ANALYSIS CONSERVATISM ACCOUNTING PRINCIPLE AND FACTORS INFLUENCE IT

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ABSTRACT : The study is done to analyze the influence of financial distress , investment opportunity set , the size of a company , public ownership with the accounting conservatism .This study in a descriptive comparative with a quantitative approach .The data used in the form of financial reports secondary data obtained from official website the indonesia stock exchange .The population of this research is all companies manufacturing sector consumer goods in 2017-2021 company with a 75 .Sample collected through a method of sampling purposive company that produces 31 .Regression analysis done by the panel with the help of software statistika eviews version 10 .Individually the hypothesis suggests that the size of the company it has some positive effects with the accounting conservatism , while the financial distress , investment opportunity sets and public ownership will not affect the accounting conservatism .The simultaneously

KEYWORDS - Financial distress (FD), investment opportunity set (IOS), size up (company), public ownership (KP) and accounting and conservatism (KA).

I.   INTRODUCTION

The financial statements presented by the Company can mean the performance of company management in managing everything owned by the company. The information contained in a report can be used by individuals with an interest, both internal and external. Financial statements are required to be able to apply standards to financial accounting published by 'DSAK IAI' (Indonesian Accounting Association, 2019) financial accounting standards (SAK) provide several principles known in the world of accounting and one of them is the principle of conservative financial statement assessment, or commonly called accounting conservatism, accounting conservatism is a principle in prudence to make financial statements, so that the company is not fast in measuring the recording of assets and profits, but must quickly record if there are indications of possible losses and debt arising. Financial Distress is one of the factors that makes management to carry out acts of conservatism. Investment Opportunity set, is one of the factors that makes the company put pressure on the management to increase accounting conservatism. Which is the provision of investments made in the form of assets and investments make choices in the future. The better the investment value of the opportunity set, the more conservative the company The size of the company becomes another factor that affects accounting conservatism. If you have large total assets, the company in presenting its financial statements is more careful. Public ownership is a condition where the public has shares in the company, this is another factor that influences the company to demand that management carry out conservatism in the company's financial statements. Thus, it will have an impact on more and more external parties who believe in the performance of management to buy shares in the trouble. As for the opposite condition, where the lower the public ownership, the lower the management to apply the principle of accounting conservatism. This research is an extension of previous researchers, namely: (Nurmawati, 2019), (Lucky, 2019) and (Hans, et al., 2017), this researcher is trying to further develop from the research that has been made and prove the results of accounting conservatism analysis and the factors that influence it on the company's financial statements.

Problem Formulation : Based on the background description described above, researchers can make problem formulations. Does Financial Distress/FD(x1), IOS(x2), company size(x3), and public ownership(x4) affect the principle of accounting conservatism with data/samples of manufacturing companies in the field of consumer goods.

Research Objectives and Contributions : The purpose of this study is to learn more about the implications of Financial Distress, IOS, the business environment, and public awareness of conservatism. And critics hope this will help interested parties so that they can create quality money products in accordance with the upcoming masonic acclamation. According to the theory, it is important to provide some basic knowledge, especially knowledge of the factors that undermine the principle of conservatism in terms of the use of money by

manufacturing enterprises. In accordance with best practice, the study was conducted as a source of information for other researchers to use in their work as well as to help them as fully as possible when learning about the factors influencing the application of the principle of conservatism to financial management in sample manufacturing companies..

II.   LITERATURE REVIEW

Grand Theory : Agency Theory According to those cited (Scott, 2016), agency theory is an employment contract to regulate rights and obligations between one party (agent) and the other (principal). For the management who runs the company, it can be called an agent, for the principal, it can be referred to as the shareholder or owner of the company. Signal Theory Signaling Theory Based on assumptions about the information that has been received by each party has nothing in common. This theory can be related to information asymmetry which already shows the existence of information asymmetry related to management as a company agent and shareholders as principals who are interested in the information. To overcome this, the manager must provide information to organizations that have an interest in the process of issuing financial statements.

Accounting Conservatism According to Fasb's Statement concept No. 2 (financial accounting statement board), conservatism is an act of prudence when facing conditions of company uncertainty so as to ensure that risks in the business environment can be mitigated. Wulandari argues negatively against the principle of accounting conservatism. because it doesn't describe the actual facts. On the contrary, it supports the application of the principle of accounting conservatism because it is useful for preparing financial statements by suppressing excessive expenditures of opportunism in management. Thus the company can prevent the occurrence of Financial Distress conditions. Financial Distress According to (Mahaningrum & Merkusiwati, 2020), Financial Distress is a condition where the company can no longer fulfill its obligations to creditors. because it is experiencing a condition of lack of funds to pay obligations. Dewi Utari, et al (2014) argue that Financial Distress is the state of a company whose assets are not sufficiently capable of fulfilling its obligations. and if the company's high level of financial difficulty can encourage management to reduce the level of accounting conservatism (Viola and Diana, 2016)

Investment Opportunity Set (IOS). An investment opportunity set (IOS) can be defined as a collection of companies that have been identified based on the details of plans that will be implemented by management in the coming time period. Currently, this collection is considered an investment strategy that is anticipated to generate greater profits in the future. By expecting to have a significantly increased return so that it can encourage the value of the company to be better (Ika, Hans and Albert, 2017). Company Size. The UK is a scale that can be used to classify small business income using factors including total asset value, log size, market value, and others. In addition, the total assets of active sales, sales, average, and active totals per company can be used to describe the above points. The size of the company will also be higher and the risks that the company bears (Agustina et al, 2015). As for the results of Mamesah et al (2016), the bigger and more known the company is, the greater the guidance on conservative financial statements. While the results (Sinambela and Almilia, 2018) show results Because the size of the company is often determined by balancing high profits with high costs, the size of the business does not differ significantly from the assumed value of conservatism, Public Ownership. KP can be defined as the proportion of shares owned by the community to a company. A group of shareholders who only have less than 5% ownership.

Frame of Mind : Financial Distress to Accounting Conservatism Poor financial condition is caused by poor quality management. This problem can be a threat to management, so management needs to apply the principle of accounting conservatism to the presentation of financial statements to avoid possible conflicts with creditors and shareholders. Investment Opportunity Set against Conservatism Accounting management will be more careful to make financial statements to recognize income or assets, and not to provide unqualified information to external parties who are already interested in the company The Size of the Company against Accounting Conservatism makes companies with large sizes more sensitive to activities with political costs compared to small company sizes. Public Ownership of Accounting Conservatism Level (KP) also shows the level of trust gained from people who keep their assets in the form of investments in the company to maintain great public trust in the company.

Figure 2.1 Framework of
Thought
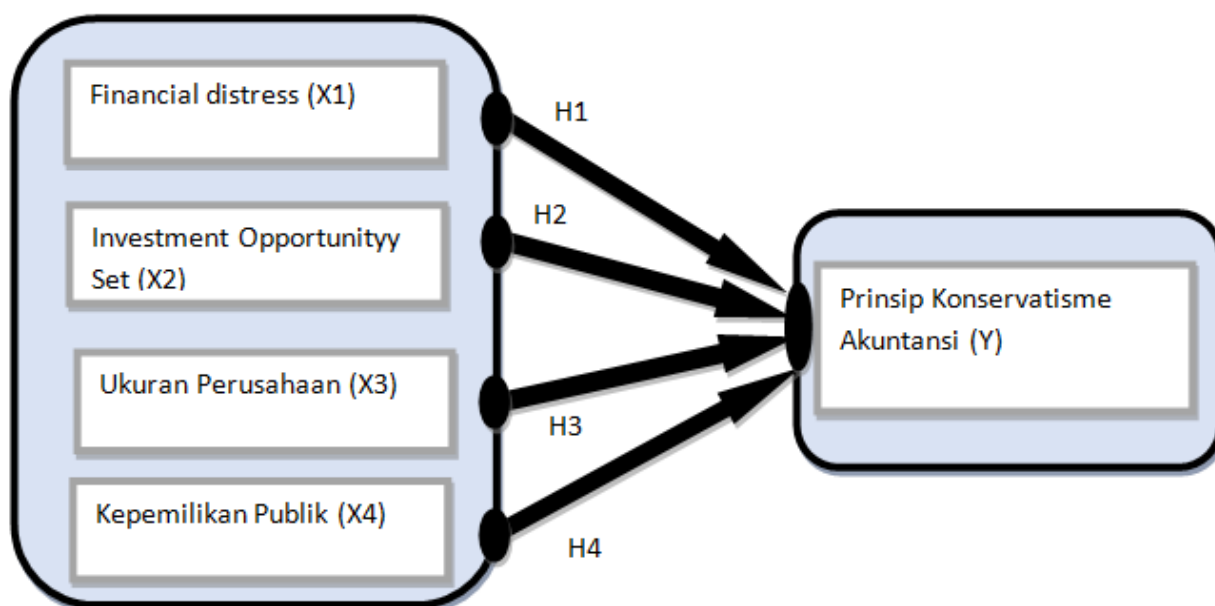
2.3 Hypothesis
H1 : Financial Distress has an effect on accounting conservatism
H2 : IOS has an influence on accounting conservatism
H3 : The size of the company has an influence on accounting conservatism
H4 : Public ownership has an influence on accounting conservatism.

III.   RESEARCH METHODS

Research Methods : Research is qualified to use quantitative sampling techniques. In addition, there is a method that uses data panel analysis because observational studies are carried out over a five-year period and involve participants from different businesses (cross-sectional) (time series). Variable dependencies (bound) include those relating to the principles of conservatism in accounting, IOS, company size, and public ownership. (Type of research using Quantitative methods) Independent Variables Financial Distress X1 Investment opportunity set X2 Company size X3 Public ownership X4 Principles of accounting conservatism (Y) dependent variables Accounting conservatism is the principle of "prudence" to present financial laps, so that companies are not quick in measuring the recording of assets and profits, but must quickly record if there are indications of possible losses and debt arising. For data collection and data sampling tests using purposive sampling at manufacturing companies listed on the IDX in 2020-2021 Regression Model Test Classical Assumption Test Hypothesis Test: 1). Test t 2). Test F 3). Coefficient of determination. Conclusions and presentation of the results of the Multiple Regression Analysis Suggestion test which is influenced because there are indications of independent (free) variables (Sugiyono, 2017). Variables are measured quantitatively in units of days The type of data obtained and used by the researcher is secondary data, data obtained by the researcher from the second source that has been processed by other agencies or individuals such as the Indonesia Stock Exchange Website.

Operationalization of Variables : Dependent Variable (Y) measuring accounting conservatism Researchers using calculations with total accruals are the difference between earnings before extraordinary items plus depreciation minus operating cash flows to find out the company is taking advantage of high or low conservatism. (Ika,Hans and Albert, 2017).

Kait = Nlit - CFOit $\times$ (-1)

Independent Variables (X)
Independent variables whose values affect dependent variables or bound variables. (Sugiyono, 2016) Financial Distress will be measured by an analysis of the Ratio of Altman Z-score, source :(Hans, Albert and Ika, 2017)

$$Z\text{-score} = 1{,}2\ T1 + 1{,}4\ T2 + 3{,}3\ T3 + 0{,}6\ T4 + 0{,}999\ T5$$

IOS uses sourced calculations (Andreas, Ardeni, & Nugroho, 2017)

$$IOS = \text{Nilai Buku Aset tetap}_t - \text{Nilai Buku Aset Tetap}_{t-1} / \text{Total Aset}$$

The size of the company can be calculated using the "natura logarithm" of the total assets with the following formula:

COMPANY SIZE = LN (TOTAL ASSETS)

Public ownership can be calculated using the natura logarithm of the total assets by the following formula:

$$\text{Kepemilikan Publik} = \frac{Jumlah\ kepemilikan\ saham\ publik}{Jumlah\ saham\ yang\ beredar} \times 100\%$$

Population and Samples : A population can be defined as any peerless singular that serves as a topic in a research project. The population in this study consists of information on the top consumer goods manufacturers listed on the Indonesia Stock Exchange (IDX) five years ago. Sample To find out the sample size for this study, the technique used is purposive sampling, which is based on previously understood population characteristics. The following criteria are used to determine the sample size: 1. Consumer goods manufacturers in the consumer sector based on the IDX as of 2021 2. Businesses that disclose financial information openly and honestly. 3. Businesses that use Rupiah as their main currency when transacting with other businesses. 4. Financial data with tertiary data of variables.

Analytical Techniques

Descriptive Statistics : The purpose of Descriptive Statistics is to provide information about the description variables that will be used in the analysis and derived from the mean, standard deviation, variance, maximum, minimum, sum, and range. It is this type of analysis that is often carried out in order to display data in the usual way.

Classical Assumption Test : The Normality test was carried out by raising the p value at a verification level of 5%, using the Kolmogrov Smimov test. If the p-value is greater than 5%, then the result is normal (Ghozali, 2016) Multicholineartias Test Using a regression model known as a multicholinearity-free model, which has a VIF threshold of 10 and a tolerance threshold of number 1, is the first step. If other conditions are met, symptoms of multicholinearity will occur. Autocorrelation Test of relationships between data remaining from one observatory and another (Winarno, 2015). To understand whether or not there are indicators suggesting autocorrelation in the context of the conclusions of this study, the Durbin-Watson test will be used (DW-test). If the DW number is below -2, the autocorrelation is positive, between -2 and +2 there is no autocorrelation, and beyond +2 there is negative autocorrelation (Ghozali, 2018).

Heterosexciticity Test When the significance threshold is greater than 0.05, heteroskedasis in the regression model does not occur. As a result, heteroskedasity occurs when the significance level is less than 0.05.

Logistic Regression Model Feasibility Test : The Chow test for the chow test decision is if the probability value for the cross section chi square > 0.05 then H0 is accepted. As a result, the best model to use is the general effects model. And if the opposite is true, then HA will be used, and the model to be used is a fixed effect model. Hausman Test According to the Hausman Test hypothesis, if the statistical probability of Chi-Square is more than 0.05, then H0 will be rejected and the result will be a fixed effect model, or something similar.

The Lagrange Multiplier (LM) test is a tool to determine whether regression using the common effect model (OLS) or using a random effect model is more appropriate to use.

Hypothesis Test : Coefficient of Determination Test (R^2 Test) The result of the R2 function lies between 0 (zero) and 1 (single), that is, R2 = 0. If R2 becomes more closely related to 1 (single), the aforementioned model is valid and capable of providing insight into variables related to Y becoming hotter (closely related).The F-test aims to find out whether each free or bound variable in the model has the same understanding as the bound variable. Ho Consider if the significance level exceeds 0.05 ha. Consider whether the significance level is below

0.05.The t-test is carried out to test whether a hypothesis is accepted or rejected, with the strength on the t-test being if the t-value is calculated and the p- value > 0.05 then H0 is accepted and H1 is rejected. If the calculation > ttabel and p-value 0.05, H1 will be pronounced and H0 will be rejected.

IV. RESULTS AND DISCUSSION

Data Description : The data obtained is secondary data in the form of financial iaporan on the website of the Indonesian stock exchange, and data management is assisted using Eviews v10. Here's the sample table data.

Table 4.1
Sample Selection Table

NO	CRITERION	NUMBER OF COMPANIES
1	Manufacturing companies in the consumer goods sector listed on the IDX in 2017-2021	75
2	Companies that do not present financial statements for the year 2017-2021	-31
3	Companies that present financial statements in Rupiah	0
4	Have complete financial data related to the variables in this study	13
	number of companies sampled	31
	year of Observation	5
	sample count	155

4.2 Analysis of Research Results
4.2.1 Descriptive Statistics

Date: 07/13/22 Time: 21:30

Sample: 2017 2021

	KA	FD	IOS	UP	KP
Mean	210874360.50	7.35	0.02	21.99	0.23
Median	-7287446.00	5.25	0.01	21.76	0.19
Maximum	9829330010.00	41.33	0.35	25.91	0.61
Minimum	-1806303058.00	0.64	-0.09	18.89	0.06
Std. Dev.	1260957236.51	6.25	0.06	1.56	0.13
Skewness	4.50	2.05	2.80	0.67	1.05
Kurtosis	28.90	8.94	14.42	2.74	3.49
Jarque-Bera	4854.32	336.19	1045.66	11.85	30.25
Probability	0.00	0.00	0.00	0.00	0.00
Sum	32685525878.00	1138.74	3.82	3408.66	35.31
Sum Sq. Dev.	244862025454653320000	6024.67	0.48	377.08	2.61
Observations	155.00	155.00	155.00	155.00	155.00

Explanation: (KA=Accounting Conservatism), (FD=Financial Distres), (IOS=Investment opportunity set), (UK=Company size) & (KP=Public Ownership)

(KA). Min, -1806303058.00 (Myor) PT. Mayora Indah Tbk in 2018. Max, 9829330010.00 (GGRM) PT. Gudang Garam Tbk in 2020. Avg 210874360.50 standard deviation 1260957236.51 Conclusion, Avg > 0 means high KA level

(FD). Min, 0.64 (ALTO) PT. Tri Banyan Tirta Tbk in 2017. Max, 41.33 (HMSP) PT. Hanjaya Mandala Sampoerna Tbk in 2017, Avg 7.35 standard deviation 6.25 Conclusion, Avg > 3 means it is safe

(IOS). Min, -0.09 (SKBM) PT. Sekar Bumi Tbk in 2020. Max, 0.35 by (PYFA) PT. Pyridam Farma Tbk in 2021, Avg 0.02 standard deviation 0.06 Conclusion, Avg > 0 means that the company is growing

(UP). Min, 18.89 (PYFA) PT. Pyridam Farma Tbk in 2017. Max, 25.91 (INDF) PT. Indofood Sukses Makmur Tbk in 2021, Avg 21.99 standard deviation 1.56

(KP). Min, 0.06 (KINO) PT. Kino Indonesia Tbk in 2021. Max, 0.61 (ALTO) PT. Tri Banyan Tirta Tbk in 2021. Avg 0.23 standard deviation 0.13.

4.2.2 Chow Test Panel Data Regression Model Selection Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.891379	(30,120)	0.0084
Cross-section Chi-square	60.015345	30	0.0009

Cross-section fixed effects test equation:
Dependent Variable: KA
Method: Panel Least Squares
Date: 07/13/22   Time: 20:20
Sample: 2017 2021
Periods included: 5
Cross-sections included: 31
Total panel (balanced) observations: 155

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.23E+09	1.32E+09	-5.475921	0.0000
FD	1705252.	15400042	0.110730	0.9120
IOS	-1.23E+09	1.67E+09	-0.733142	0.4646
UP	3.37E+08	61177443	5.513507	0.0000
KP	2.00E+08	7.35E+08	0.272296	0.7858

R-squared	0.182070	Mean dependent var	2.11E+08
Adjusted R-squared	0.160258	S.D. dependent var	1.26E+09
S.E. of regression	1.16E+09	Akaike info criterion	44.60522
Sum squared resid	2.00E+20	Schwarz criterion	44.70339
Log likelihood	-3451.904	Hannan-Quinn criter.	44.64509
F-statistic	8.347439	Durbin-Watson stat	2.049753
Prob(F-statistic)	0.000004		

obtained the result that the probability of Chi-square in the chow test was 0.0009. the probability value <0.05, so Ho was rejected. Panel regression estimation model is fixed effect model (FEM)

Uji Hausman

Correlated Random Effects - Hausman Test

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.354483	4	0.988

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
FD	9128282.39	4018859.3	2.4781E+14	0.7455
IOS	1817285949	1498943344	6.7803E+17	0.699
UP	356997680	334850073	1.4492E+17	0.9538
KP	45995292.1	219759624	1.4736E+19	0.9639

Cross-section random effects test equation:

Dependent Variable: KA

Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.67E+09	8.54E+09	-0.898192	0.3709
FD	9128282	23301320	0.39175	0.6959
IOS	-1.82E+09	1.85E+09	-0.980079	0.329
UP	3.57E+08	3.89E+08	0.917334	0.3608
KP	45995292	3.96E+09	0.011614	0.9908

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.44988	Mean dependent var.	2.11E+08
Adjusted R-squared	0.287313	S.D. dependent var.	1.28E+09
S.E. of regression	1.08E+09	Akaike info criterion	44.8051
Sum squared resid.	1.38E+20	Schwarz criterion	45.2923
Log likelihood	-3421.897	Hannan-Quinn criter.	44.8843
F-statistic	2.825992	Durbin-Watson stat	3.02161
Prob(F-statistic)	0.000017		

According to the data, the probability in the hausman test is 0.9860. The results showed that the probability level was more than 0.05, indicating that Ho was right. Regression model estimation using a random effect model

(REM). Uji LM (Lagrange Multiplier)

According to the data, the cross-section of the LM test is 0.0084. The results showed that the cross-section of the value should be less than 0.05, so the estimated regression panel used by Ho is a random effect model (REM).

Lagrange Multiplier Tests for Random Effects

Null hypotheses: No effects

Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided

  (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	6.954951	0.050104	7.005055
	-0.0084	-0.8229	-0.0081
Honda	2.637224	-0.22384	1.706521
	-0.0042	--	-0.044
King-Wu	2.637224	-0.22384	0.694301
	-0.0042	--	-0.2437
Standardized Honda	3.168262	0.085281	-2.26968
	-0.0008	-0.466	
Standardized King-Wu	3.168262	0.085281	-2.13928
	-0.0008	-0.466	--
Gourierioux, et al.*	--	--	6.954951
			(< 0.05)

*Mixed chi-square asymptotic critical values:

1%	7.289
5%	4.321
10%	2.952

Uji Hipotesis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.20E+09	1.76E+09	-4.094705	0.0001
FD	4018659	17179724	0.233919	0.8154
IOS	-1.50E+09	1.66E+09	-0.902238	0.3684
UP	3.35E+08	80848908	4.141677	0.0001
KP	2.20E+08	9.74E+08	0.225631	0.8218

Effects Specification			
		S.D.	Rho
Cross-section random		5.12E+08	0.1882
Idiosyncratic random		1.06E+09	0.8118

Weighted Statistics			
R-squared	0.114844	Mean dependent var	1.44E+08
Adjusted R-squared	0.091239	S.D. dependent var	1.10E+09
S.E. of regression	1.05E+09	Sum squared resid	1.66E+20
F-statistic	4.865397	Durbin-Watson stat	2.474814
Prob(F-statistic)	0.001022		

Unweighted Statistics			
R-squared	0.181808	Mean dependent var	2.11E+08
Sum squared resid	2.00E+20	Durbin-Watson stat	2.048667

Coefficient of Determination Test (R2) From these criteria, the adjusted R Square value of 0.091239 which can be classified as the value obtained < 0.19 this shows that the result is smaller than the weak category can be interpreted together very weak independent variables can affect accounting conservatism, which is 9.12% and the remaining 90.88% is influenced by other variables that are not included in the model. It can be deciphered that the results of each variable are a little bit of a sample that enters into the criteria of variables that are expected of each variable X or exogenous this can be used as a cause of not being able to explain variables Y or endogenous with a strong category of very small adjusted R Square results, namely 9% to be the results obtained in the study

Test F : It can be seen that the figure subject to the significance threshold of the F-test, which is about 0.001022, indicates that the variable has a tendency to change over time or together with other variables (X) with respect to conservatism in judgment (Y).

T Test : Financial Distres has a positlf effect on accounting conservatism. coefficient (β) of 4,018,659 with a prob value. of 0.8154. the results obtained show that the significance level value of > 0.05 if the significance level < 0.05 of the criteria obtained can be drawn concluding that Ho is not rejectable and Ha is acceptable, meaning that Financial Distress(X1) has no effect on accounting conservatism(Y). Investment opportunity set positive against accounting conservatism. variable investment opportunity set coefficient (β) of -1,500,000,000 with a prob value. of 0.3684. A significance value greater than > 0.05 it was concluded that Ho could not be rejected and Ha was accepted, meaning that the investment opportunity set had no influence on accounting conservatism

The size of the company has a positive effect on accounting conservatism. coefficient (β) of 335,000,000 with a prob value. of 0.0001. A significance value smaller than <0.05 is inferred from the results obtained that Ho is accepted and Ha cannot be rejected, meaning that the size of the company has an influence on accounting conservatism Public ownership has a positive effect on accounting conservatism coefficient (β) of 220,000,000 with a prob value of 0.8218. Value of significance level >0.05 concluded the result that Ho could not be rejected and Ha was accepted, meaning that the value of the significance level of >0.05 concluded the result that Ho could not be rejected and Ha was accepted, meaning that the value of the significance level of >0.05 concluded the result that Ho could not be rejected and Ha was accepted, meaning that the value of the significance level of >0.05 concluded the result that Ho could not be rejected and Ha was accepted, meaning that the value of the significance level of >0.05 concluded that the result was not rejected and Ha was accepted, meaning that the value of the significance level of >0.05 concluded that the result was that Ho could not be rejected and Ha was accepted, meaning that the value of the significance level of >0.05 concluded that the result was that Ho could not be rejected and Ha was accepted, meaning that the value of the significance level of 0. public ownership has no bearing on accounting conservatism

V. DISCUSSION OF RESEARCH RESULTS
H1: There is no Effect of Financial Distress on Accounting Conservatism.
Discussion: H1 is not affected because few samples fall into the category of bankruptcy. The results obtained are evenly distributed into the safe category
H2 : No Effect of Investment Opportunity Set on Accounting Conservatism
Discussion : H2 There is no influence of this result because very few results are categorized as growth, the lack of samples affects the company's results for conservatives
H3 : There is an Influence of Company Size on Accounting Conservatism
Discussion: H3 has an influence, it is concluded that the results obtained have a value from the results of data processing have a fairly high average value, and almost all companies that are sampled have a large company size category.
H4 : No Effect of Public Ownership on Accounting Conservatism
Discussion : H4 has no effect on this result because the level of public ownership of the results obtained has an average value obtained is not high enough, this is a trigger for the absence of public ownership of accounting conservatism.

Discussion : It can be concluded from the results obtained that individually only variables The size of the company affects accounting conservatism while the independent variables of financial distress, investment opportunity sets and individual public ownership have no influence on accounting conservatism.

Simultaneously or jointly testing the independent variable (X) there is an influence on the dependent variable (Y) by obtaining an adjusted value of R Square, which is 0.091239, this result is fairly weak or not strong enough to describe the dependent variable, this researcher assumes due to several factors as follows:

1. Variable financial distress is not enough of the samples that are in the category of financial difficulties out of 155 only 16 samples are categorized as financially unstable, this is a factor that affects the absence of influence between financial distrees on accounting conservatism.

2. Investment opportunity set with the results obtained with the value of assets to measure these variables makes this the company at a low level of conservatism, lack of acquisitions and changes in value due to decreases or increases that are usually not recorded if there is a change in the value of intangible assets.

3. The size of the company with the results obtained is in line with the researcher's initial assumption that the larger the size of the company calculated with Logarithm natura on the total value of assets in the results obtained by the researcher with an average value of 21.99 further confirms that almost all samples have a large company size by making conservative financial statements

4. Public ownership of the proceeds obtained has no influence on accounting conservatism this is due to the lack of contribution or knowledge of the public regarding accounting conservatism, so that companies and management are not under pressure to make more conservative reports.
    From this discussion, it can be concluded that simultaneously or together exogenous variables cannot explain endogenous variables strongly because the value obtained for these results is 9% categorized as weak.

V. CONCLUSIONS, SUGGESTIONS AND IMPLICATIONS

Conclusion: The purpose of this study is to understand and analyze the impact of financial difficulties, investment opportunity sets, the business environment, and publicly owned stocks related to conservatism assumptions. The results obtained by the authors are as follows: Financial distress does not show a positive correlation with variable conservatism in knowledge (X1), investment opportunity sets do not show a positive correlation with conservatism in knowledge (Y), company size does not show a positive correlation with conservatism in knowledge (Y), and public participation does not show a positive correlation with conservatism in knowledge (X3) (Y)

Research Limitations And Advice : This research has some limitations of many companies that do not disclose financial statements, shareholders are felt to have an attitude that tends to not understand in detail about the importance of conservative financial statements. There is still a low ability of independent variables. With these limitations, researchers suggest the following: companies should more regularly report transparently on financial statements, researchers can add other variables, this can be information to investors to see conservative financial statements.

Implications : Theoretical Implications Shareholders do not encourage management to apply more conservatively in making financial statements. This is because shareholders are less effective and lack understanding in pressuring management to be more conservative.Implications The practice is expected that companies can take preventive and mitigation measures in the event of something extraordinary to the company. Further Research Implications Adding other independent variables and Using research samples of other companies' sectors.

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BIOGRAPHIES AND PHOTOGRAPHS

This author is currently studying at the YAI College of Economics, and this research is intended to fulfill the submission of the PKM-RSH government program by discussing the factors that influence the principle of conservatism during the covid-19 period.