

INTELLECTUAL CAPITAL, ASSET COMPOSITION, AND FINANCIAL PERFORMANCE AS DETERMINANTS OF FRAUD IN INDONESIAN CONSUMER CYCLICALS COMPANIES

Burhanuddin¹ dan Dini Nur Anisa^{2*}

^{1,2}Universitas Islam Riau.

Email: burhanudin@eco.uir.ac.id¹ dan dininuranisa@student.uir.ac.id^{2*}

*Corresponding author

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ABSTRACT

This study aims to determine the influence of Intellectual Capital, Asset Composition, and Financial Performance on fraud within Consumer Cyclical companies listed on the Indonesia Stock Exchange (IDX). This is a quantitative study. The study population consists of 163 companies. A purposive sampling technique was employed, resulting in a sample of 95 companies that met the research criteria. Data analysis was conducted using multiple linear regression with the aid of SPSS 26 software. The results indicate that Intellectual Capital and Financial Performance influence fraud, whereas Asset Composition does not. The coefficient of determination is 34.9%, indicating that the independent variables explain the fraud variable, while the remaining 65.1% is influenced by variables outside the scope of this study.

Keywords: Intellectual Capital, Asset Composition, Financial Performance, Fraud

MODAL INTELEKTUAL, KOMPOSISI ASET, DAN KINERJA KEUANGAN SEBAGAI DETERMINAN KECURANGAN PADA PERUSAHAAN SEKTOR BARANG KONSUMEN NON-PRIMER DI INDONESIA

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh Intellectual Capital, Komposisi Aset, dan Kinerja Keuangan terhadap Fraud pada perusahaan Consumer Cyclical yang terdaftar di Bursa Efek Indonesia (BEI). Penelitian ini merupakan kuantitatif. Populasi pada penelitian ini sebanyak 163 perusahaan. Sampel penelitian dipilih menggunakan teknik purposive sampling sehingga diperoleh 95 perusahaan yang memenuhi kriteria penelitian. Analisis data menggunakan teknik analisis regresi linear berganda. Dengan bantuan software pengolah data SPSS 26. Hasil penelitian menunjukkan bahwa Intellectual Capital dan Kinerja keuangan berpengaruh terhadap Fraud, sedangkan komposisi aset tidak berpengaruh terhadap Fraud. Nilai koefisien determinasi sebesar 34,9% menunjukkan bahwa variabel independen mampu menjelaskan variabel Fraud, sedangkan sisanya sebesar 65,1% dipengaruhi oleh variabel lain di luar penelitian.

Kata Kunci: Intellectual Capital, Komposisi Aset, Kinerja Keuangan, Fraud

INTRODUCTION

Financial statements contain information about a company's financial condition and performance and serve as an important medium for communicating such information to relevant stakeholders as a form of management accountability (Fitria et al., 2022). For investors, financial statements are an essential source of information in making appropriate investment decisions, particularly by considering the consistency, transparency, and reliability of the information presented (Azalia et al., 2025). Therefore, the information disclosed in a company's financial statements must be reliable, relevant, and free from material misstatements. When financial statements fail to meet these qualitative requirements, their usefulness to stakeholders may be compromised, and the statements may be considered unreliable or indicate the potential occurrence of financial statement fraud (Eriyana & Astuti, 2024).

According to the Association of Certified Fraud Examiners (ACFE), financial statement fraud refers to an intentional act committed by an individual to cause a material misstatement or omission in an organization's financial reporting for the purpose of influencing or misleading interested parties, including creditors, investors, government agencies, and lenders (Siboro et al., 2025). Based on the 2024 survey conducted by the Association of Certified Fraud Examiners (ACFE) Indonesia, fraud cases in Indonesia have shown a significant increasing trend, both in terms of the number of incidents and the complexity of the schemes employed. Corruption represents the most prevalent type of fraud, accounting for 47.6% of reported cases, followed by asset misappropriation at 40.2% and financial statement fraud at 12.2%.

One notable fraud-related case involved PT Sritex. In 2025, the company was associated with an alleged corruption case involving the misuse of credit facilities obtained from Bank BJB and Bank DKI. The former President Director of Sritex, along with two officials from the respective banks, was allegedly involved in diverting approximately IDR 692 billion in credit funds for purposes inconsistent with their intended allocation. Investigators also identified significant irregularities in the company's financial reporting. In 2020, Sritex reported a profit of USD 85.32 million, whereas in 2021, the company reported a substantial loss of approximately USD 1.08 billion (Ridlo, 2025).

One factor that may influence the occurrence of fraud is intellectual capital. Intellectual capital encompasses knowledge-based resources owned by a company, including employee competencies, innovation capabilities, organizational systems, and relationships with customers (Antoni, 2025). A high level of intellectual capital reflects an organization's ability to effectively manage knowledge resources to generate economic value added and improve operational efficiency (Jati & Rahmawati, 2025). However, the effective management of intellectual resources may also be associated with the way management exercises control over corporate information and resources, making intellectual capital a relevant factor to consider in examining the potential occurrence of fraud.

In addition to intellectual capital, asset composition may also affect the likelihood of fraudulent activities. Asset composition reflects how a company allocates its resources between current assets and fixed assets (Nelsen & Tjahjono, 2024). Companies with a relatively high proportion of current assets generally possess greater flexibility in managing short-term funds. Nevertheless, such flexibility may also create opportunities for manipulation because certain current assets are relatively susceptible to changes in valuation or accounting treatment (Milasari & Ratmono, 2019). Consequently, the composition of a company's assets may become an important consideration in assessing the potential risk of financial statement fraud.

Financial performance is another factor that may be associated with the likelihood of fraud. Financial performance reflects a company's ability to generate profits, meet its financial obligations, and maintain financial stability. Strong financial performance generally indicates effective management and sound operational conditions (Firman & Pamungkas, 2023). However, pressure to maintain or improve favorable financial performance may potentially encourage management to engage in inappropriate accounting practices when the company faces difficulties in achieving predetermined financial targets.

Previous studies have produced inconsistent findings regarding the relationship between intellectual capital, asset composition, financial performance, and fraud. Several studies have found that intellectual capital has no significant effect on fraud, whereas Musaif & Ghazali (2022) reported that intellectual capital influences financial statement fraud. Similarly, Antoni (2025) found that asset composition has no effect on fraud, while Nelsen & Tjahjono (2024) concluded that asset composition significantly affects the likelihood of fraud. Regarding financial performance, Firman & Pamungkas (2023) found a significant relationship between financial performance and fraud, whereas Annafi & Yudowati (2018) reported that financial performance has no significant effect on fraud. These contradictory findings indicate the existence of a research gap and provide a basis for further investigation into the factors influencing the occurrence of financial statement fraud.

LITERATURE REVIEW

Agency Theory

Agency theory was formally developed by Michael C. Jensen and William H. Meckling in 1976 through their seminal work, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*. The theory describes a contractual relationship between shareholders as principals and managers as agents who are entrusted with the responsibility of managing the company. In such a relationship, managers generally possess greater access to and control over information concerning the company's operations than shareholders. This condition creates information asymmetry and may give rise to differences in interests between the two parties, commonly referred to as agency conflict (Allo & Rachmawati, 2022).

The divergence of interests between managers and shareholders may increase the likelihood of fraudulent behavior. Managers may exploit their superior access to internal information to pursue personal objectives that are not necessarily aligned with shareholders' interests, including manipulating financial information to portray favorable corporate performance (Khomariah & Khomsiyah, 2023). Consequently, shareholders need to establish monitoring and control mechanisms to limit opportunistic managerial behavior. The costs incurred to monitor and control managers and to align managerial actions with shareholders' interests are referred to as agency costs (Takakobi, 2022). From this perspective, effective corporate governance, transparency, and internal monitoring are essential for reducing information asymmetry and limiting opportunities for financial statement fraud.

Fraud Diamond Theory

Fraud Diamond Theory was proposed by David T. Wolfe and Dana R. Hermanson in 2004 through their article entitled *The Fraud Diamond: Considering the Four Elements of Fraud*, published in *The CPA Journal*. The theory extends the previously established Fraud Triangle framework by incorporating an additional element to provide a more comprehensive explanation of the conditions that may lead individuals to commit fraud (Putri & Wilasittha, 2021).

The Fraud Triangle identifies three fundamental conditions associated with fraud: pressure, opportunity, and rationalization. Fraud Diamond Theory expands this framework by introducing capability as the fourth element. The addition of capability emphasizes that pressure, opportunity, and rationalization alone may not be sufficient to explain the occurrence of fraud because an individual must also possess the ability, position, skills, or authority required to identify and exploit weaknesses within an organizational system. Wolfe and Hermanson argue that these four elements collectively increase the likelihood that fraudulent behavior will occur (Sandrawati et al., 2025).

In the context of financial statement fraud, individuals who experience substantial financial or performance-related pressure may be more inclined to manipulate financial information when weaknesses in internal controls provide opportunities to do so. The likelihood of fraud may become even greater when individuals are capable of rationalizing their actions and possess sufficient authority, knowledge, or technical expertise to exploit weaknesses in accounting and reporting systems. Managers or other individuals occupying strategic positions may have extensive knowledge of accounting procedures and internal systems, allowing them to conceal fraudulent activities and manipulate financial information with a relatively lower probability of immediate detection (Annafi & Yudowati, 2018).

The Effect of Intellectual Capital on Fraud

Intellectual Capital (IC) represents an important intangible resource that generally encompasses human capital, structural capital, and relational capital. These components reflect the knowledge, competencies, organizational processes, innovation capabilities, and external relationships that support the creation of corporate value. Intellectual capital is particularly important because companies rely on employee expertise, technological innovation, organizational knowledge, and sustainable relationships with stakeholders, including regulators and investors (Hernanda et al., 2020).

From an agency theory perspective, intellectual capital can contribute to reducing conflicts of interest between principals and agents by strengthening organizational capabilities and improving the quality of information available to stakeholders. Human capital, in particular, is reflected in employees' competence, integrity, knowledge, and professionalism. High-quality human capital may improve managerial decision-making, strengthen transparency, and enhance the effectiveness of internal control mechanisms. These conditions can reduce information asymmetry between management and shareholders and subsequently limit opportunities for managers to engage in opportunistic behavior.

Therefore, intellectual capital is not merely a resource for improving organizational efficiency and corporate performance but may also serve as an organizational mechanism for reducing the incentives and opportunities associated with fraudulent activities. Effective utilization of intellectual capital can strengthen internal monitoring, improve the reliability of information, and promote ethical managerial behavior, thereby potentially reducing the likelihood of fraud (Rakan et al., 2025).

H1: Intellectual capital has a negative effect on fraud in consumer cyclical companies listed on the Indonesia Stock Exchange (IDX).

The Effect of Asset Composition on Fraud

The Indonesian Institute of Accountants (IAI, 2007), as cited by Jannah and Mildawati (2017), defines assets as economic resources controlled by an entity as a result of past events that are expected to generate future economic benefits. In corporate financial reporting, assets generally include current assets, such as cash, receivables, and inventories, as well as non-current assets, including fixed assets. The composition and complexity of these assets may affect the level of difficulty involved in verifying the accuracy of financial information.

A more complex asset structure can provide opportunities for management to manipulate accounting information. For example, management may overstate receivables, recognize fictitious receivables, or inflate inventory values in order to present a more favorable financial position than the company's actual condition (Cahyadi et al., 2020). Such manipulation may be facilitated when certain assets are difficult for external parties to verify directly.

Within the framework of agency theory, information asymmetry between principals and agents may become more pronounced when companies possess assets whose existence, valuation, or recoverability is difficult to assess. Managers with superior access to internal information may therefore have greater opportunities to exercise discretion over asset recognition and valuation. This situation may encourage opportunistic behavior when adequate monitoring mechanisms are absent. Accordingly, maintaining an appropriate asset composition, supported by effective internal control and monitoring systems, is important for minimizing opportunities for financial statement manipulation and preventing fraud (Nelsen & Tjahjono, 2024).

H2: Asset composition has a positive effect on fraud in consumer cyclical companies listed on the Indonesia Stock Exchange (IDX).

The Effect of Financial Performance on Fraud

Financial performance represents the extent to which a company is able to generate profits, fulfill its financial obligations, and maintain operational and financial stability. Poor financial performance may create considerable pressure on management, particularly when managers are expected by shareholders to achieve predetermined financial targets. Under such circumstances, managers may experience incentives to manipulate financial information in order to conceal poor performance and avoid negative consequences (Firman & Pamungkas, 2023).

From the perspective of agency theory, declining financial performance can intensify the conflict of interest between principals and agents. Shareholders generally expect managers to maintain favorable financial results, while managers may seek to protect their positions, compensation, reputation, or career prospects. When actual performance falls below expectations, managers may therefore be motivated to engage in opportunistic actions, including manipulating financial statements to create the appearance of better corporate performance.

The risk of fraud may become more pronounced when poor financial performance is accompanied by weak internal controls and inadequate monitoring. In such circumstances, the pressure experienced by management, combined with opportunities arising from ineffective supervision, may encourage fraudulent financial reporting. Consequently, deteriorating financial performance can be viewed as an important condition that potentially increases the likelihood of fraud, particularly when the mechanisms designed to monitor managerial behavior are insufficient (Khomariah & Khomsiyah, 2023).

H3: Financial performance has a negative effect on fraud in consumer cyclical companies listed on the Indonesia Stock Exchange (IDX).

Framework

Based on previous theory and research, the relationship between intellectual capital, asset composition, and financial performance on fraud can be seen in Figure 1.

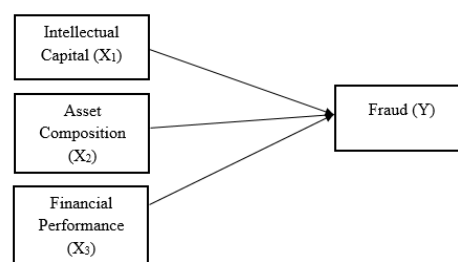


Figure 1. Framework

Intellectual Capital, Asset Composition, and Financial Performance as Determinants of Fraud in Indonesian Consumer Cyclical Companies (Burhanuddin dan Dini Nur Anisa)

RESEARCH METHODS

Population and Sample

The population of this study consists of all companies classified within the Consumer Cyclical sector and listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Based on the predetermined population criteria, a total of 163 companies were identified. The sample was selected using a purposive sampling technique, in which companies were included based on specific criteria relevant to the objectives of the study. The criteria for selecting the research sample were as follows:

Table 1.1

Total Population of Consumer cyclical companies Listed on the Indonesia stock exchange (IDX)	163
Sample selection criteria	
Consumer Cyclical companies that did not publish annual reports for the periode 2022-2024	(48)
Consumer Cyclical companies that conducted an initial public offering (IPO) 2022	(20)
Total number of companies that met the sampel selection criteria on this study	95
Observation Periode	3
Total number of observation	285

Data Collection Technique

The data collection process employed a documentation method. The study utilized secondary data obtained from corporate financial statements and annual reports published by companies classified within the Consumer Cyclical sector. The required documents were accessed through the official website of the Indonesia Stock Exchange (IDX). The collected data included information relevant to the measurement of the dependent and independent variables examined in this study. The use of secondary data enables the analysis to be based on publicly available and standardized corporate disclosures during the 2022–2024 observation period.

Data Analysis Technique

The data were analyzed using multiple linear regression analysis, with statistical processing conducted using Statistical Package for the Social Sciences (SPSS). Multiple linear regression was selected because the study examines the effect of more than one independent variable (X) on a dependent variable (Y). This analytical technique enables the study to assess both the direction and magnitude of the relationships between the independent variables and the dependent variable while considering the effects of the other variables included in the regression model.

Operational Research Variables

In this study, the independent variables and dependent variables that will be used consist of:

Intellectual Capital (X1).

Intellectual Capital is a concept that emphasizes the importance of intangible assets within an organization, which go beyond traditional physical and financial assets. Intellectual Capital is defined as the knowledge, skills, and capabilities of an organization that can create added value (Witosari & Bandi, 2025). The measurement of the Intellectual Capital variable is as follows:

$$VA=OUTPUT-INPUT \quad (1)$$

$$VACA = \frac{VA}{CE} \quad (2)$$

$$VAHU = \frac{VA}{HC} \quad (3)$$

$$STVA = \frac{SC}{VA} \quad (4)$$

$$VAIC=VACA+VAHU+STVA \quad (5)$$

Notes:

Output = Total sales and other revenue

Input = Expenses (interest expense and operating expenses) and other costs (excluding employee expenses)

VA = Value Added (Out-In Difference)

CE = Capital Employed: available funds (equity, net income)

HC = Human Capital (employee expenses consist of salaries and benefits)

SC = Structural Capital (VA – HC)

Asset Composition (X2)

Asset composition is the structure of the company's total assets broken down into various asset categories, such as current assets, non-current assets, fixed assets, intangible assets, and other financial assets. Asset composition shows how a company allocates its resources to support its operational activities and business strategies (Antoni, 2025). The measurement of the asset composition variable is as follows:

$$Komposisi Aset = \frac{persediaan + Aset Tetap}{Total Aset} \quad (6)$$

Financial Performance (X3)

Financial performance reflects a company's ability to manage its financial resources effectively and efficiently to generate profits and maintain financial stability (Khomariah & Khomsiyah, 2023). The financial performance variables are measured as follows:

$$ROA = \frac{Laba Bersih}{Total Asset} \quad (7)$$

Fraud (Y1).

The dependent variable in this study is fraud, defined as an act of deception or misrepresentation committed by an individual or entity with the knowledge that such actions will have a negative impact on another party (Bethan et al., 2025). It is formulated as follows (Awaliyah & Mutmainah, 2023):

$$M-Score = -4,84 + 0,92 DSRI + 0,528 GMI + 0,404 AQI + 0,892 SGI + 0,115 DEPI - 0,172 SGAI + 4,679 \\ TATA - 0,327 LVGI \quad (8)$$

Data Analysis Techniques

Descriptive Statistical Analysis

Descriptive statistical analysis is conducted to organize, summarize, and interpret the collected data in order to provide an overview of the characteristics of the variables examined in the study. This analysis presents the basic characteristics of each research variable based on statistical measures, including the minimum value, maximum value, mean, and standard deviation. Descriptive statistics are intended to summarize the observed data and do not involve generalizing the findings beyond the research sample. The results may be presented in the form of tables, graphs, or other appropriate visual representations.

Normality Test

The normality test is performed to determine whether the residuals in the regression model follow a normal distribution, which is one of the assumptions underlying regression analysis (Purba et al., 2021). In this study, normality can be assessed using the Kolmogorov–Smirnov test and supported by graphical analysis through a histogram and Normal Probability Plot. For the Kolmogorov–Smirnov test, the data are considered normally distributed when the Asymp. Sig. (2-tailed) value exceeds 0.05. In addition, normality is supported when the histogram approximately forms a bell-shaped distribution and the observations in the probability plot are distributed around or follow the diagonal reference line.

Multicollinearity Test

The multicollinearity test is applied to identify whether strong linear relationships exist among the independent variables included in the regression model. Severe multicollinearity may make it difficult to distinguish the individual contribution of each predictor and can reduce the reliability of the estimated regression coefficients. Multicollinearity is evaluated using the tolerance and Variance Inflation Factor (VIF) values. A model is generally considered free from multicollinearity when the tolerance value is greater than 0.10 and the VIF value is below 10.

Multiple Linear Regression Analysis

Multiple linear regression analysis is employed to examine the relationship between a dependent variable and two or more independent variables. The analysis estimates the extent to which changes in the independent

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variables are associated with changes in the dependent variable while considering the other predictors included in the model (Hana et al., 2019). This method is appropriate for determining both the direction and statistical significance of the relationships between the variables examined in the study.

F-Test

The F-test is used to evaluate whether the independent variables jointly have a statistically significant effect on the dependent variable. The decision is based on the significance probability at the 5% level. If the significance value is below 0.05, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted, indicating that the independent variables collectively have a significant effect on the dependent variable. Conversely, a significance value above 0.05 indicates that the null hypothesis is not rejected, suggesting that the independent variables do not collectively have a significant effect on the dependent variable.

Coefficient of Determination (R^2)

The coefficient of determination is used to assess the explanatory power of the regression model, particularly the extent to which the independent variables account for variation in the dependent variable. The coefficient ranges from zero to one. A value closer to one indicates that the independent variables provide a greater contribution to explaining variations in the dependent variable. Conversely, a value approaching zero indicates that the explanatory contribution of the independent variables is relatively limited. When appropriate, the adjusted R^2 may also be considered to account for the number of predictors included in the regression model.

Hypothesis Testing (t-Test)

The t-test is conducted to assess the individual effect of each independent variable on the dependent variable while controlling for the other variables in the regression model. The hypothesis decision is made using a significance level of 5%. If the significance value (Sig. t) is less than 0.05, H_0 is rejected and H_a is accepted, indicating that the respective independent variable has a statistically significant partial effect on the dependent variable. In contrast, if the Sig. t value exceeds 0.05, H_0 is not rejected, indicating that the corresponding independent variable does not have a statistically significant partial effect on the dependent variable.

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive analysis and frequency distribution of the research model can be seen in table 2 below.

Table 2. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Y	285	-4.01781995	103.0271717	2.657423361	10.89112010
X ₁	285	-17.2656106	222.2049317	7.90717920	23.80199575
X ₂	285	.0027372282	2.392733394	.5463866937	2650184246
X ₃	285	-2.45083371	4.693276892	-.002712535	.3675908455
Valid N (listwise)	285				

Source: Data Processed (2026)

Fraud has a minimum value of -4.01781 and a maximum value of 103.02717, with a mean of 2.65742 and a standard deviation of 10.89112. The relatively large standard deviation indicates substantial variation in the level of fraud among the sampled companies.

Intellectual Capital records a minimum value of -17.26561 and a maximum value of 222.20493. The variable has a mean of 7.90717 and a standard deviation of 23.80199, indicating considerable differences in the intellectual capital of the companies observed during the study period.

Asset Composition ranges from 0.00273 to 2.39273, with an average value of 0.54638 and a standard deviation of 0.26501. The relatively smaller standard deviation suggests that the asset composition of the sampled companies exhibits less variation compared with Intellectual Capital and Fraud.

Financial Performance has a minimum value of -2.45083 and a maximum value of 4.69327. The variable has a mean of -0.00271 and a standard deviation of 0.36759. The negative mean indicates that the average financial performance of the sampled companies was slightly below zero during the observation period.

Normality Test

The normality test was conducted to determine whether the regression residuals were normally distributed. The results of the normality test are presented in Table 3.

Table 3. Normality Test

		Unstandardized Residual
N		285
Normal Parameters ^{a,B}	Mean	.0000
	Std. Deviation	5.113
Most Extreme Differences	Absolute	.301
	Positive	.301
	Negative	-.251
Test Statistic		.301
Asymp. Sig. (2-tailed)		.528 ^c

Source: Data Processed (2026)

Based on the results of the non-parametric One-Sample Kolmogorov–Smirnov (K–S) test presented in the table, the Asymp. Sig. (2-tailed) value is 0.528, which exceeds the significance level of 0.05. Therefore, the data can be considered to be normally distributed, indicating that the normality assumption is satisfied.

Multicollinearity Test

The multicollinearity test was performed to assess whether correlations among the independent variables could affect the regression model. The results are presented in Table 4.

Table 4. Multicollinearity Test

Model	Collinearity Statistics VIF
1 (Constant)	
X ₁	1.012
X ₂	1.011
X ₃	1.002

Source: Data Processed (2026)

The multicollinearity test was conducted to determine whether a strong linear relationship exists among the independent variables in the regression model. The results show that all independent variables Intellectual Capital, Asset Composition, and Financial Performance have tolerance values greater than 0.10 and Variance Inflation Factor (VIF) values below 10. These results indicate that the regression model does not suffer from multicollinearity. Therefore, each independent variable can be appropriately included in the multiple linear regression model without substantial interference from correlations among the predictors.

Multiple Linear Regression Analysis

Multiple linear regression analysis was performed to examine the effect of Intellectual Capital, Asset Composition, and Financial Performance on Fraud. The regression analysis provides information regarding the direction and magnitude of the relationship between each independent variable and Fraud. Based on the regression analysis, the estimated regression model can be presented as follows:

The regression coefficients obtained from the analysis are used to determine whether each independent variable has a positive or negative relationship with Fraud and to evaluate the statistical significance of these relationships.

Table 5. Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.286	.641		2.007	.046
	X ₁	.047	.012	.236	4.051	.110
	X ₂	-.248	1.032	-.014	-.241	.810
	X ₃	-1.198	.741	-.093	-1.616	.107

Source: Data Processed (2026)

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Based on this data, the following equation is obtained:

$$Y = 0,946 + 0,121X_1 - 0,865X_2 - 6,909X_3 + e \quad (9)$$

F-Test

The F-test was conducted to determine whether intellectual capital, asset composition, and financial performance jointly influence fraud. The results of the F-test are presented in Table 6.

Table 6. F-Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3977.328	3	1325.776	50.158	.000 ^b
	Residual	7427.439	281	26.432		
	Total	11404.767	284			

Source: Data Processed (2026)

The F-test results show a significance level of 0.000, which is below the 5% threshold ($\alpha = 0.05$). This finding confirms that Intellectual Capital, Asset Composition, and Financial Performance jointly have a statistically significant relationship with Fraud. Thus, the null hypothesis is rejected, indicating that the three explanatory variables collectively contribute to the regression model in explaining variations in Fraud.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) was examined to assess the extent to which intellectual capital, asset composition, and financial performance explain variations in fraud. The results are presented in Table 7.

Table 7. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.591 ^a	.349	.342	5.141	.816

Source: Data Processed (2026)

The regression model produces an R^2 value of 0.349. This result indicates that Intellectual Capital, Asset Composition, and Financial Performance jointly account for 34.9% of the variation in Fraud. The remaining 65.1% is explained by other determinants that are not incorporated into the current research model. Therefore, the model provides a meaningful, although not comprehensive, explanation of differences in fraud levels across the observed companies.

T-Test and Hypothesis Test

The t-test was conducted to examine the individual effects of intellectual capital, asset composition, and financial performance on fraud. The results were used to evaluate the proposed hypotheses, as presented in Table 8.

Table 8. T-Test and Hypothesis Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.946	.718		1.317	.189
	X1	.121	.013	.454	9.375	.000
	X2	-.865	1.157	-.036	-.747	.456
	X3	-6.909	.831	-.401	-8.315	.000

Source: Data Processed (2026)

The Effect of Intellectual Capital on Fraud

The statistical test reports a significance value of 0.000, which is lower than $\alpha = 0.05$. Accordingly, Intellectual Capital has a statistically significant effect on Fraud, providing empirical support for H_1 .

The Effect of Asset Composition on Fraud

Asset Composition produces a significance value of 0.456, exceeding the 0.05 threshold. This result indicates that Asset Composition does not have a statistically significant effect on Fraud. Therefore, H_2 is not supported by the empirical evidence.

The Effect of Financial Performance on Fraud

Financial Performance yields a significance value of 0.000, which is below the 0.05 significance level. The findings therefore confirm a statistically significant effect of Financial Performance on Fraud, supporting H₃.

Discussion

The Effect of Intellectual Capital on Fraud.

The findings suggest that intellectual capital may be associated with the risk of fraud within a company. Employees with advanced knowledge, specialized skills, and strong competencies may have broader access to corporate data, financial information, and asset management processes. Although these capabilities can enhance organizational performance, they may also create opportunities for certain individuals to manipulate financial statements or misappropriate company assets if adequate control mechanisms are lacking. Furthermore, pressure to maintain financial performance and preserve corporate reputation in the eyes of investors may encourage management to engage in fraudulent practices. Therefore, companies should strengthen internal monitoring systems, improve financial reporting transparency, and implement sound corporate governance practices to ensure that intellectual capital is utilized effectively while minimizing potential fraud risks.

These findings are consistent with Musaif & Ghazali (2022), who examined the role of intellectual capital in corporate management and its potential implications for financial information manipulation. The results are also supported by Rakan et al. (2025) and Allo & Rachmawati (2022), who highlighted that inadequate management of intellectual capital may contribute to an increased risk of corporate fraud. Overall, intellectual capital represents not only a strategic resource that can enhance competitive advantage but also a potential source of fraud risk when it is not accompanied by effective internal controls and appropriate oversight mechanisms. Accordingly, companies should establish robust governance frameworks to ensure that employees' knowledge, skills, and competencies contribute to organizational value creation without compromising the integrity of financial reporting and asset management.

The Effect of Asset Composition on Fraud

The findings suggest that a high proportion of fixed assets or current assets does not necessarily indicate a greater likelihood of fraud. One possible explanation is that companies have established effective internal control systems to ensure the proper management and safeguarding of their assets. Furthermore, regular internal and external audits may help mitigate opportunities for management to manipulate asset-related financial information. Investors and other external stakeholders may also place greater emphasis on financial performance and corporate governance than on the composition of corporate assets. Consequently, asset composition may not serve as a primary indicator for detecting financial statement fraud among companies in the Consumer Cyclical sector.

These findings are consistent with Antoni (2025), who reported that asset stability and composition do not invariably influence the occurrence of financial statement fraud. Similarly, the studies conducted by Cahyadi et al. (2020) and Widyanti (2018) found that asset composition had no statistically significant effect on fraud, potentially reflecting the presence of adequate monitoring mechanisms for asset management. Taken together, these results suggest that asset composition is not a predominant determinant of financial statement fraud. Therefore, companies should also consider other relevant factors, including financial pressure, corporate governance practices, and the effectiveness of internal control systems, to strengthen fraud prevention efforts.

The Effect of Financial Performance on Fraud

The findings indicate that financial performance is an important factor to consider when assessing the potential risk of fraud within a company. Firms characterized by high profitability, sound liquidity, and a strong capacity to meet their financial obligations may have less incentive to manipulate financial statements. This is because favorable financial conditions can reduce the pressure on management to engage in fraudulent activities to achieve specific financial objectives. Moreover, companies with stronger financial performance may be better positioned to implement effective internal control mechanisms and corporate governance practices, thereby reducing opportunities for fraudulent behavior. Accordingly, maintaining sound financial performance may contribute to fraud prevention and enhance investor confidence in the company.

These findings are consistent with Firman & Pamungkas (2023), who identified a relationship between a company's financial condition and the likelihood of financial statement fraud. Similarly, Rosya et al. (2024) and Ardhiansyah et al. (2019) highlighted that financial pressure arising from poor corporate performance may motivate management to engage in fraudulent activities. Taken together, these findings suggest that stronger financial performance may be associated with a lower likelihood of fraud, as financially stable companies are generally better equipped to sustain their operations and maintain transparency in financial reporting. Nevertheless, the extent to which financial performance influences fraud risk may also depend on other organizational factors, including the effectiveness of internal controls and the quality of corporate governance. Intellectual Capital, Asset Composition, and Financial Performance as Determinants of Fraud in Indonesian Consumer Cyclical Companies (Burhanuddin dan Dini Nur Anisa)

CONCLUSION

This study investigates whether Intellectual Capital, Asset Composition, and Financial Performance influence fraud in Consumer Cyclical companies listed on the Indonesia Stock Exchange over the 2022–2024 period. The results demonstrate that Intellectual Capital has a significant positive relationship with fraud, indicating that the increasing availability of knowledge, expertise, and access to organizational information may create greater opportunities for fraudulent behavior when these resources are not supported by adequate internal controls and governance mechanisms. Meanwhile, Asset Composition is found to have no significant effect on fraud, suggesting that the proportion and structure of company assets do not independently determine the likelihood of fraudulent practices. In contrast, Financial Performance exhibits a significant negative relationship with fraud, indicating that companies with stronger financial performance tend to face a lower risk of fraudulent activities.

These findings emphasize the need for companies to strengthen internal control systems, improve transparency, and implement effective corporate governance in managing intellectual resources and mitigating fraud risk. Maintaining stable financial performance is also important because favorable financial conditions can reduce managerial pressure and the motivation to manipulate financial information. Future studies are encouraged to consider other determinants of fraud, extend the observation period, and examine different industry sectors to obtain more comprehensive evidence regarding the factors associated with corporate fraud.

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