

ABSTRACT

Accounting conservatism is an action that needs to be reflected in financial reporting which consists of a prudent assessment of renewal and corporate risk. Conservatism is used to limit behavior to overestimate earnings and avoid opportunistic behavior of managers. Several factors influence conservatism, including information asymmetry, litigation risk, investment opportunity set, and capital intensity.

This study aims to analyze information asymmetry, litigation risk, investment opportunity set, capital intensity, and accounting conservatism. Besides, analyzing simultaneously and partially the influence of information asymmetry, litigation risk, investment opportunity set, and capital intensity on accounting conservatism in consumer goods sector companies listed on the Indonesia Stock Exchange from 2016 to 2018.

The method used in this research is quantitative. The sample used was 111 companies selected using a purposive sampling method. The type of data used is secondary data with data collection techniques through documentation and literature study. The data analysis method used is panel data regression analysis using Eviews software.

The results showed that information asymmetry, litigation risk, investment opportunity set, and capital intensity simultaneously influence accounting conservatism. Partially, the information asymmetry positive effect on accounting conservatism, litigation risks negatively affect the accounting conservatism, investment opportunity set and capital intensity has no effect on accounting conservatism.

The results of the study are expected to be taken into consideration for future researchers, not only examining accounting conservatism but also examining prudence. For companies, investors, and creditors are expected to pay attention to the level of information asymmetry and litigation risk because it can affect the level of accounting conservatism applied.

Keywords: *Accounting conservatism, Capital Intensity, Information Asymmetry, Investment Opportunity Set, Litigation Risk*