

ABSTRACT

Prudence is the principle of prudence in preparing financial statements in a way that companies do not rush to recognize or measure assets and profits and recognize losses and debts that may occur. Prudence also implies being prudent in facing risks by sacrificing something to reduce risk.

One example of a phenomenon that occurs in Indonesia regarding the low application of the principle of prudence occurs in the company PT Tiga Pilar Sejahtera Food Tbk (AISA) which commits violations by compiling overstated financial reports.

The purpose of this study was to determine the effect of the characteristics of the board of commissioners, size of the board of commissioners and foreign ownership on prudence both partially and simultaneously. The population of this study amounted to 52 manufacturing companies in the goods and consumer sectors listed on the Indonesia Stock Exchange for the 2015-2019 period. The sample of this study amounted to 10 companies in a period of 5 years, in order to obtain a total data of 50 samples. The research method uses panel data regression analysis.

The results of this study indicate that the variable characteristics of the board of commissioners, the size of the board of commissioners and foreign ownership simultaneously affect prudence. Partially, the size of the board of commissioners has a positive effect on prudence, while the variable of board of commissioners' characteristics and foreign ownership has no effect on prudence.

Based on the results of the study, the authors would like to suggest that further researchers use variables and other calculation models.

Keyword: the Board of Commissioners Characteristics, the Board of Commissioners Proportion, Foreign Ownership, and Accounting Conservatism