

## The Effects Of Debt-To-Asset Ratio, Size Of The Company, Institutional Ownership And Earnings Management On Accounting Conservatism In Manufacturing Companies In The Food And Beverage Sub-Sector Listed On The Indonesia Stock Exchange Between 2015 And 2023

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### ABSTRACT

*This study attempts to ascertain how accounting conservatism is affected in manufacturing businesses in the food and beverage subsector listed on the Indonesia Stock Exchange between 2015 and 2023 by factors such as debt to asset ratio, company size, institutional ownership, and earnings management. This study employs a quantitative methodology that combines a verification and descriptive strategy. Traditional assumption testing, multiple linear regression, Pearson product moment correlation coefficient, determination coefficient, and hypothesis testing with partial and simultaneous tests (f and t tests) are all used in the statistical analysis approach of verification. Sample data comes from 63 financial reports of businesses in the Food and Beverage Manufacturing Subsector. This study employed a purposive sample strategy in conjunction with nonprobability sampling. Version 26.0 of SPSS software is used for data processing. According to preliminary study findings, there is no discernible relationship between accounting conservatism and the debt to asset ratio. Company size has a big impact on accounting conservatism. The impact of institutional ownership on accounting conservatism is negligible at best. Accounting conservatism is neither impacted by or significantly affected by earnings management. The study's findings concurrently demonstrate how the debt to asset ratio, business size, institutional ownership, and earnings management all have an impact on accounting conservatism.*

**Keywords :** *Debt to Asset Ratio, Company Size, Institutional Ownership, Earnings Management, Accounting Conservatism.*

### INTRODUCTION

Financial transaction data reporting is a distinct activity across all companies. Financial report manipulation or other forms of fraud are not usually subject to the same level of monitoring. An purposeful criminal conduct carried out for a specific goal, such as manipulation or submitting false reports to third parties, is referred to as fraud by the Association of Certified Fraud Examiners (ACFE). Personnel from the company's internal or external workforce may do this task. Pursuing individual or collective advantages at the expense of third persons, whether directly or indirectly, is the aim.

The primary metric used to assess a company's performance is its financial reporting. Because of its enormous power, a number of businesses are known to "manipulate" their financial figures. With the status of a public firm whose annual financial report (LKT) is transparently available to the public, this acrobatic activity is typically performed to beautify performance so that it remains appealing in the eyes of shareholders and stakeholders, including investors. Accounting conservatism is one of the fundamental ideas in the preparation of financial reports. Reducing the likelihood of managers falsifying

financial reports is the benefit of conservatism in and of itself for the business. Suwardjono (2018): 245.

PT Tiga Pilar Sejahtera Food, Tbk (AISA) was one of several manufacturing companies in the food and beverage subsector that were listed on the stock exchange and engaged in financial report data manipulation. 2020 saw the discovery of PT AISA's inflating money worth IDR 4 trillion, sales worth IDR 662 billion, and other inflations in the EBITDA post (earnings before interest, taxes, depreciation, and amortization) totaling IDR 329 billion (cnbcindonesia, 2023)

It is evident from this that PT. TPS was unable to apply accounting conservatism in manufacturing firms because of the irresponsibility of management in providing financial reports that inflated net income. The company's profit recognition practices are deemed excessively optimistic in this instance, resulting in an overly elevated profit value. (Aliza, 2020).

Another phenomenon related to conservatism occurred at PT Akasha Wira International Tbk (ADES) PT Akasha Wira International Tbk (ADES) managed to record net profit growth of up to 38.48 percent in 2018 to Rp 52.96 billion from the previous year of Rp 38.24 billion. However, uniquely, ADES was able to achieve the increase in net profit even though the company's sales were corrected by 1.25 percent to Rp 804.3 billion from the 2017 achievement of Rp 814.49 billion, which means it has decreased from the previous year. The search results also show that for each quarter, sales figures are higher between 0.6-3.9 million gallons compared to production figures. This is certainly illogical because it is impossible for the company to sell more than it produces. Based on the above phenomenon, we can see that the company pays less attention to the principle of conservatism by making errors in recording financial reports, even though this principle of conservatism is a principle that adheres to caution, both in recording income and costs as well as profits and losses. (Ramadhani, 2019)

This fourth industrial revolution era presents fierce rivalry for businesses in the food and beverage sector. To compete with other businesses worldwide, firms need to be able to endure and fortify their fundamental components. In addition to the speedy, automatic, and instantaneous technological advancements, the business world must be able to satisfy the needs and wants of a community that is becoming more and more reliant on instant food and beverages. As of 2019, Kemenperin.go.id. Reportlinker.com data indicates that the food and beverage industry saw a \$5838.8 billion global market increase in 2020, which declined to \$5,817.4 billion in 2021. (Businesswire, 2023)

Glossary discloses Idea No. 2 The Financial Accounting Statement Board, or FASB, views conservatism as a wise course of action for addressing internal business issues. This principle seeks to guarantee that risk and uncertainty in the business environment have been adequately taken into account. According to Savitri (2019:24), the conservative principle is the idea that assets and income should only be recognized once they have been realized, but expenses and liabilities should be recognized as soon as feasible notwithstanding uncertainty about the outcome. This is due to the fact that many business managers prepare financial reports with an optimistic outlook in the hopes of making large profits to entice potential investors to invest.

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In this study, the measurement of conservatism chosen uses Earnings/Accrual Measures. The reason for using the CONACC formula with Accrual Measures is because this formula is more appropriate for data with several periods. Judging from the tendency generated from the accrual account for several years, if there is a negative accrual (net income is smaller than operational cash flow) that is consistent for several years, then there is an indication of the application of conservatism. This is in accordance with the principle of conservatism where companies increasingly defer unrealized income and charge costs faster. The resulting CONACC calculation is then multiplied by -1. This is to ensure that a positive value indicates a higher level of conservatism. The greater the conservatism is indicated by the greater the CONACC value (conservatism with accrual measures). Meanwhile, the use of profit before extraordinary items aims to eliminate elements that cause profit growth to increase in a certain period that will not arise in other periods. The application of conservative principles can encourage leaders not to provide false profit reports and to be willing to provide reports related to the company's loss reports (Yuliani & Hasanuh, 2023).

Researchers have created the table below, which presents the phenomenon data on Manufacturing Companies in the Food and Beverage Sector Listed on the Indonesia Stock Exchange for the Period of 2015–2023 :

**Table 1 Information on the following topics: company size, institutional ownership, Earning Management, debt to asset ratio, and manufacturing companies in the food and beverage subsector for the years 2022–2023**

Code	Year	Debt to Asset Ratio	Company Size	Institutional Ownership	Earning Mangement	Accounting Conservatism
ROTI	2022	1,02	29,148	0.84	0,078	0,007
	2023	0,62	29,111	0.84	0,041	0,024
ULTJ	2022	0,23	29,277	0,37	0,058	0,038
	2023	0,16	29,346	0,36	0,096	0,015
INDF	2022	0.83	28,63	0,83	0,009	0,006
	2023	0,99	28,34	0,99	0,007	0,001
ICBP	2022	0.56	26,84	0.81	0,018	0,038
	2023	0,51	26,17	0,81	0,046	0,012

Sources : [www.idx.co.id](http://www.idx.co.id) (Information analyzed by scholars, 2024)

In PT Nippon Indosari Corporindo, Tbk (ROTI), the Debt to Asset Ratio value dropped from 1.02 times in 2022 to 0.62 times in 2023. Accounting conservatism did, however, rise in 2022 by 0.007 to 0.024 in 2023. Because conservative standards are not applied, the financial statements that are presented are deemed to be lacking in integrity. According to Kasim's (2019:158) hypothesis, which uses the debt ratio to compare total debt to total assets, this phenomenon is not consistent with that theory. Stated differently, the degree to which a company's debt impacts asset management or the extent to which the company's debt finances its assets. In this scenario, PT Nippon Indosari Corporindo, Tbk (ROTI), has a drop in the Debt To Asset Ratio value but still uses high cautious accounting.

Companies with relatively large debt typically adopt conservative accounting, resulting in relatively low profits shown (Rafida, 2023).

The firm size of PT Ultra Jaya Milk Industry & Trading firm, Tbk (ULTJ) increased in 2022 from 29,277 to 29,346; however, the financial report revealed a decline in Accounting Integrity/Conservatism from 0.038 in 2022 to 0.015 in 2023. Because small businesses frequently manipulate their earnings, the trustworthiness of the financial report increases with the size of the organization. The idea advanced by Hery (2018:97) that firm size is "a scale for classifying large and small in various ways, one of which is using total assets" does not explain this phenomena. The size of the corporation is determined by looking at its total assets at the end of the fiscal year. Businesses with larger workforces earn higher salaries and incur higher political expenses. Managerial practices tend to be conservative because this enables them to lower profits. Linda and M. Ali Rif'an, (2021). Company size has a detrimental impact on accounting conservatism, according to research by Kurniawan et al. (2022).

While the amount of institutional ownership in PT Indofood Sukses Makmur, Tbk (INDF) has grown from 83% in 2022 to 99% in 2023, the accounting conservatism value has dropped from 0.006 in 2022 to 0.001 in 2023. The explanation proposed by Hery (2017:30), according to which "institutional ownership is the proportion of shareholders owned by institutional owners such as insurance, banks, investment companies, and other institutional ownership," is not consistent with this phenomena. Higher institutional ownership translates into a greater application of accounting conservatism since institutional institutions have the supervisory role to curtail managers' reporting of excess profits in order to carry out earnings management. According to Zia et al. (2019). According to Rhemananda et al.'s research from 2022, Accounting Conservatism is influenced by Institutional Ownership.

Earnings Management at PT Indofood CBP Sukses Makmur, Tbk (ICBP) increased in 2022 by 0.018 to 0.046, while Accounting Conservatism dropped from 0.038 in 2022 to 0.012 in 2023. This indicates that while PT ICBP does not engage in earnings management, it nevertheless produces positive accruals. This goes against the hypothesis put forward by Sulistyanto (2018:6), who defines earnings management as an attempt on the part of business managers to alter or distort information in financial statements in order to mislead stakeholders who are interested in learning about the performance and state of the company. The goal of management's intervention in external financial reporting is self-interest, or earnings management. Conservatism can restrain the behavior of managers who slyly manipulate profits and profit from their insider knowledge relative to other parties. Due to the financial statements' low integrity, this may lead users to interpret investment decisions incorrectly. Earnings Management has an impact on Accounting Conservatism, according to research by Ayem and Yuliana (2019).

It can be inferred that the company's degree of conservatism has fluctuated annually. This demonstrates that the company's financial report presenting method has not consistently used conservatism, which will worry investors because the reports lack integrity.

One of the reasons scientists must carry out this research is because there was a research gap in earlier studies. According to research by Yuliani & Hasanuh (2023), accounting conservatism is impacted by the debt-to-asset ratio. According to Kurniawan, et al. (2022) study results, accounting conservatism is unaffected by the debt-to-asset ratio. According to research by Sari and Srimindarti (2022), accounting conservatism is influenced by company size. According to research by Kevin and Sufiyati (2022), accounting conservatism is unaffected by company size. According to El-Haq et al. (2019), there is a relationship between Accounting Conservatism and Institutional Ownership. In the meantime, Institutional Ownership has little bearing on Accounting Conservatism, according to research by Rhemananda et al. (2022). Meanwhile, earnings management has an impact on accounting conservatism, according to study by Ayem and Yuliana (2019). However, Cintia and Khairani's research (2022) found no connection between Accounting Conservatism and Earnings Management.

This study aims to: (1) ascertain the Debt to Asset Ratio, Company Size, Institutional Ownership, Earning Management, and Accounting Conservatism in Manufacturing Companies in the Food and Beverage Sub-Sector Listed on the Indonesia Stock Exchange for the 2015–2023 Period; (2) evaluate the partial impact of the Debt to Asset Ratio, Company Size, Institutional Ownership, and Earning Management on Accounting Conservatism; and (3) evaluate the simultaneous impact of the Debt to Asset Ratio, Company Size, Institutional Ownership, and Earning Management at the same time.

## LITERATURE REVIEW

### Debt to Asset Ratio

In order to compare total debt and total assets, Kasmir (2019:156) states that the debt-to-asset ratio is a debt ratio that is employed.

Measurement indicators for debt to equity ratio (DAR), specifically,

$$\text{DAR} = \frac{\text{Total Liabilities}}{\text{Total Asset}}$$

### Company Size

A scale that illustrates a company's size is called "Company Size," according to Hery (2018:97).

Measurement indicators for company size, specifically,

$$\text{Company Size} = \text{Ln.}(\text{Total Asset})$$

### Institutional Ownership

Institutional ownership, as defined by Pasaribu et al. (2016:156), is the proportion of shares that are owned by organizations. Conflicts of interest can be minimized with the help of institutional ownership.

Measurement indicators for Institutional ownership, specifically,

$$\text{Institutional ownership} = \frac{\text{Number of Shares Institutions}}{\text{Number of outstanding shares}} \times 100\%$$

## Earning Management

Corporate managers' attempts to tamper with or alter data in financial reports in order to mislead stakeholders who are interested in the health and success of the business by Sulistyanto (2018:6)

Measurement indicators for Earning Management, specifically

$$\text{Earning Management} = \frac{\text{TACPT}}{\text{SalesPT}} - \frac{\text{TACPD}}{\text{SalesPD}}$$

## Accounting Conservatism

Accounting conservatism, according to Hery (2017:60), is a requirement in which the company selects one of the two accepted accounting methods; the less lucrative option must be selected. If there are circumstances that permit losses, the associated expenses or liabilities ought to be recorded right away. On the other hand, if circumstances permit profits, the associated income or assets must wait to be recognized until they are truly realized.

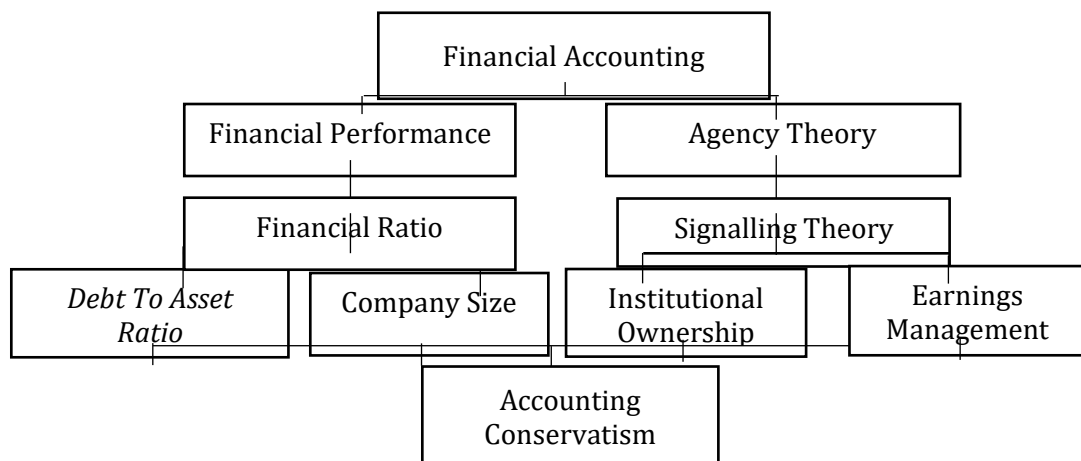
Measurement indicators for accounting conservatism, specifically,

$$\text{CONACC} = \frac{\text{EAT} + \text{Depreciation Exp} - \text{CFO}}{\text{Total Asset}} \times (-1)$$

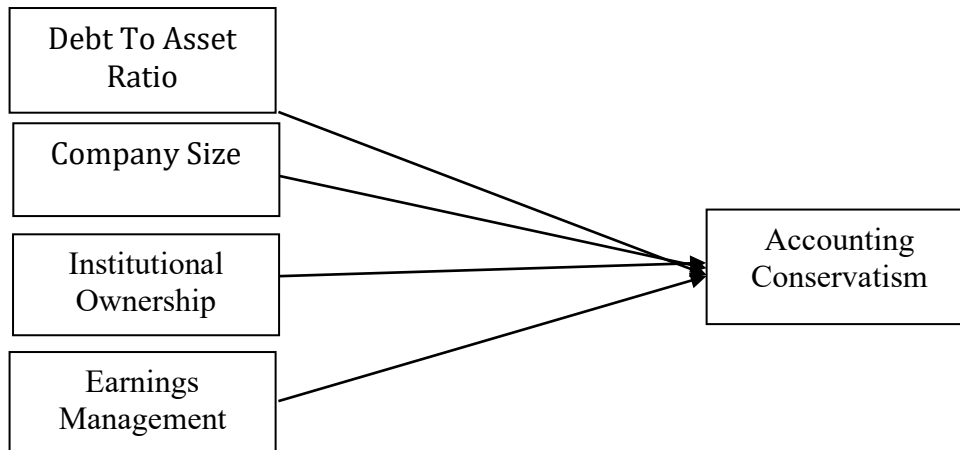
## Framework

A sound theoretical framework of thought will theoretically explain the relationship between the variables to be researched, claims Sugiyono (2019:95). Thus, theoretically, the relationship between the independent and dependent variables must be explained.

The following is how the researcher determines how to characterize the research model and the framework of thought:



Picture 1. Framework



**Picture 2. Research Model**

This study's research hypotheses are as follows:

- H1. Accounting conservatism is influenced by debt-to-asset ratio
- H2. Accounting conservatism is influenced by institutional ownership.
- H3. Accounting conservatism is influenced by the size of the company.
- H4. Accounting conservatism is impacted by earnings management
- H5. Accounting conservatism is influenced by the debt-to-asset ratio, institutional ownership, company size, and earnings management In simultaneous

## METHODS

This study employed a quantitative methodology that included a descriptive and verification approach. Sugiyono (2019:23) defines the quantitative research method as a positivist-based research approach that is used to study a particular population or sample, collect data using research instruments, and analyze data quantitatively or statistically in order to describe and test the hypothesis that has been put forth.

The descriptive technique, according to Sugiyono (2019:48), is a study carried out to ascertain the value of one or more independent variables without the need for comparisons or connections to other variables.

Sugiyono (2019:36) defines the verification method as a study carried out on a specific population or sample with the intention of verifying the hypothesis that has been put forth.

The following table provides a description of the study's object to help researchers measure the variables more easily.:

**Table 2. Operationalization of Variables**

Variable	Variable Concept	Indikator	Scale
Accounting Conservatism	Once the business selects one of the two available accounting methods, it is necessary to select the less lucrative option. In the		Ratio

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	<p>event that a loss is permitted, the associated expenses or liabilities must be recorded very away. In contrast, the associated income or assets must not be recognized until they have really been realized if there are circumstances that permit a profit. Hery (2017:60)</p>	$\text{CONACC} = \frac{\text{EAT} + \text{Depreciation Exp} - \text{CFO}}{\text{Total Asset}} \times 100$	
Debt To Asset Ratio	<p>This debt ratio is used to assess how much debt there is relative to total assets. Kasmir (2019:156)</p>	$\text{DAR} = \frac{\text{Total Liabilities}}{\text{Total Asset}}$	Ratio
Company Size	<p>Company Size is a scale that shows how big or small a company is. Hery (2018:97)</p>	$\text{Company Size} = \text{Ln}(\text{Total Asset})$	Ratio
Institutional Ownership	<p>Institutional ownership refers to the portion of shares that are held by organizations. One strategy to lessen conflicts of interest is institutional ownership. Pasaribu dkk (2016:156)</p>	$\text{Institutional Ownership} = \frac{\text{Number of Shares Institutions}}{\text{Number of outstanding shares}} \times 100$	Ratio
Earnings Management	<p>corporate managers' attempts to tamper with or alter data in financial reports in order to mislead stakeholders who are interested in the health and success of the business. Sulistyanto (2018:6)</p>	$\text{DAC}_{\text{PT}} = \frac{\text{TAC}_{\text{PT}}}{\text{Sales}_{\text{PT}}} - \frac{\text{TAC}_{\text{PD}}}{\text{Sales}_{\text{PD}}}$	Ratio

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This research employed quantitative data, specifically from the Food and Beverage Sub-Sector Company's annual report or financial report.

Statistical test tools, such as multiple linear regression, determination coefficient, Pearson product moment coefficient, and classical assumption tests, are used to analyze the data supporting the influence between the variables in question.

## Population and Sample

Purposive sampling is one kind of sampling that makes use of non-probabilistic sampling.

The table below displays the sample criteria.,

**Table 3. Research sampling**

No.	Criteria	Count of Businesses
1.	Manufacturing Companies in the Food and Beverage Sub-Sector Listed on the Indonesia Stock Exchange for the 2015-2023 Period.	31
2.	Producing Food and Beverage Subsector Manufacturing Companies that failed to release consecutive, comprehensive financial reports from 2015 to 2023	(17)
3.	Manufacturing Companies in the Food and Beverage Sub-Sector whose financial reports experienced losses in 2015-2023.	(7)
	Number of Companies Used as Research Samples	7

Sumber: www.idx.co.id (Data Processed, 2024)

## RESULT AND DISCUSSION

### Classic Assumption Test

#### Normality test

Here are the findings from the normalcy test. :

**Table 4 Normality test Result One-Sample Kolmogorov Smirnov Test**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		63
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.01321294
Most Extreme Differences	Absolute	.087
	Positive	.080
	Negative	-.087
Test Statistic		.694
Asymp. Sig. (2-tailed)		.722 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

The significance level is more than 5% ( $0.722 > 0.05$ ), indicating that the data is regularly distributed, according to the findings of the normality test mentioned above.

## Multicollinearity Test

The table below displays the findings of the multicollinearity test.,

**Table 5 Multicollinearity Test Results**

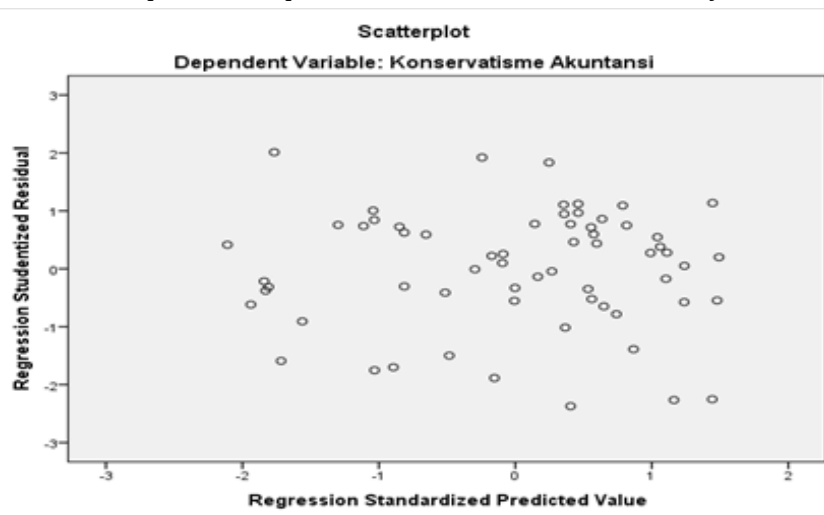
Coefficients <sup>a</sup>		
Model	Collinearity Statistics	
	Tolerance	VIF
DAR	.870	1.149
Company Size	.890	1.124
Institutional Ownership	.880	1.136
Earnings Management	.865	1.156

a. Dependent Variable: Accounting Conservatism

According to the preceding table, every variable has a variance influence factor (VIF) value less than 10 and a tolerance value greater than 0.10. Thus, it can be said that the regression model in this study does not show multicollinearity between the independent variables..

## Uji Heteroskedastisitas

These are the explanations provided for the heteroscedasticity test findings.:



**Picture 3. heteroscedasticity test result**

The graphic displaying the heteroscedasticity test findings above makes it clear that the spots are dispersed randomly and do not form a pattern. Additionally, the spots are dispersed along the Y axis above and below the zero mark. From this, it can be shown that

the regression model does not exhibit heteroscedasticity, indicating that it can be used for additional investigation..

### Multiple Linear Regression

To acquire a comprehensive picture of the relationship between the independent variables—Debt to Asset Ratio, Earnings Management, Institutional Ownership, and Company Size—and the dependent variable—Accounting Conservatism, multiple linear regression is employed.

The multiple linear regression test yielded the following outcomes,

**Tabel 6. Multiple Linear Regression Calculation Results**

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	sig.
		B	Std. Error	Beta		
1	(Constant)	-.012	.044		-.273	.786
	DAR	-.008	.013	-.075	-.618	.539
	Company Size	.003	.001	.388	3.259	.002
	Institutional Ownership	-.036	.031	-.140	-1.171	.246
	Earnings Management	-.055	.029	-.232	-1.920	.060
<i>a. Dependent Variable: Accounting Conservatism</i>						

The constant value and regression coefficient may be found in the output above, allowing the following multiple linear regression equation to be created.:

$$Y = -0,012 - 0,008.X1 + 0,003.X2 - 0,036.X3 - 0,055X4$$

The equation above can be interpreted as follows:

1.  $\alpha = -0,12$  This indicates that the Accounting Conservatism variable (Y) has a value of -0.12 units if the variables Debt To Asset Ratio (X1), Company Size (X2), Institutional Ownership (X3), and Earning Management (X4) have a value of zero (0).
2.  $\beta_1 = -0,008$  Accordingly, the value of the Accounting Conservatism (Y) variable will drop by 0.008 units for each unit that the Debt to Asset Ratio (X1) variable increases, assuming that all other variables remain constant. In contrast, the Accounting Conservatism (Y) variable will rise by 0.008 for each unit drop in the Debt to Asset Ratio (X1) variable while keeping all other variables equal.
3.  $\beta_2 = 0,003$  In other words, the Accounting Conservatism variable (Y) will grow by 0.003 units for each unit of the Company Size variable (X2) that is added, assuming all other variables

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remain constant. On the other hand, the Accounting Conservatism variable (Y) will fall in value by 0.003 units for every unit decrease in the Company Size variable (X2), provided that all other variables remain constant.

4.  $\beta_3 = -0,036$  This implies that the value of the Accounting Conservatism variable (Y) will drop by 0.036 units for each additional unit of the Institutional Ownership variable (X3), assuming that all other variables remain constant. On the other hand, the Accounting Conservatism variable (Y) will increase by 0.036 units for every unit fall in the Institutional Ownership variable (X3), provided that all other factors remain constant..
5.  $\beta_4 = -0,055$  This implies that the Accounting Conservatism variable (Y) will fall in value by 0.055 units for each unit of the Earning Management variable (X4) that is added, assuming all other variables remain constant. On the other hand, the Accounting Conservatism variable (Y) will increase in value by 0.055 units for every unit decrease in the Earning Management variable (X4) when all other variables remain same.

## Partial Testing (t-test)

To determine if Accounting Conservatism is influenced by Debt to Asset Ratio, Company Size, Institutional Ownership, and Earnings Management, the t table must be computed using the distribution table. The t table for two-sided testing is 2.001 where  $\alpha = 0.05$  and  $df = n - k - 1 = 63 - 4 - 1 = 58$ .

The following are the outcomes of the partial hypothesis testing data processing. :

**Table 7. Partial Test Calculation Results (t-Test)**

		Coefficients <sup>a</sup>			
		Unstandardized Coefficients		Standardized Coefficients	t
Model	B	Std. Error	Beta		
(Constant)	-.012	.044		-.273	.786
DAR	-.008	.013	-.075	-.618	.539
Company Size	.003	.001	.388	3.259	.002
Institutional Ownership	-.036	.031	-.140	-	.246
Earnings Management	-.055	.029	-.232	-	.060

*a. Dependent Variable: Accounting Conservatism*

H<sub>1</sub> According to the t count calculation above, the Debt To Asset Ratio (X<sub>1</sub>) has a t count value of -0.618 and a t table value of -2.001 with a sig value of 0.539 > 0.05. Debt to Asset Ratio (X<sub>1</sub>) has no effect and is not significant on Accounting Conservatism (Y) because the -t count value > -t table, rejecting H<sub>1</sub> and accepting H<sub>0</sub>.

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- H<sub>2</sub> Based on the t count calculation above, the t table value is 2.001 with a sig value of 0.002 < 0.05, and the t count value for Company Size (X<sub>2</sub>) is 3.259. H<sub>0</sub> is rejected and H<sub>2</sub> is approved since the t count value > t table, indicating that Company Size (X<sub>2</sub>) significantly influences Accounting Conservatism (Y).
- H<sub>3</sub> Based on the t count computation above, Institutional Ownership (X<sub>3</sub>) has a t count value of -1.171 and a t table value of -2.001 with a sig value of 0.246 > 0.05. Institutional Ownership (X<sub>3</sub>) has no effect and is not significant on Accounting Conservatism (Y), as indicated by the rejection of H<sub>3</sub> and acceptance of H<sub>0</sub> due to the -t count value > t table..
- H<sub>4</sub> The t count value for Earnings Management (X<sub>4</sub>) is -1.920 according to the t count calculation above, and the t table value is 2.001 with a sig value of 0.060 > 0.05. Earnings Management (X<sub>4</sub>) has no influence and is not significant on Accounting Conservatism (Y) since the -t count value > -t table, rejecting H<sub>0</sub> and accepting H<sub>4</sub>.

## Simultaneous Testing (f-test)

It is required to compute the t table using the distribution table in order to determine whether the Debt to Asset Ratio, Company Size, Institutional Ownership, and Earnings Management all have an impact on Accounting Conservatism. The Ftable has a value of 2.32 with  $\alpha = 5\%$  and degrees of freedom V1 = 58 (n-k-1) and V2 = 3.

The outcomes of data processing for a partial hypothesis test are as follows: :

**Table 8. Simultaneous Test Calculation Results (f Test)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.004	4	.001	5.272	.001 <sup>b</sup>
	Residual	.011	58	.000		
	Total	.015	62			
a. Dependent Variable: Accounting Conservatism						
b. Predictors: (Constant), Earnings Management, Company Size, Institutional Ownership, DAR						

It may be inferred from the preceding table data that the F<sub>count</sub> is 5.272 and the p-value (sig) is 0.001. F<sub>table</sub> is 2.32 with degrees of freedom V1 = 58 (n-k-1) and V2 = 4, and  $\alpha = 5\%$ . The variables Debt To Asset Ratio (X<sub>1</sub>), Company Size (X<sub>2</sub>), Institutional Ownership (X<sub>3</sub>), and Earnings Management (X<sub>4</sub>) have a simultaneous and significant effect on Accounting Conservatism (Y) because the F<sub>count</sub> value > F<sub>table</sub> (5.272 > 2.32) and the significance value of 0.001 is smaller than 0.05 (0.001 < 0.05). Therefore, H<sub>5</sub> is accepted and H<sub>0</sub> is rejected.

## CONCLUSIONS AND SUGGESTION

The verification analysis, which was primarily done using the partial hypothesis testing (t-test) method, yielded the following results: Debt To Asset Ratio (X<sub>1</sub>) has no effect

and is not significant to Accounting Conservatism (Y). Company Size ( $X_2$ ) has a positive and significant effect on Accounting Conservatism (Y); Institutional Ownership ( $X_3$ ) has no effect and is not significant to Accounting Conservatism (Y) and Earning Management ( $X_4$ ) has no effect and is not significant to Accounting Conservatism (Y). Debt to Asset Ratio ( $X_1$ ), Company Size ( $X_2$ ), Institutional Ownership ( $X_3$ ), and Earnings Management ( $X_4$ ) were found to have a simultaneous effect on Accounting Conservatism (Y) based on the results of simultaneous hypothesis testing (f-test).

Because there are still issues with the author's study in terms of sample selection, theory presentation, and problem analysis. Thus, the author advises future researchers who plan to study Accounting Conservatism as a dependent variable to search for more recent theories on the subject, expand the number of samples and time frame, and replace the current indicators and independent variables (such as Total Asset Turnover) with new ones that can have an impact on Accounting Conservatism.

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