

Financial Stability, Financial Target, and External Pressure on Financial Statement Fraud: An Empirical Study of Mining Companies Listed on the Indonesia Stock Exchange (2019–2023)

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Abstract

Financial statement fraud remains a critical concern for publicly traded companies, particularly when management conceals unfavorable financial realities to meet stakeholder expectations. Method: This study examines the influence of financial stability, financial targets, and external pressure on financial statement fraud among mining companies listed on the Indonesia Stock Exchange during 2019–2023. Employing purposive sampling, 95 observations were analyzed using binary logistic regression to test hypotheses regarding fraud determinants. Results: Findings reveal that financial stability significantly and positively affects financial statement fraud ($p = 0.003$), while financial targets and external pressure demonstrate no significant influence ($p > 0.05$). Simultaneously, all variables collectively impact fraud occurrence ($p = 0.000$). Conclusion: This research contributes to fraud detection literature by validating agency theory and fraud triangle theory within mining sector contexts, providing empirical evidence that financial instability serves as the primary fraud predictor in capital-intensive industries. Practical implications guide auditors, regulators, and management in developing targeted fraud prevention strategies.

Keywords: External Pressure, Financial Stability, Financial Target, Financial Statement Fraud, F-Score

1. INTRODUCTION

Financial statements serve as critical instruments for evaluating corporate performance, where robust financial indicators reflect organizational success. Management consequently strives to enhance performance metrics to present favorable financial reports. However, this pressure frequently leads to financial statement manipulation, a practice that compromises the integrity of financial information (Maisyarah, 2024). Financial statements function as essential decision-making tools that provide stakeholders with insights into a company's economic position, cash flows, and operational performance (Osadchy et al., 2018). According to the Statement of Financial Accounting Concepts (SFAC No. 1), these documents should facilitate informed economic decisions by presenting reliable and objective financial data. The credibility of financial information becomes paramount for stakeholders making strategic decisions, necessitating professional conduct and fraud prevention in financial reporting (Maisyarah, 2024).

The theoretical foundation for understanding financial statement fraud rests on agency theory, originally articulated by (Jensen & Meckling, 2019). This theory explicates the contractual relationship wherein management (agents) operates on behalf of shareholders (principals), creating inherent conflicts of interest. Agency theory illuminates how divergent objectives between principals and agents generate information asymmetry, potentially culminating in fraudulent financial reporting. Shareholders demand substantial returns on investment, while management seeks adequate compensation for their services, creating fundamental goal incongruence (Sagala & Siagian, 2021). This asymmetry becomes particularly pronounced when management faces pressure to meet shareholder expectations, potentially motivating fraudulent manipulation of financial statements to conceal unfavorable economic realities (Rabbani & Fadli, 2025).

The Association of Certified Fraud Examiners (ACFE, 2020) defines financial statement fraud as the deliberate misrepresentation of financial information through irrelevant or inaccurate data. Cressey's (1953) fraud triangle theory, comprising pressure, opportunity, and rationalization, provides a comprehensive framework for understanding fraud occurrence (Vousinas, 2019). This theoretical lens proves particularly relevant for publicly traded

companies listed on stock exchanges, where the imperative to maintain corporate value and avoid bankruptcy intensifies fraud risk. Indonesian companies often struggle to meet stakeholder expectations and demonstrate consistent annual growth, placing considerable pressure on management to engage in fraudulent practices (Pribadi & Nuryatno, 2019).

Financial stability represents a company's capacity to maintain consistent economic health despite market fluctuations (Ramadhani, 2023). According to SAS No. 99, financial stability measures overall organizational financial health, with pressure to maintain stability potentially motivating fraudulent reporting. Lionardi and Suhartono (2022) demonstrate that financial stability determines a company's resilience against economic disruptions, directly influencing investor confidence. When companies face unstable financial conditions, management may manipulate financial figures to project stability, particularly regarding asset management performance (Tiffani & Marfuah, 2015). This pressure intensifies in capital-intensive industries such as mining, where substantial asset bases attract investor scrutiny. Previous research by Riskiani and Yanto (2020) found significant relationships between financial stability and fraudulent reporting in financial sector companies, while Rahayu and Kusuma (2023) identified financial stability as a critical fraud predictor. However, these studies primarily focused on financial services and manufacturing sectors, leaving a gap regarding mining industry dynamics.

Financial targets represent management's predetermined performance objectives, typically measured through profitability metrics (Julia & Yunita, 2022). SAS No. 99 identifies excessive financial target pressure as a fraud risk factor, as management may resort to manipulation when targets appear unattainable. Profitability measures organizational capacity to generate returns through optimal asset utilization (Martini, Yunita, & Sumiyati, 2023). Previous research presents contradictory findings regarding financial targets' fraud implications. Restiana et al. (2023) found significant positive effects of financial targets on fraudulent reporting, while (Safiq & Seles, 2019) reported no significant relationship. These inconsistencies suggest contextual factors influencing the target-fraud relationship remain underexplored, particularly in resource extraction industries where profitability fluctuates with commodity prices (Triwidianto, 2025).

External pressure encompasses demands from parties outside management control, particularly financing requirements from creditors or investors (Safiq & Seles, 2019). SAS No. 99 identifies excessive external pressure as a fraud catalyst, particularly when companies require additional debt or external funding to maintain competitiveness. (Zainudin & Hashim, 2016) demonstrate that leverage obligations create substantial management stress, potentially motivating fraudulent reporting to satisfy creditor requirements. Studies by Yulianti et al. (2024) and Yulia (2018) found varying results regarding external pressure's fraud impact, with some identifying significant relationships while others found no effect. These inconsistencies highlight the need for sector-specific investigation, particularly in mining companies where capital structure and debt management patterns differ substantially from other industries.

Despite extensive fraud research, significant gaps persist in understanding financial statement fraud determinants in specific industrial contexts. Previous studies predominantly examined manufacturing, financial services, and diversified industry samples (Julia & Yunita, 2022; Tiffani & Marfuah, 2015), leaving mining sector fraud dynamics underexplored. The mining industry presents unique characteristics—including substantial asset bases, commodity price volatility, and capital intensity—that may influence fraud patterns differently than other sectors. Furthermore, existing research has not adequately addressed post-pandemic fraud risk factors, despite COVID-19's profound impact on corporate financial performance (Sa'diyah, Isthika, Triono, & Oktafiyani, 2025). Kojongian, Mangantar, and Maramis (2022) documented significant financial ratio deterioration during the pandemic, suggesting heightened fraud motivation during recovery periods.

This study addresses these gaps by specifically examining financial statement fraud in mining companies listed on the Indonesia Stock Exchange during 2019-2023, encompassing pre-pandemic, pandemic, and post-pandemic periods. This timeframe captures critical economic transitions when management faced intensified pressure to demonstrate financial recovery, potentially increasing fraud incentives. The mining sector's selection reflects its strategic

economic importance and vulnerability to fraud risk given substantial asset bases and volatile commodity markets. Additionally, this research employs binary logistic regression analysis to model fraud probability, providing methodological advancement over traditional linear approaches inappropriate for categorical dependent variables.

This study contributes to fraud detection literature by examining financial stability, financial targets, and external pressure effects on fraud in Indonesia's mining sector during the post-pandemic recovery period. By focusing on this specific industrial and temporal context, the research provides novel insights into how sector-specific characteristics and macroeconomic disruptions influence fraud patterns. The findings offer practical implications for auditors, regulators, and corporate governance practitioners seeking to strengthen fraud prevention mechanisms in resource extraction industries. Furthermore, this research extends agency theory application by demonstrating how principal-agent conflicts manifest in capital-intensive, commodity-dependent sectors facing post-crisis recovery pressures. Therefore, this study aims to examine and analyze the effects of financial stability, financial targets, and external pressure on financial statement fraud among mining companies listed on the Indonesia Stock Exchange during the 2019-2023 period, providing empirical evidence for fraud risk assessment in the post-pandemic mining sector context.

2. RESEARCH METHOD

This inquiry was driven by the need to gather data about the research object. The numerical data utilized in this quantitative analysis comes from financial statements of mining enterprises registered on the Indonesia Stock Exchange from 2019 to 2023. Then, using this data, hypotheses are tested using statistical test methodologies. From 2019 through 2023, this research will center on a mining company that intends to trade on the Indonesia Stock Exchange. A research sample was then chosen for the item using the purposive sampling approach, which was based on preset criteria. The study was carried out for five years in a row, resulting in 95 research samples collected throughout the observation year. Metals, coal, minerals, gold, and other subsurface or subterranean resources are mined, explored, and processed by the mining companies that make up the sample for this research. Due to the non-metric or nominal scale data nature of the dependent variable—financial statement fraud—this research used a binary logistic regression test. Due to the categorical nature of the dependent variable, which precludes the assumption of multivariate normal distribution, the binary logistic regression test does not need a conventional normality assumption test. This study utilized a battery of statistical tests within the binary logistic regression test. Multiple tests were conducted to guarantee that the model was well-fitting. These included R-squared tests, which showed that the independent variable could explain the variation in the dependent variable, Hosmer and Lemeshow tests, which showed that the regression model was feasible, and classification matrix tests, which showed that the regression model could predict the occurrence of fraudulent financial statements. To find out whether the independent factors had a partial or simultaneous effect on the dependent variable (financial statement fraud), we used the Wald test/hypothesis test. To find out if the independent variables had an omnibus effect, we used the test of the model coefficients. Because of this, we were able to examine how external pressure, financial goals, and stability affected the dependent variable. The data is analyzed after collection using the SPSS version 25 software. Based on the theoretical framework and literature review, this study formulates the following hypotheses:

H1: Financial stability has a positive effect on financial statement fraud.

H2: Financial target has a positive effect on financial statement fraud.

H3: External pressure has a positive effect on financial statement fraud.

H4: Financial stability, financial target, and external pressure simultaneously affect financial statement fraud.

This research utilizes secondary data obtained from audited annual financial reports and financial statements of mining companies listed on the Indonesia Stock Exchange (IDX). Data were systematically collected from the official IDX website (www.idx.co.id) and individual company

websites through their investor relations sections. All financial reports analyzed represent publicly available documents published between 2019 and 2023, ensuring transparency and verifiability. The selection of mining sector companies reflects the industry's economic significance and unique financial characteristics that distinguish it from other sectors.

The selection of binary logistic regression as the analytical technique stems from the categorical nature of the dependent variable. Financial statement fraud represents a dichotomous outcome (fraud occurs or does not occur), violating fundamental assumptions required for ordinary least squares (OLS) regression. Unlike linear regression, which assumes continuous dependent variables and normal distribution of residuals, binary logistic regression accommodates categorical dependent variables without requiring multivariate normality assumptions (Bui & Ding, 2025). The logistic function transforms the probability of fraud occurrence into log-odds, constraining predicted values between 0 and 1, thereby ensuring theoretically appropriate probability estimates. This methodological approach proves superior for modeling fraud risk, as it directly estimates the probability of fraudulent financial reporting based on predictor variables, providing more interpretable and statistically robust results than linear probability models.

This study operationalizes variables through established financial metrics derived from audited financial statements. Table 1 presents the comprehensive operationalization framework:

Table 1. Variable Operationalization

Variable	Definition	Indicator	Formula	Reference
Financial Statement Fraud (Y)	Intentional misrepresentation of financial information	F-Score	Dechow F-Score Model: 1 = High Risk (F-Score > 1.00); 0 = Low Risk (F-Score ≤ 1.00)	Ratmono, Darsono, and Cahyonowati (2020)
Financial Stability (X1)	Company's ability to maintain stable financial condition	Total Asset Change (ACHANGE)	$(\text{Total Assets}_t - \text{Total Assets}_{t-1}) / \text{Total Assets}_t$	Tiffani and Marfuah (2015)
Financial Target (X2)	Management's predetermined performance objectives	Return on Assets (ROA)	$\text{Net Income} / \text{Total Assets}$	Martini et al. (2023)
External Pressure (X3)	External demands requiring additional financing	Leverage Ratio (LEV)	$\text{Total Debt} / \text{Total Assets}$	Narsa, Afifa, and Wardhaningrum (2023)

Before, during, and after the COVID-19 pandemic, the 2019–2023 study year took place. Based on the data presented in Kojongian et al. (2022), which shows that financial ratios dropped during COVID-19, it may be inferred that pre-COVID-19 financial performance was better. As a result of the adjustments, corporations are more motivated to boost their financial performance before the COVID-19 period expires, which opens the door to financial statement fraud. This is the equation that represents the logistic regression test: (1) where Y is the dependent variable (fraudulent activity on financial statements) and bX is the independent variable (b1X1, b2X2, and b3X3, representing financial stability, financial aim, and external pressure, respectively).

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e \quad (1)$$

This study employs the following research model or framework: financial statement fraud serves as the dependent variable, while financial stability, financial objectives, and external pressure serve as the independent factors.

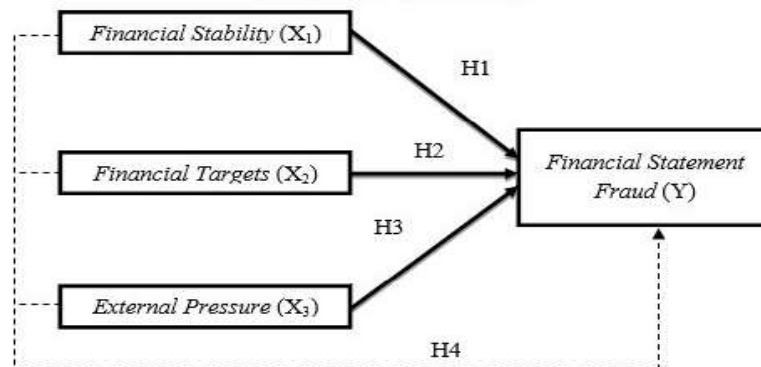


Figure 1. Research Design

If we want to test the hypothesis that the independent and dependent variables are interdependent, we need Figure 1's framework. The findings of this research lend credence to the following theories: A number of factors, including financial soundness, financial objectives, and outside influences, might influence the likelihood of financial statement fraud. Financial statement fraud is affected by all three of these causes, but to different degrees.

3. RESULTS AND DISCUSSION

3.1 Results

The study's overarching goal is to identify any connections between financial statement fraud and the following three possible sources of stress: internal and external pressures, financial goals, and stability. Using a battery of statistical tests performed inside the binary logistic regression test, we examined the association between financial statement fraud and financial stability, financial objectives, and external pressure. These included tests for frequency, overall model fit, R², Hosmer and Lemeshow, classification matrices, Wald tests/hypothesis, and omnibus tests of model coefficients. The descriptive statistical analysis employed in this study includes the mean, standard deviation, minimum, and maximum values. The descriptive statistical analysis in this study is divided into two categories: descriptive analysis for ratio-scale variables found in financial stability, financial target, and external pressure variables, and frequency analysis for nominal data scale variables found in financial statement fraud variables.

Table 2 employs frequency analysis for the independent variables concerning financial statement fraud, whereas Table 1 offers a descriptive statistical test on a ratio scale for financial stability, financial aims, and external pressure. The results of the descriptive statistical testing table for the ratio-scale data in the independent variables are as follows:

Table 2. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
FINANCIAL STABILITY	95	-0,34	0,67	0,0862	0,16441
FINANCIAL TARGET	95	-0,10	0,62	0,1137	0,16206
EXTERNAL PRESSURE	95	0,09	0,96	0,4514	0,24208
Valid N (listwise)	95				

Source: author's data processing

A total of 95 data samples were collected from 19 firms during the course of the 5- year study period. Values for minimum, maximum, mean, and standard deviation are part of the descriptive statistics used in this research. The following findings may be drawn from the descriptive analysis, which uses three independent variables that use ratio-scale data, as given in Table 1: The ACHANGE formula, which represents financial stability, has a 95-person sample with a standard deviation of 0.16441, an average of 0.0862, and a range of values from -0.34 to

0.67. The return on investment (ROI) formula, which represents the financial goal variable, has a 95 percent confidence interval ranging from -0.10 to 0.62, with a mean of 0.1137 and a standard deviation of 0.16206. With a 95% confidence interval, the LEV formula—which represents the external pressure variable—has a standard deviation of 0.24208, an average of 0.4514, and a range of values from 0.09 to 0.96. The results of the frequency statistical testing table for the financial statement fraud data in the dependent variables are as follows:

Table 3. Frequency Statistics

Financial Statement Fraud				
		Frequency	Percent	Valid Percent
				Cumulative Percent
Valid	Low risk	84	88,4	88,4
	High risk	11	11,6	100,0
Total		95	100,0	100,0

Source: author's data processing

In this study, financial statement fraud is the dependent variable of research whose measurement uses dummy variables. If the f-score value > 1.00 then the company is at high risk of fraud and is given the number 1. If the f-score value is < 1.00 then the company is at low risk of fraud and is given a number 0. Based on table 2 above, it shows that companies with a low risk of committing fraud are 84 or 88.4% of the company sample, while companies that have a high risk of committing fraud are 11 or 11.6% of the company sample.

The overall model fit test demonstrates that the regression model adequately represents the data. The -2 Log Likelihood value decreased from 68.106 (Block 0) to 46.253 (Block 1), indicating a reduction of 21.853, which confirms the model's validity and good fit with the observed data. Table 3 displays the -2 Log Likelihood value (block number = 0) before to the inclusion of the independent variables in the model, and Table 4 displays the -2 Log Likelihood value (block number = 1) subsequent to their inclusion in the model.

Table 4. Overall Model Fit (Block Number 0)

Iteration History ^{a,b,c}			
Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	70,821	-1,537
	2	68,163	-1,957
	3	68,106	-2,031
	4	68,106	-2,033
	5	68,106	-2,033

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 68,106

c. Estimation terminated at iteration number 5 because parameter estimates changed by less than ,001.

Source: author's data processing

Table 5. Overall Model Fit (Block Number 1)

Iteration History ^{a,b,c,d}						
Iteration	-2 Log likelihood		Coefficients			
			Constant	FINANCIAL STABILITY	FINANCIAL TARGET	EXTERNAL PRESSURE
Step 1	1	58,139	-1,685	2,892	1,421	-0,582
	2	48,315	-2,396	5,483	2,229	-1,297
	3	46,400	-2,758	7,123	2,630	-1,987
	4	46,254	-2,851	7,653	2,755	-2,320
	5	46,253	-2,857	7,703	2,769	-2,365
	6	46,253	-2,857	7,703	2,769	-2,365

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 68,106

d. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.

Source: author's data processing

This model match test will determine whether the binary logistic regression model fits the data well and produces reliable predictions. The overall model fit test is performed by comparing the -2 Log Likelihood value before and after the independent variables are included in the model. If there is a decrease (greater than or equal to zero) between the two values of the -2 Log Likelihood, then the suggested regression model is correct or matches the data. The proposed regression model fails to match the data if the difference between the two values of -2 Log Likelihood—an increase in the latter case—is less than the smaller beginning value. Results from Table 3 show that the -2 Log Likelihood value is 68.106 when the Block Number is 0, while results from Table 4 show that the -2 Log Likelihood value is 46.253 when the Block Number is 1. This data suggests that the predicted variables are well-fit with the data, as the -2 Log Likelihood value drops to 21.853.

Table 6. Koefisien Determinasi (R^2)

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	46.253 ^a	0,205	0,402

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.

Source: author's data processing

By examining the logistic regression model's coefficient of determination, which is represented by the Nagelkerke R Square value, the coefficient of determination test seeks to ascertain the extent to which the independent variable accounts for the variance in the dependent variable. The more information the independent variables (X) offer in forecasting the variance of the dependent variable (Y), the higher the R^2 value (near value 1). The more limited the information offered by the independent variables (X) in predicting the variant of the dependent variable (Y), the lower the R^2 value (around the value 0). Coefficient of determination tests examine the Nagelkerke R Square value, which displays the logistic regression model's coefficient of determination, to determine the extent to which the independent variable explains the variance in the dependent variable. An R^2 value near to 1 suggests that the independent variables (X) contribute significantly to understanding the variance in the dependent variable. With a small R^2 value, near to 0, the independent variables (X) don't tell us anything about the dependent variable (Y) and its variation. With an independent variable explanatory power of

only 40.2% (according to the Nagelkerke R Squared value of 0.402; see Table 5), other factors account for 59.8% of the dependent variable.

Table 7. Hosmer and Lemeshow Test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	12,752	8	0,121

Source: author's data processing

The Hosmer-Lemeshow test aims to determine whether the empirical data is compatible with the built model or whether the regression model may be deemed fit. The predictive power of the regression model is also assessed by this test. Regression models are deemed excellent and fit when their Hosmer-Lemeshow Goodness of Fit Test Statistic result is > 0.05 or greater than 0.05, indicating that they are able to predict the observation value and do not deviate from it. The regression model differs from the observation value if the Hosmer-Lemeshow Goodness of Fit Test Statistic result is less than 0.05 or less than 0.05. This indicates that the model is not excellent and not fit since it is unable to predict the observation value. Table 6 displays the goods-of-fit test statistic findings from the Hosmer and Lemeshow tests. It is possible to infer that the observation value and the regression model are similar with a significant value of 0.121 (higher than 0.05). The model's ability to anticipate the observation value is why the Goodness of Fit rating is positive.

Table 8. Matriks

Classification Table ^a					
Observed			Predicted		P. Correct
			FSF		
			Low	High	
Step	Financial	Statement	Low	High	
1	Fraud		81	3	96,4
			7	4	36,4
		Overall Percentage			89,5

a. The cut value is ,500

Source: author's data processing

By determining the right and wrong estimate values on variable Y, the study's dependent variable, the classification matrix test seeks to forecast an accuracy. To find out how well the regression model can foretell when financial statement fraud would happen, we may use this classification matrix test. The regression model's ability to forecast the likelihood of corporations engaging in financial statement fraud is 89.5%, as shown in Table 7. The findings show that out of 11 samples, 4 samples (or 36% of the total) are projected to have a high probability of financial statement fraud using this regression model. Out of 84 samples, 81 samples (96.4% of the total) are estimated to have a low probability of financial statement fraud using the same regression model.

Table 9. Wald Test

Variables in the Equation									
		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	ACHANGE	7,703	2,56	9,07	1	0,003	2215,22	14,74	332851,16
	ROA	2,769	2	1,91	1	0,17	15,94	0,315	807,75
	LEV	-2,37	2,09	1,28	1	0,26	0,094	0,002	5,638
	Constant	-2,86	1,06	7,23	1	0,01	0,057		

a. Variable(s) entered on step 1: Financial Stability, Financial Target, External Pressure

Source: author's data processing

Statistical researchers use the wald test to ascertain whether a single variable has an effect on another. If the sig value is more than 0.05 and the computed wald test value is less than the Chi-square table, it is reasonable to assume that the independent variable has no effect on the dependent variable. It may be inferred that the independent variable affects the dependent variable if the computed wald test result is larger than the chi-square table value, indicating a significance value less than 0.05. Based on Table 8 above, the regression model in this study is as follows:

$$F\text{-Score} = -2,857 + b17,703 + b22,769 - b32,365 + e \quad (2)$$

Financial stability positively impacts financial statement fraud, as shown by a positive regression coefficient of 7.703 and a significance value of $0.003 < 0.05$, supporting H1. ACHANGE calculates total asset changes to evaluate this variable. The positive regression coefficient of 2.769 and significance value of $0.167 > 0.05$ suggest that this financial objective variable, which measures the firm's ROA formula profit capacity, does not affect financial statement fraud. Thus, H2 is rejected. Since external pressure is a proxy for the organization's leverage formula debt management, we may reject H3 and conclude that it does not affect financial statement fraud with a regression coefficient of -2.365 and a significance threshold of $0.258 > 0.05$.

Table 10. Omnibus Test of Model Coefficients

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	21,853	3	0,000
	Block	21,853	3	0,000
	Model	21,853	3	0,000

Source: author's data processing

This extended model coefficient test determines the possibility of independent factors influencing the dependent variable simultaneously. When the Chi-square value surpasses the table value or the significance value is less than 0.05, the independent variable affects the dependent variable concurrently. The independent variable cannot impact the dependent variable if the computed or tabulated Chi-square value is less than or equal to the significance value (higher than 0.05). Table 9 shows the Chi-square table value at 0.05 with degrees of freedom is 7.81, whereas the anticipated value is 21.853, which is larger. Financial stability, goals, and external pressure may impact financial statement fraud, as shown by a significance value of < 0.05 .

To provide a comprehensive overview of the hypothesis testing outcomes, Table 10 synthesizes all statistical results from the Wald test and Omnibus test. This summary facilitates interpretation by consolidating regression coefficients, test statistics, significance levels, and hypothesis decisions into a single framework. The table demonstrates that among the three pressure-related variables examined, only financial stability significantly influences financial statement fraud, while the simultaneous effect of all variables proves statistically significant.

Table 11. Summary of Hypothesis Testing Results

Hypothesis	Variable	Regression Coefficient	Wald Value	Sig. Value	Critical Value ($\alpha = 0.05$)	Decision	Result
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H1	Financial Stability (ACHANGE)	7.703	8.652	0.003**	< 0.05	Accepted	Supported
H2	Financial Target (ROA)	2.769	1.909	0.167	> 0.05	Rejected	Not Supported
H3	External Pressure (LEV)	-2.365	1.276	0.258	> 0.05	Rejected	Not Supported
H4	Simultaneous Effect (All Variables)	-	21.853	0.000***	< 0.05	Accepted	Supported

Note: ** Significant at 1% level; *** Significant at 0.1% level

Source: SPSS output, processed data (2024)

3.2 Discussion

This finding aligns with previous research by Tiffani and Marfuah (2015) and Riskiani and Yanto (2020), who found that financial stability significantly influences fraudulent financial reporting. The positive effect indicates that companies with fluctuating total assets face greater pressure to manipulate financial statements to maintain investor confidence. This result supports agency theory, where management (agents) engages in opportunistic behavior to meet shareholders' (principals') expectations of stable financial performance. However, this finding differs from Hardika, Balqis, and Machdar (2024), who found no significant relationship in manufacturing companies, suggesting that industry-specific characteristics—particularly the capital-intensive nature and asset volatility in mining sector—amplify fraud risk associated with financial instability.

The insignificant effect of financial targets on fraud contradicts findings by Rifa and Tasrif (2022), who reported a positive relationship in diversified industry samples. This divergence may be attributed to the mining sector's unique profitability patterns, where financial targets are often set considering commodity price volatility and operational cycles. Mining companies listed on IDX during 2019-2023 may have established more realistic and achievable financial targets, reducing pressure-induced fraud motivation. This finding supports Safiq and Seles (2019), who similarly found no significant effect of financial targets on fraud, suggesting that well-calibrated performance expectations mitigate fraud risk.

The lack of significant relationship between external pressure and fraud differs from expectations based on SAS No. 99 and previous studies by Novita (2022). This unexpected result may reflect Indonesian mining companies' diverse financing alternatives during the observation period, including equity issuance and retained earnings utilization, reducing dependence on debt financing. The post-pandemic recovery period (2020-2023) also witnessed government stimulus programs and improved commodity prices, potentially alleviating external financing pressures. This finding partially aligns with Honesty, Honesty, and Setiawan (2024), who found mixed results regarding leverage's fraud implications, indicating that external pressure effects may be context-dependent and influenced by macroeconomic conditions.

4. CONCLUSION

This study empirically examines financial stability, financial targets, and external pressure effects on financial statement fraud among Indonesian mining companies during 2019-2023. Binary logistic regression analysis reveals that financial stability significantly influences fraud (coefficient = 7.703; $p = 0.003$), supporting H1 and confirming agency theory's prediction that asset volatility intensifies information asymmetry between management and shareholders, motivating fraudulent reporting to project stability. Conversely, financial targets and external pressure demonstrate no significant effects ($p > 0.05$), rejecting H2 and H3, suggesting that achievable performance objectives and diverse financing alternatives mitigate fraud pressure in mining sector. However, simultaneous testing confirms all variables collectively influence fraud ($p = 0.000$), supporting H4. These findings strengthen fraud triangle theory by demonstrating that pressure components exhibit context-dependent relevance, with financial instability emerging as the predominant fraud predictor in capital-intensive industries.

Practically, these results provide critical implications for stakeholders. Auditors should intensify

scrutiny on companies exhibiting significant asset fluctuations, implementing enhanced analytical procedures for property, plant, and equipment valuations. Regulators including OJK and IDX should develop surveillance systems monitoring financial stability metrics, implementing automated red-flag indicators for entities with abnormal asset patterns. Corporate management must maintain transparent stakeholder communication during volatility periods rather than resorting to manipulation, strengthening internal controls and ethical culture. Investors should incorporate financial stability analysis alongside traditional metrics when assessing mining companies. Strategic recommendations include: implementing real-time financial monitoring dashboards, providing specialized audit committee training on mining fraud schemes, developing sector-specific fraud detection models incorporating commodity price volatility, and conducting stakeholder education programs. Future research should extend observation periods, incorporate additional fraud dimensions including opportunity and rationalization factors, expand samples across mining subsectors, and employ machine learning algorithms for comparative validation, ultimately contributing to effective fraud deterrence frameworks protecting investor interests and maintaining capital market integrity.

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