illustration that there was a fraud pentagon factor contributing to the background of fraud cases in the industry. However, differed from the findings of the ACFE Indonesia Chapter (2016:29) that the incidence of fraud in the manufacturing sector in Indonesia revealed in the 2016 Indonesia Fraud Survey tended to be low at only 3.5%. This was the second sector that had the largest amount of debt in Indonesia. Such conditions could be an example of a counter-condition that it turned out companies in the industry who were classified as sectors that have pressure in the form of fulfilling the largest obligations, the occurrence of fraud did not automatically become a problem. Furthermore, contra conditions were also found related to the SAIP case. During the two years before SAIP indicated fraud, it was discovered that SAIP had a debt-to-asset ratio below 37% in other words, SAIP had the discretion to fulfil obligations through its assets. This condition could be an illustration that the occurrence of fraud cases at SAIP did not coincide with an indication of great pressure on the company.

The existence of contra conditions as described above further strengthened the author's reason for conducting research on fraudulent financial reporting from the perspective of the fraud pentagon also selected companies in the basic industry and chemical sectors in the period 2015 to 2019 as research objects. Research that examined the theory of the factors driving fraud had also been carried out several times. However, inconsistencies in the results of these studies were still found.

The latest fraud theory model until the time this research was compiled stated that five factors influence, fraud (fraud pentagon), namely pressure, opportunity, rationalization, competence, and arrogance. However, these effects have not been fully revealed consistently. Aprilia (2017) in his research stated that pressure in the form of external pressure with a leverage ratio proxy did not affect the occurrence of fraud. However, Zaki (2017) in his research stated that there was a positive and significant effect. The second factor was the opportunity, the research conducted by Alwi et al., (2013) resulted that the opportunity factor in the form of ineffective supervision proxies by the percentage of independent audit committee members had a positive and significant effect in detecting fraud. However, Prasetyo (2016) found that the percentage of independent audit committee members had no of it. The research of Mardianto & Tiono (2019) showed that the rationalization factor in the form of a change in auditors with a proxy for changing public accountants did not affect fraud, while Ulfah et al., (2017) got results that had a positive and significant effect. Harahap et al., (2017) through his research found that the competence in the form of a position in an organization with a proxy for changes in directors did not significantly affect the risk of fraudulent financial reporting, while Devy et al., (2017) got the results that these factors had a positive and significant effect. The research conducted by Aprilia (2017) refealed that the frequency with the image of the Chief Executive Officer (CEO) appeared was a proxy for the arrogance factor that had no significant effect on fraud, while the research of Tessa & Harto (2016) stated that arrogance had a positive effect.

Fraud was the intentional act of making a material misrepresentation of a fact to lead someone to believe a lie and act on it, and thus, suffer loss or damage (Louwers, 2013). Financial reporting fraud itself is defined by the Association of Certified Fraud Examiners as a deliberate misrepresentation of the financial condition of a company achieved through intentional misstatements or omissions of amounts or disclosures in financial statements to deceive financial statements users. The F-score model was known as a method of assessing the risk of fraudulent financial reporting with the highest level of accuracy (Ak et al., 2013). The identification of financial reporting fraud in this research is based on the value of the fraud score model, which used a fake variable by assigning a code of 1 for companies with an f-score of less than 1.00 and a code of 0 for companies with an f-score of more than 1.00.

Pressure, opportunity, rationalization, competence, and arrogance are single reasons for someone to commit fraud. This is following the theory put forward by Marks (2012) that pressure, opportunity, rationalization, competence, and arrogance are five factors that can provoke someone to commit fraud. This research predicted that these five elements together affect fraudulent financial reporting. This prediction refers to the results of Aprilia's research (2017) which showed that the five elements above are proven to have a simultaneous and significant effect on fraudulent financial reporting. Having a high ego or feeling that he was immune to company policies which are accompanied by demands to be able to fulfil financial obligations to show good performance, becomes a separate impetus that can lead someone to take advantage of opportunities such as ineffective supervision to commit fraud. The rationalization that the fraud committed was not easily recognized by other parties and the competence of the situation was also a factor that enhanced the presence of fraud. The theory, the results of previous research, and the line of thought that the author has described above showed that these five factors together could potentially lead to fraudulent financial reporting.

Companies generally had financial burdens like demands to meet obligations on loans to various parties within a certain period. This financial burden, according to Hery (2017) was pressured as a person's encouragement to commit fraud. This research predicted that pressure had a positive effect on fraudulent financial reporting. Prediction of the positive effect referred to the results of research conducted by Devy et al., (2017); Harahap et al., (2017); Zaki (2017); Tessa & Harto (2016); Kanapickienė & Grundienė (2015); and Dalnial et al., (2014). Research carried out by Kanapickienė & Grundienė (2015) showed that the ratio of total debt to total assets was the most influential ratio for detecting fraudulent financial reporting. This was also in line with the results of research conducted by Zaki (2017); Harahap et al., (2017); Tessa & Harto (2016); and Dalnial et al., (2014) which showed that pressure in the form of external pressure with a leverage ratio proxy had a positive effect on financial statement fraud. The high leverage ratio was a separate pressure for the company's internals which had the potential to cause fraudulent financial reporting. When the company had high leverage, it did mean that the company had a large total debt so the obligation had to repay much bigger, which can cause more concern for potential creditors to lend their funds even though the company's funding needs must still be met.

One of the opportunities was a driving factor for fraud, according to PCAOB in AS 2401 was the ineffective supervision of the audit committee on the financial reporting process and internal control. This research predicted that opportunity had a positive effect on fraudulent financial reporting. Prediction of the positive effect referred to the results of research conducted by Alwi et al., (2013) which showed that the number of independent members of the audit committee as a proxy for opportunity had a positive and significant effect on fraudulent financial reporting. Alwi et al., (2013) stated that the independent audit committee consisted of members outside the company who had less knowledge about the company's business. In addition, difficulties also arose because it was possible that they also hold similar responsibilities in other companies. This was the ineffectiveness of supervision that opened up opportunities for fraud to occur.

Rationalization was a mechanism that allowed ethical others to justify unethical behaviour (Albrecht et al., 2019). PCAOB in AS 2401 reveals that auditors may be aware of tensions in the relationship between management and current or former auditors, such as frequent disputes over accounting, auditing, or reporting matters. The company then made changes to the auditor to cover up these risk factors, so that fraud could be committed with less chance of being discovered by the auditor (ethical party). This research predicted that rationalization had a positive effect on fraudulent financial reporting. Prediction of the positive effect referred to the research of Ulfah et al., (2017) resulted that the rationalization factor proxies by the change in auditors were significantly positive in influencing financial reporting fraud. The more frequent changes in auditors are made, the more rational the reason that fraudulent acts were difficult to detect, so the more likely it was that fraud can be carried out freely.

Yusof (2016) stated that competence can be in the form of a person's position or function in the organization. The position referred to in the statement is the position of the CEO, directors, and other division heads (Annisya & Asmaranti, 2016). This position gave them more authority that allowed them to realize fraud, for example by conditioning the organization's internal control through intimidation or simply because these executives often acted as supervisors when authorizing major transactions (Association of Certified Fraud Examiners, 2016). This research predicted that competence had a positive effect on fraudulent financial reporting. Prediction of the positive effect refers to the results of research by Devy et al., (2017) which showed results that the competence in the form of positions in organizations with a proxy for changes in directors did have a significant positive effect on the risk of fraudulent financial reporting. This was also following the results of ACFE's research (2016: 49) that 55.7% of fraud perpetrators had competence in the form of positions or positions in the company as managers and executive officers.

Ulfah et al., (2017) defined "arrogance as an attitude of superiority over the rights owned and feels that internal controls or company policies did not apply to him". Yusof (2016) states that one measure of arrogance can be seen from the frequency of appearances of the CEO's image in the company's annual report. The more photos, the more it indicated that they tended to want to show everyone their status and position because they did not want to lose or feel unappreciated for that status and position (Tessa & Harto, 2016). This research predicted that arrogance had a positive effect on fraudulent financial reporting. The positive effect prediction referred to the results of Tessa & Harto's (2016) research which showed that arrogance with the proxy for the frequency of the appearance of the CEO's image had a positive and significant effect on fraudulent financial reporting.

The explanation that the author has described above is the basis for forming the framework of thought in this research. This research aims at investigating fraudulent financial reporting, pressure, opportunity, rationalization, competence, and arrogance as well as the influence of these five factors on fraudulent financial reporting in manufacturing companies in the basic industry and chemical sectors listed on the Indonesia Stock Exchange for the period 2015 to 2019.

METHOD

The population of this research was the annual report of eighty companies listed as manufacturing companies in the basic industry and chemical sector on the Indonesia Stock Exchange for the period 2015 to 2019. This research method used was purposive sampling so 210 annual company reports were obtained as samples for this research.

This research quantitative research used inferential statistics with a logistic regression method in its analysis because the dependent variable was categorical, symbolized by 1 as indicated and 0 as not indicated. The tests in this research were carried out automatically using SPSS 25 software and consisted of the feasibility of the regression model and simultaneously also partially significance tests.

Table 1. Sample Criteria

Information	Total
Basic Industry and Chemical of manufacturing companies listed on the IDX in the 2015 – 2019 period.	80
The company has published the completed annual reports consecutively in the 2015 – 2019 period.	(22)
The company has used rupiah currency in its financial statements	(16)
Total companies that met the sample criteria	42
Total sample number during research period 2015 – 2019 (42 x 5)	210

RESULTS

Table 2. Frequency Distribution of Fraudulent Financial Statement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	,0000	191	91,0	91,0	91,0
	1,0000	19	9,0	9,0	100,0
	Total	210	100,0	100,0	

Source: SPSS 25 Output Results

There was only 9% of manufacturing companies in the basic and chemical industry sectors listed on IDX for the periode 2015 – 2019 had f-score of more than 1.00 so the indications for fraduluent financial reporting were PT Alakasa Industrindo Tbk (ALKA), PT Alumindo Light Metal Industry Tbk (ALMI) and PT Semen Baturaja Tbk (SMBR) in 2015. PT Alakasa Industrindo Tbk (ALKA), PT Charoen Pokphand Indonesia Tbk, PT Central Proteina Prima Tbk (CPRO), PT Eterindo Wahanatama Tbk (ETWA), PT Keramika Indonesia Assosiasi Tbk (KIAS) and PT Suparma Tbk (SPMA) in 2016. PT Mulia Industrindo Tbk (MLIA) in 2017. PT Central

Proteina Prima Tbk (CPRO), PT Eterindo Wahanatama Tbk (ETWA), PT Malindo Feedmill Tbk (MAIN), PT Mulia Industrindo Tbk (MLIA) and PT Surya Toto Indonesia Tbk (TOTO) in 2018. PT Alumindo Light Metal Industri Tbk (ALMI), PT Asiaplast Industries Tbk (APLI) and PT Holcim Indonesia (SMCB) in 2019.

Table 3. Descriptive Statistics of Leverage Ratio

	N	Minimum	Maximum	Mean	Std. Deviation
LEV	210	,091	1,308	,48929	,252590
Valid N (listwise)	210				

Source: SPSS 25 Output Results

The pressure factor as measured by the leverage ratio (LEV) on the basic and chemical industry manufacturing companies listed on IDX for 2015 – 2019 showed that the average of the total liabilities they had were 48,9% of their total assets. The smallest value of LEV was 0,091 owned by PT Intanwijaya Internasional Tbk (INCI) in 2015, while the largest value of LEV was 1,308 owned by PT Eterindo Wahanatama Tbk (ETWA) in 2019.

Table 4. Descriptive Statistics of Independent Audit Committee Members

	N	Minimum	Maximum	Mean	Std. Deviation
IND	210	,167	,600	,39867	,087754
Valid N (listwise)	210				

Source: SPSS 25 Output Results

The opportunity factor on the basic and chemical industry manufacturing companies listed on IDX for 2015 – 2019 showed that 39,8% of the company's audit committee members were independent parties. The smallest value of IND was 0,167 owned by PT Holcim Indonesia (SMCB) in 2019, while the largest value of IND was 0,600 owned by PT Semen Baturaja Tbk (SMBR) in 2015 and 2016, and PT Suparma Tbk (SPMA) and PT Malindo Feedmill TBK (MAIN) for the period 2015 – 2019.

Table 5. Frequency of External Auditor Change

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	,0000	175	83,3	83,3	83,3
	1,0000	35	16,7	16,7	100,0
	Total	210	100,0	100,0	

Source: SPSS 25 Output Results

Regarding the rationalization factor, 16,7% of manufacturing companies in the basic and chemical industry sectors listed on IDX for the period 2015 – 2019 were identified as changing public accountants. The sample companies that made the most frequent changes themselves were PT Ekadharma International Tbk in 2016, 2017 and 2019 and PT Waskita Karya Tbk (WSBP) in 2016,2018 and 2018. While 18 companies that never-changing public accountants were AKPI, ALMI, AMFG, APLI, ARNA, BRNA, CPIN, CPRO, DPNS, IMPC, INAI, INTP, KDSI, LION, SMSH, SRSN, TALF and TOTO.

Table 6. Frequency of Board of Directors Change

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	,0000	141	67,1	67,1	67,1
	1,0000	69	32,9	32,9	100,0
	Total	210	100,0	100,0	

Source: SPSS 25 Output Results

Regarding the competence factor, 32,9% of manufacturing companies in the basic and chemical industry sectors listed on IDX for the period 2015 – 2019 were identified as having changing directors. PT Asahimas Flat Glass (AMFG) during the period 2015 -2019 always made changes to the composition of the board directors or recruited new directors, while PT Alkindo Naratama Tbk (ALDO), PT Saranacentral Bajatama Tbk (BAJA), PT Betonjaya Manunggal Tbk (BTON) and PT Suparma Tbk (SPMA) are known to have not changed at all.

Table 7. Frequency of Appearances of CEO's Picture

	N	Minimum	Maximum	Mean	Std. Deviation
CEOPIC	210	,00	3,00	1,2048	,72612
ValidN (listwise)	210				

Source: SPSS 25 Output Results

Regarding the arrogance factor, it was found that the average of manufacturing companies in the basic and chemical industry sectors presenting CEO photos in the annual report for the period 2015 – 2019 was 1,2048 times. PT Alkindo Naratama Tbk (ALDO) has a maximum value of 13 times the frequency of CEO photo appearances for the 2015 – 2019 annual period, while PT Alakasa Industrindo Tbk (ALKA), PT Betonjaya Manunggan Tbk (BTON), PT Charoen Pokphand Indonesia (CPIN) and PT Ekadharma International Tbk (EKAD) for 2015 – 2019 annual period never display a photo of the CEO.

Table 8. Simultaneous Test

	Chi-square	df	Sig.	
Step 1	Step	10,704	5	,058
	Block	10,704	5	,058
	Model	10,704	5	,058

Source: SPSS 25 Output Results

The simultaneous test showed that pressure, opportunity, rationalization, competence and arrogance have no significant effect on fraudulent financial reporting in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2015 – 2019.

Table 9. Partial Test

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1a	LEV	2,367	,943	6,295	1	,012	10,665
	IND	4,909	2,682	3,349	1	,067	135,505
	AUDCHG	,239	,618	,149	1	,700	1,270
	DCHANGE	-,072	,553	,017	1	,896	,930
	CEOPIC	-,176	,341	,268	1	,605	,838
	Constant	-5,641	1,758	10,300	1	,001	,004

Source: SPSS 25 Output Results

Furthermore, pressure did have a significant effect on fraudulent financial reporting in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2015 – 2019. It meant that fraudulent financial reports can be affected by pressure factors. Opportunity did not have a significant effect on fraudulent financial reporting in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2015 – 2019. Rationalization also had no significant effect on the fraudulent financial reporting in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2015 – 2019. Competence had no significant effect on the fraudulent financial reporting in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2015 – 2019 Arrogance had no significant effect on the fraudulent financial reporting in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2015 – 2019.

DISCUSSION

Based on the result of the simultaneous test as presented in table 8, it can be interpreted that simultaneously pressure, opportunity, rationalization, competence and arrogance have no significant effect on fraudulent financial statement in manufacturing companies in the basic and chemical industry sectors listed on the IDX for the period 2015 – 2019. The result of this research is consistent with the research of Triyanto (2019) and Yandari & Andini (2020) that simultaneously pressure, opportunity, rationalization, competence and arrogance have no significant effect on the fraudulent financial statement.

The result of the partial test in table 9 showed that pressure measured by leverage ratio (LEV) affected fraudulent financial reporting. If the company had high leverage, it meant that the company is deemed to have high debt and very sensitive to economic decline and at higher risk for bankruptcy. The company that faced that kind of pressure often committed acts of fraud in a financial statement by manipulating financial reports to improve the company's prospects. The result of this research is consistent with the research of Devy et al., (2017) and Harahap et al., (2017) that partially pressure affected fraudulent financial statements.

The result of the partial test in table 9 showed that opportunity measured by the ratio of the independent committee (IND) did not have a significant effect on fraudulent financial reporting. The ineffective supervision of the audit committee on the financial reporting process and internal control will lead to increase fraud. However, the result of this research was measured by the ratio or proportion rather than rules of function and the role of an independent committee in minimizing the risk of fraudulent financial statements. The result of this research is in line with research conducted by Yuniarti et al., (2018) and Kusumawati et al., (2021) that partially opportunity did not have a significant effect on the fraudulent financial statement.

The result of the partial test in table 9 also showed that rationalization was measured by auditor change (AUDCHG) and did not affect fraudulent financial reporting. Change in auditor was not always related to acts of fraud. The government had issued a regulation related to auditor change in Government Regulation No.20 of 2015 concerning Practices of Public Accountants stated that the limit of providing audit services is 5 years. However, under certain conditions, the company might change their auditor if necessary. Company dissatisfaction is one of the certain conditions that made the company changed their auditor because the company always expect maximum performance from the auditor. The result of this research was in line with research conducted by Apriliana & Agustina (2017) and Triyanto (2019) that rationalization does not affect fraudulent financial statements.

The result of the partial test in table 9 showed that Competence measured by director change (DCHANGE) did not affect fraudulent financial reporting. Change in director was not always related to the indication of fraud occurring within the company. Occasionally, the company needed to change their director to improve its performance with the expectation that the newly appointed directors will be more contribute to the development and innovation of the company because investors or creditors always expected maximum performance from the company. The result of this research is consistent with the research conducted by Apriliana & Agustina (2017) and Yuniarti et al., (2018) that competence did not affect fraudulent financial statements.

The result of the partial test presented in table 9 showed that Arrogance measured by CEO's picture (CEOPIC) did not affect fraudulent financial reporting. Previously, Tessa & Harto (2016) stated that the more photos, the more it indicated that they tend to show everyone their status and position because they did not want to lose or feel unappreciated for that status and position. However, the number of CEO's pictures can be attributed to the positive thing is confidence. Confidence is built on the success and achievement that have been achieved, the life skills that have been mastered, the principles and norms that are held firm, and the care shown to others (Quamila, 2021). The result of this research is consistent with the research of Triyanto (2019) and Kusumawati et al., (2021) that arrogance did not affect fraudulent financial statements.

CONCLUSION

The test result on this research sample did not show any significant simultaneous effect of pressure, opportunity, rationalization, competence and arrogance on fraudulent financial reporting. However, the test result on this research sample showed that partial pressure did have a significant effect on fraudulent financial reporting, if the company had high leverage, it meant that the company is deemed to have high debt and have to face the pressure of economic. The company that faced the pressure of economic circumstances often committed acts of fraud in financial statements by manipulating financial reports aimed at improving the company's prospects.

Concerning the results of this research, the following are some suggestions that the author can convey. It is recommended for academics to increase discussions and studies related to references to deepen their thinking and understanding of the development of accounting science, especially in the fields of fraud auditing and forensic accounting. For further research, it is recommended to try other proxies for measuring financial reporting fraud, for example, with indicators on whether or not restatements are carried out, or if the company is exposed to sanctions from the Financial Services Authority, as well as conducting research related to test which fraud model had the highest accuracy in predicting fraudulent financial reporting in Indonesia. Further researchers could also try other combinations of proxies for the fraud pentagon, such as financial targets for pressure, quality of public accountants for opportunity, audit opinion for rationalization, CEO's tenure for competence, and the presence of CEO politicians for arrogance and are advised to continue to follow developments in fraud theory because it did not cover. It is possible to emerge a new model for the fraud theory, companies are advised to always be responsive to potential changes in applying regulations and make full efforts to comply with them to avoid the risk of receiving legal and social sanctions for indications of fraudulent financial reporting. Shareholders and other stakeholders are advised to continue exercising prudence, for example, in investing by using various methods of detecting fraudulent financial reporting that the authors have mentioned as an effort to minimize risk.

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