

ABSTRACT

The objective of this research is to investigate the effect of accounting conservatism and global diversification to financial leverage. This research using sampel of manufacturing firm that already listed in Bursa Efek Indonesia, from the year 2008 to 2014. Purposive sampling method is utilized in this research. This research employs Ordinary Least Square (OLS) as data processing means. Variabel used in this research are accounting conservatism, and global diversification as independent variabel, and financial leverage as dependent variabel.

Accounting conservatism is measured by 3 proxy, they are conservatism coefficient (Basu, 1997), conservatism negative skewness, and conserfvatism negative accruals (Givoly and Hayn, 2000). However, the dependen variabel financial leverage is measured by 2 proxy, they are book value financial leverage and market value financial leverage. Two models is utilized in this research, the first model is used to analyze the effect of three proxies of accounting conservatism, and global diversification to book value financial leverage, than the second models is used to analyze the effect of these independent variabel to market value financial leverage.

The result in first model show that conservatism coefficient had positive and significant relation to book value financial leverage, but the 2 other proxies of conservatism had no significant relation to book value financial leverage. In the second model show that the 3 proxies of conservatism had no significant relation to market value financial leverage. And the last result show that global diversification has positive and significant relation to both of the financial leverage's proxy.

Key words : Accounting Conservatism, Global Diversification, Financial Leverage