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Financial Statement Detection with Hexagon Models in Indonesia's Sharia Market

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Abstract**—** *Fraud is a deliberate act by one or more individuals in management or parties responsible for corporate governance. Fraud becomes a dynamic process that involves many layers and seeps into business practices and fraudsters are constantly creating new schemes to deceive people and hide their tracks. Over time, fraud detection has developed, one of the models used, namely fraud hexagon, developed by Vousinas (2019). This study aims to detect the effect of the hexagon model financial statement fraud. The sample in this study is a company listed on the Jakarta Islamic Index 30 (JII 30) which has consistently entered for the last ten years (2015-2021) and determined using the purposive sampling method. According to certain criteria as many as 35 samples for the last seven years. The hypothesis in this study is tested by logistic regression analysis. The results of this study find that financial stability, personal financial need, external pressure, capability, opportunity, nature of industry, effective monitoring, rationalization, ego, and collusion have no effect on financial statement fraud.*

Keywords**—** *Financial Statement Fraud, Fraud Hexagon Model, M-Score Model, Jakarta Islamic Index 30.*

I. INTRODUCTION

Islamic finance has developed in recent years, Indonesia is one of the two Asian countries that actively promote Islamic capital markets with a sizeable Muslim population (Budiono, 2017). The market is a place where people gather to exchange ownership of services or goods for money. The emergence of institutions that support the economy in Indonesia.

Companies in Indonesia began to develop their business and splashed in the sharia market. According to the Indonesian Fraud Survey (SFI) based on the 2016 Report to The Nations (RTTN) published by the Association of Certified Fraud Examiners (ACFE) there were 229 fraud cases consisting of 178 cases of corruption, 41 cases of misuse of organizational assets, 10 cases of financial statement fraud. Corruption cases experience a total loss of IDR 100 million to IDR 500 million with the highest amount reaching IDR 5 billion. This is almost the same as in cases of misuse of assets with a percentage of 19%. Financial statement fraud cases although with a small percentage of 4%, but the losses caused are above 10 billion rupiahs. Sources of fraud disclosure can come from employees, anonymous, customers, others, competitors, suppliers, and shareholders. Losses due to fraud are IDR 500 million to IDR 1 billion (ACFE, 2016).

The development of fraud detection can use various models. Each model has elements that from the first model are developed and then increase in elements as the model evolves. In the hexagon Fraud model, there are six elements consisting of pressure, ability, opportunity, rationalization, ego, and collusion (Vousinas, 2019). Fraud hexagon model is the result of refinement of previous fraud crimes, and 5% combine all three into one scheme.

Islamic capital market instruments are different from conventional capital market instruments. A number of sharia instruments in the capital market have been introduced to the public. Shares that meet sharia criteria are shares issued by companies engaged in sharia-compliant businesses. Capital market instruments traded in conventional capital market 9 are securities such as stocks, bonds (Kasmir, 2004: 195-198) and derivative instruments (derivatives) such as options, warrants, and mutual funds (Sholahuddin, 2004). Sharia index is an index based on the principles of Islamic law. Stocks included in the sharia index are issuers whose business activities do not contradict Islam. The Islamic capital market must actually be free from unethical and moral transactions, such as insider trading and short selling. Ideally, the Islamic capital market does not contain transactions of ribawi, gharar and shares of companies engaged in types of businesses that are not prohibited by sharia (Sholahuddin, 2004).

II. LITERATURE REVIEW & HYPOTHESIS

Agency Theory

According to agency theory, relationships between shareholders who contract with management to hire and assign their decision-making duties to others (agents) result in agency relations (Jensen and Meckling, 1976). Management must be accountable for all work completed on behalf of the shareholders as a contracting agent (principal). The interests of shareholders and management can occasionally diverge, according to some, which can lead to some issues.

Agency theory, explains that agency relations develop among shareholders (principals) who enter into contracts with management to employ and delegate their responsibilities in decision-making to others (agents). As a contracting agent, management must also be responsible for all the work done by the shareholders (principal). However, some argue that the interests of management and shareholders are sometimes not in line, and it will cause a few problems.

Financial Statement Fraud

Fraud is a deliberate violation of the law that is committed by filing false or inaccurate reports to gain individual or group benefits and disclosing them to third parties (ACFE, 2022). Financial statement fraud is an intentional or unintentional act

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or activity that affects financial statements and can make it challenging for people who use that information to make decisions and policies that affect the economy.

Financial statement fraud occurs because of someone's actions on their intelligence in assembling financial statements. Presentation of financial statements that do not carry out based on the procedures listed in the statement of financial accounting standards (Nadziliyah and Primasari, 2022).

In the RTTN (2022), fraud with non-cash schemes and those related to checks has a percentage of 20% and 10% respectively. Implicitly it can be said that this reconciliation process is also a method that is also needed to detect fraud.

Beneish M-Score Model is a mathematical model used to detect fraud that occurs in financial transactions (Mehta and Bhavani, 2017; Tarjo and Herawati, 2015). Roxas (2011), and Ugochukwu, Emma, and Azubuike (2013) state that a Beneish model is a tool (Lotfi and Chadegani 2017). There are eight ratios used by Beneish (Kartikasari and Irianto, 2000), namely Days' Sales In Receivables Index (DSRI), Gross Margin Index (GMI), Assets Quality Index (AQI), Sales Growth Index (SGI), Depreciation Index (DEPI), Sales General and Administrative Expenses Index General and Administration (SGAI), Leverage Index (LVGI), Total Accrual to Total Assets (TATA).

Fraud Hexagon Model

The fraud hexagon model is a theory that explains why a particular business or party commits fraud. This theory began with the fraud triangle or usually known as Cressey's Theory by Donald R. Cressey in 1953. Cressey's model was updated by David Wolfe and Dana Hermanson in 2004 to include a new component that gave rise to the term diamond fraud. Pentagon fraud is created when the arrogance component of diamond fraud is added. The pentagon fraud theory was subsequently developed from this hypothesis, with addition of collusion by Vousinas (2019). According to (Vousinas, 2019), the S.C.O.R.E model consists of six components.

A. Pressure

The pressure to commit fraud is called stimulus, and it can be both financial and non-financial. When teconomy is in a slump and employers are under pressure to meet business goals while also cutting costs due to tighter budgets, the chances of fraud become significantly higher. According to Cressey, pressure is the first leg of the fraud triangle. Pressure can be seen from several factors, namely:

1. Financial Stability

Financial stability is a state to find out whether the company's financial state is stable or not, look at its financial stability. According to Skousen and Twedt (2009), this can be measured by examining changes in a company's total assets over time. Rahma dan Sari, (2023); Septiningrum and Mutmainah (2022) in their research revealed that the financial stability variable has a positive effect on financial statement fraud. From this explanation, the first hypothesis can be proposed as follows.

H1: financial stability affects financial statement fraud.

2. Personal Financial Need

Personal financial need is a condition where is company's finances are also influenced by financial condition of company executives. According to Beasley (1996), COSO (1999), and Dunn (2004), when executives have a sizable financial share in company, the company's financial performance by jeopardizes their financial situation. Research conducted by Sari and Nugroho (2020); Skousen and Twedt (2009) shows that the percentage of stock ownership by insiders has a positive effect on financial statement fraud. From this explanation, the second hypothesis can be proposed as follows.

H2: Personal financial need affects financial statement fraud.

3. External Pressure

Pressure from external parties will cause management to seek loans from other parties that makes the company can compete competitively. This pressure will be a trigger for management to engineering the company's financial statements (Aprilia, 2017). It is common knowledge that sources of external pressure include the capacity to meet exchange listing requirements, repay debt, or fulfill debt agreements. Vermeer (2003); Press and Weintrop (1990) report that managers are more likely to rely on dubious discretionary accruals when faced with a breach of debt agreements. Tarjo, Anggono and Sakti (2021); Imtikhani and Sukirman (2021) who prove that external pressure has a significant effect on financial statement fraud. From this explanation, the third hypothesis can be proposed as follows.

H3: External pressure affects financial statement fraud.

4. Financial Target

Financial targets are risks due to strong pressure on management in achieving financial targets based on management provisions in achieving financial targets based on provisions from management or from directors including the determination of bonuses and incentives that will be received by employees (Jannah, Andreas, and Rasuli, 2021). This explanation is supported by the results of research conducted by Mardeliani, Sudrajat, and Alvia (2022); Ainiyah and Effendi (2022) which shows that there is an influence of financial target on financial statement fraud. From this explanation, the fourth hypothesis can be proposed as follows.

H4: Financial target affects financial statement fraud.

B. Capability

Capability is a quality or character and skill possessed by a person and is very important in determining whether fraud will occur in the face of pressure, opportunity, and justification (Vousinas 2019). The right person with the right skills who applies the details of the scam won't be able to commit much fraud. The right person with the right skills who applies details of the scam won't be able to commit much fraud, especially some multibillion-dollar financial statement scams.

Opportunities knock on doors, and encouragement and justification persuade would be fraudsters to walk through open doors, but the person must also be able to do. Individual personality traits and abilities influence likelihood of fraud (Wolfe and Hermanson, 2004). This explanation is supported by the results of research conducted by Mardeliani, Sudrajat, and Alvia (2022) which shows the influence of capability on

financial statement fraud. From this explanation, the fifth hypothesis can be proposed as follows.
H5: Capability affects financial statement fraud.

C. Opportunity

Opportunity is the ability to commit fraud or fraud. The fraudster thinks that he can plan and commit perpetrator acts without being detected. It should be noted that opportunities are not necessarily real. Instead, perpetrators must believe that they exist. The standing and authority of people within a company also provide opportunities, according to studies on fraud.

Opportunity begins to appear when there is a weakness in the internal control system in the company (Hall, 2011). Companies with weak internal control systems will have many loopholes that become opportunities for management to regulate transactions, especially financial transactions as presented in financial statements (Sari and Nugroho, 2020). Opportunities can be reviewed in the following factors:

1. *Nature of Industry*

Nature of industry is the ideal state of an enterprise in the industry. This situation can be measured using accounts receivable on financial statements. Several frauds on financial statements involve receivables and inventory (Loebbecke, Eining, and Willingham, 1989). This explanation is supported by the results of research conducted by Sari and Nugroho (2020); Khamainy, Hidayatullah, Amalia, Cakranegara, and Andi (2022) which shows the nature of industry on financial statement fraud. From this explanation, the sixth hypothesis can be proposed as follows.
H6: The nature of the industry affects financial statement fraud.

2. *Effective Monitoring*

Effective monitoring is effective supervision carried out by companies to monitor the performance of company management effectively, supervisory units must function properly (Skousen, Smith, and Wright, 2009). In improving the effectiveness of supervision, the company includes an independent board of commissioners to perform supervisory functions within the board of commissioners.

This explanation is supported by the results of research conducted by Vidella and Afiah (2020) proves that effective monitoring has a significant effect on financial statement fraud. Based on this description, the following hypothesis is proposed.
H7: Effective monitoring affects financial statement fraud.

D. Rationalization

Rationalization is a justification for fraud committed by perpetrators. Many fraudsters do not view themselves as criminals but rather as ordinary people who are morally honest, they must develop arguments to justify their choice to commit fraud. Perpetrators consider that the fraudulent actions they commit are not an offense (Siddiq, Achyani, and Zulfikar 2017).

According to Skousen and Twedt (2009), the variable ratio of total accrual can be used to describe rationalization related to the use of the accrual principle by management. Research by Akbar, Zakaria, and Prihatni (2022); Shiddiq, Sihombing, Samuel, and Rahardjo (2014) proves that rationalization has a significant effecton financial statement fraud. Based on this description, the following hypothesis was proposed.
H8: Rationalization affects financial statement fraud.

E. Arrogance

Arrogance is an attitude of superiority or greed of people who believe that internal control does not apply personally (Crowe, 2012). Arrogance can trigger financial statement fraud by using and utilizing the authority they have. Any internal control system cannot limit the actions and behavior of a CEO because of the power possessed (Siddiq, Achyani, and Zulfikar, 2017). This explanation is supported by research by Rahma and Sari (2023) stating that the frequency numbers of CEO pictures affect financial statement fraud. Similarly, research conducted by Siddiq, Achyani, and Zulfikar (2017) states that a frequent number of CEO's pictures has a positive and significant effect on the perpetrator's financial reporting. Based on this description, the following hypothesis is proposed.
H9: Arrogance affects financial statement fraud.

F. Collusion

Collusion or collusion is a term that refers to an agreement in which a deceptive agreement between two or more people, for one party to take action against the other party for evil purposes (Vousinas, 2019). ACFE (2022) shows that almost half of the cases that have been examined involve many perpetrators colluding with each other to commit fraud. Research by Sari and Nugroho (2020); Sasongko and Wijayantika (2019) proves that collusion has a significant effect on financial statement fraud, based on this description, the following hypothesis is proposed.

H10: Collusion affects financial statement fraud.

III. METHODOLOGY

This research is quantitative study. Data is presented in the form of numbers related to research variables. The population in this study use sharia companies registered in the Jakarta Islamic Index 30 (JII 30) for the 2015-2021 period, with financial statements that have been audited meet the criteria. Some of the criteria are: (1) Companies listed on the Jakarta Islamic Index 30 (JII 30) have consistently entered for the last ten years. (2) JII 30 companies that published annual reports during 2015-2021.

This research uses secondary data sources, namely existing data registered on the Jakarta Islamic Index 30 (JII 30) which can be accessed through the official website of idx shari'ah.

Measurement

Beneish M-Score Model is a mathematical model used to detect fraud that occurs in financial transactions (Sari and Nugroho, 2020)

1. Days' Sales in Receivable Index (DSIR)

$$DSR = \frac{\left(\text{Receivable}\frac{t}{\text{Sales}}t\right)}{(\text{Receivable } t-1/\text{Sales } t-1)}$$

2. Gross Margin Index (GMI)

$$GMI = \frac{(\text{Sales } t-1-\text{COGS } T-1)/Sales\ t-1}{(\text{Sales } t-\text{COGS } t)/\text{Sales } t}$$

3. Asset Quality Index (AQI)

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$$AQI = \frac{(1-((\text{Current Asset } t+\text{PPE } t)/\text{Total Asset } t))}{(1-((\text{Current Asset } t-1+\text{PPE } t-1)/\text{Total Asset } t-1))}$$

4. Sales Growth Index (SGI)
$$SGI = \frac{Sales\ t}{Sales\ t-1}$$
5. Depreciation Index (DEPI)
$$DEPI = \frac{(\text{Depreciation } t-1/(\text{Depreciation } t-1+\text{PPE } t-1)}{(\text{Depreciation } t/(\text{Depreciation } t+\text{PPE } T))}$$
6. Sales General and Administrative Expense Index (SGAI)
$$SGAI = \frac{(\text{SGA expenses } t/\text{Sales } t)}{(\text{SGA expenses } t-1/\text{Sales } t-1)}$$
7. Leverage Index
$$LEVI = \frac{((\text{LTD } t+\text{Current Liabilities } t)/\text{Total Assets } t)}{((\text{LTD } t-1+\text{Current Liabilities } t-1)/\text{Total Assets } t-1)}$$
8. Total Accruals to Total Assets Index (TATA)
$$TATA = \frac{(\text{Income before Extraordinary Item } t-\text{Operating Cash Flow } t)}{\text{Total Assets}}$$

It will be recalculated using the following formula based on the results of the calculation using the eight indices above:

M = -4,84 + 0,920*DSR + 0,528*GMI + 0,404*AQI + 0,892*SGI + 0,115*DEPI – 0,172*SGAI + 4,679*TATA – 0,327*LEVI

The Beneish M-Score model will detect the company's financial statement fraud, if the Beneish M-Score is higher than -2.22. The company detects fraud on the financial statements, will be given a score 1, while if it is not will be given a score 0.

Measurement of Fraud Hexagon Variables

Financial Stability (FS) is used to determine the size of assets in a company (Beasley, Carcello, and Hermanson, 2000). With the following formula:

$$FS = \frac{\text{Total Assets}_{(t)} - \text{Total Assets}_{(t-1)}}{\text{Total Assets}_{(t)}}$$

Personal Financial Need (PFN) is useful for calculating personal finances that may be threatened due to the company's financial performance (Skousen and Twedt, 2009). With the following formula:

$$PFN = \frac{\text{Number of Manajerial Shares}}{\text{Total Number of Shares}}$$

External Pressure (EP) is useful for calculating external financing that does not only depend on cash (Skousen and Twedt, 2009). With the following formula:

$$EP = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Financial Target (FT) is used in assessing managers' performance and in determining bonuses, and wage increases (Skousen and Twedt, 2009). With the following formula:

$$FT = \frac{\text{Net Profit}}{\text{Total Assets}}$$

Capability (CY) is used to calculate board turnover (Wolfe and Hermanson, 2004). Code 1, if there is a change of directors during 2015-2021, and if it does not occur it is filled in Code 0.

Nature of Industry (NOI) is used to estimate bad debts as well as inventories (Skousen and Twedt, 2009). With the following formula:

$$NOI = \frac{\text{Receivable}}{\text{Sales}} - \frac{\text{Receivable}_{(t-1)}}{\text{Sales}_{(t-1)}}$$

Effective Monitoring (EM) is used to determine the consistency of the number of existing boards of commissioners (Skousen and Twedt, 2009). With the following formula:

$$EM = \frac{\text{Number of Independent Commissioners}}{\text{Total Board of Commissioners}}$$

Rationalization (RN) is used to determine changes in auditors (Skousen and Twedt, 2009). Code 1, if there is a change in the Public Accounting Firm during 2015-2021, and if does not occur it is filled in Code 0.

Ego/Arrogance (EG) is an attitude of superiority and entitlement or greed on the part of a person who believes that internal controls simply do not personally apply and used to view profiling views (Crowe, 2011). The number of CEO images present in the annual report during 2015-2021.

Collusion (CN) is used to determine the company's cooperation with outside projects (Vousinas, 2019). Code 1, if the company cooperates with government projects during 2015-2021, and if does not occur it is filled in Code 0.

Data Analysis Technique

Financial statement fraud is included in the dummy variable, logistic regression is used. The regression model is as follows:

$FSF = a + b_1FS + b_2PFN + b_3EP + b_4FT + b_5CY + b_6NOI + b_7EM + b_8RN + b_9EG + b_{10}CN + e$

IV. RESULT AND DISCUSSION

Companies included in the Jakarta Islamic Index 30 have consistently entered over the last 10 years amounting to seven companies. After calculating with Beneish M-Score, five companies are not indicated to has fraudulent financial statement. Based on these criteria, 35 companies are selected as samples.

TABLE I. Hosmer and Lemeshow's

Chi-Square	df	Sig.
1.185	7	.991

Overall Model Fit	
-2 Log Likelihood Block N = 0	-2 Log Likelihood Block N = 1
41.879	14.128

Coefficient of Determination		
-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
14.218	.546	.783

Source: data processed, 2023

Research models can be used and fit the data, as evidenced by Hosmer and Lemeshow showing goodness from the match test results, which show a chi-square value of 1.185 and a significant value of 0.991 (less than 0.05). The -2Log Likelihood value in Block 1 is 14.128 lower than the -2Log Likelihood value in Block 0 is 41.879 that support this finding. Because this model is believed to fit data, there is a decrease of -2 logs the possibility of showing positive developments. The Nagelkerke Rsquare coefficient of determination is 0.783 which indicates that the variability of each hexagon model of fraud factors can explain financial statement fraud by 78.3%, the remaining 21.7% is explained by other factors.

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Hypothesis Testing

TABLE II. Hypothesis Test Result

Variable	Significant	Decision
Financial Stability	0.255	H1 Rejected
Personal Financial Need	0.950	H2 Rejected
External Pressure	0.675	H3 Rejected
Financial Target	0.353	H4 Rejected
Capability	0.343	H5 Rejected
Nature of Industry	0.864	H6 Rejected
Effective Monitoring	0.490	H7 Rejected
Arrogance	0.272	H9 Rejected
Collusion	0.143	H10 Rejected

Source: data processed, 2023

The Islamic capital market must actually be free from unethical and moral transactions, such as insider trading and shrot selling. According to al-Habsyi (stated by Sholahuddin, 2004) ideally the Islamic capital market does not contain ribawi, gharar and shares of companies engaged in types of businesses that are not prohibited by sharia. The Islamic capital market must dispose of every transaction that contains elements of speculation. This is what distinguishes it from the conventional capital market which is one way to get profits by using speculation. Therefore, there is no fraud in the Islamic market, actually.

Table two findings for the financial stability test with a significance score of 0.255 over 10% (0.255<0.1) indicate that H1 is rejected, meaning that financial stability does not affect on financial statement fraud. The findings of this study support Ainiyah and Effendi (2022); Sagala and Siagian (2021), but have not supported Rahma and Sari, (2023); Septiningrum and Mutmainah (2022). This study shows that prudent asset management maintains financial stability.

The results of the personal financial need test obtained a significance value of 0.950, which is more than 10% (0.950>0.1), and H2 is rejected, meaning that personal financial need does not affect on financial statement fraud. This research is in line with Duffin and Djohan (2022); Rahma and Sari (2023), but have not supported Sari and Nugroho (2020); Skousen and Twedt (2009). With little or no share ownership of individual management, this does not result in managerial parties committing fraud in the financial statements because there are restrictions on rights or ownership in following with applicable regulations.

If the external pressure test results show a significance value of 0.675 greater than 10% (0.675>0.1), then H3 is rejected. This means that external pressure does not affect financial statement fraud. These results support Mardeliani, Sudrajat, and Alvia (2022); Rahma and Sari (2023), but not supported research by Tarjo, Anggono and Sakti (2021); Imtikhani and Sukirman (2021) who prove that external pressure has a significant effect on financial statement fraud. That explains the company can fulfill its obligations without pressure.

H4 is rejected and demonstrates that the financial target does not affect on financial statement fraud when the results of the financial target test show a significance value of 0.353, which is greater than 10% (0.353 > 0.1). The findings of this study lend credence to Handoko (2021); Rahma and Sari (2023), but not supported by Mardeliani, Sudrajat, and Alvia (2022); Ainiyah and Effendi (2022). Because the size of the target is still within a reasonable and attainable range, it will not have an impact on management's choice to engage in financial reporting fraud.

If H5 is rejected and the capability does not affect on financial statement fraud, the results of the capability test had a significance value of 0.343, which is greater than 10% (0.343>0.1). The findings of this study are consistent with those of Handoko (2021); Rahma, and Sari (2023) but not supported by Mardeliani, Sudrajat, and Alvia (2022). The fact that there hasn't been a change in the board of directors shows that the company still has the current directors, whose abilities and performance keep the company in good shape.

The results of the nature of industry test obtained a significance value of 0.864 which is greater than 10% (0.864>0.1), then H6 is rejected and the nature of industry does not affect on financial statement fraud. The results of this study are the same as Rahma and Sari, (2023), but inversely proportional to the results of Sari and Nugroho (2020); Khamainy, Hidayatullah, Amalia, Cakranegara, and Andi (2022). A decrease in receivables in a company will indicate that the company is in good condition because a decrease in receivables will increase the cash that the company can use for other operational activities.

The results of effective monitoring testing obtained a significance value of 0.490 which is greater than 10% (0.916>0.1), then H7 is rejected and effective monitoring does not affect on financial statement fraud. The results of this study support Rahma and Sari (2023); Sari and Nugroho, (2020) but not supported by Vidella and Afiah (2020). Effective supervision carried out by several independent commissioners on management is less noticed because management pays more attention to the effectiveness of its performance.

There is no rationalization test result, then H8 is rejected and rationalization does not affect on financial statement fraud. The results of this study are in following with the research of Rahma and Sari (2023); Larum, Zuhroh, and Subiyantoro (2021) but not supported by Akbar, Zakaria, and Prihatni (2022); Shiddiq, Sihombing, Samuel, and Rahardjo (2014). That audits are not carried out regularly because managers believe that audits will not commit fraud on financial statements because the company has strong internal controls, and also because management believes that all actions taken are not fraudulent because it has become their obligation work.

H9 is rejected when the arrogance test results had a significance value of 0.272, which is greater than 10% (0.272>0.1). This means that arrogance does not affect financial statement fraud. Results of this study are in following with the research of Ainiyah and Effendi (2022) but not supported by Rahma and Sari (2023); Siddiq, Achyani, and Zulfikar (2017). The CEO in the company who feels that he holds all internal control because he feels he has a high position does not ego the sheer number of CEOs featured in the company's annual report.

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The results of the collusion test obtained a significance value of 0.143 which is greater than 10% (0.143>0.1), then H10 is rejected and collusion does not affect on financial statement fraud. This study supports the research of Rahma and Sari, (2023), but not supported by Sari and Nugroho (2020); Sasongko and Wijayantika (2019) research. Cooperation with government projects will not lead to corporate attempts to commit fraud on financial statements. In general, companies that cooperate with government projects improve the quality of their products.

V. CONCLUSION

The results of this study show that there is no element of Hexagon Fraud Model that describe the financial statement fraud practice in Indonesian sharia market. The results of this study giving proves that companies listed in the Islamic market are guaranteed to be safe and trusted with Islamic law. By considering the majority of Indonesia's Muslim community, investors can make this sharia market a place to invest and transact safely because there is no fraud in financial statements in sharia-registered companies. The existence of the Islamic market is very useful in the economy to encourage Muslim business practitioners in the capital market in accordance with sharia. The economic development of a country is also impossible to be separated from the development of the capital market. In addition, Muslims need a capital market whose activities are in line with sharia principles. Judging from the results of this study, it can be seen that the Islamic market is also able to develop and also all policy makers and also the public can comfortably transact in the Islamic market.

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