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CEO Characteristics and Corporate Governance: Who Can Prevent Financial Statement Fraud?

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ABSTRACT: Financial statement fraud poses a severe danger to public trust and the accuracy of financial statistics, especially in state-owned enterprises (SOEs) where corporate resources are tightly linked to the public interest. Financial reporting fraud has a much larger financial impact than other types of fraud, despite being the least common, according to ACFE data, making effective preventive measures essential. Prior studies have demonstrated that, in addition to internal control flaws, false financial reporting is influenced by the traits of senior executives and the efficiency of corporate governance. The findings show that CEO age has a positive and significant influence on financial statement fraud. In addition, the proportion of women on the audit committee has a negative and significant influences on financial statement fraud. Meanwhile, CEO gender, CEO education level, and the proportion of female board commissioners do not have a significant influence on financial statement fraud. These findings suggest that, in the context of SOEs, individual CEO traits and particular governance, namely CEO age and audit committee gender diversity, are more important in reducing financial statement fraud than other governance features.

KEYWORDS: Financial Statement Fraud, CEO Characteristics, Corporate Governance, Beneish M-Score, State-Owned Enterprises

I. INTRODUCTION

Financial statement fraud is a form of corporate fraud that has a significant impact on the reliability of accounting information and stakeholder confidence. This practice is generally carried out through the manipulation of accounting figures with the aim of presenting a picture of the company's financial condition that does not reflect the actual situation (Azizah et al., 2020) (Ambarwati et al., 2024) (Azizah & Fujianti, 2024) (Azizah, Fredy, & Zoebaedi, 2022) (Azizah, Fredy, & Wahyoeni, 2022). Based on the 2023 Occupational Fraud report published by IIA Indonesia and ACFE Indonesia Chapter (2023), When compared to other types of fraud, financial statement fraud has the largest lost value, even though its frequency is relatively lower. This condition shows that financial statement fraud is an issue that needs serious attention (Azizah, Andamari, et al., 2024) (Azizah, 2024a) (Azizah, Murni, & Utami, 2022) (Azizah, 2024b).

Financial statement fraud does not only occur in private companies, but is also found in state-owned enterprises (SOEs), most of whose capital comes from the state, so that the management of these companies involves the public interest. Therefore, transparency and accountability in financial reporting are very important (Azizah, Sudarmaji, et al., 2024). Thus, the practice of financial statement fraud in SOEs has the potential to cause a wider impact.

Fraudulent practices in financial reports such as this arise not only because of weaknesses in internal controls, but are also influenced by the behavior of managers (Azizah, 2017a) (Azizah, 2017b), especially at the highest level of leadership (Majid et al., 2020), the Chief Executive Officer (CEO). Based on Upper Echelon Theory (Hambrick and Mason, 1984), it is stated that the characteristics of top executives or Chief Executive Officers (CEOs), such as age, gender, and education level, can influence company policies and decision-making related to financial reporting.

Several studies conducted in Indonesia show that CEO characteristics influence strategic decisions and reporting policies. For example, Preicilia et al. (2022) found if CEO education influences financial statement fraud. These findings indicate that variations in CEO characteristics can influence reporting and the potential for financial statement fraud. In addition to the characteristics of the CEO, governance as a supervisory function also plays an important role in preventin g fraud. Governance as a means of supervision functions well to ensure that management decisions are in accordance with the principles of transparency and accountability (Fujianti et al., 2024) (Cahyo et al., 2022) (Muhyidin et al., 2021). The oversight mechanisms implemented by the board of commissioners and the audit committee are crucial to the effective implementation of governance, as they serve to ensure management's compliance with the principles of accountability and transparency (Imelda, et al., 2025); (KNKG, 2021).

The supervisory performance of these two organs is generally assessed through various governance characteristics that reflect the level of independence and diversity within the supervisory structure. Gender diversity in the board of commissioners is also considered to be able to increase the effectiveness of supervision. Gender Socialization Theory states that gender roles and socialization processes determine a person's behavior from an early age. Families influenced by parental upbringing teach girls to instill moral values and gentleness (Dawson, 1992). Boys, on the other hand, are more likely to be trained to be fearless, which influences their decision-making and reasoning abilities.

Women are typically more cautious, meticulous in their observations, and risk-averse (Azizah et al., 2019). This plays a role in detecting possible fraud in financial reports. On the other hand, men exhibit different behavior from women. They are less sensitive in detecting possible fraud in financial reports due to their tendency to be careless and risk-taking (Prasetiyo and Harto, 2023).

Studies conducted by Tanjaya and Kwarto (2022) and Mappadang and Bernadine (2024) show how the presence of women on the board of commissioners can lower the likelihood of financial statement fraud. Therefore, this study uses the proportion of female board commisioner to the total number of board members as an indicator to assess good governance. Meanwhile, the proportion of female audit committee members to the total audit committee is also beginning to receive more attention.

Research by Prasetiyo and Harto (2023) concluded that the more diverse the gender of women on the audit committee, the lower the chance of financial statement fraud. According to these findings, the characteristics of the board of commissioners and audit committee that reflect independence and gender diversity have the potential to strengthen the supervisory mechanism, thereby reducing the possibility of financial statement fraud in non-financial SOEs. According to the above description, the purpose of this study is to examine the effect negative of CEO characteristics and corporate governance on financial statement fraud in state-owned firms listed on the Indonesia Stock Exchange.

II. LITERATUR REVIEW

Agency Theory

Agency theory describes the relationship between the principle (owner) and the agent (management) Jensen and Meckling (1976). In this relationship, the principal (owner) gives authority to manage the company to the agent (manager), but differences in interests between the owner and the manager can lead to agency conflicts. Compared to the owners, managers are more informed about the state of the condition company, which gives managers the potential to act in their own interests, such as manipulating financial reports to obtain certain benefits. Given the possibility of conflict in the agency relationship, effective monitoring and control mechanisms are needed to guarantee that managers behave in the owners' best interests. In addition, governance plays an important role as a control system to guarantee that managers behave in the best interests of owners through the board of commissioners and the audit committee.

According to the Komite Nasional Kebijakan Governansi (2021), The commissioners' board is in charge of reviewing, advising, and endorsing the company's both short-term and long-term financial and commercial plans. In addition, the board of commissioners provides advice and monitors the board of directors on the implementation of these plans. Meanwhile, the audit committee is in charge of reviewing interim financial reports that will be published. Thus, agency theory provides a theoretical basis about conflicts of interest and information asymmetry between managers and owners can encourage opportunistic behavior, including financial statement manipulation. By implementing good governance, such behavior can be controlled and reduced the potential for financial statement minimized.

Upper Echelons Theory

Hambrick and Mason (1984) first proposed the Upper Echelons theory, which explains that most of the results of an organization, both in terms of overall performance and strategic decisions, are a reflection of the values, experiences, and thinking abilities of top managers, especially the Chief Executive Officer (CEO). In other words, organizations act through the perspectives and interpretations of their highest leaders, because each leader brings different values, perceptions, and pers onal views to strategic decision-making.

When viewed, from the standpoint of CEO characteristics, this theory claims that differences among individuals who become top leaders will result in differences in their leadership styles and decision-making. CEO characteristics like gender, age, and level of education influence how a CEO views the risk of financial statement fraud and makes strategic decisions. For example, younger CEOs tend to be more ambitious and courageous, so they are more likely to take risks, including manipulating financial statements to make the company look better.

Conversely, older and more experienced CEOs are usually extra cautious in choosing decisions and consider the long-term impact on the company. Thus, Upper Echelons Theory states that financial statement fraud is not only caused by poor control systems but is also influenced by the nature and personal values of company leaders, because decision-making in an organization essentially reflects the personality and experience of the CEO.

Gender Socialization Theory

According to Mason and Mudrack (1996), gender socialization theory describes how people behave in social settings that are impacted by their gender. According to Dawson (1992), parenting patterns since birth will influence disparities between men and women in terms of morality and character. Some parents choose to teach their sons and daughters differently. Parenting styles shape character and influence a person's gender traits and behavior.

Bernard (1982) explains that boys are taught to be brave, which will have an impact on their behavior in making decisions and being more rational. On the other hand, girls are taught to instill moral values of compassion and gentleness, so that th ey become more empathetic, obedient to orders or responsibilities, and tend to avoid risks, making them more ethical than boys (Dawson, 1992).

HYPOTHESIS

1. CEO Age and Financial Statement Fraud

Based on the Upper Echelons Theory (Hambrick and Mason, 1984), CEO age influences decision-making patterns. Older and more experienced CEOs tend to avoid risky actions such as financial statement fraud. Conversely, younger CEOs tend to have greater courage to take risks. In addition, Novita (2019) states that the older a CEO is, the better their ability to control their emotions. This is in line with Hernanda's (2020) research, which found that older CEOs are more cautious in avoiding risks, while younger CEOs tend to be more courageous in taking risks, so that the possibility age of the CEO has a negative influences on the potential for fraudulent financial statement. Therefore, the following hypothesis proposed is:

H1: CEO age negative influences financial statement fraud

2. CEO Gender on Financial Statement Fraud

The way CEOs make strategic decisions for companies is considered to be influenced by their demographics, including their gender. The Upper Echelons Theory (Hambrick and Mason, 1984) argues that differences in individual characteristics, such as gender, can have an impact on management behavior, including financial reporting. In general, CEOs women are often less likely to conduct financial statement fraud since they are more careful than their male counterparts. Several previous studies found that financial report fraud is negatively affected by the CEO's gender (Julianti and Fuad, 2023). This is reinforced by Maula and Rakhman (2018), who found that female CEOs have a negative and significant influences on financial reporting fraud. Therefore, the following hypothesis is put forth:

H2: CEO gender negative influences financial statement fraud

3. CEO Education and Financial Statement Fraud

A CEO's education is an important factor that can influence the way they think, analyze, and make decisions. Higher levels of education are considered in order to enhance comprehension of corporate governance, business ethics, and risk management, resulting in a lower tendency to commit deception using financial report. Preicilia et al. (2022) also argue that CEOs with higher levels of education demonstrate better ability to lead and oversee company business processes. This finding is consistent with the research by Wangi, et al. (2024), which states that CEO education has a significant effect on financial fraud because low CEO education can increase the risk of financial statement fraud due to a lack of knowledge about the financial principles necessary to manage financial statements correctly and transparently. Therefore, the following hypothesis is put forth:

H3: CEO education negative influences financial statement fraud.

4. Proportion of Female Board Commissioners and Financial Statement Fraud

As the primary supervisory body, the board of commissioners is responsible for making sure the business is managed in accordance with good governance principles and preventing irregularities in financial reporting (KNKG, 2021). In carrying out this function, diversity in the board structure is considered to influence the effectiveness of supervision. The proportion of women on the board of commissioners is expected to strengthen the supervisory function over management, thereby reducing the possibility of financial statement fraud. Several studies by Tanjaya and Kwarto (2022) and Mappadang and Bernadine (2024) show that female board members have a negative effect on companies' tendency to commit financial statement fraud and detect financial statement manipulation. This is due to the perception that women are more responsible, independent, and hardworking than men. These findings are supported by research by Julianti and Fuad (2023) that women board of commissioners have a negative influences on financial statement fraud. Therefore, the following hypothesis is put forth:

H4: Proportion of female board commissioners negative influences financial statement fraud.

5. Proportion of Females on The Audit Committees and Financial Statement Fraud

Audit committees are in charge of for accurate financial report, sound internal control, and assessing a company's compliance with applicable accounting regulations and standards (KNKG, 2021). The percentage of women audit committee is also considered important in improving the effectiveness of supervision of the financial reporting procedure. Research by Prasetiyo and Harto (2023) shows that gender diversity in audit committees has a negative influences on the detection of financial statement fraud; the more gender diversity or the more women who are members of the audit committee, the less likely financial statement fraud is to occur. This is reinforced by research by Julianti and Fuad (2023), which states that female audit committees have a negative influences and on financial statement fraud. Therefore, the following hypothesis is put forth:

H5: Proportion of females on the audit committee negative influences financial statement fraud.

III. METHOD

1. Sample and Data

The annual reports and financial statements of state-owned firms (SOEs) registered on the Indonesia Stock Exchange provide secondary data for this quantitative analysis. Quantitative analysis is a type of data analysis that tests hypotheses and establishes correlations between variables using statistical methods and numerical measures. Because the dependent variable in this study is a dummy variable, logistic regression analysis was utilized. As a result, the data testing tool employed in the test was EViews 10. Purposive sampling was used to choose a sample that satisfied the study's requirements. The following criteria were used to choose the study's sample:

1. Non-financial SOEs listed consecutively on the Indonesia Stock Exchange (IDX) during 2022-2024.
2. Companies that published complete audited annual financial reports during 2022-2024.
3. Companies that had complete data required for the study.

2. Operational Variable

Dependendepen Variable

Financial statement fraud is the study's dependent variable (Y). The Beneish M-Score Model, which is used to identify businesses that have a propensity to falsify financial accounts, was utilized to measure the dependent variable in this study. Many researchers, including Rahman (2019) on state-owned companies listed on the Indonesia Stock Exchange (IDX), Amelia and Rahman (2024) on state-owned companies listed on the Indonesia Stock Exchange (IDX), and Sumantri (2024) on state-owned companies listed on the Indonesia Stock Exchange (IDX), have made extensive use of the Beneish M-Score Model. The Beneish M-Score Model can be obtained using the following formula:

M-Score = -4,84 + 0,920DSRI + 0,528GMI + 0,404AQI + 0,892SGI + 0,115DEPI – 0,172SGAI + 4.679TATA – 0,327LVGI

The ratios used to calculate the presence of financial statement fraud using the eight components of the Beneish M-Score Model are as follows:

Tabel 1. Components of the Beneish M-Score Model

No	Components	Measurement
1	Days Sales in Receivables Index (DSRI)	$DSRI = \frac{(\text{Accounts Receivable}_t / \text{Sales}_t)}{(\text{Accounts Receivable}_{t-1} / \text{Sales}_{t-1})}$
2	Gross Margin Index (GMI)	$GMI = \frac{[(\text{Sales}_{t-1} - \text{COGS}_{t-1}) / \text{Sales}_{t-1}]}{[(\text{Sales}_t - \text{COGS}_t) / \text{Sales}_t]}$
3	Asset Quality Index (AQI)	$AQI = \frac{[1 - (\text{Current Assets}_t + \text{PPE}_t) / \text{Total Assets}_t]}{[1 - (\text{Current Assets}_{t-1} + \text{PPE}_{t-1}) / \text{Total Assets}_{t-1}]}$
4	Sales Growth Index (SGI)	$SGI = \frac{\text{Sales}_{t-1}}{\text{Sales}_t}$
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 Expenses Index (SGAI)	$SGAI = \frac{(\text{SGA}_t / \text{Sales}_t)}{(\text{SGA}_{t-1} / \text{Sales}_{t-1})}$
7	Leverage Index (LVGI)	$LVGI = \frac{[(\text{Total Debt}_t / \text{Total Assets}_t)]}{[(\text{Total Debt}_{t-1} / \text{Total Assets}_{t-1})]}$
8	Total Accruals to Total Assets (TATA)	$TATA = \frac{(\text{Operating Profit}_t - \text{Operating Cash Flow}_t)}{\text{Total Assets}_t}$

Financial statement fraud is indicated when a company's Beneish M-Score is higher than -2.22 (>-2.22). On the other hand, a corporation has not engaged in financial statement fraud if its Beneish M-Score is less than -2.22 (<-2.22). Consequently, a corporation receives a score of one (1) if financial statement fraud is suspected, and a score of zero (0) if there are no signs of financial statement fraud.

Independen Variable

The independent variables (X) in this study are CEO characteristics and governance. The first is the CEO's age, which indicates maturity and experience in making decisions because older CEOs are typically more cautious; the second is the CEO's gender, which indicates the gender of the company's chief executive officer. The last factor is the CEO's education level, which shows the degree of competency and strategic understanding. Numerous studies demonstrate that female CEOs are more cautious and less likely to perpetrate fraud. Higher educated CEOs are thought to possess superior leadership and decision-making abilities.

The percentage of female commissioners to help enhance the quality of supervision from a diversity standpoint is the first of the governance variables, and the percentage of female audit committees is the second. The internal audit process is more ethically sensitive and cautious when there are women on the audit committee.

Table 2. Variable Independen Measurement

Definition	Measurement
CEOAGE	age of the CEO in years at the time the financial statements are published
CEOGNDR	1= Female CEO 0= Male CEO
CEOEDU	1= Master's degree 2= Bachelor's degree
PFBC	FBC= $\frac{\text{Number of Female Board of Commissioners}}{\text{Total Proportion of Female Board of Commissioners}}$
PFAC	FBC= $\frac{\text{Number of Female Audit Committee}}{\text{Total Proportion of Female Board of Commissioners}}$

3. Analyst Model

Because the dependent variable in this study financial statement fraud was evaluated as a dummy variable, logistic regression was used for hypothesis testing. Because logistic regression may be used to analyze the relationship between several independent factors and dichotomous dependent variables, it was selected. The following is the formulation of the logistic regression model utilized in this investigation:

$$\text{Ln}\ \frac{FSF}{1-FSF} = a + \beta_1 CEOAGE + \beta_2 CEOGNDR + \beta_3 CEOEDU + \beta_4 PFBC + \beta_5 PFAC + e$$

Explanation:

Ln	= Natural logarithm
FSF	= Financial Statement Fraud (FSF)
β1-β5	= Variable regression coefficient
α	= Constant
CEOAGE	= CEO age
CEOGNDR	= CEO gender
CEOEDU	= CEO education
PFBC	= Proportion of female board commissioner
PFAC	= Proportion of females on the audit committee

IV. RESULT AND DISCUSSION

Table 3. Descriptive Statistic Test

	FSF	CEOAGE	CEOGNDR	CEOEDU	PFBC	PFAC
Mean	0.922222	54.60000	0.066667	0.766667	0.059333	0.153667
Median	1.000000	55.00000	0.000000	1.000000	0.000000	0.000000
Maximum	1.000000	66.00000	1.000000	1.000000	0.330000	0.750000

Minimum	0.000000	37.00000	0.000000	0.000000	0.000000	0.000000
Std. Dev	0.269322	5.776356	0.250841	0.425322	0.100368	0.181891

Source: Data processed with Eviews 12, 2026

Based on Table 3 descriptive statistics, the number of observations used in this study was 90 data. The financial statement fraud (FSF) variable had an average value of 0.92, indicating that some companies in the sample were indicated to have committed financial statement fraud based on the Beneish M-Score measurement. This variable is categorized as a dummy variable since its minimum value is 0 and its maximum value is 1.

The CEO age (CEOAGE) variable has an average value of 54,60 years, with a minimum age of 37 years and a maximum age of 66 years. This indicates that the majority of SOE CEOs in the sample are relatively mature in age. The CEO gender variable (CEOGNDR) has an average value of 0.06, indicating that the proportion of female CEOs in the sample is relatively small compared to male CEOs.

The CEO education level (CEOEDU) has an average value of 0,76, indicating that most CEOs have a high level of education. The proportion of female board commissioner (PFBC) has an average value of 0.05, indicating that the proportion of female on the board of commissioner in the sample companies is still relatively low. Meanwhile, the proportion of female audit committee (PFAC) has an average value of 0.15, indicating that the involvement of female in the audit committees of sample companies is still limited, but relatively higher than on the board of commissioner.

Table 4. Multicollinearity Test

	FSF	CEOAGE	CEOGNDR	CEOEDU	PFBC	PFAC
FSF	1.000000	0.232563	-0.255021	0.134055	-0.118326	-0.152375
CEOAGE	0.232563	1.000000	-0.159744	-0.065857	-0.178183	0.099905
CEOGNDR	-0.255021	-0.159744	1.000000	-0.168505	0.323113	-0.145788
CEOEDU	0.134055	-0.065857	-0.168505	1.000000	0.091070	-0.054174
PFBC	-0.118326	-0.178183	0.323113	0.091070	1.000000	0.011645
PFAC	-0.152375	0.099905	-0.145788	-0.054174	0.011645	1.000000

Source: Data processed with Eviews 12, 2026

Based on Table 4 of the multicollinearity test results, all correlation values between independent variables are below the specified tolerance limit, which is less than 0.80. This indicates that there is no overly strong relationship between the independent variables in the research model. Thus, it can be concluded that the logistic regression model used in this study is free from multicollinearity issues.

Table 5. Hosmer and Lemeshow's Goodness of Fit Test

H-L Statistic	1.6731	Prob. Chi-Sq(8)	0.9894
Andrews Statistic	59.7025	Prob. Chi-Sq(10)	0.0000

Source: Data processed with Eviews 12, 2026

Based on Table 5 of the Hosmer–Lemeshow test results, a Chi-Square probability value of 0.9894 was obtained, which is greater than the significance level of 0.05. These results indicate that there is no significant difference between the values predicted by the model and the actual data values. Thus, it can be concluded that the logistic regression model used in this study has a good level of goodness of fit and is suitable for further analysis.

Table 6. Overall Model Fit Test

Prob(LR statistic)	0.027183

Source: Data processed with Eviews 12, 2026

Based on Table 6 of the Overall Model Fit test results, the Likelihood Ratio (LR) probability value is 0.027183, which is smaller than the significance level of 0.05. These results indicate that simultaneously, the independent variables consisting of CEO characteristics and governance influence financial statement fraud. Thus, the overall research model is declared significant and feasible for use.

Table 7. McFadden R-squared

McFadden R-squared	0.256584

Source: Data processed with Eviews 12, 2026

Based on Table 7, the McFadden R^2 value is 0.256584. This value indicates that the independent variables in this study are ab le to explain approximately 25.66% of the variation in the possibility of financial statement fraud. Meanwhile, the rest is explained by other factors outside the research model. This value can be categorized as quite good for a logistic regression model.

Table 8. Logistic Regression Test and Hypothesis Testing

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-6.258691	4.394062	-1.424352	0.1543
CEOAGE	0.174651	0.084803	2.059497	0.0394*
CEOGNDR	-1.880494	1.436657	-1.308937	0.1906
CEOEDU	1.239358	0.992274	1.249008	0.2117
PFBC	-1.645865	5.083730	-0.323752	0.7461
PFAC	-4.355892	2.281546	-1.909184	0.0562**

Source: Data processed with Eviews 12, 2026

Notes: * significant 5%

** significant 10%

According to Table 8's logistic regression results, the CEO's age (CEOAGE) has a probability value of 0.0394 and a coefficient value of 0.174651. Since this probability value is less than the significance level of 0.05, it can be said that the CEO's age significantly positively influences financial statement fraud. The probability of financial statement fraud increases with the CEO's age, according to a positive coefficient value.

Meanwhile, CEO gender (CEOGNDR) has a probability value of 0.1906 and a coefficient value of −1.880494. Financial statement fraud is not significantly impacted by the gender of the CEO, as this value is higher than the significance level of 0.05. As a result, the second hypothesis (H2) is rejected.

The CEO's education variable (CEOEDU) has a probability value of 0.2117 and a coefficient value of 1.239358. The third hypothesis (H3) is rejected since this finding shows that the CEO's educational attainment has no discernible impact on financial statement fraud.

Additionally, the propotion of female board members (PDKP) has a probability value of 0.7461 and a coefficient value of −1.645865. The fourth hypothesis (H4) is rejected since this finding indicates that the percentage of female board members has no discernible influences on financial statement fraud.

Finally, the Proportion of Women on the Audit Committee (PFAC) variable has a probability value of 0.0530 and a coefficient value of -2.490938. Since this probability value is below the 10% significance level, it may be concluded that PFAC negative significantly the possibility of financial statement fraud. As a result, the fifth hypothesis (H5) is approved.

DISSCOUSSION

CEO Age and Financial Statement Fraud

The study's findings show that, at the 5% significance level, CEO age (CEOAGE) positive significantly influences financial statement fraud. The Upper Echelons Theory, which holds that a company's top management's age and other demographic traits affect the company's strategic decision-making process, is supported by this finding (Hambrick & Mason, 1984). CEO age may have an impact on the CEO's attitude toward risk, including risks associated with financial reporting, since it indicates the degree of experience, maturity of thought, and decision-making habits developed over time.

From a conceptual standpoint, the CEO's age also represents their level of expertise, authority, and influence inside the company. In corporate decision-making, older CEOs typically have a stronger and more powerful position, which may lessen the efficacy of internal oversight procedures. When the CEO has the power to affect the company's accounting procedures and internal control systems, this can lead to opportunistic conduct, such as manipulation or fraudulent financial reporting practice.

The findings of this study contradict Hernanda's (2020) assertion that younger CEOs are more likely to take risks, whereas senior CEOs are more likely to be risk-averse and careful when making decisions. This discrepancy implies that age and experience do not always translate into more conservative conduct, but they can also give CEOs more managerial latitude, especially in organizational settings with little control.

These disparate findings show that the influences of CEO age on financial statement fraud is not uniform and is instead impacted by the institutional environment, sample characteristics, and firm context. This conclusion is supported by a number of studies, including Girau et al. (2019), who discovered that CEO age significantly and favorably influences financial statement fraud. Hadijah (2022), who discovered that younger CEOs are more confidence in their ability to discern between right and wrong behaviors, supports this conclusion.

Overall, these results imply that a CEO's age indicates their degree of dominance and discretion in managerial decision-making, in addition to their experience and maturity. Older CEOs may have more authority and legitimacy in state-owned businesses. This can raise the risk of financial statement fraud if it is not counterbalanced by a robust control structure.

CEO Gender and Financial Statement Fraud

In the CEO gender variable (CEOGNDR), the results show that CEO gender has no significant influences on financial statement fraud. This finding indicates that gender differences in CEO positions cannot explain variations in the level of financial statementc

Although Gender Socialization Theory states that women are typically more cautious, a stronger ethical orientation, and a tendency to avoid risky behavior (Mason & Mudrack, 1996), the study's findings indicate that these characteristics are not strong enough to significantly influence financial reporting practices. This indicates that state-owned enterprises (SOEs), the formal role and responsibilities of the CEO, and the institutional pressures inherent in the position can reduce gender-based behavioral differences.

The findings of this study are not in line with the findings of Julianti and Fuad (2023), that financial statement fraud is negatively impacted by the gender of the CEO. This difference in results shows that the impact of CEO gender on financial statement fraud is contextual and cannot be generalized to all types of companies. Particularly in state-owned companies, the supervisory structure, strict regulations, and applicable governance mechanisms can limit the CEO's room for maneuver, so that gender differences are not significantly reflected in financial reporting behavior.

Conversely, the outcomes of this inquiry align are consistent with the research by Masruroh and Carolina (2021), which states that fraudulent acts are more influenced by opportunities inherent in executive positions than by individual personal characteristics. This study is also in line with Nurdiana and Khusnah (2023) and Insani and Sulhani (2020), they assert that financial statement fraud is not significantly influences by the CEO's gender. These results reinforce the view that both male and female CEOs have the same potential to engage in financial statement fraud if there are opportunities and weaknesses in the oversight system.

Thus, the results of this study show that the gender of the CEO is not a major factor in preventing financial statement fraud. Fraud prevention is determined more by the effectiveness of oversight mechanisms, clear division of authority, and strong internal control systems than by differences in the gender characteristics of a company's top leadership.

CEO Education and Financial Statement Fraud

In the CEO education variable (CEOEDU), the results show that the CEO's level of education has no significant fluences on financial statement fraud. This finding indicates that differences in the formal education levels of CEOs cannot explain the variation in financial statement fraud in state-owned enterprises (SOEs). This shows that a CEO's competence in managing a company and maintaining the quality of financial reporting is not solely determined by their formal education level, but also by their work experience, understanding of business processes, and ability to apply prudence in decision-making. In line with this, Firdaus and Suryandari (2008) state that CEOs with an educational background below the master's level are still capable of managing company activities carefully and responsibly.

The results of this study are not in line with the findings of Preicilia et al. (2022), which state that CEOs with higher levels of education tend to have better abilities in leading companies and overseeing business processes. Furthermore, these findings also differ from the research by Wangi et al. (2024), which concluded that low levels of CEO education can increase the risk of financial statement fraud due to limited understanding of the financial principles required in preparing transparent and accountable financial statements. These differing results indicate that the influence of CEO education on financial statement fraud is not universal and is highly dependent on the context of the company being studied.

However, The study's conclusions align with those of Kusumosari and Solikhah (2021), which show that a high level of CEO education is not always associated with indications of financial statement fraud, because other factors such as the effectiveness of internal control and opportunities available within the organization also influence the risk of fraud. These results are also consistent with the study conducted by Lestari and Henny (2019), which concluded that financial statement fraud is not significantly impacted by CEO education. This reinforces the view that in the context of state-owned enterprises, internal control systems and oversight mechanisms play a more dominant role than the formal educational background of CEOs.

Thus, the outcomes of this research indicate that the CEO's level of education is not a major element that influences the likelihood of financial statement fraud. Instead, the effectiveness of corporate governance, the quality of supervision, and the overall condition of the organization are factors that play a more significant function in reducing the possibility of financial statement fraud in state-owned enterprises (SOEs).

Proportion of Female Board Commisioners and Financial Statement Fraud

Regarding the variable of the proportion of female board commissioners (PFBC), the study’s findings show that the proportion of female board commissioners does not have a significant influences on financial statement fraud. The results of this study indicates that the presence of women in the board structure does not automatically improve the effectiveness of the supervisory function in the company's financial reporting process. In state-owned enterprises (SOEs), the board of commissioners' oversight role is not only determined by gender composition, but also by the role, authority, and working mechanisms of the board in carrying out its supervisory duties.

The study's conclusions are inconsistent with those of Tanjaya and Kwarto (2022) and Mappadang and Bernadine (2024), which state that the presence of women board members has a negative influences on companies' tendency to commit financial statement fraud and can improve the ability to detect financial statement manipulation. This difference in results indicates that the effectiveness of the role of female supervisory board members can vary depending on the organizational context, governance structure, and characteristics of the company being studied.

However, the results of this study align with the research conducted by Putri and Zaitul (2023), which states that an increase in the proportion of women on the board of commissioners is not always directly related to the level of financial statement fraud, because the presence of women on the board does not necessarily result in active and independent oversight. This shows that gender is not a major determining factor in preventing financial statement fraud, but rather that the effectiveness of oversight is more influenced by the quality of decision-making, the independence of the board, and the internal control systems implemented by the company.

Thus, these findings confirm that Women's representation on the board of commissioners needs to be supported by clear roles and authorities in order to contribute optimally to improving the quality of oversight and minimizing the risk of financial statement fraud.

Proportion of Female on Audit Committee and Financial Statement Fraud

Regarding the variable of the proportion of women in audit committees (PKAP), the study's findings show that the proportion of women in audit committees has a negative significant influences on financial statement fraud at a significance level of 10%. This finding indicates that the presence of women in audit committees contributes to lowering the risk of financial statement fraud, although this effect is not yet strong enough at a 5% significance level. In this context, the role of women in audit committees is seen as strengthening the supervisory function through a cautious attitude and compliance with financial reporting procedures.

These research results are in line with Gender Socialization Theory, which claims that women typically have a stronger sense of ethics and exhibit more cautious and critical supervisory behavior in carrying out their duties (Mason and Mudrack, 1996). Women's representation in audit committees can encourage a more in-depth supervisory process of financial reports, thereby potentially reducing the opportunity for manipulation or fraud.

The study's findings conflict with those of Kusumawardani et al. (2024), which state that the presence of women in audit committees does not always guarantee the committee's effectiveness in detecting financial statement fraud, so that the presence of women alone is not the only determining factor in the quality of supervision. This difference in results indicates that the effectiveness of audit committees is also influenced by other factors, such as member competence, meeting intensity, and the support of the company's internal control structure.

However, the findings of this study are consistent with the research by Prasetiyo and Harto (2023), which shows that gender diversity in audit committees has a negative effect on financial statement fraud, where the higher the proportion of women in audit committees, the lower the likelihood of financial statement fraud. This finding is also reinforced by the research of Julianti and Fuad (2023), which states that the presence of women in audit committees has a negative and significant effect on financial statement fraud.

CONCLUSIONS

For state-owned enterprises (SOEs), which oversee public resources and are required to maintain strict standards of accountability and transparency, financial statement fraud continues to be a serious problem. In non-financial SOEs listed on the Indonesia Stock Exchange, this study investigates whether CEO traits and corporate governance practices can lower financial statement fraud, the

conclusion:

1. Characteristics CEO and financial statement fraud
   According to empirical findings, financial statement fraud is positively and significantly impacted by CEO age, indicating that older CEOs may be more prone to engage in financial statement fraud. This can raise the possibility of financial statement manipulation in the absence of sufficient control. On the other hand, CEO gender and educational attainment have no discernible impact on financial statement fraud, indicating that demographic and educational characteristics by themselves are not enough to stop fraudulence financial reporting in SOEs.
2. Corporate Governance and financial statement fraud
   Financial statement fraud is not significantly influence by the percentage of female board commissioners in terms of corporate governance. This result suggests that the presence of women on the board of commissioners does not automatically increase the effectiveness of supervision unless it is accompanied with independence, unambiguous authority, and active participation in monitoring operations. Financial statement fraud is negatively and significantly influence by the percentage of women on the audit committee, suggesting that gender diversity in audit committees enhances the monitoring function and promotes more ethical and cautious financial reporting procedures.

RECOMMENDATIONS

In light of these limitations in this research, it is advised that future studies employ multiple techniques to identify financial statement fraud in order to produce a more complete picture of fraud indicators. To improve the generalizability of the findings, more study is advised to broaden the research object and time, either by including non-state-owned businesses, the financial sector, or a longer observation period. To further understand the factors influencing financial statement fraud, future research is anticipated to incorporate additional variables related to management characteristics and corporate governance, such as CEO tenure, board independence, audit committee financial expertise, external audit quality, and the efficacy of internal control systems.

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