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The Effect of Financial Stability, External Pressure, and Nature of Industry on Financial Statement Fraud: Evidence from FMCG Companies in the Consumer Non-Cyclicals Sector Listed on the Indonesia Stock Exchange (2019–2023)

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Abstract: Financial statement fraud is a deliberate act of manipulation that is carried out deliberately so as to reduce the reliability of financial information and has the potential to mislead stakeholders in economic decision-making. This study aims to analyze the influence of financial stability, external pressure, and nature of industry on financial statement fraud in Fast Moving Consumer Goods (FMCG) companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period. A quantitative research design was employed using secondary data collected from companie's annual financial statements. Sample selection was carried out using a purposive sampling method based on predetermined criteria that 150 research observations were obtained. Data analysis was carried out using logistic regression. The results of the study show that financial stability and external pressure have an effect on financial statement fraud, while the nature of industry has no effect on financial statement fraud. In addition, simultaneously financial stability, external pressure, and the nature of industry affect financial statement fraud. These findings show that the pressures faced by companies in maintaining financial stability and meeting external demands can increase the risk of financial statement fraud. These findings may serve as useful insights for companies, investors, and regulators in strengthening monitoring mechanisms and mitigating fraud risk in increasing supervision and supporting early detection efforts against potential financial statement fraud.

Keywords: Financial Stability, External Pressure, Nature of Industry, Financial Statement Fraud.

INTRODUCTION

Financial statements are a source of information used by various stakeholders to evaluate a company's performance and make economic decisions. Therefore, financial statements must provide relevant and reliable information. However, not all companies present their financial statements honestly, which can result in financial statement fraud (Meswantri et al., 2026)

Financial statement fraud refers to the deliberate manipulation of financial reporting, causing the information presented to not accurately reflect the company’s actual condition. Research by (Mappadang, 2023) hows that financial statement fraud remains a significant issue in accounting research, as various factors such as pressure, opportunity, and rationalization can motivate management to manipulate financial reports. In addition, numerous cases of financial fraud have caused losses to various parties and reduced public trust in the information presented in financial statements (Elen et al., 2021)

The development of fraud cases in Indonesia continues to pose challenges for many organizations in their efforts to prevent and detect fraudulent activities. According to the 2025 Indonesia Fraud Survey published by the ACFE Indonesia Chapter, corruption is the most dominant form of fraud at 47.6%, followed by asset misappropriation at 40.2%, and financial statement fraud at 12.2%. Although the percentage of financial statement fraud is lower than that of other types of fraud, it can still have a significant impact because the losses incurred are relatively high. As many as 23.74% of respondents stated that losses resulting from financial statement fraud ranged from more than IDR 1 billion to IDR 50 billion per case. These data show that financial statement fraud remains an issue that requires attention, as it can be detrimental to companies as well as to various parties with an interest in financial statements (ACFE Indonesian chapter, 2025). These data indicate that financial statement fraud remains an issue that requires attention, making it necessary to identify the factors that may contribute to the occurrence of financial statement fraud.

One case of financial statement fraud that has occurred in Indonesia is the case of PT Tiga Pilar Sejahtera Food Tbk (AISA). Based on an investigation conducted by Ernst & Young (EY), it was found that there was a suspected overstatement of funds in several accounts within the company’s financial statements. This case demonstrates that financial statement manipulation can be carried out to present a financial position that appears better than it actually is, potentially misleading investors and other stakeholders in making economic decisions. This phenomenon highlights the importance of efforts to detect and prevent financial statement fraud by identifying the factors that may contribute to its occurrence.

Financial statement fraud is not random; rather, it is impacted by a number of circumstances that motivate people or management to engage in dishonest behavior. The Fraud Triangle Theory, which was put forth (Clinard & Cressey, 1954) This theory explain the origins of fraud. According to this theory, pressure, opportunity, and rationalization all contribute to fraud. In this study, the industry's characteristics serve as a proxy for the element of opportunity, while financial stability and outside pressure serve as proxies for the element of pressure. Financial statement fraud is thought to be influenced by these three variables.

Financial stability reflects a company’s capacity ability to maintain its financial condition in a stable state. A deterioration in company’s financial condition may increase managerial pressure to demonstrate favorable perfomance and preserve stakeholders comfidence (Salim et al., 2021) From the perspective of the Fraud Triangle Theory, this situation falls under the element of pressure, which can drive management to manipulate financial statements to preserve the company’s image. This statement is supported by the research of (Fitrianingsih & Bandi, 2024) which found that financial stability has an effect on financial statement fraud. Therefore,

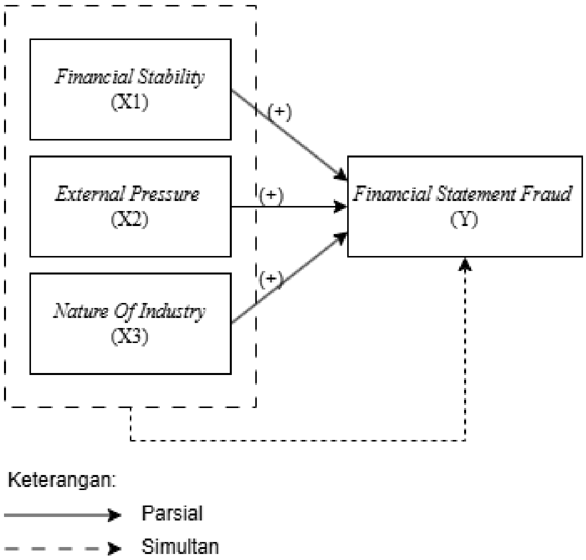
Demands and expectations imposed by external stakeholder may create incentives for management to engage in fraudulent financial reporting. In the perspective of Fraud Triangle Theory, these conditions are included in the element of pressure that can affect management to commit fraudulent acts.(Nurbaiti & Putri, 2023) pressure may arise when a company's financial condition is unstable, creating an incentive for management to present the company's performance as better than it actually is. In addition, opportunities can arise from weak oversight, which enables the manipulation of financial statements.

Fraud Triangle Theory, within the Fraud Triangle framework, opportunities arising from organizational conditions may increase the likelihood of farudulent financial reporting.. In this study, the element of opportunity is proxied through the nature of industry. Industry-specific characteristic, particularly those associated with receivable acounts, may create conditions that facilitate earnings manipulation and financial reporting fraud because the account requires subjective estimation and consideration in the recording process. This statement is supported by research (Rahmawati et al., 2020) which found that the nature of industry has a positive effect on financial statement fraud. Based on this description, it is hypothesized that the nature of industry has an effect on financial statement fraud.

Financial statement fraud remains a problem that requires attention since it can undermine the credibility of financial information and result in losses for a variety of interested parties. Although many studies have been completed to investigate the characteristics that influence the prevalence of financial statement fraud, research on Fast Moving Consumer Goods (FMCG) companies in the non-cyclical consumer sector remains relatively scarce. Furthermore, earlier research on the impact of financial stability, external pressure, and industry characteristics on financial statement fraud has yielded conflicting results. As a result, this study was conducted to investigate the impact of financial stability, external pressure, and industrial nature on financial statement fraud in Fast Moving Consumer Goods (FMCG) companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period.

Conceptual Framework

The Conceptual Framework of this study is illustrated as follows ;



Source: Processed conceptual framework 2026

Figure 1. Conceptual Framework

METHOD

Methodology Study

This study uses a quantitative approach to analyze the influence of Indonesia stability, external pressure, and nature of industry on financial statement fraud in primary consumer goods sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. This research uses secondary data obtained from the company's annual financial statements accessed through the official website of the Indonesia Stock Exchange and the official website of each company. Data analysis was carried out using logistic regression with the help of IBM SPSS Statistics version 27 which included the Overall Model Fit test, Hosmer and Lemeshow Test, Nagelkerke R Square, and hypothesis testing.

Population and Sample

This study's population includes all companies in the primary consumer goods sub-sector that are listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023. Purposive sampling was utilized in this study, which is a sample determination technique based on specific criteria that are appropriate for the research objective. The sampling criteria are as follows:

1. Primary consumer goods sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023.
2. Companies that did not list consecutively on the Indonesia Stock Exchange (IDX) between 2019 and 2023 were removed from the research sample.
3. Companies that do not publish fully audited yearly financial statements throughout the study period are excluded from the data set.
4. Companies that did not have the data required to calculate Beneish M-Score, ACHANGE, LEV, and RECEIVABLE were excluded from the study sample.
5. Companies that present financial statements in currencies other than Rupiah are excluded from the research sample.

Operational Definition Of Variable

Table 1. Operational Definitions and Measurement of Variables

Financial	Variabel	Indikator	Measurement	Scale
1	Financial Statement Fraud (Y)	Financial Statement Fraud	Beneish M-Score. Dummy: 1 = company indicated fraud (M-Score > -2.22); 0 = Company not indicated by fraud (M-Score ≤ -2.22)	Nominal
2	Financial Stability (X1)	Change in Total Assets	ACHANGE = (Total Assett – Total Assett−1) / Total Assett−1	Rasio
3	External Pressure (X2)	Leverage	LEV = Total Liabilities / Total Assets	Rasio
4	Nature of Industry (X3)	Changes in Receivables	RECEIVABLE = (Receivablet / Sales t) – (Receivablet−1 / Salest−1)	Rasio

Source: Research data 2026

RESULTS AND DISCUSSION

Descriptive Statistic Test Result

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FRAUD	150	,00	1,00	,2733	,44716
ACHANGE	150	-,27	1,68	,0747	,18589
LEV	150	,08	,95	,3946	,18646
RECEIVABLE	150	-,16	,10	-,0063	,03232
Valid N (listwise)	150				

Source: SPPS output version 27

Based on the results of the descriptive statistics in Table 2, the financial statement fraud variable (FRAUD) has an average value of 0.2733. This figure indicates that companies suspected of financial statement fraud had a lower proportion than companies not suspected of financial statement fraud during the study period. However, the existence of corporations accused of fraud demonstrates that the possibility of financial statement manipulation persists in companies listed on the Indonesia Stock Exchange (IDX).

The financial stability variable proxied by Asset Change (ACHANGE) has an average value of 0.0747. This value indicates that in general the sample company experienced asset growth during the study period. However, the minimum value range of -0.27 and maximum value of 1.68 indicates a considerable difference in financial condition between companies. These results indicate that some companies are able to increase their assets significantly, while others have experienced a decrease in assets. These conditions reflect that the level of financial stability of companies during the research period tends to vary.

The external pressure variable proxied by Leverage (LEV) has an average value of 0.3946. The results show that the average company finances around 39.46% of its assets using liabilities. This value indicates that the company has a fairly moderate level of dependence on external funding. In addition, the fairly wide range of leverage values, which is between 0.08 and 0.95, indicates that there are companies with low levels of liabilities and companies that have relatively high levels of liabilities. This condition reflects the difference in external pressures faced by each company.

The nature of industry variable proxied by the change in the ratio of receivables to sales (RECEIVABLE) has a minimum value of -0.16 and a maximum value of 0.10. The average value of -0.0063 indicates that the change in the receivables to sales ratio in the sample companies was relatively small during the study period. These results indicate that the growth of corporate receivables tends to be in line with changes in sales that occur. In addition, the standard deviation value of 0.03232 shows that the variation in the ratio of receivables to sales between companies is relatively low. This condition indicates that the accounts receivable in the sample company did not experience significant fluctuations during the observation period, so the opportunity for manipulation through accounts receivable tends to be predominantly unseen.

Table 3. Omnibus Test of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	18,081	3	,000
	Block	18,081	3	,000
	Model	18,081	3	,000

Source: SPPS output version 27

Table 3 shows that the results of the Omnibus Test of Model Coefficients yielded a Chi-square value of 18.081 with a significance level of 0.000. The significance value is less than 0.05 (0.000 < 0.05), indicating that the logistic regression model utilized in this investigation is reasonable. The findings of this study reveal that financial stability, external pressure, and industry characteristics all influence financial statement fraud. As a result, the idea that financial stability, external pressure, and industry characteristics all have an impact on financial statement fraud appears plausible..

Table 4. Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	9,909	8	,271

Source: SPPS output version 27

Table 4 Based on the results of the Hosmer and Lemeshow Test, a Chi-square value of 9.909 with a significance level of 0.271 was obtained. The significance value is greater than 0.05 (0.271 > 0.05), so it can be concluded that the logistic regression model used in this study is in accordance with the observational data. Thus, there is no significant difference between the values predicted by the model and the observed values, so the logistic regression model is feasible to use for hypothesis testing.

Table 5. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	157,882[a]	,114	,164

Source: SPPS output version 27

Table 5 Based on the results of the Model Summary test, a value of -2 Log Likelihood (-2LL) of 157.882 was obtained, which shows the level of compatibility of the logistic regression model in explaining the research data. In addition, the value of Cox & Snell R Square is 0.114 and Nagelkerke R Square is 0.164. The Nagelkerke R Square value shows that the variables of financial stability, external pressure, and nature of industry are able to explain the variation in financial statement fraud by 16.4%, while the remaining 83.6% is explained by other factors outside the research model. Thus, it can be concluded that the three independent variables have the ability to explain the fraud of financial statements, although the contribution made is still relatively limited.

Table 6. Logistic Regression Results

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	ACHANGE	3,515	1,455	5,835	1	,016	33,632
	LEV	-2,566	1,183	4,702	1	,030	,077
	RECEIVABLE	12,674	6,936	3,339	1	,068	319435,281
	Constant	-,287	,473	,368	1	,544	,751

Source: SPPS output version 27

Table 6 According to the results of the logistic regression test in Table 5, the financial stability variable, represented by ACHANGE, has a significant value of 0.016, which is less than 0.05, implying that financial stability influences financial statement fraud. The external pressure variable, as proxied by LEV, has a significant value of 0.030, which is also less than 0.05, indicating that external pressure influences financial statement fraud. Meanwhile, the industry characteristic variable, as represented by RECEIVABLE, has a significance value of 0.068, which is more than 0.05, implying that industry characteristics have no effect on financial statement fraud. Therefore, we can conclude that some characteristics of financial stability and external pressure influence financial statement fraud. while the nature of the industry has no effect on financial statement fraud in companies in the primary consumer goods subsector listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period.

Effect of Financial Stability on Financial Statement Fraud

The test findings demonstrate that financial stability, as measured by ACHANGE, has a significance level of 0.016, indicating that H1 is accepted. These findings suggest that financial stability influences financial statement fraud. This shows that when a company's financial stability is under threat, management would endeavor to maintain the company's financial status in front of investors and other stakeholders. This pressure can lead management to distort financial statements in order to protect corporate performance. These findings are consistent with the research of (Majidah & Novy Aryanty, 2022) who found that financial stability might be a factor that puts pressure on management when compiling financial statements. These findings also support the Fraud Triangle Theory put forward by Clinard and Cressey (1954) which states that pressure is one of the factors that can drive fraud. The greater the pressure a company faces in maintaining its financial stability, the greater the risk of financial statement fraud. The results of this study are also in line with research (Fitrianingsih & Bandi, 2024) which states that financial stability has an effect on financial statement fraud.

Effect of External Pressure on Financial Statement Fraud

The test results showed that the external pressure proxied with LEV had a significance value of 0.030 so that H2 was accepted. These results show that external pressure has an effect on financial statement fraud. The high level of leverage indicates that the company has a greater reliance on funding derived from debt. This condition is in line with research (Farida, 2023) which states that external *pressure* can encourage management to display better corporate financial conditions in order to continue to gain the trust of investors and creditors. The pressure to meet the demands of external parties can increase the risk of manipulation of financial statements. This condition reflects the element of *pressure* in the Fraud Triangle Theory put forward by Clinard and Cressey (1954), where individuals or management are encouraged to take certain actions due to demands that must be met. Therefore, the higher the external pressure the company faces, the more likely it is to cheat. The results of this study are in line with the research of Tiara Sea Misa et al. (2025) which stated that external pressure has an effect on financial report fraud.

Effect of Nature of Industry on Financial Statement Fraud

The test results showed that the nature of industry proxied with RECEIVABLE had a significance value of 0.068 so that H3 was rejected. These results show that the nature of industry has no effect on financial statement fraud. These findings indicate that changes in the ratio of accounts receivable to sales have not been able to explain the occurrence of financial statement fraud in companies in the primary consumer goods sub-sector that are the research sample. Although accounts receivable are often considered accounts that have a high level of subjectivity and have the potential to provide opportunities for management to manipulate financial statements, this condition was not proven in this study. (Elly Suryani, 2022) accounts receivable are accounts that are relatively difficult to verify and contain high elements of subjectivity so they are vulnerable to being used to manipulate financial statements. However, the results of this study show that changes in the receivables ratio are not strong enough to affect the occurrence of financial statement fraud. This can be caused by relatively stable receivables management and adequate supervision of the receivables recording process. Thus, the element of opportunity in the Fraud Triangle Theory which is proxied through the nature of industry has not been able to explain the occurrence of financial statement fraud in sample companies. The results of this study are not in line with the research of Rahmawanti et al. (2023) who stated that the nature of industry has an effect on financial statement fraud.

CONCLUSION

This study aims to analyze the influence of financial stability, external pressure, and nature of industry on financial statement fraud in FMCG companies in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period. Based on the results of the analysis that has been carried out, it can be concluded that pressure factors reflected through financial stability and external pressure are factors that play a role in encouraging the occurrence of financial statement fraud. Meanwhile, the opportunity factor proxied through the nature of industry has not been able to explain the occurrence of financial statement fraud in sample companies. These findings show that the company's financial condition and pressure from external parties are aspects that need attention in efforts to prevent and detect financial statement fraud.

This research makes an empirical contribution to the development of Fraud Triangle Theory, especially in explaining the role of pressure and opportunity elements in detecting fraudulent financial statements in Fast-Moving Consumer Goods companies in the consumer non-cyclical sector. In addition, the results of this study are expected to be considered for management, investors, creditors, and other stakeholders in improving the effectiveness of supervision, strengthening the internal control system, and identifying potential fraud in financial statements early to improve the quality and reliability of the company's financial information.

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