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Effect of Sales Growth, Capital Intensity, and Financial Distress on Accounting Conservatism with Good Corporate Governance as a Moderation Variable

(Case Study on Consumer Goods Industrial Companies Listed on the Indonesia Stock Exchange in 2017-2021)

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Abstract: *This study aims to examine the effect of sales growth, capital intensity, and financial distress on accounting conservatism with good corporate governance as a moderation variable in consumption companies listed on the Indonesia Stock Exchange in 2017-2021. Secondary Data is the data used in this study with purposive sampling technique that is based on the criteria so that selected 46 companies as a research sample. Data analysis using multiple linear regression analysis using SPSS. The results showed that sales growth and capital intensity did not significantly affect accounting conservatism, while financial distress significantly affected accounting conservatism. Sales growth, capital intensity, and financial distress moderated by good corporate governance had no significant effect on accounting conservatism.*

Keywords: Sales Growth, Capital Intensity, Financial Distress, Good Corporate Governance, and Accounting Conservatism

I. INTRODUCTION

The company's financial statements consist of statements that inform the company's financial position at a certain time, which are written in the balance sheet, profit and loss calculations also in the statement of changes in equity and the statement of cash flows, where the balance sheet shows the total Assets, Liabilities and equity of a company. Financial statements are a summary or list as a form of management accountability to institutions that assess banking performance to see the company's achievements (Achyani et al., 2019). Financial statements will provide useful financial information for other entities outside the company. For external parties with an interest in the company's financial statements, financial statements can be used as information for consideration for the provision of capital. As for the internal parties, the financial statements can serve to monitor the development of the company and as a medium of measuring the company's performance (Fadlol et al., 2018). The results of financial performance can be used for comparison whether the performance is better or not by looking at the weaknesses and strengths of a company (Savitri, 2016).

Companies are allowed to choose the method of making financial statements, and one of them is to use accounting conservatism.The concept of conservatism recognizes expenses first, after which it recognizes income.The concept of conservatism makes companies cautious in assessing each post of financial statements in conditions of uncertainty. So that later it can reflect the actual condition of the company (Sinambela&Almilia, 2018). In addition, the implementation of conservative accounting can limit the opportunistic behavior of managers (e.g. manipulating profits) in the preparation of financial statements (Dewi&Suryanawa, 2014).

The object of research in this study was conducted on manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2017-2021. The selection of manufacturing companies in the consumer goods industry sector is becoming a population because the consumer goods industry sector is quite favored by investors (Loen, 2021) and is also motivated by economic growth and household consumption related equivalently.

The trend of economic growth is aligned with the level of consumption. When people's consumption levels decrease, the economy slows down(Purnama&Daljono, 2013).With the phenomenon of the consumer goods industry sector, especially the food industry is quite attractive to investors, the financial statements of the consumer goods industry sector must be paid more attention because it is feared that there is manipulation of financial statements by managers to attract investors in making investment decisions by regulating the level of accounting conservatism. The optimistic behavior of managers also affects the value of assets, as well as the value of profits, and the company's income will be reported overstated(Loen, 2021).

The official definition of conservatism is in the Glossary of concept statements No.2 FASB (Financial Accounting Statement Board) in (Achyani&Lovita, 2021), which defines conservatism as a precautionary reaction to uncertainty in a company that ensures that uncertainty and risks in the business environment are considered. Definition of conservatism according to Wibowo and Widya (2004) in (Vidiana et al., 2021) : "conservatism is a very important principle in financial reporting so that the recognition and measurement of assets and profits are carried out with caution, because economic and business activities are surrounded by uncertainty."

Some factors that can influence conservatism include sales growth, capital intensity, and financial distress. Past sales growth indicates investment success, and future sales growth is used as a sales prediction. There are research results that sales growth has an effect on accounting conservatism because large sales growth often increases market expectations of future cash flows, so accounting conservatism affects sales growth (Achyani&Lovita, 2021). In line with research (Savitri, 2016) that sales growth has an effect on accounting conservatism because high profitability will make the company have a lot of retained earnings, thus showing the company implements accounting conservatism because it recognizes costs faster so as to make profits low (Savitri, 2016). However, in contrast to Nurhayati's Research (2017) that sales growth has no effect on accounting conservatism because companies in their growth need majority funds from external parties, so companies do not apply accounting conservatism to lower profits.

The second factor is capital intensity. The second factor is capital intensity. Capital intensity is a picture related to the amount of capital in the form of fixed assets. Capital intensity affects accounting conservatism because the higher the capital intensity in a company, the company is a large company and has high political costs, so the company will increase the implementation of accounting conservatism that aims to reduce corporate profits (ShifaAurillya et al., 2021).However, it is different from the research of Daryatno&Santioso (2020) that capital intensity does not affect accounting conservatism because capital intensity as a proxy for political costs is not directly related to aspects of corporate funding, but rather due to changing regulations and applicable regulations.

The third factor is financial distress. Financial distress is the initial symptom of bankruptcy, that is, the company cannot meet short-term needs including liquidity and solvency obligations. When a company has financial problems managers play a role in decision making and regulate the level of accounting conservatism in the company's reports. Financial distress affects accounting conservatism because conservative corporate financial statements will prevent the company in terms of profit enlargement and limit dividend distribution, so that indirectly the availability of cash will increase for debt repayment and can reduce financial distress (Fahmi, 2015) in (Rivandi&Ariska, 2019). In contrast to Nurhayati's research (2021), accounting conservatism does not affect financial distress because it will make the financial statements an understatement, so it will give a bad signal to external parties, especially creditors, so that creditors will not provide loans to companies.

From some of the inconsistent research results above, the researchers made the good corporate governance variable as a moderation variable.Consideration of choosing good corporate governance as a moderation variable because by implementing good corporate governance in a company, the company will be more careful or more conservative in reporting its finances.

Good Corporate Governance is a new mechanism established by the controlling shareholder in order to obtain transparency of the company's business activities with good corporate governance management. Good corporate governance is established so that agency conflicts between shareholders and management can be avoided (Sari, 2019). he implementation of good corporate governance is one of the means to oversee the company's activities including monitoring the level of management's prudence in the presentation of financial statements which is expected to reflect correct and reliable information as a basis for making decisions (Fitranita, 2019).

This study replicates from (Achyani&Lovita, 2021) entitled The effect of Good Corporate Governance, sales growth, and capital intensity on accounting conservatism (Empirical Study of manufacturing companies listed on the Indonesia Stock Exchange 2017-2019). The difference is, the author adds The Independent Variable financial distress and changes the good corporate governance variable to a moderation variable, and changes the case study of consumer goods industry companies in 2017-2021.

Based on the background described above, the author is interested in conducting research on factors that can affect accounting conservatism by raising the title "The effect of Sales Growth, Capital Intensity, and Financial distress on

Accounting Conservatism with Good Corporate Governance as a Moderation Variable (Case Study on consumer goods industrial companies listed on the Indonesia Stock Exchange in 2017-2021)".

II. REVIEW LITERATURE

2.1Agency Theory

Agency theory is a theory that shows the cooperative relationship between the agent (management) with the principal (shareholders).The relationship of the cooperation agreement gives the authority of the principal (shareholder) to the agent (management) to achieve the objectives of the principal.This can cause agency problems between shareholders and managers because there is a difference in objectives between the two parties(Shifa Aurillya et al., 2021).On the one hand, company managers want to make their performance significant by highlighting profits, but on the other hand shareholders do not want to lose funds due to high taxes, so shareholders need profits as if they were not high. Therefore, companies need to exercise control that is beneficial to shareholders and managers by implementing the principles of accounting conservatism(Achyani et al., 2021).

2.2 Signaling Theory

Signal theory is the company's drive to provide information to external parties.Signal theory arises because there isa problem of asymmetric information between management and external parties. The company must disclose its information, including financial information, so that the asymmetry of information that occurs is reduced.Signal theory explains that the theory is generally beneficial for organizations to disclose initiatives as well as good corporate governance practices so as to create a good image in the market (Ulfa&Asyas, 2018). Signal theory can also show great consistency, that is, a company that does not disclose information well means that the company is alienating itself from a good impression.Based on signaling theory, if a company is experiencing financial difficulties and has poor prospects, managers give signals by applying conservative accounting to reduce conflicts between investors and creditors(Sulastri & Anna, 2018).

2.3 Accounting Conservatism

Accounting conservatism is one of the principles applied in accounting. According to FASB No. 2 (FinancialAccounting Statement Board), conservatism is a cautious reaction to uncertainty to ensure uncertainty and risk in a business are adequately considered.The use of the principle of accounting conservatism indicates that the company is faced with economic uncertainty in the future, so the measurement of income and assets is carried out carefully and accountable.Conservatism is an accounting principle that if implemented will result in low income and assets, as well as high costs. As a result, the financial statements generate profits that are too low (understatement). This trend occurs because conservatism adheres to the principle of slowing revenue recognition and accelerating cost recognition (Sugiarto & Nurhayati, 2017).Conservatism can be said to be the recognition of expenses and losses as well as the recognition of deferred income and profits(Achyani et al., 2021).

2.4 Sales Growth

Sales growth is a measure of investment success in the past and can be used as a predictor of future growth (Wahyuningsih, 2022). sales growth is defined as the increase in sales and services between the current year compared to the previous year in percentage terms (Achyani et al., 2021). A good company can be seen in its sales from year to year which have increased (Maryanti, 2016).Such an effect on the increased profit will have an impact on the company's internal funding also increased. High sales growth often increases market expectations of future cash flows that will affect accounting conservatism (Ahmed and Duellman, 2002) in (Padmawati & Fachrurrozie, 2015).Companies with high sales growth rates will be principled accounting conservatism because it can reduce revenue by reporting profits and assets that are lower or conservative, so it will avoid the demands of outside parties, one of which is from the government to avoid high tax demands(Fiorentini, 2021).From this statement, it can be concluded that the first hypothesis is:

Hypothesis 1 (H1): Sales growth affects accounting conservatism.

2.5 Capital Intensity

Capital intensity is how much capital a company needs in terms of revenue formation. Capital intensity describes how much capital a company needs to generate income derived from decreasing and increasing fixed assets (Suyono, 2021).Capital intensity reflects the level of frequency of asset turnover (total asset turn over), the turnover of all assets of the company, and is calculated from the total assets divided by sales. Capital intensity indicates the level of efficiency of turnover that the company uses all of its assets in order to generate sales. The higher the capital intensity, the more efficient the use of these assets in generating sales (Purwanti , 2010) in (Achyani et al., 2021).Capital intensity is included in the indicators for estimating the political costs of the enterprise. Companies that have a lot of capital will have higher political costs and management will reduce profits or behave conservatively on financial statements (Rivandi&Ariska, 2019).Based on this statement, it can be concluded that the second hypothesis:

Hypothesis 2 (H2) :Capital intensity affects accounting conservatism.

2.6 Financial Distress

Financial distress is the initial symptom of bankruptcy, where short-term liabilities are not able to be met by the company, both liquidity obligations and solvency obligations.When the financial condition of a company is experiencing problems, managers play a role in deciding and regulating the level of accounting conservatism in the company's financial statements.Conservative corporate financial statements will prevent the company from highlighting profits and limiting dividend distribution, so that the company's debt can be repaid because indirectly the company's cash availability will increase and reduce the occurrence of financial distress (Rivandi&Ariska, 2019).Therefore, the higher financial distress managers will be encouraged companies to raise the level of accounting conservatism, and vice versa if the financial distress is low the level of accounting conservatism will be lowered by managers(Suryadari and Priyanto, 2012) in (Sulastri& Anna, 2018). Based on the above statement, it can be concluded that the third hypothesis:

Hypothesis 3 (H3) :Financial distress affects accounting conservatism.

2.7 The effect of Good Corporate Governance on The Relationship Between Sales Growth and Accounting Conservatism

The influence of good corporate governance in terms of managerial ownership will implement the principle of accounting conservatism, because management in carrying out its supervisory functions will properly compile information from high-quality financial reporting.If the manager has a high sense of belonging to the company, then the manager prefers to develop and enlarge the company rather than get a bonus (Achyani et al., 2021). The higher or greater the sales growth rate, the manager will use the principle of accounting conservatism in order to minimize the risk of the company's business assets in the future (Setya, 2019). Based on this statement it can be concluded that :

Hypothesis 4 (H4) : Good corporate governance is able to moderate sales growth against accounting conservatism.

2.8 The Effect of Good Corporate Governance on The Relationship Between Capital Intensity and Accounting Conservatism

Capital-intensive companies will be conservative in reporting their finances in order to avoid higher political costs or opt for reduced profits(Savitri, 2016). Conservative financial reporting is part of the implementation of good corporate governance which acts as a means of supervision so that the company's prudence in recognizing losses, profits, and costs can increase. The better the implementation of good corporate governance, it is expected that management in a company can reduce opportunistic properties so that information in financial statements is presented carefully (Fitranita, 2019).Based on the above statement can be concluded that:

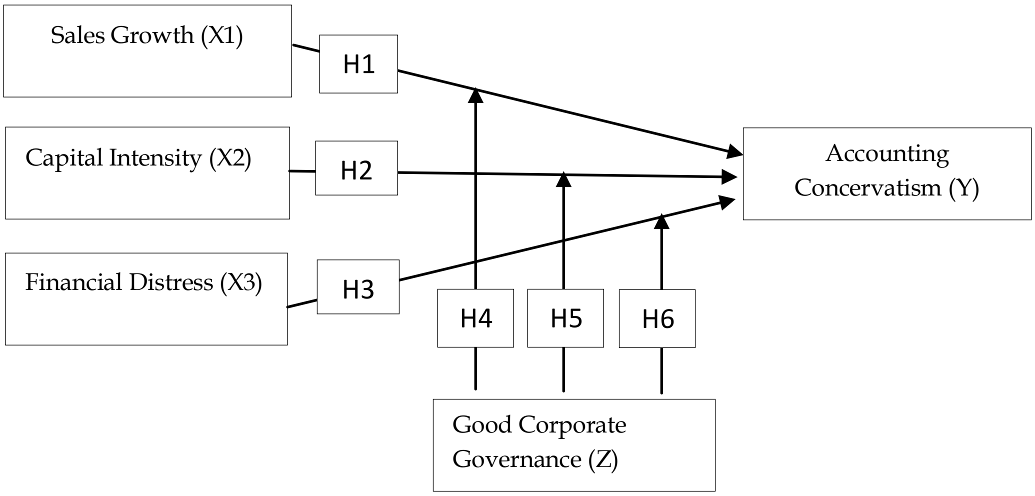
Hypothesis 5 (H5) :Good corporate governance is able to moderate capital intensity against accounting conservatism.

2.9 The Effect of Good Corporate Governance on the Relationship Between Financial Distress and Accounting Conservatism

The effect of good corporate governance in terms of the existence of the board of Commissioners in the company aims to reduce conflicts of interest between managers and shareholders. In managing the company, the board of Commissioners oversees management that requires accurate, reliable and reliable financial reporting. The application of conservative accounting can avoid opportunistic behavior of managers, so the board of Commissioners tends to implement the principle of accounting conservatism. The implementation of accounting conservatism will be applied to companies experiencing financial difficulties so that companies are more careful in predicting future economic conditions so as to reduce the occurrence of financial distress. Based on the above statement can be concluded that :

Hypothesis 6 (H6) : Good corporate governance is able to moderate financial distress against accounting conservatism

2.10 Research Framework



III. METHOD

3.1 Research Design

This study was conducted using quantitative research using secondary data supplemented by hypothesis testing. Quantitative methods are chosen because they have high accuracy and comply with the rules.

3.2 Population and Sampel

The population in this study are consumer goods industrial companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. Sampling technique used is using purposive sampling technique is a technique with consideration that a study must meet certain criteria.

3.3 Type and Source Data

This study used secondary data. The secondary Data used is the annual financial statements of Consumer Goods Industry companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021 through the website www.idx.co.id.

3.4 Multiple Linear Regression Analysis

The multiple linear assumption test is used to determine whether there is a relationship between several dependent variables and independent variables, and to predict whether the independent variable increases or decreases.In this study using Moderated Regression Analysis (MRA) to see the interaction of multiplication between independent variables with moderation variables. So that the analysis aims to determine whether the moderation variable will strengthen or weaken the relationship between the independent variable and the dependent variable. multiple linear regression model can be described by the following equation:

Equation 1 (Without moderating variable) :

$$\mathbf{KA = \alpha + \beta_1 PP + \beta_2 IM + \beta_3 FD + \varepsilon}$$

Equation 2 (With moderating variable)

$$\mathbf{KA = \alpha + \beta_1 PP + \beta_2 IM + \beta_3 FD + \beta_4 GCG + \beta_5 PP{*}GCG + \beta_6 IM{*}GCG + \beta_7 FD{*}GCG + \varepsilon}$$

Description :

KA : Accounting Conservatism

PP :Sales Growth

IM : Capital Intensity

FD : Financial Distress

GCG : Good Corporate Governance

PP * GCG :interaction between sales growth and good corporate governance

IM * GCG :Interaction between capital intensity and good corporate governance

FD * GCG :Interaction between financial distress and good corporate governance

α :Constant

β1-β7 :Regression Coefficients

ε :Error or variable being studied

3.5 Accounting Conservatism

Measurement of conservatism in this study using the size of net assets.

$$\text{MTB} = \frac{\text{Harga penutup}}{\text{Ekuitas per saham}} \qquad \text{Managerial Ownership} = \frac{\text{The Number of Shares Owned by Managers}}{\text{The Number of Outstanding Shares}}$$

3.6 Sales Growth

Sales growth information can be obtained from the company's annual financial statements (Achyaniet al., 2021).

$$\text{Sales Growth} = \frac{\text{Net Sales} - \text{Net Sales t} - 1}{\text{Net Sales t} - 1}$$

3.7 Capital Intensity

Capital intensity is the ratio between the total assets and the value from the sale of a company.

$$\text{Capital Intensity} = \frac{\text{Total Assets}}{\text{Company Sales Value}}$$

3.8 Financial Distress

The Springate Model was chosen in this study because it is the most superior model in detecting financial distress in companies in the consumer goods industry sector (Hidayat& Pertiwi, 2020).The cut-off of the Springate model is 0.862.A score smaller than 0.862 indicates the company is experiencing financial distress.While a value greater than 0.862 indicates the company is in a healthy condition (Not-Distress).

$$\text{Score} = 1,3X1 + 3,07X2 + 0,66X3 + 0,4X4$$

Description:

X1 : Working capital to total assets

X2 :Earningbefore interest and taxes to total assets

X3 : Earnings before taxes to current liabilities

X 4 : Total sales to total assets

3.9 Good Corporate Governance

Moderation variable in this study is good corporate governance which has the role of weakening or strengthening the relationship between dependent variables with independent variables. Good corporate governance is a procedure that functions in the regulation of relations between each related party aimed at creating added value for the sake of common interests.

$$\text{Managerial Ownership} = \frac{\text{The Number of Shares Owned by Managers}}{\text{The Number of Outstanding Shares}}$$

IV. DATA ANALYSIS AND DISCUSSION

4.1 Descriptive Statistical Analysis

Table 1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
KA	46	-.54244	1.81502	.6146991	.65573642
PP	46	-7.50935	-.68513	-2.4356584	1.03004350
IM	46	-.73995	.69115	-.1999168	.30927275
FD	46	-.49849	1.05217	.4766616	.44455669
GCG	46	-8.75818	-.16297	-4.2417147	2.54717022
PP*GCG	46	.00001	.12764	.0132644	.02739256
IM*GCG	46	.00020	.88775	.1090431	.21432063
FD*GCG	46	.00010	2.22516	.2848078	.55689108
Valid N (listwise)	46				

Source: secondary data processed with SPSS, 2023

Based on the data in Table 1 can be interpreted that:

1. Accounting Conservatism (KA)
   The amount of analysis in this study is 46 units of analysis of analysis. Accounting conservatism has a minimum value of -0.54244; maximum value of 1.81502; average value (mean) of 0.6146991 with a standard deviation of 0.65573642.
2. Sales Growth (PP)
   The amount of analysis in this study is 46 units of analysis. Sales growth has a minimum value of -7.50935; maximum value of -0.68513; average value (mean) of -2.4356584 with a standard deviation of 1.03004350.
3. Capital Intensity (IM)
   The amount of analysis in this study is 46 units of analysis. Capital intensity has a minimum value of -0.73995; maximum value of 0.69115; the average value (mean) of -0.1999168 with a standard deviation of 0.30927275.
4. Financial Distress (FD)
   The amount of analysis in this study is 46 units of analysis. Financial distress has a minimum value of -0.49849; maximum value of 1.05217; average value (mean) of 0.4766616 with a standard deviation of 0.44455669.
5. Good Corporate Governance (GCG)
   The amount of analysis in this study is 46 units of analysis. Good corporate governance has a minimum value of -8.75818; maximum value of -0.16297; average value (mean) of -4.2417147 with a standard deviation of 2.54717022.

6. Sales Growth moderated by Good Corporate Governance (PP*GCG)
   Variable sales growth and good corporate governance (gcg) of 46 companies studied have a minimum value of 0.00001; maximum value of 0.12764; the average value (mean) of 0.0132644 with a standard deviation of 0.02739256.
7. Capital Intensity moderated by Good Corporate Governance (IM*GCG)
   Variable capital intensity and good corporate governance (gcg) of 46 companies studied have a minimum value of 0.00020; maximum value of 0.88775; the average value (mean) of 0.1090431 with a standard deviation of 0.21432063.
8. Financial Distress moderated by Good Corporate Governance (FD*GCG)

Variables financial distress and good corporate governance (gcg) of 46 companies studied have a minimum value of 0.00010; maximum value of 2.22516; average value (mean) of 0.2848078 with a standard deviation of 0.55689108.

4.2 Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression Test Results

Variable	Equation 1			Equation 2		
	Beta	t	Sig	Beta	t	Sig
Konstant	0,077	0,288	0,775	1,043	2,253	0,030
PP	-0,100	-1,101	0,277	-0,130	-1,539	0,132
IM	0,092	0,282	0,779	0,567	1,532	0,134
FD	0,654	2,998	0,005	0,357	1,599	0,118
GCG				0,175	2,950	0,005
PP*GCG				6,207	-0,909	0,369
IM*GCG				-0,677	-0,347	0,731
FD*GCG				-0,238	-0,278	0,782
Adjusted R^2	0,154			0,347		
F	3,740			4,413		
Sig	0,018			0,001		

Source: secondary data processed with SPSS, 2023

Based on the regression test results in the table above, it can be written as follows regression equation:

Equation 1:

$$\mathbf{KA = \alpha + \beta_1 PP + \beta_2 IM + \beta_3 FD + \varepsilon}$$

Equation 2:

$$\mathbf{KA = \alpha + \beta_1 PP + \beta_2 IM + \beta_3 FD + \beta_4 GCG + \beta_5 PP*GCG + \beta_6 IM*GCG + \beta_7 FD*GCG + \varepsilon}$$

From equation 1 in table 2, it can be interpreted as follows:

1. Constant (α)
   The value of the constant is 0.077 which means that if the variables of sales growth, capital intensity, and financial distress are considered zero, accounting conservatism is 0.077.
2. Sales Growth Variable Regression Coefficient (PP)
   The value of the regression coefficient is -0.100 which indicates that if the variable sales growth increases by 1 unit, then accounting conservatism will decrease by -0.100.
3. Capital Intensity Variable Regression Coefficient (IM)
   The value of the regression coefficient is 0.092 which indicates that if the capital intensity variable increases by 1 unit, then accounting conservatism will increase by 0.092.
4. Financial Distress Variable Regression Coefficient (FD)
   The regression coefficient of financial distress value of 0.654 indicates that if the financial distress variable increases by 1 unit, then accounting conservatism will increase by 0.654.
5. Coefficient of error term (e)
   Coefficient e explains that there are other factors that can affect accounting conservatism (KA) in this study.

From equation 2 in table 2, it can be interpreted as follows:

1. Constant (α)
   The value of the constant is 1.043 which indicates that if the accounting conservatism variable is 1.043, the moderation variable and the independent variable are considered zero.
2. Sales Growth Decision Variable Regression Coefficient (PP)
   The value of the regression coefficient is -0.130 which indicates that if the variable sales growth increased by 1 unit,

the conservatism of the accountancy will decrease by -0.130.

3. Capital Intensity Variable Regression Coefficient (IM)
   The value of the regression coefficient is 0.567 which indicates that if the capital intensity variable increases by 1 unit, accounting conservatism will increase by 0.567.
4. Financial Distress Variable Regression Coefficient (FD)
   The value of the regression coefficient is 0.357 which indicates that if the financial distress variable increases by 1 unit, the value of accounting conservatism will increase by 0.357.
5. Good Corporate Governance Variable Regression Coefficient (GCG)
   The value of regression coefficient of good corporate governance is 0.175 which indicates that if the good corporate
   governance variable increases by 1 unit, accounting conservatism will increase by 0.175.
6. Sales Growth Variable Regression Coefficient (PP*GCG)
   The value of sales growth regression coefficient (PP) moderated by good corporate governance (GCG) amounted to 6.207. This indicates that if sales growth and good corporate governance increased by 1 unit, then accounting conservatism (KA) will increase by 6,207.
7. Capital Intensity Variable Regression Coefficient (IM*GCG)
   The value of capital intensity regression coefficient (IM) moderated by good corporate governance (GCG) is -0.677.
   This indicates that if the variable capital intensity and good corporate governance (IM*GCG) increased by 1 unit, then the value of accounting conservatism will decrease by -0,677.
8. Financial Distress Variable Regression Coefficient (FD*GCG)
   The regression coefficient of financial distress (FD) moderated by good corporate governance (GCG) is -0.238. This indicates that if financial distress and good corporate governance (FD*GCG) increased by 1 unit, then accounting conservatism (KA) will decrease by -0,238.
9. Term Error Coefficient (e)
   Coefficient e indicates that there are other factors that can influence accounting conservatism ((KA) in this study.

4.3 **Classic Assumption Test**

4.3.1 **Normality Test**

Table 3. Normality Test Results

Variable	Equation 1		Equation 2	
	Asymp.Sig. (2-tailed)	Description	Asymp.Sig. (2-tailed)	Description
Unstandardized Residual	0,200	Normal	0,200	Normal

Source: secondary data processed with SPSS, 2023

Based on Table 3 obtained results that the significance value of the kolmogorov-smirnov equation sample test 1 obtain the results of asymmetric. Sig. (2-tailed) worth 0.200 and Equation 2 yields the value of the Asymptp. Sig. (2-tailed) worth 0.200 or greater than 0.05. This indicates that the data is normally distributed.

4.3.2 **Multicollinearity Test**

Table 4. Multicollinearity Test Results

Variable	Equation 1		Description	Equation 2		Description
	Tolerance	VIF		Tolerance	VIF	
PP	0,914	1,094	There is No Multicollinearity	0,823	1,215	There is No Multicollinearity
IM	0,794	1,260	There is No Multicollinearity	0,476	2,101	There is No Multicollinearity
FD	0,860	1,163	There is No Multicollinearity	0,634	1,579	There is No Multicollinearity
GCG				0,273	3,660	There is No Multicollinearity

PP*GCG				0,179	5,600	There is No Multicollinearity
IM*GCG				0,036	28,089	There is Multicollinearity
FD*GCG				0,028	36,286	There is Multicollinearity

Source: secondary data processed with SPSS, 2023

Based on the multicollinearity test in Table 4 reflects that all independent variables in Equation 1 produce tolerance values greater than 0.10 and VIF values less than 10, it can be concluded that equation 1 does not occur multicollinearity,while in equation 2 has a tolerance of PP of 0.823 > 0.10 ; IM of 0.476 > 0.10; FD 0.634 > 0.10; GCG of 0.273 > 0.10; PP*GCG of 0.179 > 0.10 ; IM*GCG of 0.036 < 0.10 ; FD*GCG or 0.028 < 0.10 and the value of VIF is PP of 1,215 < 10 ; IM of 2,101 < 10; FD of 1,579 < 10; GCG of 3,660 < 10 ; PP*GCG of 5,600 < 10; im*GCG or of 28,089 > 10; FD*GCG of 36,286 > 10.It can be concluded that the variables PP, IM, FD, GCG, PP*GCG did not occur multicollinearity while the variables IM*GCG and FD*GCG occurred multicollinearity.

4.3.3 **Autocorrelation Test**

Tabel 5. Autocorrelation Test Result

	Equation 1		Equation 2	
	Asymp. Sig (2-tailed)	Description	Asymp. Sig (2-tailed)	Description
Run Test	0,456	There is no autocorrelation	0,655	There is no autocorrelation

Source: secondary data processed with SPSS, 2023

Based on the results of the autocorrelation test in table 5, it is known that in the equation I produces the value of Asymmp. Sig (2-tailed) worth 0,456 is greater than 0.05 and in Equation 2 produces the value of Asymmp. Sig (2-tailed) worth 0,655 is greater than 0,05. Therefore, it can be concluded that the research data on both equations does not occur autocorrelation problems between residual values.

4.3.4 **Heteroscedastisticy Test**

Tabel 6. Heteroscedasticity Test Result

Variable	Equation 1		Equation 2		Description
	Koefisien	Sig	Koefisien	Sig	
PP	0,040	0,790	-0,094	0,534	There is No Heteroscedasticity
IM	0,066	0,665	0,045	0,769	There is No Heteroscedasticity
FD	-0,066	0,661	-0,104	0,491	There is No Heteroscedasticity
GCG			0,027	0,859	There is No Heteroscedasticity
PP*GCG			-0,005	0,975	There is No Heteroscedasticity
IM*GCG			0,031	0,837	There is No Heteroscedasticity
FD*GCG			-0,027	0,858	There is No Heteroscedasticity

Source: Results of SPSS Data Processing, 2023

Based on the results of the Heteroscedasticity Test above, all variables in Equation 1 have significance values of PP of 0.790; IM of 0.665; and FD of 0.661 > 0.05, while in equation 2 have significance values of PP h of 0.534; IM of 0.769; FD of 0.491; GCG of 0.859; PP*GCG of 0,975 ; IM*GCG of 0.837;FD*GCG of 0.858 > 0.05. Therefore, it can be concluded that all variables in the regression model does not occur heteroscedasticity that can be known from the significance value greater than 0.05.

4.3.5 **Determination Coefficient Test**

Tabel 7. Determination Coefficient Test

Equation 1				Equation 2			
R	R Square	Adjusted R Square	Std. Error of the Estimate	R	R Square	Adjusted R Square	Std. Error of the Estimate
0,459	0,211	0,154	0,60296688	0,670	0,448	0,347`	0,529973228

Source: Results of SPSS Data Processing, 2023

Based on the results of the adjusted R2 test in Table 7, shows that in equation 1 the value of adjusted R2 is 0.154, it shows that 15.4% of accounting conservatism (KA) is explained by sales growth (PP), capital intensity (IM), financial distress (FD), while the remaining 84.6% is influenced by other variables that are not studied in this study. While in equation 2 after summing the moderation variables in Table 7 shows the adjusted value of R2 of 0.347, which means the dependent variable that can be explained by the independent variable of 34,7%. This shows that 34,7% of the magnitude of accounting conservatism (KA) is explained by sales growth (PP); capital intensity (IM); financial distress (FD); good corporate governance (GCG); sales growth*good corporate governance (PP*GCG); capital intensity*good corporate governance (IM*GCG); and financial distress * good corporate governance (FD*GCG), while the remaining 67,3% is influenced by other variables that are not studied in this study.

4.3.6 **Statistical Test F**

Tabel 8. Statistical Test F

	Equation 1					Equation 2				
Variables	Sum of Squares	df	Mean Square	F	Sig.	Sum of Squares	df	Mean Square	F	Sig.
Regression	4,080	3	1,360	3,740	0,018	8,676	7	1,239	4,413	0,001
Residual	15,270	42	0,364			10,673	38	0,281		
Total	19,350	45				19,350	45			

Source: Results of SPSS Data Processing, 2023

Based on the statistical test results F in Table 8, shows the magnitude of the value of F in Equation 1 of 3,740 with niali significance of 0,018. This shows that together accounting conservatism can be explained by sales growth (PP), capital intensity (IM), and financial distress (FD), while in equation 2 produces a value of F 4,413 with a significance value of 0,001. It shows that in equation 2 simultaneously accounting conservatism can be explained by sales growth (PP), capital intensity (IM), financial distress (FD), moderation between sales growth with good corporate governance (PP*GCG), moderation between capital intensity with good corporate governance (IM*GCG), and moderation between financial distress with good corporate governance (FD*GCG).

4.3.7 **Statistical Test T**

Tabel 9. Statistical Test T

Model	t	Sig.	Description
PP	-1,101	0,277	The hypothesis is rejected
IM	0,282	0,779	The hypothesis is rejected
FD	2,998	0,005	Hypothesis received
PP*GCG	0,909	0,369	The hypothesis is rejected
IM*GCG	-0,347	0,731	The hypothesis is rejected
FD*GCG	-0,278	0,782	The hypothesis is rejected

Source: Results of SPSS Data Processing, 2023

Based on table 9 it can be seen that:

1. The sales growth variable (PP) produces a significant value of 0.277 which indicates that the significant value of more than 0.05. This shows that sales growth (PP) has no significant effect on accounting conservatism (KA).

2. The capital intensity variable (IM) produces a significant value of 0.779 which indicates that the significant value is more than 0.05. This shows that capital intensity has no significant effect on accounting conservatism (KA).
3. The financial distress variable (FD) produces a significant value of 0.005 which indicates that financial distress (FD) significantly affect accounting conservatism (KA).
4. The sales growth variable moderated by Good Corporate Governance (PP*GCG)produced a significance value of 0.369 which indicates that sales growth moderated by good corporate governance (PP*GCG) did not significantly affect accounting conservatism (KA).
5. The capital intensity variable moderated by Good Corporate Governance (IM*GCG) produces a significance value of 0.731 which indicates that the value of signfikansi more than 0.05. This shows that capital intensity moderated with good corporate governance does not significantly affect accounting conservatism (KA).
6. The financial distress variable moderated by Good Corporate Governance (FD*GCG) produces a significance value of 0.782 which indicates that the significance value is more than 0.05. This shows that financial distress moderated by good corporate governance (FD * GCG) has no significant effect on accounting conservatism (KA).

V. CONCLUSION

Conclusion

Based on the the discussion and analysis in the previous chapter, it can be concluded that:

1. Sales growth (PP) did not significantly affect accounting conservatism (KA). This indicates that sales growth is not a factor affecting accounting conservatism.
2. capital intensity (IM) has no significant effect on accounting conservatism (KA). This indicates that capital intensity is not a factor affecting accounting conservatism.
3. Financial distress (FD) significantly affects accounting conservatism (KA). This indicates that financial distress is a factor that affects accounting conservatism.
4. Sales growth moderated by Good Corporate Governance had no significant effect on accounting conservatism (KA). This shows that good corporate governance (GCG) variables cannot weaken or strengthen sales growth variables against accounting conservatism.
5. Capital intensity moderated by Good Corporate Governance has no significant effect on accounting conservatism (KA). This shows that good corporate governance (GCG) variables cannot weaken or strengthen capital intensity variables against accounting conservatism.
6. Financial distress moderated by Good Corporate Governance has no significant effect on accounting conservatism (KA). This shows that good corporate governance (GCG) variables cannot weaken or strengthen financial distress variables against accounting conservatism.

Limitation

Based on the test results obtained in the previous chapter, then there are some limitations, namely :

1. This study was only conducted on the scope of consumer goods industry sector companies listed on the Indonesia Stock Exchange for a period of only five years between 2017 to 2021 so that the sample does not reflect the actual phenomenon.
2. The criteria specified so that the sample obtained to be limited.
3. The study period is only five years between 2017 to 2021 so the sample is less reflective of the actual phenomenon.

Suggestion

Based on the conclusions and limitations of this study, the researchers provide suggestions as follows:

1. This study uses samples from consumer goods industry sector companies listed on the IDX in the period 2017-2021.For further researchers can expand the population such as using all manufacturing companies listed on the Indonesia Stock Exchange is not limited to only the consumer goods industry sector companies only.
2. Researchers can extend the study period for example six to seven years so that the results can better describe long-term conditions and provide more accurate results.
3. Subsequent research can add or replace independent variables that have not been studied, as well as using moderation variables that have not been widely studied.

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