

ABSTRACT

Accounting conservatism is an important thing in preparing financial statement. Accounting conservatism is useful for limiting the opportunistic actions of managers in financial reporting to avoid overstatement in reporting earnings and assets. Accounting conservatism is also useful for making debt covenants more efficient by limiting managers from using aggressive accounting so that the tendency of managers to make profits and assets appear to increase can be avoided. The level of accounting conservatism can be known by looking at the factors that influence it. The factors that influence the level of accounting conservatism are corporate governance mechanism and leverage. Thus, the purpose of this study is to identify and provide empirical evidence regarding the effect of corporate governance mechanism and leverage on accounting conservatism. Corporate governance mechanism in this study is proxied by independent commissioners, institutional ownership, managerial ownership, and the audit committee. Leverage in this study is proxied by Debt to Asset Ratio (DAR), and accounting conservatism in this study is proxied by Market to Book Ratio (MTBR).

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period. The sampling method in this study used purposive sampling, namely sampling by setting certain criteria. The number of companies used as research samples amounted to 27 manufacturing companies each period. The method of analysis in this study uses the method of multiple linear analysis.

The results showed that independent commissioners, institutional ownership, managerial ownership, and the audit committee had a negative and insignificant effect on accounting conservatism. Leverage had a negative and significant effect on accounting conservatism. The results showed that the corporate governance mechanism and leverage simultaneously had a significant effect on accounting conservatism.

Keywords : corporate governance mechanism, independent commissioner, institutional ownership, managerial ownership, audit committee, leverage, accounting conservatism