

**FRAUD PENTAGON AND FINANCIAL DISTRESS ON FRAUDULENT
FINANCIAL REPORTING: COMPARATIVE ANALYSIS OF
MANUFACTURING COMPANIES IN INDONESIA AND MALAYSIA
2020-2023**

**FRAUD PENTAGON DAN FINANCIAL DISTRESS TERHADAP
KECURANGAN LAPORAN KEUANGAN: ANALISIS PERBANDINGAN
PERUSAHAAN MANUFAKTUR DI INDONESIA DAN MALAYSIA
2020-2023**

THESIS



By:

FARRADIPTYA FATHANSYAH

20200420199

INTERNATIONAL PROGRAM OF ACCOUNTING

FACULTY OF ECONOMICS AND BUSINESS

UNIVERSITAS MUHAMMADIYAH YOGYAKARTA

2024

**FRAUD PENTAGON AND FINANCIAL DISTRESS ON FRAUDULENT
FINANCIAL REPORTING: COMPARATIVE ANALYSIS OF
MANUFACTURING COMPANIES IN INDONESIA AND MALAYSIA
2020-2023**

UNDERGRADUATE THESIS

This Undergraduate Thesis is submitted to obtain the Bachelor of Accounting degree at the International Program of Accounting Department, Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta



Arranged by:
FARRADIPTYA FATHANSAH
20200420199

**INTERNATIONAL PROGRAM OF ACCOUNTING
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS MUHAMMADIYAH YOGYAKARTA**

2024

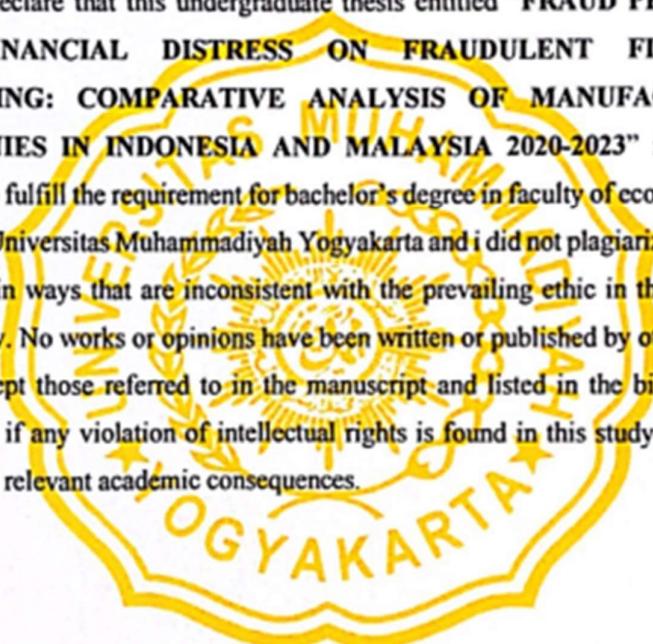
DECLARATION PAGE

Written by:

Name : Farradiptya Fathansyah

Student Number : 20200420199

I hereby declare that this undergraduate thesis entitled "FRAUD PENTAGON AND FINANCIAL DISTRESS ON FRAUDULENT FINANCIAL REPORTING: COMPARATIVE ANALYSIS OF MANUFACTURING COMPANIES IN INDONESIA AND MALAYSIA 2020-2023" is my own research to fulfill the requirement for bachelor's degree in faculty of economics and business, Universitas Muhammadiyah Yogyakarta and i did not plagiarize or do any quotation in ways that are inconsistent with the prevailing ethic in the scientific community. No works or opinions have been written or published by others in this thesis except those referred to in the manuscript and listed in the bibliography. Therefore, if any violation of intellectual rights is found in this study. I agree to accept any relevant academic consequences.



Yogyakarta, August 1st, 2024



Farradiptya Fathansyah

MOTTO

“If Allah helps you, none can defeat you. But if He denies you help, then who else can help you? So in Allah let the believers put their trust”

Q.S Ali ‘Imran/3:160

ACKNOWLEDGEMENT

Praise be to Allah Swt., who has given us his guidance and opportunities so that we can complete the thesis with the title "**FRAUD PENTAGON AND FINANCIAL DISTRESS ON FRAUDULENT FINANCIAL REPORTING: COMPARATIVE ANALYSIS OF MANUFACTURING COMPANIES IN INDONESIA AND MALAYSIA 2020-2023**". Sholawat and salam belong to the Prophet Muhammad Saw., who has brought us from the jahiliyyah era to an era full of knowledge nowadays. I would not have been able to complete this thesis without the support, prayers, and encouragement of my loved ones. Therefore, I dedicate this thesis to:

1. My beloved parents, Papa and Mama, and my siblings, Retha Rizky Fitransyah and Tino Prima Dito, for their unwavering love and support, both emotionally and financially.
2. My supportive friends and sources of joy, Qanitah Amaliah, Nabila Safitri, Amelia Putri, A. Difa Nadiah, Sarwah Sahsiah, and Andien Femmy, for their constant encouragement and positive energy.
3. The IPAcc family, including my classmates from the IPAcc batch of 2020 and the IPAcc Team, for their camaraderie and support throughout this undergraduate journey.
4. Lastly, I would like to express gratitude to myself, for the perseverance, hard work, and dedication that have brought me to this point.

FOREWARD

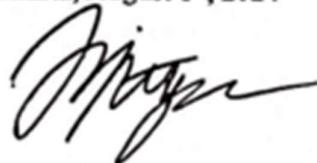
Assalamualaikum Warahmatullahi Wabarakatuh

Praise be to Allah Swt., the Lord of the universe, who has given us his guidance, opportunities, and pleasure of faith until now, insha Allah. Sholawat and salam belong to Prophet Muhammad Saw., who has brought us from the jahiliyyah era to an era full of knowledge nowadays. The title of this undergraduate thesis is "**FRAUD PENTAGON AND FINANCIAL DISTRESS ON FRAUDULENT FINANCIAL REPORTING: COMPARATIVE ANALYSIS OF MANUFACTURING COMPANIES IN INDONESIA AND MALAYSIA 2020-2023**" as a requirement for completing the Bachelor Program in International Program of Accounting (IPAcc), Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta. This thesis's completion was contingent upon the guidance and support of numerous individuals. Consequently, the author would like to extend the gratitude to the following individuals to the greatest extent possible:

1. Prof. Rizal Yaya, M.Sc., Ph.D., Ak., CA., as the Dean of the Faculty of Economics and Business at Universitas Muhammadiyah Yogyakarta
2. Dr. Dyah Ekaari Sekar J, S.E., M.Sc., QIA., Ak., CA., as the Head of Accounting Department at Universitas Muhammadiyah Yogyakarta.
3. Fitri Wahyuni, S.E., M.Sc., as the Head of International Program of Accounting Department at Universitas Muhammadiyah Yogyakarta.
4. Peni Nugraheni, S.E., M.Sc., Ph.D., Ak., CA., as the Undergraduate Thesis Supervisor
5. For all parties who contributed to the success of this undergraduate thesis, I apologize for not mentioning everyone individually.

Wassalamualaikum Warahmatullahi Wabarakatuh

Yogyakarta, August 1st, 2024



Farradiptya Fathansyah

TABLE OF CONTENTS

COVER	i
SUPERVISOR APPROVAL PAGE.....	ii
DECLARATION PAGE.....	iv
MOTTO	v
ACKNOWLEDGEMENT.....	vi
FOREWARD.....	vi
TABLE OF CONTENTS.....	viii
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF APPENDICES	xii
ABSTRAK	xiii
ABSTRACT	xiv
CHAPTER I.....	1
A. Research Background	1
B. Research Problems.....	13
C. Research Objectives.....	15
D. Research Benefits	17
1. Theoretical Benefit	17
2. Practical Benefits	18
CHAPTER II.....	19
A. Theoretical Framework	19
1. Agency Theory	19
2. Fraud Pentagon Theory.....	20
3. Financial Distress.....	25
4. Fraudulent Financial Reporting	26
B. Summary of Previous Research.....	29
C. Hypothesis Development.....	30
D. Research Model	48
CHAPTER III	49
A. Research Object and Subject.....	49
1. Research Object	49

2. Research Subject.....	49
B. Data Type and Source.....	49
C. Sampling Technique	50
D. Data Collection Technique	51
E. Research Variables and Operational Definitions.....	51
1. Dependent Variable	51
2. Independent Variables	52
F. Data Instrument Test.....	58
1. Descriptive Statistic	58
2. Classic Assumption Test.....	59
G. Hypothesis Test and Data Analysis	60
1. Multiple Linear Regression Analysis	60
2. Data Analysis Test.....	62
CHAPTER IV.....	64
A. Overview of Research Objects/Subjects.....	64
B. Results and Data Analysis	65
1. Descriptive Statistics Analysis.....	65
2. Classical Assumption Test.....	73
3. Research Results (Hypothesis Test)	77
C. Discussion (Interpretation)	98
CHAPTER V	113
A. Conclusions	113
B. Implications	115
C. Limitations.....	116
D. Suggestions.....	117
REFERENCES.....	118
APPENDICES	125

LIST OF TABLES

Table 4. 1 Research Sample Criteria.....	64
Table 4. 2 Descriptive Statistic of Manufacturing Companies in Indonesia .	65
Table 4. 3 Descriptive Statistic of Manufacturing Companies in Malaysia...	66
Table 4. 4 One-Sample Kolmogorov-Smirnov Test	73
Table 4. 5 Multicollinearity Test Result.....	74
Table 4. 6 Model Summary^b.....	75
Table 4. 7 Autocorrelation Test Result	75
Table 4. 8 Heteroscedasticity Test Result	76
Table 4. 9 Multiple Linear Regression Analysis Manufacturing Companies in Indonesia	77
Table 4. 10 Multiple Linear Regression Analysis Manufacturing Companies in Malaysia	82
Table 4. 11 Determination Coefficient Test Result	86
Table 4. 12 F Statistical Test Result	87
Table 4. 13 t Statistical Test Result	89
Table 4. 14 Group Statistics Result	96
Table 4. 15 Independent Samples Test Result	97

LIST OF FIGURES

Figure 2. 1 Fraud Pentagon Theory	21
Figure 2. 2 Research Model.....	48

LIST OF APPENDICES

Appendix 1 List of Manufacturing Companies Listed in the Indonesia Stock Exchange (IDX) from 2020-2023 that fulfill the criteria	126
Appendix 2 List of Manufacturing Companies Listed in the Bursa Malaysia from 2020-2023 that fulfill the criteria	129
Appendix 3 List of Independent and Dependent Variable Value Manufacturing Companies in Indonesia.....	132
Appendix 4 List of Independent and Dependent Variable Value Manufacturing Companies in Malaysia.....	143
Appendix 5 Result and Data Analysis	154