

# MOTIVATION OF BONUS PLAN IN FRAUDELENT FINANCIAL STATEMENT

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## *abstract*

The issue of fraudulent financial statements involves the capability of professionals who have positions in the company so that they take advantage of opportunities for fraud and apply challenges to high profit targets in their business units. Business unit managers experience strong pressure from the motivation of various parties both from within the company and from outside the company. The purpose of the study was to obtain empirical evidence of the effect of pressure, opportunity, rasionalization, competence, and arrogance to influence earnings management and fraudulent financial statements on delisted companies on the Indonesia Stock Exchange.

The design of this study is in the form of hypothesis testing with the type of expalatory causality which aims to examine causal relationships simultaneously between variables of pressure, opportunity, rasionalization, competence, arrogance, earnings management and fraudulent financial statements. The method of data collection is a library survey. The type of data is secondary. The data object is a delisting company on the Indonesia Stock Exchange in 2009-2016. The time dimension is a one shot study. The analysis unit is a delisting company on the Indonesia Stock Exchange. Data analysis techniques using path analysis.

The results showed that ROA had a positive effect on Earning Management; DER has a positive effect on Earning Management; The Independent Commissioner ratio has a positive effect on Earning Management; Change of Auditor does not affect Earning Management; Change of Directors does not affect Earning Management; The CEO does not affect Earning Management; Earning Management has a negative effect on the Fraudulent Financial Statement; ROA does not affect the Fraudulent Financial Statement; DER has a negative effect on the Fraudulent Financial Statement; The ratio of Independent Commissioners does not affect the Fraudulent Financial Statement; Change of Auditor has a positive effect on the Fraudulent Financial Statement; Change of Directors does not affect the Fraudulent Financial Statement; and the CEO has a negative effect on the Fraudulent Financial Statement. The results of the study also show that Earning Management mediates between the influence of Pressure, Opportunity, Rationalization, Competence, Arrogance towards the Fraudulent Financial Statement.

The research findings are earnings management actions with the bonus plan motivation as the basis for the occurrence of fraudulent financial statements, as well as producing financial statements that are materially misleading.

***Keywords: Earning Management, Pressure, Opportunity, Rationalization, Competence, Arrogance, Fraudulent Financial Statement***