

ABSTRACT

The purpose for this research is to examine empirically the effect of several factors to application of conservatism on accounting on the firms. These factors are managerial ownership structure, institutional ownership structure public ownership structure, firm size and leverage. This research uses accrual measurement for variable conservatism that is the same as Sari and Adhariani's (2009) research. The difference from their research is the addition of the variables, that are ownership structures and leverage's firm.

The sample of this research are manufacturing firms listed on Indonesia Stock Exchange for 2009-2010. Total sample used are 110 by using specified criterias. Analyze tool for testing hipotheses uses multiple linear reggression.

The result of this research shows that managerial ownership structure, institutional ownership structure and public ownership structure have effect significantly and negatively to application of conservatism on accounting. Whereas, firm size and leverage have effect significantly and positively to application of conservatism on accounting. The application of conservatism on accounting in the financial statement still raises the pro and con. However, this research is more lead to pro opinion because it can minimize the manager's oppotunistic behavior on reporting their profit.

Keyword: Conservatism, accrual, managerial ownership structure, institutional ownership structure, public ownership structure, firm size and leverage.