

**THE EFFECT OF TAX INCENTIVES, GROWTH
OPPORTUNITIES, AND FINANCIAL DISTRESS ON
ACCOUNTING CONSERVATISM
(Empirical Study on Manufacturing Companies in the Food and
Beverage Sub-Sector Listed on the Indonesia Stock Exchange for the
2017-2021 Period)**

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Abstract

This study aims to give empirical evidence of the effect of Tax Incentives, Growth Opportunities, and Financial Distress on Accounting Conservatism. This work used quantitative approaches, and the data that are analyzed are secondary data. The population of this study consists of manufacturing enterprises that fall under the food and beverage sub-sector and are listed on the Indonesia Stock Exchange for the period of 2017-2021. This study used purposive sampling to determine the sample. The amount of sample data obtained is 50, and it was obtained by taking a sample from 10 different companies over a period of five years. When doing tests, there are sometimes extreme values, which can result in outliers in the sample data. This study uses several test to analyze the data, namely multiple linear regression descriptive statistical test, linear analysis of panel data, Fixed Effect Model as the model selection test, classical assumption test, multiple linear test, and hypothesis testing with the assistance of data processing Eviews version 9. The results of this study indicates that incentives Taxes, Growth Opportunities, and Financial Distress simultaneously have a significant effect on Accounting Conservatism. Tax incentives have no significant effect on Accounting Conservatism. Growth Opportunities have a significant effect on Accounting Conservatism. Financial Distress has no significant effect on accounting conservatism.

Keywords: Accounting Conservatism, Financial Distress, Growth Opportunities, Tax Incentives

1. INTRODUCTION

Financial statements, including balance sheets, general income statements, statements of cash flows, statements of changes in equity, and notes to financial statements, are the end product of accounting, which entails the identification, measurement, recording, and reporting of financial and economic information useful for assessment and decision making (Watts, 2003). The ability of management to effectively manage the resources of the organization is analyzed and described in the financial statements produced by the company (Aprianto, 2019; Stiawan et al., 2022; Verawaty & Merina, 2015). The information that was provided through the submission of this financial report is utilized by both internal and external parties. In order to produce financial statements that are accountable and helpful for all users, it is necessary for the financial statements to comply with the objectives, rules, and accounting principles that are in compliance with generally accepted standards (Sugiyarti & Rina, 2020; Sulastri &

Anna, 2018). When it comes to providing information about a company's financial performance within a specific time period, financial reporting focuses mostly on earnings statistics as the primary area of emphasis (Hayati, 2013).

In Indonesia, Financial Accounting Standards (hereinafter referred to as SAK) provide an opportunity for companies to choose which accounting method is more suitable for their company, where each method has a different level of risk between one method and another (Randa et al., 2021; Risman, 2020; Savitri, 2016). To anticipate unstable economic conditions, companies are expected to be careful in presenting financial statements, especially in recognizing or measuring numbers in financial statements. Prudent financial reporting is often referred to as accounting conservatism.

One definition of conservatism is the practice of trying to adopt a widely accepted accounting technique that will result in the slowest possible recognition of revenue, the earliest possible recognition of expenses, the lowest possible valuation of assets, and the highest valuation of liabilities (Raharja & Amelia, 2014). According to Feltham-Ohlson (1996) and Ahmad et.al (1998) in Raharja & Amelia (2014) proves that conservative accounting can help users of financial statements in analyzing the financial statements of a company with the reported earnings and asset values not being overstated or overstated (Ratnasari, 2020). Conservatism in this study is influenced by tax incentives, growth opportunities, and financial distress.

The provision of facilities by the government derived from the taxation system that can be utilized to affect economic activities is an example of tax incentive, which is one of the elements that promote conservatism (Susanti & Zulaihati, 2022). Government Regulation (PP) No. 30 of 2020 pertaining to the reduction of Income Tax Rates for Domestic Corporate Taxpayers organized as a Public Company by 22% applies in 2020-2021 and replaces the previous tax incentive regime, which used a single rate of 28% effective in 2009 and 25% effective in 2010. 2 years 2020.

Accounting conservatism can be influenced by a number of things, including tax breaks and other incentives, but one of the most important is growth opportunities. Opportunities for growth allow businesses to make investments in activities that will provide profits in the future. Companies that have a high potential for future growth typically have a greater need for substantial sums of capital to finance that expansion in the future. The greater the possibility that the firm will expand, the bigger the amount of money that the company will require for its operations (Nur, 2018; Putri et al., 2021). Because of the intensity of the company's financial requirements, it has been forced to adhere to the principle of prudence in order to ensure that its investment finance requirements are met. Specifically, this has meant cutting its profits as much as possible.

Meanwhile, businesses that have limited chances for expansion are more likely to rely on long-term debt. Financial distress, also known as the level of financial trouble, is an early indicator of bankruptcy caused by a downturn in a company's financial state and is another element that influences accounting conservatism. Financial distress is a factor that impacts accounting conservatism. Difficult financial situations can inspire shareholders to replace firm managers, hence diminishing the manager's market worth on the labor market. This may also have the impact of decreasing the stock market value of the affected management. These dangers have the potential to persuade managers to change the pattern of accounting earnings, which is one of the criteria used to evaluate managers' performance. The challenging state of the company's finances may prompt managers to take a more cautious approach to decision making. Based on the facts

supplied above, the goal of this study is to present empirical evidence of the impact of tax breaks, growth possibilities, and financial difficulty on accounting conservatism.

2. LITERATURE REVIEW

2.1. Agency Theory

Businesses frequently rely on agency theory as the conceptual foundation for their day-to-day operations. It is necessary to divide ownership from management while a company continues to expand in an environment that is always shifting due to the fact that this environment. This results in the formation of an agency relationship in which the shareholders (the principals) entrust the management of their firms to the managers (the agents). There is a need for shareholders to find intermediaries who are in charge of overseeing the work done by management who have little to no interest in the firm and ensuring them of fair performance. This is a necessity since there is a need for shareholders to find middlemen. Additionally, this results in a conflict of agency between the shareholders and the managers (Patrick and Vitalis, 2017 in (Retno, 2019)).

2.2. Positive Accounting Theory

William H. Beaver, who published an article in 1968 titled “The Information Content of Annual Earnings Announcement” is generally credited with being the first person to identify the value of positive accounting research (Meckling, WH, & Jensen, 1976). In addition, Watts and Zimmerman's essay titled “Towards a Positive Theory of Determination of Accounting Standard” brought positive accounting theory recognition for its birth. Positive accounting theory is now the dominant accounting research paradigm based on qualitative empirical evidence, and it can be used to validate various accounting procedures or methodologies now in use or to establish new models for the future development of accounting theory. In this instance, positive accounting theory attempts to explain or anticipate actual phenomena and empirically test them (Godfrey, el al, 1997 in (Setijaningsih, 2012)).

2.3. Accounting Conservancy

The official definition of conservatism can be found in the Financial Accounting Standards Board's Glossary of Concept Statements No. 2. (FASB). This definition defines conservatism as a responsible response to the inherent unpredictability of a corporation, with the aim of ensuring that risks and uncertainties in the business environment have already been considered. The concept of conservatism as it relates to accounting rules is to report expenses or losses that occur as soon as feasible, but to refrain from immediately recognizing future revenue or profits. The reporting of lesser earnings and assets as a result of these implications results in higher debt (Millah et al, 2020 in (Purwasih, 2020)).

2.4. Tax Incentive

Investment tax incentives, or tax facilities as they are known in Indonesian taxation legislation are a sort of tax facility offered by the government to specific taxpayers in the form of a decrease in tax rates as stated by Maulina (2016) in (Sumantri, 2018) . It provides a financial reward to taxpayers in the form of a tax break in the hopes that they

will be more likely to follow the law's tax requirements. Tax exemption (tax holiday) and tax deduction are two examples of incentives (tax allowance).

2.5. Growth Opportunities

Growth Possibilities or growth opportunities are profitable business opportunities. Companies who will expand their investment tend to select accounting conservatism since their profit calculation is greater. This is because companies that employ hidden reserves can be used to raise investment and cut earnings in the period (Sofyan et al., 2014). Companies with high growth opportunities tend to spend investment expenditures with their own capital to avoid underinvestment problems, namely not carrying out all positive investment projects by company managers (Chen et al., 2004).

2.6. Financial Distress

The beginning of financial distress occurs when a corporation is unable to fulfill the terms of the debt contract it has with its creditors or is unable to pay the debts it owes to its creditors (LaFond & Watts, 2008; Lisa, 2021). When a firm is having financial difficulties, the shareholders of the company have the ability to replace the manager of the company, or they have the ability to diminish the market value of the manager in question in the labor market (Aprilia, 2020; Pebriyani, 2017). If a company does not have any financial issues, the managers will not be under the burden of breach of contract allegations. Therefore, increased financial difficulty will drive managers to submit non-conservative financial statements (Lo, 2005 in (Noviantari & Ratnadi, 2015)).

3. RESEARCH METHODS

This is quantitative research utilizing secondary data in the form of annual reports of manufacturing businesses listed on the Indonesia Stock Exchange for the period of 2017-2021, which can be processed using the Eviews 9 application. Food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2021 were the subject of the study. Research was conducted at the Indonesia Stock Exchange (IDX) because it is the first exchange in Indonesia regarded to have complete and well-organized data. This study aims to evaluate how tax incentives, growth prospects, and financial problems influence accounting conservatism among food and beverage manufacturing enterprises listed on the Indonesia Stock Exchange (IDX) (Priyatno, 2016)

The collected data consists of 2017-2021 financial report information from food and beverage manufacturing companies listed on the Indonesia Stock Exchange. This study utilizes Eviews 9 software to aid data management in order to explain the studied factors. Based on the findings of sampling by purposive sampling, it was determined that the sample consisted of 50 data from 10 companies spanning 5 years. The sample selection procedure based on preset criteria is displayed in the table below.

Table 1. Sample Based on Criteria

No.	Criteria	Does Not Meet Criteria	Accumulation Meets Criteria
1	Listed food and beverage subsector manufacturers on the IDX throughout the period of 2017 to 2021		14
2	Companies in the food and beverage manufacturing subsector that publish financial statements for the years 2017 through 2021.	-1	13
3	During the study period, enterprises in the food and beverage manufacturing subsector that did not incur losses were considered profitable.	-2	11
Number of samples that meet the criteria			11
Outlier data			-1
Number of years of research			5
Total sample during the study period			50

This study examined ten manufacturing enterprises in the food and beverage subsector, as determined by the findings of a purposeful sample. This section will describe the consumer goods and industrial companies that are the subject of this study.

Table 2. Sample Company List

No	Company Code	Company name
1	CEK	Wilmar Cahaya Indonesia Tbk. PT (dh Cahaya Kalbar, Tbk. PT)
2	DLT	Delta Djakarta Tbk. PT
3	KBP	Indofood CBP Sukses Makmur Tbk. PT
4	INDF	Indofood Sukses Makmur Tbk. PT
5	MYOR	Mayora Indah Tbk. PT
6	BREAD	Nipoon Indosari Corporindo Tbk. PT
7	SKBM	Sekar Bumi Tbk. PT
8	SKLT	Sekar Laut Tbk. PT
9	STTP	Siantar Top Tbk. PT
10	ULTJ	Ultrajaya Milk Industry and Trading Company Tbk. PT

So, as many as 10 sample companies are used and 50 research samples are collected. Selection of research locations on the Indonesia Stock Exchange (IDX) through the official website www.idx.co.id, www.sahamok.net, and the web pages of each company are based on objective considerations in accordance with the research objectives. Accounting Conservatism is the dependent variable for this study (Y). This variable is determined by comparing the reporting of Indonesia Stock Exchange-listed food and beverage manufacturing companies in 2017 and 2021.

$$\text{CONACC} = \frac{(\text{Net Profit} + \text{Depreciation Expense} - \text{Operating Cash Flow})}{\text{Total Assets}} \times (-1)$$

The independent factors for this investigation were broken down into three distinct categories: tax incentives (X1), growth possibilities (X2), and financial distress (X3) (X3). Based on information collected from the Indonesian stock exchange for the period 2017-2021, the goal of this study is to explain and predict whether tax incentives, growth opportunities, and financial distress affect or do not affect accounting conservatism. The independent variables that will be examined in this study are Tax Incentives, Growth Opportunities, and Financial Distress.

a) Tax Incentives (X1)

$$\text{TAXPLAN (TP)} = \frac{\text{Income Tax Rates} \times (\text{PTI} - \text{CTE})}{\text{Total Assets}}$$

b) Growth Opportunity

$$\text{MBVE} = \frac{\text{Number of Shares Outstanding} \times \text{Closing Price of Shares}}{\text{Total Equity}}$$

c) Financial Distress

$$Z = 1,21 X1 + 1,4 X2 + 3,3 X3 + 0,6 X4 + 1,0 X5$$

This research uses purposive sampling (Sugiyono, 2016), where this technique is a sampling taken in accordance with certain considerations. The purposive sampling method must determine the specified criteria to obtain a representative sample. The methods of data gathering that are utilized in this research include the study of literature and the study of documentation. The researcher utilized a panel data regression test in order to determine the nature of the relationship that exists between the independent variable and the dependent variable. In order to achieve more accurate estimation findings, panel data is utilized. There are three methods that are utilized in order to estimate model parameters using panel data. These methods are as follows:

3.1. Model Constancy Test Scheme

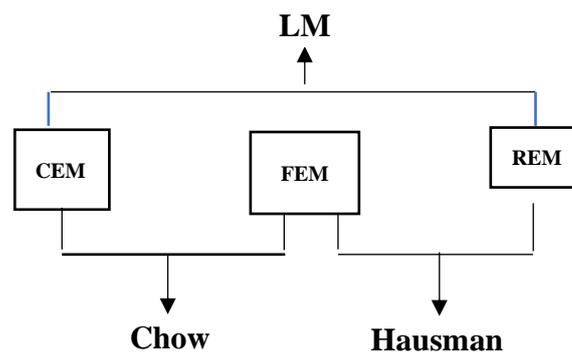


Figure 1. Model Constancy Test Scheme

3.2. Chow Hausman

3.2.1. Classic assumption test

Examining the distribution of the data on the diagonal axis of the graph or the histogram of the residuals can be used to test for normality. The significant value or

probability (Asymptotic Significant) reveals the following decision-making guidelines for data distributions that are close to or are normal based on the Kormogorov-Sminov test:

- 1) If the probability value < 0.05 then H_0 is rejected. It can be concluded that the residual data is not normally distributed.
- 2) If the probability value > 0.05 then H_0 is accepted. It can be concluded that the residual data are normally distributed.

3.2.2. Multicollinearity Test

The purpose of the multicollinearity test is to determine if the regression model discovered a correlation between independent variables. The tolerance value and variance inflation factor might reveal the presence or absence of multicollinearity in the regression model (VIF). The following constitutes the decision-making criteria for the multicollinearity test:

- 1) If the correlation value is < 0.90 , then there is no multicollinearity problem. This means that the regression model can be said to be good.
- 2) If the correlation value is > 0.90 then there is a multicollinearity problem. This means that the regression model can be said to be not good.

3.2.3. Heteroscedasticity Test

The heteroscedasticity test is a standard assumption test that is used to determine whether the regression model's assumptions are violated. This discrepancy is produced by the regression model's variance and residual inequality violations for all observations. The necessary condition is the lack of heteroscedasticity deviations by hypothesis:

- 1) If the value of $\text{Pro.Obs} * R\text{-squared} < 0.05$ H_0 is rejected, H_1 is accepted
- 2) If the value of $\text{Prob.Obs} * R\text{-squared} > 0.05$ H_1 is rejected, H_0 is accepted

3.2.4. Autocorrelation Test

The purpose of the autocorrelation test is to evaluate if there is a correction in the linear regression model between the confounding error in period 1 and the confounding error in the previous period. If a correlation exists, autocorrelation is problematic. The Durbin-Waston number may be utilized in the procedure for determining autocorrelation concerns. Sunyoto (2012) states that the Durbin-Watson (DW) test with the following decision-making criteria is one way for determining whether an autocorrelation problem exists.

- 1) There is a positive autocorrelation, if DW is below -2 or $DW < -2$
- 2) There is no autocorrelation, if the DW value is between -2 to +2 or $-2 < DW < +2$
- 3) There is a negative autocorrelation, , if the value of DW is above +2 or $DW > +2$

3.3. Multiple Linear Regression

Multiple linear regression is an explanation for the link between an independent variable (X) and a dependent variable (Y), which is closely related to a statistical relationship. The multiple linear regression equation that was utilized in this investigation can be written down as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y	= Accounting Conservatism
α	= Constant
$\beta_1, \beta_2, \beta_3$	= Regression coefficient
X1	= Tax Incentive
X2	= Growth Opportunities
X3	= Financial Distress
e	= Error term

3.4. Hypothesis testing

The testing of hypotheses in this investigation makes use of regression analysis, as well as the t test and the F test. The following are the measures that need to be taken in order to test the hypotheses that were proposed in this study:

3.4.1. Coefficient of Determination Test (R^2)

The Determinant Coefficient Test, often known as the R^2 test, is used to measure how well a model explains the variation in the dependent variable. R^2 has a value between 0 and 1. If R^2 is dropping, the ability of the independent variable to explain the dependent variable is deteriorating. This is the situation if R^2 is approaching zero with increasing rapidity (Apriyanto, 2019).

3.4.2. Simultaneous Test (F Test)

The simultaneous test, often known as the F test, is used to determine whether or not the independent variables have a significant effect on the variable that is being tested concurrently. The following serves as the decision-making basis for the simultaneous test known as the F-Test:

- 1) If the F-statistic or F statistic $>$ F table, and the Prob value (F-statistic) $<$ 0.05, the hypothesis is accepted.
- 2) If the F-statistic or F-statistic $<$ F table, and the value of Prob (F-statistic) $<$ 0.05, the hypothesis is rejected.

3.4.3. Partial Test (t Test)

The purpose of the partial test, often known as the t test is discover the extent to which the independent variable (X) influences the dependent variable (Y). The testing of the hypothesis will be performed using a significant level that is 0.05%. In the process of decision-making, the t test is comprised of two fundamental components, namely:

- 1) If the value of t-statistic or t arithmetic $>$ t table or probability $<$ 0.05 then the hypothesis is accepted or the independent variable affects the dependent variable.
- 2) If the value of t-statistic or t statistic $<$ t table or probability $>$ 0.05 then the hypothesis is rejected or the independent variable has no effect on the dependent variable.

4. RESULTS AND DISCUSSION

4.1. Research Results

4.1.1. Descriptive Statistical Analysis

The objective of descriptive statistics is to provide a description or description of a data collection, as seen from the average value, standard deviation, variance, maximum, minimum, total, range, cutosis, and skewness. In other words, descriptive statistics are used to describe or describe a data set (distribution inequality) (Ghozali, 2016).

Table 3. Descriptive Analysis Results

Date: 08/22/22
Time: 20:24
Sample: 2017 2021

	Y	X1	X2	X3
Mean	-0.274525	0.024108	2.795439	10.03773
Median	-0.292447	0.023039	2.938185	7.863495
Maximum	0.048333	0.063004	6.857417	23.29577
Minimum	-0.522766	2.88E-05	0.083682	1.996809
Std. Dev.	0.154542	0.014860	1.618361	6.046548
Skewness	0.431714	0.638933	0.304100	0.692689
Kurtosis	2.262658	3.184416	2.520375	2.289367
Jarque-Bera	2.685790	3.472818	1.249889	5.050562
Probability	0.261089	0.176152	0.535291	0.080036
Sum	-13.72627	1.205418	139.7720	501.8863
Sum Sq. Dev.	1.170273	0.010820	128.3356	1791.477
Observations	50	50	50	50

4.1.2. Panel Data Regression Model

Table 4. Common Effect Model (CEM) Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.386674	0.045666	-8.467414	0.0000
X1	-0.276380	1.898522	-0.145576	0.8849
X2	-0.010636	0.013745	-0.773801	0.4430
X3	0.014799	0.004124	3.588361	0.0008
R-squared	0.307014	Mean dependent var		-0.274525
Adjusted R-squared	0.261820	S.D. dependent var		0.154542
S.E. of regression	0.132778	Akaike info criterion		-1.123655
Sum squared resid	0.810982	Schwarz criterion		-0.970693
Log likelihood	32.09138	Hannan-Quinn criter.		-1.065406
F-statistic	6.793152	Durbin-Watson stat		0.686554
Prob(F-statistic)	0.000691			

Table 5. Fixed Effect Model (FEM) Analysis Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.154391	0.048862	-3.159728	0.0031
X1	1.358493	1.595823	0.851281	0.4001
X2	-0.041384	0.016500	-2.508091	0.0167
X3	-0.003706	0.003307	-1.120622	0.2697
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.850543	Mean dependent var		-0.274525
Adjusted R-squared	0.802071	S.D. dependent var		0.154542
S.E. of regression	0.068754	Akaike info criterion		-2.297659
Sum squared resid	0.174905	Schwarz criterion		-1.800533
Log likelihood	70.44147	Hannan-Quinn criter.		-2.108350
F-statistic	17.54697	Durbin-Watson stat		1.656899
Prob(F-statistic)	0.000000			

4.1.3. Model Testing Techniques

Table 6. Chow Test Result

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.950892	(9,37)	0.0000
Cross-section Chi-square	76.700181	9	0.0000

According to the findings of the Chow Test, which can be seen in the table that was just shown, if the value of prob F is $0.0000 < 0.05$, then the null hypothesis (H0) is rejected, and it can be stated that the model that was chosen is the Fixed Effect Model.

Table 7. Hausman Test Result

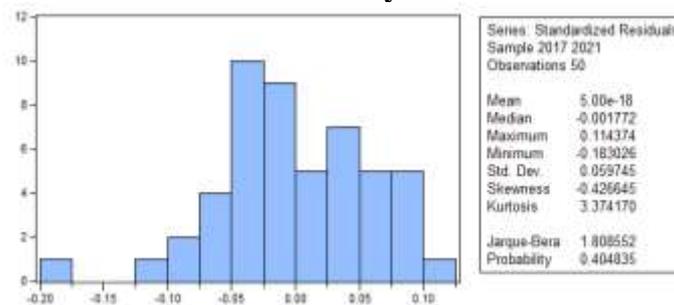
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	13.180021	3	0.0043

It can be seen from the table that the results of the Hausman test show that the p-value of the random cross section test is $0.0043 < (0.05)$, which means that H0 is rejected, or it can be stated that the Fixed Effect Model is the one that was picked as the best model.

4.1.4. Classic Assumption Test

1) Normality Test

Table 8. Normality Test Result



Source: Output Eviews 9, data processed

The results of the normality test are displayed in the image that can be found above. These results show that the Jarque-Bera probability value is 1.808552, and since the probability value of $0.404835 > 0.05$, it is possible to draw the conclusion that the residual data follows a normal distribution.

2) Multicollinearity Test

Table 9. Multicollinearity Test Result

	Insentif Pajak	Growth Opportunities	Financial Distress
Insentif Pajak	1.000000	0.497587	0.633461
Growth Opportunities	0.497587	1.000000	0.192221
Financial Distress	0.633461	0.192221	1.000000

It is possible to draw the conclusion that there is no issue with multicollinearity based on the results of the multicollinearity test that is presented in the table that is located above. It is possible to observe that each variable has a correlation value that is < 0.90 . Because of this, the regression model can be considered to be of high quality.

3) Heteroscedasticity Test

Table 10. Heteroscedasticity Test Result

Heteroskedasticity Test: White

F-statistic	1.226160	Prob. F(9,40)	0.3069
Obs*R-squared	10.81155	Prob. Chi-Square(9)	0.2888
Scaled explained SS	6.170938	Prob. Chi-Square(9)	0.7227

It is possible to draw the conclusion that there is no issue with heteroscedasticity as a result of the heteroscedasticity test that is presented in the table that is located above. Since it is possible to see that the value of Pro.Chi-Square is as large as $0.2888 > 0.05$, it is possible to draw this conclusion.

4) Autocorrelation Test

Table 11. Autocorrelation Test Result

Cross-section fixed (dummy variables)

R-squared	0.850543	Mean dependent var	-0.274525
Adjusted R-squared	0.802071	S.D. dependent var	0.154542
S.E. of regression	0.068754	Akaike info criterion	-2.297659
Sum squared resid	0.174905	Schwarz criterion	-1.800533
Log likelihood	70.44147	Hannan-Quinn criter.	-2.108350
F-statistic	17.54697	Durbin-Watson stat	1.656899
Prob(F-statistic)	0.000000		

According to the results of the autocorrelation test presented in the previous table, the Durbin Watson value is calculated to be 1.656899, which indicates that this value falls somewhere in the range of -2 to $+2$ or $-2 < 1.656899 < +2$. Therefore, it is possible to draw the conclusion that there is no autocorrelation.

4.1.5. Multiple Linear Regression Analysis

Table 12. Multiple Linear Regression Analysis Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.154391	0.048862	-3.159728	0.0031
X1	1.358493	1.595823	0.851281	0.4001
X2	-0.041384	0.016500	-2.508091	0.0167
X3	-0.003706	0.003307	-1.120622	0.2697

In light of the data shown in the table and the findings of the multiple linear analysis presented there, the following equation for multiple linear regression can be derived:

$$\text{Accounting Conservatism} = -0.154391 + 1.358493 \cdot X_1 - 0.041384 \cdot X_2 - 0.003706 \cdot X_3 + e$$

- 1) The constant value (α) is -0.154391 shows that the variables of tax incentives, growth opportunities, and financial distress are 0 or fixed value, then the amount of accounting conservatism is 15%.
- 2) The value of the coefficient of tax incentives (β_1) is 1.358493, which indicates that accounting conservatism has decreased by 35% if the other independent variables have remained at their original values and the tax incentives have increased by 1 unit. This is because the value of the coefficient of tax incentives (β_1) is 1.358493.
- 3) The coefficient of Growth opportunities (β_2) of 0.04138 indicates that if the other independent variables have a fixed value and Growth opportunities have a value of 0 or a fixed value, the amount of Accounting Conservatism is 41%.
- 4) Financial distress coefficient value (3) of 0.003706 indicates if the other independent variables have a fixed value and financial value is 0 or has a fixed value, then accounting conservatism will decrease <1%.

4.1.6. Hypothesis Testing

Table 13. Coefficient of Determination Test Result (R²)

Cross-section fixed (dummy variables)			
R-squared	0.850543	Mean dependent var	-0.274525
Adjusted R-squared	0.802071	S.D. dependent var	0.154542
S.E. of regression	0.068754	Akaike info criterion	-2.297659
Sum squared resid	0.174905	Schwarz criterion	-1.800533
Log likelihood	70.44147	Hannan-Quinn criter.	-2.108350
F-statistic	17.54697	Durbin-Watson stat	1.656899
Prob(F-statistic)	0.000000		

According to the data presented in the table that can be found above, the adjusted R-squared value comes out to be 0.802071. These findings come from the test that was performed on the coefficient of determination. This demonstrates that the capacity of the independent variables, specifically tax incentives, growth possibilities, and financial distress in explaining the amount of accounting conservatism is 0.802071 or 80%, while the remaining 20% is described by other variables that are not related to this study.

Table 14. Simultaneous Test Result (F Test)

Cross-section fixed (dummy variables)			
R-squared	0.850543	Mean dependent var	-0.274525
Adjusted R-squared	0.802071	S.D. dependent var	0.154542
S.E. of regression	0.068754	Akaike info criterion	-2.297659
Sum squared resid	0.174905	Schwarz criterion	-1.800533
Log likelihood	70.44147	Hannan-Quinn criter.	-2.108350
F-statistic	17.54697	Durbin-Watson stat	1.656899
Prob(F-statistic)	0.000000		

Based on the table above, the results of the simultaneous test above showed that the calculated F-statistic or F value is 17.54697 with a probability value of 0.000000, while to find the F table are the number of samples (n) = 50, the number of variables (k) = 4, the significance level α = 0.05 $DF_1 = (50 - 4 = 46)$, and $DF_2 = (4 - 1 = 3)$ the F table value is 2.807. So that $F\text{-statistic or } F \text{ statistic } 17.54697 > F \text{ table } 2.786$, and systematically

obtained a probability value of $0.000000 < 0.05$ significant level so that H1 is accepted which explains that tax incentives, growth opportunities and financial distress simultaneously affect accounting conservatism.

Table 15. Partial Test Result (t Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.154391	0.048862	-3.159728	0.0031
X1	1.358493	1.595823	0.851281	0.4001
X2	-0.041384	0.016500	-2.508091	0.0167
X3	-0.003706	0.003307	-1.120622	0.2697

- 1) The value of the t-statistic or t-statistic for tax incentives is 0.851281, while the value of the t-table is 1.67793 and the probability value is 0.4001. Then, given that the value of probability is higher than 0.05 (0.4001 is greater than 0.05), and the value of t-statistic is lower than t-table 1.67793 (0.851281 is less than 1.67793), it is possible to draw the conclusion that the tax incentive variable does not have a significant effect on accounting conservatism, which indicates that H_0 is accepted while H_2 is rejected.
- 2) The t-statistic for growth opportunities is -2.00665, where the t-table value is 1.67793 and the probability value is 0.0167. It can then be seen that the value of probability is less than 0.05 (0.0167 < 0.05), and the value of t-statistic is greater than t-table 1.67793 (-2.508091 > 1.67793). This means that it is possible to draw the conclusion that the growth opportunities variable has a significant effect on accounting conservatism, and it also indicates that the hypothesis H_0 is rejected and the hypothesis H_2 is accepted.
- 3) Problems with one's finances have a t-statistic of or t-statistic -1.08548 t-table value of 1.67793, and the probability value is 0.2697. It can then be seen that the value of probability is greater than 0.05 (0.2697 > 0.05), and the value of t-statistic is smaller than t-table 1.67793 (-1.08548 < 1.67793). This allows one to draw the conclusion that the variable representing financial distress has a significant effect on accounting conservatism, which indicates that hypothesis H_0 is accepted while hypothesis H_2 is rejected.

4.2. Discussion

4.2.1. The Effect of Tax Incentives, Growth Opportunities, and Financial Distress on Accounting Conservatism

Accounting conservatism is significantly impacted when development possibilities, tax incentives, and financial difficulty all occur at the same time and interact with one another. This may be shown through the F-statistical test in the table, which shows that the F-statistical probability value of 0.000000 is less than 0.05 ($0.000000 < 0.05$). This can be viewed as evidence that this is the case. The conclusion that can be drawn from this is that accounting conservatism is impacted concurrently by three factors: growth prospects, tax incentives, and financial difficulties. The findings of this research are consistent with the findings of research carried out by Randa, Afifudin, and Hariri (2021), the findings of which show that there is a simultaneous relationship between tax

incentives and accounting conservatism. The findings of this study are in line with those findings.

4.2.2. The Effect of Tax Incentives on Accounting Conservatism

There is not a discernible impact that can be attributed to the use of tax incentives on conservative accounting. Because the t-test in the table demonstrates that the value of the t-statistic is 0.851181, and the probability value is 0.4001, which is larger than the significant level of 0.05, one can draw the conclusion that tax incentives do not have a substantial impact on accounting conservatism. The findings of this study are consistent with those found in earlier research carried out by Atika et al. (2021), which demonstrates that tax breaks do not have an influence that is significantly significant on accounting conservatism. Then, according to Rufaidah (2017) accounting conservatism benefits from tax incentives in a good way. This difference is likely attributable to the fact that the purpose of the study and the year it was conducted were both different.

4.2.3. The Effect of Growth Opportunities on Accounting Conservatism

The conservative method of accounting is significantly impacted by the potential for the company's business to expand. The fact that the value of the t-statistic is -2.00665 and the value of the probability is 0.0167, which is lower than the significant level of 0.05, leads one to the conclusion that growth opportunities have a significant effect on accounting conservatism. This is because both of these values are lower than the significant level of 0.05. Examining the table that details the outcomes of the t-test will make this point very clear. The findings of this study are consistent with those obtained from an earlier investigation carried out by Hasinah in (Tazkiya & Sulastiningsih, 2020) That investigation found that accounting conservatism is significantly impacted by growth opportunities. In addition, research that was carried out by Sumantri (2018) demonstrates that expansion opportunities influence accounting conservatism.

4.2.4. The Effect of Financial Distress on Accounting Conservatism

A situation of financial distress does not necessarily have a significant bearing on the degree of caution displayed in accounting. Because the t-test in the table reveals that the value of the t-statistic is -1.08548 and the probability value is 0.2697, which is greater than the significant level of 0.05, one can reach the conclusion that the level of accounting conservatism is not significantly impacted by the presence of financial difficulty. The findings of this study are consistent with those obtained from an earlier study carried out by Hanum et al. (2021), who found that adversity in one's financial situation had no substantial impact on the degree of accounting conservatism practiced. Then, Tanjung (2019) claimed that there is no influence of financial difficulty on accounting conservatism. This is in accordance with the previous statement.

5. CONCLUSION

Based on the findings and discussion above, we concluded that Accounting Conservatism is significantly influenced in the same way by Tax Incentives, Growth Opportunities, and Financial Distress all at the same time. This demonstrates that Accounting Conservatism can be affected by a combination of factors, including Tax Incentives, Growth Opportunities, and Financial Distress. In addition, tax incentives do

not have a significant effect on the level of accounting conservatism applied by Indonesia Stock Exchange-listed manufacturing companies in the food and beverage subsector for the period 2017-2021. Moreover, Growth Opportunities has a significant effect on the degree of accounting conservatism adopted by Indonesia Stock Exchange-listed manufacturing companies in the food and beverage subsector for the period 2017-2021. Meanwhile, Financial Distress has no significant effect on the degree of accounting conservatism employed by Indonesia Stock Exchange-listed manufacturing companies in the food and beverage subsector for the period 2017-2021.

On the basis of the findings, we suggest that In subsequent research, it is expected that more elements that can affect accounting conservatism will be investigated. Such are the size of the company, how it manages its earnings, its leverage, its capital intensity, and the likelihood of legal action. If employing the same empirical study as before, as well as if using additional empirical studies, it is also advisable to lengthen the amount of time over which the research was conducted. The study findings can also be a reference resource for parties who will carry out additional research, and can be valuable for students in general as additional consideration and thinking in further research on the same topic. In order to allow scholars to further extend their understanding of the effect of growth possibilities, financial crises, and tax incentives on accounting conservatism. This research has the potential to be valuable for Pamulang University in that it can help expand the amount of literature and provide scientific utility for those who read it. In addition to enhancing existing information and serving as a resource for students conducting study on the impact that tax breaks, chances for business expansion, and economic strain have on conservative accounting practices.

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