

The Effect of Managerial Ownership on Firm Value with Accounting Conservatism and Earnings Quality as Intervening Variables

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Abstract

Purpose - This research aims to determine the effect of managerial ownership on firm value with accounting conservatism and earnings quality as intervening variables.

Design/methodology/approach - Multiple linear regression with SPSSv25 software and route analysis with an online Sobel calculator were utilized for analysis.

Finding - According to the findings of this study, management ownership has a negative and considerable impact on firm value. Furthermore, managerial ownership has a considerable and favorable impact on accounting conservatism and earnings quality. Accounting conservatism and profit quality can thus be employed as intervening factors in this investigation.

Originality - This research raises the issue of firm value seen from the perspective of ownership structure. The difference of this research is investigating the influence of these factors by looking at accounting conservatism and earning quality. The research was conducted because the influence of ownership structure on firm value gave inconsistent results.

Keyword - Firm value, Managerial Ownership, Accounting Conservatism, Earnings Quality, Discretionary Accrual

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introduction

Investors must examine and appraise good firms while making investment selections. To grow business value, each organization must forecast how lucrative it will be. According to Yuwono & Aurelia (2021), corporate value is an essential factor for investors about the amount of performance of the firm and is connected to share prices. The share market values given include investment decisions, finance, and firm assets owned by shareholders, which is one part of evaluating firm value.

The share price is determined by an agreement between shareholders and the company by making a request and offer. The company's main goal is to increase firm value. Firm value in this research is defined as market value because firm value can increase shareholder prosperity if shares in the company increase, and make shareholders want to invest their capital in the company. Therefore, its implementation must be carried out carefully and precisely, because every decision taken will have an impact on the company's achievements (Akyunina & Kurnia, 2021)

The manufacturing industry is a company that produces finished goods and has sales value from raw materials. Because competition in the manufacturing industry is quite tight, every company manager competes to improve company performance and looks for investors to maximize firm value. However, amid competition, there was one case where two subsidiaries of PT Tiga Pilar Sejahtera Food Tbk (AISA), namely PT Indo Beras Unggul and PT Jati Sari Rezeki, were suspected of committing fraudulent practices in selling rice by producing rice that did not comply with the label. information. This caused AISA's share price to fall significantly. There was an incident. This made the company management take action to manipulate the financial reports in 2017. In 2018, the company's new management re-checked the 2017 financial reports which had been audited by KAP.

Based on analysis, of the previous 2017 financial report of PT Tiga Pilar Sejahtera Food Tbk with the report that has been explained again, there was an inflation of IDR 5 trillion. For example, the fixed assets account amounted to IDR 2.35 trillion, trade receivables amounted to IDR 1.63 trillion and the inventory account amounted to IDR 1.31 trillion. The increase in business caused inflation in the net sales account of IDR 2.97 trillion. This causes share prices to soar and brings losses to investors and other stakeholders Christian & Jully Stella (2021). This reflects the low level of supervision of the board of commissioners so that there is manipulation in the financial reports. One of the functions of the board of commissioners is to supervise the company and ensure that the company prepares financial reports properly and by the rules.

This phenomenon refers to the low level of application of the principle of conservatism by companies in preparing their financial reports. An optimistic attitude makes managers present financial reports with greater profit values than they should. Therefore, it is necessary to take preventive and appropriate actions to reduce the negative impact of errors in decision making and the need for quality financial information as well as implementing accounting conservatism within the company to prevent excessive preparation of financial reports. A company's ability to monitor the managerial ownership structure and evaluate financial statements is important. This is because it can influence the high and low value of the company and can attract investors to entrust company management to parties who are professional and responsible in making decisions (Safitri, 2019).

According to Widyaningsih (2018) managerial ownership is the percentage of shares owned by the board of commissioners and managers which can be seen in the financial reports. This shows that optimizing firm value can be achieved through the implementation of management functions because one of the decisions taken will have an impact on firm value. Previous research conducted by Abdullah et al., (2017) shows that ownership structure as

measured by managerial ownership does not have a significant influence on firm value in Malaysian companies. Meanwhile, Indonesian companies show mixed results, as research conducted by Akyunina & Kurnia (2021) proves that managerial ownership has a positive effect on firm value. This is in line with research by Putranto & Kurniawan (2018), Dewi & Abundanti, (2019), and Pratama et al., (2019) which proves that managerial ownership has a positive and significant influence on firm value. This research is not in line with research conducted by Dermawan & Triyonowati (2021) that managerial ownership has a negative effect on firm value, this shows that ownership gives rise to management, namely if high insider ownership will have an impact on the manager's tendency to act in the interests of Alone.

Based on what has been explained previously, there are still differences in the results of previous research. This difference is thought to be caused by the presence of other variables that influence firm value. Firm value cannot be separated from the use of the principles established by financial reports where the quality of financial reports is influenced by various factors, such as adherence to accounting principles, one of which is the principle of accounting conservatism (Handojo, 2012). Investment opportunities in determining firm value are influenced by accounting conservatism because this principle can prevent companies from exaggerating profits so that the profits and assets shown in financial reports are not exaggerated (Zulfira & Ismanto, 2019).

In addition, according to Putranto & Kurniawan (2018), firm value can be assessed from income, but this can only be seen when the quality of income is low because the company can make mistakes in decision making and as a result, the firm value will decrease. Mistakes in making decisions can not only affect stakeholders but also shareholders in the company itself, so preventive and appropriate actions need to be taken to reduce the negative actions and impacts of financial errors in making decisions.

Theoretical Framework and Hypothesis

Agency Theory

Agency theory was first discovered by Company et al. (1976) who said that agency theory is called contractual theory. They also stated that the agency relationship is a contract between shareholders and company management. Agency theory analyzes the interests of management behavior as parties acting as decision-makers and shareholders giving power to management so that management acts and makes decisions by their respective interests (Widyaningsih, 2018). Jensen & Meckling (1976) said that managerial ownership can overcome agency conflicts when the proportion of managerial share ownership increases, which will reduce the tendency of managers to take opportunistic behavior, namely for personal interests. In other words, managerial ownership can help control agency problems and managers' interests can be aligned if managers own more company shares. Furthermore, agency conflicts can be overcome by applying the principle of conservatism in financial reports. The application of accounting conservatism will produce pessimistic financial conditions as evidence that conservatism can minimize excessive optimism regarding the benefits that will be obtained between managers and shareholders which are not always the same. This is one mechanism for overcoming agency problems when a separation arises between ownership and control (Solichah, 2020). Apart from that, implementing conservatism can be beneficial for companies in preventing opportunistic management behavior which tends to increase company profits (profit management) (Watts, 2003). Then, agency conflicts that give rise to an opportunistic nature result in the quality of the profits produced being low because managers are not shareholders. Low earnings quality results in poor decision-making for investors and creditors, which will reduce firm value (Jonathan & Machdar, 2018). This shows that high earnings quality

can minimize managers taking opportunistic actions to reduce fraud or earnings manipulation in financial reports.

Firm Value

According to Manik (2018), firm value can provide shareholders with maximum prosperity if share prices rise. The higher the share price, the higher the prosperity of shareholders, so to achieve firm value, investors generally hand over management to professionals. Professionals are positioned as managers or commissioners.

Managerial ownership

Managerial ownership is a condition where managers can play a dual role in taking over several managers as well as shareholders' shares in the company. In this case, the share ownership owned by management parties is measured based on the shares owned by the company (Dermawan & Dermawan & Triyonowati, 2020). Managers indirectly as company managers become company shareholders so that the interests of managers and shareholders merge. The proportion of share ownership controlled by managers can influence company policy.

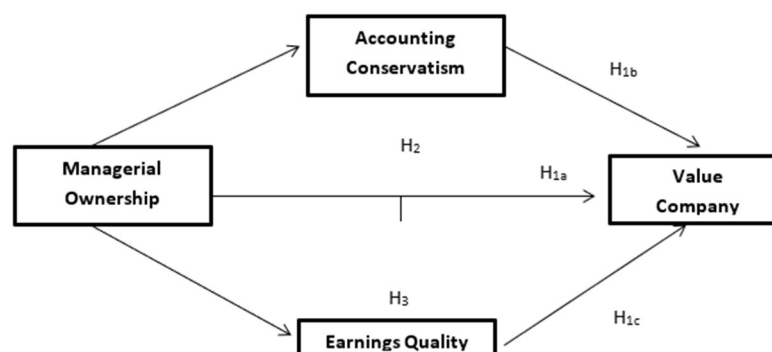
Accounting Conservatism

Conservatism is in the Concept Glossary Statement No. 2 FASB (Financial Accounting Reporting Body) which means a prudent reaction in the face of uncertainty inherent in a company, to try to ensure that the uncertainties and risks in the business environment have been adequately considered. According to Gul et al. (2005) conservatism is a cautious reaction in facing uncertainty, where in facing uncertainty, the company considers the risks inherent in the business environment. This means that conservatism causes the reported data to not be interpreted correctly because it is reported in financial reports that figures are low for profitable things but relatively high figures for detrimental things.

Earnings Quality

According to Dahlia Dila (2018) earnings quality is earnings that correctly and accurately describe the company's operational profitability. One of the qualities of earnings is determined by how much earnings management is carried out by the company. Sulistyanto (2018) said that earnings management is a manager's attempt to influence the information in financial reports to deceive stakeholders who want to know the company's performance and condition.

Figure 1
Research Model the Effect of Ownership Managerial Towards Firm Value with Conservatism Accounting and Quality Profit as Variable *Intervening*



Source : data processed by researchers, 2022

The Effect of Ownership Managerial on Firm Value

According to Jensen & Meckling (1976), managerial ownership can reduce agency costs and align the interests of shareholders with the interests of management. Theoretically, the existence of managerial ownership can reduce agency conflicts so that it can increase firm value because management and shareowners have the same goal, namely increasing firm value (Widayanti & Yadnya, 2019). If a company has a large proportion of managerial ownership, management tends to be more active in increasing the value of the company for the benefit of shareholders, where they are shareholders. With this motivation, managers will try as hard as possible to maximize company value (Dewi & Abundanti, 2019).

According to (Dermawan & Triyonowati, 2020) the existence of managerial ownership in the company, the management will try to increase the value of the company, if the value of the company increases it will affect the management and company profits. This hypothesis is supported by research conducted Putranto & Kurniawan (2018) on companies in the Food and Beverage Industry sector that managerial ownership has a positive and significant effect on firm value. However, this research is not in line with research conducted by (Rini et al., 2017) and (Rohim et al., 2019). This shows that high management share ownership causes an increase in firm value. The hypothesis is formulated as follows.

H1a: Managerial ownership has a positive effect on firm value

The Effect of Accounting Conservatism on Firm Value

The principle of prudence or conservatism can reduce agency conflicts between shareholders and management because it can prevent managers' opportunistic actions that only benefit themselves (Octaviani et al., 2021). Accounting standards in force in Indonesia allow companies to choose accounting methods, one of which is accounting conservatism where the principle of conservatism in financial reports is intended to recognize and measure assets and profits which are carried out with great care because economic and business activities are surrounded by uncertainty (Tumpal Manik, 2018).

Accounting conservatism also acts as a supervisory policy on corporate investment. When companies recognize losses more quickly, it can help managers identify investment projects that are considered not performing well. This hypothesis is supported by research conducted by Habibah & Aisyah Margie (2021) on 2014-2018 food and beverage sub-sector companies listed on the IDX that accounting conservatism has a significant effect on firm value. However, this research is not in line with research conducted by Octaviani & Suhartono (2021). This shows that conservatism has a role in monitoring investment policies and maximizing firm value in investment decisions that have poor performance. The hypothesis is formulated as follows.

H1b: Accounting conservatism has a positive effect on firm value

The Effect of Earnings Quality on Firm Value

Financial performance assessment in a company is something that can be carried out by management to fulfill its obligations to shareowners to achieve the goals set by the company. Companies with high profit levels show high-profit quality (Purnama, 2020). Companies that have good quality profits without any manipulation from managers make investors respond well. This response is good news which can reduce information asymmetry and agency conflict (Octaviani et al., 2021). Financial reports are an important indicator for obtaining information about the financial position and results achieved by the company. This hypothesis is supported by research conducted by Apridasari et al., (2018) that earnings quality has a positive effect on firm value. However, this research is not in line with research conducted by (Jonathan & Machdar, 2018). This shows that increasing firm value can improve earnings quality by increasing earnings information which will then encourage market reactions to these earnings,

thereby improving the quality of the company's earnings. The hypothesis is formulated as follows.

H1c: Earnings quality has a positive effect on firm value

The Effect of Managerial Ownership on Firm Value through Accounting Conservatism

Increasing share ownership by managers in the company is expected to make managers act according to the wishes of shareholders (principals), therefore managers will be motivated to maximize firm value (Dewi & Abundanti, 2019). In this way, management will be more careful in choosing policies. the accounting. Therefore, companies will apply conservative accounting principles if the manager's share ownership in the company is high (Jaya et al., 2018).

Opportunistic actions can reduce firm value because managers only care about their profits (Dermawan & Triyonowati, 2020). This hypothesis is supported by research conducted by Pambudi (2017) that managerial ownership has a positive effect on accounting conservatism. This shows that the principle of conservatism is expected to be able to prevent managers from taking opportunistic actions so that they take actions that comply with the rules to achieve company goals by increasing firm value. The hypothesis is formulated as follows.

H2: Accounting conservatism mediates the effect of managerial ownership on firm value

The Effect of Managerial Ownership on Firm Value through Earnings Quality

Agency conflict can give rise to an opportunistic nature where the quality of the profits produced is low because the manager is not a shareholder. Low earnings quality causes wrong decisions to be made by investors and creditors, thereby reducing firm value (Jonathan & Machdar, 2018). Conversely, pressure from the capital market will encourage managers who have low managerial ownership to choose accounting methods that can increase reported profits but do not reflect the actual situation. If the reported profits do not match the actual conditions or facts, the quality of the profits will be doubtful in supporting decision-making, and can even mislead the users of the report.

Earnings quality is profit that correctly and accurately describes the company's operational profitability. Profit is an indicator that can be used to measure company performance which can influence firm value (Dahlia, 2018). This hypothesis is supported by research conducted by Heriyanto & Fadillah (2017) on manufacturing companies from 2016-2018 that managerial ownership influences earnings quality. This shows that the greater the percentage of managerial share ownership, the better the company's performance because the manager will act as the owner and controller of the company. The hypothesis is formulated as follows.

H3: Earnings quality mediates the influence of managerial ownership on firm value

Research Methods

The population in this research is manufacturing sector companies listed on the Indonesia Stock Exchange (BEI) 2016-2020. This research uses a purposive sampling method. The list of manufacturing companies is 195 companies and the sample for this research is 18 companies in 5 years of observation so the total sample is 90 observations. However, there were unique characteristics so they were excluded from this research sample, so the total final sample was 72 data samples.

The type of research used in this research is quantitative research, this research uses a multiple regression analysis approach using SPSSv25. Judging from the problem studied, the data collection techniques used were Library Research and Field Research. A dependent Variable is a variable whose value is influenced by the independent variable (Sugiyono, 2018). In this study, the dependent variable is Firm value which is measured using Price-to Book Value (PBV) which was previously used by (Dermawan & Triyonowati, 2020). The independent variable is the

variable that is the cause of the influence of the dependent variable (Sugiyono, 2018). In this research, the independent variable is managerial ownership which is measured using a ratio scale through the percentage of the number of shares owned by management with the number of company shares in circulation which was previously used by (Widayanti & Yadnya, 2019). Intervening variables according to Sugiyono (2018) state that intervening variables are variables that theoretically influence the relationship between the independent variable and the dependent variable into an indirect relationship that cannot be measured and observed. The intervening variable in this research is accounting conservatism as measured by earnings/accrual (CONNACit) which was previously used by (Wibisono et al., 2019). And Earnings Quality is measured by discretionary accruals with the Modified Jones Model, namely (Jones, 1991) which was modified by Dechow et al., (1995) and was previously used by (Tumpal Manik, 2018).

Results and Discussion

The results of the regression analysis for all samples and research models are presented as follows:

Table 1
Regression Analysis Results

Model : $NP = \alpha + \beta_1KM + \beta_2KONS + \beta_3EQ + \varepsilon$				
Variables	Beta	T	Sig	
(Constant)	- 0,150			
Managerial Ownership	- 3,044	- 2,298	0,025*	
Accounting Conservatism	48,989	2,417	0,018	
Earnings Quality	58,637	3,524	0,001	
Firm Value				
<i>Adjusted R Square</i>	0,272			
F	9,857			
Sig (Test F)	0,000*			

*Significance Level < 0,05

Dependent Variable: Firm Vale

Source: Secondary data obtained, 2022

Goodness of Fit

According to the test results in Table 1, the coefficient of determination (adjusted R square) for this research model is 0.272, or 27.2%. Indicating that the independent variable in this 72-study can explain 27.2% of its effect on the dependent variable, the remaining 27.2% can be influenced by other factors not investigated by researchers in this study.

Results of Direct Effect Analysis

The direct effect of Managerial Ownership on Firm Value

This hypothesis assumes that managerial ownership has a positive effect on firm value. Testing the direct influence of managerial ownership on firm value was carried out using multiple regression analysis. Based on table 4.10, the β_1 coefficient is -3.044 with a significance level (p-value) of 0.025 (below the significance level of 0.05). This proves that there is a significant negative influence between managerial ownership on firm value. So, it can be concluded that **hypothesis 1 (H1a) is rejected**.

The direct effect of Accounting Conservatism on Firm Value

This hypothesis suspects that accounting conservatism has a positive effect on firm value. Testing the direct influence of accounting conservatism on firm value was carried out using multiple regression analysis. Based on table 4.10, the β_2 coefficient is 48.989 with a significance level (p-value) of 0.018 (below the significance level of 0.05). This proves that there is a significant positive influence between accounting conservatism on firm value. So, it can be concluded that **hypothesis 1 (H1b) is accepted**.

Earnings Quality has a positive effect on Firm Value

This hypothesis assumes that earnings quality has a positive effect on firm value. Testing the direct influence of earnings quality on firm value was carried out using multiple regression analysis. Based on table 4.10, the β_3 coefficient is 58.637 with a significance level (p-value) of 0.001 (below the significance level of 0.05). This proves that there is a significant positive influence between earnings quality and firm value. So, it can be concluded that **hypothesis 1 (H1c) is accepted**.

Path Analysis

To demonstrate the indirect impact of management ownership on firm value, the conditions for intervening factors must be tested. The following are the findings of the examination of all paths:

Variable	KONS (Path 1)	NP (Path 2)	EQ (Path 3)	NP (Path 4)
KM	0,213	-	0,251	-
KONS	-	48,989	-	-
EQ	-	-	-	58,637
Std. error	0,012	20,268	0,015	16,640
Significance 0,05	0,000	0,018	0,000	0,001

Source: Secondary data obtained, 2022

Test Results of Path 1 Analysis of Managerial Ownership of Accounting Conservatism

Testing the effect of managerial ownership on accounting conservatism was carried out using regression analysis. Based on data from regression analysis, the β_a coefficient is 0.213 with a significance level (p-value) of 0.012 (below the significance level of 0.050). This proves that there is a significant positive influence between managerial ownership on accounting conservatism. So, it can be concluded that managerial ownership has fulfilled the first requirement of the mediating variable.

Test Results of Path 2 Analysis of Accounting Conservatism on Firm Value

Testing the effect of accounting conservatism on firm value was carried out using regression analysis. Based on data from regression analysis, the β_b coefficient is 48.989 with a significance level (p-value) of 0.018 (below the significance level of 0.050). This proves that there is a significant positive influence between accounting conservatism on firm value. So, it can be concluded that accounting conservatism has fulfilled the prerequisites for the two mediating variables.

Test Results of Path 2 Analysis of Managerial Ownership on Earnings Quality

Testing the effect of managerial ownership on earnings quality was carried out using regression analysis. Based on the data from the regression analysis, the β_c coefficient is 0.251 with a significance level (p-value) of 0.000 (below the significance level of 0.050). This proves that there

is a significant positive influence between managerial ownership on earnings quality. So, it can be concluded that managerial ownership has fulfilled the first requirement of the mediating variable.

Test Results of Path 2 Analysis of Earning Quality on Firm Value

Testing the effect of earnings quality on firm value was carried out using regression analysis. Based on data from regression analysis, the β_d coefficient is 58.637 with a significance level (p-value) of 0.001 (below the significance level of 0.050). This proves that there is a significant positive influence between earnings quality on firm value. So, it can be concluded that earnings quality has met the prerequisites for the two mediating variables.

Sobel Test Results

Testing the effect of Accounting Conservatism on Managerial Ownership and Firm Value has a standard beta coefficient value of managerial ownership on accounting conservatism of 0.213 with a standard error of 0.012. The standard value of the beta coefficient of accounting conservatism on firm value is 48.989 with a standard error of 20.268. The results of the Sobel test show a statistical Sobel figure of 2.394. These results show a value of $2.394 > 1.96$, which means that the accounting conservatism variable mediates the effect of managerial ownership on firm value.

Testing the effect of Earnings Quality on Managerial Ownership and Firm Value has a standard beta coefficient value of managerial ownership on earnings quality of 0.251 with a standard error of 0.015. The standard value of the beta coefficient of earnings quality on firm value is 58.637 with a standard error of 16.640. The Sobel test results show a statistical Sobel figure of 3.448. These results show a value of $3.448 > 1.96$, which means that the earnings quality variable mediates the influence of managerial ownership on firm value.

Results of Indirect Effect Analysis

Accounting conservatism mediates the influence of managerial ownership on firm value

This research hypothesis assumes that managerial ownership influences firm value, with accounting conservatism as a mediating variable. Based on the results of the X to Z path regression, it is known that managerial ownership has a significant positive effect on accounting conservatism. On the Z to Y path, it is known that accounting conservatism influences firm value. The proven influence of accounting conservatism on firm value shows that the notion that managerial ownership influences firm value through accounting conservatism as a mediating variable is accepted. The results of the Sobel test to test the significance of the mediating effect of accounting conservatism on the influence between managerial ownership and firm value show a Sobel test statistical result of 2.394. These results show a value of $2.394 > 1.96$, which means the KONS variable mediates the effect of managerial ownership on firm value. So, it can be concluded that **hypothesis 2 (H2) is accepted**.

Earnings quality mediates the influence of managerial ownership on firm value

This research hypothesis assumes that managerial ownership influences firm value, with earnings quality as a mediating variable. Based on the results of the X to Z path regression, it is known that managerial ownership has a significant positive effect on earnings quality. On the Z to Y path, it is known that earnings quality influences firm value. The proven influence of earnings quality on firm value shows that the notion that managerial ownership influences firm value through earnings quality as a mediating variable is accepted. The results of the Sobel test to test the significance of the mediating effect of earnings quality on the influence between managerial ownership and firm value show a Sobel test statistical result of 3.448. These results show a value of $3.448 > 1.96$, which means that the earnings quality variable mediates the

influence of managerial ownership on firm value. So, it can be concluded that **hypothesis 3 (H3) is accepted.**

Discussions

Direct Effect of Managerial Ownership, Accounting Conservatism, and Earnings Quality on Firm Value

Hypothesis (H1a) suspects that managerial ownership has a positive effect on firm value. Based on the table, the regression coefficient value for the managerial ownership variable is -3.044, which means that managerial ownership has the opposite or negative influence on firm value. The results of this research have a significance value of 0.025 (below the significance level of 0.05). This shows that there is a significant influence in a negative direction, so the hypothesis in this study cannot be accepted (rejected). Based on the results of descriptive statistical analysis, managerial ownership has a fairly high average value of 19.25%. The results of this research indicate that the increasing proportion of managerial ownership cannot encourage management to increase firm value. This hypothesis is rejected because the high proportion of managerial ownership gives rise to management entrenchment, namely the tendency of managers to act in their interests or opportunistic actions so that theoretically the existence of managerial ownership can reduce agency conflicts. This is not a guarantee of increasing firm value. According to Abdullah et al., (2017) and Rohim et al., (2019) a greater proportion of managerial ownership can reduce the value of the company because there is a possibility that management as an agent trusted by shareholders does not always act by the wishes of the principal where agents tend to act opportunistic actions that can give rise to conflict or agency problems. Based on previous research, there are several reasons why managerial ownership, which is proxied by the number of shares owned by the manager divided by the total outstanding shares, has a negative effect on firm value, namely because management wants high income when compared with the growth of investment value, therefore if the percentage of ownership Big managers will take actions that can increase income rather than focusing on the value of investment growth, so this can reduce firm value and reduce investors' interest in investing because investors are more likely to want profits in the future (Kusumawati et al., 2019). The results of this research are in line with the results of research conducted by Sulistyono et al., (2017) and Rohim et al., (2019) which found that managerial ownership has a negative effect on firm value.

Hypothesis (H1b) suspects that accounting conservatism has a positive effect on firm value. Based on the table, the regression coefficient value for the accounting conservatism variable is 48.989, which means that accounting conservatism has a positive influence on firm value. The results of this research have a significance value of 0.018 (below the significance level of 0.05). This shows that there is a significant influence in a positive direction, so the hypothesis in this study is accepted. These results explain that conservatism has a role in monitoring investment policies and maximizing firm value in making investment decisions that have poor performance. The results of this research are in line with research conducted by Tumpal Manik (2018), Zulfiara & Ismanto (2019), Habibah & Margie (2021) which found that accounting conservatism has a positive effect on firm value.

Hypothesis (H1c) suspects that earnings quality has a positive effect on firm value. Based on the table, the regression coefficient value for the earnings quality variable is 58.637, which means that earnings quality has a positive influence on firm value. The results of this research have a significance value of 0.001 (below the significance level of 0.05). This shows that there is a significant influence in a positive direction, so the hypothesis in this study is accepted. These results explain that increasing firm value as reflected in share prices can improve earnings quality by increasing earnings information which will then encourage market reactions to earnings, thereby improving the quality of the company's earnings. The results of this research

are in line with research conducted by Apridasari et al., (2018) and Purnama (2020) who found that earnings quality has a positive effect on firm value.

Indirect Effect of Managerial Ownership on Firm Value Through Accounting Conservatism

Based on the results of the Sobel test, proves that the accounting conservatism variable can mediate the influence of managerial ownership on firm value. This is proven based on the results of the Sobel test carried out in this research showing that the value is $2.394 > 1.96$. Therefore, it can be concluded that the accounting conservatism variable mediates the effect of managerial ownership on firm value. The alleged role of accounting conservatism as a mediating variable is based on the research gap in the direct influence between managerial ownership and firm value, as well as accounting conservatism which has been proven to be influenced by managerial ownership and influences firm value in previous research. Accounting conservatism proxied by CONACCit reflects management policy in making investment decisions. Managers will tend to be more careful in choosing their accounting policies (Jaya et al., 2019). Pambudi (2017) said that the principle of accounting conservatism can prevent managers from taking opportunistic actions so that they take actions that comply with the rules to achieve company goals by increasing firm value. This research proves that managerial ownership has a positive effect on accounting conservatism, which means that companies that own shares indirectly make management feel the impact of the policies they implement. Because of this, managers will be motivated to maximize firm value (Dewi & Abundanti, 2019). This research finds that there is a direct influence between accounting conservatism and firm value so the alleged accounting conservatism variable as a mediator between the influence of managerial ownership and firm value is proven to mediate.

Conclusion

The results of testing the managerial ownership variable have a direct negative effect on firm value. These results indicate that the hypothesis H1a in this study is rejected. These results also explain that a high proportion of managerial ownership can reduce firm value. Furthermore, the results of testing the accounting conservatism variable on firm value have a direct positive effect on firm value. These results indicate that the hypothesis H1b in this study is accepted. These results also explain that accounting conservatism has a role in monitoring investment policies and maximizing firm value. Then, the results of testing the earnings quality variable on firm value have a direct positive effect on firm value. These results indicate that the hypothesis H1c in this study is accepted. These results also explain that increasing firm value as reflected in share prices can improve earnings quality.

The results of testing the managerial ownership variable on firm value with accounting conservatism as an intervening variable can be proven. Accounting conservatism can be an intervening variable according to the results of the prerequisite tests carried out, so it can be concluded that hypothesis H2 in this study is accepted. The results of testing the managerial ownership variable on firm value with earnings quality as an intervening variable can be proven. Earnings quality can be an intervening variable according to the results of the prerequisite tests carried out, so it can be concluded that hypothesis H3 in this research is accepted.

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