

PREDICTION ANALYSIS ON THE MODEL OF FINANCIAL FRAUD

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The Fraud Triangle:

A framework for spotting high-risk fraud situations

Pressure

Financial or emotional force pushing towards fraud

FRAUD

Opportunity

Ability to execute plan without being caught

Rationalization

Personal justification of dishonest actions

Incentive

Opportunity

THE FRAUD DIAMOND

Rationalization

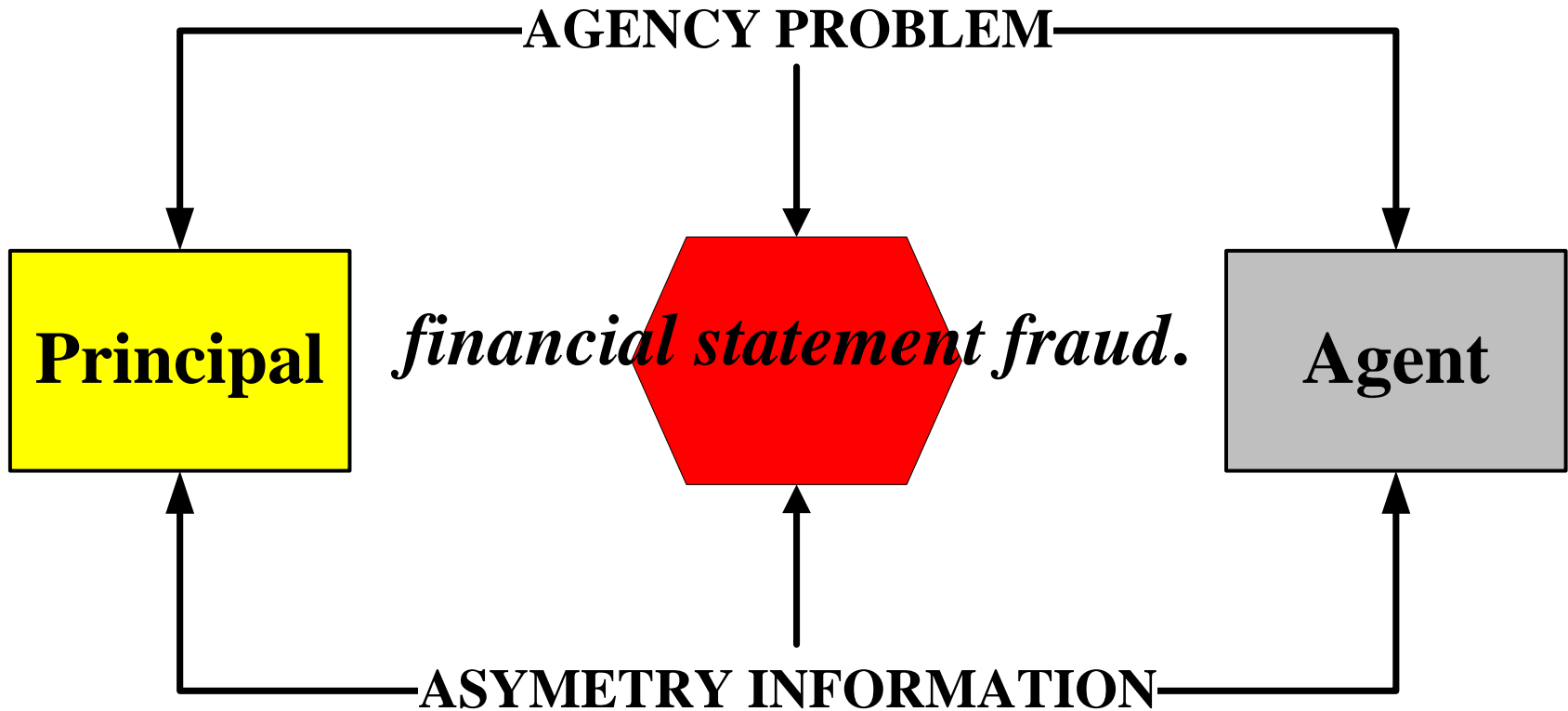
Capability



Research Question

Whether fraud in The financial Statement can be explained by Fraud Diamond Models that are driven by Corporate Governance and Corporate Culture?

LITERATURE STUDY



**Fraud Scale
Model**

**Fraud Triangle
Model**

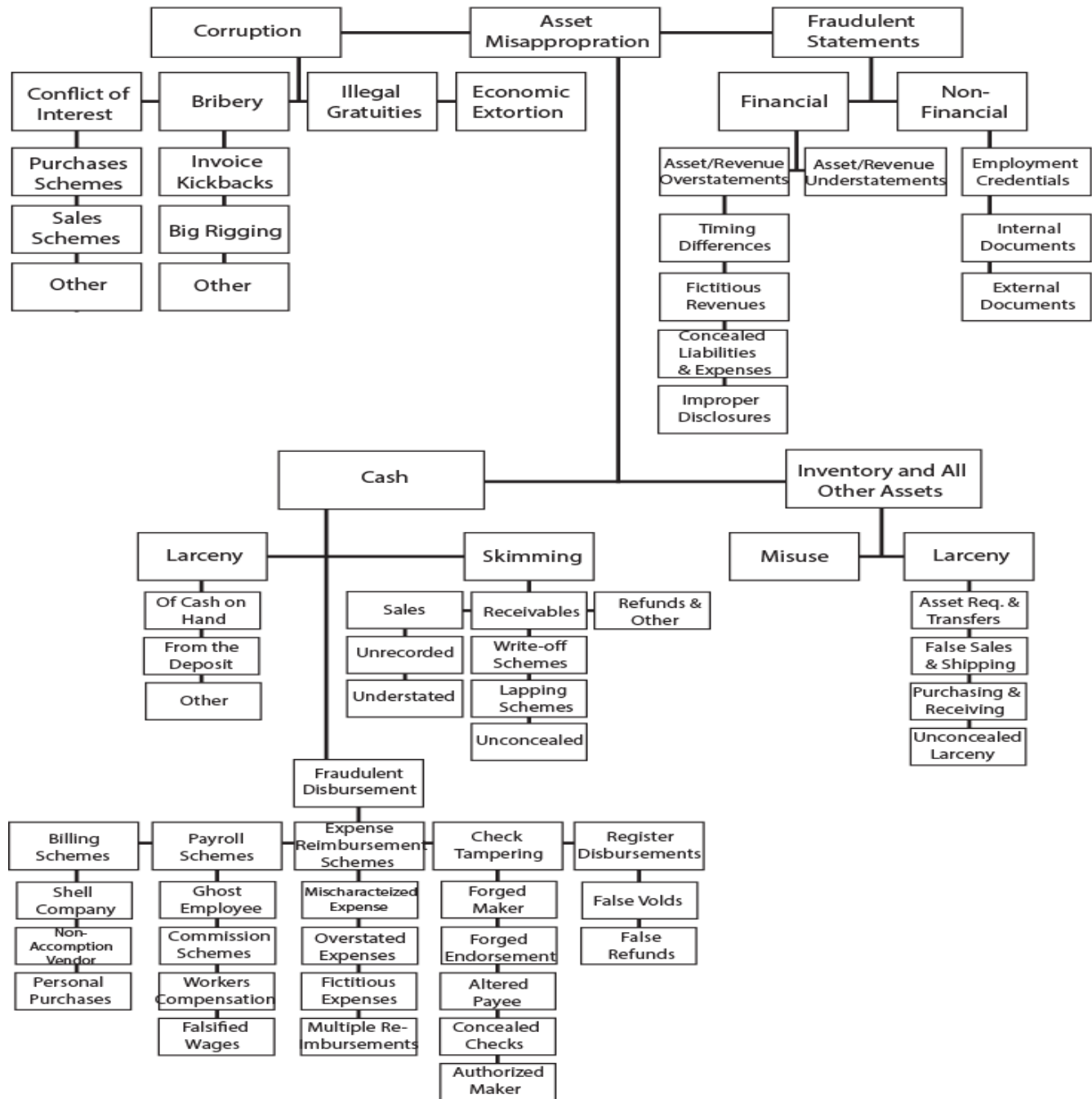
**Fraud Diamond
Model**



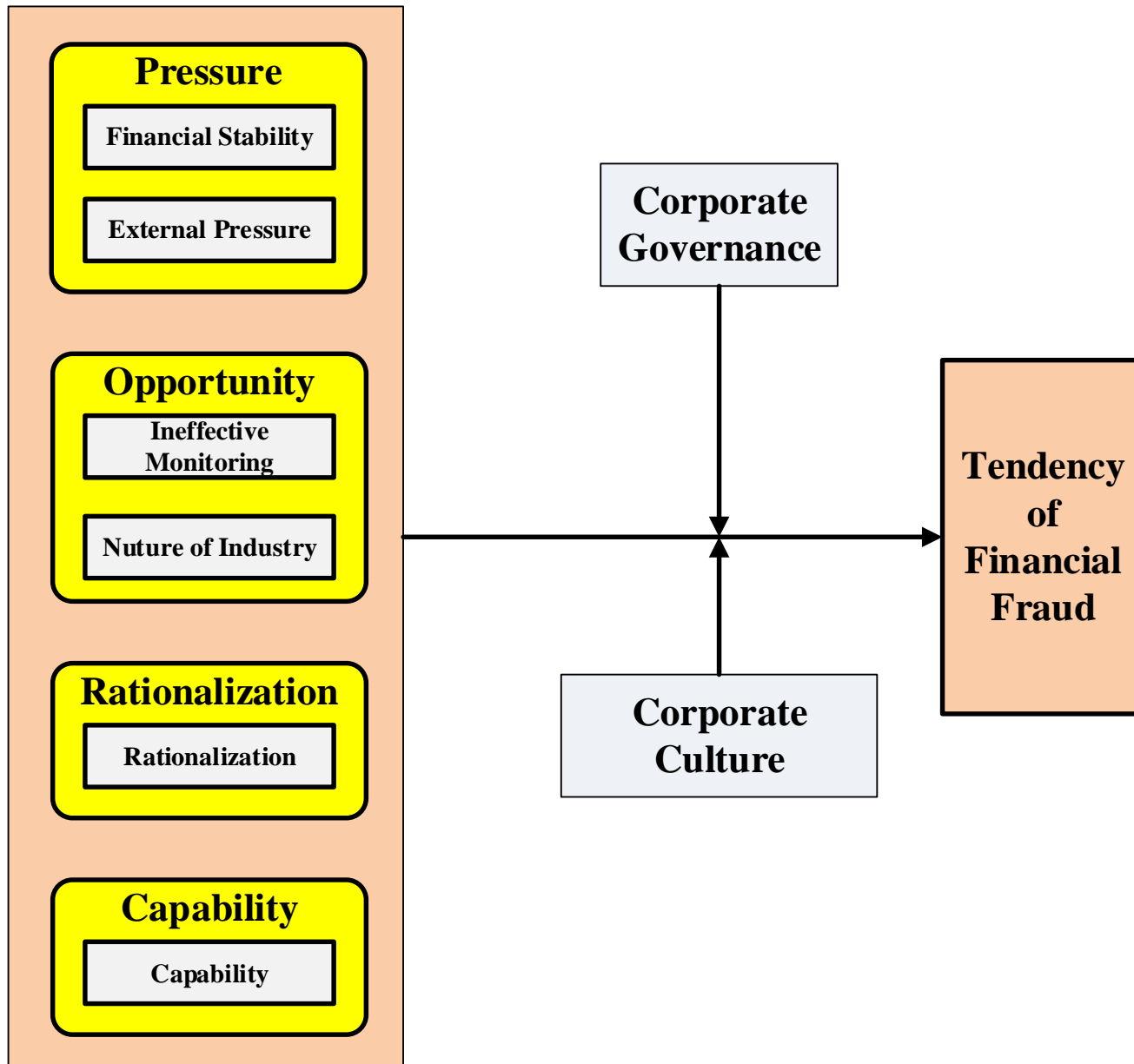
**System Value And
Governance Value**

Corporate Culture

Fraud Tree



Theoretical Framework



Hypothesis Test Result

Interaction	T Statistics	Hypothesis
Capability -> Fraud	0.3221	Not Support
Capability * CorGov -> Fraud	0.4051	Not Support
CorGov -> Fraud	1.0183	Not Support
Opportunity -> Fraud	1.8045	Not Support
Opportunity * CorGov -> Fraud	2.5170	Support
Pressure -> Fraud	1.0585	Not Support
Pressure * CorGov -> Fraud	1.1694	Not Support
Rationalization -> Fraud	0.3693	Not Support
Rationalization * CorGov -> Fraud	0.3253	Not Support

Item	T Statistics	Hypothesis
Culture -> Fraud	0.0695	Not Support
Capability -> Fraud	0.8057	Not Support
Capability * Culture -> Fraud	0.3792	Not Support
Opportunity -> Fraud	1.4436	Not Support
Opportunity * Culture -> Fraud	0.1309	Not Support
Pressure -> Fraud	0.3746	Not Support
Pressure * Culture -> Fraud	1.1573	Not Support
Rationalization -> Fraud	0.9138	Not Support
Rationalization * Culture -> Fraud	0.1093	Not Support

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
Capability -> Fraud	0.1076	0.1151	0.3340	0.3340	0.3221
Capability * CorGov -> Fraud	- 0.1313	- 0.1433	0.3240	0.3240	0.4051
CorGov -> Fraud	- 0.1690	0.0420	0.1660	0.1660	1.0183
Opportunity -> Fraud	0.7541	0.6601	0.4179	0.4179	1.8045
Opportunity * CorGov -> Fraud	- 1.1594	- 1.0603	0.4606	0.4606	2.5170
Pressure -> Fraud	- 0.2270	- 0.0686	0.2144	0.2144	1.0585
Pressure * CorGov -> Fraud	0.3498	0.1252	0.2991	0.2991	1.1694
Rationalization -> Fraud	- 0.1173	- 0.0494	0.3175	0.3175	0.3693
Rationalization * CorGov -> Fraud	0.1152	0.0254	0.3542	0.3542	0.3253