International Journal of Research in Social Science and Humanities (IJRSS)

E-ISSN : 2582-6220

DOI: 10.47505/IJRSS.2022.V3.4.3

Volume 3 (4) April -2022

The Effect of Competition on Earnings Management with Accounting Conservatism as Mediator

Agung Nurmansyah

Sahid University of Surakarta, Indonesia

ABSTRACT

This study aims to analyze the effect of competition on accounting conservatism, analyze the effect of competition on earnings management, and analyze the effect of competition on earnings management with accounting conservatism as a mediator. The population in this study was 45 companies. The sampling technique used the purposive sampling method, in order to obtain the number of samples in this study as many as 15 companies. The analysis technique uses path analysis. The results of the analysis show that competition has an effect on accounting conservatism. Competition affects earnings management. Accounting conservatism has a significant effect on earnings management. Competition affects earnings management with accounting conservatism as a mediator.

Keywords: Competition, Accounting Conservatism, Earnings Management.

1. INTRODUCTION

Earnings management behavior is increasing along with the development of the business world so far. Earnings management is practiced by companies in developed countries such as in Japan, the United States and several European countries (where the laws and business systems are well-regulated) are also carried out by company managers in developing countries such as Indonesia, Thailand and Malaysia. The level of competition in an industry affects every company to carry out earnings management (Li et al., 2015) and (Barber and Hollie, 2020), according to Jones (1991) conducted research on changes in lowering the reported net income of companies to obtain import relief from the government. The granting of waivers is influenced by competition by foreign competition which is a political decision. This effect is part of the political cost (Political Cost Hypothesis) in adopting accounting policies to reduce profits (earnings management) in an effort to convince the government to provide import protection. This illustrates that competition affects companies for earnings management activities for certain purposes, in addition to earnings management is influenced by the level of competition, other research states that the level of competition affects companies in policies related to accounting conservatism (Dhaliwal et al., 2008). The high level of competition in a market provides transparent information to each company in the market. The company cannot hide the losses that occur and recognize losses early.

The conventional view of competition as a competition fragility view states that the higher level of competition occurring in a market will reduce the company's ability to earn or make profits, thus encouraging a company to take big risks (not being careful) in an effort to increase profits. profits or company profits. The banking industry with a high level of competition causes banks not to carry out conservative policies because banks are to earn profits and retain customers. Companies will tend to take policies that increase risk, banks choose riskier customers by entering into customer groups that have been avoided so far,

According to the OJK, the banking industry in Indonesia in 2019 there were 115 banks, this number is too many according to Perbanas, ideally the number of Indonesian banks is in the range of 50 to 70 banks (Wirjoatmodjo, 2019). Indonesia as a country with the largest number of banks in Southeast Asia, if there is an increase in the benchmark interest rate from BI that forces banks to raise deposit rates to maintain liquidity, small banks will be overwhelmed by interest competition compared to medium and large banks.

Competition, company size, company risk and capital intensity are inseparable entities. The greater the value of a company's assets will tend to apply the principle of accounting conservatism because the company's risk is also higher. Companies with a large number of assets tend to have a large capital intensity so they tend to be more prudent in reporting their financial statements. Every decision made by the company manager has a different level of risk, so that the company manager applies the principle of accounting conservatism to anticipate problems that may arise in the future. This causes large companies to tend to maintain their performance and financial position to look good,

Accounting conservatism emerged as a reaction to uncertainty, a historically stronger demand for revenue and profit recognition than for expense and loss recognition, and accounting conservatism reactions influenced guidelines for applying recognition criteria to the earnings component. Academics claim that it is difficult to distinguish between earnings management and accounting conservatism. Both concepts have the same idea that company managers use policies to influence the company's financial reporting (Lasdi, 2008). Company managers in reporting financial statements that are consistent with Generally Accepted Accounting Principles (PABU) with various judgments and estimates so that financial statements become accounting conservatism will lead to an increase in company value (Ruwanti, 2017), but company management makes judgments and estimates for the benefit of company management (opportunistic attitude) then the action is called earnings management (Scott, 2012) and (Wardani and Kusuma, 2012).

2. LITERATURE REVIEW

2.1. Earning Management

Earnings management is one of the activities of company managers that can reduce the assurance of financial statements, because it makes financial statements biased and can make wrong decisions. Earning management is a provision carried out by company leaders or managers to manipulate profits from operating results by choosing accounting procedures, methods and policies that can manage profits up or down. According to Scott (2015) earning management is the determination of accounting procedures, policies and methods by company managers from existing accounting standards, so that they can increase the usefulness or value of the firm.

2.2. Competition

Competition is an act of both groups or corporations in which each corporation tries to get orders by promoting prices or terms that are more profitable. Competition can be in the form of price discounts, advertising, variety and quality, packages, forms, and parts of the market (Marbun, 2003). According to Kuncoro, (2005) competition is when corporations or individuals compete to get the expected targets such as certain market segments, loyal buyers, increased sales, market share, high survey status, or desired resources. According to Kocabay (2009) competition is a process between companies (banks) in leading business competition which intends to increase profits and increase market share quite large.

2.3. Accounting Conservatism

According to Givoly and Hyan (2000), conservatism is the early determination of events that cause costs and losses and delaying the recognition of transactions that cause revenue recognition and gain recognition. The International Accounting Standards Board (IASB) uses the word prudence as an indicator of the level of vigilance in making judgments in determining the estimates needed in uncertain circumstances, for example, income or assets are not excessive in recording and costs and debts are not less in recording.

One of the measuring tools used to measure the conservative implementation of a company is the market to book ratio (Givoly and Hayn, 2000). Market to book ratio is the ratio of the market value per share of a company's common stock compared to the book value per share. Book value per share describes the value of owner's equity recorded in the company's financial statements, while market value reflects the company's performance in the community as reflected in the stock market. If the value of shares in the stock market is greater than the value of shares in the company's equity value, then the company is indicated to apply conservative accounting. The value of shares in the stock market is smaller than the value of shares in the value of the company's equity, it can be said that the company is indicated not to apply conservative accounting.

2.4. Hypothesis

H1 : Competition has an effect on accounting conservatism.

H2 : Competition affects earnings management.

H3 : Accounting conservatism has an effect on earnings management.

H4 : Competition affects earnings management accounting conservatism as a mediator.

3. RESEARCH METHODS

This research uses a population of all banking corporations listed on the Indonesia Stock Exchange (IDX) totaling 45 corporations taken from 2016 to 2020. The selection of the banking sector in this study is (1) Banking is a trust industry, if trust is lost it will result in collapse a bank that under certain conditions can cause a domino effect in the banking industry, (2) the banking industry in Indonesia in 2019 totaled 115, this number is the largest number of banks in Southeast Asia and even one of the largest in the world, (3) the banking industry is the largest a very prudent industry with many regulations made to protect this

DOI: 10.47505/IJRSS.2022.V3.4.3

industry, (4) The banking industry in Indonesia has a banking asset-to-GDP ratio of 55% as of the end of 2019 according to OJK.The number of samples in this study were 15 banks.

The method of data collection in this research is documentation, namely selecting and combining facts related to the situation in the form of reviews, readings, newspapers, tabloids, minutes, agenda reports and others. The source of the documentation in this research comes from the annual reports of each corporation listed on the Indonesia Stock Exchange as of January 1, 2016 to December 31, 2020, through the official websites of listed banking companies, the Financial Services Authority (OJK), Bank Indonesia (BI).) and the Indonesia Stock Exchange (IDX), the Indonesian Institute of Certified Public Accountants (IAI-KAP), various records, journals and digging using the internet to obtain data related to everything in this research.

Path analysis or path analysis intends to verify the direct or indirect impact of the independent variable on the dependent variable. Causality relationship may occur one or more independent variables affect directly or indirectly the dependent variable. The direct and indirect relationship by applying path analysis can be measured. This study uses SPSS 24 to answer the proposed hypothesis.

4. RESEARCH RESULT

4.1. Descriptive Analysis

Descriptive statistical studies are used to convey an overview or representation of research variables. Descriptive statistical analysis in this research is about calculating thecorporate governance, audit quality, competition, accounting conservatism and earning management in the Indonesian banking industry listed on the Indonesia Stock Exchange in 2016-2020. The assessments used in this descriptive analysis are the minimum, maximum, mean and standard deviation. The mean is used to understand the calculation of the mean of the related data. The standard deviation is used to understand the amount of data associated with the variation from the mean. Maximum calculation is used to understand the largest calculation of the related data. The minimum calculation is used to understand the smallest calculation of the related data. The number of data is 75 (the data is not normally distributed and the data is made to be normally distributed), then the outlier data is removed until the data is normally distributed. The number of initial data is 75, after the outlier data is removed (including data transformation) the data becomes 52 data. The following table shows the descriptive statistics of each research variable:

Table 1 Descriptive Statistical Results

Variable	Minimum	Maximum	mean	Std. Deviation
Competition	0.33	0.77	0.56	0.11
Accounting Conservatism	0.08	4.11	1.42	0.85
Earning management	-11.47	13.42	0	4,556

Source: Processed data.

Competition is a process between companies (banks) in winning business with the intention of increasing market share and increasing profit.Competition isthe efforts of both parties or companies that each company to obtain orders by offering the most favorable price or terms.Based on table 1, the descriptive statistical calculation shows that the banking industry in the BEI has a calculation of the level of competition based on the lowest loan index, which is 0.33 while the highest value is 0.77, standard deviation is 0.11 and the average competition in the banking industry is 0,56.

Conservatism as a precautionary principle of the company's management to make financial statements by recognizing the initial losses and debts rather than recognizing the gains and assets that may occur. Based on table 1, the descriptive statistical calculation shows that the banking industry on the IDX has the lowest accounting conservatism calculation0.08while the highest value is4.11, standard deviation 0.85 andThe average accounting conservatism in the banking industry is1.42.The description of the descriptive analysis of accounting conservatism is that banks tend to be conservative because the stock market price is greater than the book value per share, depicted by an average of more than 1.

Earnings management is a management policy that is often implemented by the company to change the company's profits in accordance with the objectives of the company or company management. Earning management is carried out by establishing procedures, policies and accounting methods that can increase or decrease the company's profits. To determine the level of earning management in the banking industry, it can be shown in table 1, the number of samples used to determine earnings management (N) is 52. Based on the acquisition of descriptive statistical calculations, it is found that the banking industry listed on the BEI has the lowest earning management value is -11, 47 while the highest value is 13.42standard deviation4.56 and the

DOI: 10.47505/IJRSS.2022.V3.4.3

average value of earning management in the banking industry is 0.009.The description of the descriptive analysis of earnings management shows that banks carry out earning management (income smoothing) to minimize fluctuations in profit changes, depicted an average of 0.009.

4.2. Path Analysis

Based on the results of the path analysis, it can be described as follows:

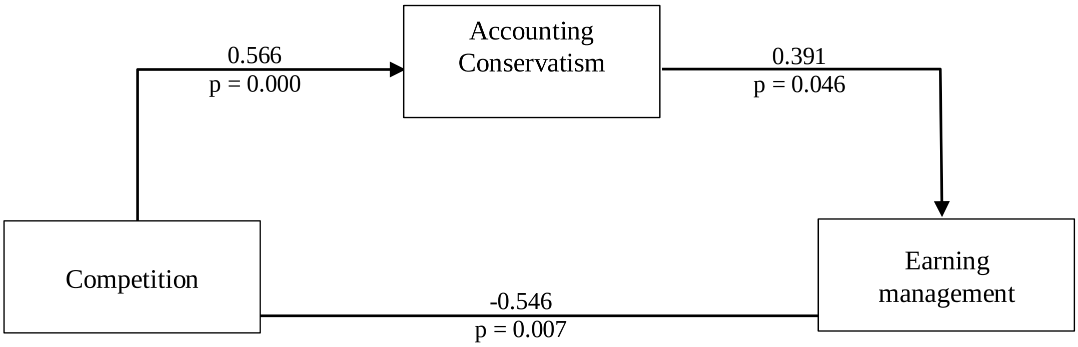

Figure 1. Results Path Analysis

Based on Figure 1, it can be explained that competition has a positive effect on accounting conservatism so that the stronger the competition, the less accounting conservatism will be. Competition has a positive impact on accounting conservatism with a p value of 0.0001 which fulfills the provisions, namely <0.05. So with the description above that hypothesis 1 is proven..

Competition has a negative effect on earnings management so that the stronger the competition, the lower the earnings management (earning management). Competition has a negative impact on earnings management (earning management) as indicated by the calculation of p of 0.007, which fulfills the provisions of <0.05. So with the description above that hypothesis 6 is proven. Accounting conservatism has a positive effect on earnings management so that the stronger accounting conservatism, the weaker earnings management will be. Earnings management is positively influenced by accounting conservatism as indicated by the calculation of p of 0.046, which fulfills the provisions of <0.05. So with the description above that hypothesis 3 is proven.

Competition has an indirect effect on earnings management through conservatism. The indirect effect of competition on earnings management through accounting conservatism is 0.221 (0.391 x 0.566). The direct effect of competition on earnings management is 0.546 and the total effect is 0.767 (0.221 + 0.546). The results prove that the direct effect < total effect (0.546 < 0.767), so that competition affects earnings management through accounting conservatism. Thus hypothesis 4 is proven, competition has an indirect effect on earnings management through accounting conservatism.

4.2. Discussion

4.2.1. The Effect of Competition on Accounting Conservatism

Competition has a positive effect on accounting conservatism, meaning that the higher the influence of the degree of competition, the lower the application of accounting conservatism measures. The results of this research are supported by research by Dhaliwal et al., (2008) which states that the level of competition affects companies in implementing accounting conservatism policies. The conventional view related to competition is as a competition fragility view, the higher level of competition occurring in a market will reduce companies to earn or make profits, thus encouraging a company to take big risks (not being careful) in an effort to increase profits. profits or company profits. The banking industry (an industry that is very closely monitored by the government) with a high level of competition causes banks not to carry out conservative policies because banks are to earn profits and retain customers. Companies will tend to take policies that increase risk, banks choose riskier customers by entering into customer groups that have been avoided so far, and banks enter risky credit portfolios from a certain industry (Wibowo and Siantoro, 2018). According to Afkar (2015) that the selection of customers who have high credit risk causes the capital adequacy of a bank to decrease due to non-performing financing. Companies will tend to take policies that increase risk, banks choose riskier customers by entering into customer groups that have been avoided so far, and banks enter risky credit portfolios from a certain industry (Wibowo and Siantoro, 2018). According to Afkar (2015) that the selection of customers who have high credit risk causes the capital adequacy of a bank to decrease due to non-performing financing. Companies will tend to take policies that increase risk, banks choose riskier customers by entering into customer groups that have been avoided so far, and banks enter risky credit portfolios from a certain industry (Wibowo and Siantoro, 2018). According to Afkar (2015) that the selection of customers who have high credit risk causes the capital adequacy of a bank to decrease due to non-performing financing.

DOI: 10.47505/IJRSS.2022.V3.4.3

4.2.2. The Effect of Competition on Earnings Management

Competition has a negative effect on earnings management, meaning that if the level of competition is low or decreasing, the company carrying out earning management will increase. The research results are supported by research by Marciukaityte and Park, (2009) which describes a negative relationship between competition and earning management due to the reduction of information asymmetry. The level of bank competition in Indonesia is dominated by a few banks with a large market share. Large banks that have high levels of profit will manage profits through income smoothing to reduce profits (large companies reduce profits to reduce political costs) because large companies are closely monitored by external parties. According to McNichols and Wilson (1988) found that companies with high profits will reduce profits through income smoothing. Earnings management is used to reduce political costs (Political Cost Hypothesis) through the act of accounting conservatism because according to academics claiming that it is difficult to distinguish between earnings management and accounting conservatism. Earnings management with accounting conservatism has the same idea that company managers use policies to influence the company's financial reporting (Lasdi, 2008). Company management makes judgments and estimates for the benefit of company management (opportunistic attitude) so the action is called earnings management (Scott, 2012) and (Wardani and Kusuma, 2012). Earnings management is used to reduce political costs (Political Cost Hypothesis) through the act of accounting conservatism because according to academics claiming that it is difficult to distinguish between earnings management and accounting conservatism. Earnings management with accounting conservatism has the same idea that company managers use policies to influence the company's financial reporting (Lasdi, 2008). Company management makes judgments and estimates for the benefit of company management (opportunistic attitude) so the action is called earnings management (Scott, 2012) and (Wardani and Kusuma, 2012). Earnings management is used to reduce political costs (Political Cost Hypothesis) through the act of accounting conservatism because according to academics claiming that it is difficult to distinguish between earnings management and accounting conservatism. Earnings management with accounting conservatism has the same idea that company managers use policies to influence the company's financial reporting (Lasdi, 2008). Company management makes judgments and estimates for the benefit of company management (opportunistic attitude) so the action is called earnings management (Scott, 2012) and (Wardani and Kusuma, 2012). Earnings management with accounting conservatism has the same idea that company managers use policies to influence the company's financial reporting (Lasdi, 2008). Company management makes judgments and estimates for the benefit of company management (opportunistic attitude) so the action is called earnings management (Scott, 2012) and (Wardani and Kusuma, 2012). Earnings management with accounting conservatism has the same idea that company managers use policies to influence the company's financial reporting (Lasdi, 2008). Company management makes judgments and estimates for the benefit of company management (opportunistic attitude) so the action is called earnings management (Scott, 2012) and (Wardani and Kusuma, 2012).

4.2.3. Effect of Accounting Conservatism on Earnings Management

Accounting conservatism has a positive impact on earnings management, meaning that if the accounting conservatism policy is implemented, it will increase the company's or corporation's earnings management behavior. The results of the study are supported by research by Kazemi et al., (2011) which states that the principle of conservatism is a principle to reduce the excessive optimism of company managers and reduce the tendency to be excessive in the preparation of financial statements. The results of this study are also supported by Nurmansyah et al. (2019) Implementation of accounting conservatism in reporting financial statements, especially profit and loss statements, can reduce the opportunity for company managers to commit earnings management fraud and can minimize conflicts of interest that occur between company management groups and company owners due to information asymmetry. According to Fala (2007) the attitude of accounting conservatism can reduce or avoid the behavior of opportunistic company managers by managing earnings for personal interests. If the management of the company manages profits, then accounting conservatism will be a barrier to carrying out earnings management activities (Haque et al., 2016), (Prabaningrat and Widanaputra, 2015) and (Haniati and Fitriany, 2010). According to Fala (2007) the attitude of accounting conservatism can reduce or avoid the behavior of opportunistic company managers by managing earnings for personal interests. If the management of the company manages profits, then accounting conservatism will be a barrier to carrying out earnings management activities (Haque et al., 2016), (Prabaningrat and Widanaputra, 2015) and (Haniati and Fitriany, 2010). According to Fala (2007) the attitude of accounting conservatism can reduce or avoid the behavior of opportunistic company managers by managing earnings for personal interests. If the management of the company manages profits, then accounting conservatism will be a barrier to carrying out earnings management activities (Haque et al., 2016), (Prabaningrat and Widanaputra, 2015) and (Haniati and Fitriany, 2010).

4.2.4. Competition Affects Earnings Management with Accounting Conservatism as Mediator

Competition affects earnings management through accounting conservatism. Competition in a banking industry is getting tougher to win over bank customers and maintain profits, corporations go by lowering the principle of prudents (conservative) to get customers and increase profits, to cover up the company's inadvertent attitude in managing their profits. The conventional

DOI: 10.47505/IJRSS.2022.V3.4.3

view of competition as a competition fragility view states that the higher level of competition occurring in a market will reduce the company's ability to earn or make profits, thus encouraging a company to take big risks (not being careful) in an effort to increase profits. profits or company profits. The banking industry with a high level of competition causes banks not to carry out conservative policies because banks are to earn profits and retain customers. Companies will tend to take policies that increase risk, banks choose riskier customers by entering into customer groups that have been avoided so far, and banks enter risky credit portfolios from a certain industry (Wibowo and Siantoro, 2018). Companies to cover less conservative policies, banks carry out earnings management because banks are always supervised by the government, banks carry out earnings management to improve their financial statements in relation to bank health (Setiawati and Na'im, 2001). banks choose riskier customers by entering into customer groups that have been avoided, and banks include risky credit portfolios from a particular industry (Wibowo and Siantoro, 2018). Companies to cover less conservative policies, banks carry out earnings management because banks are always supervised by the government, banks carry out earnings management to improve their financial statements in relation to bank health (Setiawati and Na'im, 2001). banks choose riskier customers by entering into customer groups that have been avoided, and banks include risky credit portfolios from a particular industry (Wibowo and Siantoro, 2018). Companies to cover less conservative policies, banks carry out earnings management because banks are always supervised by the government, banks carry out earnings management to improve their financial statements in relation to bank health (Setiawati and Na'im, 2001).

5. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusion

1) Competition has a positive effect on accounting conservatism, meaning that the higher the influence of the level of competition, the lower the level of accounting conservatism. The level of competition between banks to earn profits and retain customers is increasing, companies will tend to take policies that increase risk (less conservative), banks choose riskier customers by entering into customer groups that have been avoided so far that will affect banks in risky credit portfolios , so that the more risky a given loan will affect the capital adequacy of a bank (Afkar, 2015).

2) Competition has a negative effect on earnings management, meaning that the level of competition decreases, so earnings management (earning management) increases. The level of bank competition in Indonesia is dominated by a few banks with a large market share. Banks have large assets and high profits are usually monitored by many parties, to reduce the relatively large political costs of corporations in managing profits with the aim of reporting more conservative financial statements. Academics claim that it is difficult to distinguish between earnings management and accounting conservatism. Both concepts have the same idea that company managers use policies to influence the company's financial reporting (Lasdi, 2008).

3) Accounting conservatism has a positive effect on earnings management, meaning that an increase in the level of accounting conservatism will affect a decrease in the level of earnings management by the company. The policy of accounting conservatism becomes a barrier to opportunistic management or company managers in carrying out earnings management activities where earnings management activities are related to personal interests.

4) Competition affects earnings management through conservatism. Bank competition in Indonesia (the structure of the banking industry) is dominated by a small number of banks with a large market share. Increasing competition (especially small banks) has caused banks not to adopt a conservative policy because banks to earn profits and retain customers are increasing, the company will carry out policies that increase risk by carrying out less stringent supervision of riskier customers and banks dare to enter customer segments that have not been entered by the bank. The selection of risky customers will lead to capital adequacy (bank health) due to non-performing financing. Banks to cover less conservative policies,

5.2. Suggestion

1) Give consideration to bank management in order to enter a competitive market, because it will affect bank policies to take aggressive risks (less conservative) so as to suppress profit margins and encourage banks to have risky credit portfolios. Because banks are always supervised by the government, banks carry out earnings management to improve their financial statements in relation to the health of the bank.

2) The results of this study can be considered by banking customers who will save their funds in banking. Bank customers prefer banks that have large capital (market rulers), so the funds stored are relatively safe because large banks are more conservative due to tighter supervision from the government and the public.

REFERENCES

Afkar, T. 2015. The Effect of Credit Risk on Capital Adequacy of Islamic Banking in Indonesia. Ekosiana: Journal of Islamic Economics, 2(2), 1-11.

DOI: 10.47505/IJRSS.2022.V3.4.3

Agustina, A., Rice, R., & Stephen, S. 2016. Accounting for Conservatism in Manufacturing Companies Listed on the Indonesia Stock Exchange. Journal of Accounting and Business Dynamics, 3(1), 1-16.

Barber, R., & Hollie, D. 2020. Competition's impact on research and development real activities earnings management. Managerial Finance.

Dhaliwal, D. S., Huang, S., Khurana, I., & Pereira, R. 2008. Product Market Competition and Accounting Conservatism.

Fala, D. A. S. 2006. Effect of Accounting Conservatism on Corporate Equity Assessment Moderated by Good Corporate Governance (Doctoral dissertation, Gadjah Mada University).

Fitriani, S. 2014. The Effect of Good Corporate Governance Mechanisms on Accounting Conservatism. Journal of the Faculty of Economics and Business, 1-15.

Givoly, D., & Hayn, C. 2000. The Changing Time-Series Properties of Earnings, Cash Flows and Accruals: Has Financial Reporting Become More Conservative? Journal of Accounting and Economics, 29(3), 287-320.

Haque, A., Mughal, A., & Zahid, Z. 2016. Earning Management and the Role of Accounting Conservatism at Firm Level. International Journal of Economics and Finance, 8(2), 197.

Iskander, M. R., & Chamlou, N. 2000. Corporate Governance: A Framework for Implementation. World Bank Publications.

Jones, J. J. 1991. Earnings Management during Import Relief Investigations. Journal of accounting research, 193-228.

Kazemi, H., Hemmati, H., & Faridvand, R. (2011). Investigating the relationship between conservatism accounting and earnings attributes. World Applied Sciences Journal, 12(9), 1385-1396.

Kocabay, S. A. 2009. Bank competition and banking system stability: Evidence from Turkey. Middle East Technical University master thesis.

Kuncoro Mudrajad. 2005. Strategy on How to Achieve Competitive Advantage, Erlangga Publisher, Jakarta

Lara, J. M. G., Osma, B. G., & Penalva, F. 2009. Accounting Conservatism and Corporate Governance. Review of Accounting Studies, 14(1), 161-201.

Lasdi, L. 2008. Behavior of Corporate Earnings Management And Accounting Conservatism: Different Or The Same? Journal of Theoretical and Applied Management| Journal of Theory and Applied Management, 1(2).

Leventis, S., Dimitropoulos, P., & Owusu-Ansah, S. 2013. Corporate Governance and Accounting Conservatism: Evidence from the Banking Industry. Corporate Governance. An International Review, 21(3), 264-286.

Li, Y., Ferguson, J., Wu, P., Gao, L., & Gu, T. 2015. Business strategy, market competition and earnings management. Chinese Management Studies.

Marbun, B. N. 2003. Management Dictionary. Sinar Harapan Library.

Marciukaityte, D., & Park, J. C. 2009. Market Competition and Earnings management.

McNichols, M., & Wilson, G. P. 1988. Evidence of earnings management from the provision for bad debts. Journal of accounting research, 1-31.

Nasr, M. A., & Ntim, C. G. 2018. Corporate governance mechanisms and accounting conservatism: evidence from Egypt. Corporate Governance: The International Journal of Business in Society.

Nurmansyah, Agung, Widji Astuti and Prihat Assih. 2019. The Effect of Corporate Governance on Earnings Management through Accounting Conservatism. International Journal of Advances in Scientific Research and Engineering (ijasre). Vol 5 Issue 12: 41-47.

Prabaningrat, I. G. A. A. and A. A. GP. Widanaputra. 2015. The Effect of Good Corporate Governance and Accounting Conservatism on Earnings Management. E–Journal of Accounting, Udayana University. Vol. 10 No. 3.

Ruwanti, S. 2017. The Effect of Accounting Conservatism on Earnings Management. Wahana: Journal of Economics, Management and Accounting, 20(2), 38-44.

Scott, R. William. 2015. Financial Accounting Theory 7nd Edition. Prentice-Hall, New Jersey.

Sutino, E. R. D., & Khoiruddin, M. 2016. The effect of good corporate governance on earnings management in companies that are included in the JII (Jakarta Islamic Index) in 2012-2013. Management Analysis Journal, 5(3).

Ujiyanto, M. A. and Bambang Agus Pramuka,". Mechanisms of Corporate Governance, Earnings Management and Financial Performance.

Wahyana, 2017. Issuer Governance, https://m.kontan.co.id/news_analysis/tata-kelola-emiten?page=2, (accessed January 17, 2018).

Wardani, D. K., & Kusuma, I. W. 2012. Is earnings management informational or opportunistic? Evidence from ASEAN countries. Gadjah Mada International Journal of Business, 14(1), 61-75.

Wardhani, R. 2008. The level of accounting conservatism in Indonesia and its relationship to the characteristics of the board as one of the mechanisms of corporate governance. XI National Accounting Symposium, 1-26.

Wibowo, B., & Siantoro, A. P. 2018. The Level of Bank Competition and Banking Systemic Risk: The Case of Indonesia. Journal of Technology Management, 17(3), 166-179.

DOI: 10.47505/IJRSS.2022.V3.4.3