

ABSTRACT

Accounting conservatism is a precautionary principle in preparing financial reporting that will recognize expenses and liabilities as soon as possible even though there is uncertainty about the results to be obtained, whereas income and assets are only recognized when there is confidence that they will be received. Therefore, the resulting financial statements tend to have lower asset values.

This study aims to obtain empirical evidence regarding the effect of the characteristics of the board of commissioners (proportion of independent commissioners, share ownership by affiliated commissioners, and board size) and audit quality on accounting conservatism.

The population in this study is the consumer goods industry sector companies listed on the Indonesia Stock Exchange in 2016-2018. The sample selection technique used purposive sampling and obtained 30 companies within 3 years in order to obtain 90 samples. However, there are 3 outlier data so that the observed sample is 87. The data analysis model in this study is panel data regression using Eviews10 software.

The results and conclusions of the study show that the proportion of independent commissioners, share ownership by affiliated commissioners, board size, and audit quality simultaneously affect accounting conservatism. Partially, the variable proportion of independent commissioners and board of commissioners size has a significant positive effect on accounting conservatism. Meanwhile, the variable of share ownership by affiliated commissioners and audit quality has a significant negative effect on accounting conservatism.

Keywords: Characteristics of the Board of Commissioners, Proportion of Independent Commissioners, Share Ownership by Affiliated Commissioners, Board of Commissioners Size, Audit Quality, Accounting Conservatism.