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THE INFLUENCE OF INSTITUTIONAL OWNERSHIP, COMPANY SIZE, CAPITAL INTENSITY ON ACCOUNTING CONSERVATISM WITH LITIGATION RISK AS A MODERATION

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ABSTRACT

This study aims to empirically examine the effect of Institutional Ownership, Firm Size, Capital Intensity, and Litigation Risk, either simultaneously or partially on Accounting Conservatism in Manufacturing Companies in the Basic Industrial Sector listed on the Indonesia Stock Exchange. This study uses a sample of basic industrial companies listed on the Indonesia Stock Exchange during the period 2016 – 2020. Based on the purposive sampling method, the number of basic industrial companies that are sampled in this study are 8 companies. Hypothesis testing using panel data regression analysis using the EViews 10 program. The results showed that capital intensity had a positive effect on accounting conservatism, firm size and litigation risk had a negative effect on accounting conservatism. While institutional ownership has no effect on accounting conservatism

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INTRODUCTION

Each entity has the responsibility to present and report the company's financial reports based on established Financial Accounting Standards (SAK). Financial reports are the result of a company's operational activities which can clearly display the financial condition of the company and contain information that is relevant and can be relied upon by various parties such as creditors, investors, government, suppliers, owners, managers and employees so that they know how management works. manage resources. (Tazkiya, 2019)

Limiting managers from opportunistic behavior, increasing company value and reducing lawsuits are the company's goals in implementing conservatism. Therefore, accounting conservatism is used to limit behavior to exaggerate profits, avoid opportunistic behavior of managers, and can avoid uncertainty.

The phenomenon of accounting conservatism in Indonesia has been carried out by various companies. This is caused by little understanding of the important role of accounting conservatism for company survival. One of the cases related to the application of accounting conservatism occurred at the company PT Garuda Indonesia Tbk, where in 2018 PT Garuda Indonesia recognized and recorded a net profit of US$ 809.85 thousand or the equivalent of Rp. 11.33 billion at an exchange rate of 14,000 which should still be within form of receivables. This makes PT Garuda Indonesia bear the burden of paying Income Tax (PPh) and Value Added Tax (VAT) to be large, even though this burden should not have become an obligation for PT Garuda Indonesia because the payment from the collaboration with PT Mahata has not been received by PT Garuda Indonesia.

There are several factors that can influence accounting conservatism, including institutional ownership. Institutional ownership is share ownership by external parties or other institutions. The higher the level of institutional ownership, the stronger the level of supervision and control carried out by external parties to suppress management's opportunistic behavior. Results

of research carried out(Putra et al., 2019)shows that institutional ownership has a positive effect on accounting conservatism. Different from research conducted by(Sukarmanto, 2020)which shows that institutional ownership has a negative effect on accounting conservatism.

Company size is a scale that can be calculated using total assets or total sales which can indicate the condition of a company. Large companies will be faced with high levels of political costs, because the higher the profits generated by large companies, the taxes that must be paid will follow the large profits earned by the company, so that large companies will tend to use conservative accounting principles to reduce the amount of costs. political. Results of research carried out(Ramadhani, 2016)shows that company size has a positive effect on accounting conservatism. However, this is inversely proportional to research(Haryanto, 2020)which states that company size has a negative effect on accounting conservatism.

The amount of company capital in the form of assets is called capital intensity. The higher the capital intensity ratio, the more likely managers will make efforts to reduce profits so that financial reports are more conservative. The results of research conducted by(Ramadhani, 2016)shows that capital intensity has a positive effect on accounting conservatism. However, this is inversely proportional to research(Oktavia et al., 2018)which shows that capital intensity has a negative effect on accounting conservatism.

Another factor that influences accounting conservatism is litigation risk. Litigation risk is a risk related to the company and allows the threat of litigation by creditors, investors and regulators to arise with the company feeling disadvantaged. The risk of lawsuits (litigation) by creditors and shareholders against management encourages conservative reporting. The results of research conducted by(Husna, 2017)shows that litigation risk has a positive effect on accounting conservatism. Meanwhile, research conducted by(Cahyaningsih, 2020)shows that litigation risk has a negative effect on accounting conservatism.

The aim of this research is to determine whether institutional ownership, company size, capital intensity have an effect on accounting conservatism with litigation risk as a moderator in manufacturing companies in the basic industrial sector listed on the Indonesia Stock Exchange in the 2016-2020 period.

THEORY AND HYPOTHESIS DEVELOPMENT

A. Theoretical basis

1. Agency Theory (Agency Theory)

The concept of agency theory (Agency Theory) according to Jensen and Meckling (1976), states that an agency relationship arises because of a contract when one or more people (principal) employ another person (agent) to provide a service and then delegate/transfer decision-making authority to the agent. In company practice, this delegation of authority will cause agency problems because an agent's activities are sometimes not in accordance with the agreed work contract, and also differences in conflicting interests between the agent and the principal can give rise to a conflict, which is called an agency problem. which is defined as an imbalance in information acquisition between management (agents) as information providers and shareholders and stakeholders (principals) as information users(Iskandar, 2016). The relationship between agency theory and institutional ownership variables lies in the conflict between controlling shareholders and minority shareholders. And the connection to this research can be illustrated by how institutional investors as majority shareholders use their control to influence the accounting conservatism policy implemented in the company.

2. Positive Accounting Theory

According to Watts and Zimmerman (1986), Positive accounting theory is a theory that explains the reasons why accounting policies are a problem for companies and parties interested in financial reports and also to predict the accounting policies that companies will choose in certain situations. This theory also predicts that managers have a tendency to increase profits by presenting high (overstated) profit values to hide poor performance. The cause of the manager's tendency to increase profits occurs due to four contracting problems, namely limited work period, limited manager liability, information asymmetry, and payment asymmetry. The relationship between positive accounting theory and the variables examined in this research

which consist of company size, capital intensity, and litigation risk is that every large company will definitely have high capital and high political costs, so managers will implement appropriate policies. will result in a decrease in profits with the aim of reducing the effects of political costs

3. Accounting Conservatism

Watts (2003) defines conservatism as the principle of prudence in financial reporting where companies do not rush in recognizing and measuring assets and profits and immediately recognize losses and debts that have the possibility of occurring. The application of this principle results in the choice of accounting method being aimed at methods that report lower profits or assets and report higher debt. Glvoly and Hayn (2000) define conservatism as early recognition of costs and losses and delayed recognition of revenues and profits. The official definition of conservatism is contained in the FASB (Financial Accounting Statement Board) Glossary of Concept Statement No. enough to consider.

According to Watts (2003b) there are three measures used to measure conservatism, including Earning/stock return relationship measures, Earning/accrual measures and Net asset measures. In this research, accounting conservatism is calculated by calculating Earning/accrual measures method by Givolyn & Hayn (2000) which is measured by the difference between net income and cash flow.

B. Hypothesis formulation

The Influence of Institutional Ownership on Accounting Conservatism.

According to Fala (2007), institutional ownership is the percentage of shares in a company owned by institutional parties, such as insurance companies, banks, investment companies and ownership by other institutions of the total number of shares in circulation. In this research, the measurement of institutional ownership is calculated by comparing the number of shares owned by institutions with the number of shares outstanding in the company.

The results of research conducted by(Putra et al., 2019)shows that institutional ownership has a positive influence on accounting conservatism. However, this is different from the results of research conducted by(Sukarmanto, 2020)which shows that institutional ownership has a negative effect on accounting conservatism.So the first hypothesis in this research is:

H1: Institutional ownership influences accounting conservatism.

The Influence of Company Size on Accounting Conservatism.

According to Wimelda and Marlinah (2013), company size is the size or magnitude of a company as seen from the size of the assets owned by the company. In preparing a financial report, company size is one of the elements that influences management's perception. This happens because of the political costs that arise due to the emergence of interests between the company from a manager and the government which acts as a policy maker. The larger the size of a company, the greater the tax borne by that company, so this will affect the use of conservative accounting principles.

Results of research carried out(Ramadhani, 2016)said that company size has a positive effect on accounting conservatism. However, the results of research conducted by(Haryanto, 2020)gives results that company size has a negative influence on accounting conservatism.So the second hypothesis of this research is:

H2: Company size influences accounting conservatism.

The Effect of Capital Intensity on Accounting Conservatism

According to Savitri (2016), in positive accounting theory, capital intensity is an indicator of the political cost hypothesis, because the more assets are used in company operations to generate sales of the company's products, the more certain the company is. Because large companies, meaning capital-intensive companies, will be more closely monitored by the government, companies with capital-intensive conditions will report conservatively to avoid large political costs. If the capital intensity ratio is high, it means that the use of all assets will also be more efficient. That way, managers will tend to make efforts to reduce profits and financial reports will also be more conservative.

Results of research carried out(Ramadhani, 2016)that capital intensity has a positive effect on accounting conservatism. But it contradicts the research conducted(Oktavia et al., 2018)which gives the result that capital intensity has a negative effect on accounting conservatism. So the third hypothesis of this research is:

H3: Capital intensity influences accounting conservatism.

The Influence of Litigation Risk on Accounting Conservatism

Juanda (2007) said that litigation risk is a risk related to the company which allows the threat of litigation by parties with an interest in the company who feel disadvantaged. The parties with an interest in the company consist of creditors, investors and regulators. According to Watts (2003) and Ikbal & Al-Qdau (2014), litigation costs can cause companies to choose accounting conservatism in order to reduce profits if they face high risks due to litigation.(Alkurdi et al., 2017).If the risk of litigation in a company is relatively high, then managers will be encouraged to apply the principle of accounting conservatism.

The results of research conducted by(Husna, 2017), it is concluded that litigation risk has a significant positive effect on accounting conservatism. Meanwhile in research(Cahyaningsih, 2020)It was concluded that litigation risk had a negative effect on accounting conservatism. So the fourth hypothesis of this research is:

H4: Litigation risk influences accounting conservatism.

The Effect of Institutional Ownership on Accounting Conservatism with Litigation Risk as a Moderating Variable

According to Fala (2008), institutional investors have quite large equity investments so that institutional investors are interested in monitoring managers' actions and performance more closely. Strict monitoring from institutional investors encourages managers to apply less conservative accounting because institutional investors want high company profits so that dividend payments are also high. This will have an impact on the litigation risk faced by the company, where compliance from management with institutional investors can reduce the risk of litigation from institutional parties. So there is a hypothesis as follows:

H5: Litigation risk influences the relationship between institutional ownership and accounting conservatism.

The Effect of Company Size on Accounting Conservatism with Litigation Risk as a Moderating Variable

The size of a company describes how much resources the company controls. Large companies tend to be more sensitive to everything related to political relations, in this case the company's relationship with interested parties such as investors, creditors, suppliers and regulators. Good political relations will encourage companies to make financial reports very carefully, this allows the level of litigation risk to be reduced so that the company will not receive legal threats. Based on the description above, there is the following hypothesis:

H6: Litigation risk influences the relationship between company size and accounting conservatism.

The Effect of Capital Intensity on Accounting Conservatism with Litigation Risk as a Moderating Variable

Capital Intensity describes how much assets a company needs for one unit of sales. According to Alfian and Arifin (2013), capital intensity is an indicator of the political cost hypothesis, because the more assets are used in company operations to generate sales of the company's products, the more certain the company is. This will allow companies to report financial reports more carefully to avoid large political costs because large companies will be more in the government's spotlight. And it will make it possible to reduce the level of litigation risk so that the company does not receive legal threats. So there is a hypothesis as follows:

H7:*Litigation risk influences the relationship between capital intensity and accounting conservatism*

METHODOLOGY

This research is quantitative research using panel data regression with research data using secondary data. Secondary data in this research are the annual financial reports of manufacturing companies in the basic industrial sector listed on the Indonesia Stock Exchange (BEI) from 2016 to 2020. Samples were taken using purposive sampling with the criteria of companies that are still listed as issuers that are still listed on the Stock Exchange Indonesia during the 2016-2020 period, companies that present annual reports continuously during the 2016-2020 period, companies that experience profits during the 2016-2020 period, companies that present financial reports in rupiah, and have complete data related to variables - variables used in research. The population of this research is all companies listed on the Indonesia Stock Exchange with a sample of manufacturing companies in the basic industrial sector.

Research variable

Dependent Variable (Y)

The dependent variable that influences this research isAccounting conservatism, which is calculated using the Earning/accrual measures method, namely the difference between net income and cash flow.

$$\text{CONACC} = \frac{NIO + DEP - CFO}{TA} X\ (-1)$$

Independent Variable (X)

The independent variable in this research isInstitutional Ownership, Company Size, Capital Intensity, and Litigation Risk.

Institutional Ownership (X1)

Institutional ownership is the amount of share ownership owned by institutional parties or external parties out of the total number of shares circulating on the Indonesian Stock Exchange. The measurement of institutional ownership can be determined based on the percentage of shares owned by institutional parties to the number of shares outstanding.

$$KI = \frac{jumlah\ saham\ milik\ institusi}{jumlah\ saham\ yang\ beredar} X\ 100\%$$

Company Size (X2)

Company size is a scale or measuring tool for assessing the size of a company by looking at the total assets owned by the company. In this study, company size is measured by the natural logarithm of total company assets

$$UP = \text{Ln (Total Assets)}$$

Capital Intensity (X3)

Capital intensity is the amount of company capital in the form of assets that the company needs to generate income. The measurement used to measure capital intensity in this research is the comparison between total assets and total sales.

$$IM = \frac{\text{Total Aset}}{\text{Total Penjualan}}$$

Litigation Risk (X4)

Litigation risk is a risk related to a company that allows the threat of litigation by parties with an interest in the company who feel disadvantaged. One indicator of Litigation Risk is the Debt to Equity Ratio (DER), namely the comparison of total liabilities to total equity.

$$DER = \frac{\text{Total Liabilitas}}{\text{Total Ekuitas}}$$

Analysis and Discussion

In this research, the data analysis technique used is panel data regression analysis with the help of statistical data processing software, namely Eviews 10. The data analysis method used in this research consists of:

1. Descriptive Statistical Analysis

Descriptive statistics are usually used by researchers to provide information about the characteristics of the main research variables (Alpiah, 2018). The description of statistical data consists of mean, median, maximum, minimum, standard deviation, skewness, kurtosis, Jarque-Bera, and probability (Winarno, 2015). The following are the results of the descriptive statistical analysis that has been carried out.

Table 4.1

Results of Descriptive Statistical Analysis

	CONACC	KI	UP	IM	RL
Mean	0.045500	0.561500	28.01525	1.106000	0.965250
Median	0.080000	0.585000	27.88500	1.010000	0.520000
Maximum	2.140000	0.850000	31.07000	3.280000	5.440000
Minimum	-2.100000	0.140000	25.64000	0.120000	0.110000
Std. Dev.	0.624561	0.244158	1.404615	0.723265	1.203452
Skewness	-0.118643	-0.667078	0.778431	1.266891	2.266270
Kurtosis	8.009384	2.157411	2.997425	4.464950	8.131160
Jarque-Bera	41.91706	4.149881	4.039708	14.27689	78.12121
Probability	0.000000	0.125564	0.132675	0.000794	0.000000
Sum	1.820000	22.46000	1120.610	44.24000	38.61000
Sum Sq. Dev.	15.21299	2.324910	76.94480	20.40136	56.48360
Observations	40	40	40	40	40

Source :*Eviews 10 output*

In the table above, it can be explained that the amount of data used in this research was 40 data.

The largest mean value was experienced byCompany Size**(UP)**namely 28.01525, while the accounting conservatism (KA) variable has the smallest mean value, namely 0.045500. The largest median value was experienced byCompany Size**(UP)**namely 27.88500, while the Capital Intensity (IM) variable has the smallest median value, namely 1.010000. The greatest maximum value is experienced byCompany Size**(UP)**namely 31.07000, while the Institutional Ownership (KI) variable has the smallest maximum value, namely 0.850000. The largest minimum value is experienced by the variableCompany Size**(UP)**namely 25.64000, while the Accounting Conservatism (KA) variable has the smallest minimum value, namely -2.100000.

Std value. Dev. The largest (Standard Deviation) was experienced byCompany Size**(UP)**namely 1.404615 which means thatCompany Size has a higher level of risk of experiencing changes compared to other variables during the research period. Meanwhile, the Institutional Ownership (KI) variable has the lowest level of risk, namely 0.244158. This shows that Institutional Ownership during the research period experienced changes that were not too volatile.

The Skewness value which has a value above 0 (zero) is Capital Intensity and Litigation Risk which means that the asymmetry of data distribution around the mean is not normal, while the Accounting Conservatism (KA), Institutional Ownership (KI) and Company Size (UP)

variables have values around 0 (zero) which means that the asymmetry of the data distribution around the mean is normal.

On the Kurtosis value forAccounting Conservatism (KA), Capital Intensity (IM), and Litigation Risk (RL)has a kurtosis value of more than 3, which means that the height of the data distribution is not normal, while the Institutional Ownership (KI) and Company Size (UP) variables have a kurtosis value of less than 3, which means that the height of the data distribution is normal

2. Panel Data Regression Model Selection Techniques

Panel Data Regression Model Selection Techniques are divided into 3 models, namely the Chow test, Hausman test and Lagrange multiplier test.

a. Test Chow

The Chow test is a test to find out whether the model used should use the common effect method or the fixed effect method. The hypothesis in the Chow Test is as follows:
H0: The model follows the common effect
Ha: The model follows fixed effects
The following are the results of the chow test in this research, namely:

Table 4.2
Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	4.973589	(7.25)	0.0012
Chi-square cross-section	34.895306	7	0.0000

Source :*Eviews 10 output*

Based on the table above, the Prob cross-section F and cross-section chi-square values are < (0.05), it can be concluded that the Fixed Effect Model (FEM) is more suitable to use than the Common Effect Model (CEM).

b. Hausman test

The Hausman test is carried out to choose which model is better, whether using a fixed effect model or a random effect model. The hypothesis in the Hausman test is as follows:
H0: The model follows random effects
Ha: The model follows fixed effects
The following are the results of the Hausman test in this study, namely:

Table 4.3
Hausman Test Results

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	34.815120	7	0.0000

Source :*Eviews 10 output*

Based on the table above, the Prob-cross-section value is random< (0.05) then it can be concluded that the Fixed Effect Model (FEM) is more suitable to useCompared to the Random Effect Model (REM), it is more suitable to use.

c. Lagrange Multiplier Test

The Langrage Multiplier (LM) test is used to find out which model is better, whether it is better estimated using the common effect model or the random effect model. The hypothesis in the Lagrange Multiplier test is as follows:
H0: The model follows the common effect
Ha: The model follows random effects
The following are the results of the LM test in this research, namely:

Table 4.4

Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.516197	0.119507	1.635704
	(0.2182)	(0.7296)	(0.2009)

Source :*Eviews 10 output*

Based on the table above, the Prob-cross-section random value is > (0.05), it can be concluded that the Random Effect Model (REM) is more suitable for use.compared to the Common Effect Model (CEM).

Based on the results of the model selection tests that have been carried out above, it can be concluded that the Fixed Effect Model is more appropriate to use compared to the Common Effect Model and Random Effect Model. Because the Fixed Effect Model was chosen, it is necessary to test the Classical Assumptions in this research.

3. Classic assumption test

A Classical Assumption Test is required if the regression model used is in the form of a Common Effects Model or Fixed Effects Model. On the other hand, if the regression equation is more suitable using the Random Effects Model then there is no need to test the classical assumptions. The Classic Assumption Test consists of Linearity, Autocorrelation, Multicollinearity, Normality and Heteroscedasticity tests. However, not all tests are carried out in panel data regression, only multicollinearity and heteroscedasticity tests are needed.

a. Multicollinearity Test

The Multicollinearity Test is used to determine whether there is an interplay between the independent variables studied. The following are the results of the multicollinearity test in this study.

Table 4.5
Multicollinearity Test Results

	CONACC	KI	UP	IM	RL
CONACC	1,000000	-0.195073	0.071231	-0.239455	0.416856
KI	-0.195073	1,000000	0.019588	0.371501	-0.544922
UP	0.071231	0.019588	1,000000	-0.281700	-0.080029
IM	-0.239455	0.371501	-0.281700	1,000000	-0.445301
RL	0.416856	-0.544922	-0.080029	-0.445301	1,000000

Source: Eviews 10 Output (Processed Data).

Based on the results of the multicollinearity test that has been carried out above, it can be seen that there are no independent variables that have a value of more than 0.8, so it can be concluded that there is no multicollinearity in the regression model.

b. Heteroscedasticity Test

The heteroscedasticity test is used to determine whether or not there is inequality of variance in the residuals of the panel data regression model. The following are the results of the heteroscedasticity test that was carried out.

Table 4.6
Heteroscedasticity Test Results

Test	Statistics	df	Prob.
Breusch-Pagan LM	37.84435	28	0.1014

LM scaled marketing	0.246461	0.8053
CD marketing	0.896626	0.3699

Source: Eviews 10 Output (Processed Data)

Based on the output above, you can see the value of Prob. Breusch-Pagan LM is 0.1014 > a (0.05) which means H0 is accepted and Ha is rejected, so it can be concluded that the panel data regression model does not have heteroscedasticity.

4. Hypothesis testing

There are three types of hypothesis testing, namely as follows:

a. F test

The F test is intended to test whether all the independent variables contained in the model have a joint influence on the dependent variable or not. The hypothesis in the F test is as follows:

Based on a comparison of F-statistics with F table

H0: If the F-statistic value < F Table

Ha: If the F-statistic value > F table

Based on Probability

H0: If the prob value (F-statistic) > a 0.05

Ha: If the prob value (F-statistic) < a 0.05

The following are the results of the F Test that was carried out.

Table 4.7
F Test Results

R-squared	0.710165	Mean dependent var	0.045500
Adjusted R-squared	0.547858	SD dependent var	0.624561
SE of regression	0.419964	Akaike info criterion	1.382702
Sum squared resid	4.409251	Schwarz criterion	2.016032
Log likelihood	-12.65405	Hannan-Quinn Criter.	1.611694
F-statistic	**4.375435**	Durbin-Watson stat	1.965342
Prob(F-statistic)	**0.000661**		

Source: Eviews 10 Output (Processed Data)

Based on the output above, the F-statistic value is 4.375435, while the F-Table level is a=5%, df1(k-1) = (5-1) = 4 and df2(nk) = (40 - 5) = 35 obtained an F-Table value of 2.64. Thus, the F-statistic value is 4.375435 > F-Table 2.64 and the Prob(F-statistic) value is 0.000661 < 0.05, so it can be concluded that Ha is accepted, which means the independent variables in this study consist of Institutional Ownership, Company Size, Capital Intensity, and Litigation Risk together have an influence on Accounting Conservatism.

b. Coefficient of Determination Test (R2)

Testing the coefficient of determination (R2) aims to measure how far the model's ability to explain variations in the dependent variable. The value of the coefficient of determination is between zero and one. If the coefficient of determination value of a model is close to one, it means that the independent variables can provide almost all the information needed to explain variations in the dependent variable. But if the R-squared value is equal to 0, it means there is no relationship at all between the independent variable and the dependent variable. The following are the results of the coefficient of determination test that was carried out.

Table 4.8
Coefficient of Determination Test Results (R2)

R-squared	0.710165	Mean dependent var	0.045500
Adjusted R-squared	**0.547858**	SD dependent var	0.624561
SE of regression	0.419964	Akaike info criterion	1.382702

Sum squared resid	4.409251	Schwarz criterion	2.016032
Log likelihood	-12.65405	Hannan-Quinn Criter.	1.611694
F-statistic	4.375435	Durbin-Watson stat	1.965342
Prob(F-statistic)	0.000661		

Source: Eviews 10 Output (Processed Data)

Based on the output above, the Adjusted R-Squared value shows a figure of 0.547858, which means that the variation in changes in the rise and fall of the Accounting Conservatism variable can be explained by the Institutional Ownership, Company Size, Capital Intensity and Litigation Risk variables of 54.78% while the remaining is 45.22%. influenced by other variables not examined in this research.

c. t test

This hypothesis test is carried out to determine whether or not there is a partial influence of the independent variable and the dependent variable. This partial test was carried out by comparing the significance level t from the test results with the significance value used in this research. The hypothesis in the T test is as follows:
Based on a comparison of T-statistics with T table.
H0: If the T-statistic value < T Table
Ha: If the T-statistic value > T table
Based on Probability
H0: If the prob value (T-statistic) > a 0.05
Ha: If the prob value (T-statistic) < a Panel Data Regression Analysis
The following are the results of the t test that was carried out.

Table 4.9
t Test Results

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	49.70241	17.46097	2.846486	0.0087
KI	2.922852	1.942749	1.504493	0.1450
UP	-1.912531	0.644904	-2.965606	0.0066
IM	2.256496	0.511295	4.413292	0.0002
RL	-26.83950	10.58400	-2.535857	0.0178
M1	-4.119194	2.418514	-1.603192	0.1009
M2	1.045770	0.386169	2.708066	0.0120
M3	-1.245430	0.732133	-1.701099	0.1013

Source: Eviews 10 Output (Processed Data)

Based on the test, it can be seen that in the t test, the results obtained that the Institutional Ownership (KI) variable has no effect on accounting conservatism with a t-statistic value of 1.504493 < t-table 1.68957 and a Prob value. equal to 0.1450 > 0.05

Company size has a negative effect on Accounting Conservatism with a t-statistic value of -1.912531 > t-table 1.68957 and a Prob value. equal to 0.0066 < 0.05.

Capital Intensity has a positive effect on Accounting Conservatism with a t-statistic value of 4.413292 > t-table 1.68957 and a Prob value. equal to 0.0002 < 0.05.

Litigation Risk has a negative effect on Accounting Conservatism with a t-statistic value of -2.535857 > t-table 1.68957 and a Prob. equal to 0.0178 < 0.05.

Institutional ownership after being moderated by litigation risk has no effect on accounting conservatism with a t-statistic value of -1.603192 < t-table 1.68957 and a Prob value. equal to 0.1009 > 0.05.

Company size after being moderated by litigation risk has a positive effect on accounting conservatism with t-statistic 2.708066 > t-table 1.68957 and Prob value. equal to 0.0120 < 0.05.

Capital intensity after being moderated by litigation risk has no effect on accounting conservatism with a t-statistic value of -1.601099 < t-table 1.68957 and a Prob value. equal to 0.1013 > 0.05.

5. Panel Data Regression Analysis

It is a combination of cross section data and time series data, where the same cross section units are measured at different times. So in other words, panel data is data from several individuals (samples) observed over a certain period of time (Eksandy, 2018). The panel data regression equation in this research is as follows:

$$KA = 49.70241 + 2.922852KI - 1.912531UP + 2.256496IM - 26.83950RL - 4.119194KI*RL + 1.045770UP*RL - 1.245430IM*RL + \varepsilon$$

CONCLUSION

Based on the research results that have been described, the conclusions of this research are as follows:

Institutional Ownership partially has no effect on accounting conservatism,

Company size partially has a negative effect on accounting conservatism, Capital Intensity has a partial positive effect on accounting conservatism, Litigation Risk has a partial negative effect on accounting conservatism, Litigation risk has no effect on the relationship between institutional ownership and accounting conservatism, Litigation Risk has a positive effect on the relationship between company size towards accounting conservatism, Litigation Risk has no effect on the relationship between capital intensity and accounting conservatism.

Suggestions for future research should be to develop and add other independent variables to replace variables that have no effect with variables that may have an effect on accounting conservatism. Future research can develop from other sectors and extend the research period and increase the number of samples that will be used in the research.

This research also has several limitations in the process of carrying it out. With these limitations, it is hoped that improvements can be made for further research. Limitations in this research include:

a. The period in this research is still very short, only 5 years, namely from 2016-2020, making it possible for company environmental disclosure practices to still not reflect the actual condition of the company.
b. The sample of companies taken was relatively small and only 8 manufacturing companies.
c. The use of independent variables is still small, namely only 4 variables consisting of institutional ownership, company size, capital intensity and litigation risk.
d. The data used is secondary data which may contain errors in entering data in the form of numbers.
e. In this research, there was a lack of references from previous research.

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