

## **The relationship between the qualitative characteristics of the accounting information and accounting Conservatism**

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**Reception:** 27/03/ 2022

**Acceptation:** 25/09/2022

**Abstract:** This study targets tracking down the connection between Accounting Conservatism and the qualitative characteristics of the accounting information. An empirical study was performed by an External Auditor's and Accountant Experts Sample in SidiBel Abbes Province.

The aftereffects of the study showed that there is a significant connection among conservatism and fundamental qualitative characteristics of the accounting information. As the aftereffects of Pearson correlation and regression indicate that the Algerian companies apply the conservatism accounting.

**Keywords:** Qualitative characteristics; fundamental qualitative characteristics; enhancing qualitative characteristics; accounting information; accounting conservatism.

**JEL classifications codes:** M41 ; L15.

## **I- Introduction:**

The accounting information provided by the published financial reports represents a basic source for rational decision-making, and this is because it clarifies the financial position of the company and its business results and trends in the future. The aim Accounting information preparation and production - as it is known -, is to increase the level of knowledge of its users, and to help them to understand and know about a specific situation.

And in order to the accounting information for which it was prepared useful in analysis. It must be characterized by a certain level of quality. This is The latter is achieved through a set of qualitative characteristics that are considered as criteria against which to judge the extent of benefit achieved from Analyze the available information. The users of accounting information consider with great importance the need to prepare accounting information with characteristics mainly relevance and reliability, which is the basis for making good decisions. Moreover, the information that is missing one of the two characteristics or both cannot be relied upon in building various decisions. And if they are used as inputs for that, then they will definitely be misleading and useless

The accountant is tasked with improving the level of relevance and reliability of the accounting information reported in the financial statements, and he must work hard to balance them in case of conflict. This is to make the accounting information more useful and serve the benefit of decision-makers, especially since the case of conflict is possible and frequently. On the other hand, the various accounting measures are reached in circumstances of uncertainty, and in such circumstances the accounting conservatism constraint provides an appropriate, effective and reliable basis for preferring some alternative methods, measures, or estimates when preparing reports and financial statements. And it is important to know the extent of the impact using a conservative policy on these qualitative characteristics, especially in light of the conflict of opinions and the multiplicity of views on the required level of the conservatism.

### **The question of the study:**

Based on the above, the research problem is stated as follows:

Is there relationship between the qualitative characteristics of the accounting information and Accounting Conservatism? And if any, What is the nature of this relationship, is it positive or negative?

**Hypothesis:**

To study this problem the research based on three hypotheses as shown above:

**Hypothesis n° 1:** there is acceptable level of accounting conservatism on financial statements

**Hypothesis n° 2:** there is no relationship between conservatism and Fundamental qualitative characteristics.

**Hypothesis n° 3:** there is no relationship between conservatism and Enhancing qualitative characteristics

**The Objectif of the study:**

We aim through this study too:

Defining the ABCs of accounting conservatism in the economic literature;

Evaluating the application of the principle of accounting conservatism and its relationship to the qualitative characteristics of accounting information.

**The importance of the study:**

The significance of the study is that it reveals insight into the idea of accounting conservatism, which is currently a disputable theme because of its relationship with the financial statements Quality. Albeit this idea is commonly known in the world, it is as yet restricted in Algeria, however, this has not kept it from being addressed to improve the discussion and exploration and to take advantage of accounting conservatism.

**Literature Review:**

The conservatism is from the most important accounting concepts effect accounting disclosure and measurement. in the literature, different aspects of conservatism and its impact on firms have been discussed widely with evidence from markets. We review some studies on the effects resulting from the application of accounting conservatism concept.

**Table 1.**Studies on Accounting Conservatism Effects

Author(s)	Aims of study	Sample	Findings
(Lobo & Zhou, 2006)	examined the effects of accounting conservatism on financial statements published before and after the 2002 Sarbanes-Oxley Act in the United States	all publicly traded companies in 2001 to 2003	They found that the degree of discretion in published financial statements had increased significantly in the periods following the enactment of the Act compared with previous periods
(Hamdan & Abzakh, 2011)	Aims at measuring the level of accounting conservatism in the financial statements issued by the companies listed on the Kuwait Stock Exchange by two methods Basu 1997 model and Book-to-Market approach.	the study comprises of (225) companies listed on the (KSE)	They concluded that the financial statements of small companies were conservative, while those of the big ones were not. Also they found out companies with lower debts were more conservative than those of higher ones. Moreover, the financial statements of the financial sector in Kuwait Stock Exchange were the most conservative.
(Alkurdi, Al-Nimer, & Dabaghia, 2017)	examine the impact of ownership structure on the level of accounting conservatism in Jordan used the ordinary least square method (OLS) as the multiple regression analysis	99 of manufacturing and financial companies are included in the Amman stock exchange between 2005 and 2013	the study's findings that there is a reverse effect of governmental ownership on accounting conservatism. Conversely, there is a significant and positive relationship between foreign and institutional ownership with accounting conservatism
(Kezzal, 2018)	tried to identify the impact of accounting on the quality of financial information disclosed in the Algerian shareholding companies, used three models to measure level of conservatism Jain and Rezaee 2004 model, Givoly and Hyan, 2000 model, and Ball and Shivakumar 2006 model	The study included a sample of 47 companies during the period lasting from 2011 to 2015	found that accounting conservatism played a role in limiting the practice of profit management and not proving its use for income-leveling purposes, which was positively reflected in the quality of financial information.

## II- Background of the study:

Financial reports are the most important sources of acquiring information, so that intend to provide information about the financial aspect of the operations, transactions, and events influencing of the financial

position and results of the entity (Kordlouie, Mohammadi, Naghshineh, & Tozandejani, 2014, p. 130). Therefore, many of the users are required to rely on the financial statements as the main source of financial information (MOHAMMADI, HEYRANI, & GOLESTANI, 2013, p. 190). As the financial statements give information about an entity's assets, liabilities, equity, income and expenses that are useful to users of financial statements in evaluating the prospects for future net cash inflows to the entity and in assessing management's handling of the entity's resources (IASB, 2015, p. 16).

Based on the qualitative characteristics, the quality of the financial reports is determined. Relevance and faithful representation the fundamental qualitative characteristics are most important and determine the content of financial reporting information. If the financial statement of the company does not content, at least one of them, it cannot be of high quality. Understandability, comparability, verifiability and timeliness the enhancing qualitative characteristics intended to improve the quality of relevant, truthful information submitted (Beest, Braam, & Boelens, 2009, p. 4). The concept of "improving quality characteristics" means that these characteristics do not replace the fundamental characteristics.

Information is relevant if it can affect users reporting while decision-making, wherein financial reporting of companies it should not be only represented the impact of events and facts that have occurred, but also contain visionary information (Renkas, Goncharenko, & Lukianets, 2016, p. 3). To this effect, Conceptual Basis includes the concept of predictive value and confirmatory value. Thus, the information has predictive value if it helps users to evaluate possible effects of past, present and future events, and confirmatory value if it helps users to compare current performance and results from their preliminary estimates.

In the company's life cycle, uncertainty conditions are tough to avert. In order to reduce the opportunistic conduct of managers in uncertainty condition, Conservatism concept used by the accountants as a constraining principle of accounting. Under accounting conservatism, managers are requisite to have a higher degree of caution in dealing with uncertainty

situation. It also requires managers to choose accounting method and policies that will not overstate income and assets.

Both (Pae, Thornton, & Welker, 2004, p. 31) and (Basu, 2009, p. 3) see that In financial reporting bad news tends to be included faster in the financial statements than good news, this means that companies appreciate bad news much faster in their earnings than good news. While (Givoly, Hayn, & Natarajan, 2007, p. 106) and (Penman & Zhang, 2002, p. 238) define conservatism in practical terms of applying an accounting conservatism, as a selection method between accounting principles and methods that conducts To the minimization of cumulative reports earnings by slower revenue recognition, faster expense recognition, that keep the book values of net assets relatively low. Concepts of conservatism have always played a prominent role in financial reporting and have often been incorporated into conceptual frameworks ( FASB 1980, IASC 1989).conservatism is in general defined as the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty.

Concept of conservatism has always played a prominent role in financial reporting and has often been incorporated into conceptual frameworks (FASB 1980, IASC 1989). Conservatism is in general defined as the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty (FASB, 1980, p. 24).

A major change in the stance of the IASB and the FASB towards conservatism was heralded by their joint 2006 Discussion Paper and IASB (2008), which explicitly advanced neutrality over prudence. In 2010, the IASB and the FASB issued a revision, and the Chapter on Qualitative Characteristics does not include prudence that has been omitted because it is incompatible with neutrality.

Finally, in 2015 (IASB, 2015) the IASB tentatively decided to reintroduce a reference to a prudence in the conceptual frameworks to describe prudence in a similar way to the previous IASC 1989 conceptual

frameworks, and to discuss the significance of prudence for preparers in preparing financial statements and for the IASB when setting standards.

Accounting conservatism has controversial opinions about its apply it while is disclosing financial information of the company, due to focus it on disclosing more information about anticipated losses and expenses while ignoring anticipated revenues or income, Some believe in it as a positive practice of accountants. Show (Qintao & Zhang, 2012, p. 39) that a conservative accounting system positively affects the firm's propensity to provide more accurate information. Given that the information originator his expected payoff decreases with a conservative accounting system. However, this decrease is less severe when the underlying information signal is more accurate. Hence, an increased level of conservatism enhances the firm's motivation to provide accurate information. While (Al Jaloudi, 2018, p. 94) sees the companies that implement accounting conservatism considered are good in their information disclosure, because they disclose even about their future losses, it enhances the credibility of their information as compared to the ones not practicing.

Prudence it is one component of qualitative characteristic that require a higher degree of caution in presenting information when uncertainty occur (Stefani & Ratnaningsih, 2016, p. 2). Conservatism also can be means as the action to choose a decision that will less not overstating income and assets when dealing with uncertainty condition. The need for accounting conservatism is related to the increase of credibility in accounting information (Hellman, 2008), as the conservatism of declaring good results of the company increases accounting credibility and the ability to predict the future. As (Hamdan & Abzakh, 2011, p. 146) found that accounting conservatism improves on the quality of financial reporting through a clean opinion o of an External Auditor. While others think of it distorts of actual information while Disclosure information. According to (Garrison, 2015, p. 19) the methods of conservatism provide opportunities to deliberately mislead financial statement users, and contribute to an undervalued organization on the books. And these new methods influenced financial reporting. Whilst some opposed this concept in terms of its negative impact

on the quality of information included in the published financial statements, (Al-Sakini & Al-Awawdeh, 2015, p. 233) found it conflicts with some principles and qualitative characteristics of accounting information, such as, comparability, stabilization, reliable representation and consistency. This it may conduct the perversion of accounting information and display it values differ from the true values.

### III - The empirical methodology:

This study depended in its measuring of variables on the previous studies, and it developed new measuring methods. Table 2 shows the measuring of the study variables and their expected sign.

**Table 1.** Study variables

Dependent variable	Independent variable Financial statements quality	
Accounting conservatism	Fundamental qualitative characteristics* (FQC)	Enhancing qualitative characteristics** (EQC)

\* Relevance and faithful representation

\*\* *Comparability, verifiability, timeliness and understandability*

**Source:** developed by researchers according to previous studies above.

The current study has developed a model to measure the relationship between Accounting Conservatism and the qualitative characteristics; we have been used to indicate the qualitative characteristics two indicators as Fundamental qualitative characteristics (FQC); Enhancing qualitative characteristics (EQC).

#### 1. Sample selection and description

This section consists of an analytical description for the methodology of the study and view stages and followed steps to achieve the study goals. So this part start with mentioning a population and a sample of the study, resources of collecting the data, the information and the statistical methods used in analyzing this data.



## 2.The population and study sample

The study carried on a population consists of the external auditors and accountant experts in SidiBel Abbes province, we used responses of sample individuals who's are experienced and checked and validated financial statements of financial companies in SidiBel Abbes province, they have experience and tools to detect accounting conservatism, and our study covered the period of three years from 2018 to the end of 2020.

The collection of primary data for this study was carried through indirect observation, based on responses to a questionnaire conducted on a sample of experts who's dealing with companies financial statements and can judge their quality. Similar studies in this field used the questionnaire as a model of choice for data collection, or to analyze the interactive relationship between variables as shown in previous studies.

The questionnaires which began distribution in February 2021, were divided into two groups, namely, framing questions, which formed the basis for characterizing the sample, and general questions which sought to address the hypotheses raised in this study. The framing questions obtained from the uses of nominal scales are identified in Table 3.

**Table 3.**Framing questions

<b>Age:</b>		<b>Last/ current level studies:</b>	
Less than 35 years old		Bachelors degree	
Between 36 and 45 years old		Post-graduate degree	
Between 46 and 55 years old		Master degree	
More than 55 years old		Doctoral degree	
<b>Years of experience:</b>		<b>Profession:</b>	
Less than 10 years		Accountant Expert	
Between 11 and 20 years		External Auditor	
More than 20 years		Accountant	
<b>Most relevant field:</b>		<b>Gender:</b>	
Accounting		Male	
Auditing		Female	
Finances			

The second group of questions who's general; a questionnaire includes a first set of 40 questions based on the scale of Likert 5 identified in Table 4.

**Table 4.** Likert scale used in the questionnaire

[1.00-1.80]	[1.80-2.60]	[2.60-3.40]	[3.40-4.20]	More than 4.20
Strongly disagree	Disagree	Undecided	Agree	Strongly agree

Questions are distributed to the independent variable measuring accounting conservatism as from Q1 to Q10; and for the two dependent variables (FQC) from Q11 to Q20; and (EQC) from the question n° 21 to Q30.

### 3.Main results:

To analyze the relationship between financial accounting conservatism and qualitative characteristics, this study has used multivariate techniques, which include reliability analysis and factor analysis. The objective of reliability analysis is to identify, based on the items (questions) of questionnaire, latent variables related to accounting conservatism under study.

**Table 5.** Reliability analysis

Cronbach's Alpha	Number of items
0.896	40

**Source:** output of Spss 25.

Cronbach's Alpha is high and more than 0.6, we can confirm the reliability and credibility of our questionnaire.

**Table 6.** Issued of characterization results obtained

Item		Frequency	Percent (%)
<b>Age</b>	Less than 35 years old	<b>4</b>	<b>10</b>
	Between 36 and 45 years old	<b>11</b>	<b>28</b>
	Between 46 and 55 years old	<b>17</b>	<b>42</b>
	More than 55 years old	<b>8</b>	<b>20</b>
<b>Gender:</b>	Male	25	62.5
	Female	15	37.5
<b>Last/ current level studies:</b>	Bachelors degree	6	15
	Post-graduate degree	11	27.5
	Master degree	20	50
	Doctoral degree	3	7.5
<b>Years of</b>	Less than 10 years	<b>12</b>	<b>30</b>

<b>experience:</b>	Between 11 and 20 years	<b>17</b>	<b>42.5</b>
	More than 20 years	<b>11</b>	<b>27.5</b>
<b>Most relevant field:</b>	Accounting	16	40
	Auditing	15	38
	Finances	9	22
<b>Profession:</b>	Accountant Expert	<b>15</b>	<b>38</b>
	External Auditor	<b>13</b>	<b>33</b>
	Accountant	<b>12</b>	<b>29</b>
<b>Years of experience:</b>	Less than 10 years	13	32.5
	Between 11 and 20 years	16	40
	More than 20 years	11	27.5

**Source:** output of Spss 25.

The general characterization of the sample which is included in the analysis of participation in the study around the variables age, gender, last/ current level of studies, the most relevant fields of studies, profession and years of experience, we obtained that the age is between 46 and 55 years old, about 42%, followed them more closely those aged between 36 and 45 years old about 28%.

The male gender is about 62.5% and more than females (about 37.5); we can explain that by the nature of the profession and the Algerian company who's prefer males and work obligations and the mobility necessities. The last/ current level of studies show the Master degree (over 50%) and the results of the doctoral degree is about 7.5% and that improves the sample individuals are qualified and they try to complete their post-graduate studies.

Also the years of experience are for the interval between 11 to 20 years about 40%, so all individuals are experienced and we can count to their responses. The field of study refers on accounting by 40% auditing 38% and finance 22%. All individuals are specialized and they can deal with questions. About 38% of sample individuals are accountant experts, 33% are external auditors and the last 29% are accountants, this result proves the importance of the responses and that individuals are all concerned by the financial statements and accounting conservatism, and they dialed with accounting information's.

The table 7. reports the descriptive statistics for the variables employed in model study, differentiating between the responses of external Auditors and Accountant Experts. These descriptive statistics show that there are significant differences between statements measuring independent variables, in that the accounting conservatism total mean is (3.74) that mean's the sample individuals Agree view to the appliance of accounting conservatism in companies and his relationship between **qualitative characteristics**. For that we find the lowest mean is for the Q8 (The accountant tends to estimate the he allowance for doubtful accounts and create provisions to meet a possible rise in the company's liabilities by (2.51) and the highest is and the highest is for Q10 that's mean the company is keen annually to formulate regulatory reserves to meet possible future obligations. The second item about **fundamental qualitative characteristics** relevance and faithful representation mean is (4.12) and significant at 0.05, that refers that the opinion of sample individuals is agree. The lowest mean is for the Q13 (2.81) so the accounting information contained in the financial statements is free of bias and is characterized by neutrality. The highest question is Q12 referring to the accounting information presented in the financial statements includes relevant accounting information that increases its ability to influence the decision by (5.84).

For the third item opinions for **enhancing qualitative characteristics** of Accounting Information is agree by mean of (3.43), also the lowest one is (1.89) for the Q24 about the company provides accounting information by using forms, tables and charts to improve understanding and clarify relationships, and the highest mean is (5.12) for the Q27 for the response of Reaching the same results when accountants use the same methods and techniques to measure a specific event.

According to the descriptive results we can conclude that the first hypothesis said that there is acceptable level of accounting conservatism in financial statements issued in SidiBel Abbes province is true and the opinions of the study sample confirm that companies in SidiBel Abbes province practice accounting conservatism.

in the in next step we search any relationships between variables. Pearson correlation matrix was developed between dependent and independent variables as shown below.

**Table 8.** Pearson correlation matrix for the variables.

Pearson correlation		AC	FQC	EQC
<b>AC</b>	Pearson correlation	1	0.232*	0.214
	Sig. (2-tailed)		0.000	0.354
<b>FQC</b>	Pearson correlation		1	(0.115)**
	Sig. (2-tailed)			0.000
<b>EQC</b>	Pearson correlation			1
	Number			<b>40</b>

**Source:** output of Spss 25.

The Pearson correlation matrix results show that there are relationships between variables. The correlation surpasses 50%, but there is no relationship between accounting conservatism AC and enhancing qualitative characteristicsEQC (no significant at 0.05). On the other side there is relationship between accounting conservatism and fundamental qualitative characteristicsFQC (23%).

Also the significant level at 0.05 between FQC and EQC refer to the relationship of 11% between those variables.

We can refuse the second hypothesis said that there is no relationship between conservatism and fundamental qualitative characteristics.

We can accept the third hypothesis said that there is no relationship between conservatism and enhancing qualitative characteristics.

At this stage, we must analyze the regression between variables to know the effects of qualitative characteristics on accounting conservatism practices the, table n°9 show results.

**Table 9.**Regression results for the accounting conservatism and the Financial statements characteristics

Variables	Coefficient	t-test	F-statistic	Decision
Constant	(1.781)	3.125	0.004	Significant
FQC	0.217	2.145	0.000	Significant
EQC	0.224	1.378	0.225	Not significant
<b>R-squared= 0.782</b>				
<b>AC= -1.781+0.217 FQC+ 0.224 EQC+ + <math>\varepsilon</math></b>				

**Source:** output of Spss 25.

According to table n°9 a statistical significant effect for the regression model related to the independent variables (Fundamental qualitative characteristics, Enhancing qualitative characteristics) on the dependent variable (accounting conservatism). The value of ( $F=0.000$ ) is significant. Fundamental qualitative characteristics effect the accounting conservatism by 0.217% in a significant level of ( $F=0.000$ ). The variable on enhancing qualitative characteristics of accounting information is not significant at ( $F=0.2240$ ) and that refer that it not impact the accounting conservatism. The constant coefficient is significant and negative

Also the amount of  $R^2=0.782$  indicates the acceptance of the regression model and the explanation factor is significant at level 0.05. For that we can confirm the rejection of second hypothesis and also accept the third hypothesis said there is no relationship between conservatism and enhancing qualitative characteristics.

#### □- Results and discussion:

The analysis of the statistical results indicates that there is a meaningful relationship between conservatism and the qualitative characteristics.

The first independent variable is the accounting conservatism. The results indicate that the Algerian companies apply the conservatism accounting, and their use was not clear. The reason is that the legislator did not provide to apply its policies on the one hand, and the content of this concept is not precisely clarified in the conceptual framework of the accounting and financial system on the other hand, and according to this results we accepted the first hypothesis.

According to the statistical results, indicate that the respondents agreed to use the fair value method in evaluating financial assets, and this is due to the peculiarity of the financial sector. Despite adopting the concept of fair value, the issue of applying it remains somewhat difficult in light of the current accounting environment in which companies operate. According to the opinions of the study sample, Algerian companies cannot measure some of their financial instruments at fair value due to the absence of an active market, which justifies the expansion of the use of the historical cost method.

The attitudes of the respondents were positive and they agree to a high degree that companies are keen annually on the formation of regulatory precautions to meet potential liabilities in the future. According to the sample's opinions, companies adhere to the text of the law by establishing these reserves, which represent annual deducted regulatory provisions and part of the company's legal obligations.

The sample members agree, to a high degree, that the accountant tends towards the speed of recognition of the expected losses by forming a allowance for impairment, as impairment allowance relate mainly to the allowance for doubtful debts, and the allowance for impairment of financial instruments' values to meet the expected decrease in value resulting from the decrease in the market value of its historical cost. This is confirmed by the financial accounting system in decision dated July 26, 2008, and this is the essence of the conservatism in accounting.

The first dependent variable is Fundamental qualitative characteristics of Accounting Information. This variable refers to the trust the users put in the basic financial statements. To make the information useful, it should be reliable. The information which is free of material tendencies and errors and faithfully represents the object it tries to describe is called reliable information. According to the statistical results, there is a positive association between conservatism and qualitative characteristic of relevancy and faithful representation of Accounting Information in financial statements. Based on the statistical computations, the findings reveal that there is a positive relationship between conservatism and the

relevancy and faithful representation of the information. That is, the conservatism is affected by the reliability of the information provided in financial statements. The findings reject the second subsidiary hypothesis.

The second dependent variable is enhancing qualitative characteristics. The comparability, verifiability, timeliness and understandability are qualitative characteristics that enhance the usefulness of information that is relevant and faithfully represented. The enhancing qualitative characteristics may also help determine which of two ways should be used to depict a phenomenon if both are considered equally relevant and faithfully represented. The results indicate that there is a negative association between conservatism and enhancing qualitative characteristic. That is, the conservatism does not affected by the enhancing qualitative characteristic. The findings confirm the third subsidiary hypothesis.

### **Conclusion:**

The goal of this study was to find the interactive relationship between qualitative characteristics of the accounting information and accounting conservatism. Empirical Study of an External Auditor's and accountant sample in SidiBel Abbes Province was run.

The results of this study as follow:

- The results indicate that the Algerian companies apply the conservatism accounting, and their use was not clear.
- Applying the concept of fair value remains difficult in light of the current accounting environment due to the absence of an active market, which justifies the expansion of the use of the historical cost method.
- Relevance and faithful representation the fundamental qualitative characteristics are most important determine the content of financial reporting information. There is a positive association between conservatism and qualitative characteristic of relevancy and faithful representation, where the conservatism is affected by the reliability of the information provided in financial statements.
- Understandability, comparability, verifiability and timeliness the enhancing qualitative characteristics intended to improve the quality of relevant, truthful information submitted. There is a negative association between conservatism and enhancing qualitative characteristic.



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## Appendices

**Table7.** Survey questions and summary statistics

Questions	Mean*	Standard deviation	t-stat
accounting conservatism (AC)	3.74	1.51	Sig at 0.05
Q1: The accountant tends toward measuring assets and revenues at the lowest value among the possible values in conditions of uncertainty.	2.57	0.12	0.225
Q2: The company uses the historical cost in valuing assets.	4.20	1.197	0.142
Q3: The historical cost method is more subjective it is more realistic and more verifiable than methods other measurements	3.29	1.201	0.269
Q4: The company generally uses fair value in valuing assets (financial assets).	3.50	1.380	0.045
Q5: The financial instruments are valued according to the cost base or the market, whichever is lower.	2.86	1.315	0.321
Q6: The accountant tends to measure the value of the firm's liabilities and its expenses at the highest value among the possible values in conditions of uncertainty.	3.38	1.354	0.041
Q7: The accountant tends to delay the recognition of potential (unrealized) profits and recognition the expected losses more quickly by creating an allowance for impairment.	3.87	1.265	0.86
Q8: The accountant tends to estimate the he allowance for	2.51	0.24	2.03

doubtful accounts and create provisions to meet a possible rise in the company's liabilities.			
Q9: The accountant tends to immediately recognize potential losses as a result of lawsuits against the company.	4.03	0.51	3.14
Q10: The company is keen annually to formulate regulatory reserves to meet possible future obligations.	5.11	0.54	4.12
Fundamental qualitative characteristics Relevance and faithful representation	4.12	0.54	3.27
Q11: The accounting information presented in the financial statements is suitable for predicting the future	3.97	0.78	5.87
Q12: The accounting information presented in the financial statements includes relevant accounting information that increases its ability to influence the decision.	5.84	0.96	4.56
Q13: The published accounting information helps improve its users' knowledge of the expected results in the future and reduce the uncertainty.	4.04	0.63	3.54
Q14: The company's accounting information system takes into account the disclosure of accounting information if its inclusion or deletion affects the decision of the user of the financial statements	3.89	0.47	3.68
Q15: The accounting information included in the financial statements enables the user to correct or confirm their previous expectations.	3.98	0.68	8.74
Q16: Financial statements prepared by the company provide information with high reliability	4.55	0.48	4.15
Q17: The company publishes accounting information that is distinguished by honesty and accuracy that can be relied upon in making decisions.	3.85	1.64	2.14
Q18: The financial statements published by the company enjoy the transparency and completeness	3.89	1.19	2.65
Q19: The accounting information disclosed is free from errors.	3.63	1.78	3.45
Q20: The accounting information contained in the financial statements is free of bias and is characterized by neutrality	2.81	0.74	4.12
Enhancing qualitative characteristics <i>Comparability, verifiability, timeliness and understandability</i>	3.43	2.14	1.59
Q21: The financial statements issued by the company include accounting information that is comparable either	5.01	0.52	3.14

with the results of previous periods or with similar companies.			
Q22:The company informs users of information about the accounting policies used in preparing the financial statements and about any change therein	2.89	1.45	2.87
Q23:Financial statements simplify financial and accounting data to be understandable and appropriate to the needs of users of the financial statements	3.99	2.54	1.87
Q24:The company provides accounting information by using forms, tables and charts to improve understanding and clarify relationships	1.89	2.74	0.57
Q25:Financial statements published by companies need complementary explanations to help them understand more about their contents	3.9	1.85	3.25
Q26:The ability to verify that the information genuinely represents the economic phenomenon it is intended to represent	3.65	3.25	2.41
Q27:Reaching the same results when accountants use the same methods and techniques to measure a specific event	5.12	4.21	3.78
Q28:The company provides accounting information to decision makers in a timely manner	2.87	3.25	0.54
Q29:The company discloses the information available for making decisions while having the ability to influence those decisions	3.21	1.24	1.19
Q30:The company's financial statements and reports are announced in a short and fast time	3.14	2.78	3.47

\*Answers to the survey questions are denoted in a Likert Scale of 1 to 5, with the highest score representing strongest agreement and the lowest score standing for strongest disagreement. Undecided view to each question is indicated by the score of 3.

**Source:** output of Spss 25.