
Corporate Governance Mechanisms and Growth Opportunities On Accounting Conservatism

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ABSTRACT: The purpose of this research is to determine the effect of corporate governance mechanisms and growth opportunities on accounting conservatism. The independent variables in this study are board of commissioners size, proportion of independent commissioners, audit committee size, and growth opportunities. The dependent variable in this study is accounting conservatism. The population in this study are State-Owned Enterprises Companies listed on the Indonesian Stock Exchange in 2017-2020. Sampling method in this research used was a purposive sampling, 50 samples data were generated from 20 companies in the State Owned Enterprises Companies listed on Indonesian Stock Exchange during the 2017-2020 period. The analytical technique used in this study is multiple regression analysis by using SPSS 26 software and a significance of 5%. The findings in this research show that the board of commissioners size have a positive effect and significant on accounting conservatism, the proportion of independent commissioners and the audit committee size have no effect on accounting conservatism. Growth Opportunities have a negative effect and significant on Accounting Conservatism. The ability of independent variables can explain 38% of the variation in accounting conservatism variables, so the other 62% were influenced by other variables.

KEYWORDS: Accounting Conservatism; Corporate Governance; Growth Opportunities.

1. INTRODUCTION

Financial statements as a means of communication to provide financial information to stakeholders in the decision making process (Fadilah et al., 2022). State-Owned Enterprises Companies should be concerned to the determination of accounting policies or estimates used to provide quality, accurate and useful financial information to all stakeholders. For decision makers who use financial statements as consideration in decision making, content of understated financial statements is considered more profitable because it reduce the risk of greater losses if the financial statements are overstated (Savitri, 2016). Conservatism is a concept of applying the prudence principle in recognizing transactions carried out by uncertainty with anticipating smaller amounts for asset and income values, but larger estimates for liabilities and costs (Widiatmoko et al., 2020). According to Yunos et al. (2014) conservatism can reduce the opportunistic behavior of managers, so as in crase the financial information quality.

Although the application of the conservatism principle is important to implement, phenomena indicate that there are still the state-owned enterprises companies in Indonesia have not implement this principle. Such as the case in PT Garuda Indonesia Tbk. 2018 in the General Meeting of Shareholders, 2 commissioners resisted to signature the 2018 annual book report because they contradicted with the transaction records that had been recognized as revenue, so in accounting for Garuda Indonesia recorded a net profit from prior loss of Rp 3,07 trillion. The Ministry of Finance with the Financial Services Authority imposed a sanctions on Garuda Indonesia Auditors, parts of the board of directors, and commissioners board (Kemenkeu, 2019). In this case, the companies is considered to have excessive optimism in recognizing profits, so the profit value to be greater than it should be. The next phenomena also occurred in 2019 was experienced by PT Asuransi Jiwasraya and PT Asabri. Investigation of The Public Prosecution Service of the Republic of Indonesia stated that Asuransi Jiwasraya and Asabri violated the prudence principle in investing. Based on the BPK RI report, the value of state losses due to the Jiwasraya case amounted to Rp 16,8 trillion, while in the Asabri case state losses reached Rp 22,78 trillion (Kejaksaan Negeri Tabalong, 2021).

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Agency theory states that agent will behave in a self-interest which may conflict with the interests of the principal. The fraud committed by the agent is an indication of agency problems within the company. According to Indarti et al. (2020) agency problems that occur can be minimized through the Corporate Governance mechanisms, which leads to aligned interests. Several previous studies also show that corporate governance mechanisms can increase the implementation of accounting conservatism. As research by Hajawiyah et al. (2020) who concluded in the research that implement of corporate governance mechanisms affect the practice of accounting conservatism in their companies. Corporate governance mechanisms in this study is proxied by the board of commissioners size. The board of commissioners take an substantial role in implementing corporate governance. Nasr & Ntim (2018) and Pratomo & Havivah (2021) state that the board of commissioners size has an effect of accounting conservatism.

Proportion of independent commissioners chosen in this research because independent commissioners can promote the application of accounting conservatism which is useful for ensuring that the interests of shareholders enforceable (Ahmed & Henry, 2012). El-Habashy (2019) and Purwasih (2020) state the proportion of independent commissioners take an effect on accounting conservatism. The audit committee size in agency theory states that separation of shareholders and manager need the third sides to give assurance and intensify investor trust about financial information and the application standards of accounting (Nasr & Ntim, 2018). Thomas et al. (2020) indicate that the audit committee has an effect on accounting conservatism. According to El-Haq et al. (2019) another variable that can affect on accounting conservatism is Growth Opportunities. El-Haq et al. (2019) and Sulastri et al. (2018) found that growth opportunities take an effect on accounting conservatism. Many researches on accounting conservatism have been carried out but the results are inconsistent on the factors that influence of accounting conservatism, therefore this research aims to analyze and find empirical evidence as regard the effect of corporate governance mechanisms and growth opportunities on accounting conservatism.

2. LITERATURE REVIEW AND HYPOTHESIS

II.1 Agency Theory

Agency theory is a descriptive theory that attempted to explain the actions of the sides involved in the contractual relationship on changes in accounting measurement methods carried out by the company or management. Agency theory emerged after the separation phenomenon of duties between company owners (principal) and company managers (agent) (Supriadi et al., 2021). If the principal can not directly observe the agent's efforts, or accurately take conclusions from some output measure then agent may have an incentive to act a different way from what was agreed upon in the employment contract, a problem called moral hazard (information asymmetry) (Gozali, 2020). LaFond & Watts (2006) argue that financial statements who applies the conservatism principle can decrease the manager potential to presenting overstatement earnings in financial statements as well as agency costs that appear as a consequence of information asymmetry. Implementation of accounting conservatism is expected to prevent management from act over optimistic in the corporate when facing uncertainty.

II.2 Accounting Conservatism

Financial Accounting Standard Board (FASB) explains the definition of conservatism in Statement Statement of Financial Accounting Concepts No. 2 Qualitative Characteristics of Accounting Information (1980) paragraph 95 which indicate that Conservatism is a response of prudent in uncertainty to attempt to confirm that uncertainties and risk attached at business situation are adequately to consider.

II.3 Board of Commissioners Size

According to The Constitution of Limited Liability Company Number 40 (2007) paragraph 6 explain that board of commissioners is an organ assigned to do general and/or specific controlling compatible with the association articles and giving suggestion to the board of directors. Members board of commissioners is an important element of the board of commissioners characteristics that can be affect the level of accounting conservatism (Savitri, 2016). Assumption in agency theory indicate that the higher board of commissioners size will be better the control

that can be carried out (Uzliawati, 2015). Based on agency theory, board of commissioners is regarded as the highest internal control mechanisms be liable for observe the action of top management (Sukasih & Sugiyanto, 2017). Therefore, based on agency conflicts companies will apply the principle of conservatism should be monitored by board of commissioners. Nasr & Ntim (2018) state that the board of commissioners size is negatively related to accounting conservatism. In research Fadilla & Syafruddin (2020) indicate that board size have a positive effect on accounting conservatism. The research of Vishnani & Bhatia (2019) confirms that banks with better governance (board of directors) follow the conservative accounting practices. However, according to Mohammed et al. (2017) board of commissioners size not has an effect to the accounting conservatism.

H1 : Board of commissioners size have an positive effect on accounting conservatism

II.4 Proportion of Independent Commisioners

According to Regulation of The Minister of State-Owned Enterprise Companies of The Republic of Indonesia PER-09/MBU/2011, Board of Commissioners/Independent Commisioners is part of commissioners board who not have financial relation, management, share ownership and/or family relationship with board of commissioners component/other board of supervisors, board of directors component and/or controlling shareholders or relationship with the State-Owned Enterprise Companies concerned, that might effect the ability to act independently. According to agency theory, the existence of independent directors help to decrease agency conflicts that appear from a disjunction among shareholders and managers, through effective controlling of manager's behavioral (Jensen and Meckling, 1976; Fama, 1980) in (Nasr & Ntim, 2018). Boards must be independent from the manager to oversee them effectively, an effective board tend to require that managers to adopt accounting conservative practices to avoid overcompensation, to decrease the probability and magnitude of corporate collapses (Lim, 2011). Alvino & Sebrina (2020), El-Habashy (2019) and Rajagukguk & Rohman (2020) indicate that the proportion of independent commissioners has a positive effect on accounting conservatism. However, according to Hakiki & Solikhah (2019) the proportion of independent commissioners has no effect on accounting conservatism.

H2 : Proportion of independent commissioners have an positive effect on accounting conservatism

II.5 Audit Committee Size

According to OJK Regulation No 55 /POJK.04/2015, Audit Committee is a committee which was founded by and accountable to the board of commissioners in assist the board of commissioners to implement their functions and duties. Good function of audit committee in the companies aim to good monitoring in reporting corporate finance. The audit committee can guarantee companies to apply accounting conservatism principles that provide financial information quality. Agency theory states that disjunction of shareholders and managers need a third sides to give assurance and increase confidence of investor about financial information and the application standards of accounting (Fadilla & Syafruddin, 2020). The audit committee will acts as a communicator between principal and agent, which is the management with the aim to solve corporate conflicts and opportunities for agency problems (Khairunnisa & Praptiningsih, 2022). Yuniarti & Pratomo (2020), Sugiarti & Immanuela (2019), Jaya (2021) and Thomas et al. (2020) state that the audit committee has a significant and positive effect on accounting conservatism. However, Evana (2020) show the results that the audit committee has no affect the implementation of accounting conservatism.

H3: Audit committee size have an positive effect on accounting conservatism

II.6 Growth Opportunities

Growth Opportunities show the company's power to progress in the future by taking advantage of investment opportunities that can be upgrade the company value (Sari, 2020). The market is positive for investments conducted by the company because from the investments to do at this time it expected that the company will get an increase the cash flow in the future (Savitri, 2016). Companies with the higher growth opportunity would requaire sufficient funds to defray the companies growth in the future, managers will hold earnings to be reinvested in their companies. High growth opportunities will be balanced with large funding needs for companies so that can push the managers to apply the conservatism principle in order to meet financing for investment (El-Haq et al., 2019). Research El-Haq et al. (2019) and Tamur (2021) indicate that growth opportunities has a significant effect on

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accounting conservatism. Zahro (2021) states that growth opportunities has a significant negative effect on accounting conservatism. However, according to Widiatmoko et al. (2020) found that growth opportunities have no effect on accounting conservatism.

H4: Growth Opportunities have an positive effect on accounting conservatism

3. METODHS

The method used in this research is the research method quantitative. In this research, the type and source of data used is secondary data. Conceptual framework about how the relationship between research variables is illustrated as follows:

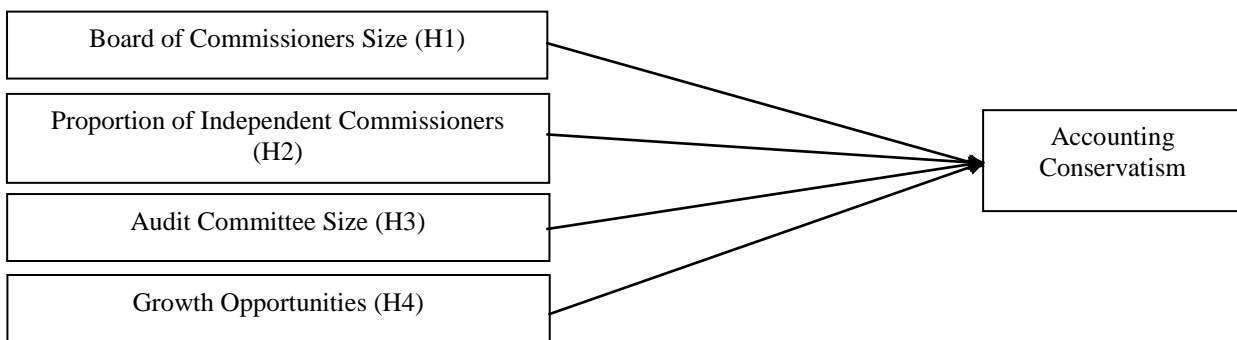


Figure 1. Conceptual Framework

In this research the data used is annual financial statements of State Owned Enterprises Companies during 2017-2020 period obtained from the Indonesia Stock Exchange (IDX) and other necessary data. Population in this research are state owned companies listed on the Indonesia Stock Exchange for the 2017-2020 period with a total population of 20 companies. The sampling in this research used a technique of purposive sampling by using certain criteria that must be met by the company in order to be used as a sample. The sample obtained was 14 companies, 4 years observation period during the 2017-2020 by using purposive sampling and 5 outlier data because the data have an unique characteristics that look differential from observation and arise in the form of extreme values. So the amount of data used is 50 of the 14 samples that come from financial reports published by the company.

TABLE I. RESEARCH SAMPLING CRITERIA

Criteria	Total
Total of state-owned companies listed on the Indonesian Stock Exchange 2017-2020	20
BUMN company that changed status to become a subsidiary of BUMN during 2017-2020	(6)
Total of sample companies	14
Year of observation (2017-2020)	
*In 2020 Garuda Indonesia did not report the annual financial report. Garuda Indonesia only reports up to the third quarter. So the data used for PT. Garuda Indonesia is only for 2017-2019.	55
Outlier data	(5)
Total Sample	50

Source: Processed secondary data (2022)

The research data collected will be analyzed through several stages of testing, namely descriptive statistics. Then the classical assumption test is performed to test the feasibility of the regression. Furthermore, a feasibility test of the model was carried out to test the research hypothesis by using the t test, F test, and R² test. Data processing in this study use a statistical program known as SPSS version 26.

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TABLE II. OPERATIONAL DEFINITION AND MEASUREMENT OF VARIABLE

Variable	Definition	Indicator	Measurement Scale
Accounting Conservatism (Conacc)	A concept that recognized expenses and liabilities as soon as possible although not sure about the outcome and only recognized revenue and asset when it is sure to be received. (Savitri, 2016)	$\text{CONNAC} = \frac{(NIO + DEP - CFO) \times (-1)}{TA}$	Ratio
Board of Commissioners Size (Comsize)	Total of members board of commissioners in the companies. (Nasr & Ntim, 2018)	COM SIZE = \sum Board of Commissioners	Ratio
Proportion of Independent Commissioners (Comindep)	The parties who have no association or affiliation with the management, shareholders, and not have other relationship that can affect independence in business management. (Wistawan et al., 2015)	$\text{COM INDEP} = \frac{\text{Total of independent commissioners}}{\text{Total of board of commissioners}} \times 100\%$	Ratio
Audit Committee Size (Comaud)	Total of members audit committee in the company. (Evana, 2020)	COM AUDT = \sum Audit Committee Members In The Company	Ratio

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Growth Opportunities (Go)	Opportunity of the company to grow as proxied from market to book value equity. (El-Haq et al., 2019)	Market to Book Value of Equity (MBV) = $\frac{\text{Outstanding Shares} \times \text{Closing Price of the Shares}}{\text{Total Equity}}$	Ratio
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Source: Processed secondary data (2022)

4. FINDINGS AND DISCUSSION

IV.1 Descriptive Statistical Analysis

TABLE III. DESCRIPTIVE STATISTICAL ANALYSIS

	N	Mean	Minimum	Maximum	Std. Deviation
Conacc	50	-0,12732	-0,767	0,301	0,209878
Comsize	50	6,94	4	11	1,504
Comindep	50	0,42114	0,286	0,625	0,099419
Comaud	50	4,34	2	7	1,349
Go	50	1,50360	0,337	3,923	0,839765

Source: Processed secondary data (2022)

Based on the table of descriptive statistical test results, it shows that accounting conservatism (conacc) produces a min value of -0,767, max 0,301, mean -0,12732, and Std. Deviation is 0,209878. Board of commissioners size (Comsize) with min 4, max 11, mean 6.94, also Std. Deviation is 1,504. Proportion of Independent Commissioners (Comindep) with a min of 0,286, max 0,625, mean 0,42114, and Std. Deviation is 0,099419. Audit Committee Size (Comaud) min 2, max 7, mean 4,34 and Std. Deviation is 1,349. Growth Opportunities (Go) min 0,337, max 3,923, mean 1,50360 and Std. Deviation is 0,839765.

IV.2 Classic Assumption Test

Classical assumption test in this study includes normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. The results of the classical assumption test:

TABLE IV. CLASSICAL ASSUMPTION TEST

	Asymp. Sig (2-tailed)	Tolerance	VIF	Asymp. Sig (2-tailed) – Run Test	R Square
Conacc	0,200	0,607	1,648	0,086	0,410
Comsize		0,791	1,264		
Comindep		0,518	1,931		
Comaud		0,817	1,224		
N = 50					

Source: Processed secondary data (2022)

Based on table 4, the result of data normality test by using Kolmogorov-Smirnov test in the table are known as the value of Asymp. Sig. (2-tailed) is 0,200 which is greater than $\alpha = 0,05$ and it can be found that the residual data in this regression model is normally distributed. The results of multicollinearity test in table 4 show that the variable board of commissioners size, proportion of independent commissioners, audit committee size, and growth opportunities have a tolerance value $> 0,10$ and Variance Inflation Vector (VIF) < 10 , this indicates that there is no

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multicollinearity in the model regression. The result of the autocorrelation test using the Run Test in table 4, are known as the value of Asymp. Sig. (2-tailed) is 0,086, which is greater than $\alpha = 0,05$, it can be concluded that in the regression model there are no symptoms or problems with autocorrelation. The results of the heteroscedasticity test using the white test in table 4 show that the R Square value is 0,410. To find the calculated chi square value, use the formula for the R Square value multiplied by the number of research sample data (n), which is 50 so that the results for the calculated chi square value are 20,5. The test criteria use a significance level of 5% or 0.05 to find the table c square value so that the chi square table value is at a value of 22,368. In this study, the calculated chi square value < from the chi square table value is $20,5 < 22,368$, which means that there is no heteroscedasticity in this research model.

TABLE V. MODEL FEASIBILITY TEST

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,656 ^a	0,431	0,380	0,165233

Source: Processed secondary data (2022)

Based on the results of coefficient determination in table 5, the value of R^2 (Adjusted R Square) from the regression model is 0,380. This indicates that the variable board of commissioners size, proportion of independent commissioners, audit committee size, and growth opportunities can only explain 38% of the variation in the accounting conservatism variable. The remaining 62% is influenced by other variables not explained in this research.

TABLE VI. TEST F RESULT

Model	Sum of Squares	Df	Mean Square	f	Sig.
Regression	0,930	4	0,232	8,514	0,000
Residual	1,229	45	0,027		
Total	2,158	49			

Source: Processed secondary data (2022)

Based on the results of table 6, the results obtained are the values of Sig. is $0,000 < 0,05$ and the calculation of F arithmetic $> F$ table is $8,514 > 2,812$ then it refers to the basic of decision making that H_0 is rejected and H_1 is accepted which means that there is simultan significant effect between the variables Board of Commissioners Size, Proportion of Independent Commissioners, Audit Committee Size, and Growth Opportunities on Accounting Conservatism variables.

TABLE VII. T TEST RESULT

Hypothesis	B	Direction prediction	t-statistic	Sig.	Note	Conclusion
(Constant)	-0,162		-1,263	0,213		
H1. Board of commissioners size have an positive effect on accounting conservatism	0,046	Positive	2,258	0,029	Significant	Accepted

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H2. Proportion of independent commissioners have an positive effect on accounting conservatism	0,119	Positive	0,444	0,659	Not Significant	Rejected
H3. Audit committee size have an positive effect on accounting conservatism	-0,024	Negative	-0,988	0,328	Not Significant	Rejected
H4. Growth Opportunities have an positive effect on accounting conservatism	-0,151	Negative	-4,843	0,000	Significant	Rejected
Sig. 5%						

Source: Processed secondary data (2022)

Based on t-test results in table 7, the magnitude of the regression coefficient for the board of commissioners size is 2,258 and the significance value is 0,029. At the significance level $\alpha = 5\%$, the regression coefficient is significant because $0,029 < 0,05$ and $t \text{ count} > t \text{ table}$ is $2,258 > 2,01410$, that means the variable board of commissioners size has a significant positive effect on accounting conservatism so that the first hypothesis in this study is accepted. The magnitude of the regression coefficient for the proportion of independent commissioners is 0,444 and the significance value is 0,659. The regression coefficient is not significant because $0,659 > 0,05$ and $t \text{ count} < t \text{ table}$ is $0,444 < 2,01410$, that means the variable proportion of independent commissioners has no effect on accounting conservatism so that the second hypothesis in this study is rejected. The magnitude of the regression coefficient for audit committee size is -0,988 and the significance value is 0,328. The regression coefficient is not significant because $0,328 > 0,05$ and $t \text{ count} < t \text{ table}$ is $-0,988 < 2,01410$, that means the audit committee size variable has no effect on accounting conservatism so that the third hypothesis in this study is rejected. The regression coefficient for Growth Opportunities is -4,843 and the significance value is 0,000. The regression coefficient is significant because $0,000 < 0,05$ and $t \text{ count} > t \text{ table}$ is $-4,843 > -2,01410$, that means the Growth Opportunities variable has a negative effect on accounting conservatism so that the fourth hypothesis in this study is rejected.

Based on the results of the regression in table 7, the constant value (a) is -0,162, the value (b/regression coefficient) of Board of Commissioners Size variable is 0,046, Proportion of Independent Commissioners variable is 0,119, Audit Committee Size variable is -0,024 and the Growth Opportunities variable is -0,151. From these results obtained the following regression equation:

$$\text{Conacc} = -0,162 + 0,046X_1 + 0,119X_2 - 0,024X_3 - 0,151X_4 + e$$

IV.3 Discussion

IV.3.1 The Effect of Board of commissioners size on Accounting Conservatism

The result of test the hypothesis 1 in this research indicate that board of commissioners size have a positive and significant effect on accounting conservatism in State Owned Enterprises Companies listed on the Indonesian Stock Exchange 2017-2020. The results of this research can verify the first hypothesis. This results indicate in the state owned enterprise companies the role of board of commissioners has an important role in the application of accounting conservatism principle. Therefore, the larger board of commissioners size in state-owned enterprise

companies so the task of board of commissioners to control the application of conservatism principle in state-owned enterprise companies already effective in conducting supervision. The results of this test in line with agency theory which assume that the board of commissioners is regarded as the larger internal control be liable for controlling the action of top management (Sukasih & Sugiyanto, 2017). The larger board of commissioners size so the greater power of the board of commissioners to supervising, so the implementation of accounting conservatism will be higher (Savitri, 2016). Based on agency conflicts, companies that apply the conservatism principle should be monitored by the board of commissioners size in the companies. The results of this research agree with the research by Fadilla & Syafruddin (2020), Nasr & Ntim (2018), and Pratomo & Havivah (2021) which state that the board of commissioners size has a positive effect on accounting conservatism. However, this research disagree with the research by Mohammed et al. (2017) which states that board size is not significantly related to accounting conservatism.

IV.3.2 The Effect of Proportion of Independent Commissioners on Accounting Conservatism

The results of test the hypothesis 2 in this study show that the proportion of independent commissioners has no effect on accounting conservatism in State-Owned Enterprises Companies listed on Indonesian Stock Exchange 2017-2020. The result of this study cannot to verify the second hypothesis of the study. These result indicate that role of independent commissioner not affect to the implementation of accounting conservatism principle and also show that the level of controlling and implementation of conservatism carried out by the independent commissioner to the manager does not work effectively because the independent commissioner in state owned enterprises company is only to comply the regulations. Based on the OJK Regulation Number 57/POJK.04/2017 cahpter 19 that the percentage of the number independent commissioners must be at least 30% of the total of board commissioners. Sari et al. (2016) in their research stated that this is because the less than optimal the controlling of the independent commissioners as a management monitoring tool, beside the existence of independent commissioners only to qualify formal or regulation requirements but not to enforce good corporate governance mechanisms. Veres et al. (2013) argue that independent commissioners has no effect on accounting conservatism because the monitoring function performed on the directors has not optimally as a tool to monitor management performance in determining conservatism in financial statements. The results of this research agree with the research by Hakiki & Solikhah (2019), Adhriatik & Ismangil (2019), and Purwasih (2020) which state that the proportion of independent commissioners has no effect on accounting conservatism. But, this study is disagree with the research by El-Habashy (2019) which states that board independence has a significant positive relationship with the accounting conservatism.

IV.3.3 The Effect of Audit Committee Size on Accounting Conservatism

The results of the test hypothesis 3 in this study indicate that the audit committee size have no effect on accounting conservatism in State Owned Enterprises listed on Indonesian Stock Exchange 2017-2020. The results show that this research cannot to verify the third hypothesis of the study. This show that the audit committee size is not effective in monitor the management to use accounting conservatism principle in preparing financial reports for state-owned enterprises companies and only as a regulatory compliance. Based on OJK Regulation number 55 POJK.04/2015 about the formation and guidelines for the application work of audit committee chapter 2 states that issuers or public companies are required to have an Audit Committee. According to POJK chapter 1 stated that the audit committee which was founded by and responsible to the board of commissioners in assist the board of commissioners to implement their functions and duties. According to Wulandari et al. (2014) stated that the existence of audit committee is not effective because the number of audit committee cannot maximize the function in accounting practice. The existence of the agency suspected only do final checks on financial and accounting information to be presented by the companies, but was not immediately get involved in accomplish financial problems faced by the companies. The results of this research agree with the research by Sinambela & Almilia (2018), Mohammed et al. (2017), and Evana (2020) which show the result that the audit committee not have effect on accounting conservatism. However, this research disagree with the research by Thomas et al. (2020) state that audit committee have a significant and positive effect on accounting conservatism.

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IV.3.4 The Effect of Growth Opportunities on Accounting Conservatism

The result of test the hypothesis 4 in this research show that growth opportunities have a negative and significant effect on accounting conservatism in State-Owned Enterprises listed on the Indonesian Stock Exchange 2017-2020. The results of this study cannot verify the fourth hypothesis of the study. The results of this hypothesis mean that company with high growth opportunities liable to be lower in applying the accounting conservatism principles in their financial reporting. According to Daryatno & Santioso (2020) growth opportunities has a negative effect on conservatism because growing company require larger funds so that company managers try to report financial statements that display profits to meet investment needs. Funds to meet the investment needs are expected to be obtained from external sides so that the company does not present understated earnings. This conducted so that investors are extracted to investing in the companies because they have the confidence that they are investing in the right companies. The result of this research agree with the research by Zahro (2021), Alkurdi et al. (2017) and Nuraeni & Tama (2019) in their research stated that growth opportunities have a negative effect on accounting conservatism. However, this research not agree with Widiatmoko et al. (2020) which indicate that growth opportunities not affect the application of accounting conservatism.

5. CONCLUSION

The purpose of this research was to determine the effect of Corporate Governance and Growth Opportunities on Accounting Conservatism (Empirical Study on State-Owned Enterprises Listed on the Indonesian Stock Exchange 2017-2020). The results of this research expect can give the references to assist the company to increase their quality of financial statement. This research participates to the literature about influence between corporate governance mechanisms, growth opportunities and accounting conservatism practice in the companies. Based to the data collected, the results of the tests that have been done and the discussion show that the board of commissioners size have a positive and significant effect to the accounting conservatism. Companies with high commissioners require a high level of conservatism. The second variable is proportion of independent commissioners have no effect on accounting conservatism. Regardless the number of independent commissioners in the company it does not have a big impact on the implementation conservatism principle in the companies. The third variable is the audit committee size have no effect to the accounting conservatism. Regardless of the number of audit committee in the companies it does not influence to the implementation of accounting conservatism principle. And the last variable is growth opportunities have a negative effect on accounting conservatism. Companies that have high growth opportunities tend to be less the implementation of accounting conservatism principle in their financial statements.

Then the researchers only used State Owned Enterprises listed on the Indonesia Stock Exchange and this research was only conducted during 4 years observation periode from 2017-2020. The limitation experienced in accomplish this research are data collection of PT Garuda Indonesia in 2020, Garuda Indonesia does not report their annual financial statements. Garuda Indonesia only reports up to the third quarter. So the data used for PT Garuda Indonesia is only for the 2017-2019 period. Based on conclusion describe, this research is expected can give the contribution for evolution of accounting science, especially regarding accounting conservatism. Future research is expect to be able present better research with input on forward research, which is expect to add another variables which not belong in this research that have an effect to the accounting conservatism. In conducting this research, the results of growth opportunities on accounting conservatism that the higher the company's growth opportunities so the lower manager in applying accounting conservatism principle because managers want the company's financial statements have large profits when viewed by investors, researchers see an opportunity to do earnings management, therefore the researcher suggests to further researchers to include earnings management variables in their research.

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