

ABSTRACT

This study aims to examine and analyze utilizing perspectives of Positive Accounting Theory towards accounting conservatism in Indonesia. Plan bonus hypothesis, debt covenant hypothesis, and political cost hypothesis are perspectives which investigated in this reasearch. Plan bonus hypothesis proxied by managerial ownership and public ownership, debt covenant hypothesis proxied by leverage, and political cost hypothesis explained by firm size and proxied by natural logarithm of sales. Another variable is cash flow which proxied by operating cash flow.

This research uses multiple regresion linear model as analysis tool for testing hypotheses. Population of this research are manufacturing companies which listed in Indonesian Stock Exchange (BEI). The sample are manufacturing companies which listing in BEI during 2003-2010 and comply sample criteria. Total sample are 602 companies.

The result of this reseach show that manajerial ownership, public ownership, leverage, and firm size had no effect toward accounting conservatism. Based on this research only operating cash flow which had significant and positive effect to accounting conservatism.

Keywords: Possitive Accounting Theory, Managerial Ownership, Public Ownership, Leverage, Firm Size, Cash Flow, Conservatism.