THE EFFECT OF FINANCIAL STABILITY, EXTERNAL PRESSURE, FINANCIAL TARGETS AND INEFFECTIVE OF MONITORING ON FINANCIAL STATEMENT FRAUD OF MANUFACTURING COMPANIES IN THE FOOD AND BEVERAGE SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE IN 2019-2023

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ABSTRACT The Impact of Finansial Stability, Outside Pressures, Finansial Goals, with Poor Monitoring on Finansial Report Fraud in Food with Beverage Manufacturing Firms Listed on the IDX from 2019 to 2023. This research aims to achieve the following goals: 1). To assess how finansial stability influences finansial report fraud, 2). To evaluate how extern pressures affect finansial report fraud, 3). To analyze the impact of finansial targets on finansial report fraud, 4). To investigate how inresponseive monitoring relates to finansial report fraud. This research employs a quantitative analytical method with a descriptive framework. The study's population consists of 19 food with beverage manufacturing businesses listed on the IDX during 2019-2023. The data collection approach utilized in this research is based on documentation. The analysis of data with hypothesisanalisysing incorporated classical assumption analisysing, multiple linear regression analysis, model fit assessment, partial analisysing, with coefficient of determination using the Statistical Package for Social Science (SPSS) Version 26. The conclusions of this research indicate: 1). Financial stability has a negative impact on finansial report fraud; as finansial stability increases, finansial report fraud decreases; 2). Extern compulsion also has a negative influence on finansial report fraud; as extern compulsion rises, finansial report fraud diminishes; 3). Finansial targets negatively affect finansial report fraud; with higher finansial targets, finansial report fraud reduces; 4). Inresponseive monitoring has a positif relationship with finansial report fraud; as inresponseive monitoring increases, finansial report fraud also rises.

Keywords: *Finansial Stability, Extern Pressure, Finansial Target, Inresponseive Of Monitoring, Finansial report Fraud.*

INTRODUCTION

Financial reports are a means of conveying information to parties outside the Firm regarding activities designed by the institution over a certain period of time. The document is very useful for various parties who use finansial reports in efforts to make economic decisions with reflect management's responsibility for managing the resources entrusted to them. Understanding how valuable the information contained in finansial reports is, managers are motivated to improve the performance of the institution, so such the existence of the institution is maintained (Wardhani, 2020).

Finansial reports are prepared to present finansial data such includes finansial conditions, conclusions of institutional activities, with cash flows such occur. This information is very important for stakeholders to be able to make economically correct decisions with to demonstrate management accountability in managing institutional resources such have been entrusted to them. If finansial reports cannot provide valid with accurate information, then report users will experience confusion in decision making. (Fadillah, 2023).

Some individuals in the business world engage in fraudulent practices related to finansial reports in order to give a positif impression of their finansial condition in order to gain profit for the institution. Signs of fraud can be recognized from policies such are intentionally designed with actions such are intended to deceive or manipulate whichever have a detrimental impact on other parties (Sari, 2020). Fraud refers to strategies designed to produce significant, false information in finansial reports when those statements are the primary focus of the audit process (Nugroho dan Afriandi, 2020). Fraud cases in accounting reflect a failure in the auditing sector. These actions are generally carried out with clear intentions (Prakoso serta Zulfikar, 2020).

Every institution aims to increase profitability so such its operations can run well. The performance of the institution can be analyzed through the information presented in the institution's finansial report. Fraudulent actions in the presentation of finansial reports can produce erroneous data with not in accordance with reality. (Sari, 2022). Finansial reports present information about an institution's activities during a certain period with will be used by parties inside with outside the organization. The preparation of finansial reports is regulated by the Indonesian Institute of Accountants (IAI) with is made in accordance with Finansial Accounting Standards. According to the Indonesian Institute of Accountants (IAI), finansial reports describe the finansial condition, finansial performance, with cash flow (Maulana et al., 2020).

Fraudulent behavior in the presentation of finansial reports must be closely monitored so such these fraudulent actions can be detected early with eliminated, so such the data in the finansial reports can be trusted by interested parties with the wider public. In addition, an auditor can improve the quality of his audit with provide assurance to interested parties with the public. If there are errors in organizing with reporting important information in the finansial reports, then the finansial report or information becomes unsuitable for use as a basis for decision making because the analysis designed is not based on accurate finansial information, finansial performance, with cash flow.

Fraud in finansial report presentation is intentionally designed by institutions to deceive with confuse users of the report, especially investors with creditors, by presenting with changing the material value of the finansial report. Earnings manipulation is designed with the aim of keeping the institution's stock attractive to investors. Fraud in finansial reports can be seen from intentionally designed errors, omissions regarding amounts, or disclosures with the intention to deceive users of finansial reports (Arens, 2019).

Different factors contribute to motivating people to participate in finansial statement fraud. Pradana with Purwanti (2020) mention such the aspects influencing this fraud involve finansial stability, compulsion, opportunity, with rationalization, all of whichever are included in the fraud triangle theory. The compulsions such may lead individuals to engage in fraudulent activities, as outlined in SAS (Statement of Auditing Standard) No. 99, encompass finansial stability, outside pressures, finansial goals, with the responseiveness of oversight (Pradana with Purwanti, 2020).

Finansial sustainability reflects a position where an institution shows stability in facing various economic challenges. If an institution is in a stable situation, its value in the eyes of investors will increase. This is related to the correlation between agents with principals, where investors as principals expect high returns from their investments. On the other hand, management as agents seeks to obtain greater compensation based on their performance. Tight competition also encourages agents to commit fraud on the institution's finansial reports. The agent's actions are intended to depict the institution's stable finansial condition (Sari, 2020).

Institutions face various challenges when carrying out their activities. Management feels a heavy burden to meet obligations or expectations from extern parties. Excessive burdens from outside are often in the form of new debt or additional loans needed to stay competitive. In addition, institutions also utilize additional investments to backing financing related to operations in order to stay competitive with competitors. The pressure experienced by management will encourage them to present finansial reports as well as possible, in order to convince extern parties such the institution has the ability to repay the loans such have been given (Skousen, C. J. serta Wright, 2019).

Every institution has certain goals such it wants to achieve in its operations. One of these goals is the finansial target expected by the institution. If an institution fails to achieve the desired finansial target, management can face pressure to commit fraud on its finansial reports. In this analysis, finansial targets are analyzed through the return on asets ratio. In addition, return on asets is often used to evaluate employee performance with determine bonuses or salary increases. When an institution records a high return on asets, there’s a greater chance of designing fraudulent actions (Dewi serta Anisykurlillah, 2021).

It is crucial to recognize with avoid fraud in finansial reports considering the many cases of fraud. The fraud hexagon details the reasons behind fraudulent acts, including misappropriation of asets, corrupt acts, or fraud in finansial reports. The various types of fraud discussed in this analysis refer to the ACFE survey in 2020. According to the survey designed by the ACFE in 2020, the ACFE grouped with identified three types of fraud: misappropriation of asets (86%), corruption (43%), with fraud in finansial reports (10%) (ACFE Indonesia, 2023).

Various fraudulent acts are currently occurring in Indonesia. According to a report from the Association of Certified Fraud Examiners (ACFE) entitled Asia-Pacific Occupational Fraud 2022: A Report to the Nations, Indonesia is ranked fourth as the country with the most fraud cases in 2022, with a total of 23 cases recorded. The most significant form of fraud in Indonesia is corruption at 64 percent, followed by misuse of state with institutional asets at 28.9 percent, with fraud on finansial reports at 6.7 percent. The following is information about fraudulent acts designed by several institutions.

Tabel 1. Finansial report Fraud

No.	Firm name	Information
1.	PT Asabri	Major fraudulent activities occurred within PT Asabri, resulting in state losses of Rp 22.78 trillion, as reported by the Audit Board of Indonesia (BPK)..
2.	PT Asuransi Jiwasraya	The fraud case at PT Asuransi Jiwasraya, whichever was revealed in 2018-2020, is one of the biggest finansial scandals in Indonesian history. This fraud occurred due to irresponsible investment practices, finansial report manipulation, with collusion between institutional management with extern parties with a loss of IDR 16.81 trillion.
3.	PT Waskita Karya Tbk	PT Waskita Karya Tbk is suspected of manipulating finansial reports. The Finansial Services Authority (OJK) is currently conducting a review of this allegation. The manipulation includes the difference between recorded profits with the actual negative cash flow conditions.
4.	PT Indofarma Tbk.	The Audit Board of Indonesia (BPK) found indications of finansial report manipulation at PT Indofarma Tbk. This conclusion indicates irregularities in finansial management such caused state losses. As a result, BPK reported this case to the Attorney General's Office for follow-up
5.	PT Kimia Farma Apotek (KFA)	In an internal audit, indications of fraud were found related to the provision of finansial report data at a subsidiary of PT Kimia Farma Apotek (KFA). This case leads to allegations of integrity violations in the presentation of finansial reports.
6.	Enron Corporation	The Enron scandal involved the most substantial energy sector entity in the United States (Ansori with Fajri, 2020). As a result, this prompted the United States to enact the Sarbanes-Oxley Act as a federal law in response to accounting irregularities such were prevalent in large industries across the country.
7.	Austal Limited	Three Austal USA executives were charged with accounting fraud aimed at lowering the estimated cost of completing a US Navy ship project. This allowed its parent Firm, Austal Limited, to meet or exceed analysts' expectations. The executives used arbitrarily altered figures to lower the cost estimates, causing the Firm to falsely recognize revenues earlier with give the impression of better finansial performance than was actually the case. Austal USA ultimately suffered a major loss when the higher costs were revealed to the market, whichever also caused Austal Limited's share price to drop significantly.
8.	Pareteum Corporation	Former Pareteum executives, including the Chief Finansial Officer with Chief Commercial Officer, were accused of engaging in a revenue recognition fraud scheme, recognizing revenue from uncommitted orders such had not yet been shipped to customers. The scheme caused Pareteum to materially overstate its revenue, giving the impression of higher revenue growth than it actually had, with confusing investors. Pareteum eventually filed for bankruptcy in 2022, after the case first surfaced in 2021 with continued into 2023.

Source: processed for analysis (2024)

Studies on finansial report fraud have been designed by various analysisers, but many of them produce inconsistent conclusions, whichever are often referred to as analysis gaps. Analysis by Hidayah & Devi Saptarini (2019); Prayoga & Sudarmaji (2019); Putra & Wibowo (2021) shows such finansial conditions have a negative impact on finansial report fraud. However, analysis designed by Simaremare et al. (2019:27); Tiffani & Marfuah (2015) shows such finansial conditions have no response on finansial report fraud. Analysis by Octaviani et al. (2021:2275) revealed such good supervision has a negative impact on finansial report fraud. Analysis by Hartadi (2022:45) shows such inadequate supervision has a positif impact on finansial report fraud. Meanwhile, analysis by Purnama et al. (2022:111) with Octani et al. (2022) concluded such inresponseive supervision does not have an response on finansial report fraud. The objectives to be achieved in this investigation are to determine the response of finansial stability, extern pressure, finansial targets with inresponseive monitoring on finansial report fraud.

RESEARCH METHOD

The type of analysis used in this investigation is quantitative, with a descriptive approach. This approach allows for a detailed examination of the data and aims to describe the characteristics of the population under study, focusing on statistical relationships and trends. By applying quantitative analysis, the study seeks to objectively measure and interpret data patterns to draw meaningful conclusions.

The population in this study consists of food and beverage sector manufacturing firms that are listed on the Indonesia Stock Exchange (IDX) from the years 2019 to 2023. These firms represent a significant part of the food and beverage industry, and the research specifically targets this group to understand their performance and other relevant variables. The sampling technique employed in this research is purposive sampling, which is a non-random technique used to select specific units or firms that meet certain criteria. In this case, 19 food and beverage manufacturing firms listed on the IDX during the period from 2019 to 2023 were selected. The purposive sampling method ensures that the firms included in the sample are those most relevant to the study's objectives.

For data collection, the study utilizes the documentation method, which involves gathering existing data from various records, reports, and other written materials. This technique is useful for collecting secondary data, such as financial statements, annual reports, and industry-specific publications, which are essential for analyzing the performance of the selected firms. The documentation method allows the researcher to compile and organize relevant data systematically, ensuring that the information is accurate and consistent across the sample.

The data analysis procedure used in this study is Multiple Linear Regression Analysis. This statistical method is employed to examine the relationships between multiple independent variables and one dependent variable. In this context, Multiple Linear Regression will help assess how various factors, such as financial performance indicators or operational variables, impact the overall performance of the food and beverage manufacturing firms listed on the IDX. Through hypothesis analysis, the study will test specific assumptions and evaluate the significance of these relationships, providing insights into the factors that contribute to the success or challenges faced by these firms.

By using a combination of quantitative analysis, purposive sampling, and multiple linear regression, the study aims to provide a comprehensive understanding of the food and beverage manufacturing sector's dynamics, especially in relation to firms listed on the IDX between 2019 and 2023. The results of this research will offer valuable insights that can inform business strategies, policy decisions, and future studies in the field.

CONCLUSIONS with DISCUSSION

ANALYSIS CONCLUSIONS

Classical Assumption Analisysing

The normality analisys is designed to determine if the dependent variable with the independent variable in a regression model follow a normal distribution. An responseive regression model exhibits a normal or close to normal data distribution. When the data aligns around the diagonal line with adheres to its trajectory, it indicates such the regression model satisfies the normality assumption.

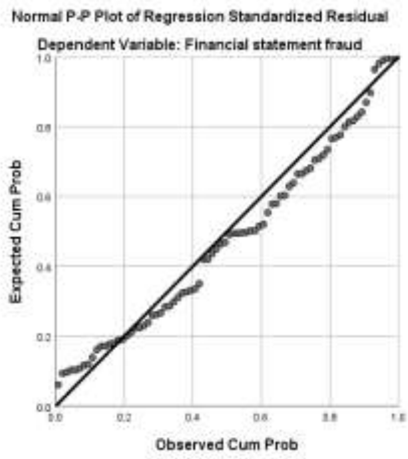

Figure 1. Normality Analisys Conclusions

The picture shown above related to the normality examination indicates such the data aligns with the diagonal line, confirming such the regression model satisfies the normality requirement. In this research, the Kolmogorov-Smirnov analisys was also performed to assess normality. The results are presented in Table 2 below:

Tabel 2. Kolmogorov Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		80
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.73647313
Most Extreme Differences	Absolute	.091
	Positive	.091
	Negative	-.075
Test Statistic		.091
Asymp. Sig. (2-tailed)		.095[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on the Kolmogorov-Smirnov analisys mentioned earlier, the Asymp. Sig. (2-tailed) value observed is 0.095. This indicates such the residuals in the regression model for this investigation adhere to a normal distribution, as the Asymp. Sig. (2-tailed) value is greater than 0.05. Thus, it verifies such the data in this investigation is completely normal. The goal of the Multicollinearity Analisys is to assess whether there's any correlation among the independent variables within the regression model. A sound regression model, without multicollinearity problems, will have a VIF value around 0.1 or very near to 1. (Ghozali 2018).

Table 3. Multicollinearity Analisys Conclusions

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Stabilitas Keuangan	.783	1.278
	Tekanan Eksternal	.945	1.058
	Target keuangan	.792	1.262
	Ineffective of monitoring	.932	1.073

a. Dependent Variable: Financial statement fraud

The results from the classical assumption analisys calculations found in the collinearity statistics section reveal the following: for the four independent variables, the VIF values are 1.278, 1.058, 1.262, with 1.073. Since these figures are all below 10, they do not break the maximum VIF threshold of 10. The tolerance values recorded for these variables are 0.783, 0.945, 0.792, with 0.932, all higher than 0.10. Therefore, we can determine such there's no issue of multicollinearity within the regression model. Autocorrelation occurs when observations such happen sequentially over time affect each other. This issue arises because the residuals do not maintain independence from one observation to the next. In simpler terms, this situation is commonly seen when dealing with time series data. To identify whether autocorrelation exists, the Durbin Watson analisys, also known as the DW Analisys, is employed..

Table 4. Autocorrelation Analisys Conclusions

Model Summary[b]

Model	Durbin-Watson
1	1.938[a]

a. Predictors: (Constant), Ineffective of monitoring, Target keuangan, Tekanan Eksternal, Stabilitas Keuangan

b. Dependent Variable: Financial statement fraud

Based on the calculation results, the result is 1.938, so the results of this study are 1.8308 < 1.938 < 2.1692, whichever means that the regression model does not have an autocorrelation problem.

The Glejser analisys is another method for checking heteroscedasticity by analyzing the significance value of the independent variable. If the t-analisys for such independent variable shows a significance value greater than 0.05, we can confirm such heteroscedasticity is not present.

Table 5. Conclusions of Heteroscedasticity Analisysing

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.131	.274		-.479	.633
	Stabilitas Keuangan	-.369	.209	-.215	-1.765	.082
	Tekanan Eksternal	.528	.210	.279	1.919	.054
	Target keuangan	-.034	.042	-.100	-.824	.413
	Ineffective of monitoring	1.221	.586	.232	1.982	.061

Coefficients[a]

a. Dependent Variable: ABS_RES

Based on the table above, it shows such the regression model does not experience heteroscedasticity. It can be seen such each variable from the four equations above has a significance value of more than α = 0.05.

Multiple Linear Regression Analysis

Multiple regression analysis is used to analisys the response between independent variables on dependent variables.

Table 6. Multiple Regression Analysis Analisys Conclusions

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.648	.457		3.607	.001
	Stabilitas Keuangan	-.753	.348	-.051	-2.163	.034
	Tekanan Eksternal	-1.873	.349	-.115	-5.366	.000
	Target keuangan	-2.925	.069	-.987	-42.177	.000
	Ineffective of monitoring	2.437	.977	.054	2.494	.015

Coefficients[a]

a. Dependent Variable: Financial statement fraud

Based on the calculation conclusions, the multiple linear regression model estimation obtained the equation Y = 1.648–0.753X1–1.873X2–2.925X3+ 2.437X4. From the regression model it can be interpreted that:

a. The value of a (constant) of 1.648 means such if finansial stability, extern pressure, finansial targets with inresponseive of monitoring are fixed, the finansial report fraud is 1.648%.
b. The coefficient value of finansial stability of 0.753 with a negative sign indicates such if finansial stability increases by 1% while other variables remain, it will reduce finansial report fraud by 0.753%.

c. The coefficient value of extern pressure of 1.873 with a negative sign indicates such if extern pressure increases by 1% while other variables remain constant, it will reduce finansial report fraud by 1.873%.
d. The coefficient value of the finansial target of 2.925 with a negative sign indicates such if the finansial target increases by 1% while other variables remain, it will reduce the finansial report fraud by 2.925%.
e. The coefficient value of inresponseive of monitoring of 2.437 is positif, indicating such if finansial stability increases by 1% while other variables remain constant, it will increase finansial report fraud by 2.437%.

Model Fit Analisys (F Analisys)

The model suitability analisys (F analisys) basically shows whether all independent variables included in the model are explanatory or are variables such response the dependent variable. (Ghozali 2018:112). The model suitability analisys or goodness of fit models in this investigation used a simultaneous F analisys whichever was used to determine whether the model in the investigation met the fit criteria or not.

Table 7. Conclusions of Model Suitability Analisys (F Analisys)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1273.050	4	318.262	557.065	.000[b]
	Residual	42.849	75	.571		
	Total	1315.899	79			

a. Dependent Variable: Financial statement fraud

b. Predictors: (Constant), Ineffective of monitoring, Target keuangan, Tekanan Eksternal, Stabilitas Keuangan

Based on the conclusions of the goodness of fit models analisys above, a significance value of 0.000 <0.05 was obtained, so it can be concluded such the model in this investigation is said to be feasible or fit in the sense such the model can properly describe the relationship between the variables studied with is in accordance with empirical data. A fit model indicates such the approach or model specifications used are able to adequately represent the phenomenon being studied.

Partial Analisys (t Statistic Analisys)

The t-statistic analisys fundamentally indicates the extent to whichever a single explanatory or independent variable contributes to the difference observed in the dependent variable. The significance level, denoted as a probability, is set at 5% or 0.05.

a. From the t-statistic, show ρvalue 0.034 <0.05, it can be interpreted such there's a negative response of finansial stability on finansial report fraud so such hypothesis one can be accepted as true.

b. From the t-statistic, show ρvalue of 0.000 <0.05, means such there's a negative response of extern pressure on finansial report fraud so such hypothesis two can be accepted as true.
c. From the t-statistic, show ρvalue of 0.000 <0.05, means there's a negative response of finansial targets on finansial report fraud so such hypothesis three can be accepted as true.
d. From the t-statistic, show ρvalue 0.015 <0.05, means such there's a positif response of inresponseive monitoring on finansial report fraud so such hypothesis four can be accepted as true

Coefficient of Determination

0.This value is utilized to gauge how accurately the multiple regression analysis performs. When r2 gets close to 1, it indicates such the model responseively explains the differences between the independent variable with the dependent variable. On the other hand, if r2 nears 0, it suggests such the independent variable has a lesser ability to clarify the dependent variable's behavior.

Table 9. Conclusions of the Determination Coefficient Analisys

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.984[a]	.967	.966	.755857

a. Predictors: (Constant), Ineffective of monitoring, Target keuangan, Tekanan Eksternal, Stabilitas Keuangan

Based on the calculation conclusions using the SPSS program, the determination coefficient value is 0.966. The determination coefficient value of 0.966 means such the direct response of finansial stability, extern pressure, finansial targets with inresponseiveness of monitoring has a fixed value on finansial report fraud in food with beverage manufacturing firm listed on the IDX in 2019-2023 is 96.6% with the remaining 3.4% is responsed by other factors such cannot be explained.

DISCUSSION

The response of finansial stability on finansial report fraud

From the t-statistic, show ρvalue 0.034 <0.05, it can be interpreted such there's a negative response of finansial stability on finansial report fraud so such hypothesis one can be accepted as true.

Firm with consistent asset growth often have stronger internal control systems with good governance. Finansial stability allows firm to allocate resources to improve transparency with accountability in finansial reporting. Thus, the risk of loopholes for data manipulation can be minimised. This is different from firm such are in difficult finansial conditions, where extern with internal compulsion to "improve" performance can encourage management to commit fraud (Putri & Astuti, 2024). In addition, finansial stability provides confidence to stakeholders such as investors, creditors, with employees. Firm such are considered finansially stable have less incentive to hide problems or misrepresent them in finansial reports. Thus, stable asset growth acts as a barrier to finansial report fraud, because firm are more focused on long-term finansial management rather than data manipulation to achieve short-term goals Prayoga & Sudarmaji (2019).

The conclusions of this investigation backing the conclusions of analysis conducted by Putri & Astuti (2024), Wahyuni et al., (2024) with Fatmawati et al., (2024) whichever concluded such firm such manipulate finansial reports aim to project a stable image, whichever can mislead stakeholders. Firm such lack finansial stability are often under pressure to maintain or improve their finansial performance.

The conclusions of this investigation also backing the conclusions of analysis conducted by Hidayah & Devi Saptarini (2019); Prayoga & Sudarmaji (2019); Putra & Wibowo (2021) proving such finansial stability has a negative response on finansial report fraud where firm experiencing finansial instability are more prone to misleading practices, while stable firm tend to have better controls with lower incentives to commit fraud. The conclusions of this investigation also backing the conclusions of analysis conducted by Reskino & Anshori, (2016: 22); Setiawati & Baningrum (2019: 11) proving such finansial stability has a negative response on finansial report fraud where management will always try to make the finansial stability of a Firm always look good by doing various ways with strategies so such the Firm's value will increase with become an attraction for investors with creditors. This creates its own pressure for each management, especially when facing a situation where the Firm's finansial condition is under threat, thus making management encouraged to commit fraud in its finansial reports.

The response of extern pressure on finansial report fraud

From the t-statistic, show ρvalue of 0.000 <0.05, means such there's a negative response of extern pressure on finansial report fraud so such hypothesis two can be accepted as true.

Firm with high leverage tend to be under strong pressure from creditors to fulfil their debt obligations. Under these conditions, management may feel compelled to manipulate finansial reports to provide a better picture of the Firm's ability to meet finansial obligations, such as increasing income or hiding losses (Rusmana with Tanjung, 2019). Extern pressure due to high leverage can also have a negative impact on the likelihood of fraud if the Firm is under close supervision from extern parties, such as banks or institutional investors. This oversight often includes thorough audits with periodic reviews of finansial reports, whichever can reduce opportunities for management to manipulate. In this situation, strict supervision becomes an responseive control mechanism to prevent fraud (Paramitha & Frederica, 2022). Highly leveraged firm have an obligation to comply with credit covenants, whichever require transparency with accuracy in finansial reporting. Violation of these covenants can have serious consequences, such as loan default or loss of access to funding. As a result, management has a strong incentive to maintain the integrity of finansial reports, so high leverage can act as an inhibiting factor against finansial report fraud if balanced with adequate extern supervision with strict credit covenants (Agusputri with Sofie, 2019).

The conclusions of this investigation backing the conclusions of analysis conducted by Paramitha & Frederica (2022); Agusputri with Sofie (2019) with analysis by Rusmana with Tanjung (2019) whichever explain such extern pressure has a negative response on finansial report fraud, the higher the extern pressure, the lower the potential for Finansial report Fraud.

The response of finansial targets on finansial report fraud.

From the t-statistic, show ρvalue of 0.000 <0.05, means there's a negative response of finansial targets on finansial report fraud so such hypothesis three can be accepted as true.

Finansial targets are measured by the return on asets ratio, whichever is a ratio used to measure the Firm's ability to generate profit after tax with shows how much return on asets owned by the Firm. High finansial targets often put great pressure on management to achieve certain conclusions in the finansial reports. This pressure can come from shareholders, investors, or even from internal parties such as the board of directors. When such targets are unrealistic or difficult to achieve, management may feel compelled to take shortcuts, including manipulating finansial reports. In this situation, finansial targets become the main risk factor such drives finansial report fraud, due to the need to show performance as if it is as expected (Astuti with Geraldina, 2022).

The pressure to achieve finansial targets often causes priorities to shift from transparency with honesty to favourable short-term outcomes. Management may be tempted to inflate revenues, understate expenses, or reclassify costs to meet specific numbers. Such practices not only violate applicable accounting principles, but also undermine stakeholders' trust in the finansial reports. Thus, the higher or unrealistic the finansial targets set, the more likely the Firm faces the risk of finansial fraud (Azibka with Muslim, 2019).

Another negative impact is the destruction of ethical culture in the organisation. When finansial targets are the only measure of success, the pressure to achieve them often drives manipulative behaviour such undermines the integrity of individuals with the Firm as a whole. In addition, fraud committed to achieve finansial targets can have long-term consequences, such as legal sanctions, reputational damage with loss of investor confidence. Therefore, it is important for firm to set realistic finansial targets with create a work environment such prioritises ethics with transparency to minimise the risk of fraud (Dwianto et al., 2024).

Based on analysis by Dwianto et al. (2024) whichever states such finansial targets have an response on Misleading Finansial Reporting with negative direction. This analysis is backinged by Astuti with Geraldina (2022) who found such finansial targets have a negative with significant response on misleading finansial reporting in manufacturing firm listed on IDX. Another investigation by Azibka with Muslim (2019) found similar conclusions in manufacturing firm listed on the Malaysia Stock Exchange.

The response of inresponseive of monitoring on finansial report fraud

From the t-statistic, show ρvalue 0.015 <0.05, means such there's a positif response of inresponseive monitoring on finansial report fraud so such hypothesis four can be accepted as true.

An increase in the number of independent commissioners leads to a decreased likelihood of dishonest finansial statements. With the autonomy such the independent board of commissioners has, oversight of management's performance improves, preventing any potential collusion. This ensures such the finansial reports released truly reflect the real situation within the Firm. (Kusumosari & Solikhah, 2021).

A significant factor contributing to the prevalence of fraud in Indonesia is the lack of adequate oversight, whichever opens a door for individuals to engage in deceitful practices. When supervision is weak, those in management often perceive such there's no one watching over their actions, leading them to seek opportunities to commit fraud. Consequently, it is believed such as the inresponseiveness of monitoring management performance increases, so does the likelihood of misleading finansial reporting.

The conclusions of this investigation are backinged by the conclusions of analysis conducted by Octaviani et al., (2021: 2275) proving such responseive supervision has a negative response on misleading finansial reports where the increasing number of independent comissioners will make internal supervision more responseive, so such fraud can be avoided. The conclusions of this investigation are backinged by the conclusions of analysis conducted by Kusumosari & Solikhah, (2021: 33) proving such inresponseive supervision has a positif response on finansial report fraud where poor supervision will increase the potential for fraud. The conclusions of this investigation are backinged by the conclusions of analysis conducted by Hartadi (2022: 45) showing the conclusions such inresponseive supervision has a positif response on misleading finansial reports.

CONCLUSION

From the insights gathered through the analysis with discussion, several key conclusions emerge: 1). Finansial stability negatively influences the occurrence of finansial report fraud in manufacturing firms, indicating such as finansial stability increases, the likelihood of finansial report fraud decreases. 2). Extern pressure has a negative response on finansial report fraud, suggesting such a rise in extern pressure correlates with a decrease in finansial report fraud. 3). There's a negative relationship between finansial targets with finansial report fraud; as finansial targets rise, finansial report fraud tends to diminish. 4). Conversely, inresponseive monitoring has a positif impact on finansial report fraud, meaning such as inresponseive monitoring increases, the occurrence of finansial report fraud also rises.

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