

ABSTRACT

This study aims to analyze the application of accounting conservatism in positive accounting theory perspective that consist of bonus plan hypothesis, debt covenant hypothesis, and political cost hypothesis. Variables that are examined in this study are managerial ownership, public ownership, leverage, the size of the company, and capital intensity as independent variable and accounting conservatism as dependent variable.

This study used sample that consist of 136 manufacturing companies listed on Indonesia Stock Exchange in 2011-2014. Sample of this study were selected use purposive random sampling method with certain criteria. The analysis technique used is multiple regression analysis.

The result of the analysis showed that managerial ownership, public ownership, and capital intensity has no significant effect to accounting conservatism. Leverage has positive effect to accounting conservatism, while the size of the company has negative effect to accounting conservatism. Based on the results of this study, accounting conservatism in Indonesia is affected by leverage.

Keywords: Accounting conservatism, positive accounting theory.