ABSTRACT

Conservatism is a principle that recognizes expenses and debts immediately, yet profits and assets are recognized despite the high probability of occurrence. Thus, the profit presented in the financial statements includes the principle of prudence in avoiding the possibility when risk occurs.

This study aims to determine the influence of Conflicts of Interest, Managerial Ownership, Independent Board of Commissioners, and Company Size on Accounting Conservatism in LQ45 indexed companies on the Indonesia Stock Exchange (IDX) in 2016-2020. The data used in this study were obtained from financial statements.

The sample selection technique used was purposive sampling and obtained by 10 companies with a research period of 5 years so that 50 units of research samples were obtained. The data analysis method used in this study is panel data regression analysis using Eviews software version 10.

The results of this study show that Conflicts of Interest, Managerial Ownership, Independent Board of Commissioners, and Company Size have a simultaneous effect on Accounting Conservatism. Partially the Size of the Company has a positive effect on Accounting Conservatism. Meanwhile, Conflicts of Interest, Managerial Ownership, and independent Board of Commissioners have no effect on Accounting Conservatism.

It can be concluded that the size of the company has a significant positive effect on accounting conservatism because the larger the size of the company, the more careful it will be in recognizing burdens and debts to avoid the risk of material misstatements. Thus, the application of accounting conservatism in the company is getting higher.

Keywords: Conflict of Interest, Managerial Ownership, Independent Board of Commissioners, and Accounting Conservatism.