Research Article

The Role of Fraud Diamond in Detecting Fraudulent Financial Statements

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Abstract.
The implementation of financial statement components in Indonesia has become increasingly comprehensive. However, there are still ample opportunities for management and other parties to commit fraud in financial statements, particularly in the banking sector. The research aims to analyze whether fraud diamond influences the occurrence of fraud in the banking industry. The sample used in this study consists of banking reports from 2018 to 2021, with a total of 120 banks included. The research findings indicate that the pressure variable and rationalization variable have a positive impact on financial statement fraud. On the other hand, the opportunity variable and capability variable do not influence financial statement fraud. The positive results suggest that when management is unable to meet predetermined targets, their motivation to engage in fraudulent activities increases. Additionally, reporting accrual income in the income statement, regardless of whether the cash has been received from customers during that period or not, serves as a motivation for management to present their financial statements more appealingly to investors.

Keywords: fraud diamond, fraudulent financial statements, banking sector

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1. INTRODUCTION

The process of financial reporting includes financial reports. Finance report Complete typically consists of the following: a balance sheet, an income statement, a loss statement, a statement of changes in financial position (which may be presented in a number of different ways, such as a cash flow statement or statement of changes in financial position), notes, and any other reports or explanatory materials that are essential to the financial statements. In addition, it contains schedules and other information that is pertinent to the report, such as financial data on geographical and industrial segments and disclosure of the impact of price changes[1].

Financial statements are very important element in operational activities, economic activities carried out by the company in a certain period. A good picture or not of a

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company can be reflected in the financial statements. Financial reports are presented to stakeholders, namely: management, employees, investors (holders), creditors, suppliers, customers, and the government and are used by stakeholders to make a decision.

The existence of these financial reports is useful for users if they meet the qualitative characteristics which consist of the four qualitative characteristics of financial reports, namely understandability, relevance, reliability, and comparability. An important quality that is accommodated in financial reports is their ease of being immediately understandable by users. The information presented in the financial statements must be relevant so that the needs of users in the decision-making process can be fulfilled. Information must be trustworthy in order to be useful, which means it must be free from false assumptions and material errors and be regarded by the user as an accurate and sincere depiction of what should be offered or may be presented honestly. If the information can be compared, it will be more beneficial. In order to spot trends in the company's financial status and performance, users must be able to compare its financial statements across time periods. In order to assess financial situation, performance, and changes in financial status, users must be able to compare financial statements from various companies [1].

The application of components in financial reports in Indonesia is now more comprehensive. However, there are still many opportunities for management and other parties to commit fraud in financial statements. In the Indonesian fraud survey conducted by the Association of Certified Fraud Examiners (ACFE) Indonesia Chapter 2019, the most detrimental fraud in Indonesia is corruption, with a percentage of 69.9 percent, then Misuse of State & Company Assets/Wealth with a percentage of 20.9 percent and Fraud in Reports Finance by 9.2 percent. There have been many cases of financial statement fraud in several companies in Indonesia, one of which is PT Bank Bukopin, namely by modifying credit card data that occurred 6 years ago and the number of cards modified was also quite large, more than 100,000. card. In addition to the PT Bank Bukopin Tbk case, there is also the case at PT Tiga Pilar Sejahtera Food Tbk (AISA) which manipulated six affiliated distributor companies written as third parties, and there was an overstatement of receivables from these six companies with a value of up to Rp. 1.4 trillion.

The implementation of financial statement fraud for certain purposes has often occurred, financial statement fraud is an action carried out intentionally by company management through misleading financial reports so that it can harm investors and creditors. Financial reports act as a source of information for investors. The data is to be used as a basis for consideration in making investment decisions in the capital market as well as a management accountability facility for the energy sources entrusted to it. So that the financial reports presented are often engineered with the aim of beautifying the company's financial statements so that they can attract the attention of investors and other interested parties to use the financial statements.

Financial statement fraud can occur because of pressure, opportunity, rationalization and the ability of Skousen [2]. Meanwhile, according to Septriani and Handayani [3], Pressure is related to motivation or encouragement for someone to commit fraud on financial reports, for example problems related to finance. Besides that, opportunities are related to the opportunity that someone has in the work environment to commit fraud. In rationalizing self-defense carried out by a perpetrator of fraud and making mistakes as something natural. Ability is related to one's position in an organization which is often used to commit fraud.

Using a fraud diamond is one approach to spot false financial statements. According to Sihombing's (2014) research, it was explained that as the variable of fraudulent diamonds cannot be easily evaluated, a proxy variable is required [4]. This study uses pressure with the method of measuring Return On Assets (ROA), opportunity proxy variable ineffective monitoring with the method of measuring the number of independent commissioners (DBOUT), Rationalization (Rationalization) with the proxy variable Total Accruals to Total Assets (TATA), and Capability (Capability) with a variable proxy for change of directors (DCHANGE). Researchers see an inconsistency in the results of research that examines the fraud diamond factor which can affect fraudulent financial statements such as research conducted by Skousen [2], Sari [5], Saputra [6], Purba (2017), Yesiariani [7], and Warsidi , Scouts, and Suhartinah [8]. So based on this research gap, researchers want to prove fraud diamonds effect on the detection of fraudulent financial statements.

2. LITERATURE REVIEW

2.1. Fraud

Fraud is an action carried out by a person or group to benefit themselves and harm others. This fraud is carried out by irresponsible parties. For ordinary people, fraud is considered a simple mistake even though the slightest fraud committed will have fatal consequences for other people or for the organization. Fraud is an intentional act to produce a material misstatement in the financial statements which is the subject of an audit (SAS No.99). The Institute of Internal Auditor (IIA) defines fraud as various acts of deviation that are illegal and marked by intentional fraud, whereas in the auditor's Responsibility to consider Fraud in an Audit of Financial Statement pharagraph 6, fraud is an intentional act by members of the company's management, parties who play a role in corporate governance, employees, or third parties who commit deception or fraud to gain unfair or illegal benefits.

According to Black's Law Dictionary, fraud is defined as covering various kinds of tools to do bad things done by humans that have been planned, done by individuals, to benefit other parties by presenting inappropriate reports. Fraud that occurs within the company is generally carried out on the part of the income received by the company. The absence of fixed and without exception rules can be defined as a general opinion in interpreting fraud because fraud includes reason (deception), cunning and ways that are not good for deceiving others. Meanwhile, according to Tuanakotta, fraud is an intentional act by a person or several people among management, TCWG (those charged with governance), employees or third parties, by deceiving to obtain unjustified benefits or illegal/unlawful benefits[9]. According to the Association of Certified Fraud Examiners (ACFE), fraud is an act of deception or an error committed by a person or organization knowing that it could have undesirable consequences for that person, organization, or another party. Fraud is an unlawful act to benefit oneself or others which results in losses to the organization/country [9].

2.2. Fraud Diamond

Wolfe and Hermanson (2004) proposed a novel interpretation of the fraud phenomenon called the fraud diamond. According to Wolfe and Hermanson, many frauds would not have occurred without the right person with the capabilities of the details of fraud [10]. The theory of fraud diamond adds an element of capability as a fourth element in addition to the elements of pressure, opportunity and rationalization which have previously been described in the fraud triangle theory. Meanwhile, according to Wolfe and Hermanson (2004), fraud or fraud may not occur without people who have the right skills to carry out fraud. The measurement of the fraud diamond variable is as follows[10]:

Excessive pressure received by management can be in the form of financial targets, sales, or high returns. One of the proxies used is Return On Assets (ROA).

$$ROA = \frac{\textit{Net Income Before Extraordinary Items t}}{\textit{Total Assets}}$$

Opportunity is a situation where someone can commit fraud . This opportunity occurs due to weak internal controls of organization, ineffective management oversight, or abuse of authority . Therefore, this study proxies ineffective monitoring on the ratio of the number of independent commissioners (BDOUT)

$$BDOUT = \frac{\text{Number of Independent Commissioners}}{\text{Total number of the Board of Commissioners}}$$

Rationalization is an important component in the occurrence of fraud. This rationalization makes the perpetrators of fraud justify what they are doing. Therefore, rationalization will be proxied by the ratio of Total Accruals to Total Assets (TATA).

$$TATA = \frac{\textit{Net Income From Continuing Operation (t) - Cashflow From Operating}}{\textit{Total Assets (t)}}$$

In the fraud diamond, one element is added that is considered to have a significant influence on fraud, namely capability. This study proxies capability by changing company directors (DCHANGE) as measured by a dummy variable where if there is a change in the company's directors during the 2018-2021 period then it is coded 1, conversely if there is no change in company directors during the 2018-2021 period then it is coded 0.

2.3. Fraudulent Financial Statements

(Montesdeoca et al., 2019, p.4) defines financial statement fraud as a problem that has a negative impact on users of accounting information, including shareholders, creditors, senior managers, and the general public[11]. Fraud can be classified into several types, with the most frequent categories being misappropriation of assets and misrepresentation of financial statements[12]. This study detects financial statement fraud by using earnings management proxies. Since earnings management cannot be observed directly, a proxy must be used to indicate whether it is occurring in a given company. Discretionary accruals are used as a proxy in earnings management study, as have been done by various other academics in the past. The modified Jones model is used to determine the utilization of discretionary accruals. The calculation model is as follows:

Calculating the total accrual (TAC), namely net profit in year t minus operating cash flow in year t with the equation:

TAC = NIit –CFOit

Therefore, the total accrual (TACit) of company i in the year of t is the calculation of the difference in between Net Profit (Niit) and the Operating Cash Flow (CFOit). (TAC) is estimated by the OLS regression equation:

TACit/Ait-1=β1(1/Ait-1)+β2(Revt/Ait-1)+β3(PPEt/Ait-1)+e

Using the regression coefficient above, the value of non-discretionary accruals (NDA) can be calculated using the formula:

NDAit=β1(1/Ait-1)+β2(Revt/Ait-1 - Rect/Ait-1)+β3(PPEt/Ait-1)

The total value of the modified Jones discretionary accrual (DA) accruals can be calculated as follows:

DAit = TACit/Ait-1-NDAit

Information:

DAit = Discretionary Accruals of company i in period t year

NDA-i = Non-discretionary Accruals of company i in the year period t

TAit = Total ac crual of company i in the year period t

NI it = Net Profit of company i in the year period t

CFO it = Cash flow from the operating activities of company i in the year period t

Ait-1 = total assets of company i in the year period t-1

Δ Rev it = Revenue of company i in year t reduced by revenue of Company i

in year t-1

PPE it = Company Property, Factory, and Equipment i in the year period t

Δ Rec it = Trade Receivables of Company I in year t minus revenue.

Company *i* in year t-1

ε = error

2.4. The Effect of Pressure on the Detection of Fraudulent Financial Statements

Pressure in this study is measured by financial targets. The financial target is that managers are required to perform their best so that they can generate the profit that the company wants. To improve the company's performance, managers are required to work as well as possible in order to achieve the financial targets that have been targeted by the company. The greater the ROA obtained, the greater the level of profit achieved and the better the company's position in terms of asset use [13]. Based on research conducted by Widyastuti (2009) that companies that have large profits are more likely to do earnings management than companies that have small profits[14]. Financial targets have a positive relationship to earnings management[15]. Based on the description above, the hypothesis can be formulated as follows:

H_1 : Pressure affects the detection of Fraudulent Financial Statements .

2.5. The Effect of Opportunity on the Detection of Fraudulent Financial Statements

Opportunity in this study is measured by ineffective monitoring which will create opportunities to create fraudulent financial statements. Ineffective monitoring can occur due to management domination by one person or small group, without compensation control, ineffective oversight by the board of directors and independent commissioners over the process of financial reporting and internal controls and the like [2]. Sukirman and Sari (2013) explain that opportunities open up because the perpetrators believe that their activities will not be detected[16]. The weakness of the internal control system and the ineffectiveness of supervision are indicators of committing fraud. This is in accordance with research conducted by Aprilia (2017) that opportunity affects fraudulent financial statements[17]. Based on the description above, the hypothesis can be formulated as follows:

H_2 : Opportunity affects the detection of Fraudulent Financial Statements

2.6. The Effect of Rationalization on the Detection of Fraudulent Financial Statements

Rationalization is an attitude of justification for someone to himself for the crimes committed (Shelton, 2014). Therefore, the rationalization in this study is proxied by the ratio of Total Accruals to Total Assets (TATA). This is in accordance with research conducted by Sari (2016) and Yesiariani (2017) which states that TATA has a positive effect on fraudulent financial statements[5, 7]. Based on the description above, the hypothesis can be formulated as follows:

H_3 : Rationalization affects the detection of Fraudulent Financial Statements.

2.7. The Effect of Capabilty on the Detection of Fraudulent Financial Statements

Capability in this study is measured using a change of directors (direction switch). There are four components in capability, namely positioning, intelligence, confidence/ego, coercion skill, effective lying/deceit, and stress management. Meanwhile, according to Wolfe and Hermanson (2004) changes in directors can affect the occurrence of fraud because with changes in company directors it is likely that the company is improving the performance of the previous directors[10]. Based on the research of Warsidi, Pramuka, and Suhartinah (2018) shows that changes in directors have a positive influence on earnings management[8]. Based on the description above, the hypothesis can be formulated as follows:

H_4 : Capability affects the detection of Fraudulent Financial Statement

3. METHOD

The research object has an important role in research because the research object is essentially the topic of the problem being studied by the researcher and the goals that should be achieved to get answers or solutions to the problems that occur. Efforts made in obtaining the solution must be done in certain ways or procedures. Meanwhile, according to Sugiyono (2013: 41) the object of research is a scientific target to obtain data with specific goals and uses about an objective[18], valid and reliable matter about a matter (certain variables). The objects of this research are Pressure (X1), Opportunity (X2), Rationalization (X3), Capabilty (X4), and Fraudulent Financial Statement (Y).

Source of data used in this research is secondary data. According to Sugiyono (2013: 456) secondary data are data sources that do not directly provide data to data collectors, for example through other people or through documents[18]. The secondary data used in this research was obtained from the financial reports of industrial banking sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2021. According to Sugiyono (2013: 68) the notion of a research variable is an attribute or characteristic or value of money, objects or activities that have certain variations determined by researchers to study and then draw conclusions. In accordance with the research title chosen by the author, namely the Effect of Fraud Diamond on the Detection of Fraudulent Financial Statements, the authors grouped the variables used in this study into the dependent variable (Y) and the independent variable (X). The explanation is presented in Table 1 as follows:

Table 1: Variable Operationalization.

No	Variable	Dimensions	Measurement
1	*Fraudulent Financial Statements* (Y)	*Earning Management* (Y)	*discretionary accruals* DAit = TACit/Ait-NDAit Source: Sihombing(2014)
2	*Fraud Diamond* (X)	*Pressure* (X_1)	*Financial targets* ROA = Net Profit Total Assets Source: Skousen et al, (2009)
		Opportunities (X_2)	Ineffective Monitoring DBOUT = Number of Independent Commissioners Total Number of Commissioners Source: Skousen et al, (2009)
		Rationalization (X_3)	*Total Accruals to Total Assets* $TATA = \frac{Net\ Income\ From\ Continuing\ Operatio\ (t) - Cashflow\ From\ Operating}{Total\ Aset\ (t)}$ *Source: Skousen et al, (2009)*

4. RESULTS AND RESEARCH

This research was conducted at banking industry companies for a period of 4 years, namely from 2018 to 2021. Banking industry companies consisting of 47 companies will be selected to be used as research samples. The variables of this study are fraud diamond , pressure with financial targets and proxies measured by Return On Assets (ROA) (X1), Opportunity by proxy of ineffective monitoring (BDOUT) (X2) , Rationalization by proxy of total accruals to assets (TATA) (X3), Capability by proxy of change of directors

(DCHANGE) (X4) and Detection of Fraudulent Financial Statements with earnings management proxies (Y). The following is a detailed calculation of the number of research samples presented in Table 2 as follows:

Table 2: Sampling Criteria.

Sampling Criteria	Amount
Companies in the banking industry sector that have gone public or are listed on the Indonesia Stock Exchange (IDX) in 2021.	45
Companies that do not meet the criteria	(15)
Number of Companies That Become Research Samples	30
Number of years of research	4
Number of Observations	120

Furthermore, the results of descriptive analysis of variables fraud diamond which includes Financial Target (ROA) (X1), Ineffective Monitoring (BDOUT) (X2), Rationalization (TATA) (X3), Change of Directors (DCHANGE) (X4), and Fraudulent Financial Statement (Earnings Management) (Y). will be explained in Table 3 as follows:

	Y	ROA	IM	TATA	PD
Mean	0.031171	0.004700	0.570261	-0.009927	0.716667
Median	0.006910	0.007526	0.585714	-0.005867	1.000000
Maximum	3.098884	0.041398	0.750000	0.308391	1.000000
Minimum	-0.992537	-0.180577	0.333333	-0.268230	0.000000
Std. Dev.	0.443141	0.026476	0.092660	0.099393	0.452506
Skewness	3.450145	-4.108565	-0.325667	0.042403	-0.961645
Kurtosis	25.20423	24.86462	2.881808	4.079981	1.924761
Jarque-Bera	2703.210	2727.913	2.191024	5.867760	24.27591
Probability	0.000000	0.000000	0.334368	0.053190	0.000005
Sum	3.740555	0.564052	68.43135	-1.191235	86.00000
Sum Sq. Dev.	23.36855	0.083418	1.021724	1.175606	24.36667
Observations	120	120	120	120	120

Figure 1: Descriptive Analysis.

The dependent variable (Y), namely Fraudulent Financial Statements, is measured using Earnings Management shows a change in the value of Fraudulent Financial Statements from year to year in line with the development of the banking industry in Indonesia. In the independent variable (X1) of the fraud diamond, the pressure variable is proxied by financial targets and is measured using Return on Assets (ROA) which shows an average value (mean) of 0.004700, meaning that the average company in this study is a has good financial targets in its financial statements and the company is able to generate estimated profits.

In the independent variable (X2) fraud diamond opportunity variable proxied ineffective monitoring and measured using BDOUT namely the number of independent commissioners to the number of commissioners, which shows an average value (mean) of 0.570261. In the independent variable (X3) from fraud diamond, the rationalization variable is measured using the total accrual to assets (TATA) of profit and operating cash flow to total assets, which shows a mean value of -0.009927, meaning that the average company in this study has value of profit and good operating cash flow in his company.

On the independent variable (X4) of the fraud diamond variable capability which is proxied by the Change of Directors (DCHANGE) as measured by the dummy variable, where each change of directors is given 1 point and if there is no change it is given 0 points which shows an average value (mean) of 0.71667 meaning that every company in the period 2018-2021 made a change of directors of 71.6%. Regression results using the fixed effect model are presented at Table 4 as follows:

Based on the test results of the F Statistical Test and the t-Statistics Test, it shows that the financial target (X1) which is measured using return on assets (ROA) has an effect on the detection of fraudulent financial reporting. This can be proven by the significance value of the probability which shows a value of 0.0031 which is less than the significance level (α) of 0.05 and the calculated t value of 3.041904 which is greater than the t table value of 1.980272. With these results it can be interpreted that the financial target (X1) has a positive effect, stated **accepted** .

The results of this study indicate that the financial target proxied by the Return On Assets (ROA) ratio has a significant effect on the detection of fraudulent financial statements . This is because the higher the Return On Assets (ROA) obtained, the greater the level of profit achieved by the company. Thus, the higher the financial target proxied by Return On Assets (ROA), then when the management cannot meet the set targets, the motivation to commit fraud perpetrated by the management will be higher. The results of this study are consistent with research conducted by several research [7, 8, 14, 15].

Based on the test results of the F Statistical Test and the t-Statistics Test, it shows that Ineffective Monitoring (X2) has no effect on the detection of fraudulent financial reporting. This can be proven by the significant value of the probability which shows

Dependent Variable: Y
Method: Panel Least Squares
Date: 03/23/23 Time: 16:32
Sample: 2018 2021
Periods included: 4
Cross-sections included: 30
Total panel (balanced) observations: 120

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.458254	0.422358	1.084990	0.2810
ROA	5.456042	1.793627	3.041904	0.0031
IM	-0.593604	0.725501	-0.818198	0.4155
TATA	1.670139	0.470841	3.547139	0.0006
PD	-0.136242	0.100744	-1.352357	0.1798

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.553921	Mean dependent var	0.031171
Adjusted R-squared	0.382751	S.D. dependent var	0.443141
S.E. of regression	0.348155	Akaike info criterion	0.961184
Sum squared resid	10.42422	Schwarz criterion	1.750973
Log likelihood	-23.67104	Hannan-Quinn criter.	1.281921
F-statistic	3.236090	Durbin-Watson stat	2.315557
Prob(F-statistic)	0.000007		

Figure 2: Regression Estimation Results.

a value of 0.4155 is greater than the significance level (α) of 0.05 and the calculated t value of -0.818198 is smaller than the value of ai t table, namely 1.980272. With these results it can be interpreted that Total Accruals to Assets (X3) had no effect, stated **rejected** .

The results of this study indicate that ineffective monitoring is unable to detect potential fraudulent financial reporting. This is because high or low ineffective monitoring does not cause companies to commit acts of fraud in financial reports. Having an independent board of commissioners will provide little assurance that company oversight will further increase the effectiveness of management oversight to prevent fraudulent financial statements from occurring. In addition, with the existence of an independent board of commissioners, company supervision will be more independent and objective and far from the intervention of certain parties. Fraud can be minimized one of them with a good monitoring mechanism. The existence of an independent board of commissioners in a company is a significant factor in increasing the company's operational supervision.

The results of this study are consistent with research conducted by several research [5, 7].

Based on the test results of the F Statistical Test and the t-Statistics Test, it shows that Total Accrual to Assets (X3) has an effect on the detection of fraudulent financial reporting. This can be proven by the significance value of the probability which shows a value of 0.0006 which is less than the significance level (α) of 0.05 and the calculated t value of 3.537139 which is greater than the t table value of 1.980272. With these results it can be interpreted that the Total Accrual to Asset (X3) positive effect, stated **accepted**.

The study's result indicate that Total Accrual to Asset **(**TATA) has a significant influence on the detection of fraudulent financial statements. This is because the volume of income generated from accrued income affects the occurrence of fraudulent financial reporting. Accrued income is reported in the income statement in the period in which the income is generated regardless of whether or not cash has been received from customers during that period. This is a motivation for management to make its financial reports look more attractive to investors. By recognizing this accrual income, management has the opportunity to record this income in excess of the actual income so that the income statement in the financial statements looks higher. The results of this study are consistent with research conducted by several research [5, 7].

Based on the test results of the F Statistical Test and the Statistical t Test, it shows that Change of the Board of Directors (X4), has no effect on the detection of fraudulent financial reporting. This can be proven by the significant value of the probability which shows a value of 0.1798 is greater than the significance level (α) of 0.05 and the calculated t value of -1.352357 is smaller than the value of ai t table, namely 1.980272. With these results it can be interpreted that the Change of Directors (X4) no effect, stated rejected .

The results of this study indicate that the change of directors is not able to detect the potential for fraudulent financial reporting. This is because the high and low turnover of directors does not cause the company to commit acts of fraud in financial reporting. This can happen because the change of directors can be carried out by the highest stakeholder in the company who wants a board of directors who are more competent or more skilled in their field to carry out their duties, so that the replacement of directors has nothing to do with fraudulent acts committed by companies such as earnings management. . In addition, changes in directors can also occur due to resignation or because the previous director died, so to fill the vacancy, the company changes the composition of the board of directors. The results of this study are consistent with research conducted by several research [5, 7].

5. CONCLUSIONS

Based on the results of research entitled The Effect of Fraud Diamond on Fraudulent Financial Statements (Empirical Study: Banking Industry Companies on the Indonesia Stock Exchange for the 2018-2021 Period) using statistical data testing using the panel data regression analysis method and the help of Eviews 12 software, it can be drawn conclusion as follows:

The variable of pressure (X1) that proxied with financial targets and is measured using Return on Assets (ROA) in partial has positive and significant effect on the detection of Fraudulent Financial Statements.

opportunity variable is proxied by ineffective monitoring and is measured using BDOUT partially does not affect the detection of Fraudulent Financial Statements.

On rationalization variables measured using total accrual to assets (TATA) partially have positive and significant effect to the detection of the statements of fraudulent financial.

The capability variable proxied by the Change of Directors (DCHANGE) as measured by the dummy variable partially has no effect on the detection of Fraudulent Financial Statements.

Based on the conclusions above, the suggestions that the researchers submit to the parties involved in this study are as follows:

According to the research's results above, some of the variables used can affect fraudulent financial statements. Therefore, future researchers are expected to add other variables that can be carried out on this study, namely proxies for financial stability, external pressure. personal financial need, nature of industry, audit quality, audit switching or financial distress .

Based on the results of this study, it is hoped that future researchers will broaden the scope of this research so that research can be carried out in different industrial companies such as property companies, real estate and building construction, finance, and other companies.

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