Decreasing the cost of equity capital Rev2

by jacobus widiatmoko

Decreasing the cost of equity capital through corporate governance structures and accounting conservatism

Jacobus Widiatmoko[1*)], M. G. Kentris Indarti[2], Cahyani Nuswandari[3]
[1,2,3]Faculty of Economics and Business, Universitas Stikubank Semarang
[*)] Coresponding Author: jwidiatmoko@edu.unisbank.ac.id

Abstract

Research aims: This research aims to examine the effect of corporate governance as proxied by institutional and managerial ownership and profitability on the cost of equity capital. Testing is carried out directly or indirectly through accounting conservatism as a mediating variable.

Design/Methodology/Approach: Manufacturing enterprises listed on the Indonesian Stock Exchange in 2020–2022 make up the research population. Purposive sampling was used to choose the sample, and 230 data points were produced. Models 1 and 2 were used in multiple linear regression to evaluate the study's hypothesis.

Research findings: Accounting conservatism is positively impacted by institutional ownership and profitability, as demonstrated by the test results in Model 1. Accounting conservatism remains unaffected by managerial ownership. The Model 2 test results indicate that managerial ownership has no effect on the cost of equity capital, but institutional ownership, profitability, and accounting conservatism all have a negative impact. The test results further demonstrate that the impact of institutional ownership and profitability on the cost of equity capital is mediated by accounting conservatism.

Theoretical contribution/Originality: The findings of this research enrich previous research regarding the economic consequences of corporate governance, profitability and accounting conservatism in equity markets in developing countries, especially Indonesia, which was previously mostly researched in developed countries.

Practitioner/Policy implication: The results of this research can be used as consideration for investors in developing country capital markets when making investment decisions. Emerging nations are playing a bigger role in global markets and are providing chances for firms, financial institutions, and international equity investors to diversify their equity portfolios and increase growth.

Research limitation/Implication: This research has limitations, including the relatively low adjusted R2 value. Proxies for corporate governance from ownership and board structure should be included in future studies.

Keywords: cost of equity capital, accounting conservatism, institutional ownership, managerial ownership, profitability

Introduction

Management has a fundamental responsibility in securing adequate funding for the Company's investment projects. Therefore, management will try to minimize funding costs so that the project is financially feasible. Generally, company funding comes from two main sources, namely equity (cost of equity) and debt, in the form of loans and bonds (cost of debt) (Thanatawee, 2023).

The minimal rate of return needed by equity investors to lend money to the business is known as the cost of equity capital (Botosan, 2006). Accurate estimates of the cost of equity capital are essential to a company's capital budget because they form the basis for assessing whether a proposed investment would increase or decrease the share price (Ismail & Obiedallah, 2022).

When it comes to equity capital costs, sound corporate governance is viewed as a powerful draw to the market. Corporate governance comprises guidelines and rules that support management in setting direction, running, and overseeing the company. As a result, it is believed that corporate governance is an effective tool for raising company value. Ownership structure is one of several variables that matter in corporate governance studies since it has a big impact on crucial business decisions (Zattoni, 2011). The connection between corporate governance, ownership structure, and business performance has received a lot of attention from academics. Different ownership forms have been linked to variations in corporate governance quality as well as company success, according to prior research (Thanatawee, 2023; Utama et al., 2017). The significance of important shareholders to a company cannot be disputed, particularly institutional investors who support financial institutions such as commercial banks, investment banks, securities firms, and insurance companie (Hong & Linh, 2023).

Influential players in the international stock market are institutional investors. Institutional investors, according to Thanatawee (2023) and Hong & Linh (2023) offer the stock market a number of advantages, such as improved corporate governance, less information asymmetry, broader management disclosure, broader analyst coverage, liquidity, higher stock returns, and lower stock return volatility. Numerous studies have demonstrated the significance of institutional investors in terms of oversight and assessment of management, which in turn encourages managers to concentrate more on the performance of the company and lowers equity capital costs (Huo et al., 2021; Krismiaji & Raharja, 2018; Muslim & Setiawan, 2021).

It has been demonstrated that when a business is exposed to more market risk, the cost of equity capital rises. It has also been demonstrated that firms with inadequate governance have higher equity capital costs because of a lack of transparency that drives up expenses (AlHares, 2019). Nonetheless, it has been demonstrated that when insider ownership rises, the cost of equity capital falls. The cost of equity capital can be reduced by removing agency issues, which can be achieved by aligning the interests of managers and shareholders (Jensen & Meckling, 1976; Krismiaji & Raharja, 2018). Additionally, research indicates that strong shareholder rights may become less significant in environments where managerial ownership is prevalent and may even take the place of shareholder rights in determining the cost of equity capital. In order to safeguard company investments, which have an effect on lowering company risk, managers and business owners would typically shun actions that devalue the organization. Reduced risk premiums will be accepted by investors as a result of this requirement, which will cut capital costs (AlHares, 2019; Faysal et al., 2020; Krismiaji & Raharja, 2018).

Apart from corporate governance, financial performance, especially company earnings, is still the focus of investors' attention. Earnings are seen as a key marker of a company's financial health since they demonstrate management's capacity to acquire and deploy resources to gain a competitive edge in the capital markets. When making investment decisions, both internal and external users need to know about earnings. The quality earnings information will provide a market perception that the company is able to achieve competitive advantage and that the company's sustainability in the future is still maintained. This requirement improves investors' perceptions of the business, which lowers the risk premium on investments made and, ultimately, lowers the cost of equity capital (Ismail & Obiedallah, 2022).

Given the significance of the cost of equity capital for a company's success, an integrated analysis of the impact of corporate governance, profitability, and accounting conservatism as a mediating factor on the cost of equity capital that the company must bear is required. The integrity of firm financial information is one of the most significant financial concerns facing growing capital markets today. According to Khajavi et al. (2016) and Salehi & Sehat (2018), earnings is the primary indicator used by users to make decisions and gives significant information about the performance of the organization. Quality earnings are earnings resulting from a conservative accounting process (Basu, 1997; Khalifa et al., 2019; Widiatmoko et al., 2023). The definition of accounting conservatism is the use of accounting procedures that, in an uncertain environment, produce fewer assets and income. Financial reports can be prepared using a variety of conservative techniques, such as the first in, first out (FIFO) method for inventory valuation, accelerated depreciation techniques, and the adoption of policies that lead to the recognition of a large amount of allowance for questionable accounts (Hejranijamil et al., 2020). Companies with a high level of accounting conservatism will have higher quality returns and lower costs of equity capital (Krismiaji & Sururi, 2021).

This research makes several contributions, both theoretical and practical. Firstly, this study contributes to the existing literature on the economic impacts of corporate governance, profitability, and accounting conservatism in the equity market by incorporating a relatively recent observation period (2020–2022). Secondly, this study focuses on public corporations in developing countries, specifically Indonesia, as opposed to earlier studies that employed data samples from developed nations. Emerging nations are playing a bigger role in global markets and are providing chances for firms, financial institutions, and international equity investors to diversify their equity portfolios and increase growth. Third, the results of this study might differ from those of other studies because developing countries have lower institutional quality indices than developed countries in terms of political stability, the rule of law, regulatory quality, accountability, and the effectiveness of governance (Khalifa et al., 2019; La Porta et al., 1998).

Literature Review and Hypotheses Development

In terms of corporate governance, institutional investors are crucial. Institutions that participate in active investing can benefit governance systems because they possess the financial incentive and independence to impartially assess corporate management and policy (Jensen, 1993). Because of this, institutional investors require accurate and timely information in order to effectively track corporate activity and take part in the development of business strategies (Liu, 2019). Therefore, companies with high institutional ownership tend to have an effective and adequate external monitoring system, and have the potential to increase conservatism practices (Rustiarini et al., 2021). According to research by Alves (2020) on non-financial companies listed on the Spanish stock market, accounting conservatism increases with the number of shares held by institutional investors. The results of research on manufacturing companies (Hajawiyah et al., 2020; Widiatmoko et al., 2023) and Indonesian government-owned companies listed on the Indonesian Stock Exchange also prove that share ownership by institutions encourages management to implement accounting conservatism (Agustina et al., 2022). As a result, the ensuing hypothesis is formulated.

H1: Accounting conservatism is positively impacted by institutional ownership.

From the standpoint of agency relationships, management ownership can lower agency costs by bringing managers' and shareholders' interests into alignment (Jensen & Meckling, 1976; Liu, 2019). The percentage of shares held by managers relative to the total number of outstanding shares is represented by managerial ownership. When managers fulfill their responsibilities as shareholders as well, they will behave in the organization's best interests (Indarti et al., 2021). Because managers who act as shareholders not only steer the company toward high profits but also show greater concern for the company's sustainability, this condition can help minimize agency conflicts. Therefore, management will tend to be careful by implementing conservative accounting (El-habashy, 2019). The financial reporting that management submits is more conservative the more shares of the company that they possess. Alves (2020) study on companies registered on the Spanish and Portuguese stock exchanges demonstrates that managerial ownership promotes accounting conservatism. Numerous research projects carried out in Indonesia demonstrate that the degree of accounting conservatism practiced increases with the amounts of shares held by management (Indarti et al., 2021; Putra et al., 2019). The following hypothesis is put out in light of the preceding empirical evidence and logical line of reasoning.

H2: Accounting conservatism is positively impacted by managerial ownership..

Profitability is an indicator used by a company to show its ability to generate earnings during the financial reporting period and shows that the company's operations are running efficiently. Earnings are a component of financial reports that provides important information for users and reflects management's success in managing the company, so that earnings becomes the basis for investors and potential investors in making investment decisions. However, companies with higher profitability will face an increasingly higher tax burden. Therefore, management tends to implement accounting policies to manage earnings so that they appear smooth. This reasoning is consistent with the results of research on firms registered on the Nigerian Stock Exchange by Asiriuwa et al. (2019), which shown that profitability positively impacted accounting conservatism. In Indonesia, the same findings were reported by Widaryanti (2022) and Widiatmoko et al. (2023). When creating financial reports, management typically selects conservative accounting practices for companies with higher levels of profitability (Rustiarini et al., 2021). The research hypothesis formulated on the basis of the above description is as follows.

H3: Accounting conservatism is positively impacted by profitability.

In terms of corporate governance, institutional investors are crucial. Higher share percentage institutional investors have the power to influence management conduct and regulate earnings behavior in addition to enhancing the caliber of accounting information. Institutions are active and successful investors because they have the financial interest and independence to assess corporate management and policies impartially (Jensen, 1993). Because of this, institutional investors require accurate and timely information in order to effectively track corporate activity and take part in the development of business strategies (Liu, 2019). It is expected that big investors, who generally possess greater clout than minority shareholders, will play a pivotal role in exerting pressure on management to make decisions that serve the interests of shareholders (Faysal et al., 2020; Shleifer & Vishny, 1997).

Since long-term institutional investors are more likely to routinely monitor and interact with the company's management, they expect financial reporting with a greater level of conservative accounting (Ramalingegowda & Yu, 2012). In theory, institutional investors stand to gain from actively monitoring management as doing so will raise shareholder value. Institutional investors has all the necessary abilities, know-how, and resources to properly oversee and regulate management operations. The role of institutional investors has been supported by prior research, which demonstrates that larger percentages of institutional investors have greater access to and incentives to watch over managerial behavior, lessen information asymmetry, and concentrate on company performance—all of which have an effect on lowering the cost of equity capital (Huo et al., 2021). Research by Krismiaji & Raharja (2018) found a negative influence of share ownership by institutions on the cost of equity capital. Huo et al. (2021) report that a larger number of institutional shares with a longer investment period will be more effective in monitoring management, which will have an effect on lowering the price of equity capital. The same findings were also demonstrated by Muslim & Setiawan (2021) who demonstrated that the cost of equity capital decreased with the amount of shares held by institutions.

H4: Equity capital costs are negatively impacted by institutional ownership.

Differences in interests between management and shareholders will encourage management to behave opportunistically and tend to benefit themselves. However, aligning agents' interests with shareholders' interests by providing financial and non-financial benefits to managers helps reduce agency costs and improve firm performance. In addition to attempting to match internal owners' objectives with shareholders', managerial ownership lowers agency costs and lowers the cost of equity funding (Ali et al., 2019; Jensen & Meckling, 1976). One of the most crucial corporate governance controls over managers is managerial ownership. According to Crutchley & Hansen (1989), possession of executives could make an effect on reducing agency issues and raising firm value. The value of a corporation is actively increased by managerial ownership. The notion of agency is reinforced by managerial ownership, as a higher percentage of managerial ownership successfully helps to balance the interests of managers and shareholders, reducing agency issues. Theoretically, through limiting conflicts between managers and investors and lowering the price of equity capital, monitoring may help reduce agency costs (Faysal et al., 2020).

Furthermore, data points to the possibility that ownership by managers may take the role of shareholder rights in determining the cost of capital invested in equity, diminishing the significance of powerful investor rights in the presence of substantial managerial ownership. The tendency of insiders to protect company investments will reduce the company's perceived risk, thus encouraging investors to accept a reduced risk premium which results in lower capital costs (Krismiaji & Raharja, 2018). This statement is supported by the findings of AlHares (2019) and Faysal et al. (2020) which proves that insider ownership has an adverse association with the cost of equity financing. The same findings were also reported by Krismiaji & Raharja, (2018), who conducted research on manufacturing companies in Indonesia.

H5: The cost of equity capital is negatively impacted by managerial ownership.

The firm's financial performance offers essential information for users, both internal and external, in considering decisions regarding investments. Based on an agency theory perspective, disclosure of a company's financial performance can be a control mechanism that can reduce information asymmetry between management and principal (Mardones & Cuneo, 2019). Financial success, as seen through the eyes of investors, indicates a company's capacity to acquire and utilize resources in order to generate a competitive edge. The higher the company's ability to produce financial performance, the smaller the risk faced by investors. Consequently, investors expect a lower degree of return in the form of equity capital expenses (Rehman & Zaman, 2011). This logic of thought is supported by the research findings of Ismail & Obiedallah (2022) in Egypt, which proves that companies with better financial performance will bear smaller costs of equity capital. The above line of reasoning serves as the basis for the development of the next hypothesis.

H6: The cost of equity capital is negatively impacted by profitability.

According to (Krismiaji & Astuti, 2021) accounting conservatism is concerned with the uncertainty surrounding profits recognition, which is postponed until the doubt has been significantly resolved. Conservatism is a concept of applying the precautionary principle in recognizing transactions that are influenced by economic uncertainty by anticipating smaller amounts for asset values and income, but larger projections for liabilities and costs. The aim is to prevent excessive presentation of income in financial reporting and understatement of costs and losses (Asiriuwa et al., 2019; Widiatmoko et al., 2023). It is believed that conservatism will lessen managers' ability to inflate earnings and net assets since economic losses in a conservative reporting system are recognized more rapidly than economic profits. Consequently, in order to reduce the unfavorable effects of information asymmetry and lessen their information disadvantage relative to insiders, equity investors often require conservative reporting A significant degree of conservatism in a company's operations mean reduced risks for investors, which translates into lower levels of return in the form of lower necessary costs for equity capital (Khalifa et al., 2019; Widiatmoko et al., 2023). According to Chouaibi & Belhouchet (2023), manufacturing companies in Canadian ESG Firms saw a price of equity capital that was positively impacted by conservative accounting between 2007 and 2019. They demonstrate how businesses can lower the price of equity capital by implementing accounting conservatism. According to research by Khalifa et al. (2019), accounting conservatism raises the cost of equity funding for public enterprises in 37 developing nations. The results of research on manufacturing companies in Indonesia also prove that accounting conservatism is able to reduce information asymmetry between management and principals, resulting in a decrease in the cost of equity funding (Krismiaji & Astuti, 2021; Widiatmoko et al., 2023). Based on the description above, the hypothesis is formulated as follows.

H7: The cost of equity capital is negatively impacted by accounting conservatism.

Research Method

Manufacturing firms registered on the Indonesia Stock Exchange (BEI) in 2020–2022 are used in this study. Using a purposive sampling technique, the research sample was chosen based on the following standards: The business has complete data and 1) releases audited financial reports. These standards were used to generate 230 data points.

This research uses cost of equity capital as an endogenous variable, institutional ownership, managerial ownership, and profitability as exogenous variables and accounting conservatism as a mediating variable. Leverage and company size are the other two control variables included in this study. Table 1 presents the measurement variables used in this study.

Two models, Model 1 and Model 2—are used in this study. Model 1 examines how accounting conservatism is impacted by institutional shareholding, managerial ownership, and profitability. In the meantime, Model 2 investigates how the cost of equity capital is impacted by managerial and institutional ownership, profitability, and accounting conservatism. The two research models are expressed in the following mathematical equation.

$$CONACC = \beta 0 + \beta 1\ IO + \beta 2\ MO + \beta 3\ ROA + \beta 4\ LEV + \beta 5\ SIZE + \mathcal{E} \quad (1)$$
$$CEC = \gamma 0 + \gamma 1\ IO + \gamma 2\ MO + \gamma 3\ ROA + \gamma 4\ CONACC + \gamma 5\ LEV + \gamma 6\ SIZE + \mathcal{E} \quad (2)$$

Where:

CONACC	: Accounting conservatism
CEC	: Cost of equity capital
β0 and γ0	: Constant
β1 - β5 and γ1 – γ6	: Regression coefficients
IO	: Institutional ownership
MO	: Managerial ownership
ROA	: Return on assets
LEV	: Leverage
SIZE	: Company size
Ɛ	: residual error

Table 1
Variable Measurements

Variables	Measurements	References
Endogenous Variable	$r = \frac{B_t + X_{t+1} - P_t}{P_t}$	(Ohlson, 1995)

(Cost of Equity Capital/CEC)	r	: Cost of Equity Capital	
	B_t	: Book value per share in period t	
	X_{t+1}	: Earnings per share in period t+1	
	P_t	: stock price in period t	
Mediating variable (Accounting Conservatism/ CONACC)		((Income before extra ordinary + depereciation expense - net operating cash flow)/Total assets)) *-1	(Givoly & Hayn, 2000)
Exogenous Variables			
Institutional Ownership (IO)	Number of shares owned by management/Number of outstanding shares		(Indarti, Widiatmoko, & Pamungkas, 2021)
Managerial Ownership (MO)	Number of shares owned by institutional investors/Number of outstanding shares		
Return on Assets (ROA)	Earnings after tax/Total Assets		(Asiriuwa et al., 2019)
Control Variables			
Leverage (Lev)	Total debt/Total Assets		(Widiatmoko et al., 2020)
Firm Size (Size)	Total Assets		(Indarti & Widiatmoko, 2023)

Results and Discussion

Descriptive statistics

Descriptive data for each variable used in the study are included in Table 2, together with the lowest, maximum, average, and standard deviation values. Table 2 presents data that indicates a comparatively low average cost of equity capital (CEC), namely -.1753. According to this data, investors in the sample companies typically ask for relatively low returns on their investments. The average value of accounting conservatism (CONACC) is .0192, indicating that management in the sample companies is relatively conservative. Share ownership by institutions in manufacturing companies in Indonesia shows a relatively high figure, namely .4636 or 46.36%. In contrast, the average share ownership by management shows a relatively low figure, namely 0.1064 or 10.64%%. The manufacturing companies in this research sample have an average profitability level of 0.0405 or 4.05%. This value is relatively low because several companies in the sample experienced losses. The average debt level of sample companies is 0.5270 or 52.70% of total assets owned. Company size as proxied by total assets shows an average value of 2,745 trillion.

Table 2
Descriptive Statistics

	N	Average	Minimum	Maximum	Std. Deviation
CEC	230	-.1753	-1.1422	1.0181	.5136
CONACC	230	.0192	-.1868	.2646	.0697

IO	230	.4636	.0002	.9477	.2877
MO	230	.1064	.0000	.7320	.1786
ROA	230	.0405	-.2099	.4666	.0799
LEV	230	.5270	.0006	5.0733	.5738
SIZE	230	27.4527	18.4325	33.9992	2.9585

Note: CEC = cost of equity capital, CONNAC = accounting conservatism, IO = institutional ownership, MO = managerial ownership, ROA = return on assets, LEV = leverage, SIZE = firm size

Pearson Correlation

The coefficient matrix between the variables in this investigation is shown in Table 3. The results of the analysis indicate that all of the figures are below 0.5 and that the correlation coefficient between the variables is suitable. These results indicate that in the regression model there is no indication of a multicollinearity problem. As a preliminary measure of the impact of the independent variable on the dependent variable, correlation analysis can also be employed. The correlation of institutional ownership (IO) to accounting conservatism (CONACC) is 0.140, significant at the 5% level and the correlation of profitability (ROA) to CONACC is 0.359, significant at the 1% level. These findings suggest that accounting conservatism is positively impacted by institutional ownership and profitability. With the one percent significance degree, there is a substantial association of -0.421 between ROA and the cost of equity capital (CEC) and -0.592 between CONACC and CEC. This implies that conservative accounting and profitability have a negative relationship with the cost of equity capital. Regression analysis, however, will be done for a more thorough examination to validate this influence and test the hypothesis at the same time.

Table 3
Pearson Correlation Coefficient

	CEC	CONACC	IO	MO	ROA	LEV	SIZE
CEC	1						
CONACC	-.592***	1					
IO	.072	.140**	1				
MO	.138**	-.166**	-.289***	1			
ROA	-.421***	.359***	-.055	-.035	1		
LEV	.080	-.124*	-.173***	-.081	-.161**	1	
SIZE	.015	-.027	.050	-.161**	.167**	-.135**	1

Note: CEC = cost of equity capital, CONNAC = accounting conservatism, IO = institutional ownership, MO = managerial ownership, ROA = return on asset, LEV = leverage, SIZE = firm size
***, **, and * represent significance levels of 1, 5, and 10%, respectively

Test Results of Model 1

Normality tests and classical assumptions were carried out to fulfill the requirements for using multiple linear regression. The results of the residual normality test show a skewness value of 0.266 with a standard error of 0.157. Based on this value, a z-skewness value of 1.694 is obtained. Given that 1.694 falls between -1.96 and 1.96, the regression model's residuals have a normal distribution. The durbin watson value, according to the autocorrelation test, is 1.899, falling between the 4-du value of 2.252 and the du value of 1.748. This figure demonstrates that the autocorrelation issue in the regression model is nonexistent. The correlation coefficient between independent variables in Table 3 shows that all independent variables have a correlation coefficient of below 0.5, suggesting that multicollinearity is not a problem in the regression model. The Glejser heteroscedasticity findings show that the beta coefficient values for each variable are not significant at the 5% level, indicating that the regression model does not have a heteroscedasticity problem.

Table 4
Test Result of Model 1

Dependent Variable: CEC					
Independent Variable	Regression Coefficients	t. statistics	Prob.	Results	Conclusion
(Constant)	.071	1.733	.084		
IO	.033	2.279	.024	Positive influence	H1 is accepted
MO	-.030	-1.782	.076	No influence	H2 is rejected
ROA	.396	7.814	.000	Positive influence	H3 is accepted
LEV	-.008	-1.044	.297	No influence	-
SIZE	-.003	-1.978	.049	Negative influence	-
Adjusted R-Square		0.229			
F-statistic		15.281			
Sig.		0.000			

Note: CEC = cost of equity capital, CONNAC = accounting conservatism, IO = institutional ownership, MO = managerial ownership, ROA = return on assets, LEV = leverage, SIZE = firm size

Model 1, which looks at how profitability, ownership by management, and ownership at institutions affect accounting conservatism is shown in Table 4. The adjusted R Square value of 0.229 indicates that 22.90% of the variation in the level of accounting conservatism can be explained by the variables institutional ownership (IO), managerial ownership (MO), profitability (ROA), leverage (LEV) and firm size (SIZE), while the remaining 77.10% is explained by other variables outside this research model. The F-statistic value of 15,281 with a significance level of 1% indicates that the variables institutional ownership, managerial ownership, profitability, leverage and company size jointly influence accounting conservatism, so that the regression model is declared feasible.

Since the ownership of institutions (IO) had a beta coefficient of 0.033 at a significance level of 0.024, the first hypothesis that IO has positive effects on accounting conservatism is accepted. The hypothesis that managerial ownership has a beneficial impact on accounting conservatism is rejected since the beta coefficient on managerial ownership (MO) is -.030 at a significance level of.076, as indicated by the data. The third hypothesis which states that profitability affects accounting conservatism, is accepted at a significance score of 0.000 and a beta coefficient value of 0.396 for the profitability variable (ROA).

In this study, the control variable of leverage had no effect on accounting conservatism. Accounting conservatism is positively impacted by the size of the organization. The management will act in an extra conservative manner the larger firm.

Test Results of Model 2

Model 2 examines how the cost of equity funding is impacted by managerial and institutional ownership, profitability, and accounting conservatism. The skewness value and standard error of skewness, which are based on the test findings, are 0.302 and 0.166, respectively, yielding a z-skewness value of 1.82. Since this number is less than 1.96, Model 2's residual error irregularly distributed. Table 5 demonstrates that the correlation coefficient values of all independent variables are below 0.5, suggesting that multicollinearity is not a problem for the model of regression. The results of the heteroscedasticity test show that all independent variables have an insignificant influence as indicated by a p-value above 0.05, so there is no heteroscedasticity problem in the research model. The adjusted coefficient of determination (R2) is 0.323, meaning that 32.30% of the variation in the cost of equity capital can be explained by accounting conservatism, institutional ownership, managerial ownership, and profitability, with the remaining 67.70% being explained by variables not included in this research model. The F statistic shows the number 17.986 and is significant at the 1% level. We may conclude that Model 2, which examines how management ownership, institutional ownership, profitability, and accounting conservatism affect equity capital costs, is appropriate for usage.

At the probability value of 0.011, the institutional ownership (IO) variable, as presented in Table 5, shows a beta coefficient of 0.249. As a result, the fourth hypothesis—which holds that institutional ownership raises equity capital costs is disproved. The regression coefficient on managerial ownership (MO) is 0.066 with a significance value of 0.547, indicating that the fifth hypothesis which holds the managerial ownership having a negative effect on the cost of equity capital is rejected. At a significance level of 0.002, the profitability (ROA) regression coefficient is -1.214, suggesting that the sixth hypothesis that is, that profitability has a negative effect on the cost of equity capital is accepted. The seventh hypothesis, which holds that accounting conservatism has a negative effect on the cost of equity capital, is acknowledged. This is indicated by a regression coefficient score of -3.456 at a significance degree of 0.000. The model's control variables—leverage and firm size—have no bearing on equity capital costs.

Testing the role of conservatism as a mediating variable was carried out using the Sobel Test, as presented in Table 5. The regression coefficient value of institutional ownership on accounting conservatism was 0.033 with a significance level of 0.024. At the 1% level of significance, the accounting conservatism regression coefficient on the price of equity capital, which stands at -3,456, is noteworthy. There exists a robust and direct correlation between the ownership of institutional investors, conservative accounting principles, and the cost of equity capital. A z value of -2.1216 is displayed by the Sobel test statistic computation results. The minus sign (-) on the z value indicates the direction of the relationship, so what is of concern is the z value of 2.1216. The influence of institutional ownership on the price of equity capital is stated to be moderated by accounting conservatism, as this number is more than 1.96 and is significant for the 5% degree. The regression coefficient value of profitability on accounting conservatism shows a figure of 0.396 with a significance level of 0.000. Conservatism in accounting makes a strong direct influence on the cost of equity capital, as indicated by the regression coefficient value of -3,456, which is significant for the 1% degree. The results of the Sobel test statistic calculation show a z value of -5.578. The influence of profitability at the cost of capital invested in equity is mediated by conservative accounting, as can be inferred by focusing on the absolute value of 5.5781, which is higher than 1.96.

Table 5
Test Results of Model 2 & Sobel Test

Dependent Variable: CEC					
Independent Variable	Coefficient Regression	t. statistics	Prob.	Results	Conclusion
(Constant)	-0.419	-1.538	0.125		
IO	0.249	2.550	0.011	Positive influence	H4 is rejected
MO	0.066	0.604	0.547	No influence	H5 is rejected
ROA	-1.214	-3.201	0.002	Negative influence	H6 accepted
CONACC	-3.456	-8.020	0.000	Negative influence	H7 accepted
LEV	-0.087	-0.814	0.417	No influence	-
SIZE	0.009	0.946	0.345	No influence	-
Sobel Test					
Influence	Regression Coefficients	Standard Error	Prob.	Sobel Test Statistic	
IO -> CONACC	0.033	0.015	0.024	-2.1216	
ROA -> CONACC	0.396	0.051	0.000	-5.5781	
CONACC -> CEC	-0.456	0.431	0.000	-	
Adjusted R- Square	0.323				
F-statistic	17.986				
Sig.	0.000				

CEC = cost of equity capital, CONNAC = accounting conservatism, IO = institutional ownership, MO = managerial ownership, ROA = return on asset, LEV = leverage, SIZE = firm size

DISCUSSION

Model 1

As hypothesized, accounting conservatism is positively impacted by institutional ownership. To maintain corporate governance, institutional investors are crucial. Institutions are active and professional investors who function well in supervising and monitoring management because they have access to information about the company's future outlook and business strategy in an impartial manner (Asiriuwa et al., 2019; Jensen, 1993). Because of this, institutional investors require accurate and timely information in order to effectively track corporate activity and take part in the development of business strategies (Liu, 2019). Timely and reliable information will only result from a conservative accounting process (Widiatmoko et al., 2023). The findings of this research support agency theory which states that institutional shareholders have an effective monitoring role in management. The conclusions of this study are consistent with those of Alves (2020) study on Spanish companies, demonstrating the role institutional investors play in enhancing the quality of earnings.. Several studies conducted in Indonesia also prove that institutional ownership has a positive impact on conservative accounting practices (Agustina et al., 2022; Hajawiyah et al., 2020; Widiatmoko et al., 2023). The efficient monitoring hypothesis sees institutional ownership as a key component of a firm's governance structure. Institutional investors possess the ability, capability, and means to oversee managers. The results of this study support the opinions of earlier researchers, who found that institutional investors can encourage management to prepare financial reports cautiously, improving the quality of earnings (Bona-Sánchez et al., 2018) and lowering earnings management actions (Alves, 2020).

The second hypothesis's test findings indicate that management's holding of stocks has no bearing on conservative accounting practices. The result goes against agency theory, which holds that management's ownership of shares can serve as a means of bringing management and shareholders' interests into alignment (Jensen & Meckling, 1976). This can happen because the average share ownership by management in manufacturing companies in Indonesia is relatively low and management does not even own shares in some companies. The low level of ownership by management results in a low sense of ownership of the company, so that management is not motivated to apply conservative accounting principles (Agustina et al., 2022). Management who are not owners will tend to increase accounting profits to get bonuses, thereby ignoring the principle of accounting conservatism (El-habashy, 2019). The results of this research contradict previous research findings which prove that share ownership by management will encourage them to act conservatively in financial reporting (Alves, 2020; Indarti et al., 2021; Putra et al., 2019).

As anticipated, accounting conservatism is positively impacted by a company's profitability level. Profitable businesses are more likely to use cautious accounting practices. This is because managers can manage earnings to make the results seem smooth and devoid of excessive volatility by using accounting conservatism as a strategy. Companies with high profitability will generate high profits, so they will bear large tax liabilities. This causes companies with high profitability to prefer to apply conservative accounting to reduce the tax burden. The study's findings corroborate those of earlier investigations by Asiriuwa et al. (2019), Widaryanti (2022) and (Widiatmoko et al., 2023), which demonstrate that management will be more inclined to use conservative accounting techniques the more profitable a company is.

Model 2

Institutions that possess shares have a beneficial effect on the price of capital that is invested. The cost of equity capital that the company must bear increases with the amount of shares held by institutional investors. The agency theory's contention that the ownership structure of shares could be utilized as a governance tool to cut the costs of agencies is refuted by this fact. One possible explanation is that institutional investors are unwilling to pay the expenses associated with monitoring when all shareholders would get the rewards. Because of this, institutional investors won't actively oversee management, which will raise agency costs and raise the cost of capital (Faysal et al., 2020). The findings of this investigation align with the research conducted by AlHares (2019) on companies included in the FORBES Global 2000 Leading Companies. Unfortunately, the study's findings go counter to research conducted in Indonesia, which indicates that having institutional shareholders can lower the amount of equity capital that a company needs pay (Krismiaji & Raharja, 2018; Muslim & Setiawan, 2021).

From an agency standpoint, executive ownership is a useful tool for coordinating management and shareholder preferences. Management with a higher number of share ownership will be more focused on improving performance, so that the risk of loss faced by investors is smaller. As a result, investors' needed amount of return will eventually decline, cutting the cost of capital invested in equity. On the other hand, the test results show that ownership by executives does not reduce the cost of equity capital. One possible explanation is that top managerial ownership is just one type of governance mechanism, and prior research (Ducassy & Guyot, 2017; Faysal et al., 2020) has found no evidence to support the idea that top managerial ownership lowers agency costs. Management as shareholders will use the opportunities they have to prioritize their interests, so that it does not have an impact on reducing the cost of equity capital.

This study demonstrates that an organization's cost of equity capital decreases as its profitability increases. The economic health of the business indicates how well management is able to run the organization and how well it can allocate resources to get a competitive edge. Based on an agency theory perspective, disclosure of a company's financial performance can be an effective control mechanism to reduce information asymmetry between management and shareholders (Mardones & Cuneo, 2019). Company financial performance information is an important basis for making investment decisions. As a company's capacity to produce financial performance grows, investor risk will decline. Consequently, investors are likely to require equity capital expenses at a lower level of return (Rehman & Zaman, 2011). The present study's outcomes are consistent with the research conducted in Egypt by Ismail & Obiedallah (2022), demonstrating that firms exhibiting superior financial performance will incur lower equity capital expenses.

The results of testing the seventh hypothesis show that accounting conservatism has a detrimental effect on the price of equity capital. Investors' expectations for the return on their capital are directly correlated with how risky they believe a company is. Businesses that exhibit a higher degree of conservatism are thought to pose less risk since they provide high-quality financial information. The price of equity capital decreases as a result of investors' decreased demands for payback for their capital. The results of this examination are consistent with those of Khalifa et al. (2019) study, which shows that accounting conservatism and equity capital cost are negatively correlated. The current study is consistent with earlier studies by Krismiaji & Astuti (2021) and Widiatmoko et al. (2023), demonstrating that accounting conservatism negatively impacts equity capital costs. The agency hypothesis, which maintains that accounting conservatism reduces the knowledge asymmetry between stockholders and management at a business and, thus, lowers the cost of investment in equity, is further supported by the study's findings.

The Sobel findings show that accounting conservatism acts as a mediator between ownership by institutions and the cost of equity capital. This finding suggests that institutions shareholders' presence can act as a watchdog for management, encouraging transparency in the creation of financial reports and the production of high-quality earnings data. Investors will see companies that provide high-quality earnings information positively and will lower the cost of equity capital, which is the necessary amount of return. Agency theory predicts that accounting conservatism will lower knowledge asymmetry between shareholders and management, which will lower the price of equity capital (Khalifa et al., 2019; Krismiaji & Astuti, 2021; Widiatmoko et al., 2023). This is consistent with that outlook.

Accounting conservatism also acts as a mediating variable in the influence of profitability on the cost of equity capital. Profitable businesses run the danger of incurring political expenses, such as significant tax obligations. This condition will encourage management to choose to apply conservative accounting to reduce the tax burden (Asiriuwa et al., 2019; Widaryanti, 2022; Widiatmoko et al., 2023). On the other hand, conservative accounting will produce quality profits which become the basis for investors in making investment decisions. Because of investors view companies with high profits as having lesser risk, they will lower the needed level of return, which will be represented by a lower cost of capital. (Ismail & Obiedallah, 2022; Rehman & Zaman, 2011).

Conclusion

This study looks at the direct and indirect effects of institutional ownership, managerial ownership, and profitability on the cost of equity using accounting conservatism as a mediating variable. Accounting conservatism is positively impacted by institutional ownership and profitability, as demonstrated by Model 1's test results. Conservative accounting practices remains unaffected by the ownership of management. The results of the Model 2 test show that the ownership of institutions has a favorable effect on the cost of equity capital, whereas profitability and accounting conservatism have a negative impact. In the interim, the ownership of management's shares has no bearing on the cost of equity.

The findings in this research have implications, both theoretically and practically. Theoretically, the results of this research provide evidence that institutional investors can be an effective monitoring medium for management as predicted by agency theory. Meanwhile, share ownership by management is unable to align their interests with shareholders. The use of conservatism by management is greatly aided by profitability, which serves as a gauge of the management team's effectiveness in running the business. In a practical sense, investors might use the research's conclusions as a foundation for business decisions. Accounting conservatism is still seen as an important company practice that can produce quality profits, so that investors will reduce the required rate of return on their investments.

Despite the contribution provided, this research has several limitations, including the relatively low adjusted R square value, namely 22.90% in Model 1 and 32.40% in Model 2. Apart from that, only the variable share ownership by institutions is proven to influence conservative management behavior, which ultimately results in lowering the cost of equity capital. In order to predict conservative management behavior and optimize the cost of equity capital, future research should take into account corporate governance mechanisms from ownership structures, such as foreign and government ownership, and/or board structures, such as gender diversity, independent commissioners, and audit committees.

References

Agustina, L., Apriliyani, P., & Jati, K. W. (2022). The Influence of Managerial Ownership, Institutional Ownership, Investment Opportunity Set, and Capital Intensity on Accounting Conservatism with Political Connections as A Moderation Variable. *Accounting Analysis Journal*, *11*(1), 64–74. https://doi.org/10.15294/aaj.v11i1.63340

AlHares, A. (2019). Corporate governance and cost of capital in OECD countries. *International Journal of Ethics and Systems*, *35*(4), 665–690. https://doi.org/10.1108/IJOES-02-2019-0043

Ali, S. T., Yang, Z., Sarwar, Z., & Ali, F. (2019). The impact of corporate governance on the cost of equity. *Asian Journal of Accounting Research*, *4*(2), 293–314. https://doi.org/10.1108/AJAR-08-2019-0062

Alves, S. (2020). Ownership Structure and Accounting Ownership Structure and Accounting Conservatism: Evidence From Portuguese and Spanish Listed Companies. *Academy of Accounting and Financial Studies Journal*, *24*(6). https://www.abacademies.org/articles/Ownership-Structure-and-Accounting-Conservatism-Evidence-from-Portuguese-1528-2635-24-6-605.pdf

Asiriuwa, O., Akperi, R. T., Uwuigbe, O. R., Uwuigbe, U., Nassar, L., Ilogho, S., & Eriabe, S. (2019). Ownerships Structures and Accounting Conservatism among Nigeria Listed Firms. *IOP Conference Series: Earth and Environmental Science*, *331*(1), 1–15. https://doi.org/10.1088/1755-1315/331/1/012056

Basu, S. (1997). The conservatism principle and the asymmetric timeliness of earnings. *Journal of Accounting and Economics*, *24*(1), 3–37. https://doi.org/10.1016/S0165-4101(97)00014-1

Bona-Sánchez, C., García-Meca, E., & Pérez-Alemán, J. (2018). Earnings informativeness and institutional investors on boards. *Revista de Contabilidad*, *21*(1), 73–81. https://doi.org/10.1016/j.rcsar.2017.09.001

Botosan, C. A. (2006). Disclosure and the cost of capital: what do we know? *Accounting and Business Research*, *36*(sup1), 31–40. https://doi.org/10.1080/00014788.2006.9730042

Chouaibi, Y., & Belhouchet, S. (2023). Moderating effect of IFRS adoption on accounting conservatism and cost of equity: evidence from Canadian ESG data. *Journal of Global Responsibility*, *14*(4), 492–515. https://doi.org/10.1108/JGR-09-2022-0086

Crutchley, C. E., & Hansen, R. S. (1989). A Test of the Agency Theory of Managerial Ownership, Corporate Leverage, and Corporate Dividends. *Financial Management*, *18*(4), 36. https://doi.org/10.2307/3665795

Ducassy, I., & Guyot, A. (2017). Complex ownership structures, corporate governance and firm performance: The French context. *Research in International Business and Finance*, *39*(A), 291–306. https://doi.org/10.1016/j.ribaf.2016.07.019

El-habashy, H. A. K. (2019). The effect of corporate governance attributes on accounting conservatism in Egypt. *Academy of Accounting and Financial Studies Journal*, *23*(3), 1–18.

Faysal, S., Salehi, M., & Moradi, M. (2020). The impact of ownership structure on the cost of equity in emerging markets. *Management Research Review*, *43*(10), 1221–1239. https://doi.org/10.1108/MRR-11-2019-0475

Givoly, D., & Hayn, C. (2000). The Changing Time-Series Properties of Earnings, Cash Flows and Accruals. *Journal of Accounting and Economics*, *29*, 287–320. https://doi.org/10.1016/S0165-4101(00)00024-0

Hajawiyah, A., Wahyudin, A., Kiswanto, Sakinah, & Pahala, I. (2020). The effect of good corporate governance mechanisms on accounting conservatism with leverage as a moderating variable. *Cogent Business & Management*, *7*(1), 1779479. https://doi.org/10.1080/23311975.2020.1779479

Hejranijamil, M., Hejranijamil, A., & Shekarkhah, J. (2020). Accounting conservatism and uncertainty in business environments; using financial data of listed companies in the Tehran stock exchange. *Asian Journal of Accounting Research*, *5*(2), 179–194. https://doi.org/10.1108/AJAR-04-2020-0027

Hong, N. T. H., & Linh, T. K. (2023). Institutional investors, corporate governance and firm performance in an emerging market: evidence from Vietnam. *Cogent Economics & Finance*, *11*(1). https://doi.org/10.1080/23322039.2022.2159735

Huo, X., Lin, H., Meng, Y., & Woods, P. (2021). Institutional investors and cost of capital: The moderating effect of ownership structure. *PLOS ONE*, *16*(4), e0249963. https://doi.org/10.1371/journal.pone.0249963

Indarti, M. G. K., & Widiatmoko, J. (2023). Political Connections and Tax Avoidance: Does Audit Quality Moderate The Relationship? *Jurnal Aset (Riset Akuntansi)*, *15*(2), 295–306. https://doi.org/https://doi.org/10.17509/jaset.v15i2

Indarti, M. G. K., Widiatmoko, J., Badjuri, A., & Ambarwati, T. (2021). Determinan Konservatisme Akuntansi: Studi Empiris pada Perusahaan Manufaktur di Bursa Efek Indonesia. *Jurnal Akuntansi Indonesia*, *10*(2), 161–174. https://doi.org/10.23887/jimat.v13i03.44363

Indarti, M. G. K., Widiatmoko, J., & Pamungkas, I. D. (2021). Corporate Governance Structures and Probability of Financial Distress: Evidence From Indonesia Manufacturing Companies. *International Journal of Financial Research*, *12*(1), 174–183. https://doi.org/10.5430/ijfr.v12n1p174

Ismail, T. H., & Obiedallah, Y. R. (2022). Firm performance and cost of equity capital: the moderating role of narrative risk disclosure quality in Egypt. *Future Business Journal*, *8*(1), 44. https://doi.org/10.1186/s43093-022-00156-2

Jensen, M. C. (1993). The Modern Industrial Revolution, Exit, and the Failure of Internal Control Systems. *The Journal of Finance*, *48*(3), 831–880. https://doi.org/10.1111/j.1540-6261.1993.tb04022.x

Jensen, M. C., & Meckling, W. H. (1976). Theory of The Firm: Managerial Behavior, Agency Cost and Ownership Structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Khajavi, S., Arani, M. H. G., & Nafchi, H. F. (2016). Intellectual capital and earnings quality: a comprehensive investigation. *International Journal of Learning and Intellectual Capital*, *13*(4), 316–337. https://doi.org/10.1504/IJLIC.2016.079353

Khalifa, M., Zouaoui, H., Ben Othman, H., & Hussainey, K. (2019). Exploring the nonlinear effect of conditional conservatism on the cost of equity capital: Evidence from emerging markets. *Journal of International Accounting, Auditing and Taxation*, *36*, 100272. https://doi.org/10.1016/j.intaccaudtax.2019.100272

Krismiaji, K., & Astuti, R. P. (2021). Accounting Conservatism and Cost of Equity Capital – Evidence from Indonesia. *CECCAR Business Review*, *2*(2), 64–72. https://doi.org/10.37945/cbr.2021.02.07

Krismiaji, K., & Raharja, A. (2018). Corporate governance, accounting information quality, and cost of equity capital an Indonesia' evidence. *Jurnal Akuntansi & Auditing Indonesia*, *22*(1), 1–11. https://doi.org/10.20885/jaai.vol22.iss1.art1

Krismiaji, K., & Sururi, S. (2021). Conservatism, Earnings Quality, and Stock Prices - Indonesian Evidence. *Journal of Accounting and Investment*, *22*(1), 37–50. https://doi.org/10.18196/jai.v22i1.9419

La Porta, R., Lopes-de-Silanes, Shleifer, A., & Vishny, R. W. (1998). Law and Finance. *Journal of Political Economy*. https://scholar.harvard.edu/files/shleifer/files/law_finance.pdf

Liu, S. (2019). The impact of ownership structure on conditional and unconditional conservatism in China: Some new evidence. *Journal of International Accounting, Auditing and Taxation*, *34*, 49–68. https://doi.org/10.1016/j.intaccaudtax.2019.02.003

Mardones, J. G., & Cuneo, G. R. (2019). Capital structure and performance in Latin American companies. *Economic Research-Ekonomska Istraživanja*, *33*(1), 2171–2188. https://doi.org/10.1080/1331677X.2019.1697720

Muslim, A. I., & Setiawan, D. (2021). Information Asymmetry, Ownership Structure and Cost of Equity Capital: The Formation for Open Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, *7*(1), 48. https://doi.org/10.3390/joitmc7010048

Ohlson, J. A. (1995). Earnings, Book Values, and Dividends in Equity Valuation. *Contemporary Accounting Research*, *11*(2), 661–687.

Putra, I. Gst. B. Ngr. P., Sari, P. A. M. P., & Larasdiputra, G. D. (2019). Pengaruh Kepemilikan Institusional Dan Kepemilikan Manajerial Pada Konservatisme Akuntansi. *Wacana Ekonomi (Jurnal Ekonomi, Bisnis Dan Akuntansi)*, *Vol.18*(No.1), 41–51. https://doi.org/10.22225/we.18.1.991.41-51

Ramalingegowda, S., & Yu, Y. (2012). Institutional ownership and conservatism. *Journal of Accounting and Economics*, *53*(1–2), 98–114. https://doi.org/10.1016/j.jacceco.2011.06.004

Rehman, M. A. ur, & Zaman, Q. us. (2011). Does corporate performance predict the cost of equity capital? *American Journal of Social and Management Sciences*, *2*(1), 26–33. https://doi.org/10.5251/ajsms.2011.2.1.26.33

Rustiarini, N. W., Gama, A. W. S., & Werastuti, D. N. S. (2021). Board of Director Characteristics, Institutional Ownership, and Accounting Conservatism. *The Indonesian Journal of Accounting Research*, *24*(02), 289–320. https://doi.org/10.33312/ijar.535

Salehi, M., & Sehat, M. (2018). Debt maturity structure, institutional ownership and accounting conservatism. *Asian Journal of Accounting Research*, *4*(1), 35–51. https://doi.org/10.1108/AJAR-05-2018-0001

Shleifer, A., & Vishny, R. W. (1997). A Survey of Corporate Governance. *The Journal of Finance*, *52*(2), 737–783. https://doi.org/10.1111/j.1540-6261.1997.tb04820.x

Thanatawee, Y. (2023). Institutional ownership and cost of debt: evidence from Thailand. *Cogent Business & Management*, *10*(2). https://doi.org/10.1080/23311975.2023.2207693

Utama, C. A., Utama, S., & Amarullah, F. (2017). Corporate governance and ownership structure: Indonesia evidence. *Corporate Governance: The International Journal of Business in Society*, *17*(2), 165–191. https://doi.org/10.1108/CG-12-2015-0171

Widaryanti, W. (2022). The Effect Of Managerial Ownership, Institutional Ownership, Growth Opportunity And Profitability On Accounting Conservatism. *Governors*, *1*(1), 1–7. https://doi.org/10.47709/governors.v1i1.1649

Widiatmoko, J., Indarti, M. G. K., & Nuswandari, C. (2023). Accounting Conservatism: Antecedents and Consequence in Indonesia Manufacturing Companies. *WSEAS Transactions on Business and Economics*, *20*, 2315–2325. https://doi.org/10.37394/23207.2023.20.199

Widiatmoko, J., Indarti, M. G. K., & Pamungkas, I. D. (2020). Corporate governance on intellectual capital disclosure and market capitalization. *Cogent Business and Management*, *7*(1). https://doi.org/10.1080/23311975.2020.1750332

Zattoni, A. (2011). Who Should Control a Corporation? Toward a Contingency Stakeholder Model for Allocating Ownership Rights. *Journal of Business Ethics*, *103*(2), 255–274. https://doi.org/10.1007/s10551-011-0864-3

Decreasing the cost of equity capital Rev2

ORIGINALITY REPORT

21%	16%	16%	3%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Taylor's Education Group Student Paper	1%
2	www2.mdpi.com Internet Source	1%
3	www.hkjoss.com Internet Source	<1%
4	www.onlineacademicpress.com Internet Source	<1%
5	poverty.com.pk Internet Source	<1%
6	Submitted to Universitas Ibn Khaldun Student Paper	<1%
7	Submitted to Universitas Diponegoro Student Paper	<1%
8	journals.plos.org Internet Source	<1%
9	Dina Abdelalim Krema. "The Effect of the Relationship Between Accounting Conservatism and Cost of Debts on Cash	<1%

Holding: Evidence from Egyptian Listed Companies", 2022 ,المجلة العلمية للدراسات المحاسبية
Publication

10	libsysdigi.library.illinois.edu Internet Source	<1 %
11	www.researchgate.net Internet Source	<1 %
12	Rashid Ameer. "Time-varying Cost of Equity Capital in Southeast Asian Countries", Asian Economic Journal, 6/2007 Publication	<1 %
13	financedocbox.com Internet Source	<1 %
14	zombiedoc.com Internet Source	<1 %
15	Maha Khalifa, Hakim Ben Othman. "The effect of conservatism on cost of capital: MENA evidence", Applied Economics, 2014 Publication	<1 %
16	ejournal.uksw.edu Internet Source	<1 %
17	journal.unika.ac.id Internet Source	<1 %
18	jurnal.unimus.ac.id Internet Source	<1 %

19	C. S. Agnes Cheng, Denton Collins, Henry He Huang. "Shareholder rights, financial disclosure and the cost of equity capital", Review of Quantitative Finance and Accounting, 2006 Publication	<1%
20	www.econstor.eu Internet Source	<1%
21	dspace.uii.ac.id Internet Source	<1%
22	pure.port.ac.uk Internet Source	<1%
23	repository.uinjkt.ac.id Internet Source	<1%
24	Muhammad Wahyudi Pranata, Sugiyarti Fatma Laela. "BOARD CHARACTERISTIC, GOOD CORPORATE GOVERNANCE AND MAQÂSHID PERFORMANCE IN ISLAMIC BANKING", Journal of Islamic Monetary Economics and Finance, 2020 Publication	<1%
25	Saad Faysal, Mahdi Salehi, Mahdi Moradi. "The impact of ownership structure on the cost of equity in emerging markets", Management Research Review, 2020 Publication	<1%

26	journal.unnes.ac.id Internet Source	<1 %
27	www.atlantis-press.com Internet Source	<1 %
28	Magdi El-Bannany. "IFRS and conditional accounting conservatism: An empirical study of banks in Egypt and the UAE", Corporate Ownership and Control, 2018 Publication	<1 %
29	Dhaliwal, D.. "Did the 2003 Tax Act reduce the cost of equity capital?", Journal of Accounting and Economics, 200703 Publication	<1 %
30	www.abacademies.org Internet Source	<1 %
31	Submitted to Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development Student Paper	<1 %
32	Amira Houaneb, amira Houaneb, Rim Ben Hassen, Dorra Talbi. "Association between restrictive covenants and accounting conservatism: evidence from US public debt", Journal of Financial Reporting and Accounting, 2021 Publication	<1 %

33	Gracezelda Latupeirissa, Desi Adhariani. "External and internal economic impacts of eco-innovation and the role of political connections: A sustainability narrative from an emerging market", Journal of Cleaner Production, 2020 Publication	<1 %
34	Maha Khalifa, Haykel Zouaoui, Hakim Ben Othman, Khaled Hussainey. "Exploring the nonlinear effect of conditional conservatism on the cost of equity capital: Evidence from emerging markets", Journal of International Accounting, Auditing and Taxation, 2019 Publication	<1 %
35	Yordying Thanatawee. "Institutional ownership and cost of debt: evidence from Thailand", Cogent Business & Management, 2023 Publication	<1 %
36	www.emerald.com Internet Source	<1 %
37	www.ijar-iaikapd.or.id Internet Source	<1 %
38	Submitted to University of Keele Student Paper	<1 %
39	www.karyailmiah.trisakti.ac.id Internet Source	<1 %

40	Rabiu Saminu Jibril, Muhammad Aminu Isa, Kabir Tahir Hamid, Zaharaddeen Salisu Maigoshi. "Corporate board attributes, institutional strength and energy disclosure practices for controlling greenhouse gas emission in Nigeria", Research Square Platform LLC, 2023 Publication	<1%
41	Submitted to Universitas Brawijaya Student Paper	<1%
42	Veni Eka Rismawati, Ida Nurhayati. "PENGARUH CORPORATE GOVERNANCE, GROWTH OPPORTUNITY, PROFITABILITAS DAN LEVERAGE TERHADAP KONSERVATISME AKUNTANSI PADA PERUSAHAAN YANG TERDAFTAR DI BEI TAHUN 2020-2022", Jurnal Riset Akuntansi Politala, 2023 Publication	<1%
43	Vina Novia Damayanti, Sartika Wulandari. "THE EFFECT OF LEVERAGE, INSTITUTIONAL OWNERSHIP, AND BUSINESS STRATEGY ON TAX AVOIDANCE (CASE OF LISTED MANUFACTURING COMPANIES IN THE CONSUMPTION GOODS INDUSTRY PERIOD 2014-2019)", ACCOUNTABILITY, 2021 Publication	<1%
44	ojs.stieamkop.ac.id Internet Source	<1%

45	vdoc.pub Internet Source	<1 %
46	www.asianinstituteofresearch.org Internet Source	<1 %
47	Ahmad Abdollahi, Mehdi Safari Gerayli, Yasser Rezaei Pitenoei, Davood Hassanpour, Fatemeh Riahi. "Information risk, cost of equity and stock returns: evidence from Iranian firms", Journal of Financial Reporting and Accounting, 2021 Publication	<1 %
48	Riskin Hidayat, Sugeng Wahyudi, Harjum Muharam, Fatlina Zainudin. "Institutional Ownership, Productivity Sustainable Investment Based on Financial Constrains and Firm Value: Implications of Agency Theory, Signaling Theory, and Asymmetry Information on Sharia Companies in Indonesia", International Journal of Financial Research, 2019 Publication	<1 %
49	archive.aessweb.com Internet Source	<1 %
50	eprints.whiterose.ac.uk Internet Source	<1 %
51	jurnal.fe.umi.ac.id Internet Source	<1 %

52	ojs.unpkediri.ac.id Internet Source	<1 %
53	repository.unmul.ac.id Internet Source	<1 %
54	www.macrothink.org Internet Source	<1 %
55	Alfaraih, Mishari, Faisal Alanezi, and Heshm Almujamed. "The Influence of Institutional and Government Ownership on Firm Performance: Evidence from Kuwait", International Business Research, 2012. Publication	<1 %
56	Nguyen Thi Hoa Hong, Tran Khanh Linh. "Institutional investors, corporate governance and firm performance in an emerging market: evidence from Vietnam", Cogent Economics & Finance, 2022 Publication	<1 %
57	brage.bibsys.no Internet Source	<1 %
58	journals.ums.ac.id Internet Source	<1 %
59	onlineacademicpress.com Internet Source	<1 %
60	repository.mdx.ac.uk Internet Source	<1 %

61	www-emerald-com-443.webvpn.sxu.edu.cn Internet Source	<1 %
62	www.businessperspectives.org Internet Source	<1 %
63	www.journal.afebi.org Internet Source	<1 %
64	www.mdpi.com Internet Source	<1 %
65	Ahmad Faisal Hayek, Mohammad Salem Oudat, Basel J. A. Ali, Talal Al-Alkawi, Mohammed Fawzi Abu El Haija. "Corporate governance and cost of equity: An empirical investigation of the United Arab Emirates stock market", Corporate and Business Strategy Review, 2023 Publication	<1 %
66	Byungcherl Charlie Sohn, Ling Zhou. "Political connections and accounting conservatism: Evidence from Chinese listed firms", Corporate Ownership and Control, 2017 Publication	<1 %
67	Corporate Governance, Volume 9, Issue 3 (2009-06-14) Publication	<1 %
68	Inderpal Singh, J–L W. Mitchell Van der Zahn. "Determinants of intellectual capital	<1 %

disclosure in prospectuses of initial public offerings", Accounting and Business Research, 2008
Publication

69	LUZI HAIL. "International Differences in the Cost of Equity Capital: Do Legal Institutions and Securities Regulation Matter?", Journal of Accounting Research, 6/2006 Publication	<1 %
70	Listyorini Wahyu Widati, Bambang Sudiyatno, Titiek Suwarti, Kis Indriyaningrum. "An Empirical Study of the Impact of Accounting Conservatism and Ownership Structure on Firm Performance in Indonesia", Business Perspectives and Research, 2023 Publication	<1 %
71	ejournal.undiksha.ac.id Internet Source	<1 %
72	ejournal.upnvj.ac.id Internet Source	<1 %
73	ijicc.net Internet Source	<1 %
74	iris.uniupo.it Internet Source	<1 %
75	journal.feb.unmul.ac.id Internet Source	<1 %

76	www.apconference.org Internet Source	<1%
77	Arunabh Choudhury, Mafruza Sultana, Pooja Gupta. "Corporate governance parameters and their impact on enterprise performance", Corporate Ownership and Control, 2022 Publication	<1%
78	I. J. Chen. "The Investigation of the Relationship among Analyst Following, Managerial Ownership and Firm Valuation: From the Perspective of Agency Theory", Journal of Social Sciences, 2005 Publication	<1%
79	Mahmoud A. Odat, Khaldoon Ahmad Al Daoud, Ziad Mohammad Zurigat. "Corporate governance and the cost of equity: Evidence from the developing country", Journal of Governance and Regulation, 2021 Publication	<1%
80	Maulidah Nabilah, Umaimah Umaimah. "The Effect of Good Corporate Governance on Tax Avoidance", Indonesian Vocational Research Journal, 2022 Publication	<1%
81	Mejbel Al-Saidi. "Investigating the Impact of Board of Directors on Accounting	<1%

Conservatism in Kuwait", International Business Research, 2020
Publication

82	Mouna Mrad. "Accounting conservatism and corporate cross- listing: The mediating effect of the corporate governance", Cogent Economics & Finance, 2022 Publication	<1 %
83	Nguyen Thi Phuong Hong, Phan Thi Tra My. "Effects of financial characteristics on accounting conservatism of listed companies in Vietnam stock exchange", Cogent Business & Management, 2024 Publication	<1 %
84	Review of Accounting and Finance, Volume 9, Issue 4 (2010-11-13) Publication	<1 %
85	core.ac.uk Internet Source	<1 %
86	eprints.soton.ac.uk Internet Source	<1 %
87	hal.archives-ouvertes.fr Internet Source	<1 %
88	ijisrt.com Internet Source	<1 %
89	jonuns.com Internet Source	<1 %

90	journal.perbanas.ac.id Internet Source	<1 %
91	jurnal.unmer.ac.id Internet Source	<1 %
92	koreascience.or.kr Internet Source	<1 %
93	link.springer.com Internet Source	<1 %
94	ojs.amhinternational.com Internet Source	<1 %
95	repositorio.uam.es Internet Source	<1 %
96	www.bircu-journal.com Internet Source	<1 %
97	www.repository.rmutt.ac.th Internet Source	<1 %
98	www.tandfonline.com Internet Source	<1 %
99	Cummins, J.. "Capital structure and the cost of equity capital in the property-liability insurance industry", Insurance Mathematics and Economics, 199412 Publication	<1 %

100	Meena Sharma, Rajbir Kaur. "Accounting conservatism and corporate governance: evidence from India", Journal of Global Responsibility, 2021 Publication	<1%
101	Tariq H. Ismail, Yousra R. Obiedallah. "Firm performance and cost of equity capital: the moderating role of narrative risk disclosure quality in Egypt", Future Business Journal, 2022 Publication	<1%
102	Anisa Safiah Maznorbalia, Muhammad Aiman Awalluddin, Ardzlyn Hawatul Yuhanis Ayob. "Exploring the role of institutional investors in voting, monitoring and dialogue engagement in mitigating agency conflict in Malaysia's public listed companies", Humanities and Social Sciences Communications, 2023 Publication	<1%
103	Anissa Dakhli. "The impact of ownership structure on corporate social responsibility: the moderating role of financial performance", Society and Business Review, 2021 Publication	<1%
104	Novi Ayu Arthasari, Agustina Ratna Dwiati. "Effect of Managerial Ownership, Audit Committee, Profitability and Leverage on	<1%

Accounting Conservatism", JAE (JURNAL AKUNTANSI DAN EKONOMI), 2022
Publication

105	Submitted to American Intercontinental University Online Student Paper	<1%

Exclude quotes	On	Exclude matches	Off
Exclude bibliography	On		