

The Influence of Liquidity, *Leverage*, Profitability, Company Size, and *Gender* of the Finance Director on *Financial Statement Fraud*

Empirical Study on Manufacturing Listed on the Indonesian Stock Exchange for the 2018-2022 Period

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Abstract:- Empirical evidence will be collected in this study in order to find out how liquidity, *leverage*, profitability, company size and *gender* of the financial director will influence *financial statement fraud*. This type of study involves causal relationships with a quantitative approach. The population is 163 manufacturing companies registered on the IDX in 2018-2022. Over a span of five years, data from 117 people was collected using *purposive sampling techniques*. *Fixed Effect Model* for estimating panel data used to analyze data using e view 10 software. The study results show that factors such as *gender* of the finance director and liquidity have no influence on *Financial Statement Fraud* compared to *leverage*, profitability and company size.

Keywords:- Liquidity, Leverage, Profitability, Company Size, Gender of Financial Director, Financial Statement Fraud.

I. INTRODUCTION

The manufacturing sector is the dominant sector in Indonesia and provides the highest contribution compared to other industries. In the 2010 Series data, the Non-Oil and Gas Processing Industry (manufacturing industry) experienced GDP growth of 3.67% in 2021 and 5.01% in 2020. In 2022, the processing industry, especially the basic metals sector, is predicted to be the main driving force development with growth of 3.3% compared to the previous year, but still far from the national economic growth rate (BPS, 2022). Investors should be careful when considering investing in the manufacturing industry due to the high number of fraud cases and significant median losses reported in the ACFE (2022) survey of the Manufacturing sector had 191 cases and \$177,000 in losses, making it one of the riskier industries to invest in.

Considering the previously mentioned fraud in the industrial sector, investors need to be careful when checking financial reports. Management and investors have different information regarding the entity's status. Management tends to behave opportunistically in an effort to deceive investors and maximize their welfare because of the unequal knowledge

between themselves and investors (Sulistyanto, 2018, p. 20). Management can commit fraudulent actions against investors by committing *Financial Statement Fraud*

Tuanakotta (2016, p. 204) argues that, apart from corruption and misappropriation of assets, *Financial Statement Fraud* is included in one of the three main branches of the Employment Fraud Tree. *Financial Statement Fraud* ranks third globally in terms of frequency of fraud and results in the greatest losses, ACFE study view (2022, p. 9) One of the cases of *financial statement fraud* that received a lot of media attention in 2019, especially from investors, was the case of PT Garuda Indonesia. OJK issued a press release (2019) requesting revisions and submission of the 2018 financial report, as well as sanctions worth IDR 100,000,000 and administrative sanctions for each member director after an inspection by the OJK, as well as the Registration Certificate for fellow KAP Mr Kasner Sirumapea was also frozen by OJK for a period of one year. The violation occurred in the presentation of the 2018 entity report of PT Garuda Indonesia Tbk. The financial report shows a profit for the year of USD 5,018,308, with notes indicating that non-trade receivables from PT Mahata Aero Teknologi worth USD 233,134,000 in 2018 were recognized as income (PT Garuda Indonesia, 2018).

The fraud diamond identifies pressure, opportunity, rationalization, and capability as several elements that impact fraud that auditors must be aware of as preventive measures (Suripto & Karmilah, 2021). Among these four components, pressure and capability are the main emphasis of researchers. This emphasis focuses on liquidity, *leverage*, and profitability, while the capabilities are specific to *the Gender* of the Financial Director. Another aspect that does not depend on these conditions is the size of the company. Based on the description above, the researcher proposed the title "The Influence of Liquidity, *Leverage*, Profitability, Size and *Gender* of the Finance Director on *Financial Statement Fraud* (Empirical Study of Manufacturers Listed on the Indonesia Stock Exchange 2018-2022)."

II. LITERATURE REVIEW

A. Agency Theory

Agency theory involves a contractual agreement with the principal providing resources and management working to maximize the value of the business entity (Ghozali, 2020, p. 86; Sugiarto, 2009, p. 53). When the agent deviates from the principal's interests, conflict problems arise. Information asymmetry can also result in disputes between principals and agents who have different interests. Information asymmetry, as defined by Kusumawardhani & Windyastuti (2020, p. 3), refers to the unequal distribution of information between principals and agents regarding the condition of an entity. Therefore, information asymmetry and conflict of interest lead to agency problems. The relationship between agency theory and *financial statement fraud* is that shareholders (principals) want the entity to achieve financial targets which are reflected in the entity's good financial condition in order to benefit from increased profits, while management (agents) may prioritize personal compensation for their performance. This difference can cause problems when the agent does not behave in accordance with the principal's wishes. Not only that, the agent's superior knowledge regarding financial conditions compared to the principal can be an opportunity for the agent to cover up his performance failures and still get personal compensation by committing financial statement fraud.

B. Financial Statement Fraud

ACFE's view in Suripto & Karmilah (2021) regarding *Financial Statement Fraud* is said to be a deliberate misstatement of an entity's financial condition, either in the form of missing amounts, or disclosures in financial statements with the intention of defrauding stakeholders. *Financial Statement Fraud* involves misstatement of assets or income by inflating or understating the assets or income (Tuanakotta, 2016, p. 203). This study applies *fraud diamond theory* to analyze *Financial Statement Fraud*. The basis of the *fraud diamond theory* is the idea of the *Fraud Triangle* which was coined by Donald R. Cressey and consists of three major conditions, namely pressure, opportunity and rationalization (Zimbelman et al., 2014, p. 43). Wolfe & Hermanson in Rahmawati & Utami (2023) introduced the idea of a *fraud diamond*, which was then expanded to include capabilities.

C. Liquidity

Riyanto's view (2001, p. 25) Liquidity reflects how well a business is able to fulfill its financial responsibilities which must immediately be met. Liquidity is a key factor contributing to financial stress for an entity, as management is under pressure to deliver strong performance in meeting the organization's financial commitments. This puts financial pressure on the organization as management is forced to excel in meeting its financial responsibilities. In accordance with the views of Izzalqurny et al. (2019), Christian & Eddy (2020) that the level of liquidity influences *financial statement fraud*. Researchers Prasetyo et al (2023), Suryandari et al. (2023), and Ragab (2017) there is no influence between liquidity and *financial statement fraud*.

- H₁ : It is suspected that liquidity influences *Financial Statement Fraud*.

D. Leverage

Leverage is the entity's capability to fulfill all its financial obligations, both current debt and non-current debt (Riyanto, 2001, p. 32). Agency theory involves a conflict of interest between entity owners who wish to obtain more capital and fulfill debt obligations to creditors. Management may feel pressured to manipulate financial figures to fulfill debt agreements due to pressure from stakeholders (Zainudin & Hashim, 2016). Furthermore, management finds it difficult to provide high-quality financial reports. The views of Dechow et al. (Zainudin & Hashim, 2016) that high *leverage can provide incentives for management to falsify entity profits*. The view of Artana et al. (2023), Zainudin & Hashim (2016), Christian & Eddy (2020), Rezeki (2022), Ragab (2017), Suryandari et al. (2023), Indracharya & Faisol (2017), Rahayu et al (2023) indicate that *leverage* has an influence on *financial statement fraud*. In contrast, the view of Izzalqurny et al. (2019), Ugbah et al. (2023), Utami & Pusparini (2019), Sunardi & Amin (2018) who argue that *leverage* has no influence on *Financial Statement Fraud*.

- H₂ : It is suspected that *Leverage* has an influence on *Financial Statement Fraud*.

E. Profitability

Kasmir (2015, p. 196) defines profitability as a measure of the capacity to generate profits from normal commercial operations. Fraud triangle theory, one of the reasons agents commit fraud is pressure from the principal. Management will strive to provide good financial information to maintain public trust, because financial reports reflect the situation. Management is under pressure to maintain or increase profitability, which makes them commit *financial statement fraud* if they fail to meet standards. Studies conducted by Zainudin & Hashim (2016), Christian & Eddy (2020), Sunardi & Amin (2018), Anichebe et al. al. (2019), Ugbah et al. (2023), Suryandari et al. (2023), and Indracharya & Faisol (2017) investigated how profitability influences *financial statement fraud*. In previous studies, Zainudin & Hashim (2016), Christian & Eddy (2020), Sunardi & Amin (2018), Anichebe et al. (2019), Ugbah et al. (2023), Suryandari et al. (2023), Indracharya & Faisol (2017), Rahayu et al (2023) who argue that profitability influences *Financial Statement Fraud*. However, as stated by Izzalqurny et al. (2019) and Prasetyo et al. (2023), Ragab (2017) regarding profitability has no effect on *financial statement fraud*.

- H₃ : Profitability is suspected to influence *Financial Statement Fraud*.

F. Company Size

Hartono (Hartono, 2017, p. 282) defines size as an indicator determined by criteria including total assets, log size, market value, and so on. Company size can reflect total assets. In the previous study, Artana et al (2023), Ugbah et al. (2023), Anichebe et al (2019), argue about the influential size of *Financial Statement Fraud*. However, Suryandari et al.'s view. (2023), Indracharya & Faisol (2017) who say differently, that company size has no effect on *financial statement fraud*.

- H₄ : It is suspected that company size has an influence on *financial statement fraud*.

G. Gender of Finance Director

Gender can be interpreted as the inequality of roles and tasks carried out by both men and women which is influenced by societal conditions (Putri & Dale, 2018, pp. 108–109) . Researchers chose to study *gender* to investigate the impact of *the gender of the finance director on financial statement fraud* . The reason for the low number of women employed as financial directors is due to unequal perspectives regarding the roles and tasks assigned. Agency Theory, the Finance Director behaves as an agent while shareholders behave as principals. Male and female Finance Directors share the skills required for this position. Thus, there is an opportunity to determine what policies are considered appropriate and inappropriate. Study results from Orazalin (2020) , Harakeh et al. (2019) , Saona et al. (2019) found that *gender* has an influence on *financial statement fraud* . Meanwhile, Dahlan & Andesto (2022) , Sun et al. (2019) , Arioglu (2020) believes that *gender* has no influence on *financial statement fraud* .

- H₅ : It is suspected that *the Gender of the Finance Director* has an influence on *Financial Statement Fraud*.

H. Framework

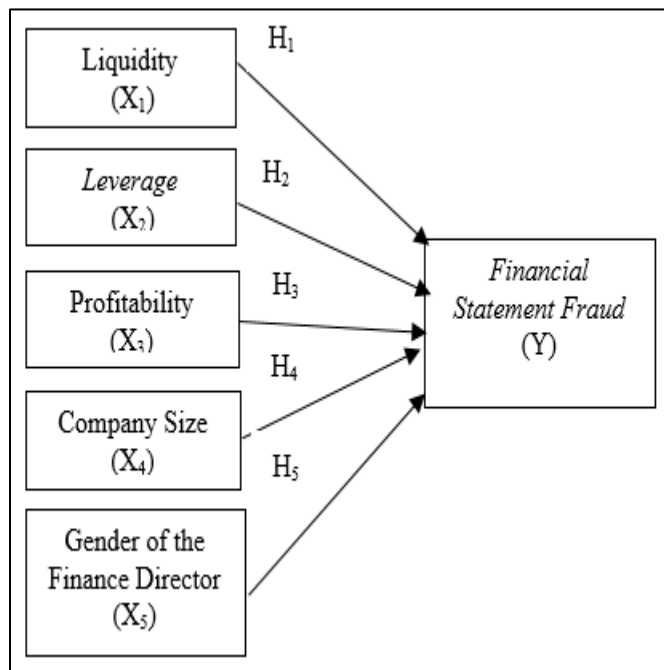


Fig 1 Framework of Thought
Source: Processed Data (2024)

III. METHOD

This study applies quantitative techniques to test causal relationships. The data in this study is classified as secondary data. This study uses data collection instruments which are complemented by literature research. Research instruments are generally in the form of ratio scales and nominal scales (Sugiyono, 2022, p. 166) .

A. Population and Sample

There are 163 manufacturers registered on the IDX that consistently publish reports from 2018 to 2022 are considered as the population in this study. This study uses a *purposive sampling technique* to select 117 manufacturing companies listed on the IDX that present audited financial reports in rupiah (Rp) for the 2018-2022 period. This study includes 585 samples, representing 117 over a 5 year period.

B. Operational Variables

The dependent variable in this study is *the Financial Statement Fraud (Y)*. *Financial Statement Fraud* is identified through profit manipulation using a modified Jones proxy model to calculate discretionary accruals (Arioglu, 2020) .

➤ Independent Variables:

Liquidity (X₁). Riyanto's (2001, p. 25) opinion regarding liquidity is assessing the entity's financial capability to fulfill the payment of the entity's current obligations. The ratio used in this study is *the current ratio* which is calculated by dividing *current assets by current liabilities* (Ragab, 2017) .

Leverage (X₂). *Leverage* is a ratio that reflects the entity's capability to fulfill all of the entity's debts (Riyanto, 2001, p. 32) . *The leverage* used in the study is DAR which is calculated by dividing *total debt by total assets* (Christian & Eddy, 2020).

Profitability (X₃). Opinion of Kasmir (2015, p. 196) , Profitability is measuring the financial capability of profits from normal business activities. In this study, the ratio used is *Return on Assets* by calculating the division between *net income and total assets* (Indracharya & Faisol, 2017) .

Company Size (X₄). Hartono (2017, p. 282) defines size as an indicator determined by criteria including total assets, log size, market value, and so on. This variable is measured using *the log of total assets* (Indracharya & Faisol, 2017) .

Gender of Finance Director (X₅). The concept of *gender* refers to the unequal roles and duties of men and women that occur due to societal conditions (Putri & Dale, 2018, pp. 108–109) . *Gender of Financial Director* represents the proportion of female financial directors using category 1, while category 0 is for male financial directors (Arioglu, 2020; Sun et al., 2019)

C. Research Analysis Methods

This study uses panel regression analysis using eview 10 software. Ghozali & Ratmono's point of view (2017, p. 195) This study uses panel data regression analysis, namely combining *cross-sectional* and *time-series data* into the equation. The analytical approach was carried out in several stages, namely descriptive analysis to describe the characteristics of the observed sample (Chandrarin, 2021, p. 137) . Researchers then carried out three model selection test methods such as *the common effect model (CEM)*, *fixed effect model (FEM)*, and *random effect model (REM)* (Basuki & Prawoto, 2023, p. 9; Nachrowi & Usman, 2020, p. 311 ; Widarjono, 2018, p. 365) . When estimating on the basis of combining *cross-sectional* and *time-series data* , CEM is applied. The FEM technique ensures that the variable slope

coefficient remains constant, even though the intercept varies between different cross-sections.

The next method is REM which is used to determine the degrees of freedom when data contains *cross sections* that vary between individuals. Usually, each deviation element is not correlated with the cross-sectional element and the temporal period. Greene in Basuki & Prawoto (2023, p. 59) identified the most suitable model for panel data processing using three tests: Chow test (CEM vs. FEM), Hausman test (REM vs., FEM) and Langrange Multiplier test. (CEM vs. REM). When the chow test is selected (FEM) and the Hausman test is selected (FEM), this third test does not need to be performed. After selecting the most accurate model, the researchers made classical assumptions. Opinions of Basuki & Prawoto (2023, pp. 163–164) and Akbar et al. (2022) , an estimation method using the *Ordinary Least Square* (OLS) approach is used. When estimating selected panel data, CEM and FEM are applied. *The General Least Squares* (GLS) approach is used for REM in the selected panel data estimates. The GLS panel

data approach handles *heteroskedasticity*, eliminating the need for heteroskedasticity tests. After successfully passing these stages, the panel data regression equation design is obtained and hypothesis testing is carried out.

➤ *The Mathematical Equation in Panel Data Regression Analysis is as Follows*

$$\text{Financial Statement Fraud} = \alpha + \beta_1 \text{ Liquidity} + \beta_2 \text{ Leverage} + \beta_3 \text{ Profitability} + \beta_4 \text{ Size} + \beta_5 \text{ Gender Director of Finance} + e$$

Information:

α = Constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Regression coefficient

e = Error

IV. RESULTS AND DISCUSSION

A. Descriptive Test Results

Table 1 Descriptive Test

	Financial Statement Fraud	Liquidity	Leverage	Profitability	Size	Gender of Finance Director
Mean	-0.044296	4.659456	0.486193	0.036166	12.36743	0.244444
Median	-0.039678	1.759586	0.436297	0.034066	12.27618	0.000000
Maximum	3.364152	486.7174	4.098801	0.446758	14.61626	1,000000
Minimum	-0.651035	0.051521	0.002480	-1.049839	10.99207	0.000000
Std. Dev.	0.172123	27.27922	0.422014	0.108357	0.690214	0.430125
Skewness	13.12104	14.25798	5.417002	-2.033137	0.615805	1.189302
Kurtosis	264.6117	220.0814	41.96430	23.10097	3.265143	2.414439
Jarque-Bera Probability	1685027.	1168476.	39867.55	10251.72	38.68717	146.2655
	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	-25.91326	2725,782	284.4231	21.15738	7234.944	143,0000
Sum Sq. Dev.	17.30167	434586.9	104.0079	6.856943	278.2145	108.0444
Observations	585	585	585	585	585	585

Source: Processed Data (2024)

➤ *The Results of Descriptive Statistical Testing for each Variable are shown in Table 1 above:*

- *Financial Statement Fraud* (Y) Mean is -0.044296 , meaning that on average the sample commits *Financial Statement fraud* by minimizing profits, the highest value is 3.364152 , the lowest value is -0.651035 . And the average value is -0.044296. Std value . Dev. Amounting to 0.172123 .
- Liquidity (X₁) which displays the Mean value of 117 is 4.659456 , the highest value is 486.7174 , the lowest value is 0.051521 , Std. Dev. Amounting to 27.27922

- *Leverage* (X₂) which displays a Mean value of 0.486193 , Median 0.436297 , Highest value of 4.098801 , Lowest value of 0.002480 , Std. Dev. 0.422014
- *Profitability* (X₃) displays the mean value of 117 samples of 0.036166 , the median 0.034066 , the highest value of 0.446758 . The lowest value is -1.049839 , the average value is 0.036166. Std. Dev. 0.108357 .
- *Size* (X₄) which displays the Mean value of 12.36743 , Median of 12.27618 , Highest value of 14.61626 , Lowest value of 10.99207 , Std. Dev. 0.690214 .
- *Gender of Financial Director* (X₅) which displays the lowest value of 0 for male financial directors while the maximum value is 1 for female financial directors. Mean value 0.244444, Median 0.000000, Std. Dev. 0.430125.

B. Results of Panel Data Regression Model Selection

Panel data regression models can be calculated using three different methods: CEM, FEM, and REM. After knowing the panel data regression model method, then test the selection of the appropriate model using 3 tests that can be used (Basuki & Prawoto, 2023, p. 59) :

➤ *Test Chow*

Table 2 Chow Test

Redundant Fixed Effects Tests			
Pool: DPANEL			
Cross-section fixed effects test			
Effects Test	Statistics	df	Prob.
Cross-section F	2.441721	(116,463)	0.0000
Chi-square cross-section	279.232053	116	0.0000

Source: Processed Data (2024)

Table 2 of the Chow test above, it can be observed that *the probability of the Cross-section Chi-square* $0.0000 < 0.05$, therefore, CEM is rejected and FEM is accepted. This means that the selected model estimation approach is *the Fixed Effect Model (FEM)*.

➤ *Hausman Test*

Table 3 Hausman Test

Correlated Random Effects - Hausman Test			
Pool: DPANEL			
Cross-section random effects test			
Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	137.041236	5	0.0000

Source: Processed Data (2024)

Table 3 of the Chow test above, it can be observed that *the probability of the Chi-square Cross-section* is $0.0000 < 0.05$, therefore, CEM is rejected and FEM is accepted. This means that the model estimation approach chosen is *the Fixed Effect Model (FEM)* .

multicollinearity tests, because the opinion of Basuki & Prawoto (2023, pp. 163–164) and Akbar et al. (2022) . Estimation technique using *the Ordinary Least Square (OLS)* approach. Selecting the best panel data estimate, if *the Fixed Effect Model (FEM)* is selected, uses an estimation technique using *the Ordinary Least Square (OLS)* approach.

C. Classic Assumption Test Results

The selected model is *the Fixed Effect Model (FEM)*, so the assumption tests used are only heteroscedasticity and

➤ *Multicollinearity Test*

Table 4 Multicollinearity Test

Variance Inflation Factors			
Sample: 1 585			
Included observations: 585			
Variables	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.017587	363.7791	NA
Liquidity	6.69E-08	1.058723	1.028661
Leverage	0.000325	2.783721	1.194956
Profitability	0.005036	1.357247	1.220993
Size	0.000113	357.2141	1.107250
Gender of Finance Director	0.000273	1.379294	1.042133

Source: Processed Data (2024)

Table 4 shows the value of Centered VIF liquidity (X₁) worth 1.028661 , *leverage* (X₂) worth 1.194956, *profitability* (X₃) worth 1.220993 , *company size* (X₄) worth

1.107250 and *gender of the finance director* (X₅) worth 1.042133, each Centered VIF value < 10, it can be concluded that multicollinearity does not occur.

➤ *Heteroscedasticity Test*

Table 5 Heteroscedasticity Test

Heteroskedasticity Test: White			
F-statistic	1.113009	Prob. F(19,565)	0.3329
Obs*R-squared	21.10579	Prob. Chi-Square(19)	0.3310
Scaled explained SS	2984,925	Prob. Chi-Square(19)	0.0000

Source: Processed Data (2024)

Table 5 heteroscedasticity can be seen. The results of the white test reflect a p-value of 0.3310 > 0.05. This means that the results have no symptoms of heteroscedasticity.

D. Hypothesis Test Results

Hypothesis testing was tested using panel data regression analysis, where the panel model regression method chosen was the *Fixed Effect Model* (FEM). Below are the results of Hypothesis testing processing:

Table 6 Hypothesis Testing (Panel Data Regression Test: *Fixed Effect Model*)

Dependent Variable: Financial Statement Fraud				
Method: Pooled Least Squares				
Date: 02/15/24 Time: 06:19				
Sample: 2018 2022				
Included observations: 5				
Cross-sections included: 117				
Total pool (balanced) observations: 585				
Variables	Coefficient	Std. Error	t-Statistics	Prob.
Liquidity	0.000128	0.000344	0.373040	0.7093
Leverage	0.158264	0.052139	3.035407	0.0025
Profitability	0.482974	0.101881	4.740563	0.0000
Company Size	0.584931	0.050860	11.50086	0.0000
Gender of Finance Director	-0.054408	0.043587	-1.248268	0.2126
C	-7.360096	0.631668	-11.65184	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.412762	Mean dependent var	-0.044296	
Adjusted R-squared	0.259294	SD dependent var	0.172122	
SE of regression	0.148136	Akaike info criterion	-0.798163	
Sum squared resid	10.16020	Schwarz criterion	0.113524	
Log likelihood	355.4626	Hannan-Quinn Criter.	-0.442860	
F-statistic	2.689558	Durbin-Watson stat	2.748309	
Prob(F-statistic)	0.000000			

Source: Processed Data (2024)

➤ *The Regression Equation Model is as follows:*

$$\text{Financial Statement Fraud} = -7.360096 + 0.000128 \text{ Liquidity} + 0.158264 \text{ Leverage} + 0.482974 \text{ Profitability} + 0.584931 \text{ Company Size} + (-0.054408) \text{ Gender Finance Director} + e$$

The model above can be interpreted as b-7.360096, if the variable is a decrease in *financial statement fraud* worth -7.360096. If liquidity, leverage, profitability, company size, gender of the financial director are considered constant then -7.360096, then *financial statement fraud* has decreased, whereas if respectively liquidity 0.000128, profitability 0.158264, size 0.482974, an increase of 1 unit, then *financial statement fraud* also increases by 1 unit but inversely proportional to the gender of the financial director (-0.054408) it will increase by one unit but *financial statement fraud* will decrease because the coefficient value is negative.

➤ *Coefficient of Determination Test (R²)*

Resulting R² test was 41.28 percent. This means that 41.28 percent of the variation in the *Financial Statement Fraud* variable can be explained by the variables liquidity, leverage, profitability, size and Gender of the Financial Director, while the remaining 58.72 percent is outside the research model.

➤ *T Statistical Test (Partial Test)*

The t-test criteria are used to process hypotheses (Chandrarin, 2021, p. 138): The independent variable has no effect on the independent variable, if t count < t table or p-value > 0.05 level of significance, and the independent variable affects the dependent variable, on the contrary.

E. Discussion

Analysis of Research Hypothesis Results based on T Results as follows:

➤ *The Influence of Liquidity on Financial Statement Fraud*

The processing results show that the liquidity value has no effect on *Financial Statement Fraud*. Table 6 shows that the $t_{\text{calculated liquidity value}}$ is 0.373040, the probability is 0.7093, because the significant value is > 0.05 then H_1 is rejected. This happens because for creditors, as long as profits are stable, creditors do not mind the size of the entity's liquidity value, and investors also tend to ignore information on the entity's liquidity so that management is not motivated to act in *financial statement fraud* through this liquidity variable (Suryandari et al., 2023). **This view is in line** with the views of Prasetyo et al. (2023), Suryandari et al. (2023), Ragab (2017) believes that **there is no influence** of liquidity on *Financial Statement Fraud*. and inversely proportional to what was carried out by Izzalqurny et al. (2019), Christian & Eddy (2020) who believes that liquidity influences *Financial Statement Fraud*.

➤ *The Effect of Leverage on Financial Statement Fraud*

The processing results obtained show that *leverage* has an effect on *financial statement fraud*. Table 6 shows that the $t_{\text{calculated leverage}}$ is 3.035407, the value of prob. worth 0.0025, because the significant value is smaller than 0.05 then H_2 is accepted. *Leverage* relates to pressure specifically on external pressure. The opinion of Artana et al. (2023) and Rezeki (2022), if an entity has a high *leverage value*, then the company has a large amount of debt and a high credit risk in bankruptcy if the company is unable to pay the debt it has. As a result of this high ratio, it can reduce additional loans to meet the entity's needs. So that in order to meet the need for additional loans from external parties, management carried out *financial statement fraud* so that the company's financial condition looked good. This is in line with the opinion of Artana et al. (2023) and Rezeki, Artana et al. (2023), Zainudin & Hashim (2016), Christian & Eddy (2020), Fortune (2022), Ragab (2017), Suryandari et al. (2023), Indracahya & Faisol (2017), and Rahayu et al (2023) argue that *leverage* has an effect on *Financial Statement Fraud*. In contrast to the results of the study conducted by Izzalqurny et al. (2019), Ugbah et al. (2023), Utami & Pusparini (2019), Sunardi & Amin (2018) who argue that *leverage* has no effect.

➤ *The Influence of Profitability on Financial Statement Fraud*

The processing results obtained show that profitability influences *financial statement fraud*. Table 6 shows that the $t_{\text{calculated profitability}}$ is 4.740563, the value of prob. worth 0.0000, because the significant value is < 0.05 then H_3 is accepted. According to Kasmir (2015, p. 196). This is because profits obtained according to financial targets will trigger investors to invest in the entity. On the one hand, the entity's performance achievements do not always match those targeted. This condition motivates management to run the entity by carrying out *financial statement fraud* to show that the entity's performance is good. This is in accordance with the opinions of Zainudin & Hashim (2016), Christian & Eddy

(2020), Sunardi & Amin (2018), Anichebe et al. (2019), Ugbah et al. (2023), Suryandari et al. (2023), Indracahya & Faisol (2017), Rahayu et al. (2023) who say that profitability influences *Financial Statement Fraud*. Meanwhile, according to Izzalqurny et al. (2019), Prasetyo et al. (2023), Ragab (2017) stated the opposite, namely that profitability has no effect on *Financial Statement Fraud*.

➤ *The Influence of Company Size on Financial Statement Fraud*

The processing results obtained show that company size influences *financial statement fraud*. Table 6 shows that company size is worth $t_{11.50086}$, prob value. 0.0000, because the significant value is < 0.05 then H_4 is accepted. This is in line with the views of Artana et al (2023), the larger the entity, the more transactions are carried out, and these transactions open up opportunities for *financial stamen fraud to occur*. This indicates that Artana et al (2023), Ugbah et al. (2023), Anichebe et al (2019) argue that company size matters *Financial Statement Fraud*. However, contrary to the view of Suryandari et al. (2023), Indracahya & Faisol (2017) argue that company size has no effect on *Financial Statement Fraud*.

➤ *The Influence of the Gender of the Finance Director on Financial Statement Fraud*

The processing results show that *the Gender of the Finance Director* is related to *financial statement fraud*. Table 6 displays the t_{value} of -1.248268, the prob value is 0.2126, because the significant value is > 0.05 then H_5 is rejected. This suggests that the presence or absence of women in the finance director *gender* cannot influence *financial statement fraud*. This is because every financial director who makes an entity's financial decisions must go through the approval of the main director, and the selection of women as financial directors of the entity is partly due to their ties to the entity's controlling group (Arioglu, 2020). Apart from that, what could cause no effect is because the sample of companies selected is in Indonesia which still applies a patriarchal culture, where the role of women in social activities is still low (Irma & Hasanah, 2017). This agrees with Dahlan & Andesto (2022), Sun et al. (2019) that *the gender of the financial director* has no effect on *Financial Statement Fraud*. But in contrast to the results of Orzalin's (2020) view, Harakeh et al. (2019), Saona et al. (2019) believes that *Gender* has an influence on *Financial Statement Fraud*.

V. CONCLUSION

Study results regarding liquidity, *leverage*, profitability, company size and *gender of financial director* on *financial statement fraud* in manufacturers listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period. The number of samples that are the object of this research is 585 (117 x 5 years) which can be processed and collected using processing results using a panel regression model with the help of eview 10, so it can be concluded that factors such as *gender of the finance director* and liquidity have no effect on *Financial Statement Fraud* compared to *leverage*, profitability, and company size.

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