

Financial Fraud Detection with GONE Theory

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Abstract

Background - The creation of corporate value must be carried out with the participation of all parties with a strong responsibility. This value creation must be free from fraud that endangers the company. Financial fraud is an act of fraud that manipulates financial information for a specific purpose. The motivation of fraud perpetrators is a factor that needs to be further analysed to prevent fraud.

Purpose - The objective of this research is to determine detection of financial fraud with a model developed from the GONE theory. The GONE theory categorizes fraud contributions into four aspects, namely Greed, Opportunity, Need, and Exposure.

methodology - Secondary data from the annual reports of publicly listed companies in the technology sector in Indonesia with a total sampling of 235 companies, analysed by the SEM-PLS method to determine the complexity of the relationship between a construct and other constructs, as well as the relationship between a construct and its indicators. The structural model (inner model) and measurement model (outer model) are combined to construct the model.

Findings - The results show that GONE theory can be used to detect financial statement fraud.

Originality - This study examines financial statement fraud using the GONE theory which is still poorly researched. This study develops a research model and uses measurements that are different from previous similar studies.

Keywords: exposure, fraud, greed, need, opportunity
