The Role of Good Corporate Governance in Influenced Accounting Conservatism of Manufacturing Companies in Indonesia

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ABSTRACT

Purpose: This study aims to examine the role of good corporate governance in accounting conservatism.

Methodology: This study uses a sample of manufacturing companies listed on the Indonesia Stock Exchange for the 2020-2021 period, with a total sample of 72 company-years. The test uses SPSS 25.

Findings: The study found that independent commissioners and profitability have a significant positive effect on accounting conservatism, while managerial ownership and company size do not affect accounting conservatism.

Implications: This study provides implications for the theory of accounting conservatism, where the factors of independent commissioners and profitability have a significant effect on accounting conservatism. The presence of independent commissioners in the company will ensure that the company's financial reporting process is well-monitored so that the company is more careful in carrying out its financial reporting. Similarly, with profitability, the presence of high profitability will increase the amount of retained earnings, and the company tends to use more conservative accounting principles to regulate earnings to appear more flat and less volatile.

Paper type: Research paper

Keywords: Independent Commissioners, Managerial Ownership, Company Size, Profitability, Accounting Conservatism

Received: August 10th
Revised: October 18th
Published: November 30th

I. INTRODUCTION

Financial Accounting Standards (FAS) issued by the Indonesian Institute of Accountants (IAI) are guidelines used in the preparation of financial statements in Indonesia. Management has the freedom to apply FAS, which means they have the freedom to choose the accounting recording methods used to generate different financial reports according to the needs and conditions of the company (Andreas et al, 2017). This freedom will affect the behavior of managers in recording accounting and reporting company transactions (Wardhani, 2008). As a result of the freedom to choose accounting methods, managers can produce financial statements that are either optimistic or conservative.

Uncertainty about future economic conditions is one of the considerations companies take into account when applying the principle of conservatism in preparing financial statements. According to Watts (2003) Conservatism is a concept of deferring recognition of future cash inflows. Conservative accounting states that accountants should report accounting information at the lower end of several possible values for assets and revenues and the higher end of several possible values for liabilities and expenses (Hendriksen & Van Breda, 1992).

Critics of the application of the conservatism principle (Wulandari, 2017) argue that conservatism is considered a constraint that can affect financial statements. If the method used in preparing financial statements is based on highly conservative accounting principles, the results tend to be biased and not reflective of reality. However, on the other hand, according to Watts (2003), accounting conservatism is beneficial in avoiding opportunistic behavior by managers. The application of conservatism can reduce the likelihood of managers engaging in financial statement manipulation.
In 2019, PT. Garuda Indonesia (Persero) Tbk. reported its financial performance by publishing the financial statements for the year 2018. In the 2018 financial statements, PT. Garuda Indonesia (Persero) Tbk. Recorded a net profit of US$ 809.84 thousand. However, a review revealed errors in the preparation of the financial statements, as they were deemed not in compliance with applicable accounting standards. The recorded profit in 2018 occurred because of PT. Garuda Indonesia (Persero) Tbk. Recognized unrealized trade receivables as revenue received, which influenced its operating profit. Due to the recording error, PT. Garuda Indonesia (Persero) Tbk. was subjected to fines as a penalty. This phenomenon indicates the lack of application of the accounting conservatism principle, suggesting that the management was not cautious enough in preparing its financial statements. The analysis of this case supports the notion of the importance of applying the accounting conservatism principle to neutralize management's optimistic behavior and make financial statements more conservative.

Several cases resulting from weak corporate governance in Indonesia can be observed. In 2018, the Lippo Group became involved in corruption issues following an undercover operation by the Corruption Eradication Commission (KPK) after it was revealed that their subsidiary engaged in corruption through bribes for the Meikarta project permits. As a result, the shares of Lippo's property issuer group collapsed, causing losses for investors and shareholders. PT Lippo Cikarang Tbk (LPCK), the developer of the Meikarta project, saw its shares plummet by 240 points (14.77%) to Rp 1,385 after opening at Rp 1,625. Meanwhile, PT Lippo Karawaci Tbk (LPKR) also tumbled by 8 points (2.68%) to Rp 290 (Purwanto Dwi, pratamaindomitra.co.id, 2021). Another case is the PT Freeport Indonesia case in 2017, where there was a discrepancy in wages and salaries for Indonesian workers compared to foreign workers at significantly different levels (Purwanti Puput, hukamnas.com, 2018).

A violation occurred at Jamsostek, which formed a Retirement Insurance Program Development Fund (JHT) worth Rp 7.24 trillion, not in accordance with Government Regulation 22/2004. Jamsostek lost potential contributions due to the implementation of program rates that did not comply with regulations. In the 2011 financial statements, Jamsostek lost potential revenue of Rp 36.5 billion by not applying the occupational accident insurance rates as required (Purwanti Puput, hukamnas.com, 2018).

Those cases indicate the low implementation of the conservatism principle by the company in preparing its financial statements. The behavior of managers in manipulating financial information to appear favorable is related to agency theory, which explains that managers tend to increase profits to hide poor performance. The level of accounting conservatism applied in financial reporting varies among companies. It is influenced by the commitment of management and internal parties of the company to provide accurate, transparent, and non-misleading financial information to investors.

Conservatism is influenced by corporate governance (Mohammed et al., 2017). According to FCGI, good corporate governance is a set of rules that establishes the relationships between shareholders, managers, creditors, government, employees, as well as other internal and external stakeholders in terms of their rights and obligations. This system directs and controls the company. Several studies examining the influence of corporate governance on conservatism have shown varied results. Differences influence these diverse outcomes in the variables used by researchers to proxy corporate governance (Darmawati et al., 2005). The studies by Nasr & Ntim (2018) and Emmanuel & Salisu (2018) indicate that good corporate governance, proxied by independent commissioners, has a positive effect on accounting conservatism. Contrary results are shown in the study by Ongki & Pangestu (2018), which concludes that independent commissioners have a negative effect on accounting conservatism. Prahasita (2016) and Mohammed et al. (2017) demonstrate that good corporate governance, proxied by managerial ownership, has a negative effect on accounting conservatism. These results are not consistent with the study by Malik & Rajab (2017), which states that there is a strong influence of managerial ownership on accounting conservatism.

Another factor that influences accounting conservatism is firm size and profitability. Firm size represents the magnitude of a company, and larger firms tend to have higher and relatively stable profits. As a result, the government may increase taxes and demand higher public services from these larger firms (Wulandari, 2017). Therefore, larger firms tend to use more conservative accounting principles to mitigate political costs. Profitability refers to a company's ability to generate profits. Higher profitability increases the amount of retained earnings, and companies tend to use more conservative accounting principles to manage their earnings to appear more stable and less fluctuating. The studies by Alkuri et al. (2017) and Nasr & Ntim (2018) indicate that firm size and profitability have a positive effect on accounting conservatism.

The purpose of this study is to analyze the influence of good corporate governance on accounting conservatism. Accounting conservatism, in this study, is measured by the accruals developed by Givoly & Hayn (2000), where positive accruals are classified as conservative earnings and vice versa. The sample used in this study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period 2020-2021.

A. Research Framework and Hypotheses

1. Agency Theory
An agency relationship occurs when the owner of the resources (principal) entrusts the resource manager (agent) to perform certain actions and delegates decision-making authority to the agent. According to Jensen & Meckling (1976), agency theory is conceptualized as a contract between the owner of the resources (principal) and the party entrusted to manage those resources (agent). This contract is used to minimize agency problems that arise due to the separation of interests between the principal and the agent. However, in practice, agency problems cannot be fully resolved just by using contracts. In such conditions, the implementation of good corporate governance plays a crucial role in minimizing agency problems.

The difference in interests between the principal and the agent leads to conflicts that affect the quality of reported earnings. The owner desires the highest and quickest return on investment, while management wants their interests accommodated through the provision of bonuses and maximum compensation for their performance (Wulandari, 2017). Furthermore, to fulfill their interests, management tends to prepare financial reports with certain profit figures. This condition can be prevented, among others, by implementing accounting conservatism in the preparation of financial reports. Hati’s research (2011) shows that the application of the accounting conservatism principle will result in financial reports with high-quality earnings because it prevents managers from exaggerating the profit figures. In addition, the application of the accounting conservatism principle can assist users of financial reports by presenting assets and earnings that are not overstated, enabling them to obtain quality information as a basis for decision-making. The connection between agency theory and accounting conservatism is that the denser a company’s capital structure, the greater protection the principal must undertake, for example, by conducting more intensive monitoring of managerial performance. On the other hand, it will discourage earnings manipulation as managers are more likely to act cautiously or conservatively in presenting financial reports.

2. Accounting Conservatism

According to Wirda (2016), conservatism is a cautious reaction to uncertainty, and the risks associated with the business situation can be adequately considered. Suwardjono (2013) defines conservatism as an attitude or approach (school) in facing uncertainty with the aim of making a decision based on the worst outcome of that uncertainty. Conservatism is an effort to choose generally accepted accounting methods to recognize revenue on a slower basis but with faster recognition of expenses, lower asset valuation, and higher liability valuation (Wolk et al., 2013). The accounting methods in the Financial Accounting Standards (PSAK) provide opportunities for managers to apply conservative accounting, as explained by Savitri (2016), as follows:

1. PSAK No. 14 on inventory states that companies can record inventory costs using either the FIFO (First-In, First-Out) method or the weighted average method.

2. PSAK No. 16 on property, plant, equipment, and other assets regulates the estimation of the useful life of a fixed asset. The estimation of an asset's useful life is based on management's consideration derived from the company's experience in using similar assets. This useful life estimation must be periodically reviewed. If management finds that the useful life of an asset is different from the previous estimation, adjustments are made to the current and future depreciation expenses. This standard provides the opportunity for companies to change the useful life of assets.

3. PSAK No. 19 on intangible assets relates to the method of amortization. This statement explains that there are several methods of amortization to allocate the depreciation amount of an asset systematically over its useful life.

4. PSAK No. 20 on research and development costs states that the allocation of research and development costs is determined by considering the relationship between the cost and the expected economic benefits that the company will obtain from research and development activities. If there is a high likelihood that the cost will enhance future economic benefits and the cost can be reliably measured, then the cost qualifies to be measured as an asset.

3. Good Corporate Governance

According to KNKG (2006), corporate governance is one of the pillars of the market economic system. Good corporate governance is needed to encourage the establishment of an efficient market, transparency, and consistency with applicable regulations. FCGI (2001) defines good corporate governance as a set of rules that establish the relationships between shareholders, managers, creditors, the government, employees, and other internal and external stakeholders regarding their rights and obligations, or in other words. This system directs and controls the company.

4. Company Size

The higher the total assets and profits generated, the larger the size of the company, and vice versa (Diantimala, 2008). Large companies have more complex management systems; hence, they have higher problems and risks compared to small and medium-sized enterprises. Large companies have relatively permanent high
profits. Therefore, the government tends to increase taxes and demand higher public services from large companies (Wulandari, 2017). Large companies tend to use more conservative accounting principles to reduce these political costs.

5. Profitability

Profitability is the company's ability to generate profits through its operational activities using the assets owned by the company (Kusuma et al., 2013). Assets are all company assets acquired from its own capital or foreign capital that the company transforms into company assets that are utilized to support operational activities. Profitability measurement can be done by calculating ROA (return on assets). ROA is used to analyze the company's ability to generate profits in the past and project it into the future (Riadi, 2017). Additionally, ROA helps management and investors assess how well a company can convert its investments in assets into net profit. A higher ratio indicates that the company is more effective in managing assets to generate higher net profits.

6. Hypothesis Development

Good corporate governance is a set of rules that govern the rights and obligations among stakeholders within a company and requires a company to be transparent in all its processes (Putra & Nuzula, 2017). The implementation of good corporate governance has an impact on increasing investor confidence because there is no information bias between management and investors. The Corporate Governance Perception Index (CGPI) is a research and ranking program for the implementation of good corporate governance in companies in Indonesia, aiming to encourage companies to improve the quality of implementing good corporate governance. Information related to CGPI is expected to have a positive effect on investor confidence in the funds they invest.

Independent commissioners, as one of the mechanisms in the implementation of good corporate governance, require accurate and high-quality information in performing their monitoring function. A strong board of directors (dominated by independent commissioners) will require higher-quality information, leading to a tendency to use more conservative accounting principles (Wijayanti, 2012). Research by Nasr & Ntim (2018) shows that good corporate governance assessed by independent commissioners has a positive influence on accounting conservatism. A smaller proportion of independent commissioners will result in weaker supervision, giving managers the opportunity to apply less conservative accounting principles (Limantauw, 2012). Good corporate governance assessed by managerial ownership has a strong influence on accounting conservatism (Malik & Rajab, 2017). The larger the proportion of managerial ownership in a company, the more managers will strive to meet the interests of shareholders, who are also themselves (Nantyah & Laila, 2017). Therefore, companies with relatively large managerial ownership tend to be conservative. Conservatism is an effort to limit managerial opportunistic behavior, avoiding being excessive but also not overly pessimistic in the preparation of financial reports (Savitri, 2016). Based on the above description, the following hypotheses are formulated:

H1: Independent commissioners have a positive influence on accounting conservatism.
H2: Managerial ownership has a positive influence on accounting conservatism.

II. METHODS

A. Population and Sample

Population refers to the generalization region consisting of subjects with specific characteristics determined by the researcher for study and conclusion (Anshori & Iswati, 2009). The population of this study includes all manufacturing companies listed on the Indonesia Stock Exchange (IDX) that report complete financial statements. The use of companies listed on the IDX as the population is because these companies are obligated to submit annual reports to external parties, allowing the annual report data to be obtained for this study. A sample is a carefully selected part of the population to represent the characteristics of the population. The sample selection is based on the purposive sampling method. The criteria for the sample used are:

1. Manufacturing companies registered as manufacturing companies on the IDX during the period 2020-2021.
2. Publishing annual reports during the period 2020-2021.
3. Publishing audited financial statements and providing complete information required for this study.
4. Using the Indonesian Rupiah currency in financial statements.
5. Manufacturing companies that did not incur losses during the period 2020-2021.
B. Research Data

<table>
<thead>
<tr>
<th>No.</th>
<th>Sample Criteria</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Manufacturing companies listed on the IDX during the period in 2020-2021</td>
<td>193</td>
</tr>
<tr>
<td>2.</td>
<td>Companies that did not publish annual reports</td>
<td>0</td>
</tr>
<tr>
<td>3.</td>
<td>Companies that did not provide complete information required for the study</td>
<td>(112)</td>
</tr>
<tr>
<td>4.</td>
<td>Companies that did not use the Indonesian Rupiah currency in financial statements</td>
<td>(8)</td>
</tr>
<tr>
<td>5.</td>
<td>Manufacturing companies that did not incur losses during the period in 2020-2021</td>
<td>(37)</td>
</tr>
</tbody>
</table>

Total Companies: 36
Total Observation Years: 2
Total Sample: 72

C. Research Variables

1. Dependent Variable (Y)

Accounting conservatism is a principle that applies caution by immediately recognizing losses, even if they are unrealized, and not recognizing gains before they are realized. Accounting conservatism in this study is measured by the accrual value developed by Givoly and Hayn as in Savitri's research (2016), such as:

\[
CONACC = \frac{NIO + DEP - CFO}{TA} \times (-1)
\]

Where:
- CONACC = Accounting Conservatism Level
- NIO = Operating profit in year t
- DEP = Depreciation of fixed assets in year t
- CFO = Net amount of operating cash flow in year t
- TA = Total assets in year t

2. Independent Variable (X)

This research consists of independent variables, namely good corporate governance, which is proxied by independent commissioners and managerial ownership.

1. Independent commissioners are board members who have no affiliation with anyone inside the company or the company itself (Pratomo & Havivah, 2021). Independent commissioners are measured by calculating the proportion of independent board members by the percentage of the Number of members originating from outside the company divided by the total Number of board members. If formulated as follows:

\[
\text{Proportion of Board o Commissioners} = \frac{\text{Number of Independent Board Members}}{\text{Total Number of Board Members}}
\]

2. Managerial ownership is the ownership of shares by company management (Putra & Nuzula, 2017). Managerial ownership is measured by calculating the percentage of the Number of shares owned by directors divided by the Number of shares outstanding (Harti & Hakim, 2021). If formulated as follows:

\[
\text{Managerial Ownership} = \frac{\text{Number of Shares Owned by Directors}}{\text{Number of Shares Outstanding}}
\]
3. Control Variable

1. Company size refers to the size of a company based on the total assets it possesses at the end of the year. According to Sudarmadji & Sularto (2007), company size can be assessed using the benchmark of total assets. The use of the natural logarithm of total assets to assess company size in this study aims to reduce data fluctuations. Company size is formulated as follows:

\[
SP_{it} = \ln Tait
\]

Where:

\[
SP_{it} = \text{Company size for the company } i \text{ in year } t
\]

\[
\ln = \text{Natural Logarithm}
\]

\[
Tait = \text{Total assets for company } i \text{ in year } t
\]

2. Profitability is the company's ability to generate profit in a certain period (Kasmir, 2014). The ROA measures profitability in this study (return on assets) ratio. The use of the ROA ratio to measure profitability is due to the relatively high Net Interest Margin (NIM) in Indonesia compared to other developing countries. With a high NIM, the ROA ratio is also relatively high. ROA is formulated as follows:

\[
\text{ROA} = \frac{\text{Net Income After Tax}}{\text{Total Assets}}
\]

III. RESULTS AND DISCUSSION

A. Descriptive Statistics

Table 2. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Commissioner</td>
<td>72</td>
<td>.20</td>
<td>.60</td>
<td>.4165</td>
<td>.08949</td>
</tr>
<tr>
<td>Managerial Ownership</td>
<td>72</td>
<td>.000006750000</td>
<td>.89444444440</td>
<td>.1195400507611</td>
<td>.18957099960893</td>
</tr>
<tr>
<td>Company Size</td>
<td>72</td>
<td>25.079</td>
<td>33.537</td>
<td>28.28859</td>
<td>1.773000</td>
</tr>
<tr>
<td>Profitability</td>
<td>72</td>
<td>.0004</td>
<td>.3636</td>
<td>.064193</td>
<td>.0619362</td>
</tr>
<tr>
<td>Accounting Conservatism</td>
<td>72</td>
<td>-.688</td>
<td>.348</td>
<td>-.20765</td>
<td>.188267</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>72</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the table above, the following descriptive statistics results will be described:

1. Independent Commissioners

The sample used is 72 samples, resulting in a mean value of 0.4165 and a standard deviation of 0.08949. The minimum value during the observation period was 0.20, obtained at PT. Indo Acitama Tbk (SRSN) in 2020 and 2021. The maximum value during the observation period was 0.60, obtained at PT. Diamond Food Indonesia Tbk (DMND) in 2020 and 2021.

2. Managerial Ownership

The sample used is 72 samples, resulting in a mean value of 0.1195400507611 and a standard deviation of 0.18957099960893. The minimum value during the observation period was 0.000006750000, obtained at PT. Phapros Tbk (PEHA) in 2020 and 2021. The maximum value during the observation period was 0.89444444440, obtained at PT. Beton Jaya Manunggal Tbk (BTON) in 2020 and 2021.

3. Company Size

The sample used is 72 samples, resulting in a mean value of 28.28859 and a standard deviation of 1.773000. The minimum value during the observation period was 25.079, obtained at PT. Sinergi Inti Plastindo Tbk (ESIP) in 2020. The maximum value during the observation period was 33.537, obtained at PT. Astra International Tbk (ASII) in 2021.
4. Profitability
The sample used is 72 samples, resulting in a mean value of 0.064193 and a standard deviation of 0.0619362. The minimum value during the observation period was 0.0004, obtained at PT. Cahayaputra Asa Keramik Tbk (CAKK) in 2020. The maximum value during the observation period was 0.3636, obtained at PT. Mark Dynamics Indonesia Tbk (MARK) in 2021.

5. Accounting Conservatism
The sample used is 72 samples, resulting in a mean value of -0.20765 and a standard deviation of 0.188267. The minimum value during the observation period was -0.688, obtained at PT. Saranacentral Bajatama Tbk (BAJA) in 2021. The maximum value during the observation period was 0.348, obtained at PT. Garudafood Putra Putri Jaya Tbk (GOOD) in 2020.

B. Uji Asumsi Klasik
1. Normality test
The normality test used in this study is the Kolmogorov-Smirnec test with the following result:

<table>
<thead>
<tr>
<th>Normal Parametersa,b</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>72</td>
</tr>
<tr>
<td>Mean</td>
<td>0E-7</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.16932127</td>
</tr>
<tr>
<td>Absolute</td>
<td>.076</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>.076</td>
</tr>
<tr>
<td>Negative</td>
<td>-.073</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>.645</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.799</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.

The results of the normality test showed that the company size variable obtained a KS-Z value of 0.645 with a probability of 0.799 (p>0.05), which means that the data on the independent variable and the control variable have a probability value greater than 5% (p>0.05), which means that the data already meets the normal distribution.

2. Multicollinearity Test
The result of the multicollinearity test are as follows:
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Tabel 4. Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.982</td>
<td>.351</td>
<td></td>
<td>.007</td>
<td></td>
</tr>
<tr>
<td>Independent Commissioners</td>
<td>.642</td>
<td>.259</td>
<td>.305</td>
<td>2.476</td>
<td>.016</td>
</tr>
<tr>
<td>Managerial Ownership</td>
<td>-.128</td>
<td>.122</td>
<td>-.129</td>
<td>-1.048</td>
<td>.298</td>
</tr>
<tr>
<td>Company Size</td>
<td>.021</td>
<td>.012</td>
<td>.197</td>
<td>1.729</td>
<td>.089</td>
</tr>
<tr>
<td>Profitability</td>
<td>-1.089</td>
<td>.350</td>
<td>-.358</td>
<td>-3.110</td>
<td>.003</td>
</tr>
</tbody>
</table>

a. Dependent Variable: konservatisme akuntansi

Based on the test results as shown in the coefficient table above, it is known that the tolerance value of independent commissioners is 0.795 with a VIF of 1.258; managerial ownership has a tolerance value of 0.800 with a VIF of 1.250; company size has a tolerance value of 0.926 with a VIF of 1.079; and the profitability variable has a tolerance value of 0.909 with a VIF of 1.100. Therefore, it can be concluded that if the VIF value is less than ten and the tolerance value is greater than 0.10, then there is no multicollinearity problem in this data. The results of the multicollinearity test are as follows:

a. Autocorrelation Test

Tabel 5. Autocorrelation Test

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
<td>df1</td>
<td>df2</td>
<td>Sig. F Change</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.437a</td>
<td>.191</td>
<td>.143</td>
<td>.174</td>
<td>3.958</td>
<td>4</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant Profitability, Managerial Ownership, Company Size, Independent Commissioners
b. Dependent Variable: Accounting Conservatism

Based on the results of the autocorrelation test, a Durbin-Watson value of 0.873 was obtained, which indicates that there is no autocorrelation because the Durbin-Watson value is between -2 and 2.

C. Heteroskedasticity Test

To determine whether or not there is heteroskedasticity, a scatterplot can be used. Here is the scatterplot results:
Based on Graph 1 above, it can be seen that the points are scattered randomly and spread both above and below the zero line on the Y-axis, not gathered in one place, and do not form a certain pattern, so it can be concluded that there is no heteroskedasticity.

D. Hypothesis Testing

A partial (t-test) is performed to determine whether the independent and control variables have a partial effect on the dependent variable. In this test, the significance level (α) is set to 5%. Here are the results of the t-test:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
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<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
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<td></td>
<td>Tolerance</td>
</tr>
<tr>
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<td>-2.797</td>
<td>.007</td>
<td></td>
</tr>
<tr>
<td>Independent</td>
<td>.642</td>
<td>.259</td>
<td>.305</td>
<td>2.476</td>
<td>.016</td>
</tr>
<tr>
<td>Commissioners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial Ownership</td>
<td>-.128</td>
<td>.122</td>
<td>-.129</td>
<td>-1.048</td>
<td>.298</td>
</tr>
<tr>
<td>Company Size</td>
<td>.021</td>
<td>.012</td>
<td>.197</td>
<td>1.729</td>
<td>.089</td>
</tr>
<tr>
<td>Profitability</td>
<td>-.1089</td>
<td>.350</td>
<td>-.358</td>
<td>-3.110</td>
<td>.003</td>
</tr>
</tbody>
</table>

a. Dependent Variable: konseristisme akuntansi

1. Effect of Independent Commissioners on Accounting Conservatism

Based on the results of the test in Table 6, the independent commissioner variable has a significance value of 0.016, which is less than 0.05 (5%), (0.016 < 0.05), indicating that the independent commissioner variable has a partial effect on accounting conservatism. The higher the proportion of independent commissioners to the total number of commissioners, the greater the level of accounting conservatism used in the company. Because the more independent commissioners in the company, the stronger the supervision of the company's performance.
This study supports the hypothesis proposed by (Alvino & Sebrina, 2020; Yuniarti & Pratomo, 2020; Pratomo & Havivah, 2021; Novianti & Astohar, 2015) that independent commissioners have a positive effect on accounting conservatism. With the presence of independent commissioners in a company, the company's financial reporting process will be well-monitored in the sample companies that have been studied so that in carrying out their financial reporting, the company is more careful. These independent commissioners will ensure that the company applies accounting principles that will produce accurate and quality company financial information through the use of higher conservatism principles in the company's financial reporting process.

2. Effect of Managerial Ownership on Accounting Conservatism

The managerial ownership variable has a significance value of 0.298, which is more than 0.05 (5%), (0.298 > 0.05) indicating that the managerial ownership variable has no partial effect on accounting conservatism. According to the findings of the partial testing conducted by the researcher, managerial ownership does not have a partial effect on accounting conservatism. The findings of the t-test resulted in a probability value of managerial ownership of 0.4422 > 0.05. The second hypothesis is rejected. These results are in line with the research of Purwasih (2020), which states that accounting conservatism is not affected by managerial ownership. This is due to the low average ownership of manager shares in the company, which will result in the decisions of managers not having much impact on the company's decision to implement conservative accounting. In carrying out their duties, managers behave in accordance with their responsibilities without considering the interests of each individual.

3. Effect of Company Size on Accounting Conservatism

The company size variable has a significance value of 0.089, which is more than 0.05 (5%), (0.089 > 0.05) indicating that the company size variable has no partial effect on accounting conservatism. The implementation of accounting conservatism cannot be guaranteed solely based on company size. This implies that there are other influential factors at play. Through statistical analysis, it became clear that company size, measured by total assets, varies in its range, while the conservatism variable shows that some companies adopt conservatism while others do not. In essence, the size of the company is not correlated with the corresponding increase or decrease in the application of accounting conservatism. This shows that company size does not affect the application of accounting conservatism. In addition, government regulations are in line with the preferences of each company, thus eliminating it as a reason for not applying accounting conservatism (Sumiari & Wirama, 2016).

E. Profitability

The profitability variable has a significance value of 0.003, which is less than 0.05 (5%), (0.003 < 0.05), indicating that the profitability variable has a partial effect on accounting conservatism. High profitability will increase the amount of retained earnings, and companies tend to use more conservative accounting principles to regulate earnings to appear more stable and less volatile.

V. CONCLUSION

Based on the results of the analysis and hypothesis testing, the researcher found that independent commissioners and profitability have a positive and significant effect on accounting conservatism. In contrast, managerial ownership and company size do not affect accounting conservatism.

This study has implications for the theory of accounting conservatism, where the factors of independent commissioners and profitability have a significant impact on accounting conservatism. The presence of independent commissioners in a company will ensure that the company's financial reporting process is well-monitored so that the company is more careful in carrying out its financial reporting. Similarly, high profitability will increase the amount of retained earnings, and companies tend to use more conservative accounting principles to regulate earnings to appear more stable and less volatile.

This study only used a sample of manufacturing companies during the 2020-2021 period and is limited in number due to the sample criteria that must be met. Further research can use samples from several sectors by extending the observation period and using other variables that can affect accounting conservatism.
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