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CAN PUBLIC AND MANAGERIAL OWNERSHIP MODERATE THE ACCOUNTING CONSERVATISM?

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Abstrak – Apakah Kepemilikan Publik dan Manajerial Mampu Memoderasi Konservatisme Akuntansi?
Tujuan Utama – Penelitian ini berupaya untuk menguji kepemilikan publik dan manajerial sebagai variabel pemoderasi dari sejumlah faktor yang mempengaruhi konservatisme akuntansi.
Metode – Penelitian ini menggunakan metode *moderated regression analysis.* Sampel penelitian ini adalah 75 buah perusahaan di sektor properti yang telah telah terdaftar di Bursa Efek Indonesia selama tahun 2019 – 2021.
Temuan Utama - *Leverage* dan intensitas modal mampu mempengaruhi konservatisme akuntansi. Walaupun demikian, variabel pemoderasi tidak mampu dalam memoderasi leverage dan intensitas modal dalam mempengaruhi penerapan konservatisme akuntansi. Hal ini disebabkan perusahaan lebih memilih menerapkan konservatisme akuntansi untuk mendapatkan kebijakan relaksasi pinjaman dan mengurangi biaya politik.
Implikasi Teori dan Kebijakan – Konservatisme akuntansi penting untuk mengurangi terjadinya kecurangan pada laporan keuangan. Walaupun demikian, pengawasan perusahaan harus diperketat untuk menjaga ketepatan penerapan konservatisme akuntansi.
Kebaruan Penelitian – Penggunaan variabel kepemilikan publik dan manajerial sebagai variabel moderasi masih jarang ditemukan.

Abstract – Can Public and Managerial Ownership Moderate Accounting Conservatism?
Main Purpose – *This study examined public and managerial ownership as moderating variables influencing accounting conservatism.*
Method – *This study used the moderated regression analysis method. The sample for this research consisted of 75 property sector companies listed on the Indonesia Stock Exchange during 2019-2021.*
Main Findings *- Leverage and capital intensity can influence accounting conservatism. However, the moderating variable cannot moderate leverage and capital intensity in controlling the application of accounting conservatism. This phenomenon happens because companies prefer to apply accounting conservatism to obtain loan relaxation policies and reduce political costs.*
Theory and Practical Implications – *Accounting conservatism is vital to reduce fraud in financial statements. Even so, company supervision must be tightened to maintain the accuracy of the application of accounting conservatism.*
Novelty – *The use of public and managerial ownership as moderating variables was rarely found.*

Conservatism is a form of cautious reaction to the risk of uncertainty so that uncertainty and risks related to the business situation can be adequately considered (Daryaei et al., 2022; Kong et al., 2017). Accounting conservatism is carried out by not rushing to recognize and measure assets and profits and immediately recognizing possible losses and liabilities. The application of this principle is to suppress the optimistic and opportunistic nature of managers, which tends to manipulate data and numbers in financial reports, which will be detrimental to users of financial statements (Guo et al., 2020; Sharma & Kaur, 2021; Yuan et al., 2022). The conservatism principle is based on the assumption that the company will face economic uncertainty in the future (Daryaei et al., 2022; Hu & Jiang, 2019; Rusydi et al., 2017). Many companies use financial reports to show their good performance. Still, many things emerge from the company that ultimately harm investors, including those in the property sector. The case of PT Hanson Internasional, Tbk is evidence of the low application of accounting conservatism in Indonesia's property sector because it was proven to manipulate the 2016 annual financial statements by presenting an overstated income of 613 billion. The case above shows that financial statements are very vulnerable to manipulation due to differences in interests between the principal and agent, either due to bonus motives or others, so tighter supervision of financial statements and internal control is needed.

Agency theory, as grand theory, explains differences in interests between company owners and managers. The company owner wants the best for the company but does not incur high political costs such as taxes. On the other hand, the company manager wants the profit to look large so that the performance is visible and the bonus earned will be greater. The principle of conservatism can be used to minimize managers' overstatement of company profits (Li et al., 2018; Zhong & Li, 2017). In addition, These accounting practices have been predicted through the positive accounting theory through hypothesis, which consists of a bonus plan, debt covenant, and political process hypothesis. Accounting conservatism in each company is different because it is influenced by many factors both from within and outside the company, but the factors that should be suspected of having strong potential are leverage, capital intensity, public ownership, and managerial ownership. Companies with higher leverage will be more careful in acting because the wrong decision can affect it in the short or long term. Creditors are interested in the distribution of net worth and lower profits to managers and shareholders, so they tend to ask the manager to do conservatism accounting (Ha, 2021; Khalilov & Osma, 2020). Capital intensity is closely related to positive accounting theory, especially in the political process hypothesis. If this ratio is high, the company is a large company with a high political cost. Usually, the company will apply accounting conservatism to reduce these political costs.

Managerial ownership is the share in a company owned by management, who also has an active role in making company decisions, including commissioners, directors, and employees (Aladwey, 2021). Greater managerial ownership is believed to reduce the manager's optimistic attitude because managers will prioritize the company's interests rather than personal interests, in this case, bonuses, and will be more careful in making business decisions. Managerial ownership can reduce the manager's optimistic attitude because this managerial ownership has two positions: management and shareholders. Public ownership is the share of a company owned by a general with no special relationship with the company (Majeed et al., 2017; Salehi et al., 2021). The lower the public ownership, the greater the opportunity for managers to reduce the company's accounting conservatism because of outsiders' low control over the company. With this public ownership, of course, it can reduce the optimistic attitude of management, which, if associated with positive accounting theory, then public ownership is closely related to the bonus plan hypothesis (Guay et al., 2019; Obermann, 2018; Sanoran, 2022).

The inconsistency from the previous result of studies, such as the research of Aladwey (2021), Majeed et al. (2017), and Salehi et al. (2021) showed that leverage had an effect but weakened when accounting conservatism was applied in the company. This is in accordance with the debt covenant hypothesis described in positive accounting theory. This is because, in conditions of high leverage ratios, companies lower their accounting conservatism so their performance remains good and they can continue to receive loans. Different from Ha et al. (2021) and Khalilov & Osma (2020), they found that leverage had a significant and positive effect on accounting conservatism which is not in accordance with the hypothesis. Debt covenant is related to positive accounting theory. The inconsistency from the previous result of studies of the variables that affect accounting conservatism and the discrepancy between the results of previous studies and the existing positive accounting theory occurs because it depends on certain factors called contingency factors (Hsu et al., 2017; Nasr & Ntim, 2018). Therefore, further research needs to be done by adding moderating variables that are thought to influence or be related to factors affecting accounting conservatism, which in this study are the variables of public ownership and managerial ownership. The discrepancy between the previous studies and the positive accounting theory necessitates further research to be carried out by adding moderating variables that are thought to affect factors related to accounting conservatism. The company's own-

Table 1. Company Sample Selection Procedure

Sample Criteria	Amounts
Companies in the property sector listed on the IDX in 2019-2021	96
Companies in the property sector that do not have the complete data required for research in 2019 - 2021	(71)
Number of companies being research samples	25
Number of years observed	3
Number of samples observed	**75**

ership structure will affect every decision taken by the company, whether faced with high or low leverage ratios and capital intensity conditions. This research was conducted in the period of the Covid 19 Pandemic. Therefore, the situation might be different from that of the other years.

This study considered companies implementing accounting conservatism regarding what factors must be considered, especially the condition of debt and political costs. In addition, how much management owns shares and whether it helps increase the treatment of accounting conservatism in the company can be seen from whether the manipulation of financial statements will decrease. The result of this research can be a reference for a company to implicate accounting conservatism. The results of this study can provide references related to the effect of accounting conservatism and assist investors in analyzing companies before deciding to invest.

METHOD

This study used secondary and quantitative data, namely financial reports from property the website www.idx.go.id. The moderated regression analysis was chosen as a data processing method because this study aimed to test the moderating variables to affect the independent and the dependent variables.

Table 1 shows the sample selection process. based on Table 1, the company selection process only screened property companies during 2019-2021. The selection of property companies as samples was carried out because this sector is prone to being affected by crises, such as the economic crisis in America in 2008. In addition, during the COVID-19 pandemic, property sales were one of the sectors that declined the most sharply because people's purchasing power decreased.

Figure 1 shows an overview of the concept of this research. Based on Figure 1, the equations tested in this study are:

$$AC = \alpha + \beta_1 LEV + \beta_2 CI + e \quad \text{(i)}$$

$$AC = \alpha + \beta_1 LEV + \beta_2 CI + \beta_3 PO + \beta_4 MO + \beta_5 (LEV{*}PO) + \beta_6 (LEV{*}MO) + \beta_7 (CI{*}PO) + \beta_8 (CI{*}MO) + e \quad \text{(ii)}$$

Based on Figure 1 and these equations, this study described the relationship between managerial ownership, public ownership, leverage and capital intensity in the application of accounting conservatism. This study also described the relationship related to how managerial and public ownership moderated leverage and capital intensity on applying accounting conservatism. The following is a description of each variable.

Accounting conservatism (AC) is a cautious reaction to the uncertainty inherent in a company to try to ensure that internal uncertainties and risks in the business environment are adequately considered. Accounting conservatism is an accounting attitude and view based on a pessimistic attitude in the face of uncertainty carried out with the principle of minimizing reported cumulative profits by slowing revenue recognition, accelerating expense recognition, lowering asset values and increasing debt valuation (Sanoran, 2022). There are several reasons underlying the principle of conservatism in accounting. An attitude that tends to be pessimistic is needed to reduce the optimistic attitude of managers and owners, which is sometimes excessive and tends to overreport. Profits and valuations that are declared too high are more dangerous for the company and its owners than understated presentations due to the risk of facing lawsuits because they are considered to report things that are not true. Accountants are, in fact, more capable of obtaining more information than being able to communicate that information as completely as possible, which can be expressed to investors and creditors. Hence, accountants face two kinds of risks: the risk that what is reported turns out to be incorrect and the risk that what is not reported turns out to be true (Basu & Liang, 2019). These uncertainties and risks must be reflected in the financial statements to improve the predictive value and neutrality. Presentation of information in financial reports that applies the principle of prudence, of course, can provide more transparent information and the best benefits for all users of financial reports (Gaio & Pinto, 2018).

Accounting conservatism is closely associated with agency theory. Agency theory explains differences in interests between company owners and managers. The company owner wants the best for the company but does not incur high political costs such as taxes. In contrast, the company manager wants profits to look big so that performance can be seen to obtain bigger bonuses. Agency theory states that agency problems will arise if there is a separation between owners as principals and managers as agents who operate the company. It is caused by each party that will always try to maximize its utility function. However, developing an increasingly large company results in frequent conflicts between owners and management because management has more information about the company. This difference in interests between the management (agent) and the principal can lead to agency conflicts. Principals and agents both want big profits. Principals and agents are equally risk averse. Therefore, the principle of conservatism can be implemented to minimize the exaggerating company profits by managers. The formula for accounting conservatism used in this study was based on Guay et al. (2019) and Obermann (2018).

Leverage (LEV) is the ratio used to measure and inform how much a company's activities are financed by debt. The company needs to assess how much influence debt has on asset management. This financial ratio analysis serves to see the company's resilience in the future. This ratio is essential for users of financial statements because it will provide a deeper analysis of the decisions made by users, such as creditors who lend money. This ratio will indicate whether the company can pay off its debts and interest obligations promptly or if there are indications of delays. The measurement used for this leverage is using the debt-to-equity ratio (DER), based on Biddle et al. (2022), Isaboke & Chen (2019), and Khalifa et al. (2022),.

Capital intensity (CI) is the amount of capital in the form of assets owned and needed by the entity to generate income (Hur & Hwang, 2021; Penalva & Wagenhofer, 2019; Ramalingegowda & Yu, 2021). The capital intensity ratio can also be interpreted by how the company spend capital or funds for company activities to gain profits. This ratio can show how efficiently the company uses assets to get sales. The capital intensity ratio can show the level of efficiency of the company in using assets to get sales. Capital intensity also affects accounting conservatism. Research reveals an increasing need for capital to support operational activities caused by the state's economy and politics, which in the end, the company will tend to report more conservative finances.

Public ownership (PO) is the shares owned by the public. The public in public ownership means shareholders who do not have any relation or special relationship with the company. Companies owned by the public tend to be more stringent in monitoring their operations. This is because outside investors expect that they will get a return as much as the amount of money they have invested. Public shareholders sometimes have more information about the company because they may have a lot of investment outside. These things will force managers to be more concerned with the interests of their shareholders. The measurement of public ownership is calculated based on the percentage of public ownership in the company, tapped from Aladwey (2021), Majeed et al. (2017), and Salehi et al. (2021).

Managerial ownership (MO) is a shareholder from the management who actively participates in making company decisions (Aguir et al., 2021; Dai & Ngo, 2021). Basically, the manager influences

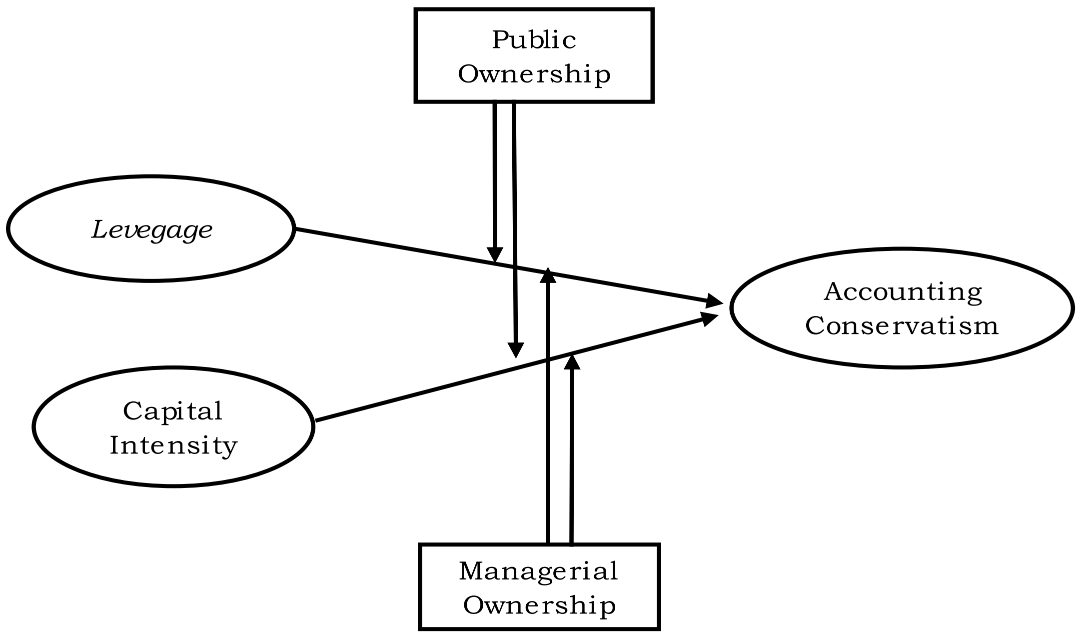

Figure 1. The Research Concept

Table 2. The Regression Test Results

Variable	Without Moderation	With Moderation
Leverage	0,036**	0,030**
	(0,001)	(0,007)
Intensity	0,002**	0,002**
	(0,007)	(0,009)
Public		0,058
		(0,156)
Managerial		-0,001
		(0,986)
Leverage x Public		-0,110
		(0,406)
Leverage x Managerial		-0,090
		(0,194)
Intensity x Public		-0,002
		(0,671)
Intensity x Managerial		-0,001
		(0,698)
Constant	-0,054	-0,060

the choice of accounting method so that managerial ownership determines the policies and management's choice of conservative accounting methods. One way to harmonize the owner's and management's interests is to involve management in a large enough ownership. In a company, the interests of managers can be combined with those of external shareholders because if the manager's share ownership is enlarged, the manager will not manipulate earnings for his benefit. In the case of low share ownership, the incentives for the possibility of opportunistic behaviour of managers will increase. A great sense of belonging to the company also makes managers more willing to develop and enlarge the company. Management will apply a conservative method because hidden reserves will be large enough to increase the company's investment amount. The measurement of managerial ownership is calculated based on the percentage of CEO ownership in the company, tapped from Aladwey (2021), Majeed et al. (2017), and Salehi et al. (2021).

RESULTS AND DISCUSSION

Table 2 shows the results of the regression test. Based on the test results in Table 2, the equations of the test results are:

$$AC = -0{,}054 + 0{,}036LEV + 0{,}002CI + e \quad \text{(i)}$$

$$AC = -0{,}060 + 0{,}030LEV + 0{,}002CI + 0{,}058PO - 0{,}001MO - 0{,}110(LEV^*PO) - 0{,}090(LEV^*MO) - 0{,}002(CI^*PO) - 0{,}002(CI^*MO) + e \quad \text{(ii)}$$

Based on the test results in Table 2 and these equations, it can be said that leverage and capital intensity have a direct effect on accounting conservatism. In contrast, all of the moderating variables tested failed to influence accounting conservatism.

The direct effect of leverage on accounting conservatism. Table 2 shows that leverage had a positive effect on the application accounting conservatism. The company's operations require large capital from shareholders and third-party loans. If a third party provides this capital, accountability for this use is expected to be as transparent as possible so that the donor can make the right decision. Therefore, the lender is very interested in all business information in the company because it will greatly affect the funds provided regarding interest and principal returns. The higher a company's leverage ratio, the more creditors require companies to use conservatism accounting to ensure safety and return the funds. Companies with relatively high leverage ratios will certainly receive stricter supervision from the creditor, which is the creditor. Creditors will have a greater right to know company information, including information on its financial statements.

Greater rights to financial statement information will cause management to be more careful in acting because the wrong decision will cause the company to lose its source of funds. Creditors are interested in the distribution of net worth and lower profits to managers and shareholders, so creditors tend to ask for ongoing accounting (Ha, 2021; Khalilov & Osma, 2021). Providing information acknowledging low profits can help reduce conflicts between managers and shareholders because managers try to convey information honestly and carefully.

In the COVID-19 pandemic, creditors certainly want information that is as transparent as possible regarding the debtor's ability to pay off their debts. Creditors are certainly aware that, at this time, all companies are experiencing difficult times operating, especially those in the property sector. The financial statements' transparency can certainly assist creditors in making decisions. If the company even manipulates financial statements by not applying accounting conservatism, this can be suspicious and cause many questions and distrust from creditors to debtors. This will certainly impact the business agreement between the two companies in the future.

This study supports research by Biddle et al. (2022), Ha (2021), Isaboke & Chen (2019), Khalifa et al. (2022), Khalilov & Osma (2020), and Pasko et al. (2021). The results of this study reject the positive accounting theory and the findings from Aladwey (2021), Majeed et al. (2017), and Salehi et al. (2021). These theory and researchs argue that increasing the level of leverage of a company, management tends to reduce accounting conservatism level so as not to violate debt contracts. However, this study finds the other way around.

The direct effect of capital intensity on accounting conservatism. Table 2 shows that capital intensity has a positive and significant effect on accounting conservatism. Companies with a high capital-intensity ratio are said to be capital-intensive. These companies are large companies and incur high political costs. Property sector companies are in great demand, as stated by the Investment Coordinating Board (BKPM), as of August 2018, the largest investment goes to this sector.

The larger the company, the greater the political costs that must be incurred, such as tax costs, litigation risk, and other political costs. To reduce this political cost, the company will apply accounting conservatism to reduce company profits so that political costs such as tax costs, employee demands, and other political costs will decrease with lower profits. One of the reasons for the persistence of accounting conservatism amid controversy over its application is the reason for political costs.

For companies that can generate profits, the recognition that asymmetry between gains and losses (deferring revenue recognition and accelerated expense recognition) will reduce the present value of taxes (delaying tax payments) and increase the company's value. Determinant accounting standards and regulatory authorities also benefit at least the possibility of criticism due to companies that overstate the value of net assets than if a company understates its net assets.

During the COVID-19 pandemic, companies with high capital intensity or can be said to be large companies will try their best to reduce political costs such as tax costs. This is because, apart from being the focus of attention from the government, the company also wants to save funds for economic uncertainty during the pandemic. Government policies that cannot be predicted during the COVID-19 pandemic must be addressed by both property companies because when companies are faced with uncertainty, reserve funds are vital. Therefore, instead of incurring high corporate political costs, the company will choose to implement accounting conservatism by recognizing expenses faster so that political costs will be lower and funds will be saved for future operations.

This study supports research by Biddle et al. (2022), Hur & Hwang (2021), Pasko et al. (2021), Penalva & Wagenhofer (2019), and Ramalingegowda & Yu (2021). This study also supports the positive accounting theory on the political process hypothesis, where the larger a company will lead to greater political costs, so the company will increase the level of accounting conservatism to reduce these political costs.

Does public ownership have a moderating role in accounting conservatism? Public ownership is the number of shares owned by the public with no special relationship with the company. To measure the public ownership ratio, the number of shares owned by the public must be divided by the total number of shares in a company. Management reports company profits to provide information to various parties about the results of management performance which are generally reflected in company profits. The effect of public ownership on accounting conservatism can be seen from the higher public ownership. It means a higher accounting conservatism level in the presentation of financial statements because the high level of public ownership indicates the public trust to invest in the company so that management will present information in financial statements more comprehensively.

Table 2 shows that public ownership cannot moderate the effect of leverage on accounting conservatism. Companies with a relatively high leverage ratio will receive stricter supervision from the creditor, which in this case, is the creditor. Providing information that acknowledges the existence of low profits can help reduce conflicts between managers and shareholders because managers try to convey information honestly and carefully (Ha, 2021; Khalilov & Osma, 2020). Dispersed public ownership causes low control because there are many company owners, but the percentage of ownership is only small, so with a low level of control, managers will be more flexible in presenting information in financial statements (Sreenu et al., 2022).

Public ownership cannot moderate the effect of leverage on accounting conservatism due to the information asymmetry between management and public shareholders, where management knows more information about the company than the public. Therefore, decision-making in the company, including the determination of policies related to leverage, is carried out by management. The ownership of public shareholders is spread and small so that shareholders are only concerned with increasing profits and short-term interests rather than long-term interests to get an immediate return on investment (Anantavrasilp et al., 2021; Boulton et al., 2017). During the COVID-19 pandemic, companies whose capital structure has a high ratio of public ownership will not influence any factors that affect accounting conservatism. This is because, with or without public ownership, the company will still apply accounting conservatism in the company. In addition, amid the COVID-19 pandemic, the public knows that the property sector is greatly affected, which can be seen from the decline in sales results. Therefore, the public will be more oriented to return on investment than to be involved in the policy decisions taken by companies related to leverage. The COVID-19 pandemic is affecting the property companies sectors. This can be seen from the number of company projects not running due to the lack of people's purchasing power and the closure of several places, such as shopping centres, because they can cause crowds. Under these conditions, of course, there is a high possibility that the company will suffer losses, and public investors have certainly realized this. Investors will not demand much from the company and are involved in company decisions, so these public investors will not influence the company's policy in implementing accounting conservatism.

This study supports research by Basu & Liang (2019), Gaio & Pinto (2018), and Thornton (2015), which state that public ownership does not affect accounting conservatism. This study rejects the theory of positive accounting on the debt covenant hypothesis because positive accounting state the hypothesis that the higher level of leverage, the management tends to reduce the application of accounting conservatism to avoid violating the debt contract.

On the other hand, Table 2 also shows that public ownership cannot moderate the effect of capital intensity on accounting conservatism. Companies with high capital intensity ratios are large companies and must incur high political costs. To reduce this political cost, the company will apply accounting conservatism to reduce company profits so that political costs such as tax costs, employee demands, and other political costs will decrease with lower profits.

The ownership of public shareholders is spread and small so that shareholders are only concerned with increasing profits and short-term interests rather than long-term interests to get an immediate return on investment (Anantavrasilp et al., 2021; Boulton et al., 2017). If it is associated with a high capital intensity ratio, the public will follow management decisions as long as the investments they make are safe and get a return on their investment. In addition, due to the COVID-19 pandemic, the public knows that this sector is affected, so they don't expect much from returns and will not be involved in company decisions. This study supports research from Basu & Liang (2019), Gaio & Pinto (2018), and Thornton (2015), which found that public ownership does not affect accounting conservatism.

Does managerial ownership have a moderating role in accounting conservatism? Managerial ownership is the shares owned by the management. This ratio is calculated by the total manager's share divided by the total shares in the company. By increasing managerial ownership, management will be forced to improve its performance to positively impact the company and increase or fulfil the shareholder's goal. If managerial ownership is higher than external parties, the company will be more careful in preparing its financial statements so that it uses a conservative method because it is not concerned with profit but with its long-term sustainability. In a company, a manager who is trusted by the shareholders to manage and run the company is the key to the company's success. Low share ownership by managers will cause agency problems. Agency problems will appear bigger when the managerial ownership is getting smaller so that demand for conservative financial statements will increase. The ownership of shares by management causes a sense of belonging for the management and is more responsible for company sustainability. The higher the managerial ownership, the higher the sense of ownership and a sense of responsibility for the company.

Table 2 shows that managerial ownership cannot moderate the effect of leverage on accounting conservatism. Managerial ownership in property sector companies is relatively small compared to public ownership.

In the existence of low managerial ownership, management will be more concerned with the performance of management and the company, including for bonus motives. During the COVID-19 Pandemic, in this property sector company, low managerial ownership cannot affect the large access rights of creditors who demand actual financial statement information. This is because creditors want to obtain as complete information as possible to determine the company's ability to return the funds lent. In addition, the company will disclose the actual situation to obtain relaxation or credit extensions so that the remaining funds can be used for company operations, including payment of employee salaries.

This study supports the research by Caskey & Laux (2017), Hajawiyah et al. (2020), Fourati et al. (2020), García-Meca & García-Sánchez (2018), Li et al. (2017), Pirveli & Zimmermann (2019), and Salehi et al. (2020). However, the results of this study reject the theory of positive accounting and the findings from Aladwey (2021), Majeed et al. (2017), and Salehi et al. (2021). These theory and findings state that with a higher level of leverage, the management tends to reduce the application of accounting conservatism so as not to violate the debt contract. Unfortonately, this research finds the other way around.

On the other hand, Table 2 also shows that managerial ownership cannot moderate the effect of capital intensity on accounting conservatism. Companies with a high capital-intensity ratio are said to be capital-intensive. Capital-intensive companies are large companies and must incur high political costs. To reduce this political cost, the company will apply accounting conservatism to reduce company profits so that political costs such as tax costs, employee demands, and other political costs will decrease with lower profits.

The results of this study support research by Biddle et al. (2022), Hur & Hwang (2021), Pasko et al. (2021), Penalva & Wagenhofer (2019), and Ramalingegowda & Yu (2021). Managerial ownership in property sector companies is relatively small compared to public ownership. In the existence of low managerial ownership, management will be more concerned with the performance of management and the company, including for bonus motives.

During the COVID-19 pandemic, in this property sector company, even though the managerial ownership of the company is low, the company continues to apply accounting conservatism because high political costs will provide continuous focus from the government and other parties to the company concerned. Tighter supervision from the government because of these political costs will certainly give management more work and less room to move. Similar to public ownership, during the COVID-19 pandemic, the managerial ownership structure cannot strengthen or weaken the factors influencing the application of accounting conservatism. This is because the management, who doubles as a shareholder, only focuses on how the company survives amid this COVID-19 pandemic. Companies with or without managerial ownership will continue to apply accounting conservatism, realizing that nothing can be manipulated because all property sectors are affected.

Intense competition between companies to survive in a changing economic situation requires a reliable strategy. Companies must always innovate and build a strong business network, one of which is transparency. A transparent company will increase public trust so that they will continue to invest in the company. The decreased sense of distrust from users will certainly hurt the company's business. The company's movements will be limited, so the company cannot expand. As with creditors, if the company does not provide transparent information, the company may lose those who help supply funds. This will make it difficult for the company to survive due to insufficient or non-existent funds. Therefore, financial reports and a transparent description of information need to be presented. When it comes to companies categorized as capital-intensive or large companies, of course, the trust of good users, shareholders, and other users must be maintained properly.

Capital-intensive companies tend to receive greater attention, so information related to financial statements must also be more transparent so as not to cause problems later. It is expected that shareholders who are involved in company operations and the public who are not involved in company operations must collaborate to control the information presented in the financial statements because it will affect their investments (Bloom, 2018; Indriani & Amalia, 2019). If there is no control and a sense of concern, then it will provide an opportunity for unscrupulous persons to carry out manipulation activities which will certainly be detrimental to investors/shareholders. This transparency can be implemented through accounting conservatism.

Conservatism is important to be applied in companies to reduce financial statement manipulation activities which will certainly harm investors and reduce the sense of trust for investment in the company concerned. This study provides input, insight, and empirical evidence about agency and positive accounting theories underlying accounting conservatism. This research is certainly expected to provide a clear picture of the importance of accounting conservatism applied, especially concerning opportunities for manipulation activities that only benefit some parties. In addition, this study also provides an overview of what can influence the application of accounting conservatism. Shareholders, whether involved in operations or not, must provide control over the business information presented because it is related to their investment, because this will affect future business decisions.

The research findings support related theories, such as conservatism associated with agency theory, because they can reduce managers' optimistic attitudes and manipulation of financial statements. This study indicates that public ownership and managerial ownership are unrelated to how accounting conservatism is applied in the company. The application of accounting conservatism is carried out with consideration of related factors and the factors tested in this study.

CONCLUSION

This study can provide input, insight, and empirical evidence about agency and positive accounting theories that underlie accounting conservatism. The findings support conservatism associated with agency theory because it can reduce manager optimism and manipulation of financial statements. Independent variables associated with positive accounting theory with three main hypotheses include bonus plans associated with public and managerial ownership variables, debt covenants associated with leverage, and political process associated with capital intensity. This study indicates that leverage and capital intensity have significant and positif effects on the application of accounting conservatism, but public ownership and managerial ownership are not related to how accounting conservatism is applied in companies.

Accounting conservatism in a company is important to reduce the possibility of fraud in financial statements. This application must pay attention to company conditions such as the company's debt level because it is related to third parties (creditors) and related to the size of a company seen from its capital intensity. Strict supervision in a company also needs to be considered because, without supervision, there is a possibility that applying these principles is inappropriate. This supervision can be done by the company's employees or by an independent party (public). Increasing the percentage of managerial ownership is essential to reduce the manager's optimistic attitude and agency conflict because, as management and owners, managerial shareholders will make more careful decisions for short-term and long-term goals.

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