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Determinants of Accounting Conservatism in Infrastructure Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

The research aims to test and analyze the effect of the investment opportunity set, financial distress, and litigation risk on accounting conservatism. This form of research uses quantitative methods with statistical tools like Eviews12. The population of this study were all infrastructure sector companies listed on the Indonesia Stock Exchange, totaling 69 companies. The sampling method used purposive sampling, which amounted to 46 companies. Data analysis techniques in the form of descriptive statistics, model selection, classical assumption tests, panel regression analysis, and hypothesis testing results showed that investment opportunity set, financial distress, and litigation risk have a positive and significant effect on accounting conservatism in the infrastructure sector companies on the Indonesia Stock Exchange. The adjusted R square results show a value of 27.29%, while the remaining 72.71% is explained by other independent variable factors that affect accounting conservatism. In short, it can be concluded that the higher the IOS, financial distress condition, and litigation risk, the higher the level of accounting conservatism applied by infrastructure companies. This research provides practical implications for company management, investors, and regulators in assessing financial reporting practices in the infrastructure sector.

Keywords: *IOS; FD; RL; CONACC.*

INTRODUCTION

Infrastructure companies are those that engage in activities related to the construction, management, and maintenance of physical assets that support the economic activities of a country (Calderón & Servén, 2018; World Bank, 2019). These assets include roads, bridges, airports, seaports, government buildings, clean water supply systems, power plants, and more (Asian Development Bank, 2020). In simple terms, infrastructure companies are crucial in providing the foundation for a country's economic growth (Estache & Fay, 2017). These companies usually possess high-value long-term assets, which makes asset depreciation an important element in their financial statements (Kothari et al., 2018; Penman, 2020). If the asset's useful life is estimated to be too short, it results in higher depreciation expenses, reducing the company's profits and sending a negative signal to investors (Dechow et al., 2021; Sloan, 2019).

On the other hand, if the asset's useful life is set too long, depreciation will be insufficient, causing the book value of the asset to remain high even though its market value has declined (Penman, 2020; Dechow et al., 2021). Infrastructure companies often face greater risks, such as natural disasters, changes in government policies, or business competition (Calderón & Servén, 2018; Asian Development Bank, 2020). According to Yunita & Salim (2022), conservatism in accounting is a principle that emphasizes recognizing revenues and assets when the certainty is high, while recognizing expenses and liabilities when the certainty is lower (Basu, 2018; Lara et al., 2020). The purpose of this principle is to prevent overly optimistic financial reporting and reduce risks of loss for investors (Watts, 2019).

The conservatism principle in accounting requires companies to immediately recognize potential losses, even before they actually occur (Aliahmadi, 2023; Ardillah & Halim, 2022; Hanafi et al., 2023; Talawa & Badwan, 2024). However, if a company is too conservative in recognizing losses, its financial reports may become less relevant (Ebaid, 2023; Fridson & Alvarez, 2022; Gu et al., 2023; Lassoued & Khanchel, 2025; Ngo & Nguyen, 2024). Some assets in infrastructure companies, such as land and buildings, can be valued using market value. However, market valuations are often subjective and can be influenced by various factors, including market conditions and future projections. Differences in market valuations can cause significant fluctuations in profits, confusing investors.

Investors often use accounting information to make investment decisions. If an infrastructure company's financial statements are too conservative, investors might underestimate the company's growth potential and avoid investing in the sector. Conversely, if the financial statements are overly optimistic, investors may take on unnecessary investment risks. The differences in accounting conservatism between infrastructure companies can make it difficult for investors to compare the financial performance of different companies. Inaccurate and irrelevant accounting information can create uncertainty in investment decision-making and cause investors to undervalue the actual growth potential of infrastructure companies.

Based on agency theory, infrastructure companies often face conflicts of interest between managers (agents) and shareholders (principals). Managers are motivated to manipulate financial statements for personal benefits, such as bonuses or maintaining their positions. Infrastructure companies generally face high litigation risks. Therefore, accounting conservatism can function as "insurance" against these risks, as lower profits reduce investor expectations and claims from third parties. Accounting conservatism can also signal to investors that the company has good quality. By reporting lower revenues and higher expenses, the company expresses its commitment to conservatism and transparency.

Investors often have less information about a company compared to managers. According to signaling theory, accounting conservatism can help reduce this information asymmetry by providing a more accurate signal of a company's performance. Infrastructure assets such as toll roads, seaports, and airports have long useful lives. Estimating these useful lives is highly subjective and can affect depreciation and company profits. Infrastructure companies often have long-term agreements with the government or private entities. Revenue recognition from these contracts can be complex and involve significant estimates. Some infrastructure assets, such as investment properties, need to be periodically reassessed using fair value. This valuation can be highly volatile and easily manipulated.

Managers of infrastructure companies often face pressure to meet certain performance targets, both from shareholders and regulators. This pressure can encourage managers to apply more aggressive accounting practices, including reducing the level of conservatism. Investors should be cautious when analyzing infrastructure companies' financial statements and need to understand the complexities involved in revenue recognition, depreciation, and asset valuation. Given the uncertainty in revenue recognition, investors should focus on cash flows rather than net income. In addition to quantitative data in financial reports, investors should also consider qualitative aspects such as management quality, corporate governance, and industry prospects.

High-quality independent auditors are essential to ensure that infrastructure companies' financial reports are presented fairly.

According to Hakiki & Solikhah (2019), Investment Opportunity Set (IOS) refers to a set of investment projects or opportunities that a company can access at a particular point in time. These opportunities may include business expansions, new product developments, acquisitions, or investments in infrastructure projects. The Investment Opportunity Set (IOS) includes projects such as toll road construction, seaport development, airport construction, power plants, and more. The larger and more attractive the IOS a company has, the more investment options are available to the company. Research by Wulandari (2021), Angela & Salim (2020), and Andreas et al. (2017) states that IOS has a positive and significant effect on accounting conservatism. When a company has a broad IOS, managers are often influenced to report better financial performance than actual to attract investors and secure funds to finance these investment projects. This can create conflicts between managers' interests and investors' interests.

Based on agency theory, managers often have goals that do not align with those of investors. Managers are more interested in increasing the size of the company or earning employee bonuses than maximizing the company's total revenue. In the context of IOS, managers may manipulate financial statements to attract more funds for the company's investment projects, even if those projects are not profitable for the company in the long term. According to Salsabiil & Murniati (2024), financial statements can function as signals sent by managers to external parties, such as investors and creditors. If managers report excessively positive financial performance, investors and creditors may hesitate to provide funds due to concerns over the accuracy of the information.

According to Sulastri & Anna (2018), financial distress refers to a situation where a company is struggling to meet its financial obligations. This condition can arise due to various reasons, such as declining revenues, rising costs, or adverse changes in economic conditions. Research by Putri (2022), Caniago & Serly (2023), and Ramadhani & Sulistyowati (2019) states that financial distress has a positive and significant effect on accounting conservatism. Companies experiencing financial distress usually have difficulty obtaining funds from banks or investors. When a company is in financial distress, managers tend to be more cautious in revenue recognition to avoid risks of termination or lawsuits from shareholders. By applying the principle of caution, managers seek to protect the company's interests (Anggraini & Meidiyustinai, 2024).

Based on signaling theory, financial statements function as signals provided by managers to external parties, such as investors and creditors. According to Siska & Suwarno (2022), when a company is facing financial distress, managers tend to send more positive signals to external parties by applying the principle of caution. This is done to reassure outsiders that the company is still in good condition and worthy of receiving investment or loans. Infrastructure companies often have fixed assets whose values can drastically decline due to financial distress. To anticipate this depreciation, companies will be more cautious in evaluating their assets. They are more likely to increase loss reserves to face future risks and will be slower in recognizing revenue from ongoing projects to avoid prematurely recognizing revenue.

According to Maulina & Triyono (2023), litigation risk refers to the potential for lawsuits that may be filed by individuals or groups who feel harmed by the company's actions or negligence. These claims can come from various sources, including investors, employees, customers, or government agencies. Litigation risks can result in significant expenses for the company, both in terms of legal costs and reputational damage. By implementing accounting conservatism, companies can reduce the occurrence of litigation. This is because more conservative financial reports usually do not present an overly optimistic view of the company's performance, thus minimizing the expectations of investors and other parties.

Litigation risks can damage a company's reputation. By applying accounting conservatism, a company can maintain a positive public image. While this does not completely eliminate litigation risks, accounting conservatism can help reduce the legal costs the company would incur if litigation arises. Research by Ananda & Purnomo (2021), Marcellino & Salim (2022), and Malenza et al. (2021) states that litigation risk has a negative and significant effect on accounting conservatism. According to pecking order theory, companies tend to choose the most affordable and accessible funding sources first. When companies face high litigation risks, they become more cautious in taking on debt due to concerns about difficulties in repayment if litigation occurs. Instead, companies will rely more on equity capital to fund operations. According to Khusna & Suwarno (2023), an increase in the use of equity capital encourages companies to implement accounting conservatism to prevent excessive depreciation of company value. Financial reports can serve as signals for managers to convey information to external parties, such as investors. When a company faces high litigation risks, managers are more likely to send negative signals to investors by applying accounting conservatism. The aim is to prevent excessive expectations from investors and reduce the risk of litigation.

Despite the growing body of literature, few studies have specifically examined the interplay between IOS, financial distress, litigation risk, and accounting conservatism within the infrastructure sector, particularly in emerging markets such as Indonesia. Infrastructure firms in Indonesia operate under distinct regulatory, economic, and operational conditions that may shape their financial reporting behavior differently compared to firms in other sectors or countries. This research aims to address this gap by investigating the determinants of accounting conservatism among Indonesian infrastructure companies listed on the Indonesia Stock Exchange (IDX). The novelty of this study lies in its sector-specific focus and its integrated examination of three key variables—IOS, financial distress, and litigation risk—within a single empirical framework, offering a more holistic understanding of conservatism drivers in a high-stakes industry.

The objectives of this research are threefold: first, to analyze the effect of the Investment Opportunity Set on accounting conservatism; second, to examine the influence of financial distress on conservatism; and third, to assess the impact of litigation risk on conservatism in infrastructure firms. By achieving these objectives, this study provides both theoretical and practical contributions. Theoretically, it enriches the literature on accounting conservatism by testing established frameworks in a specialized sector and clarifying contradictory findings regarding litigation risk. Practically, the findings offer valuable insights for corporate managers, auditors, regulators, and investors in evaluating financial reporting quality, assessing firm risk, and making informed economic decisions. Ultimately, this research

supports the enhancement of financial transparency and governance in Indonesia's infrastructure sector, promoting sustainable investment and economic stability.

METHOD

The research uses a quantitative method, with data obtained from infrastructure sector companies listed on the Indonesia Stock Exchange, utilizing a documentary study technique. The population of infrastructure sector companies is 69 companies. The sampling method uses purposive sampling, with criteria including companies that provide complete financial reports from 2019 to 2023 and companies that conducted initial public offerings (IPOs) before 2019 up to 2023, totaling 46 companies. The data analysis technique uses EViews 12, which includes descriptive statistics, model selection tests (Chow, Hausman, and Lagrange Multiplier), classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), panel regression analysis, and hypothesis testing (correlation and determination coefficients, F-test, and t-test).

Operational Definitions and Measurement Investment Opportunity Set (IOS) According to Maghfiroh & Indira (2024), the Investment Opportunity Set (IOS) represents the current value that reflects the company's potential to generate profits from various future investments. The formula for calculating the Investment Opportunity Set (IOS), according to Yunita & Salim (2022), is as follows:

$$\text{IOS} = \frac{\text{Aset Tetap t} - \text{Aset tetap } t_{-1}}{\text{Total Aset}}$$

Financial Distress

According to Fitriani & Ruchjana (2020), financial distress is a situation where a company faces serious financial problems, making it difficult for them to meet their maturing debt obligations. The financial distress formula according to Haryadi et al. (2020) and Maulina & Triyono (2023), measured using the Altman Z-score, is as follows:

FD = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + 0.99X5
Where:
X1 = (Current Assets – Current Liabilities) / Total Assets
X2 = Retained Earnings / Total Assets
X3 = Earnings Before Interest and Taxes / Total Assets
X4 = Market Value of Equity / Total Liabilities
X5 = Sales / Total Assets

Litigation Risk

According to Oktana et al. (2023), litigation risk refers to the legal threat faced by a company when parties who feel disadvantaged decide to take legal action. The litigation risk formula according to Maulina & Triyono (2023), measured using the debt to equity ratio, is as follows:

$$RL = \frac{\text{Total Money}}{\text{Total Equity}}$$

Accounting Conservatism

According to Irawan et al. (2021), conservatism in accounting is a principle of caution, where management tends to recognize expenses and losses more quickly, while revenue and profit recognition are delayed, undervaluing assets, and recording higher liabilities. The accounting conservatism formula according to Rosita & Susilowati (2023), measured using CONACC, is as follows:

$$\text{CONACC} = \frac{(\text{EAT} + \text{Depreciation} - \text{Operating Cash Flow}) * (-1)}{\text{Total Assets}}$$

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1 shows that the minimum value of the investment opportunity set is -0.344900, held by PT Terregra Asia Energy, Tbk. (TGRA) in 2020. The maximum value is 0.489200, held by PT Centratama Telekomunikasi Indonesia, Tbk. (CENT) in 2022. The average value of the investment opportunity set for infrastructure companies listed on the Indonesia Stock Exchange from 2019 to 2023 is 0.012668, with a standard deviation of 0.083709. The minimum value of financial distress is -8448.166, held by PT Bakrie Telecom, Tbk. (BTEL) in 2020. The maximum value is 277.1877, held by PT Maharaksa Biru Energi, Tbk. (OASA) in 2021. The average value of financial distress for infrastructure companies listed on the Indonesia Stock Exchange from 2019 to 2023 is -56.78551, with a standard deviation of 594.3917.

The minimum value of litigation risk is -34.93000, held by PT Centratama Telekomunikasi Indonesia, Tbk. (CENT) in 2022. The maximum value is 149.8694, held by PT First Media, Tbk. (KBLV) in 2021. The average value of litigation risk for infrastructure companies listed on the Indonesia Stock Exchange from 2019 to 2023 is 1.909443, with a standard deviation of 10.53139. The minimum value of accounting conservatism is -2836.308, held by PT Bakrie Telecom, Tbk. (BTEL) in 2020. The maximum value is 3.052500, held by PT Himalaya Energi Perkasa, Tbk. (HADE) in 2019. The average value of accounting conservatism for infrastructure companies listed on the Indonesia Stock Exchange from 2019 to 2023 is -18.98188, with a standard deviation of 194.0223.

Model Selection Test

1. **Chow Test**
   Based on Table 2, the cross-section F value is 1.2419 with a probability of 0.1964. This indicates that the model used in the regression model selection is the common effect model.
2. **Hausman Test**
   Based on Table 3, the cross-section random value is 2.4072 with a probability of 0.4923, indicating that the model used in the regression model selection is the random effect model.

3. **Lagrange Multiplier Test**
   Based on Table 4, the cross-section Breusch Pagan value is 0.4182 with a probability of 0.5178, and Both is 0.5762 with a probability of 0.4478, while Gourieroux et al. is 0.5762 with a probability of 0.4113. This indicates that the model used in the regression model selection is the common effect model.

Classical Assumption Tests

1. **Normality**
   Based on Figure 1, the Jarque-Bera value is 241203.7 with a probability of 0.0000 < 0.05, indicating that the data is not normally distributed. The reason the data is not normally distributed is due to extreme values in both the independent and dependent variables, as well as the residuals. Therefore, the researcher wants to test normality again using an outlier boxplot and natural logarithm transformation so that the data meets the assumptions such as normality and heteroscedasticity. The purpose of transforming the data using natural logarithms is to change the scale of the original data into a different form that satisfies the assumptions for the research. A total of 167 data points passed the outlier selection and were used in the research. The result of processing the data to remove unusual data resulted in a Common Effect Model regression model. This model is different from the one without outlier elimination and with data transformation. The researcher identified the different data points using Eviews with an outlier boxplot and manually removed the unsuitable data using Microsoft Excel. Based on Figure 2, after using the boxplot outlier elimination, the Jarque-Bera value is 0.499078 with a probability of 0.779160 > 0.05, indicating that the data is now normally distributed. The original 230 data points were reduced to 167 data points that met the assumptions.
2. **Multicollinearity**
   Based on Table 5, the investment opportunity set has a tolerance value of 0.996499 and a VIF of 1.003513; financial distress has a tolerance value of 0.928750 and a VIF of 1.076716; and litigation risk has a tolerance value of 0.926937 and a VIF of 1.078822. This suggests that there is no issue with multicollinearity for these independent variables as the tolerance values are >0.10 and the VIF values are <10.
3. **Heteroscedasticity**
   Based on Table 6, the investment opportunity set has a probability of 0.2535; financial distress has a probability of 0.8111; and litigation risk has a probability of 0.1053. This indicates that there is no issue with heteroscedasticity, as all probability values are >0.05.
4. **Autocorrelation**
   Based on Table 7, the Durbin-Watson value is 1.7900 with a Du value of 1.7836, obtained from K = 3 (number of independent variables) and N = 167 (number of data points used), with 4-Du being 2.2164. This indicates that 1.7836 < 1.7900 < 2.2164, so there is no issue with autocorrelation.

Panel Regression Analysis

Based on Table 7, the panel regression analysis can be formulated as follows:

Y = -20.77708 + 0.243482X1it + 1.486079X2it + 2.754608X3it
Where:
Y = Accounting Conservatism
i = Cross Sectional
t = Time Series
βo = Constant
β1-β3 = Regression Coefficients
X1 = Investment Opportunity Set
X2 = Financial Distress
X3 = Litigation Risk
ε = Error

Based on Table 7, it can be concluded that: The constant value is -20.77708. If the investment opportunity set, financial distress, and litigation risk are all zero or constant, the accounting conservatism is -20.77708.

1. The investment opportunity set has a positive coefficient of 0.243482, meaning that every increase in the investment opportunity set by one unit will increase accounting conservatism by 0.243482.
2. Financial distress has a positive coefficient of 1.486079, meaning that every increase in financial distress by one unit will increase accounting conservatism by 1.486079.
3. Litigation risk has a positive coefficient of 2.754608, meaning that every increase in litigation risk by one unit will increase accounting conservatism by 2.754608.

Hypothesis Testing

1. Correlation and Determination Coefficient
   Based on Table 7, the adjusted R-square value is 0.2729 or 27.29%, while the remaining 72.71% is explained by other factors outside the independent variables. The correlation coefficient (R) is 0.5347, indicating a moderate strength of the data as it falls within the range of 0.400–0.599.
2. F-test
   Based on Table 7, the F-statistic value is 21.7637, which is greater than the F-table value of 2.6600, with a probability of 0.0000 < 0.05, indicating that the model is suitable for testing.
3. T-test
   Based on Table 7, the investment opportunity set has a t-statistic value of 5.2939, which is greater than the t-table value of 1.9742, with a probability of 0.0000. This indicates that the investment opportunity set has a positive and significant effect on accounting conservatism.
   Financial distress has a t-statistic value of 3.7857, which is greater than the t-table value of 1.9742, with a probability of 0.0002. This indicates that financial distress has a positive and significant effect on accounting conservatism.
   Litigation risk has a t-statistic value of 5.2208, which is greater than the t-table value of 1.9742, with a probability of 0.0000. This indicates that litigation risk has a positive and significant effect on accounting conservatism.

Effect of Investment Opportunity Set on Accounting Conservatism

The regression coefficient test results show a value of 0.243482 with a probability of 0.0000, indicating that the first hypothesis in this study is accepted. This result aligns with Wulandari (2021), Angela & Salim (2020), and Andreas et al. (2017), who stated that the investment opportunity set has a positive and significant effect on accounting conservatism. Companies with a high IOS are typically involved in various investment projects, the results of which are uncertain. If managers are overly optimistic and quickly recognize profits, this could lead to future losses. To reduce this issue, managers tend to be more cautious in recognizing income. A conservative accounting approach can mitigate moral hazard behaviors from managers, such as manipulating earnings for personal gain or to achieve certain goals. Companies that apply conservative accounting principles are often seen as more trustworthy by investors and creditors. This is because conservatism reflects the company's cautious attitude in presenting financial information and avoiding profit manipulation. According to agency theory, a conservative approach also plays a role in reducing the information gap between managers and external parties. As a result, investors can make more informed investment decisions. Infrastructure companies usually handle long-term projects with high uncertainty. A conservative approach helps companies prepare for various risks in the future. The infrastructure sector is often under government oversight with strict regulations. A conservative approach helps companies comply with these regulations and avoid penalties.

Effect of Financial Distress on Accounting Conservatism

The regression coefficient test results show a value of 1.486079 with a probability of 0.0002, indicating that the second hypothesis in this study is accepted. This result aligns with the research of Putri (2022), Caniago & Serly (2023), and Ramadhani & Sulistyowati (2019), which stated that financial distress has a positive and significant effect on accounting conservatism. Companies in the infrastructure sector often have significant long-term debt. When facing financial difficulties, the pressure to meet payment obligations increases. To avoid breaching debt agreements or even bankruptcy, managers tend to recognize losses earlier, as reflected in the application of the caution principle. The assets of infrastructure companies usually have specific characteristics and are not easily sold quickly. In difficult financial conditions, managers are motivated to protect these assets. Based on signaling theory, by applying the caution principle, managers can lower the value of assets reported in the financial statements, thus minimizing claims from creditors. Infrastructure companies often require additional capital to address financial problems. Conservative financial statements can attract more selective investors, as they are considered to provide a more accurate representation of the company's condition. By applying the caution principle, managers can reduce the risk of legal action from investors or creditors who feel misled by inaccurate financial information.

Effect of Litigation Risk on Accounting Conservatism

The regression coefficient test results show a value of 2.754608 with a probability of 0.0000, indicating that the third hypothesis in this study is rejected. This result does not align with the research of Ananda & Purnomo (2021), Marcellino & Salim (2022), and Malenza et al. (2021), who stated that litigation risk has a negative and significant effect on accounting

conservatism. This result supports the opposing research of Erawati & Wea (2021) and Pebrianti (2021), who stated that litigation risk has a positive and significant effect on accounting conservatism. Companies facing high litigation risk tend not to underestimate asset values. Based on the pecking order theory, when assets are not valued fairly by the company, they may be suspected of hiding profits and manipulating financial statements. The use of conservative accounting helps companies maintain sufficient liquidity to address potential legal obligations. By recognizing losses earlier, companies can improve their financial health and reduce the risk of bankruptcy. By applying the principles of conservative accounting, management signals to investors and creditors their commitment to presenting honest and clear financial statements. This can strengthen investor confidence and facilitate the company's access to funding. High litigation risk can increase uncertainty between managers and investors. Conservatism in accounting can reduce this uncertainty by providing a more accurate picture of the company's performance. Companies in the infrastructure sector usually have large, complex fixed assets and are involved in high-risk projects. This makes them more vulnerable to litigation risk compared to companies in other sectors. Infrastructure projects often involve multiple parties with diverse interests, increasing the likelihood of conflicts and legal claims. The infrastructure sector is typically regulated by strict rules, and errors in project implementation can lead to legal penalties. Companies in this sector also have significant social responsibilities, so they need to consider the environmental and social impacts of the projects they undertake.

CONCLUSION

Based on the results of the study, it can be concluded that the Investment Opportunity Set (IOS), financial distress, and litigation risk each have a positive and significant effect on accounting conservatism in infrastructure sector companies listed on the Indonesia Stock Exchange. The application of accounting conservatism in these companies is largely driven by efforts to reduce information asymmetry, mitigate agency conflicts, and manage risk exposure in a sector characterized by high capital intensity and long project cycles. The findings reinforce the relevance of agency theory and signaling theory in explaining conservatism practices in the Indonesian infrastructure context. However, the adjusted R-squared value of 27.29% indicates that there are other factors not included in this study that also influence conservatism, suggesting the need for a broader explanatory model in future research.

Based on the conclusions, several suggestions can be offered. For infrastructure companies, it is recommended to adopt a consistent and transparent conservatism policy, especially in financial reporting related to asset valuation and revenue recognition, to strengthen investor confidence and reduce litigation risk. For investors and analysts, it is advisable to pay closer attention to financial distress indicators and litigation exposure when evaluating the financial statements of infrastructure firms, as these factors significantly influence accounting conservatism and, consequently, the interpretation of financial performance. For regulators and standard setters, it is suggested to consider developing more specific guidelines or disclosure requirements for infrastructure companies regarding the application of conservatism, particularly in relation to long-term asset valuation and risk reporting. For future researchers, it is recommended to expand the model by incorporating additional variables such as corporate governance mechanisms, audit quality, or regulatory

factors, as well as to conduct comparative studies across different sectors or countries to further enrich the understanding of accounting conservatism determinants.

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