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# Analysis of the Effect of Firm Size, Cash Flow, Growth Opportunity, Capital Intensity, and Risk Litigation Against Implementation Efforts Accounting Conservatism

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**ABSTRACT**

**Purpose of the study:** This study aims to examine the effect of firm size, cash flow, growth opportunity, capitalintensity, and litigation risk on the implementation of accounting conservatism within plantation and perennial crop companies listed on the Indonesia Stock Exchange (IDX) for the 2022-2025 period.

**Methodology:** This study employs a quantitative approach utilizing secondary data obtained from financialstatemens. purposive sampling was applied to select plantation and perennial crop companies listed on the Indo Indonesia Stock Exchange, resulting in a sample of 8 companies over a four year observation period (2022-2025), yielding 32 total observations. Data were analyzed using multiple linear regression analysis via SPSS.

**Main Findings:** The result indicate that firm size has a significant negative effect on accounting conservatism, while cash flow has a significant positive effect. Conversely, growth opportunity,capital intensity,and litigation risk do not have a significant influence on the implementation of accounting conservatism. The coefficient of determination shows that 57,6% of accounting conservatism is explained by these independent variables. The study situates financial reporting as an organizational practice relevant to corporate accountability and the information needs of external stakeholders. Its findings provide sector-specific evidence on company-level factors associated with cautious reporting, while not directly measuring stakeholder trust or social welfare.

**Novelty/Originality of this study:** This study provides novelty by re-examining the determinants of accounting conservatism specifically focusing on the plantation and perennial crop sub-sector listed on the Indonesia Stock exchange during the 2022-2025 period. It updates empirical evidence regrding financial reporting behavior in a major agricultural commodity sector amidst recent economic and corporate governance challenges.

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## 1. INTRODUCTION

Corporate financial reporting is not only an internal accounting activity but also a social and institutional practice that shapes relationships between companies and their stakeholders. Investors, creditors, employees, regulators, local communities, and the wider public rely on corporate disclosures to assess organizational performance and accountability [1], [2] . The credibility of these disclosures is therefore important for informed

decision-making and public confidence in business institutions [3], [4]. When financial information is inaccurate or insufficiently cautious, stakeholders may face information asymmetry and difficulty evaluating the risks and responsibilities of a company. From a social science perspective, the quality of financial reporting is consequently connected to corporate accountability, institutional trust, and the protection of stakeholder interests [5], [6].

The plantation sector is socially and economically significant in Indonesia because its activities are connected to employment, investment, land use, commodity supply chains, public revenue, and the livelihoods of communities in producing regions [7], [8]. At the same time, the sector operates within complex relationships among corporations, regulators, investors, workers, and communities [9], [10]. These relationships make transparency and responsible corporate conduct important beyond the boundaries of financial management. Financial reporting practices can provide stakeholders with information for assessing how companies manage resources, recognize risks, and account for their economic activities [11], [12]. Accounting conservatism is relevant in this context because it concerns the cautious recognition and reporting of financial conditions and potential losses.

Public discussion of alleged irregularities in the palm-oil trade has brought renewed attention to transparency, corporate governance, and the accountability of companies operating in the plantation sector [11], [12]. Such cases should be treated as contextual illustrations of the broader governance challenges facing the sector, rather than as direct evidence that the companies in the present sample engaged in the alleged practices. The relevance of these issues lies in the need for reliable corporate information that enables regulators, investors, and other stakeholders to evaluate business conduct and potential economic consequences [13], [14]. Accordingly, this study approaches accounting conservatism as one aspect of corporate financial reporting that may contribute to more cautious disclosure and stakeholder oversight. The analysis does not directly measure fraud, public trust, or community welfare; these matters are discussed only as the wider institutional context in which financial reporting takes place [15], [16].

In this setting, accounting conservatism is important because it encourages caution in recognizing economic gains and potential losses. More prudent reporting may help reduce the risk that financial statements present an overly optimistic picture of a company's condition [17]. This can be relevant to stakeholders who depend on corporate disclosures but have different levels of access to internal company information. However, conservatism should not be treated as a complete guarantee against fraud or weak governance. Its contribution to accountability depends on the broader quality of reporting, internal controls, external oversight, and regulatory enforcement [18].

The level of accounting conservatism may vary according to company characteristics and the economic conditions in which firms operate. Firm size may be associated with public visibility, regulatory attention, and political costs [19]. Cash flow reflects the capacity of a company to generate and manage operating funds, while growth opportunities may influence decisions about financing and reported performance [20]. Capital intensity describes the extent to which company operations depend on assets, and litigation risk may encourage managers to consider the potential consequences of financial disclosure [21]. These factors are relevant to understanding differences in reporting practices across firms, although their effects need to be established empirically.

Prior studies have reported inconsistent findings concerning the relationship between firm characteristics and accounting conservatism [22], [23]. Differences in research periods, industrial settings, variable measurements, and sample characteristics may contribute to these variations. Such inconsistencies matter for stakeholders because they limit the ability to generalize how corporate characteristics relate to cautious financial reporting. In the plantation sector, this issue is particularly relevant given the sector's economic significance and its relationships with investors, regulators, workers, and producing communities.

Firm size may influence reporting choices because larger companies generally attract greater public visibility and regulatory scrutiny. However, larger organizations may also have more complex operations and greater resources to develop formal reporting systems. These competing conditions mean that the relationship between firm size and accounting conservatism cannot be assumed in advance. Examining this relationship can help clarify whether organizational scale is associated with differences in reporting prudence among plantation companies.

Cash flow is another factor that may be associated with accounting conservatism. Operating cash flow provides information about a company's ability to generate funds from its principal activities and may be considered by investors and creditors when assessing financial resilience. Nevertheless, the direction of its relationship with conservatism is an empirical question because cash availability, accrual choices, and reporting incentives may operate differently across firms [24], [25]. This study therefore tests the association between cash flow and accounting conservatism rather than presuming a particular outcome.

Growth opportunity may affect financial reporting choices because companies expecting expansion often require additional resources and investment. These expectations may influence managerial decisions concerning asset valuation, earnings recognition, and financing. From a stakeholder perspective, transparent reporting is important so that investors and creditors can distinguish actual financial performance from expectations about

future growth [26]. The relationship between growth opportunity and accounting conservatism is therefore examined empirically.

Capital intensity may also be relevant because companies with substantial asset investment face decisions concerning depreciation, impairment, and the recognition of asset-related risks. These decisions can affect the information available to stakeholders about the value and productive capacity of company resources [27], [28]. However, the extent to which capital intensity is associated with conservative reporting may depend on asset composition, industry conditions, and managerial reporting choices. This study tests that relationship using the operational measure specified in the research.

Litigation risk represents a potential external pressure on corporate reporting because inaccurate or misleading disclosures may expose companies and their managers to legal challenges. The possibility of disputes involving investors, creditors, regulators, or other parties may encourage more cautious reporting [29]. At the same time, litigation exposure does not necessarily produce conservative accounting choices in every organization. Its relationship with accounting conservatism must therefore be assessed using the available company-level data.

This study extends the empirical discussion by focusing on plantation and perennial-crop companies listed on the Indonesia Stock Exchange during 2022–2025. The study examines firm size, cash flow, growth opportunity, capital intensity, and litigation risk as factors associated with accounting conservatism. Its contribution is to provide sector-specific evidence that may inform discussions of corporate reporting practices and accountability in an economically and socially significant industry. The study does not directly evaluate the social impact of individual companies; rather, it considers financial reporting as an institutional practice relevant to stakeholder assessment and oversight.

The inclusion of capital intensity is based on the possibility that firms with a high proportion of assets may face greater exposure to depreciation and impairment. Such exposures can influence the recognition of expenses and asset values in financial statements. The variable is therefore included to examine whether asset structure is statistically associated with accounting conservatism in the selected companies. Litigation risk is included because the possibility of legal disputes may influence managerial incentives when preparing financial statements. Companies facing greater exposure to claims from investors, creditors, regulators, or other parties may have stronger incentives to avoid overly optimistic reporting. However, the extent of this association may vary with the effectiveness of governance mechanisms and the characteristics of each company.

Based on the research gap and the sector context, this study aims to examine the effects of firm size, cash flow, growth opportunity, capital intensity, and litigation risk on accounting conservatism in plantation and perennial-crop companies listed on the Indonesia Stock Exchange during 2022–2025. By situating the analysis within the broader concerns of corporate accountability and stakeholder information, the study contributes to the social science discussion of how organizational characteristics relate to financial reporting practices. The findings may provide evidence for investors, regulators, and other stakeholders, while recognizing that the study's variables do not directly measure stakeholder trust or social outcomes.

Research on several components influencing accounting conservatism still shows inconsistent results due to differences in timing, samples, and measurement methods. In the plantation sector on the IDX, specific research on this subject is still very limited, despite the distinct characteristics of this industry. This study aims to empirically examine the impact firm size, cash flow, growth opportunity, capital intensity and litigation risk on accounting conservatism in plantation companies listed on the IDX in the period 2022–2025, a relevant time because it reflects the recovery stage after the pandemic as well as changes in crude palm oil commodity prices at the global level.

## 2. RESEARCH METHOD

### 2.1. Type of Research

This study uses a quantitative explanatory approach based on secondary company-level data [30], [31]. The approach is used to examine statistical relationships between selected organizational characteristics and accounting conservatism, which is treated as an indicator of cautious financial reporting. The data were obtained from annual reports and other publicly available corporate reports of plantation and perennial-crop companies listed on the Indonesia Stock Exchange. The analysis focuses on firm size, cash flow, growth opportunity, capital intensity, and litigation risk. In the broader social science context, these variables are examined as organizational factors associated with corporate disclosure practices; the study does not directly collect perceptions or experiences from stakeholders.

### 2.2. Population and Sample

The population comprised plantation and perennial-crop companies listed on the Indonesia Stock Exchange that published financial reports during 2022–2025. The study applied non-probability purposive sampling based on the availability and continuity of the required reports and the completeness of the data used to calculate the research variables. Eight companies met the stated criteria, producing 32 firm-year observations

across the four-year period. The findings should therefore be interpreted in relation to this selected sample and should not automatically be generalized to all companies or stakeholders in the plantation sector.

Table 1. Summary of the Research Sampling Process Result

| Sampling Criteria | Total |
|---|---|
| Companies in the plantation and perennial crops sector listed on the Indonesia Stock Exchange (IDX) in the 2022-2025 period consecutively participate | 34 |
| Companies in the plantation and perennial crops sector listed on the Indonesia Stock Exchange (IDX) that do not publish their financial reports consecutively in the period 2022-2025 | (26) |
| Companies in the plantation and perennial crops sector listed on the Indonesia Stock Exchange (IDX) from 2022 to 2025 whose financial reports use Rupiah currency | 8 |
| Companies in the plantation and perennial crops sector listed on the Indonesia Stock Exchange (IDX) for the period 2022 to 2025, data complete financial reports | 8 |
| Total Sample Companies | 8 |
| Research Period | 4 years |
| Total Research Data | 8 x 4 = 32 |

### 2.3. Data Types and Sources

Secondary data were collected from publicly accessible annual reports and financial statements published by the sampled companies. The reports provided the information required to measure accounting conservatism and the five explanatory variables [32], [33]. Using publicly disclosed information also reflects the study's interest in corporate reporting as a source of information available to external stakeholders. The analysis is limited to the indicators reported in these documents and does not independently assess the accuracy of the disclosures or the experiences of investors, workers, regulators, and local communities.

### 2.4. Variable Measurement

#### 2.4.1. Accounting Conservatism

Accounting conservatism is measured using the accrual-based indicator applied in this study. The indicator is intended to capture the extent to which a company recognizes revenues and expenses cautiously in its financial reporting. In the context of corporate accountability, this measure is relevant because accrual choices affect the financial information available to external stakeholders. The operational formula and calculation should be reported consistently with the cited measurement source.

$$CONNAC = \frac{Net\ Profit + \text{Depreciation} + Cash\ Flow}{Total\ Asses} \quad \ldots (1)$$

#### 2.4.2. Firm Size

Company size is one indicator of the high political costs a company must bear. The greater the total assets controlled, the larger the company appears, allowing it to maintain operational continuity.

$$WCTA = \frac{Current\ Asset - Current\ Liabilities}{Total\ Asset} \quad \ldots (2)$$

#### 2.4.3. Cash Flow

Cash flow statements derived from operational activities demonstrate a company's performance and reflect the quality of reported earnings. In prudent companies, where asset values and profits tend to be low, a large cash flow will attract more investors.

$$Operation\ Cash\ Flow\ to\ Total\ Asset\ Ratio = \frac{CEBT + Depreciation - NWC}{Total\ Asset} \quad \ldots (3)$$

#### 2.4.4. Growth Opportunity

States that companies with high growth opportunities typically require large funds to finance their growth, thus impacting the choice of accounting policies used.

$$Sales\ Growth = \frac{CTotal\ Sales - Total\ Sales\ (t-1)}{Total\ Asset\ (t-1)} \quad \ldots (4)$$

H3: Growth opportunity has a positive effect on accounting conservatism.

### 2.4.5. Capital Intensity

Emphasized that the size of the capital intensity ratio is done by differentiating total assets and total sales, this ratio is very important to understand the efficiency of asset use in generating income.

$$DER = \frac{Total\ Liabilities}{Total\ Equity} \quad \ldots (5)$$

H4: Capital intensity has a positive effect on accounting conservatism.

### 2.4.6. Litigation Risk

Emphasized that litigation risk is one of the external factors that encourages managers to present the company's financial condition more carefully to avoid the possibility of lawsuits.

$$DER = \frac{Total\ Liabilities}{Total\ Equity} \quad \ldots (5)$$

H5: Litigation risk has a negative effect on accounting conservatism.

## 2.5. Data Analysis Techniques

The data were analyzed using multiple linear regression to examine the relationship between the independent and dependent variables. Data processing was conducted using SPSS version 21, encompassing descriptive statistical analysis, the Classical Assumption Test (including tests for multicollinearity, heteroscedasticity, and autocorrelation), and a model fit test (F-test). The data were subsequently used for further regression analysis and hypothesis testing.

## 2.6. Research Model

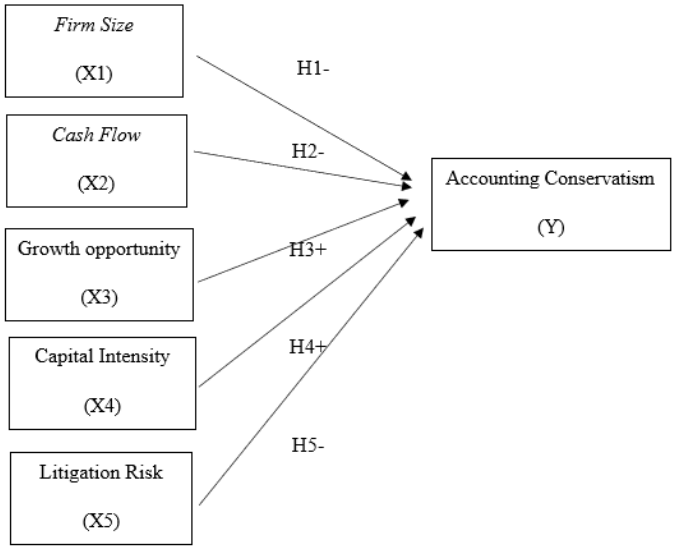


Figure 1. Research Model

## 3. RESULTS AND DISCUSSION

### 3.1. Statistical Results and Discussion

Table 2. Destriptive Statistics

| Variables | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Accounting Conservatism | 32 | -7674.00 | 1016.00 | -2576.9063 | 2638.23249 |
| Firm Size | 32 | -989.00 | 16359.00 | 1053.7187 | 3005.40009 |
| Cash Flow | 32 | -2106.00 | 8493.00 | 2010.6875 | 2756.73566 |
| Growth Opportunity | 32 | -2155.00 | 5015.00 | 1303.1875 | 1829.64734 |
| Capital Intensity | 32 | 35.00 | 7177.00 | 2805.1250 | 2096.52115 |
| Litigation Risk | 32 | 472.00 | 38051.00 | 11476.3125 | 9437.72408 |
| Valid N (listwise) | 32 | | | | |

Source: Processed secondary data, 2026

The descriptive statistics show 32 firm-year observations from eight plantation and perennial-crop companies listed on the Indonesia Stock Exchange during 2022–2025. The reported values indicate variation across companies in firm size, cash flow, growth opportunity, capital intensity, and litigation risk. Such variation provides a basis for examining whether organizational characteristics are associated with differences in accounting conservatism. However, the negative minimum values and the scale of several variables require the authors to clarify the operational definitions, units, and transformations used. This clarification is important so that readers and stakeholders can interpret the indicators accurately.

Cash flow values ranged from -2,106.00 to 8,493.00, while growth opportunity ranged from -2,155.00 to 5,015.00. These differences suggest that the sampled companies experienced varied financial and growth conditions during the observation period. Capital intensity and litigation risk also displayed variation across the sample. From a corporate accountability perspective, these descriptive results indicate that firms in the same broad sector may operate under different financial conditions. The interpretation should remain limited to the selected companies and the indicators reported in their financial statements.

The standard deviations reported for several variables indicate substantial dispersion within the sample. This variation is relevant when considering whether company-level characteristics are associated with reporting practices. Nevertheless, descriptive statistics alone cannot establish the quality of corporate governance, the reliability of individual disclosures, or the level of stakeholder trust. Those outcomes would require additional indicators or stakeholder-based data that are outside the scope of the present study.

### 3.2. Classical Assumptions Test

#### 3.2.1. Normality Test

This study used 32 data samples. Based on the results of the normality test, the initial data were not normally distributed, so data transformation was performed. After transformation, the test results showed that the data met the normality assumption. The results of the normality test using the Kolmogorov-Smirnov method can be seen in Table 3 below:

Table 3. Results of the Normality Test
One-Sample Kolmogorov-Smirnov Test

| | | Standardized Residual |
|---|---|---|
| N | | 32 |
| Normal Parameters [a,b] | Mean | .0000000 |
| | Std. Deviation | .91581094 |
| Most Extreme Differences | Absolute | .167 |
| | Positive | .078 |
| | Negative | -.167 |
| Kolmogorov-Smirnov Z | | .942 |
| Asymp. Sig. (2-tailed) | | .337 |

a. Test distribution is Normal.
b. Calculated from data.

Source: Processed secondary data, 2026

Table 3 indicates that the results of the normality test using the One-Sample Kolmogorov-Smirnov Test produced a significance value higher than $\alpha = 0.05$, namely 0.337. Thus, the residual variables in the regression model presented are normally distributed.

### 3.2.2. Multicollinearity Test

Table 4. Results of the Multicollinearity Test

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | 292,990 | 823,621 | | .356 | .725 | | |
| Firm Size | -.098 | .106 | -.111 | -.920 | .366 | .935 | 1,069 |
| Cash Flow | -.720 | .132 | -.752 | -5,445 | .000 | .718 | 1,393 |
| Growth Opportunity | -.157 | .171 | -.109 | -.922 | .365 | .977 | 1,024 |
| Capital Intensity | -.221 | .159 | -.176 | -1,396 | .175 | .863 | 1,159 |
| Litigation Risk | -.043 | .036 | -.154 | -1,182 | .248 | .806 | 1,240 |

Source: Processed secondary data, 2026

Based on Table 4 above, it shows that all independent variables, namely Firm Size, Cash Flow, Growth Opportunity, Capital Intensity, and Litigation Risk, have a tolerance value of > 0.1. Furthermore, the results of the VIF calculation < 10, so it can be concluded that there is no multicollinearity between the independent variables in the regression model.

### 3.2.3. Heteroscedasticity Test

Table 5. Results of the Heteroscedasticity Test

| | Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1282,432 | 295,049 | | 4,347 | .000 |
| | Firm Size | .001 | .039 | .006 | .036 | .972 |
| | Cash Flow | -.028 | .111 | -.053 | -.251 | .804 |
| | Growth Opportunity | -.078 | .065 | -.215 | -1.188 | .246 |
| | Capital Intensity | -.122 | .061 | -.385 | -2,002 | .056 |
| | Litigation Risk | -.004 | .014 | -.054 | -.262 | .795 |

Source: Processed secondary data, 2026

From the Glejser test above, it can be seen that Firm Size, Cash Flow, Growth Opportunity, Capital Intensity, and Litigation Risk have significant values exceeding the minimum threshold of 0.05. It can be concluded that there is no heteroscedasticity in the regression model used.

### 3.2.4. Autocorrelation Test

Table 6. Results of the Autocorrelation Test Using the Run Test Method

| | Unstandardized Residual |
|---|---|
| Test Valuea | 173.25054 |
| Cases < Test Value | 16 |
| Cases >= Test Value | 16 |
| Total Cases | 32 |
| Number of Runs | 14 |
| Z | -.898 |
| Asymp. Sig. (2-tailed) | .369 |

a. Median

Source: Processed secondary data, 2026

From Table 6 above, the results of the autocorrelation test using the Run Test have a significance level probability above the α = 0.05 level, namely 0.369. This indicates that there is no autocorrelation problem in the regression model.

### 3.3. Model Fit Test (F-test)

Table 7. Result of the Model Consistency Test

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 138956741.512 | 5 | 27791348.302 | 9,407 | .000b |
| | Residual | 76811649.206 | 26 | 2954294.200 | | |
| | Total | 215768390.719 | 31 | | | |

Source: Processed secondary data, 2026

The ANOVA results show an F statistic of 9.407 with a significance value of 0.000 ($p < 0.001$). This indicates that the five explanatory variables, considered jointly, are statistically associated with accounting conservatism in the estimated model. The result suggests that a combination of organizational and financial characteristics may help explain variation in cautious reporting practices among the sampled plantation companies. For stakeholders who rely on corporate disclosures, such evidence is relevant to understanding the organizational factors associated with financial reporting. However, the result does not establish a direct effect on public trust or broader social welfare.

### 3.4. Partial Regression Coefficient Tesy (T-test)

Table 8. Result of the Partial Regression Coefficient Test

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 292,990 | 823,621 | | .356 | .725 |
| | Firm Size | -.098 | .106 | -.111 | -.920 | .366 |
| | Cash Flow | -.720 | .132 | -.752 | -5,445 | .000 |
| | Growth Opportunity | -.157 | .171 | -.109 | -.922 | .365 |
| | Capital Intensity | -.221 | .159 | -.176 | -1,396 | .175 |
| | Litigation Risk | -.043 | .036 | -.154 | -1,182 | .248 |

Source: Processed secondary data, 2026

The resulting regression equation is as follows:

$$Y = 292.990 - 0.098X1 - 0.720X2 - 0.175X3 - 0.221X4 - 0.043X5 + e$$

Firm size has a negative regression coefficient (B = -0.098), but the significance value is 0.366, which is greater than 0.05. Therefore, the analysis does not provide sufficient statistical evidence that firm size is associated with accounting conservatism in this sample. The negative coefficient indicates the direction of the estimated relationship, but it should not be interpreted as a statistically established effect. In practical terms, company scale alone cannot be concluded to explain differences in cautious reporting among the sampled firms. Hypothesis 1 should be reported as not supported.

Cash flow has a negative regression coefficient (B = -0.720) and a significance value of 0.000 ($p < 0.001$). This indicates a statistically significant negative association between cash flow and accounting conservatism in the estimated model. The direction of this relationship is negative, not positive, and the interpretation must remain consistent across the abstract, results, and conclusion. One possible implication is that differences in operating cash flow may coincide with different accrual-reporting patterns, although the present design cannot establish the managerial reasons behind this association. Hypothesis 2 is supported only if its stated direction is negative.

Growth opportunity has a negative coefficient (B = -0.157) and a significance value of 0.365, which exceeds the 0.05 threshold. Thus, the study does not find a statistically significant association between growth opportunity and accounting conservatism. This result suggests that the growth indicator used in this study does not explain variation in conservative reporting within the sample. The finding should not be interpreted as proof that growth expectations are irrelevant in all plantation companies. Hypothesis 3 is not supported.

Capital intensity has a negative coefficient (B = -0.221) and a significance value of 0.175. Since the significance value exceeds 0.05, the relationship is not statistically significant in this sample. Accordingly, the analysis does not provide sufficient evidence that capital intensity is associated with accounting conservatism among the sampled companies. This result may reflect the limited sample size or the particular operational measure used, but further analysis would be needed to establish the explanation. Hypothesis 4 is not supported.

Litigation risk has a negative coefficient (B = -0.043) and a significance value of 0.248. The coefficient is not statistically significant at the 0.05 level, so the study does not establish an association between litigation risk

and accounting conservatism in the sampled companies. This result should be interpreted cautiously because the litigation-risk proxy may not capture all forms of legal exposure or stakeholder claims. The finding does not mean that legal accountability is unimportant; it means only that the variable, as measured in this study, was not statistically significant. Hypothesis 5 is not supported.

From a social science perspective, corporate financial reporting should be understood not merely as a technical accounting process but also as part of the relationship between business organizations and society. Companies operate within a network of stakeholders, including investors, creditors, employees, regulators, suppliers, and communities surrounding their operational activities [34]. Each stakeholder group has different information needs and levels of access to corporate resources and decision-making processes. Therefore, the quality of financial disclosure becomes important in reducing information asymmetry between corporate management and external stakeholders. In this context, accounting conservatism represents one reporting practice that may support more cautious financial communication and strengthen the basis for evaluating corporate accountability.

The importance of transparent financial reporting is also related to the institutional environment in which plantation companies operate. As a sector associated with substantial economic activities and natural resource utilization, plantation businesses are subject to various expectations concerning responsible management and regulatory compliance. Financial statements provide one of the formal channels through which external parties can examine a company's financial position and assess its organizational performance [35], [36]. However, transparency cannot depend exclusively on accounting practices because effective accountability also requires consistent internal governance, independent auditing, regulatory supervision, and access to relevant corporate information. Accordingly, accounting conservatism should be considered part of a broader institutional accountability framework rather than an independent guarantee of responsible corporate conduct.

Financial reporting practices may have implications beyond the interests of company owners and financial investors. Reliable corporate information is relevant to creditors when evaluating financial risks, regulators when monitoring compliance, and employees and business partners when assessing organizational sustainability. In plantation-producing regions, corporate activities may also intersect with local employment, community livelihoods, and regional economic development. Nevertheless, the relationship between financial reporting and these social dimensions is indirect and depends on broader governance and institutional conditions [37], [38]. The present findings therefore provide a basis for discussing the organizational factors associated with cautious financial reporting, while further research is required to examine how reporting practices influence stakeholder perceptions and social outcomes.

These considerations suggest that improving corporate accountability requires more than the adoption of particular accounting methods. Companies need to maintain consistent reporting procedures, strengthen internal control systems, and ensure that financial information is accessible and understandable to relevant stakeholders [39], [40]. Regulators and capital market institutions also have an important role in promoting disclosure standards and monitoring corporate compliance. For social science research, this issue provides an opportunity to examine financial reporting as an institutional practice shaped by organizational characteristics, regulatory environments, and relationships between companies and society. Future studies may extend this analysis by incorporating stakeholder perceptions, corporate social responsibility disclosures, governance quality, and regulatory oversight to provide a more comprehensive understanding of corporate accountability in the plantation sector.

This study has several limitations that should be considered when interpreting its findings. First, the analysis covers only eight plantation and perennial-crop companies listed on the Indonesia Stock Exchange, resulting in 32 firm-year observations during the 2022–2025 period. Consequently, the findings may not fully represent the reporting practices of all companies in the plantation sector or other industries. Second, the study relies exclusively on secondary data obtained from publicly available financial reports, meaning that it does not directly capture managerial considerations, stakeholder perceptions, or the institutional conditions influencing corporate reporting decisions. Third, the analysis focuses on five explanatory variables, namely firm size, cash flow, growth opportunity, capital intensity, and litigation risk, while other potentially relevant factors, such as corporate governance mechanisms, audit quality, ownership structure, regulatory enforcement, and corporate social responsibility practices, are not included in the model. From a social science perspective, the study also does not directly examine how financial reporting practices affect stakeholder trust, social welfare, or relationships between companies and surrounding communities. Therefore, future research could expand the sample and observation period, incorporate additional organizational and institutional variables, and combine financial data with stakeholder surveys or qualitative interviews to provide a more comprehensive understanding of corporate accountability and financial reporting practices in the plantation sector.

## 4. CONCLUSION

This study aimed to examine the effects of firm size, cash flow, growth opportunity, capital intensity, and litigation risk on accounting conservatism in plantation and perennial-crop companies listed on the Indonesia Stock

Exchange during 2022–2025. The findings indicate that cash flow has a significant negative association with accounting conservatism, while firm size, growth opportunity, capital intensity, and litigation risk do not show statistically significant individual associations. However, the five variables jointly have a significant relationship with accounting conservatism. These findings provide empirical evidence that selected company characteristics are relevant to understanding financial reporting practices in the plantation sector. From a social science perspective, the study highlights the importance of transparent and accountable corporate reporting in providing reliable information for stakeholders and supporting institutional accountability.

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