

# **FACTORS AFFECTING ACCOUNTING CONSERVATISM IN CONSUMER GOODS COMPANIES IN INDONESIA STOCK EXCHANGE**

**Arlia Natasya Hadi<sup>1\*</sup> Susanto Salim<sup>1</sup>**

<sup>1</sup>Faculty of Economics & Business, Universitas Tarumanagara, Jakarta - Indonesia

\*Email: [susantos@fe.untar.ac.id](mailto:susantos@fe.untar.ac.id)

*Submitted: 26-03-2023, Revised: 24-05-2023, Accepted: 07-06-2023*

---

## **ABSTRACT**

*This study examines the relationship between accounting conservatism and leverage, capital intensity, profitability, dividend policy, and firm size in consumer goods non-cyclical companies listed on the Indonesia Stock Exchange between 2017 and 2019. In this research 87 observational data are used in which obtained from 29 consumer goods non-cyclical companies that have met established criteria, where the samples are selected using purposive sampling technique. Hypothesis testing in this study uses multiple regression analysis. The data were calculated and processed using Microsoft Excel 2013 dan EViews 12. This research tested the classical assumption before testing the hypothesis and used the multiple linear regression model method, which the suitable model for this research is Fixed Effect Model (FEM). The findings of this study show that accounting conservatism is significantly influenced by the variables of leverage and profitability, but not by the factors of capital intensity, dividend policy, or business size.*

**Keywords:** *leverage, capital intensity, profitability, dividend policy, firm size, accounting conservatism*

## **1. INTRODUCTION**

In an era where many people invest in the capital market, a financial report that displays the actual condition of the company is one of the important things. This is because financial statements are the basis for making investment decisions. Companies often want to get a good impression from investors so that it is easy to get external funding. Companies have the freedom to choose accounting methods according to company conditions. However, it can make companies to be too optimistic in disclosing their financial statements and cause misleading in decision-making for external parties. So, it is important for companies to prepare financial statements conservatively to prevent investors from risks that come from misleading financial statement. The consumer goods non-cyclical industry is one of the sectors that support Indonesia's economy in terms of investment, employment, and Indonesia's GDP growth. In addition, this sector has become one of the sectors in great demand by investors in times of crisis, such as today, so companies in this sector must better maintain the quality of their financial reports. Financial statements can be viewed as a form of media that demonstrates a company's accountability for the management team's performance over a specific time-period. In order to be accountable and valuable for each user, a financial report must comply with applicable accounting principles or in accordance with standards [1]. That is why a company should always maintain the quality of company's financial statement. The financial statement contains essential information for creditors and investors as the company's stakeholders to make a financial decision. Investors usually focus on the return of their investment in the company. They expect managers to record large profits so that the company can distribute more amount of dividends as well. On the contrary, this action is not favorable for creditors because they expect the company to prioritize debt payments first and become more conservative. Conflict of interest between creditors and investors in making decisions based on financial statements often makes managers consider

which accounting methods they should adopt in preparing financial statements [2]. When making judgments on their financial statements, businesses must carefully analyze all relevant elements so that their stakeholders can always rely on their financial statements in making a decision. A company that does not maintain the quality of its financial statements by being conservative can lead to misleading action by its stakeholders. Mora & Walker stated that accounting conservatism plays an important as boundaries that help managers not to be opportunistic in preparing financial statements [3]. Several studies discuss what factors are thought to influence the conservatism level of a company. Previous research has tested some factors: managerial ownership, leverage, political cost, litigation risk, dividend policy, capital intensity, growth opportunities, profitability, tax incentive, equity valuation, firm size, financial distress, etc. In this study, only five variables will be re-examined: leverage, capital intensity, profitability, dividend policy, and firm size.

Leverage will give creditors the right to maintain and control the company's operational activities. Managers tend to avoid this, so they will use more conservative accounting methods in assessing a company's debt level. In addition, high leverage in a company is also a less favored signal for investors and creditors. Investors and creditors will prefer companies that give positive signs and indicate the company's prospects in competing in the market [4]. The larger the leverage level companies tend to be more conservative. But this finding contradicts other findings, which state that leverage has a positive influence or does not affect the level of conservatism. Leverage measured by debt to asset ratio. Capital intensity represent the level of efficiency of a company in managing its assets. However, with this condition, the company will get more public exposure and greater demands of political costs that the company must bear. So, the more efficient the company works, the more conservative they are. These findings contradict other findings, which state that capital intensity does not affect the level of accounting conservatism. Profitability is usually the main factor for investors or creditors to make investment decision. Managers usually want to maintain the company's performance to be good so that the manager's performance appraisal will also be good. This way, they can get compensation through bonuses measured based on the company's profitability. So, the higher profitability rate will make company tend to be not conservative. This finding is on contrary with other findings which state that profitability has a positive influence towards conservatism. Profitability is measured by return on asset ratio. On the other hand, high profitability may also give such expectations to investors because the higher company's profitability, the higher expectations of the amount of dividend distributed to investors. Companies with higher profitability rates will tend to give overpayment dividends to fulfill investors' expectations and maintain the company's reputation. This finding is contrary with Sholikhah and Suryani's [26] finding which state that dividend policy has a positive influence towards conservatism. Dividend policy is measured by dividend payout ratio. A bigger firm will have more public exposure and expectations from external parties. This can be caused higher political costs as well; managers tend to avoid this cost that may occur. These findings contradict Affianti & Supriyanti [10] findings, which state that firm size does not affect the level of accounting conservatism. So, managers need to choose the proper accounting method and be aware of the conservatism principle in making the company's financial statements. Based on the description above, the application of accounting conservatism principle is a phenomenon that has been researched, but the results of research from several experts need a research gap. Thus, this study was conducted to examine how these five variables affect the occurrence of conservatism. This research will be conducted on consumer non-cyclical companies that listed on the Indonesia Stock Exchange (IDX) from 2017 to 2019.

## 2. LITERATURE REVIEW

**Agency Theory.** According to agency theory, one strategy for minimizing conflicts of interest is to establish an accountable financial statement that helps stakeholders in making a decision. Why is that? The principals and agent have their interest in running the company [5]. The investors and creditors, as principals, are certainly interested in obtaining profits for their own welfare, while the agents also have an interest in their own needs, such as obtaining bonus compensation [6]. As an agent, managers have to make sure to use the right accounting method, so the company's financial statement becomes reliable for external stakeholders, such as investors and creditors.

**Signaling Theory.** The signal given by the agent to the principal can be a positive signal or a negative signal. These signals can, of course, affect decision-making by stakeholders or principals. Good quality information certainly brings a positive signal for investors or principals [7]. A positive signal means that the company succeeds in satisfying stakeholders through its performance. This way, external parties, including investors and creditors, can conclude that the company is accountable and profitable for its investment and give high expectations for the company. On the other hand, a negative signal can be interpreted as a manager's action to lower external stakeholders' expectations and become more conservative in seeing the company's condition.

**The Positive Accounting Theory** was first introduced by Watts and Zimmerman in 1990. The selection of accounting methods by managers may vary based on the costs and benefits generated by an accounting method [8]. Company managers can have the possibility to behave opportunistically in order to achieve the company's goal in a certain way by choosing the right accounting method. Managers can choose the right accounting method by considering these three variables: bonus plan, debt covenant, and political cost. The bonus plan hypothesis states that the bonus plan will motivate managers to choose accounting methods that will increase reported earnings in the current period. So that managers can get a bigger portion of the bonus. In the debt covenant hypothesis, a company that has a higher debt ratio will encourage managers to increase reported earnings [9]. This is because a high debt ratio indicates that the company is mostly financed by debt, and this is a less favored signal for investors or creditors. In the political cost hypothesis, bigger companies will be more likely to use accounting methods that can help reduce reported earnings. This is because larger companies will get more public exposure and create bigger political costs [10]. So larger companies tend to avoid this political cost by choosing more conservative accounting methods.

### *Variables and Operational Definition*

**Accounting conservatism** can be defined as a prudent reaction to uncertainty to ensure that delays and risks inherent in business situations are adequately considered [11]. This principle helps the manager be more careful and gather adequate considerations regarding the risks and uncertainties that may threaten business continuity. Managers can benefit all stakeholders by applying this principle to the company's financial reports.

**Leverage** is a ratio that demonstrates how much debt the company utilizes to fund its assets. This ratio aids the management of the business in determining the capability of the business to pay off its obligations, both in the short and long terms.

**Capital Intensity.** The company's capital intensity can be used to measure the efficiency of assets to generate sales within the company [12]. The higher capital intensity and efficiency level reflect a good signal for external funders, such as investors. The company will be more easily recognized by various parties, for example, the government and the public, because it is seen as a large and productive company that is capable of managing its assets and capital

**Profitability** can be interpreted as a ratio that shows the ability of a company to generate profits from operating activities. The profitability ratio is one of the ratios that is often used to test the effectiveness and efficiency of management performance by analysts. The effectiveness and efficiency of management performance are often judged by its ability to carry out the company's business processes. Higher profitability is usually considered a positive signal to stakeholders.

**Dividend Policy.** One of the methods to determine a company's dividend policy is by using the dividend payout ratio [13]. This policy is vital for investors to review their return on their investment. In general, the amount of profit for the current period is one of the primary considerations of company management in determining the percentage of dividend distribution to investors in the future. Company managers also set aside retained earnings that are not distributed to shareholders for sustainability and company needs, such as funding for expansion plans. Managers must correctly and carefully make dividend policies so that they are still exciting for investors to invest in. On the other hand, do not distribute too many portions of profits through cash dividends so that the company's needs cannot be optimal.

**Firm Size.** The size of the business is one of the elements that might indicate its financial capacity. Because the company's scale closely relates to its assets, they have A bigger company has more public exposure from investors or the government.

## **DEVELOPMENT OF EMPIRICAL HYPOTHESIS**

### *The Effect of Leverage on Accounting Conservatism*

The debt covenant hypothesis of Positive Accounting Theory states that higher leverage makes the company managers tend to report revenue and asset bigger than the actual ones to maintain the balance and cover the interest cost [14]. The other reason is that creditors tend to watch over and monitor the company's operating activities with high leverage and to prevent company from violating the debt agreement as explained in Debt Covenant Hypothesis in Positive Accounting Theory. Generally, creditors need assurance of their investment, so managers usually report their revenue and asset in a not conservative way.

**H1: Leverage has a significant negative effect on accounting conservatism principle**

### *The Effect of Capital Intensity on Accounting Conservatism*

Companies that are efficient and considered to have good prospects by these investors will get more public exposure from external parties, such as tax costs or other demands from external parties that will cost the company. Managers of such companies will tend to be motivated to avoid these political costs by choosing accounting methods that can delay profit recognition or reduce profit recognition in the current year.

**H2: Capital intensity has a significant positive effect on accounting conservatism principles**

### *The Effect of Profitability on Accounting Conservatism*

The manager's performance appraisal can also be seen through the profitability ratio, especially how managers manage all their resources effectively and efficiently to generate profits. The higher profitability indicates the company's performance is improving, so the profit generated is also significant. The bonus plan hypothesis in Positive Accounting theory states that the bonuses received by managers tend to be based on company profits. This bonus plan can motivate managers to increase the current year's profit by making financial statements that are not conservative

**H3: Profitability has a significant negative effect on accounting conservatism principle**

### *The Effect of Dividend Policy on Accounting Conservatism*

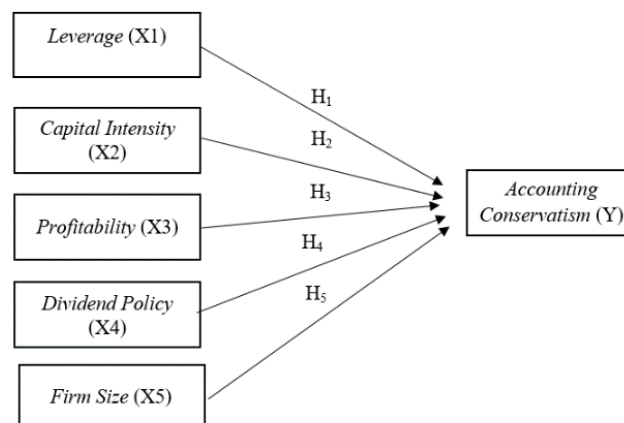
The greater the profit recorded by the company, the greater the investor's expectation of the number of dividends distributed. Although amount of dividend also give positive signal to investors (Signalling Theory), it also can trigger companies to make dividend overpayments to investors because the company wants to be seen as a profitable investment option for investors. Hence, companies prefer paying dividends with a larger portion rather than holding back a portion of profits for business development. The manager's actions to meet investors' expectations by paying large dividends can be considered not conservative. A company should prioritize the interests of paying off obligations to creditors and be more conservative about dividend payments to investors. The selection of accounting methods that accelerate profit recognition will enable companies to distribute more dividends and meet investor expectations.

**H4: Dividend Policy has a significant negative effect on accounting conservatism principle**

### *The Effect of Firm Size on Accounting Conservatism*

According to the political cost hypothesis in the political cost hypothesis in Positive Accounting theory, large companies tend to be faced with large political costs. Large companies often attract greater political and public exposure than small companies. Managers of large companies will tend to be motivated to avoid these political costs by choosing accounting methods that can minimize or delay profit recognition.

**H5: Firm size has a significant positive effect on accounting conservatism principle**



**Figure 1. Research Model**

### 3. RESEARCH METHOD

This research uses descriptive research design to evaluate every independent variable, either one or more variables, by not making comparisons or connecting with other variables. The population of this study is all consumer goods non-cyclical companies listed on the Indonesia Stock Exchange for the 2017-2019 period. The sample selection is nonprobability sampling which means not all elements in a population have the same probability of being sampled [15]. This study uses purposive sampling with the following sample criteria: (1) consumer goods non-cyclical companies that are consistently listed on the IDX for 2017-2019, (2) companies that consistently distribute dividends during the 2017-2019 period, (3) companies that earn net profits during 2017-2019. A total of 87-panel data (29 samples times three periods) were analyzed using multiple regression analysis. Data processing in this study using E-views software. Following are the operationalization of research variables as presented in Table 1:

**Table 1.** Operationalization of Research Variables

Variables	Description	Adopted From
Accounting Conservatism	$CONACC = \frac{(NIO+DEP-CFO) \times (-1)}{TA}$	Angela & Salim (2020)
Leverage	$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$	Muslim (2020)
Capital Intensity	$\text{Capital Intensity} = \frac{\text{Total Asset}}{\text{Total Revenue}}$	Muslim (2020)
Profitability	$\text{Return on Asset (ROA)} = \frac{\text{Net Income}}{\text{Total Asset}}$	El-Haq, Zulpahmi, Sumardi (2019)
Dividend Policy	$\text{Dividend Payout Ratio} = \frac{\text{Total Cash Dividend}}{\text{Net Income}}$	Muslim (2020)
Firm Size	$\text{Firm Size} = \ln (\text{Total Asset})$	Solichah & Fachrurrozie (2019)

Based on the hypothesis above, the regression equations formed:

$$CONACC = \alpha + \beta_1 DAR + \beta_2 CAPI + \beta_3 ROA + \beta_4 DPR + \beta_5 SIZE + e$$

Note:

CONACC = Accounting Conservatism  
 $\alpha$  = Constants  
 $\beta$  = Regression Coefficients  
 DAR = Leverage or Debt-to-Asset  
 CAPI = Capital Intensity  
 ROA = Profitability or Return on Asset  
 DPR = Dividend Policy or Dividend Payout Ratio  
 SIZE = Firm Size  
 e = Error

## 4. RESULT & DISCUSSION

### *Descriptive Statistics*

**Table 2.** Descriptive Statistics

	CONACC	DAR	CAPI	ROA	DPR	SIZE
Mean	-0.052816	0.451034	1.056989	0.091023	0.387793	21.3039
Median	-0.025	0.442	0.715	0.066	0.305	18.382
Maximum	0.209	0.811	3.614	0.447	1.016	30.577
Minimum	-0.364	0.141	0.224	0.000068	0.100	14.7796
Std. Dev.	0.120985	0.199852	0.77593	0.089753	0.233044	5.499132
Observation	87	87	87	87	87	87

Maximum and minimum values for the accounting conservatism variable are 0.209 and -0.364, respectively. The standard deviation is 0.120985 while the mean value is 0.053. Debt to asset ratio has a maximum value of 0.811 and a minimum value of 0.141 for the leverage variable. 0.451 is the mean value, and 0.199852 is the standard deviation. The capital intensity variable ranges from 0.224 to 3.614 as its minimum and maximum values. The standard deviation is 0.77593 while the mean value is 1.057. The return on asset ratio's measure of profitability has a maximum value of 0.447 and a minimum value of 0.000068. The standard deviation is 0.089753 and the mean value is 0.091, and the standard deviation is 0.089753. The dividend policy variable measured by the dividend payout ratio has a maximum value of 1.016 with a minimum value of 0.100. The mean value is 0.388, and the standard deviation is 0.233044. The firm size variable has a maximum value of 30.577 and a minimum value of 14.7796. The mean value is 21.304, and the standard deviation is 5.499132.

### *Classical Assumption Test*

Due to the use of panel data, the multicollinearity test and the heteroscedasticity test are the traditional assumption tests [17]:

**Multicollinearity Test.** According to the findings of the multicollinearity test, each independent variable's R<sup>2</sup> coefficient was below 0.80, which indicates that there are no multicollinearity issues with the correlation between the independent variables

**Heteroscedasticity Test.** All variables have a probability value greater than 0.5 based on the findings of heteroscedasticity tests before and with moderating variables. It implies that there is no heteroscedasticity in the two regression models

### ***Selection of Panel Data Regression Model***

The data used in this study are panel data, which are a blend of cross-sectional and time-series data. Multiple linear equations were investigated in this study using a fixed effect model (FEM).

**Chow Test.** Chow test was performed to determine the most appropriate panel data model between CEM (Common Effect Model) and FEM (Fixed Effect Model) [16]. From the results of this test, the probability value of the chi-square cross section is 0.0000; this number is smaller than the confidence level of 0.05, which means  $H_0$  is rejected, so the model chosen is FEM, continued to the Hausman test

**Hausman Test.** Hausman test was performed to determine which model is between REM (Random Effect Model) and FEM (Fixed Effect Model). If the Chi-Square probability is less than the significance value of 0.05, the model chosen is the Fixed Effect model. The probability of a random cross-section of 0.0189 is obtained from the results of this test, which is more than 5% or 0.05. This suggests that if  $H_0$  is rejected, the FEM (Fixed Effect Model) is the best model to use in this investigation.

**Table 3.** Fixed Effect Model (FEM)

Variable	Coeff.	Std. Error	t-Statistics	Prob.
C	0.3894	0.1652	2.3566	0.0222
DAR	-0.6675	0.269	-2.4753	0.0165
CAPI	-0.0279	0.0603	-0.4625	0.6456
ROA	-0.7640	0.342	-2.2284	0.0301
DPR	0.0011	0.065	0.0181	0.9856
SIZE	-0.0019	0.003	-0.5484	0.5857
R -Squared		0.817548		
Adjusted R		0.703946		
Prob (F-statistics)		0.000000		

$$\text{CONACC} = 0.389442 - 0.667588 \text{ DAR} - 0.027905 \text{ CAPI} + - 0.764086 \text{ ROA} + 0.001186 \text{ DPR} - 0.001998 \text{ SIZE} + e$$

### ***Hypothesis Test***

#### **Simultaneous Significance Test (F-Test)**

F-Test is conducted to test and measure the significance of the regression equation that is used in the research, as well as knowing the effect of independent variables simultaneously on the dependent variable. The test is done by comparing the Prob. F value with the significant value of 0.05. If the Prob. F is less than 0.05, then the independent variables simultaneously effect the dependent variable. According to test result, it is shown that the



Prob. F-statistics value is 0.000000, which is less than 0.05. That is, all of the independent variables simultaneously effect the dependent variable, meaning leverage, capital intensity, profitability, dividend policy, and firm size simultaneously effect accounting conservatism in consumer goods non-cyclical companies listed on IDX in 2017-2019.

### **Individual Parameter Significance Test (t-Test)**

t-Test is conducted to test and see the effect of independent variable partially or individually on the dependent variable. The test is done by comparing the probability value of each independent variable with the significant value of 0.05. If the probability value of each independent variable is less than 0.05, then the independent variable individually effects the dependent variable. Based on the result of the test, leverage and profitability have a significant negative effect on accounting conservatism. However, capital intensity, dividend policy, and firm size have a probability value that is more than 0.05. This means that capital intensity, dividend policy, and firm size have an insignificant effect on accounting conservatism

### **Coefficient of Determination Test**

From the coefficient of determination test and simultaneous significance test result, the adjusted R<sup>2</sup> value is 0.817548, which means that all independent variables have a contribution to predicting the accounting conservatism principle by 81.75%. In comparison, the remaining 18.25% of the variation in the accounting conservatism principle is influenced by other variables not included in this research.

**Table 4.** The Results of Hypotheses Testing

<b>Variable</b>	<b>Coeff.</b>	<b>Sig. Value</b>	<b>Result</b>
Leverage	-0.667588	0.0165	H1 is supported
Capital Intensity	-0.027905	0.6456	H2 is rejected
Profitability	-0.764086	0.0301	H3 is supported
Dividend Policy	0.001186	0.9856	H4 is rejected
Firm Size	-0.001998	0.5857	H5 is rejected

The authors concluded several discussions based on the results obtained and generated from this study. First, leverage has a regression coefficient of -0.6676 and a significance value of 0.0165. This signature value is below the set significance level of 0.05. It can be concluded that leverage has a significant negative effect on the accounting conservatism principle. According to Hajawijah et al., creditors will monitor companies with high leverage [18]. As the consequence, managers will be motivated to present financial statements that seem to give a positive signal to creditors and other stakeholders. For example, managers can record revenue and asset above the actual condition to make the leverage and interest cost seem acceptable. This action proves that managers do not prioritize the conservatism principle, and this action also will reduce the prudence of financial statements. The result of this study is also in line with Noviantari & Ratnadi, Hotimah [20], and Salim & Apriwenni [21].

Second, the variable capital intensity has a regression coefficient of -0.0279 and a significance value of 0.6456. This significance value is higher than the set significance level

of 0.05. It can be concluded that capital intensity does not have a significant effect on the accounting conservatism principle. This indicates that even though companies are already very efficient and have high public exposure, it will be more feasible to get higher political cost. They still use conservatism in their financial statements because they already have a mitigation plan to overcome the higher political cost that may occur. This is in line with research conducted by Daryatno & Santioso and Febriana Louw [22] but not in line with Alfian & Sabeni.

Third, profitability has a regression coefficient of -0.764 and a significance value of 0.03. This significance value is below the set significance level of 0.05. It can be concluded that profitability has a significant negative effect on the accounting conservatism principle. According to Padmawati & Fachrurrozie [23], companies that choose to record high profits or maybe even recognize uncertain profits usually have an interest in maintaining a good reputation with their stakeholders. Managers want to signal their investors positively by making high profits. Conversely, managers may have other motives, such as a bonus plan. As the Positive Accounting Theory says, managers tend to report a high profit on their financial statement, so they can boost their performance appraisal based on the company's profitability and get more cash bonuses during that year. The result of this study is also in line with Abdurrahman dan Ermawati [24], Padmawati dan Fachrurrozie, and Yuliarti dan Yanto [25].

Fourth, dividend policy has a regression coefficient of 0.0012 and a significance value of 0.9856. This significance value is higher than the set significance level of 0.05. It can be concluded that dividend policy measured by dividend payout ratio does not significantly affect accounting conservatism. Large dividend payment does not mean they do not apply the conservatism principle. The company has options to distribute profits through dividend payments or to retain profit to make a new investment. Large dividend payments also can indicate that there is no profitable investment, so managers allocate their profit to investors. Dividend distribution will increase shareholders' welfare and can lead to positive expectations from the market so that managers can maintain the company's reputation. This is in line with research conducted by Sholikhah & Suryani [26], Rivandi & Ariska, and Aristiyani & Wirawati [27].

Fifth, firm size has a regression coefficient of -0.0019 and a significance value of 0.5857. This significance value is higher than the set significance level of 0.05. It can be concluded that firm size does not have a significant effect on the accounting conservatism principle. This indicates that even though bigger companies have high public exposure and more feasible to get higher political cost, they still choose to use conservatism in their financial statements. The company can maximize its asset usage instead to cover the political cost that may occur instead of not using conservatism in its financial reports. Thus, the company's size does not affect its decisions to use the conservatism principle in its financial statements. This result is in line with research conducted by Alfian & Sabeni, Sumiari & Wirama [28], and Yuliarti & Yanto.

## **5. CONCLUSIONS**

The results of this study conclude that leverage and profitability has a negative effect on accounting conservatism. Meanwhile, capital intensity, dividend policy measured by dividend payout ratio, and firm size do not have a significant effect on accounting conservatism. According to empirical evidence in this study, the debt to asset ratio and return on asset ratio significantly affect the accounting conservatism principle. Companies are recommended to

maintain and give more closure to their leverage and profitability rate so that the company's management can compile a financial report of such quality that can prevent misleading for the stakeholders to make a decision. This study has several limitations, as follows. First, the research period is only three years. Second, the subject of this study only includes consumer goods non-cyclical companies, so the result cannot represent all industries in Indonesia. Based on these limitations, the researcher suggests to further researchers to 1) use a more extended testing period 2) add independent variables to be tested 3) use control variables to minimize the influence of external factors that are not examined on the relationship between independent variables and variables dependent.

## **ACKNOWLEDGMENT**

The Institution of Research and Community-Engagement Services (LPPM) of Universitas Tarumanagara provided funding for this work. The Director of LPPM and the Dean of the Faculty of Economics and Business, both at Universitas Tarumanagara, are to be thanked by the Authors.

## **REFERENCES**

- [1] Risdiyani & Kusmuriyanto (2015). Analisis Faktor-Faktor Yang Mempengaruhi Penerapan Konservatisme Akuntansi. *Accounting Analysis Journal*, 4(3), 2015
- [2] Alfian, A & Sabeni, A. (2013). Analisis Faktor-Faktor yang Berpengaruh Terhadap Pemilihan Konservatisme Akuntansi. *Diponegoro Journal of Accounting*, 2(3), 2337-3806
- [3] Mora & Walker (2015). The Implications Of Research On Accounting Conservatism For Accounting Standard Setting, *Accounting And Business Research*, 45:5, 620-650, doi : <https://doi.org/10.1080/00014788.2015.1048770>
- [4] Purnama, W. & Daljono (2013). Pengaruh Ukuran Perusahaan, Rasio Leverage, Intensitas Modal, dan Likuiditas Perusahaan terhadap Konservatisme Perusahaan yang Belum Menggunakan IFRS. *Diponegoro Journal of Accounting*, 2(3), 2337-3806
- [5] Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, 3(4), 305-360.
- [6] Wiguna, R. N. & Hastuti, R. T. (2020). Pengaruh Kepemilikan Manajerial, Tingkat Hutang, dan Growth Opportunities terhadap Konservatisme Akuntansi. *Jurnal Multiparadigma Akuntansi Tarumanagara* 2, 1130-1137.
- [7] Lukman & Tanuwijaya (2020) The Effect of Financial Performance and Intellectual Capital on Firm Value with CSR as a Mediating Variable in Banking Industry. *International Conference on Entrepreneurship and Business Management*, 9(1), 174
- [8] Watts, R. L. & Zimmerman, J. L. (1990). Positive Accounting Theory: A Ten Year Perspective. *The Accounting Review*, 65(1), 131-156

- [9] Solichah, N. & Fachrurrozie, F. (2019). Effect of Managerial Ownership, Leverage, Firm Size and Profitability on Accounting Conservatism. *Accounting Analysis Journal*, 8(3), 151-157
- [10] Affianti, D. & Supriyati, S. (2017). The Effect of Good Corporate Governance, Firm Size, Leverage and Profitability on Accounting Conservatism Level in Banking Industry. *The Indonesian Accounting Review*, 7(2), 191-202.
- [11] Financial Accounting Standard Board (1980). Statement of Financial Accounting Concepts No. 2 Qualitative Characteristics of Accounting Information.
- [12] Daryatno, A. B. & Santioso, L. (2020). Faktor-Faktor yang Mempengaruhi Penerapan Konservatisme Akuntansi pada Perusahaan Manufaktur yang Terdaftar di BEI. *Jurnal Muara Ilmu Ekonomi dan Bisnis*, 4(1), 126-136
- [13] Rivandi, M. & Ariska, S. (2019). Pengaruh Intensitas Modal, Dividend Payout Ratio, dan Financial Distress terhadap Konservatisme Akuntansi. *Jurnal Benefita*, 4(1), 104-114.
- [14] Noviantari, N. W. & Ratnadi, N. M. D. (2015). Pengaruh Financial Distress Ukuran Perusahaan, dan Leverage pada Konservatisme Akuntansi. *E-Jurnal Akuntansi Universitas Udayana*, 11(3), 646-660
- [15] Sekaran, U. & Bougie, R. (2016). *Research Methods for Business: A Skill-Building Approach 7th Edition*. Chichester: John Wiley & Sons.
- [16] Pangestika, S. (2015). Analisis Estimasi Model Regresi Data Panel dengan Pendekatan Common Effect Model (CEM), Fixed Effect Model (FEM), dan Random Effect Model (REM). Skripsi. Universitas Negeri Semarang, Semarang.
- [17] Ghozali, I. & Ratmono, D. (2017). Analisis Multivariat dan Ekonometrika: Teori, Konsep, dan Aplikasi dengan EViews 10 Edisi 2. Semarang: Badan Penerbit Universitas Diponegoro. [18] Nurhayati, M. (2013). Profitabilitas, Likuiditas, dan Ukuran Perusahaan terhadap Kebijakan Dividen dan Nilai Perusahaan Sektor Non Jasa. *Jurnal Keuangan dan Bisnis*, No.2, Vol. 5, Hal 143-152.
- [18] Hajawiyah, A., Wahyudin, A., Kiswanto, K., Sakinah, S., & Pahala, I. (2020). The Effect of Good Corporate Governance Mechanisms on Accounting Conservatism with Leverage as A Moderating Variable. *Cogent Business & Management*, 7(1), 1-12.
- [20] Hotimah, H. H. H. (2020). Pengaruh Kepemilikan Manajerial, Ukuran Perusahaan, Rasio Leverage, Intensitas Modal terhadap Konservatisme Akuntansi. *Jurnal Ilmu dan Riset Akuntansi*, 2460-0585
- [21] Salim, J. & Apriwenni, P. (2018). Analisis Pengaruh Intensitas Modal, Likuiditas, dan Leverage terhadap Konservatisme Akuntansi. Skripsi. Institut Bisnis dan Informatika Kwik Kian Gie, Jakarta.

- [22] Louw, F. (2020). Faktor-Faktor yang Memengaruhi Konservatisme Akuntansi (Studi Kasus Perusahaan Manufaktur di Bursa Efek Indonesia). Skripsi. Fakultas Ekonomi dan Bisnis Universitas Widya Dharma, Pontianak.
- [23] Padmawati, I. R. & Fachrurrozie (2015). Pengaruh Mekanisme Good Corporate Governance dan Kualitas Audit Terhadap Tingkat Konservatisme Akuntansi. *Accounting Analysis Journal*, 4(1), 2252-5765
- [24] Abdurrahman, M. A. & Ermawati, W. J. (2018). The Effect of Leverage, Financial Distress and Profitability on Accounting Conservatism in Mining Companies in Indonesia. *Jurnal Manajemen dan Organisasi (JMO)*, 9(3), 164-173.
- [25] Yuliarti, D. & Yanto, H. (2017). The Effect of Leverage, Firm Size, Managerial Ownership, Size of Board Commissioners and Profitability to Accounting Conservatism. *Accounting Analysis Journal*, 6(2), 173-184.
- [26] Sholikhah, R. M. & Suryani, A. W. (2020). The Influence of Financial Distress, Conflict of Interest, and Litigation Risk on Accounting Conservatism. *International Research Conference on Economivc and Business*, 222-239
- [27] Aristiyani, D. G. U. & Wirawati, I. G. P (2013). Pengaruh Debt to Total Assets, Dividend Payout Ratio, dan Ukuran Perusahaan pada Konservatisme Akuntansi Perusahaan Manufaktur di BEI. *E-Jurnal Akuntansi Universitas Udayana*, 3(3), 216-230
- [28] Sumiari, K. N. & Wirama, D. G. (2016). Pengaruh Ukuran Perusahaan Terhadap Konservatisme Akuntansi dengan Leverage sebagai Variabel Pemoderasi. *E-Jurnal Ekonomi dan Bisnis Universitas Udayana*, 5(4), 749-774