

# The Paradox of Power: CEO Narcissism as a Driver of Accounting Conservatism

Elis Nur Faida<sup>1</sup>, Ani Wilujeng Suryani<sup>2\*</sup>

<sup>1,2</sup> State University of Malang

Accounting Department

Semarang Street 5, Sumbersari, Lowokwaru District, Malang, East Java 65145

\*E-mail: ani.suryani@um.ac.id

## Abstract

This study examines how CEO narcissism and CEO education level influence accounting conservatism in Indonesian companies based on Upper Echelon Theory. The sample consists of 1,470 firm-year observations from energy, industrials, consumer non-cyclicals, basic materials, transportation & logistics, healthcare, property & real estate, technology, and infrastructure sectors listed on the Indonesia Stock Exchange (IDX) during 2020–2024. Accounting conservatism is treated as the dependent variable, while CEO narcissism and CEO education level are the independent variables. Multiple regression results indicate that both CEO narcissism and CEO education level positively affect accounting conservatism, suggesting that highly self-confident CEOs and those with stronger educational backgrounds tend to apply greater prudence in financial reporting. These findings strengthen Upper Echelon Theory by demonstrating that CEO individual characteristics can shape more conservative accounting policies. The study also provides practical implications for companies and stakeholders in maintaining financial reporting quality and credibility.

**Keywords:** Conservatism, CEO Narcissism, CEO Education, Upper Echelon Theory

## 1. Introduction

In an increasingly competitive and uncertain business world, stakeholders need reliable and prudent financial information to support economic decision-making (Sharma & Kaur, 2021). Accounting conservatism is important because it limits excessive management optimism (Anagnostopoulou et al., 2021). Conservative policies lead to caution in identifying and measuring income and assets, especially when companies face uncertainty (Shimamoto & Takeda, 2020). Conservatism can help management exercise caution through the value estimation process when preparing financial statements (Givoly & Hayn, 2000). The application of the accounting conservatism principle requires careful consideration and assessment by financial decision-makers in the company (Al-Qudah, 2022; Anagnostopoulou et al., 2021). However, problems may arise from the application of accounting conservatism, such as the potential concealment of the actual value of the company's assets and income (Lopez et al., 2020). Therefore, inadequate knowledge and skills of directors can lead to non-conservative decisions (Harymawan et al., 2022). This condition has the potential to hamper the sustainability of the company's activities in the future (Sharma & Kaur, 2021).

In this context, Upper Echelon Theory is used to explain that corporate strategic decisions, including the application of accounting conservatism, are greatly influenced by the characteristics of top management, particularly the Chief Executive Officer (CEO), such as their level of education and personality traits such as narcissism (Hambrick, 2007). This theory emphasises that the cognitive background, values, and psychological traits of top executives are reflected in the accounting policies chosen, thereby determining the level of prudence in the recognition of income and assets and influencing the quality of financial reporting for stakeholders (Naima & Khanchel Imen, 2023). In line with this theory, CEOs play a vital role in corporate strategic decision-making, including accounting policies (Bachrach et al., 2022; Cragun et al., 2020). One personality trait that is often studied in the context of corporate leadership is narcissism (Chen et al., 2021). Narcissism in CEOs is often associated with negative characteristics, such as a tendency to take excessive risks, seek attention, and make overly self-centred decisions (Agnihotri & Bhattacharya, 2021; Firmansyah & Venusita, 2024). CEOs with narcissistic tendencies are often viewed negatively because of their selfish and manipulative behaviour (Lindawati et al., 2024). CEO narcissism also affects accounting practices, such as encouraging accounting

conservatism to maintain reputation (Naima & Khanchel Imen, 2023; Sharma & Kaur, 2021).

Narcissistic CEOs support accounting conservatism in certain situations, such as being more cautious in reporting profits when they feel the company is under regulatory or stakeholder scrutiny (Cragun et al., 2020). Accounting conservatism can be used as a tool to maintain the leader's good image in the public eye and protect their personal reputation (Ardiansyah, 2022; Lindawati et al., 2024). CEOs also understand the importance of maintaining the company's financial stability, especially in terms of reputation in front of investors and creditors (Nie et al., 2022; Yang et al., 2023; Yuansha et al., 2014). By applying accounting conservatism, CEOs can project an image as responsible leaders who are cautious in managing company finances, even while making high-risk strategic decisions (Lindawati et al., 2024).

Accounting conservatism can serve as a self-control mechanism for narcissistic CEOs to help avoid the negative impact of failures that could damage their reputation in the eyes of stakeholders (Ardiansyah, 2022). Investors tend to prefer conservative financial reports because they provide a more realistic picture of the company's potential risks (Rovelli & Curnis, 2021). Thus, accounting conservatism can be a tool for narcissistic CEOs to build trust among stakeholders while protecting themselves from the negative impacts that may arise from risky business decisions (Cragun et al., 2020). Narcissistic CEOs are often very charismatic and capable of building a strong self-image in front of external stakeholders (Lee et al., 2023). CEOs become the face of the company and use their charismatic power to attract investors, enhance the company's public image, and influence market opinion (Nie et al., 2022). CEO narcissism is often viewed negatively for its excessive focus on personal interests, even though it can significantly contribute to company performance and market competitiveness (Kalbuana et al., 2023). Narcissistic CEOs may take bolder steps in business strategy, but they can still apply a cautious approach to financial reporting (F. Lin et al., 2022; Rovelli & Curnis, 2021). This caution is exercised to ensure the company remains in a healthy financial condition, even amid major market challenges (Naima & Khanchel Imen, 2023; Rovelli & Curnis, 2021).

Research on CEO narcissism and its impact on accounting conservatism has been conducted by Cragun et al. (2020) and Shen et al. (2024), who found that CEOs with narcissistic characteristics tend to adopt more conservative accounting practices. These findings suggest that CEOs' psychological characteristics play an important role in shaping firms' financial reporting policies. However, previous studies have primarily focused on CEOs' psychological characteristics while paying limited attention to cognitive characteristics, particularly CEO educational

level, despite the Upper Echelons Theory proposing that both psychological and cognitive attributes influence strategic decision-making. CEO educational level reflects an executive's cognitive ability to process information, evaluate risks, and formulate accounting policies (Hambrick et al., 1984; Zhang et al., 2022). Furthermore, most existing evidence has been generated from institutional settings outside Indonesia, where corporate governance mechanisms and financial reporting environments differ from those of Indonesian firms. Consequently, the role of CEO educational level in explaining accounting conservatism within the Indonesian context remains underexplored. Therefore, this study advances the existing literature by integrating CEOs' psychological characteristics (CEO narcissism) and cognitive characteristics (CEO educational level) within the Upper Echelons Theory framework and by providing empirical evidence from Indonesian listed companies.

A high level of education can give CEOs broader insights, a deeper understanding of risk, and the ability to evaluate strategic decisions carefully (Rovelli & Curnis, 2021). The knowledge gained through education enables CEOs to be more sensitive to risks and uncertainties, thereby encouraging the application of conservative accounting principles (Lindawati et al., 2024). This is done to improve the transparency of financial reports, protect the interests of stakeholders, and maintain stakeholder trust (Sharma & Kaur, 2021). Thus, CEO education can play an essential role in shaping more cautious accounting policies that are oriented towards long-term sustainability (Zhou et al., 2021).

This study contributes theoretically to Upper Echelon Theory and adds to the accounting and finance literature on the relationship between accounting conservatism by examining the role of CEO narcissism. In addition, this study adds to the literature on the influence of CEO education level on the application of accounting conservatism. This study also broadens understanding by integrating the psychological characteristics of CEOs, namely narcissism, as a factor used to explain differences in the level of accounting conservatism in corporate financial reporting, particularly in Indonesian companies. Thus, the results of this study can assist companies and stakeholders in considering CEO characteristics as an important factor in strategic decision-making and the formulation of accounting policies oriented towards sustainability and quality financial reporting.

## 2. Literature Review

Upper Echelon Theory states that the characteristics of top managers, including CEOs, can influence strategic decisions and organisational performance (Hambrick, 2007). CEO behaviour can influence accounting

practices and the quality of corporate financial reporting (Read, 2014). CEO traits, such as narcissism, will influence how leaders manage companies and set accounting policies (Naima & Khanchel Imen, 2023). In this case, narcissistic CEOs, who tend to maintain a positive self-image, will apply accounting conservatism as a form of prudent financial management (Shen et al., 2024).

CEOs with narcissistic traits tend to be more cautious in financial reporting to ensure that the financial statements reflect stability and are reliable for stakeholders (Lee et al., 2023). Meanwhile, the conservatism principle is also used to avoid risky decisions when facing financial uncertainty and as a strategy to manage risk, especially in assets and liabilities (Anagnostopoulou et al., 2021). Although the principle of conservatism has been renamed prudence, companies still apply it under certain conditions (Saputra et al., 2022). The principle of accounting conservatism is also used to avoid risky decisions in the face of financial uncertainty and to manage risk, especially for assets and liabilities (Anagnostopoulou et al., 2021).

The basic principles of accounting in the Indonesian Financial Accounting Standards (SAK) reflect the application of the principle of accounting conservatism through various provisions that emphasise prudence. For example, PSAK 115 states that revenue is recognised only when an entity has fulfilled its performance obligations, i.e., when control over goods or services is transferred to customers, thereby deferring revenue recognition to avoid reporting overly optimistic profits (Ogunode & Salawu, 2021). The application of the principle of prudence is also reflected in PSAK 202, which explains that the value of inventories recorded in financial statements should not exceed the price that can realistically be obtained when the inventories are sold, thereby requiring companies to apply prudence in valuing inventories (IAI, 2023). The principle of conservatism is also reflected in PSAK 236, which stipulates that companies must recognise losses when the value of their assets declines and cannot be restored to their original value. PSAK 237 also emphasises prudence by requiring the timely recognition of liabilities but limiting the recognition of potential gains. In addition, PSAK 109 requires entities to recognise credit loss estimates from the outset, further emphasising the application of the principle of accounting conservatism in financial reporting (IAI, 2023). This statement reflects the principle of conservatism by avoiding the recording of excessive inventory values (Shimamoto & Takeda, 2020). Previous research also shows that conservatism is still used to overcome existing incentives for report preparers to report profits opportunistically (Georgiou, 2024).

The application of the principle of accounting

conservatism is reflected not only in PSAK but also in the sustainability reporting framework through the Sustainability Reporting Standards (PSPK). PSPK 1 and PSPK 2 reflect the application of the principle of accounting conservatism, particularly through an emphasis on prudence and the disclosure of material risks that may affect an entity's financial position and prospects. SRS 1 emphasises the importance of professional judgement and prudence in dealing with uncertainty when presenting relevant and reliable sustainability information, which aligns with accounting conservatism in limiting overly optimistic reporting (IAI, 2025a). Meanwhile, PSPK 2 requires explicit disclosure of climate-related risks and opportunities that could negatively impact the company's performance, cash flow, and financial position, thereby encouraging entities to identify and communicate risks earlier and more transparently (IAI, 2025b).

Based on Upper Echelon Theory, the characteristics of top-level managers, such as CEOs' narcissistic traits, can contribute to improving the quality of corporate financial information through conservative practices (Hambrick, 1986). Narcissistic CEOs pay more attention to policy and are cautious in managing company finances. These CEOs will direct the company to produce stable, reliable financial reports (Bachrach et al., 2022). Conservative accounting practices reduce the risk of excessive or unrealistic optimism in financial reporting, thereby increasing the credibility of reports in the eyes of stakeholders (Fatima et al., 2022; Sharma & Kaur, 2021). The relationship between CEO narcissism and accounting conservatism can be seen in narcissistic CEOs' motivation to maintain stakeholder trust through financial reporting practices that demonstrate prudence and sound risk management (Bachrach et al., 2022; Shen et al., 2024). Narcissistic CEOs will choose accounting conservatism as a tool to maintain the stability of financial reports, ensuring consistency and credibility and helping build a positive company reputation and increase stakeholder trust (Saputra et al., 2022; Yuansha et al., 2014; J. Zhang, 2008). Thus, accounting conservatism supports the narcissistic CEO's goal of providing high-quality, reliable financial reports while projecting an image of careful, responsible leadership.

Within the framework of Upper Echelons Theory, CEO personality traits influence strategic decision-making, including financial reporting policies. Narcissistic CEOs tend to seek admiration and legitimacy from stakeholders, which motivates them to maintain credibility and avoid extreme negative perceptions of firm performance. In this regard, accounting conservatism can serve as a reputational protection mechanism by enhancing the reliability of financial reporting and reducing information risk. Therefore, CEOs with higher levels of narcissism are expected to

adopt more conservative accounting practices in order to maintain stakeholder trust and protect their professional reputation. Therefore, the proposed hypothesis is as follows:

**H1. CEO narcissism has a positive influence on accounting conservatism.**

CEOs with higher levels of education tend to have a deeper understanding of accounting principles and the risks the company faces (Zhang et al., 2022). Higher education is associated with strong analytical skills, a tendency to make sound decisions, and a more cautious approach to financial reporting (Sharma, 2021). CEOs with higher education tend to apply accounting conservatism to reduce the potential for excessive profits or asset reporting, as well as to meet stakeholder expectations for financial transparency and accountability (Lindawati et al., 2024).

The Upper Echelon Theory states that the personal characteristics of top executives, such as educational attainment, experience, and personal values, influence the strategic decision-making process within an organisation (Hambrick, 1986). Based on this theory, a CEO's educational attainment can influence their references and leadership style, including their accounting policy (Hambrick, 2007). CEOs with higher education tend to have broader knowledge and deeper perspectives on the risks and benefits of applying accounting conservatism (F. Lin et al., 2022; Nie et al., 2022). This enables CEOs to make more cautious and strategic decisions in financial reporting, thereby supporting the application of accounting conservatism in companies (Zhou et al., 2021). Thus, this theory provides a theoretical basis for explaining how the CEO's level of education can influence accounting conservatism (Yang et al., 2023; Zhang et al., 2022).

Although CEO education can be viewed as a multidimensional construct encompassing educational attainment, field of study, university reputation, international education, and professional qualifications, this study focuses on educational attainment because it represents the cognitive capability emphasized by the Upper Echelons Theory and has been widely employed in prior studies (Yang et al., 2023; Zhang et al., 2022). Educational attainment reflects an executive's ability to acquire knowledge, analyse complex information, and evaluate strategic risks, making it an appropriate proxy for examining CEOs' influence on accounting conservatism. Therefore, the proposed hypothesis is as follows:

**H2. The CEO's level of education has a positive effect on the company's accounting conservatism.**

### 3. Method

This study used purposive sampling because it limited the sample to only certain groups that contained the necessary information. The selection of companies was based on the availability of standardised financial data and transparency of information (Campbell et al., 2020). The research sample consisted of companies listed on the Indonesia Stock Exchange (IDX) in the energy (27), industrials (65), consumer non-cyclicals (45), basic materials (38), transportation & logistics (59), healthcare (10), property & real estate (32), technology (7), infrastructure (11), resulting in a total sample of 294 companies (1,470 observations). This study focuses on these sectors because they experienced economic pressure during the COVID-19 pandemic, primarily due to decreased market demand and increased business uncertainty, which can impact companies' financial performance and reporting practices (Umah, 2021). Under these conditions, companies tend to adopt more conservative financial reporting practices (Al-Qudah, 2022). Other sectors listed on the Indonesia Stock Exchange were excluded because they have distinct business characteristics and experienced the impact of the pandemic differently. Limiting the sample to these nine sectors helps ensure that companies are observed under relatively similar economic conditions, thus providing more consistent analysis results.

This study uses the research period from 2020 to 2024. The year 2020 was chosen because the Indonesian economy experienced deflation and instability following the COVID-19 pandemic (Pratiwi, 2022). These conditions can cause companies to be more conservative in presenting their financial statements. The year 2024 was chosen as the end of the research period because it reflects the stability of Indonesia's economic recovery, marked by consistent growth (Ministry of Finance, 2024). These conditions make strategic decision-making by CEOs and the implementation of accounting policies increasingly important in facing various new challenges and opportunities.

The dependent variable in this study is accounting conservatism, measured using the Asymmetric Timeliness (EARN) method to determine the G-Score and C-Score (Basu, 1997; Khan & Watts, 2009; Nguyen et al., 2020). Data for this variable were obtained from the OSIRIS database. Asymmetric timeliness measures account for accounting conservatism by examining how quickly profits reflect losses relative to gains (Anagnostopoulou et al., 2021). This measurement was chosen because it is more effective in reflecting variations in conservatism between companies and over different time periods (Khan & Watts, 2009). In addition, this measurement can explore the influence of company characteristics, such as size, market-to-book ratio, and leverage on

conservative accounting behaviour (Nguyen et al., 2020).

Larger companies with higher market-to-book ratios and higher leverage will exhibit greater conservatism (Nguyen et al., 2020). This is due to companies' caution in reporting income, and companies with high leverage tend to face pressure from creditors to be more conservative in reporting profits to protect creditors' positions from the risk of overstatement of assets and income (Khan & Watts, 2009). EARN is used to identify how quickly companies recognise profits and losses in their financial statements, thereby reflecting the level of accounting conservatism applied. Furthermore, this study estimates the EARN model using regression to obtain the constant and regression coefficient values. The EARN formula in the equation directly includes the GSCORE and CSCORE values through the resulting regression coefficients, so there is no need to calculate them separately. The regression model is stated in the following equation:

$$EARN_{i,t} = \beta_1 + \beta_2 Di,t + (GSCORE) RET_{i,t} + (CSCORE) Di,t \times RET_{i,t} + (\delta_2 SIZE_{i,t-1} + \delta_3 MTB_{i,t-1} \times \delta_4 LEV_{i,t-1} \times \delta_4 Di,t \times SIZE_{i,t-1} + \delta_5 Di,t \times MTB_{i,t-1} + \delta_6 Di,t \times LEV_{i,t-1}) + \epsilon_{i,t} \quad (1)$$

$$EARN_{i,t} = \beta_1 + \beta_2 Di,t + (\mu_1 + \mu_2 SIZE_{i,t-1} + \mu_3 MTB_{i,t-1} + \mu_4 LEV_{i,t-1}) RET_{i,t} + (\gamma_1 + \gamma_2 SIZE_{i,t-1} + \gamma_3 MTB_{i,t-1} + \gamma_4 LEV_{i,t-1}) Di,t \times RET_{i,t} + (\delta_2 SIZE_{i,t-1} + \delta_3 MTB_{i,t-1} \times \delta_4 LEV_{i,t-1} \times \delta_4 Di,t \times SIZE_{i,t-1} + \delta_5 Di,t \times MTB_{i,t-1} + \delta_6 Di,t \times LEV_{i,t-1}) + \epsilon_{i,t} \quad (2)$$

#### Explanation :

**EARN:** Net income before extraordinary items.

**SIZE:** Natural logarithm of market equity value.

**MTB:** Market-to-book ratio.

**LEV:** Debt-to-equity ratio.

Equations (1) and (2) actually use the same formula structure. However, Equation (2) is an expanded form of Equation (1) because it adds more complete interactions, so the model is more detailed and able to capture the moderating effect more strongly than the first model. Total accounting conservatism (CONS) is measured by adding the GSCORE and CSCORE values for each company in each year. The next step is to find aCONS by calculating the average CONS for each company over five years.

The independent variable in this study is CEO narcissism, using non-financial data obtained from company annual reports. CEO narcissism is measured based on the size of the CEO's photo in the company's annual report (in cm<sup>2</sup>). The size of the CEO's photo is used as a visual indicator of narcissism, with larger

photos indicating higher narcissism (Chatterjee & Hambrick, 2011). The more visible the CEO's photo is in the company's financial reports, the greater their confidence in their abilities (García-Meca et al., 2021). Narcissistic CEOs tend to display photos that are more visible to emphasise leadership and self-actualisation (Zhu & Chen, 2015). This study uses only CEO photo size as a proxy due to the limited availability and consistency of data on listed companies in Indonesia. Information such as the ratio of CEO compensation to average employee, frequency of first-person pronoun use, and media exposure are generally unavailable or inconsistently disclosed in the annual reports of Indonesian companies, making the construction of a composite index impossible. Previous research indicates that the size or prominence of CEO photos reflects a tendency towards self-enhancement and public self-presentation, which are key characteristics of narcissistic personality. Therefore, although it does not capture all dimensions of narcissism, this proxy still has a theoretical basis and has been widely used in corporate governance research. The use of additional proxies such as CEO compensation ratios or the use of first-person pronouns would enhance construct validity. However, due to limited data availability and consistency in Indonesia, these indicators were not yet possible to use in this study. In Indonesia, specifically, OJK Regulation No 29/POJK.04/2021 does not require companies to include CEO photos in their annual reports. Thus, the presence and size of CEO photos may be influenced by the company's editorial policy, communication strategy, or board preferences, rather than solely by CEO characteristics.

Another independent variable is the CEO's level of education, which is calculated using the Edu variable. CEOs are grouped by education level, with a value of 1 if the CEO has a master's or doctoral degree and 0 if not (Table 1).

This study adds control variables, namely profitability, cash flow volatility, and industry type. Narcissistic CEOs often seek to build a positive image in investors' eyes by reporting high profitability, thereby neglecting prudential principles such as conservatism in financial reporting (Haider et al., 2021). Return on Assets (ROA) is an indicator of profitability. The second control variable, cash flow volatility, was selected because companies with unstable cash flows may apply accounting conservatism to address uncertainty about income (Ardiansyah, 2022). The third control variable, industry type (DummyID). Industry type is treated as a categorical control variable and represented using industry dummy variables. The research sample consists of nine industrial sectors: Energy, Industrial, Non-Cyclical Consumer, Raw Materials, Transportation & Logistics, Healthcare, Property &

Real Estate, Technology, and Infrastructure. In accordance with the dummy variable approach, each sector is represented by a binary variable that takes the value 1 if the company belongs to that sector and 0 otherwise (see Table 1).

TABLE I  
Variable Measurement

Variabel	Description
Narcissism	Length x Width of the CEO's photo in the annual report.
Education	Education level: 1 if the CEO has a master's or doctoral qualification, and 0 if not.
ROA	Total net profit divided by total assets.
Cash Flow Volatility (CFV)	Measured using the standard deviation of operating cash flow over a certain number of years.
DummyID	The industry type variable is measured using a dummy variable with values of 0 and 1. This is because this study uses several sectors: energy (1), industrials (2), consumer non-cyclicals (3), metals & materials (4), transportation & logistics (5), healthcare (6), property & real estate (7), technology (8), and infrastructure (9).

Regression analysis was performed after conducting classical assumption tests to determine normality, heteroscedasticity, multicollinearity, and autocorrelation (Hair et al., 2010). It was found that the Kolmogorov-Smirnov value was 0.078 with a p-value > 0.05, thus fulfilling the normality assumption (Hair et al., 2019). The heteroscedasticity test was conducted using the Glejser test. The test results showed that the p-value was greater than 0.05, indicating no heteroscedasticity (Hair et al., 2010). Furthermore, the multicollinearity test was conducted using the Variance Inflation Factor (VIF). The VIF is less than 10, indicating that there was no multicollinearity (Hair et al., 2019). The autocorrelation test was conducted using Wooldridge, which produced a p-value > 0.05, indicating that the data were free from autocorrelation (Wooldridge, 2013). Multiple regression was used to test the relationship between the independent variables, namely CEO narcissism and CEO education level, and the dependent variable, namely accounting conservatism. The regression equation model in this study is as follows:

$$Con\_Acc = \alpha_0 + \beta_1 Narcissism_{i,t} + \beta_2 Edu_{i,t} + \beta_3 ROA_{i,t} + \beta_4 CFV_{i,t} + \beta_5 DummyID_{i,t} + e_t \quad (3)$$

Notes:

$\alpha$  = Constant

$e$  = Error

$\beta$  = regression coefficient       $i$  = company  $i$

$t$  = t period

Hypothesis testing in this study was conducted using the F-test and t-test. The F-test was used to determine the model fit of the regression equation (Hair et al., 2019). An F-test p-value of less than 0.05 indicates that the regression equation fits the data well and can be used to explain the effects of independent variables on dependent variables. The t-test is used to determine the impact of CEO narcissism and CEO education level on accounting conservatism. A p-value of less than 0.05 in the t-test indicates that the null hypothesis of the study can be rejected and vice versa (Gujarati, 2003).

#### 4. Results and Discussion

Table 2 shows a negative average value of accounting conservatism. This condition indicates that companies in the observation period tend to present their financial statements more optimistically (Nguyen et al., 2020). PT Food Sejahtera (FS) in 2020 showed the lowest level of accounting conservatism, reflecting a less cautious profit recognition pattern in response to economic conditions under pressure from the COVID-19 pandemic. Based on the financial statements, the company recorded relatively stable profits and did not show a sharp decline commensurate with the operational challenges it faced. This indicates that potential losses and business risks were not fully reflected in the current period's profits. This condition shows that management placed more emphasis on stability and profit reporting optimism compared to the principle of prudence, so that the level of accounting conservatism of companies in 2020 was relatively low (AISA, 2020). Conversely, PT Omni Inovasi Indonesia (OI) consistently demonstrated the highest level of accounting conservatism during the 2020–2023 period. This indicates that the company consistently demonstrates strong prudence in its performance reporting, anticipating potential losses early while recognising profits more selectively (TELE, 2021). The consistency of this response reflects stable, risk-control-oriented accounting policies, keeping the company's accounting conservatism high from year to year (TELE, 2023).

Tabel II

Variable	Descriptive Statistics				
	N	Min	Max	Mean	Std. Dev
Conservatism	1470	-1.00	3.0	-0.09	0.15
Narcissism	1470	4.00	611.00	31.93	63.52
ROA	1470	-9.93	62.00	-1.11	51.09
CFV	1470	0.01	2.00	0.13	0.21

Table 2 shows indications of CEO narcissism across all companies in the sample that display photos of their CEOs in their annual reports. Regulations regarding the

content of annual reports do not require the inclusion of CEO photos (OJK, 2016). Thus, the presence of a CEO photo indicates that the company's CEO has narcissistic traits and uses it in the annual report to convey how important he is to the company (Rajabalizadeh, 2025). CEOs with high levels of narcissism often highlight themselves in ambitious and oriented company strategies (F. Lin et al., 2022; Lindawati et al., 2024). Thus, high levels of narcissism among CEOs can influence leadership style and accounting decisions within the company (Buchholz et al., 2020).

The average ROA is negative, indicating that the use of assets has not produced optimal performance for the company during the observation period. PT Globe Kita Terang Tbk (GKT) in 2024 had the lowest ROA, while PT Golden Energy Mines Tbk (GEM) in 2022 recorded the highest. GKT in 2024 did not utilise its assets optimally to generate profits, due to high operational costs and weak sales (IPOTNEWS, 2025). Conversely, GEM in 2022 recorded the highest ROA, indicating that the company effectively and efficiently manages its assets to generate profits. This performance was further strengthened by rising global coal prices, which boosted the company's profit margins and revenue (CNN Indonesia, 2022). Thus, the variation in ROA reflects differences in each company's financial conditions and asset management effectiveness.

The average Cash Flow Volatility (CFV) value is positive, reflecting a level of cash flow stability that has not been fully maintained. A higher CFV value indicates greater cash flow instability during the observation period. PT Sumber Alfaria Trijaya (SAT) is listed. Having the lowest CFV value indicates stable operating cash flow, as the retail business model tends to generate regular income and relatively controlled expenses. This stability is also supported by regular financial management and consistent transaction patterns throughout the year (Minton & Schrand, 1999). Conversely, PT Alakasa Industrindo (AI) has the highest CFV value due to the nature of the manufacturing industry, which is sensitive to changes in raw material prices and market demand, making the company's cash flow more prone to fluctuations (Desmiza, 2024). Large investment activities and a more complex funding structure also contribute to greater year-over-year changes in cash flow. Thus, the difference in CFV between the two companies is mainly due to differences in industry characteristics and financial management: the retail sector tends to generate stable cash flows, while the manufacturing sector is more vulnerable to market fluctuations and higher investment needs (Minton & Schrand, 1999).

The results of the Mann-Whitney U test in Table 3 show that there is a difference in the level of accounting conservatism between groups of CEOs with a minimum education of master's or doctorate degrees

and CEOs with lower education levels. Thus, CEOs' educational backgrounds differentiate companies' tendencies to apply accounting conservatism in their financial reporting.

Tabel III

Conservatism based on educational level					
Edu level	N	%	Mean Rank	Z	P-value
Master's or Doctorate	689	46.85	699.55	-3.049	0.002*
Other than master's or doctorate	789	53.15	767.21		

Note: significant at  $p < 0.05^*$ , tested using Mann-Whitney U.

Table 4 shows that CEO narcissism has a low positive correlation with accounting conservatism. This indicates that CEO narcissistic tendencies are not always directly reflected in the implementation of accounting conservatism policies in companies. ROA has a moderate negative correlation with accounting conservatism. CFV has a low positive correlation with accounting conservatism (Sugiyono, 2013). The low correlation indicates that there is no strong linear pattern between variables. Overall, no strong correlation was found among the model's variables. This aligns with the VIF value, which indicates no multicollinearity.

Tabel IV

Pearson Correlation				
Variabel	(1)	(2)	(3)	(4)
(1) conservatism	1.000			
(2) Narsisme	0.069**	1.000		
(3) ROA	-0.392*	-0.027*	1.000	
(4) CFV	0.121**	0.057*	0.288**	1.000

Note: significant correlations at  $*p < 0.05$ ;  $**p < 0.01$

Based on Table 5, the R-square value in Model 1 shows that the independent variables in the basic model can only explain a small portion of the variation in accounting conservatism. Model 1 shows that CEO education level has no effect on accounting conservatism. This result suggests that a CEO's formal education alone is not sufficient to explain the application of the prudent principle in corporate financial reporting. This strengthens the assumption of Upper Echelon Theory, which states that the individual characteristics of top leaders do influence strategic decision-making (Hambrick, 2007). However, this influence is not always immediately apparent, especially when accounting decisions are still influenced by the company's operational conditions (Agnihotri & Bhattacharya, 2021). This indicates that accounting conservatism decisions are driven more by factors other than the CEO's educational background (Bachrach et al., 2022). Conversely, in Model 2, CEO

education level influences accounting conservatism, with the coefficient remaining positive after the inclusion of the control variables ROA and CFV. This increase indicates that Model 2 explains the variation in accounting conservatism much better than Model 1, because the addition of control and industry variables within each sector provides stronger information about changes in the dependent variable. These results align with Upper Echelon Theory, which states that educational background reflects executives' cognitive capacity and thinking skills in processing information and coping with adverse conditions (Bachrach et al., 2022; Shen et al., 2024). When a company is operating and cash flow volatility is manageable, the influence of CEO education becomes more pronounced (Makhlouf et al., 2018).

Tabel V  
Regression Analysis Results

Variabel	Model 1		Model 2	
	Koefisien	p-value	Koefisien	p-value
$X_1$ -Narsisme	2.655	0.008**	2.194	0.028*
$X_2$ -Edu	0.822	0.411	2.198	0.028*
$C_1$ -ROA			-15.734	0.001*
$C_2$ -CFV			3.081	0.002**
DummyID1			-1.280	0.201
DummyID2			0.592	0.554
DummyID3			-0.118	0.906
DummyID4			1.318	0.188
DummyID5			1.202	0.230
DummyID6			0.690	0.491
DummyID7			2.317	0.021*
DummyID8			0.422	0.673
DummyID9			2.864	0.004*
Konstanta	-17.273	0.001**	-4.460	0.001**
<b>R-square</b>	<b>0.005</b>		<b>0.214</b>	
<b>F</b>	<b>3.866**</b>		<b>30.529**</b>	

Note: Significant coefficients at \* $p < 0.05$ ; \*\* $p < 0.01$

### The Effect of CEO Narcissism on Accounting Conservatism

The regression results in Model 2 Table 5 show that CEO narcissism has a positive effect on accounting conservatism. This finding indicates that the higher the CEO's level of narcissism, the greater the tendency for the company to apply accounting conservatism. This condition indicates that the CEO's personal characteristics play an important role in determining the company's accounting policies, particularly in dealing with uncertainty and reporting risks (Lindawati et al., 2024). Thus, accounting conservatism is influenced not only by external factors of the company but also by the psychological factors of the main decision-makers at the managerial level (Chatterjee & Hambrick, 2011).

This finding is in line with the research findings of Shen et al. (2024), which state that narcissism does not always have a negative meaning. Narcissistic traits can

encourage CEOs to make more cautious decisions to protect their personal image and reputation. Narcissistic traits are often associated with long-term strategic thinking and a tendency to adopt a more cautious reporting approach to reduce the risk of failure (Zhu & Chen, 2015). In this context, CEOs with narcissistic traits may prefer accounting conservatism because it is perceived as capable of providing protection when companies face uncertainty (Buchholz et al., 2020; Nie et al., 2022). This uncertainty encourages narcissistic CEOs to adopt more cautious reporting policies to avoid negative assessments from the market, investors, and regulators (F. Lin et al., 2022). Thus, accounting conservatism can be a strategy CEOs use to maintain the credibility of financial reports while safeguarding their professional reputations (Yuansha et al., 2014).

The results of this study can be explained through the Upper Echelons Theory, which holds that the psychological characteristics of top executives influence corporate preferences and strategic decisions. CEOs with narcissistic tendencies have a strong drive to maintain their personal image and reputation, so they tend to avoid overly aggressive reporting (García-Meca et al., 2021). In this case, the application of accounting conservatism serves to demonstrate management's prudence and professionalism while reducing the risk of reporting errors that could damage the CEO's personal image (Hambrick, 2007; Shen et al., 2024).

CEO characteristics, particularly narcissism, shape corporate financial reporting policies (Lindawati et al., 2024). CEO narcissism is not always reflected in opportunistic behaviour, but can encourage the application of accounting conservatism as an effort to maintain reporting credibility and performance stability (Shen et al., 2024). In Indonesia, the application of accounting conservatism by CEOs with narcissistic tendencies can be understood as a consequence of an institutional environment that emphasises accountability, compliance with reporting standards, and increasing scrutiny from regulators and investors (Andreas et al., 2017). Although CEO narcissism is often associated with aggressive decision-making, the findings of this study indicate that this tendency is not always reflected in less prudent financial reporting practices. Instead, accounting conservatism is used as a means to maintain the CEO's professional image in the public eye. Thus, hypothesis (H1), which states that CEO narcissism has a positive effect on accounting conservatism, cannot be rejected. These findings indicate that the higher the CEO's narcissistic tendencies, the greater the tendency for companies to apply prudence in financial reporting.

### The Influence of CEO Education Level on Accounting Conservatism

Model 1 shows that the CEO's level of education does not affect accounting conservatism. These results

indicate that the CEO's formal education alone is not sufficient to explain the application of prudence in the company's financial reporting. This reinforces the Upper Echelon Theory assumption that the characteristics of top leaders do influence strategic decision-making (Hambrick, 2007). However, this influence does not always appear directly, especially when accounting decisions are still influenced by the company's operational conditions (Agnihotri & Bhattacharya, 2021). This indicates that accounting conservatism decisions are driven more by factors other than the CEO's educational background (Bachrach et al., 2022). Conversely, in Model 2, the CEO's educational level influences accounting conservatism with a positive coefficient value after including the control variables ROA and CFV. These results are in line with the Upper Echelon Theory, which posits that educational background reflects executives' cognitive capacity and ways of thinking in processing information and dealing with uncertainty (Bachrach et al., 2022; Shen et al., 2024). When company performance and cash flow volatility can be controlled, the influence of CEO education becomes more apparent (Makhlouf et al., 2018). This shows that CEOs with higher levels of education tend to be more cautious in responding to risks and cash flow fluctuations, thereby encouraging the application of accounting conservatism (Zhou et al., 2021).

CEOs with higher levels of education tend to have better analytical skills and a better understanding of financial reporting risks (Makhlouf et al., 2018). This shows that CEOs' educational backgrounds play an important role in shaping accounting policy preferences, particularly in dealing with uncertainty and financial reporting risks (Zhou et al., 2021). CEOs with higher levels of education tend to have better analytical skills and understanding of accounting standards and the economic implications of each financial reporting policy (Demir, 2022; Makhlouf et al., 2018). The CEO's understanding allows for more caution in determining accounting recognition and measurement methods to minimise the risk of reporting errors (Zhou et al., 2021). Therefore, accounting conservatism is seen as an appropriate approach to maintain the quality of financial reports and reduce future uncertainty (Lindawati et al., 2024).

These findings align with those of Zhou et al. (2021), who found that the CEO's level of education plays an important role in improving the quality of accounting decisions. CEOs with higher levels of education tend to have better analytical skills and a deeper understanding of financial reporting risks and the long-term implications of the accounting policies applied. This condition encourages CEOs to choose a more cautious reporting approach (Makhlouf et al., 2018). In addition, higher levels of education enable CEOs to be more sensitive to demands for transparency and accountability from various stakeholders (Zhou et al.,

2021). In this context, accounting conservatism is seen as a mechanism that can provide protection when companies face economic uncertainty and regulatory pressure. CEOs with a strong educational background tend to consider the long-term consequences of financial reporting decisions, thus preferring conservative practices to maintain the credibility of financial reports and the company's reputation (Ismail et al., 2021).

The results of this study can be explained through the Upper Echelons Theory, which posits that the demographic and cognitive characteristics of top executives, including their level of education, influence how CEOs perceive problems and make strategic decisions (Hambrick, 2007). CEOs with higher levels of education tend to have a more systematic and rational framework for assessing risk and uncertainty (Naima & Khanchel Imen, 2023). In the context of financial reporting, this encourages CEOs to adopt more careful accounting policies to maintain the company's sustainability (Buchholz et al., 2020). Furthermore, this theory asserts that educational background shapes CEOs' values, preferences, and decision-making orientation, which is ultimately reflected in the accounting conservatism policies implemented by the company (Cragun et al., 2020; Hambrick, 2007).

The CEO's level of education plays a role in shaping the quality of managerial decision-making, including in financial reporting policies (Zhou et al., 2021). CEOs with higher levels of education generally have a better understanding of accounting standards and reporting risks, so they tend to implement more cautious policies (Makhlouf et al., 2018). In the Indonesian context, the influence of CEO education level on accounting conservatism can be understood as a response to a regulatory and corporate governance environment that increasingly demands transparency, accountability, and compliance with financial reporting standards (Suhardianto, 2025). CEOs with higher educational backgrounds tend to be better able to interpret the complexities of accounting standards and reporting risks, thus choosing a more conservative approach to maintain the company's credibility in the eyes of regulators, investors, and other stakeholders. Hence, hypothesis (H2), which states that the CEO's level of education has a positive effect on accounting conservatism, cannot be rejected. These findings indicate that the higher the CEO's level of education, the greater the tendency for companies to apply the principle of prudence in financial reporting.

This study also uses ROA and CFV as control variables to examine whether companies' profitability and cash flow stability also influence the application of accounting conservatism. The results show that the ROA variable has a positive effect on accounting conservatism. This result indicates that a high ROA

reflects a company's ability to generate profits from its assets, thereby encouraging the company to maintain financial performance sustainability by applying the principle of prudence in profit recognition so that the financial statements do not reflect performance that is overly optimistic compared to actual conditions (Sitepu et al., 2023). Furthermore, CFV shows that it has a positive effect on accounting conservatism, indicating that a company's operating cash flow instability is associated with a stronger application of accounting conservatism. Cash flow instability reflects high risk and uncertainty in future performance, thus encouraging companies to exercise prudence in profit recognition so that financial statements do not reflect performance that is too high relative to actual conditions (Hadini & Desmiza, 2024). Each industry sector has different operational characteristics, risk levels, and regulatory pressures that affect the application of accounting conservatism in financial reporting (Mutuc et al., 2019).

The business sector has different risk and uncertainty characteristics that influence financial reporting policies, including the application of accounting conservatism (Hilary, 2013). The results of the study indicate that the property and infrastructure sectors are more likely than other sectors to apply accounting conservatism. This suggests that differences in risk characteristics and operational complexity in these two sectors encourage companies to be more cautious in preparing their financial statements. In the property and real estate sector, the high dependence on long-term assets, property valuation, and market uncertainty encourage management to anticipate potential losses through conservatism (Andreas et al., 2017). Meanwhile, the sector faces long-term project risks, cash flow uncertainty, and exposure to regulatory and economic changes, so accounting conservatism is used as a risk-control mechanism and to protect against overly optimistic performance reporting (Pratiwi, 2022). These findings confirm that the high risks and operational complexities in both sectors encourage companies to apply the principle of prudence to enhance the credibility and quality of financial information.

Overall, the results of this study reinforce the relevance of Upper Echelon Theory in explaining the relationship between executive characteristics and financial reporting practices. Upper Echelon Theory emphasises that corporate decisions are strongly influenced by the psychological characteristics, values, and interpretations of information of top executives (Agnihotri & Bhattacharya, 2021; Hambrick, 1986). The findings of this study support the view that CEOs' personal characteristics, including narcissism, can shape decision-making patterns that affect the quality of financial reporting. In this study, positive narcissism actually strengthens the control mechanism against opportunistic behaviour, due to the CEO's drive to

maintain their image and reputation through the application of accounting conservatism. Furthermore, findings regarding the influence of control variables such as ROA and CFV indicate that financial performance factors continue to play an important role in determining the level of conservatism, in line with the research of I. Lin (2024) and Ariyantia (2022). In the Indonesian context, which has a concentrated ownership structure and strong external supervision, the drive to maintain reputation and performance stability further strengthens the application of prudence principles in financial reporting. Thus, the results of this study confirm that CEO character, company performance, and overall governance conditions play an important role in determining the level of accounting conservatism applied by companies in Indonesia.

## 5. Conclusion and Recommendations

This study aims to analyse the influence of CEO narcissism and education levels on the application of accounting conservatism in Indonesian companies, based on the Upper Echelon Theory. The results show that CEO narcissism and CEO education levels have a positive effect on conservatism. The positive side of CEO narcissism encourages caution in reporting because CEOs with confident, reputation-oriented personalities tend to maintain the company's performance stability and avoid excessive profit reporting. Meanwhile, the level of CEO education shows that CEOs with higher educational backgrounds have a better understanding of financial reporting risks and standards, and are therefore more likely to apply the principle of conservatism.

These findings imply that CEOs' personal characteristics and educational quality play a strategic role in determining the quality and prudence of financial reporting. For investors and stakeholders, the results of this study help to understand that the character and competence of top leaders can be indicators of the quality of accounting information. For companies and regulators, these findings reinforce the importance of considering psychological factors and academic competence in selection and governance oversight. However, the availability of information on CEO characteristics, including educational attainment, remains limited in annual reports. Therefore, further research is recommended using additional sources, such as professional profiles on LinkedIn or direct interviews, to obtain complete information on the character and educational background of CEOs. Hence, in the future, studies can conduct robustness checks by changing the proxies to measure CEO narcissism.

## Acknowledgment

We thank you the State University of Malang (UM) for providing a grant No. 24.2.678/UN32.14.1/LT/2025 for

this research.

## References

- Agnihotri, A., & Bhattacharya, S. (2021). CEO Narcissism and Myopic Management. *Industrial Marketing Management*, 97, 145–158. <https://doi.org/10.1016/j.indmarman.2021.07.006>
- AISA. (2020). *Laporan Tahunan PT Food Sejahtera Tbk (Annual Report)*.
- Al-Qudah, L. A. (2022). Measuring the Level of Accounting Conservatism Pre-and Post-IFRS Adoption in Jordan: The Modified Role of the COVID-19 Pandemic. *WSEAS Transactions on Business and Economics*, 19, 1689–1705. <https://doi.org/10.37394/23207.2022.19.153>
- Anagnostopoulou, S. C., Tsekrekos, A. E., & Voulgaris, G. (2021). Accounting Conservatism and Corporate Social Responsibility. *British Accounting Review*, 53(4), 1–28. <https://doi.org/10.1016/j.bar.2020.100942>
- Andreas, H. H., Ardeni, A., & Nugroho, P. I. (2017). Konservatisme Akuntansi di Indonesia. *Jurnal Ekonomi Dan Bisnis*, 20(1), 1–23. <https://doi.org/10.24914/jeb.v20i1.457>
- Ardiansyah, M. (2022). Accounting Conservatism in the Perspective of Positive Accounting Theory: a Study of Islamic Banking in Indonesia. *Asian Economic and Financial Review*, 12(6), 380–396. <https://doi.org/10.55493/5002.v12i6.4500>
- Ariyantia, O. (2022). The Effect of Accounting Conservatism and Financial Performance on Company Value (Case Study on Companies Conducting Mergers Listed on the Sharia Stock Exchange Financial Statements 2016-2018). *Indonesian Journal of Banking and Marketing Perspective*, 2(2), 10–20.
- Bachrach, D. G., Guedes, M. J., Harms, P. D., Patel, P. C. (2022). CEO Narcissism, Top Management Team Transactive Memory Systems, and Firm Performance : an Upper Echelons Perspective on CEO Admiration and Rivalry Narcissism. *European Journal of Work and Organizational Psychology*, 31(1), 61–76. <https://doi.org/10.1080/1359432X.2021.1926989>
- Basu. (1997). The Conservatism Principle and the Asymmetric Timeliness of Earnings: An Event-Based Approach. *Journal of Accounting and Economics*, 30(1), 215–241. <https://doi.org/10.1111/j.1911-3846.2011.01151.x>
- Buchholz, F., Lopatta, K., & Maas, K. (2020). The Deliberate Engagement of Narcissistic CEOs in Earnings Management. *Journal of Business Ethics*, 167(4), 663–686. <https://doi.org/10.1007/s10551-019-04176-x>
- Campbell, S., Greenwood, M., Prior, S., Shearer, T., Walkem, K., Young, S., Bywaters, D., & Walker, K. (2020). Purposive sampling: complex or simple? Research case examples. *Journal of Research in Nursing*, 25(8), 652–661. <https://doi.org/10.1177/1744987120927206>
- Chatterjee, A., & Hambrick, D. C. (2011). Executive Personality, Capability Cues, and Risk Taking: How Narcissistic CEOs React to Their Successes and Stumbles. *Administrative Science Quarterly*, 56(2), 202–237. <https://doi.org/10.1177/0001839211427534>
- Chen, J., Zhang, Z., & Jia, M. (2021). How CEO Narcissism Affects Corporate Social Responsibility Choice? *Asia Pacific Journal of Management*, 38(3), 897–924. <https://doi.org/10.1007/s10490-019-09698-6>
- CNN Indonesia. (2022). Menengok Jejak Harga Batu Bara yang Berkilau Sepanjang 2022. In *CNN Indonesia* (1 November 2025). <https://www.cnnindonesia.com/ekonomi/20221227143646-85-892674/menengok-jejak-harga-batu-bara-yang-berkilau-sepanjang-2022>
- Cragun, O. R., Olsen, K. J., & Wright, P. M. (2020). Making CEO Narcissism Research Great: A

- Review and Meta-Analysis of CEO Narcissism. *Journal of Management*, 46(6), 908–936. <https://doi.org/10.1177/0149206319892678>
- Demir. (2022). Comparison of Normality Tests in Terms of Sample Sizes under Different Skewness and Kurtosis Coefficients. *International Journal of Assessment Tools in Education*, 9(2), 397–409. <https://doi.org/10.21449/ijate.1101295>
- Fatima, H., Rana, S. L., & Hafeez, A. (2022). Uncertainty, Corporate Investment and The Role of Conservative Financial Reporting : Empirical Evidence from Pakistan Uncertainty, Corporate Investment and The Role of Conservative Financial Reporting : Empirical Evidence from Pakistan. *Journal of Asian Finance, Economics and Business*, 9(6), 231–243. <https://doi.org/10.13106/jafeb.2022.vol9.no6.0231>
- Firmansyah, A., & Venusita, L. (2024). Pengaruh Narsisme CEO dan Konservatisme Akuntansi terhadap Tax Avoidanc. *J-Aksi : Jurnal Akuntansi Dan Sistem Informasi*, 5(2), 282–294. <https://doi.org/10.31949/jaksi.v5i2.9869>
- García-Meca, E., Ramón-Llorens, M. C., & Martínez-Ferrero, J. (2021). Are Narcissistic CEOs More Tax Aggressive? The Moderating Role of Internal Audit Committees. *Journal of Business Research*, 129(3), 223–235. <https://doi.org/10.1016/j.jbusres.2021.02.043>
- Georgiou, O. (2024). The Politics of Prudence in Accounting Standards. *Accounting, Organisations and Society*, 113(5), 101–125. <https://doi.org/10.1016/j.aos.2024.101571>
- Givoly, D., & Hayn, C. (2000). The Changing Time-Series Properties of Earnings, Cash Flows and Accruals: Has Financial Reporting Become More Conservative ? *Journal of Accounting and Economics*, 29(4), 287–320. [https://doi.org/https://doi.org/10.1016/S0165-4101\(00\)00024-0](https://doi.org/https://doi.org/10.1016/S0165-4101(00)00024-0)
- Gujarati, D. N. (2003). Basic Econometrics. In *The Economic Journal* 82(6) 326-335. <https://doi.org/10.2307/2230043>
- Hadini, C. R., & Desmiza, D. (2024). Pengaruh Cash Flow Volatility, Firm Size, Foreign Debt dan Exchange Rate terhadap Hedging (Studi pada Perusahaan Sektor Energi Tahun 2018-2022). *J-MAS (Jurnal Manajemen Dan Sains)*, 9(1), 660. <https://doi.org/10.33087/jmas.v9i1.1769>
- Haider, I., Singh, H., & Sultana, N. (2021). Managerial Ability and Accounting Conservatism. *Journal of Contemporary Accounting and Economics*, 17(1), 100242. <https://doi.org/10.1016/j.jcae.2020.100242>
- Hair, Black, W. C., Babin, B. J., Anderson, R. E., Black, W. C., & Anderson, R. E. (2019). *Multivariate Data Analysis* (Eighth Edi). Annabel Ainscow.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate Data Analysis. In Prentice Hall International* (7th Editio). New York: Prentice Hall International.
- Hambrick. (2007). Upper Echelons Theory: An Update. *Academy of Management Review*, 32(2), 334–343. <https://doi.org/10.5465/AMR.2007.24345254>
- Hambrick, D. C. P. A. M. (1986). Upper Echelons : The Organization as a Reflection of Its Top Managers. *Academy of Management Review*, 9(2), 193–206. <https://doi.org/10.5465/AMR.1984.4277628>
- Harymawan, I., Minanurohman, A., & Nasih, M. (2022). Chief Financial Officer’s Educational Background from Reputable Universities and Financial Reporting Quality. *Journal of Accounting & Organizational Change*, 19(4), 556–587. <https://doi.org/10.1108/JAOC-12-2021-0195>
- Hilary, G. (2013). Does Accounting Conservatism Impede Corporate Innovation ? does Accounting Conservatism Impede Corporate Innovation ? *Journal of Accounting and Public Policy*, 12(5), 156-170. <https://doi.org/10.2139/ssrn.2189938>

- IAI. (2023). *Standar Akuntansi Keuangan Efektif* (1 Januari 2025). <https://web.iaiglobal.or.id/SAK-IAI/SAK Umum Efektif#gsc.tab=0>
- IAI. (2025a). *PSPK 1: Persyaratan Umum Pengungkapan Informasi Keuangan Terkait Keberlanjutan* (30 Des 202). <https://web.iaiglobal.or.id>
- IAI. (2025b). *PSPK 2: Pengungkapan Terkait Iklim* (30 Des). <https://web.iaiglobal.or.id>
- IPOTNEWS. (2025). *Financial Statements Full Year 2024 of GLOB* (29 Nov). [https://www.indopremier.com/ipotnews/newsDetail.php?jdl=Financial\\_Statements\\_Full\\_Year\\_2024\\_of\\_GLOB&news\\_id=461640&group\\_news=RESEARCHNEWS&news\\_date=&taging\\_subtype=GLOB&name=&search=y\\_general&q=Finansial+Statements&halaman=1](https://www.indopremier.com/ipotnews/newsDetail.php?jdl=Financial_Statements_Full_Year_2024_of_GLOB&news_id=461640&group_news=RESEARCHNEWS&news_date=&taging_subtype=GLOB&name=&search=y_general&q=Finansial+Statements&halaman=1)
- Ismail, I., Shafie, R., & Ku Ismail, K. N. I. (2021). CFO Attributes and Accounting Conservatism: Evidence from Malaysia. *Pacific Accounting Review*, 33(4), 525–548. <https://doi.org/10.1108/PAR-07-2020-0088>
- Kalbuana, N., Taqi, M., Uzliawati, L., & Ramdhani, D. (2023). Cogent Business & Management CEO Narcissism, Corporate Governance, Financial Distress, and Company Size on Corporate Tax Avoidance CEO Narcissism, Corporate Governance, Financial Distress, and Company Size on Corporate Tax. *Cogent Business and Management*, 10(1), 1–22. <https://doi.org/10.1080/23311975.2023.2167550>
- Kemenkeu. (2024). *Menkeu: Stabilitas Sistem Keuangan Indonesia 2023 Tetap Terjaga* (22 Mei 2025). <https://www.kemenkeu.go.id/informasi-publik/publikasi/berita-utama/Stabilitas-Sistem-Keuangan-Indonesia-2023>
- Khan, M., & Watts, R. L. (2009). Estimation and Empirical Properties of a Firm-Year Measure of Accounting Conservatism. *Journal of Accounting and Economics*, 48(3), 132–150. <https://doi.org/10.1016/j.jacceco.2009.08.002>
- Lee, J. Y., Ha, Y. J., Wei, Y., & Sarala, R. M. (2023). *CEO Narcissism and Global Performance Variance in Multinational Enterprises: The Roles of Foreign Direct Investment Risk-Taking and Business Group Affiliation*. 34(2), 512–535. <https://doi.org/10.1111/1467-8551.12592>
- Lin, F., Lin, S., & Fang, W. (2022). North American Impact of CEO Narcissism and Hubris on Corporate Sustainability and Firm Performance. *North American Journal of Economics and Finance*, 39(3), 145–161. <https://doi.org/10.1016/j.najef.2021.101586>
- Lin, I. (2024). Mitigating Underinvestment through Accounting Conservatism: A Comparative Study of Family and Non-Family Firms in Taiwan. *International Journal of Business and Social Science Research*, 5(2), 10–19. <https://doi.org/DOI:http://dx.doi.org/10.47742/ijbssr.v5n5p2>
- Lindawati, A. S. L., Tjoe, A. M., Handoko, B. L., & Elidjen. (2024). The Influence of CSR and CEO Narcissism on Financial Performance with Earning Management as Mediation. *Heritage and Sustainable Development*, 6(2), 483–500. <https://doi.org/10.37868/hsd.v6i2.426>
- Lopez, H., Jara, M., & Cabello, A. (2020). IFRS Adoption and Accounting Conservatism in Latin America. *Academia Revista Latinoamericana de Administracion*, 33(4), 301–320. <https://doi.org/10.1108/ARLA-10-2019-0209>
- Makhlouf, M. H., Jamiel Al-Sufy, F., & Almubaideen, H. (2018). Board Diversity and Accounting Conservatism: Evidence from Jordan. *International Business Research*, 11(7), 118–130. <https://doi.org/10.5539/ibr.v11n7p130>
- Minton, B. A., & Schrand, C. (1999). The Impact of Cash Flow Volatility on Discretionary Investment and the Costs of Debt and Equity Financing. *Journal of Financial Economics*, 54(4), 423–460.

- Naima, L., & Khanchel Imen. (2023). Voluntary CSR Disclosure and CEO Narcissism: The Moderating Role of CEO Duality and Board Gender Diversity. *Review of Managerial Science*, 17(3), 1075–1123. <https://doi.org/10.1007/s11846-022-00555-3>
- Nguyen, T. T., Duong, C. M., Nguyen, N. T. M., & Bui, H. Q. (2020). Accounting Conservatism and Banking Expertise on Board of Directors. *Review of Quantitative Finance and Accounting*, 55(2), 501–539. <https://doi.org/10.1007/s11156-019-00851-2>
- Nie, X., Yu, M., Zhai, Y., & Lin, H. (2022). Explorative and Exploitative Innovation: A Perspective on CEO Humility, Narcissism, and Market Dynamism. *Journal of Business Research*, 147(4), 71–81. <https://doi.org/10.1016/j.jbusres.2022.03.061>
- Ogunode, O. A., & Salawu, R. O. (2021). Revenue Recognition Dilemma Under International Financial Reporting Standard (IFRS 15): Perspectives from Key Impacted Firms in Nigeria. *Universal Journal of Accounting and Finance*, 9(5), 916–926. <https://doi.org/10.13189/ujaf.2021.090503>
- OJK. (2016). *Peraturan Otoritas Jasa Keuangan Nomor 29/POJK.04/2016 Tentang Laporan Tahunan Emiten atau Perusahaan Publik* (20 November 2025). <https://www.ojk.go.id/id/kanal/pasar-modal/regulasi/peraturan-ojk/Documents/Pages/POJK-Laporan-Tahunan-Emiten-Perusahaan-Publik/POJK-Laporan-Tahunan.pdf>
- Pratiwi, Y. R. (2022). Pemulihan Perekonomian Indonesia Setelah Kontraksi Akibat Pandemi Covid-19. In *Kementerian Keuangan Republik Indonesia* (1 Januari 2025). <https://www.djkn.kemenkeu.go.id/kpknl-banjarmasin/baca-artikel/14769/Pemulihan-Perekonomian-Indonesia-Setelah-Kontraksi-Akibat-Pandemi-Covid-19.html>
- Rajabalizadeh, J. (2025). Personality and Perception: Assessing the Role of CEO Narcissism in Risk Disclosure Practices in an Emerging Market. *Journal of Language and Social Psychology*, 44(4), 985–1030. <https://doi.org/10.1177/0261927X251342566>
- Read, C. (2014). Jensen and Meckling. *The Corporate Financiers*, 3(1), 305–360. <https://doi.org/10.1057/9781137341280.0038>
- Rovelli, P., & Curnis, C. (2021). The Perks of Narcissism: Behaving Like a Star Speeds Up Career Advancement to The CEO Position. *The Leadership Quarterly*, 32(3), 1–13. <https://doi.org/10.1016/j.leaqua.2020.101489>
- Saputra, J., P Sitepu, A., Munaf, T., Hasnarika, H., Yulianita Sarazwati, R., & Dwi Novrina, P. (2022). Conservatism in Accounting: Financial Distress, Tax and Litigation Risk. *PENANOMICS: International Journal of Economics*, 1(1), 41–50. <https://doi.org/10.56107/penanomics.v1i1.4>
- Sharma, M., & Kaur, R. (2021). Accounting Conservatism and Corporate Governance: Evidence from India. *Journal of Global Responsibility*, 12(4), 435–451. <https://doi.org/10.1108/JGR-07-2020-0072>
- Shen, Y., Mollica, V., & Dalla Costa, A. F. (2024). The Bright Side of CEO Narcissism and Its Impact on Accounting Conservatism. *Journal of Accounting Literature*, 46(1), 1–25. <https://doi.org/10.1108/jal-01-2023-0006>
- Shimamoto, K., & Takeda, F. (2020). IFRS Adoption and Accounting Conservatism of Japanese Firms with Governance System Transition. *International Advances in Economic Research*, 26(2), 161–173. <https://doi.org/10.1007/s11294-020-09788-y>
- Sitepu, L. A. B., Simarmata, T. N., & Kusumastuti, R. (2023). Analisis Pengaruh Rasio Keuangan Setelah Merger Terhadap Kinerja Keuangan Perusahaan Pada PT Indosat Tbk. *Jurnal*

- Ekonomi, Akuntansi Dan Manajemen*, 2(3), 115–126.  
<https://jurnaluniv45sby.ac.id/index.php/Inisiatif/article/view/1103>
- Sugiyono. (2013). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Bandung: Alfabeta.CV.
- Suhardianto, N. (2025). The Influence of CEO's Education Level and Accounting Professional Background on Financial Slack. *Jurnal Dinamika Akuntansi*, 17(1), 118–133.  
<https://doi.org/http://dx.doi.org/10.15294/jda.v17i1.18743>
- TELE. (2021). *Tentang Laporan Tahunan 2021 PT Tiphone Mobile Indonesia Tbk*.
- TELE. (2023). *Laporan Tahunan 2023 Working Together In Digital Transformation Tentang Laporan Tahunan 2023 PT Omni Inovasi Indonesia Tbk*.
- Umah, A. (2021). *Bye 2020, Masa Terpuruknya Sektor Energi dan Tambang*. CNBC Indonesia (1 januari 2025).  
<https://www.cnbcindonesia.com/news/20210101065635-4-212853/bye-2020-masa-terpuruknya-sektor-energi-dan-tambang/2>
- Wooldridge. (2013). Introductory Econometrics. In *Introductory Econometrics*. 82(3), 107215  
<https://doi.org/10.2307/j.ctvqr1dqr>.
- Yang, L., Yang, J., Zhang, C., & Lu, L. (2023). CEO Narcissism and Cross-Boundary Growth: Evidence from Chinese Publicly Listed Manufacturing Firms. *Asian Business and Management*, 22(5), 2164–2188.  
<https://doi.org/10.1057/s41291-023-00246-1>
- Yuansha, Ho, S., & Zhang, F. (2014). CEO Gender, Ethical Leadership, and Accounting Conservatism CEO Gender, Ethical Leadership, and Accounting Conservatism. *Journal of Business Ethics*, 24(3), 223–240.  
<https://doi.org/DOI 10.1007/s10551-013-2044-0>
- Zhang, J. (2008). The Contracting Benefits of Accounting Conservatism to Lenders and Borrowers. *Journal of Accounting and Economics*, 45(1), 27–54.  
<https://doi.org/10.1016/j.jacceco.2007.06.002>
- Zhang, X., Zhong, Y., & Li, W. (2022). The Effect of Borrowers' Accounting Conservatism on Lenders' Loan Loss Provisions: Evidence from China's Banking Industry. *International Review of Financial Analysis*, 82(5), 102214.  
<https://doi.org/10.1016/j.irfa.2022.102214>
- Zhou, M., Chen, F., & Chen, Z. (2021). Can CEO Education Promote Environmental Innovation : Evidence from Chinese Enterprises. *Journal of Cleaner Production*, 297(5), 126725.  
<https://doi.org/10.1016/j.jclepro.2021.126725>
- Zhu, D. H., & Chen, G. (2015). CEO Narcissism and the Impact of Prior Board Experience on Corporate Strategy. *Administrative Science Quarterly*, 60(1), 31–65.  
<https://doi.org/10.1177/0001839214554989>