

ABSTRACT

ANALYSIS OF FACTORS AFFECTING THE COMPANIES TO CHOOSE ACCOUNTING CONSERVATISM.

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This research aimed to test empirically: (1) the effect of managerial ownership structure of the accounting conservatism, (2) the effect of debt covenants on accounting conservatism, (3) the effect of growth opportunities on accounting conservatism, and (4) the effect of litigation risk on accounting conservatism.

The data used in this research is the data of manufacturing companies listed in Indonesia Stock Exchange during 2008-2011. The method of sample selection in this research is purposive sampling method. The sample used was 140 company sample data. This research used multiple regression to analyze the data.

The result of this research prove that: (1) managerial ownership structure does not affect positively the accounting conservatism, (2) debt covenants do not negatively affect the accounting conservatism, (3) growth opportunities positively affect the accounting conservatism, and (4) litigation risk positively affects accounting conservatism.

Keywords: Accounting conservatism, managerial ownership structure, debt covenant, growth opportunities, litigation risk.