ISIR Journal of Business and Management Studies (ISIRJBMS)
ISSN: 3048-7684 (Online)
Frequency: Bimonthly
Published By ISIR Publisher
Journal Homepage Link- https://isirpublisher.com/isirjbms-home/

Accounting Conservatism and Financial Performance of Publicly Quoted Oil and Gas Companies in Nigeria

By

ALIKA, Blessing[1], OKOLIE Augustine Oke FCA[2], EBIAGHAN Frank Orits PhD[3]

[1,3]Department of Accounting, Delta State University, Abraka, Nigeria

[2]Professor of Accounting, Delta State University, Abraka, Nigeria

Article History

Received: 22/01/2026
Accepted: 26/01/2026
Published: 29/01/2026

Vol – 3 Issue – 1

PP: -55-68

DOI:10.5281/zenodo.18447563

Abstract

The study investigates the effect of accounting conservatism on financial performance of publicly quoted oil and gas companies in Nigeria. Ex-post facto research design was used and secondary data were collected from audited financial statements of the companies from 2008 - 2022. The panel regression results revealed that accounting conservatism has a positive significant effect on return on assets (coefficient 0.3545; p-value = 0.003). On the other hand, accounting conservatism has a positive insignificant effect on return on investment (coefficient 0.0519; p-value = 0.877). Meanwhile, financial leverage negatively moderates between accounting conservatism and return on asset (coefficient = -3.7681; p-value = 0.000). The study submits that management of the oil and gas companies should continuously monitor how these conservative practices affect financial performance and adjust as necessary to ensure that they are aligned with the overall financial strategy. Since financial leverage positively moderates the relationship between accounting conservatism and return on asset, companies should evaluate their capital structure to ensure that they are leveraging effectively. This study offer valuable insights into dynamics of accounting conservatism of oil and gas companies as well as providing guidance for future research in accounting.

Keywords: *Accounting conservatism, Return on assets, Return on investment, Financial leverage, Financial performance; Oil and gas companies*

INTRODUCTION

Conservatism, which requires that profits and assets be recorded only when they are certain and losses and liabilities be recognised as soon as possible, is one of the fundamental accounting concepts. By taking this strategy, the possibility of overstating a company's financial situation is decreased and financial prudence is guaranteed. Accounting conservatism, according to Khalifa, Othman, and Hussainey (2018), is a set of reporting guidelines that should be carefully acknowledged, particularly in the face of uncertainty. But, as noted by Daryaei, Fattahi, and Aldbs (2024); Kian, Faghih, and Amiri (2021), accounting conservatism entails being cautious when recognising gains and anticipating and disclosing all possible losses. Likewise, El-Habashy (2019) noted that accounting conservatism results from being cautious, with uncertain liabilities being recorded right away but revenues being recorded only after they are realised. This principle is useful for corporate governance and investor decision-making since it increases economic profit (Santana & Klann, 2016), reduces managerial opportunism (Alhenaoi, 2018), and lessens information asymmetry (Alkurdi, Al-Nimer & Dabaghia, 2017).

Financial leverage, profitability, and investment opportunity sets (IOS) are some of the variables that affect accounting conservatism (Daryaei et al., 2024; Kian et al., 2021). According to Savitri et al. (2016), companies with higher IOS frequently use cautious tactics to steer clear of profits overstatements and political costs. IOS and conservatism were shown to be significantly positively correlated by Permatasari and Yulianto (2020), but there was no significant correlation observed by Angela and Salim (2020), Budiandru, Habsari, and Safuan (2019), or Sugiarto and Fachrrozie (2018). Early expense recognition may appear to impair profitability in the near term, but it fosters stability over the long run (Aminu & Hassan, 2017). Conservatism is required to provide truthful financial statements due to the financial leverage of organisations' debt exposure.

According to studies by Abdurrahman and Ermawati (2018), Santoso (2018), and Rivandi and Ariska (2019), conservative reporting helps manage financial risks, provides transparency,

*Corresponding Author: **ALIKA, Blessing.**

© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

and protects stakeholders, especially in industries like oil and gas that have substantial debt loads. Since accounting conservatism still affects how businesses report their financial performance, it has attracted a lot of attention over time in both theoretical discussions and real-world implementations. Although it is still difficult to distinguish between conservatism in accounting principles and real financial statements, Shleifer and Vishny (2003) claimed that accounting conservatively benefits present stakeholders and improves a firm's prospects of survival. There isn't much agreement on whether conservatism is acceptable, despite a wealth of empirical research connecting it to corporate performance.

Additionally, Adah and Samaila (2016) and Ahmed et al. (2021) point out conceptual and methodological flaws in its use. Furthermore, despite the unique regulatory environment of the oil and gas business in Nigeria, few empirical research have particularly examined this issue within this sector. The necessity for this study, which attempts to investigate the connection between accounting conservatism and the financial performance of Nigerian oil and gas businesses, is highlighted by this gap as well as continuing discussions and a range of empirical findings. The main of this study therefore was examine the effect of accounting conservatism on financial performance, and to specifically see how accounting conservatism influences return on asset and return on investments (financial performance proxies) as well as how financial leverage moderates the relationship between accounting conservatism and financial performance of publicly quoted oil and gas companies in Nigeria

Hypotheses of the Study

The following null hypotheses were formulated for this study:

- **$H0_1$**: There is no significant positive significant effect of accounting conservatism on return on assets
- **$H0_2$**: There is no significant positive significant effect of accounting conservatism on return on investments
- **$H0_1$**: Financial leverage has no negative moderate effect between accounting conservatism and financial performance

Accounting Conservatism

There is still no widely agreed-upon definition of accounting conservatism, despite the fact that it has drawn a lot of scholarly attention. Conservatism, which has its roots in the accounting principle of prudence, entails delaying the recognition of revenues until they are fully realised whereas early reporting of possible losses, even if questionable, is encouraged. Prudence is described as being cautious and prudent in practical things by the Scribner-Bantam English Dictionary (1980), which is consistent with the cautious tone of conservatism in financial reporting. According to Bill, Iftekhar, and Qiang (2016), uncertainty in accounting procedures leads to accounting conservatism, where the greatest likely values of liabilities and expenses are recognised and the lowest likely values of assets and revenues are reported. In a similar vein, Sana'a (2018) describes it as using accounting techniques that reflect caution rather than optimism and maintain net asset values at a manageable level. Another way to think of conservatism is as a set of guidelines for financial reporting that stress using caution when dealing with risks and uncertainties (Affes & Sardouk, 2016).

According to Ademola and Moses (2017), it is a theory that accelerates expense recognition and delays revenue recognition, hence suppressing reported profitability. The imbalance in verification requirements is highlighted by Aminu and Hassan (2017), who point out that good news gets scrutinised more than bad news. This is corroborated by García Lara, Garcia Osma, and Penalva (2016), who point out that this kind of asymmetry lessens managerial opportunism. This idea is further supported by Ramadan (2019), who defines it as the choice of accounting techniques that encourage prompt cost acknowledgement and delayed revenue recognition, understating asset values and overstating liabilities.

El-Habashy (2019) adds that conservatism is a technique used in ambiguous and unclear situations to maintain financial caution and integrity, not a way of arbitrarily minimising genuine values. The asymmetry timeliness in identifying unrealised losses against gains—where bad news is recognised more rapidly than good news—is referred to as conditional conservatism, also known as income statement conservatism (El-Habashy, 2019). Practices such as the lower-of-cost-or-market valuation for long-term assets are examples of what is known as "conservatism after the event"; this method guarantees that losses are taken into account and encourages prudence in earnings reporting. However, independent of current events, unconditional conservatism, also known as balance sheet conservatism, recognises lower book values for shareholders' equity (Ramadan, 2019).

Cash flow from operational activities is one indicator of accounting conservatism (operating cash flow is the cash earned from core business operations). Particularly in asset-heavy businesses where depreciation impacts earnings, it more accurately depicts a company's financial health than net income (Fabozzi & Markowitz, 2019; Itiveh & Omoye, 2023). It comprises cash receipts from sales as well as payments to suppliers and staff, claim Bill, Iftekhar, and Qiang (2016). Using total accruals, which calculate the difference between accounting profits and operating cash flows, is another way to gauge accounting conservatism (Ademola & Moses, 2017). According to Ritonga (2018), accrual accounting records economic activity as it happens, independent of monetary circulation. Although helpful, it permits manipulating earnings through discretionary accruals (Opanyi, 2016). Vavrek (2018) makes a distinction between non-discretionary and discretionary accruals, allowing managers to manipulate reported income using flexible accounting practices.

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

The usage of total assets, which include a company's current and non-current resources, is another indicator of accounting conservatism (Ugwunta & Ugwuany, 2019). While non-current assets like buildings and equipment need a large amount of capital and are riskier (Mawih, 2017), current assets, such raw materials and completed commodities, are easily convertible to cash (Yahaya, 2018). Operational sustainability depends on these resources (Gladys, Mwaniki, & Omagwa, 2017). Net asset: The worth of a company's total assets less its obligations is known as net asset value, or NAV. Investment fund valuation makes extensive use of it (Ramadan, 2019; Khalifa, Othman & Hussainey, 2018). NAV provides a daily per-share valuation utilised for mutual fund transactions and fluctuates in tandem with the value of the underlying securities (Lyimo, 2019).

Financial Performance

Although there are a number of methods used to quantify financial success in the literature, this study used return on investments and return on assets. Return on asset (ROA) is a metric used to evaluate how well a business uses its resources to make a profit. Demir (2018) highlighted resource control as a crucial component, whereas Mawih (2018) defined financial performance as a company's capacity to generate profit. One of the most crucial measures of a company's performance is its return on assets (ROA), a significant profitability ratio that assesses how well a business turns its total assets into net income (Mawih, 2017). Poor earnings or operational difficulties are reflected in a negative ROA. Demir (2018) states that ROA is determined by dividing net income by total assets.

The strategic distribution of resources towards reaching financial objectives by striking a balance between risk and return is known as return on investment, or ROI. Accounting conservatism is influenced by investment prospects; when return on investment (ROI) rises, businesses draw in more investors, increasing their market value and fostering a more conservative approach to financial reporting (Permatasari & Yulianto, 2020). The market-to-book ratio, a popular stand-in for accounting conservatism, usually rises with a higher ROI, whereas a lower ROI causes the ratio to fall and conservatism to decline accordingly.

Financial Leverage

When ROA surpasses the cost of debt, financial leverage—the use of debt to finance operations—can boost returns, but it also raises financial risk. Santoso (2018), Setiyaning et al. (2018), and Abdurrahman and Ermawati (2018) discovered that more financial difficulty lessens the use of accounting conservatism because managers may be under pressure from shareholders. By identifying losses early on, conservatism aids businesses in managing the risks associated with debt. By promptly acknowledging interest expenses and financial commitments, it also increases financial reporting transparency.

Additionally, when leverage is significant, conservative accounting gives investors peace of mind regarding a company's financial stability. In order to preserve accountability and comply with regulations, businesses must also reveal their capital structure and accounting practices (Wiharno, Hamzah, & Pangestu, 2023). Based on the aforementioned, the conceptual framework is visually shown in Figure 1.

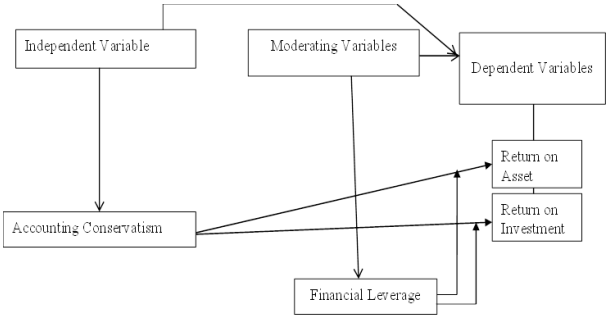

Figure 1: Financial leverage moderating between accounting conservatism and financial performance

Source: Conceptualized by the Researchers (2025)

Empirical Studies

The impact of financial crisis, company size, and investment opportunity set on accounting conservatism was examined by Wiharno, Hamzah, and Pangestu (2023). 34 mining businesses that were listed on the Indonesia Stock Exchange between 2017 and 2019 made up the study's population. The annual reports of 39 mining companies that were listed on the Indonesia Stock Exchange over the same time period comprised the study's sample. Panel data regression was the data analysis method employed in the study. The study demonstrates that accounting conservatism is significantly positively impacted by the investment opportunity set. Accounting conservatism is positively and significantly impacted by the size of the company. Accounting conservatism is significantly and negatively impacted by financial crisis.

Within the scope of reputable national publications, Nur, Molina, Indriyanto, and Digdowiseiso (2023) conducted a thorough survey on the factors influencing the choice of accounting conservatism. This study used Google Scholar to find 10 nationally renowned journals that have been accredited by using strict inclusion and exclusion criteria. To ensure accuracy and consistency in data collection, the literature search procedure was carefully monitored and used the Publish or Perish tool. The results of the study show that the implementation of accounting conservatism procedures is significantly and favourably impacted by managerial ownership of shares. Accounting conservatism is also impacted by variables including board size, CEO gender, capital intensity, and profitability. Such policies are influenced by both financial and non-financial factors, such as institutional ownership, leverage, and financial stress.

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

The diametrically opposed effects of probabilistic (risk) and non-probabilistic (ambiguity) uncertainty on accounting conservatism were studied by Fuad, Rohman, Yuyetta, and Zulaikha (2023). Panel regression models with year and industry-fixed effects are used in this investigation. It makes use of market and financial data from 24 countries' energy and communication sectors, including 5,838 firm-year observations and 1,946 enterprises. According to the study, conservatism is a sensible reaction to risk. However, management lessens conservative accounting methods when there is greater ambiguity, because uncertainty outweighs firm control and results become unpredictable. The validity of these conclusions is supported by robustness tests that take into account sample selection, heterogeneity, agency risks, and other institutional frameworks.

Ogiriki and Suwari (2022) evaluated the relationship between Nigerian firm structure and accounting conservatism. A sample of thirty-eight (38) publicly traded manufacturing companies was used in the exposure facto research design. Data on business structure (equity-to-asset and asset tangibility ratios) and accounting conservatism (earnings accrual) were collected between 2012 and 2020. The results of the Fixed and Random Effects Regression showed that a company that discloses its earnings accrual in a more conservative manner quickly adapts its asset structure to the company's goals. This is especially true for publicly traded manufacturing companies that depend on outside funding for this purpose. Additionally, they discovered that the business structure is favourably and considerably impacted by the degree of accounting conservatism, and that this effect is caused by the issuing of debt.

Ahmed (2020) looked on how Jordanian insurance companies' financial performance metrics were affected by accounting conservatism. As a stand-in for performance, market value per share, earnings per share, and return on asset were employed. Twelve Jordanian insurance companies' data were used for the 2007–2014 timeframe. The findings demonstrated that the three performance metrics of Jordanian insurance companies are significantly improved by accounting conservatism. The study's findings emphasise how important it is to implement the right policies in order to persuade Jordanian insurance companies to adhere to a reasonable degree of conservative accounting.

The impact of accounting conservatism on performance in Nigerian enterprises was investigated by Ugwunta and Ugwuany (2019). Data from 12 consumer products companies in Nigeria was used between 2005 and 2016. The study employed a panel regression analysis. A stand-in for company performance is the net profit margin (NPM). The findings imply that accounting conservatism improves firm performance in a negligible way. This suggests that consumer goods companies in Nigeria are less likely to be conservative when it comes to financial reports that are of poor quality.

The factors influencing the earnings quality of manufacturing companies listed on the Amman Stock Exchange were investigated by Ramadan (2019). Leverage, business performance, investment choices, accounting conservatism, firm size, and cash holdings are the continuous independent variables that are used. The pooled estimating technique from 58 firms from 2000 to 2013 was used in the study. The findings demonstrated that accounting conservatism, leverage, and business performance all had a major favourable impact on financial success.

Lyimo (2019) looked into the level of conservatism in the Indian capital market as well as the degree to which conditional conservatism affected stock prices and profit quality. A sample of 500 businesses that were listed on the Bombay Stock Exchange between 2006 and 2012 was used in the study. The findings validated the presence of conditional conservatism in India's capital market. It also demonstrated that conservatism influences stock prices but has no effect on the quality of reported profits. El-Habashy (2019) examined the degree of accounting conservatism and the variables influencing it in 114 Egyptian enterprises across the 2002–2006 timeframe. The study's findings demonstrated that Jordanian businesses exhibit a low degree of accounting conservatism. The survey also discovered that the most conservative financial reports come from the banking industry. Furthermore, small businesses tended to be more cautious than larger ones.

Ramalingegowda and Yu (2018) looked into how company performance was affected by cautious accounting. 40,571 US listed companies from 1972 to 2011 were included in the study's sample. Leverage, ROA, market-to-book, total assets, depreciation to total assets, fixed assets to total assets, R&D expenses to total assets, and a marginal tax rate are the continuous independent variables that are used. They found that companies with more conservative financial reports made capital structure adjustments faster, particularly for companies that depended more on outside investment. Low leverage enterprises are the focus of conservatism's beneficial adjustment effects. It also demonstrates how accounting conservatism helps low leverage enterprises make capital structure modifications.

Hsieh et al. (2018) looked into how accounting conservatism affected Chinese companies' profitability between 1980 and 2010. Accounting conservatism was measured using Basu's 1997 measure (conditional conservatism measure) and the accrual-based technique (unconditional conservatism measure). Decision rules that perform better in ambiguous situations give greater weight to negative outcomes than to favourable ones, according to decision analysis. The method of accounting conservatism, which is the best option under cautious decision criteria and is therefore used by managers, is to lengthen the time it takes to deliver negative news. According to the study, there are two kinds of business strategies: the "defender" who makes use of the resources already in place and the "prospector," who looks for new

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

business prospects to boost firm performance and report more conservatively.

A study by Khalifa, Othman, and Hussainey (2018) looked at the impact of conditional and unconditional conservatism on business performance in the Middle East and North Africa between 2004 and 2017. Unconditional conservatism was measured using the M/B ratio, while conditional conservatism was measured using the C-score and G-score, which were based on Basu's (1997) well-known metric. The findings validated the theoretical tenet that conditional conservatism has a favourable impact on business success. By speeding up debt covenant violations, conditional conservatism improves the efficiency of debt arrangements.

In Tehran between 2012 and 2016, Mohammadi and Noshahr (2018) investigated the relationship between conservatism and cash holdings on the one hand and stock rate of return on the other. 104 companies that were listed on the Tehran Stock Exchange made up the study sample. The findings showed a favourable correlation between total stock return and conservatism. The study also found a negative correlation between cash holdings and stock returns. Therefore, in order to increase profits, investors are advised to invest in companies with modest levels of cash reserves. Sana'a (2018) looked into how Jordanian insurance businesses' financial performance was affected by their size and accounting conservatism between 2007 and 2014. To assess the study's hypotheses, the accrual-based approach was employed. The findings demonstrated that Jordanian insurance companies had adopted accounting conservative practices, and that accounting conservatism had a noteworthy and favourable impact on the companies' financial performance.

The relationship between accounting conservatism and the financial success of 102 businesses listed on the Tehran Stock Exchange between 2006 and 2010 was investigated by Kordlouie, Mohammadi, Naghshineh, and Tozandejani (2018). The quality of financial reporting and conservative accounting were found to be significantly positively correlated using multivariate regression analysis. The impact of conditional and unconditional accounting conservatism on controlling the downside risk of operating cash flows of businesses listed on the Amman Stock Exchange between 2005 and 2014 was investigated by Khamees and Al-Momani (2018). The researchers discovered that the financial sector employed accounting conservatism more than the industrial and service sectors, and that companies included in the ASE (industrial, financial, and service sectors) used conditional and unconditional accounting conservatism. Furthermore, the findings showed that the downside risk of operating cash flow was significantly impacted by both forms of accounting conservatism.

The nature of the connection between conservatism and company success was examined by Artiach and Clarkson (2018). U.S.-listed companies from 1985 to 2000 made up the study sample. They discovered that conservatism and firm performance have an inverse relationship, with the strength of the relationship depending on the information available to the corporation. From 2006 to 2015, Ademola and Moses (2017) examined the connection between accounting conservatism and the value of shareholders in twenty (20) chosen quoted Nigerian companies. Asymmetric accrual to cash-flow (AACF) served as a stand-in for accounting conservatism, while shareholders' fund served as a stand-in for shareholders' wealth. Rates of inflation and exchange were used as control variables. The data was analysed using multiple regression analysis. F-Statistic was used to test the hypothesis. The study's findings showed a strong positive correlation between shareholders' value and accounting conservatism.

Lawal and Hassan (2017) investigated the connection between Nigerian banks' performance and accounting conservatism. A sample of ten Nigerian deposit money banks was employed in the study, which ran from 2012 to 2016. Using multiple regression analysis, the study examined how accounting conservatism affected bank performance. The findings showed a strong correlation between Nigerian banks' performance and accounting conservatism. Bank performance (ROA) is positively correlated with conditional accounting conservatism and negatively correlated with unconditional accounting conservatism (UC-ACC).

The impact of managerial ownership, financial distress, leverage, and investment opportunity set (IOS) on accounting conservatism was investigated by Sugiarto and Fachrurrozie (2018). 143 manufacturing enterprises that were listed on the Indonesia Stock Exchange (IDX) between 2013 and 2016 made up the research's population. Purposive sampling was used as the sample collection method, yielding 20 samples and 80 units of analysis. IBM SPSS 23's multiple regression analysis method was employed in the study. The outcome demonstrated that leverage and financial crisis had a major favourable impact on accounting conservatism. Accounting conservatism is not influenced by the investment opportunity set (IOS). Accounting conservatism is strongly impacted negatively by managerial ownership.

Aminu and Hassan (2017) looked into the relationship between Nigerian banks' performance and accounting conservatism. They analysed data from ten banks over a five-year period (2012-2016) using panel regression. A stand-in for bank performance is the ROA. The findings indicated a strong correlation between Nigerian banks' performance and accounting conservatism. While unconditional accounting has a detrimental effect on bank performance in Nigeria, conditional accounting conservatism has a favourable link with bank performance. To lessen information asymmetry, the study advises Nigerian bank managers to employ conditional conservatism in financial reporting.

Ismail and Elbolok (2017) investigated how conditional and unconditional conservatism affected Egyptian stock prices and earnings quality, as well as how earnings quality affected stock prices. A sample of the 30 biggest Egyptian public joint-

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

stock firms from 2005 to 2009 was included in the study. The study's findings demonstrated that conditional conservatism had a detrimental effect on Egyptian companies' share prices and profit quality, while unconditional conservatism had no effect on profit quality but did have a negative effect on stock prices.

Lafond and Watts (2017) looked at how information asymmetry affects the reservation that is shown in the financial statements. This is because the reservation lowers management's ability to manipulate accounting numbers, which lowers the status of information asymmetries and raises the company's market value. The study was conducted between 1983 and 2001 on a sample of 1070 US industrial corporations. The findings showed that information asymmetry creates reservations rather than the other way around, and that information asymmetry increases conservatism in financial statements. Numerous studies also examined how information and accounting practices affected the company's share value.

Hamdan (2016) looked at the impact of accounting conservatism on financial performance and talked about how it relates to raising the calibre of financial reporting. A sample of fifty Jordanian public joint-stock businesses from 2001 to 2006 were used in the study. The study's dependent variable was the company's financial report quality, while the independent variables were accounting conservatism and eight control factors: the size of the company, the auditor office, the percentage of ownership on the board, the percentage of debt, the size of the Audit Committee, the financial expertise of Committee members, and the rate of external auditor turnovers. The study came to the conclusion that Jordanian public industrial joint-stock enterprises' financial reports exhibit a low degree of accounting conservatism.

In order to quantify unconditional conservatism, Xie, Garcia-Prat, Voisin, Ferrari, Gan, and Wagenblast (2016) used the book to calculate value ratios and total accruals. The private benefits of controlling owners were captured through the employment of voting and cash flow rights as a stand-in. Using 259 Hong Kong-listed businesses, the study was carried out in Hong Kong between 2002 and 2004. The analysis showed that controlling shareholders by asset and equity tunnelling, as well as buying equity and assets at reduced rates from public corporations, are opportunistic ways to adopt accounting conservatism.

García, Garcia, and Penalva (2016) investigated the relationship between Nigerian financial performance and accounting conservatism from 2006 to 2015. The study hypotheses were tested and the acquired data was analysed using multiple regression analysis. Twenty companies listed on the Nigerian Stock Exchange were part of the study sample. Return on Equity (ROE) served as a stand-in for financial success, and accounting conservatism was gauged using AACF. The findings showed that accounting conservatism and financial performance were positively correlated. A robustness check confirmed the conclusion, which showed that the association was stronger for businesses with more information asymmetry.

Affes and Sardouk (2016) examined the moderating effect of ownership concentration on the effect of accounting conservatism on the company's performance on 60 French listed firms from 2007-2012. The ROE was used to gauge performance, and the C-score was employed to gauge accounting conservatism. The study's findings demonstrated that ownership concentration had a positive moderating effect on the association between accounting conservatism and corporate performance, indicating that concentrated ownership encourages businesses to adhere to conservative accounting principles, which adds value and improves the performance of the business.

Aminu and Usman (2016) investigated the connection between Nigerian investment efficiency and accounting conservatism. The study model used a straightforward regression analysis of ten years of data, Ordinary Least Squares (OLS), covering the years 2005–2014, to investigate the link between the independent variables (Accounting Conservatism) and the dependent variable (Investment Efficiency). The statistical program Stata11 was used for all of the tests. The findings of this study suggest that accounting conservatism and investment efficiency are significantly correlated. According to the study's findings, investment efficiency and accounting conservatism are positively correlated in Nigerian conglomerate companies.

METHOD

The study adopted ex-post facto research design. This research design was adopted because the data used for analysis is secondary in nature, has occurred in retrospect and cannot be manipulated. The study population covers all the ten (10) oil and gas companies listed in the Nigerian exchange group as at 31st December, 2022. Similarly, the sample size also covered the ten (10) oil and gas companies listed in the Nigerian exchange group as of 31st December, 2022. The data for this study was obtained from secondary sources. Data for the study was sourced from annual reports of all the ten (10) oil and gas companies listed on the Nigerian Exchange Group as at 31st December, 2022. Other secondary sources of data are relevant articles, journals, and newspapers.

Panel data estimation technique (regression analysis) was adopted to obtain interpretable findings. Prior to running the regression analysis, the model was subjected to descriptive statistics, correlation analysis, variance inflation factor, and likes. The regression outputs were obtained using Econometric Views(E-Views) version 9.0. More so, moderating variable was included to determine their influence on both accounting conservatism and return on assets. This study modeled after the works of Wiharno, Hamzah, and Pangestu (2023) but differ from their models as in that the current study included financial leverage into the model. Hence, the expanded model is expressed as:

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

$ROA_{it} = \beta_0 + \beta_1 ACO_{it} + U_{it}$ (1)
$ROI_{it} = \beta_0 + \beta_1 ACO_{it} + U_{it}$ (2)
$ROA_{it} = \beta_0 + \beta_1 ACO_{it} + \beta_2 FLV_{it} + \beta_3 (ACOit * FLV)_{it} + u_{it}$ (3)
$ROI_{it} = \beta_0 + \beta_1 ACO_{it} + \beta_2 FLV_{it} + \beta_3 (ACOit * FLV)_{it} + u_{it}$ (4)
Where: β_0 = Constant Term; ACO_t= Accounting conservatism at time t; ROA_t= Return on assetat time t; FLV_t = Financial leverageat time t; ROI_t= Return on investment at time t; β_1- β_3= Parameter Estimate; β_3 = Coefficient for the interaction term; *Uit* = Error Term (component of unobserved factor)

Table 1: Operationalization of Variables

Variable	Code	Measurement	A-priori Expectation
Dependent Variables			
1. Profitability	PROF	Net income before tax/total asset	
2. Return on Investment	ROI	Return on Investment	
Moderating Variables			
3. Financial Leverage	FLV	Total Debt/Equity	-
Independent Variable-Accounting Conservatism Parameter			
Accounting Conservatism (Total Accrual)	ACO	Accrual=EBEXTit + DEPit - OCFitTa Accounting Conservatism = (Accruals) x (-1)	+/-

Source: Researcher's Compilation (2025)

RESULTS

Table 2: Summary (Descriptive) Statistics

	Mean	Max.	Min.	Std.	Obs.
ACO	29.82	30.43	10.10	1.63	150
ROA	0.41	4.97	-2.60	0.73	150
ROI	0.07	0.89	0.00	0.14	150
FLV	1.45	2.92	-0.40	0.74	150

Source: E-Views version 9.0 (2025)

Table 2 shows the summary statistics of accounting conservatism (ACO), return on asset (ROA), return on investment (ROI), and financial leverage (FLV). From table 2, the mean value of Accounting Conservatism (ACO) (29.82) is relatively close to the maximum value (30.43) and well above the minimum (10.10). The standard deviation (1.63) indicates moderate dispersion around the mean. The mean is significantly higher than the standard deviation, suggesting that ACO values are relatively clustered around the mean. Meanwhile, the mean value of Return on Assets (ROA) (0.41) is substantially lower than the maximum (4.97) and is higher than the minimum (-2.60). The standard deviation (0.73) is lower than the mean, indicating that ROA values, while dispersed, are relatively concentrated around the mean compared to their range.

Again, the mean vale of Return on Investment (ROI)(0.07) is lower than the standard deviation (0.14), which suggests significant dispersion. This means ROI values are widely spread around the mean, and the mean ROI value is quite low compared to the variation in the data. However, the **mean value of Financial Leverage (FLV)**(1.45) is higher than the standard deviation (0.74), which implies that FLV values are reasonably concentrated around the mean. The values have a moderate range from the minimum (-0.40) to the maximum (2.92), but the standard deviation shows that the variation is not extremely high.

Table 3: Summary of Correlation Analysis

	ROA	ACO	FLV
ROA	1.0000		
ACO	-0.0054	1.0000	
FLV	0.1252	-0.0329	1.0000

	ROI	ACO	FLV
ROI	1.0000		
ACO	0.0473	1.0000	
FLV	-0.0385	-0.0329	1.0000

Source: E-Views version 9.0 (2025)

Table 3 shows the correlation analysis demonstrates the direction and extent of predictability amongst all reported factors in the model among accounting conservatism (ACO), return on asset (ROA), return on investment (ROI), and financial leverage (FLV). Accordingly, accounting conservatism (ACO) is positively related with return on investment but negatively correlated with return on and financial leverage (FLV). Overall, the independent variables amongst themselves reported low suggesting low possibility of multi-collinearity problems.

Table 4: Robust Panel (Random Effect Model with AR) Regression Result

Regressed: Return on Asset (ROA)
No. of Obs. = 150

Variables	Symbol	Coefficient	Std. Err	T-value	P-value
Constant	_CONS	1.139617	0.146317	7.788671	0.0000
X1:	ACO	0.354590	0.1174	3.0200	0.00

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved
This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

Accounting Conservatism	12	46	30

Wald F(1, 148)	9.8248
(p-value)	0.0000
R^2	0.5636
Adj. R^2	0.5450
Durbin Watson	2.1963

Correlated Random Effects - Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	0.054444	3	0.8155

Source: E-Views version 9.0 (2025)

From Tale 4 the R^2 value of 0.5636 indicates that approximately 56.36% of the variability in accounting conservatism (ROA) is explained by the model. This reflects a substantial explanatory power of the predictors. The adjusted R^2 value of 0.5450 confirms the model's predictive accuracy, accounting for the number of predictors in the model. The Wald F-statistic of 9.8248, with a p-value of 0.0006, shows that the model is statistically significant at the 5% level, indicating that the independent variables collectively have a significant impact on the dependent variable. Meanwhile, the value of 2.1963 suggests that the model is free from significant serial correlation in the residuals, which is a positive indicator of the model's validity. Lastly, the Hausman test results, with a p-value of 0.8155, indicate that the Random Effect Model is preferred over the Fixed Effect Model. This supports the use of random effects for this analysis, suggesting that the random effects assumptions are appropriate for the data.

Table 5: Robust Panel (Random Effect Model with AR) Regression Result

Regressed: Return on Investment (ROI)
No. of Obs. = 130

Variables	Symbol	Coefficient	Std. Err	T-value	P-value
Constant	_CONS	0.583351	0.076612	7.614367	0.0000
X1: Accounting Conservatism	ACO	0.051921	0.335092	0.154945	0.8771
ism					
Wald F(1, 148)			1.8119		
(p-value)			0.1478		
R^2			0.5378		
Adj. R^2			0.5169		
Durbin Watson			1.5097		

Correlated Random Effects - Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	0.373619	1	0.9456

Source: E-Views version 9.0 (2025)

From table 5 the study indicates that approximately 53.78% of the variability in ROI is explained by the model, reflecting a substantial explanatory power of the predictors. Meanwhile, the adjusted R-Squared stood at 0.5169 confirms the model's predictive accuracy, taking into account the number of predictors included in the model. Also, the Wald F-Statistic stood at 1.8119 (p-value = 0.1478). This shows that the model is statistically significant at the 5% level, indicating that the independent variables collectively have a significant impact on ROI.

Again, the Durbin-Watson Statistic stood at 1.5097. This value suggests that the model is free from significant serial correlation in the residuals, which is a positive indicator of the model's validity. Hausman Test with a Chi-Squared Statistic = 0.3736, df = 1, p-value = 0.9456 suggests that the Random Effect Model is preferred over the Fixed Effect Model, supporting the use of random effects for this analysis and suggesting that the random effects assumptions are appropriate for the data.

Table 6: Robust Panel (Random Effect Model with AR) Regression Result

Regressed: Financial Performance (ROA & ROI)
No. of Obs. = 130

Model 3: $ROA_{it} = \beta_0 + \beta_1 ACO_{it} + \beta_2 FLV_{it} + \beta_3 (ACOit * FLV)_{it} + uit$

Variables	Symbol	Coefficient	Std. Err	T-value	P-value
Constant	_CONS	1.823422	0.124037	14.700680	0.0000
X1: Accounting Conserv	ACO	-3.768133	0.685450	-5.497309	0.0000

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved
This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

atism					
X2: Financial Leverage	FLV	0.138371	0.096295	1.436947	0.1532
X3: Accounting Conservatism x Financial leverage	ACO* FLV	0.389014	0.058098	6.695882	0.0000

Model 4: $ROI_{it} = \beta_0 + \beta_1 ACO_{it} + \beta_2 FLV_{it} + \beta_3 (ACOit * FLV)_{it} + uit$

Variables	Symbol	Coefficient	Std. Err	T-value	P-value
Constant	_CONS	-4.249415	0.193230	-21.99147	0.0000
X1: Accounting Conservatism	ACO	0.038371	0.026703	1.436947	0.1532
X2: Financial Leverage	FLV	-0.364105	0.067893	-5.362951	0.0000
X3: Accounting Conservatism x Financial leverage	ACO* FLV	0.802326	0.062954	12.74465	0.0000

Model 3: $ROA_{it} = \beta_0 + \beta_1 ACO_{it} + \beta_2 FLV_{it} + \beta_3 (ACOit * FLV)_{it} + uit$		Model 4: $ROI_{it} = \beta_0 + \beta_1 ACO_{it} + \beta_2 FLV_{it} + \beta_3 (ACOit * FLV)_{it} + uit$	
R-Squared	0.648428	R-Squared	0.653911
Adj. R-Squared	0.642847	Adj. R-Squared	0.645605
Durbin-Watson stat	2.098886	Durbin-Watson stat	2.078461
Wald F(3, 146)	21.10634	Wald F(3, 146)	21.10634
(p-value)	0.000000	(p-value)	0.000000

Hausman Test			Hausman Test		
Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
2.102294	3	0.5514	0.373619	3	0.9456

Source: E-Views version 9.0 (2025)

The regression results presented in Table 6 for models analyzing the moderating effect of financial leverage on accounting conservatism and financial performance measures (ROA and ROI) are discussed thus. First, the R^2 value of 0.6484 indicates that approximately 64.84% of the variability in ROA is explained by the model, reflecting substantial explanatory power of the predictors. The adjusted R^2 value of 0.6428 confirms the model's predictive accuracy, accounting for the number of predictors. The Wald F-statistic of 21.1063, with a p-value of 0.0000, shows that the model is statistically significant at the 5% level, indicating that the independent variables collectively have a significant impact on ROA.

The Durbin-Watson statistic of 2.0989 suggests that the model is free from significant serial correlation in the residuals, which is a positive indicator of the model's validity. Similarly, the R^2 value of 0.6539 indicates that approximately 65.39% of the variability in ROI is explained by the model, reflecting substantial explanatory power. The adjusted R^2 value of 0.6456 confirms the model's predictive accuracy, adjusting for the number of predictors. The Wald F-statistic of 21.1063, with a p-value of 0.0000, shows that the model is statistically significant at the 5% level, suggesting that the independent variables collectively have a significant impact on ROI. The Durbin-Watson statistic of 2.0785 suggests that the model is free from significant serial correlation in the residuals, which positively supports the model's validity.

Lastly, in both models, the Hausman test results with p-values (not directly provided but implied) support the use of the Random Effect Model over the Fixed Effect Model. This suggests that the random effects assumptions are appropriate for the data, validating the use of random effects for these analyses. Overall, these findings indicate that financial leverage plays a critical role in shaping the relationship between accounting conservatism and financial performance metrics such as ROA and ROI. The Hausman test results for both models indicate that the Random Effect Model is preferred over the Fixed Effect Model. The high p-values (0.5514 for ROA and 0.9456 for ROI) suggest that there are no significant differences between the random and fixed effects estimates, validating the use of random effects for these analyses.

The analysis in tables above reveals a significant positive relationship between accounting conservatism and profitability. The coefficient for accounting conservatism

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

(ACO) is 0.3546 with a p-value of 0.0030, indicating a statistically significant positive impact on profitability (ROA). This finding suggests that increased accounting conservatism is associated with higher profitability, reflecting that firms practicing more conservative accounting tend to perform better financially. These results align with previous studies by Ramandam (2019), Ahmed (2020), and Lawal and Shehu (2017), which found that conservative accounting practices contribute positively to firm performance.

Findings contrast with Ugwunta and Ugwuany (2019), suggesting that the effect of accounting conservatism on financial performance can vary depending on the specific context and sample characteristics. The positive association between accounting conservatism and profitability implies that conservative accounting practices may be beneficial for firms, particularly in enhancing financial performance and reducing operational inefficiencies. Policymakers and managers might consider encouraging such practices to improve firm performance and protect stakeholders' interests.

The results presented in Table 4, based on the Random Effect Model, show that accounting conservatism does not have a significant direct effect on Return on Investment (ROI) (coefficient = 0.0519, p-value = 0.8771). This suggests that in the context of the current model, accounting conservatism alone does not notably impact ROI. In contrast, Table 4.5 highlights a different aspect. The model in Table 4.4 indicates that investment opportunities have a positive and significant effect on accounting conservatism (coefficient = 0.2014, p-value = 0.0422). This finding implies that investment opportunities are positively associated with accounting conservatism.

Return on investment can be viewed as management's strategic tool to enhance a company's value, potentially through better capital expenditure decisions. The positive impact of investment opportunities on accounting conservatism suggests that effective management of these opportunities leads to improved financial reporting practices. This aligns with signaling theory, where good financial statements signal favorable prospects to investors, potentially attracting investment and reflecting positively on the company's value.

Table 5 presents the robust panel regression results for models analyzing the moderating effect of financial leverage on accounting conservatism and financial performance measures (ROA and ROI), incorporating interaction effects between accounting conservatism and financial leverage. In Model 3, the intercept coefficient is 1.8234 with a p-value of 0.0000, indicating a highly significant base level of ROA. Meanwhile, the coefficient for accounting conservatism is -3.7681 with a p-value of 0.0000, demonstrating a significant negative effect on ROA. This result suggests that increased accounting conservatism is associated with lower ROA, reflecting the potential dampening effect of a conservative approach on reported financial performance.

Furthermore, the coefficient is 0.1384 with a p-value of 0.1532, indicating no significant direct effect on ROA. Meanwhile, Interaction Term (ACO * FLV) reported a coefficient value of 0.3890 with a p-value of 0.0000, signifying a significant positive interaction effect. This interaction suggests that while accounting conservatism generally reduces ROA, higher financial leverage amplifies this effect. On the other hand, model 4: ROI Analysis reported an intercept coefficient is -4.2494 with a p-value of 0.0000, reflecting a significant base level of ROI. More so, accounting Conservatism (ACO) reported coefficient value 0.0384 with a p-value of 0.1532, indicating no significant direct effect on ROI. Other hand, financial Leverage reported a negative coefficient is -0.3641 with a p-value of 0.0000, showing a significant negative impact on ROI. This suggests that higher financial leverage is associated with lower ROI, aligning with the idea that high leverage increases financial risk.

Again, the interaction Term (ACO * FLV) reported a positive coefficient value of 0.8023 with a p-value of 0.0000, indicating a significant positive interaction effect. This suggests that while the direct effect of accounting conservatism on ROI is not significant, the combination of high leverage and conservative accounting practices significantly improves ROI. The results align with the agency theory, which posits that managers and creditors have conflicting interests, particularly under high leverage conditions. The negative effect of accounting conservatism on ROA, combined with the significant positive interaction effect with financial leverage, supports the notion that high leverage increases financial risks and thus incentivizes more conservative accounting practices. High leverage amplifies the risks of potential financial distress and breaches of agreements, making conservative accounting a strategic choice to manage and mitigate these risks.

Conversely, the findings suggest that while accounting conservatism typically reduces ROA, its interaction with high financial leverage can enhance ROI. This reflects that higher leverage might make firms more cautious, leading them to adopt conservative practices that ultimately improves ROI when leveraged properly. The above results suggest that financial leverage plays a critical role in shaping the relationship between accounting conservatism and financial performance. Managers should be aware that while high leverage may increase financial risks and lead to more conservative accounting practices, this conservatism can also affect financial performance metrics like ROA and ROI in complex ways. Policymakers and financial managers should consider these dynamics when designing strategies for financial reporting and risk management. Overall, the significant interaction effects for both ROA and ROI underscore the importance of considering financial leverage when evaluating the effects of conservative accounting practices. These insights offer valuable guidance for policy formulation and managerial decision-making in the context of financial performance and risk management.

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

The above results contrast with the findings of Wiharno, Hamzah, and Pangestu (2023) and Nur, Molina, Indriyanto, and Digdowiseiso (2023), who reported a significant positive effect of leverage on accounting conservatism. According to their studies, higher leverage ratios lead to greater implementation of conservative accounting principles. The discrepancy may arise from different contextual factors or sample characteristics, emphasizing the complexity of the relationship between leverage and accounting conservatism.

CONCLUSION

According to the study, accounting conservatism has a high satisfactory/beneficial influence on return on asset of oil and gas companies in Nigeria, whereas accounting conservatism has a minimal influence on return on investment of oil and gas companies in Nigeria. Meanwhile, financial leverage positively moderate between accounting conservatism and return on asset of oil and gas companies in Nigeria significantly but was not the case of return on investment. As a consequence, the study concludes that accounting conservatism improves return on asset of oil and gas companies more than their return on investment even when financial leverage is incorporated into the model. As a result of the conclusions gained from our research, the following submissions were made:

i. Management of oil and gas companies should continuously monitor how conservative practices affect financial performance and adjust as necessary to ensure that they are aligned with the overall financial strategy.

ii. Given that accounting conservatism has an insignificant effect on ROI, it is important to investigate why this is the case. This might involve analyzing the specific accounting practices or external factors affecting ROI.

iii. Since financial leverage positively moderates the relationship between accounting conservatism and ROA, companies should evaluate their capital structure to ensure that they are leveraging their resources effectively. This could involve optimizing debt levels to enhance ROA while maintaining prudent risk management. However, if financial leverage negatively moderates the relationship, companies should be cautious about excessive leverage. It might be beneficial to reassess the risk of high leverage and its impact on financial performance.

iv. Management of the oil and gas companies should ensure that accounting policies and financial leverage strategies are clearly communicated to stakeholders. Transparency is how these practices are implemented can build trust and provide clarity on their impact.

FINANCING

None

CONFLICT OF INTEREST

Authors declare that there is no conflict of interest

BIBLIOGRAPHIC REFERENCES

1. Abdurrahman, M. A., & Ermawati, W. J. (2018). Pengaruh leverage, financial distress dan profitabilitas terhadap konservatisme akuntansi pada perusahaan pertambangan di Indonesia tahun 2013-2017. *Jurnal Manajemen Dan Organisasi*, *9*(3), 164-173.
2. Abdurrahman, M.A. & Ermawati, W.J. (2018). Pengaruh leverage, financial distress dan profitabilitas terhadap konservatisme akuntansi pada perusahaan pertambangan di Indonesia tahun 2013-2017. *Jurnal Manajemen Dan Organisasi*, *9*(3), 164-173.
3. Adah A. & Samaila, T. (2016). Limitation of returns on asset in measuring banks performance in Nigeria. *International Journal of management and social sciences research review*, 1 (2), 31-38
4. Ademola, O. J., & Moses, O. I. (2017). Accounting conservatism and its benefits to shareholders in developing capital market, evidence from Nigeria. *Journal of Accounting and Finance*, 17(1), 89-96.
5. Affes, H., & Sardouk, H. (2016). Accounting conservatism and corporate performance: the moderating effect of the board of directors. *Journal of Business & Financial Affair*, 5(2), 1-6.
6. Ahmed, I. E. (2020). The impact of accounting conservatism on financial performance indicators in Jordanian insurance firms. *International Journal of Financial Studies*, 8(30), 1–16
7. Ahmed, W., Khan, H. H., Rauf, A., Ulhaq, S., Bano, S., Sarwar, B., & Durrani, M. N. (2021). Simultaneous equation estimation in finance and corporate financial decision: Empirical evidence from Pakistan stock exchange. *The Journal of Asian Finance, Economics, and Business*, 8(3), 11–21.
8. Alhenaoi, M. (2018). The effect of the level of the accounting conservatism on the cost of capital: An empirical study on firms listed on the Egyptian stock of exchange. *Accounting Research Journal*, 1, 195–259
9. Alkurdi, A., Al-Nimer, M., & Dabaghia, M. (2017). Accounting conservatism and ownership structure effect: Evidence from industrial and financial Jordanian listed companies. *International Journal of Economics and Financial Issues*, 7(2), 608–619.
10. Aminu, L., & Hassan, S. U. (2017). Accounting conservatism and financial performance of Nigerian deposit money banks: an analysis of recent economic Recession. *Scholedge International Journal of Business Policy & Governance*, 4(12), 124-135.

*Corresponding Author: **ALIKA, Blessing.**

© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

11. Aminu, L., & Usman H, S. (2016). Accounting conservatism and investment efficiency of listed Nigerian conglomerate firms. *Scholedge International Journal of Business Policy & Governance, 3*(11), 167-177.
12. Angela, O., & Salim, S. (2020). Faktor Yang mempengaruhi konservatisme akuntansi pada perusahaan manufaktur yang terdaftar di BEI. *Jurnal Paradigma Akuntansi*, *2*(4), 1510-1519.
13. Artiach, TC, Clarkson, PM (2018) Disclosure, conservatism, and the cost of equity capital: A review of the foundation literature. *Accounting and Finance* 51: 2–49.
14. Ball, R., & Shivakumar, L. (2019). Earnings quality in U.K private firms. *Journal of Critical Reviews*, 7(9), 39-42.
15. Bill, F., Iftekhar, H., & Qiang, W. (2016). The benefits of conservative accounting to shareholders: Evidence from the financial crisis. *Accounting Horizons*, 27, 319-346
16. Budiandru, B., Habsari, S. P., & Safuan, S. (2019). Debt Covenant, Investment Opportunity Set, Dan Kepemilikan Manajerial Terhadap Konservatisme Akuntansi Pada Perusahaan Jasa Sub Sektor Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Manajemen, Ekonomi Dan Akuntansi*, *3*(3), 232-247.
17. Dang, V. C., Le, T. L., Nguyen, Q. K., & Tran, D. Q. (2020). The linkage between exchange rate and stock prices: Evidence from Vietnam. *The Journal of Asian Finance, Economics, and Business*, 7(12), 95–107.
18. Daryaei, A. A., Fattahi, Y., & Aldbs, A. (2024). The puzzling association between accounting conservatism and corporate social responsibility. *Asian Journal of Accounting Renursearch*, *9*(1), 35-46.
19. Demir F. (2018) Determinants of Manufacturing Firm Profitability under Uncertainty and Macroeconomic Volatility: Evidence from an Emerging Market. *Finance Journal*. 4(1),45-110.
20. El-Habashy, H. (2019). Levels and factors affecting accounting conservatism in Egypt. *Academy of Accounting and Financial Studies Journal*, 23(3), 1-18.
21. El-Habashy, H. A. (2019). The effect of corporate governance attributes on accounting conservatism in Egypt. *Academy of Accounting and Financial Studies Journal*, 23(3), 1–18.
22. Fabozzi, F. J. & Markowitz, H. M. (2019). The theory and practice of investment. *London: Wiley timeliness: Corporate Ownership & Control*, 14(2), 369–382.
23. Fabozzi, F. J. & Markowitz, H. M. (2019). The theory and practice of investment. *London: Wiley timeliness: Corporate Ownership & Control*, 14(2), 369–382.
24. Fuad, F., Rohman, A., Yuyetta, E. N. A., & Zulaikha, Z. (2023). How risk and ambiguity affect accounting conservatism. https://www.emerald.com/insight/content/doi/10.1108/JFRA-11-2022-0425/full/html
25. García Lara, J. M., Garcia Osma, B., & Penalva, F. (2016). Accounting conservatism and firm investment efficiency. *Journal of Accounting and Economics*, 61(1), 221-238.
26. Gladys K, Mwaniki, J. Omagwa H. (2017). Asset Structure and financial performance: a case of firms quoted under commercial and services sector at the Nairobi Securities Exchange, Kenya. *Research Journal of Finance and Accounting*, 8(4), 192-200.
27. Hakiki, L. N., & Solikhah, B. (2019). Pengaruh corporate governance, investment opportunity set, ukuran perusahaan, dan penerapan PSAK 55 terhadap konservatisme akuntansi. Gorontalo Accounting Journal, 2(2), 85.
28. Hamdan, A. M., Abzakh, M. H., & Al-Ataibi, M. H. (2016). Factors influencing the level of accounting conservatism in the financial statements. *International Business Research*, 4(3), 145–155.
29. Hsieh YW, Chang KC, Hung JW, Wu CY, Fu MH, & Chen C (2018) The impact of accounting conservatism on firm performance. A Randomized Crossover Trial. Arch Phys Med Rehabil. 99(12),2399-2407
30. Ismail, T. H., & Elbolok, R. M. (2017). Do conditional and unconditional conservatism impact earnings quality and stock prices in Egypt? *Research Journal of Finance and Accounting*, 2(12), 7–22.
31. Itiveh, E.F., & Omoye, E. I. (2023). Cloud accounting and the economy system of small and medium enterprise in South-south Nigeria. *Researchjournali's Journal of Accounting*, *10*(2), 1-24
32. Khalifa, M., Othman, H.B., & Hussainey, K.(2018). The Effect of ex ante and ex post Conservatism on the Cost of Equity Capital: A Quantile Regression Approach for MENA Countries. Research in International Business and Finance, 44: 239-255.
33. Khalilov, A., & Osma, B. G. (2020). Accounting conservatism and the profitability of corporate insiders. *Journal of Business Finance & Accounting*, 47(3–4), 333–364
34. Khamees, A., & Al-Momani, M. 2018. The Effect of accounting conservatism on managing the downside risk of operating cash flows of companies listed in Amman stock exchange: an analytical study. *Jordan Journal of Business Administration*, 14 (1): 81-107.
35. Kian, A., Faghih, M., & Amiri, M. (2021). The relationship between accounting conservatism and financial reporting readability in public companies. *Journal of Governmental Accounting*, 7(1), 129–144.

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

36. Kiatapiwat, W. (2018) . Controlling Shareholders, audit committee effectiveness and earnings quality: the case of Thailand. doctoral dissertation, university of Maryland, US Asia *Pacific Management Review*, 23(3), 201–208.
37. Kordlouie, H., Mohammadi, F., Naghshineh, N., & Tozandejani, M. (2018). Role of accounting conservatism on the quality of financial statements. *International Journal of Business and Management*, 9(1), 129-139.
38. Lafond, R., &Watts, R. L. (2017). The information role of conservative financial statements. *Journal of Applied Environmental and Biological Sciences*, Appl. Environ. Biol. Sci., 5(7)311-320,
39. Lawal, A., & Hassan, S. (2017). Accounting Conservatism and financial performance of nigeria deposit money banks: an analysis of recent economic recession. *Scholedge International Journal of Business Policy & Governance*, 12 (4), 124-135.
40. Lyimo. G., (2019). Conditional conservatism and its effect on earnings quality and stock prices in Indian Capital Market. *European Journal of Business and Management*,(6), No.22, P. 98-104.
41. Mawih KA.(2017) Effects of assets structure on the financial performance: Evidence from Sultanate of Oman". Mervice Hall, Pittsburgh, 5(8), 234-312.
42. Mawih KA.(2017) Effects of assets structure on the financial performance: Evidence from Sultanate of Oman". Mervice Hall, Pittsburgh, 5(8), 234-312.
43. Mohammadi, A., & Noshahr, Z. B. (2018). Accounting Conservatism and Cash Holding in Association with Stock Returns. *Вісник Національної академії керівних кадрів культури і мистецтв*, (1).
44. Nur, M., Molina, M., Indriyanto, E., & Digdowiseiso, K. (2023). Determinants of the Selection of Accounting Conservatism in Indonesia: A Systematic Literature Review Approach. *Global Journal of Business, Economics & Social Development*, *1*(2), 64-77.
45. Ogiriki, T., & Suwari, P. T. (2022). Accounting conservatism and firm structure in Nigeria: Evidence from publicly listed manufacturing firms. *Journal of Contemporary Issues in Accounting*, *3*(1), 162-175.
46. Opanyi, R. O. (2016). The Effect of Adoption of International Public Sector Accounting Standards on Quality of Financial Reports in Public Sector in Kenya. *European Scientific Journal*, *12*(28), 1857 – 7881
47. Permatasari, D., & Yulianto, A. R. (2020). The implementation of accounting conservatism principles. *The Indonesian Journal of Accounting Research*, *23*(1), 67-86.
48. Permatasari, D., & Yulianto, A. R. (2020). The implementation of accounting conservatism principles. *The Indonesian Journal of Accounting Research*, *23*(1), 67-86.
49. Putra, N. Y., & Subowo, S. (2017). The Effect of Accounting Conservatism, Investment Opportunity Set, Leverage, and Company Size on Earnings Quality. Accounting Analysis Journal, 5(4), 299–306
50. Ramadan, I. Z. (2019). Earnings quality determinants of the Jordanian manufacturing listed companies. *International Journal of Economics and Finance*, 7(5), 140-146.
51. Ramalingegowda, S., & Yu, Y. (2018). The Role of Accounting Conservatism in Capital Structure Adjustments. Journal of Accounting, Auditing & Finance.
52. Ritonga, I.T. (2018). Analysing the Quality of Accrual Accounting Implementation in Indonesia Local Governments. *Jurnal Akuntans*, *22(*2), 162-172.
53. Rivandi, M., & Ariska, S. (2019). Pengaruh intensitas modal, dividend payout ratio dan financial distress terhadap konservatisme akuntansi. *Jurnal Benefita: Ekonomi Pembangunan, Manajemen Bisnis & Akuntansi*, *4*(1), 104-114.
54. Sana'a, N. M. (2018). The Effect of Accounting Conservatism on Financial Performance Indicators in the Jordanian Insurance Companies. *Journal of Internet Banking and Commerce*, *21*(1), 1-16.
55. Santana, A. G., & Klann, R. C. (2016). Accounting conservatism and the adoption of IFRS: Evidence in Brazilian family and non-family companies. *Enfoque: Reflexão Contábil*, 35(1), 35–53.
56. Santoso, S. (2018). *Konsep dasar dan Aplikasi SEM dengan AMOS 24*. Elex Media Komputindo.
57. Savitri, L. A., & Oetomo, H. W. (2016). Pengaruh Leverage, Price earning, Dividend Payout terhadap Harga saham pada perusahaan otomotif. *Jurnal Ilmu dan Riset Manajemen (JIRM)*, *5*(7).
58. Setiyaning, D., Nuraina, E., & Murwani, J. (2018, October). Pengaruh financial distress, ukuran perusahaan dan leverage terhadap konservatisme akuntansi pada perusahaan property and real estate yang terdaftar di Bursa Efek Indonesia (BEI). In *FIPA: Forum Ilmiah Pendidikan Akuntansi* (Vol. 6, No. 2).
59. Shleifer, A., & Vishny, R. W. (2003). Stock market driven acquisitions. *Journal of financial Economics*, *70*(3), 295-311.
60. Sholikhah, Z., & Baroroh, N. (2021). The roles of capital intensity in moderating managerial ownership and investment opportunity set (IOS) on accounting conservatism. *Accounting Analysis Journal*, 10(1), 25–31.
61. Sugiarto, H., & Fachrurrozie, F. (2018). The Determinant of Accounting Conservatism on Manufacturing Companies in Indonesia. *Accounting Analysis Journal*, *7*(1), 1-9.

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

62. Sugiarto, V. S., & Fachrurrozie. (2018). The determinant of accounting conservatism on manufacturing companies in Indonesia. Accounting Analysis Journal, 7(1), 1–9.
63. Ugwunta, D. O., & Ugwuany, B. U. (2019). accounting conservatism and performance of Nigerian consumer goods firms': an examination of the role of accruals. *International Journal of Financial Research*, 10(1), 1-9
64. Vavrek, R. (2018). Efficiency and inefficiency of public administration. Journal of Economic Development. *Environment and People*, 7(1), 6-14
65. Watts, R. L. & Zuo, L. (2018). Accounting conservatism and firm value: evidence from the global financial *International Journal of Management and Commerce Innovations*, 4(2), 680–689.
66. Wiharno, H., Hamzah, A., & Pangestu, R. H. (2023). Determinants of accounting conservatism. *Global Financial Accounting Journal*, *7*(1), 14-27.
67. Wronski, P., & Gracy, R. C. K. (2020). accounting conservatism and national culture. *Brazilian Business Review*, 17(3), 344–361. http://doi.org/10.15728/bbr.2020.17.
68. Wynne, A. & Mear F (2016). Government Financial Reporting -Good Practices from sub-Saharan Africa. *International Journal on Governmental Financial Management* 1, 543-589.
69. Wynne, A. & Mear F (2016). Government Financial Reporting -Good Practices from sub-Saharan Africa. *International Journal on Governmental Financial Management* 1, 543-589.
70. Xie, S. Z., Garcia-Prat, L., Voisin, V., Ferrari, R., Gan, O. I., Wagenblast, E., ... & Dick, J. E. (2019). Sphingolipid modulation activates proteostasis programs to govern human hematopoietic stem cell self-renewal. *Cell stem cell*, *25*(5), 639-653
71. Yahaya O. A.(2018) Current assets management and financial performance. Research. *Journal of Economic Business*, 5(4):55-58.
72. Yunos, R.M., Smith, M., & Ismail, Z. (2020) Accounting conservatism and ownership concentration: evidence from Malaysia. *Journal of Business and Policy Research*, 5 (2): 1-15.

*Corresponding Author: **ALIKA, Blessing.**
© Copyright 2026 ISIR Publisher All Rights Reserved
This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.