Accounting Research Festival 2025

P-ISSN: XXXX-XXXX, E-ISSN: XXXX-XXXX
Website: https://publikasiilmiah.unwahas.ac.id/fra4
Redefining Accounting Education: Balancing Technological Innovation with Ethics and Sustainability

Governance and Transparency: Examining How Managerial and Institutional Ownership Shape Financial Reporting Quality

Monica Rahardian Ary Helmina[1*], Alfian[2], Muhammad Fajar Ridhani[3], Doni Stiadi[4] , Ibnu Sutomo[5]

[1,2,3] Department Accounting , Lambung Mangkurat University, Banjarmasin, Indonesia.
Email: monicarahardian@gmail.com
[4] Department Manajemen , Lambung Mangkurat University, Banjarmasin, Indonesia.
[5] Department Accounting , STIE Panca Setia, Banjarmasin, Indonesia.

ABSTRACT

This study investigates the determinants of financial reporting quality by examining the effects of profitability, leverage, litigation risk, and firm size, as well as the moderating roles of managerial and institutional ownership. The study aims to assess whether ownership structure strengthens or weakens the relationship between firm characteristics and financial reporting quality among manufacturing companies in an emerging market. The research sample consists of 102 manufacturing firms listed on the Indonesia Stock Exchange during the 2020–2024 period, resulting in 510 firm year observations. Logistic regression analysis was employed to test two models. The results indicate that profitability has a significant positive effect on financial reporting quality, while litigation risk has a significant negative effect. Leverage, managerial ownership, and institutional ownership individually show no significant direct impact. However, the moderating model reveals that managerial ownership significantly moderates the relationship between leverage and financial reporting quality, suggesting that higher managerial ownership reduces the negative influence of leverage on reporting quality. Institutional ownership, however, does not significantly moderate any of the examined relationships. The findings highlight the role of ownership structure, particularly managerial ownership, as a governance mechanism that can mitigate the adverse effects of financial leverage on reporting practices.

Keywords: Financial Reporting Quality, Corporate Governance, Profitability, Leverage, Litigation Risk, Firm Size.

INTRODUCTION

Improving the quality of financial reporting is widely recognized as a means of reducing information irregularities within organizations (Chen et al., 2011). However, according to agency theory, several factors can constrain managers ability to access and utilize relevant information for effective oversight of managerial activities (Gomariz & Balesta, 2014). A series of accounting scandals in Indonesia over the past decade has drawn attention to the need for a deeper understanding of the determinants of financial reporting quality. Financial statements serve as a crucial communication medium, conveying information about a firm's budgeting, performance, and cash flows (Ahmed, 2007; Mendes et al., 2012). The quality of such reports is fundamental to ensuring the credibility of corporate information, which in turn facilitates effective decision making (Krishnan, 2011; Hasbullah et al., 2024). High quality financial reporting is essential to support transparency, accountability, and investor confidence in capital markets. Reliable and relevant financial information serves as a foundation for informed decision making by investors, creditors, and regulators (Healy & Palepu, 2001; Dechow et al., 2010). However, the presence of agency conflicts, information asymmetry, and managerial opportunism often undermines the credibility of corporate financial reporting (Jensen & Meckling, 1976). Thus, understanding the determinants of financial reporting quality remains a central topic in contemporary accounting and corporate governance research (Chen et al., 2023; Waley et al., 2025).

From an agency theory perspective, managers have discretion over financial reporting policies, which can be influenced by performance pressure, financial structure, ownership mechanisms, and external risks (Watts & Zimmerman, 1986; Shleifer & Vishny, 1997). Several empirical studies highlight that corporate profitability, leverage level, firm size, and litigation risk are major internal and external drivers of reporting quality (Brown et al., 2023; Roy et al., 2020; Surya, 2023). Yet, these relationships may vary depending on the strength of ownership structure and governance mechanisms in place (Gillan & Starks, 2003; Mustawfiy, 2024). Profitability, measured by Return on Assets (ROA), reflects managerial efficiency in utilizing corporate assets to generate earnings. Firms with higher profitability tend to disclose more transparent and credible information to signal their success to capital markets (Roy et al., 2020). Conversely, poorly performing firms may have incentives to engage in earnings management or narrative manipulation to obscure unfavorable outcomes (Chen et al., 2023). Therefore, profitability is often viewed as a positive driver of financial reporting quality.

Leverage represents the extent of a firm's debt financing, influencing the intensity of monitoring by creditors and the level of financial distress. High leverage can pressure managers to meet debt covenants, leading to opportunistic financial reporting behaviors (Waley et al., 2025). However, in certain governance settings, leverage may impose discipline by limiting managerial opportunism (Francis et al., 2004). Similarly, litigation risk defined as the probability of being sued by investors or regulators for misleading disclosures acts as an external disciplinary mechanism (Brown et al., 2023). Firms facing higher litigation risk tend to adopt more conservative accounting and disclosure practices to mitigate potential legal exposure (Purnamawati & Hatane, 2023). Litigation risk as it influences managerial risk taking behavior in disclosure decisions (Brown et al., 2023).

Corporate ownership structure is widely recognized as a critical governance mechanism that influences managerial incentives and monitoring effectiveness (Gillan & Starks, 2003; Helmina, 2025). Two key ownership types managerial ownership and institutional ownership play distinctive roles in shaping the relationship between financial determinants and reporting quality. Managerial ownership refers to the proportion of shares held by executive directors or managers. According to agency theory, when managers hold a substantial equity stake, their interests align more closely with those of shareholders, reducing opportunistic behavior (Jensen & Meckling, 1976). High managerial ownership increases personal exposure to firm value fluctuations, which motivates managers to maintain reporting credibility and avoid reputational or legal risks (Rahman et al., 2024). As a moderator, managerial ownership can strengthen the positive relationship between profitability (ROA) and financial reporting quality, as manager owners are more likely to signal their performance truthfully (Panda & Leepsa, 2019). Moreover, it can weaken the negative influence of leverage and litigation risk, since managerial alignment reduces the incentive to manipulate financial statements under debt or legal pressure (Pratiwi et al., 2023). Therefore, managerial ownership functions as an internal governance buffer that mitigates agency problems arising from financing structure and external threats.

Institutional ownership represents the proportion of shares held by professional investors such as pension funds, insurance companies, and investment institutions. Institutional investors possess resources and expertise to monitor managerial activities and influence disclosure policies (Shleifer & Vishny, 1997; Gillan & Starks, 2003). Empirical evidence shows that firms with high institutional ownership are associated with lower earnings manipulation and higher transparency (Mustawfiy, 2024; Chen et al., 2023). As a moderating factor, institutional ownership can amplify the relationship between performance indicators and reporting quality, as institutions exert pressure on firms to provide transparent information. At the same time, institutional ownership can attenuate the adverse effects of leverage and litigation risk, by enhancing external monitoring and promoting conservative accounting policies (Li et al., 2024). A recent study in Sustainability (2024) found that institutional investors improve financial transparency through their engagement in ESG related governance monitoring (Zhang et al., 2024). Firm size is often used as a control variable in financial reporting studies. Larger firms are more visible to regulators and investors, subject to stricter oversight, and possess more sophisticated internal control systems, which can improve reporting quality (Surya, 2023). However, the complexity of large organizations can also increase the likelihood of reporting errors or opportunistic disclosures (Roy et al., 2020).

Although prior studies have explored the determinants of financial reporting quality, limited research has jointly examined how ownership structures moderate the effects of profitability, leverage, and litigation risk on reporting quality in emerging markets (Chen et al., 2023; Mustawfiy, 2024). This study fills this gap by testing a comprehensive model that integrates financial performance, financial structure, and ownership mechanisms as moderators within the context of developing economies, where ownership concentration and regulatory enforcement differ from those in developed markets (Li et al., 2024).

RESEARCH METHOD

Population and Sample

The population of this research consists of all manufacturing firms listed on the Indonesia Stock Exchange (IDX) during 2020–2024. A purposive sampling method was applied with the following criteria: (1) firms consistently listed on the IDX during the observation period, (2) firms with complete annual financial reports, and (3) firms with complete data related to the variables studied. Based on these criteria, 102 manufacturing companies were selected, resulting in a total of 510 pooled data observations combining time series and cross sectional data. This study uses secondary data obtained from: (1) annual reports and sustainability reports available on the IDX (www.idx.co.id) and company websites; and (2) market data including stock returns and trading volume sourced from Refinitiv Eikon and Yahoo Finance to compute litigation risk. All data were collected for the 2020–2024 period and processed using IBM SPSS v26 and EViews 12.

Operational Definitions and Variable Measurement

This study employs a quantitative research approach with a causal design to examine the influence of firm characteristics on financial reporting quality, and to test the moderating roles of managerial ownership and institutional ownership.

Table 1. Operational Definitions and Variable Measurement

Variable	Measurement	Source
Financial Reporting Quality	Dummy variable: 1 if firm reports timely financial statements (≤ end of March), 0 otherwise.	Afify (2022), Surya (2023)
Profitability	Net income divided by total assets.	Helmina (2023)
Leverage	Total debt divided by total assets.	Francis & Michas (2022)
Litigation Risk	Composite score of stock return volatility and trading volume standardized by z score.	Kim & Skinner (2022)
Managerial Ownership	Percentage of shares held by executives and directors.	Rahman et al. (2023)
Institutional Ownership	Percentage of shares held by institutional investors.	Li & Wang (2024)
Firm Size	Natural logarithm of total assets.	Francis et al. (2023)

Data Analysis Procedure

The research model investigates the relationship between profitability (ROA), leverage (LEV), litigation risk (LITRISK), and firm size (SIZE) on Financial Reporting Quality (FRQ). Managerial ownership (MANOWN) and institutional ownership (INSTOWN) are introduced as moderating variables to assess whether ownership structure strengthens or weakens these relationships. Binary logistic regression was used since the dependent variable (FRQ) is dichotomous (1 = timely, 0 = untimely). Two models were estimated:

Model 1 Without Moderation:

$$FRQ = \alpha + \beta_1 ROA + \beta_2 LEV + \beta_3 LITRISK + \beta_4 MANOWN + \beta_5 INSTOWN + \beta_6 SIZE + \varepsilon$$

Model 2 With Moderation:

$$\begin{aligned} FRQ = \; & \alpha + \beta_1 ROA + \beta_2 LEV + \beta_3 LITRISK + \beta_4 MANOWN + \beta_5 INSTOWN + \beta_6 SIZE + \beta_7 (ROA{*}MANOWN) \\ & + \beta_8 (LEV{*}MANOWN) + \beta_9 (LITRISK{*}MANOWN) + \beta_{10} (ROA{*}INSTOWN) + \beta_{11} (LEV{*}INSTOWN) \\ & + \beta_{12} (LITRISK{*}INSTOWN) + \varepsilon \end{aligned}$$

Model fit was evaluated using the Omnibus Test of Model Coefficients (overall model significance), Hosmer Lemeshow Goodness of Fit Test (model adequacy), and pseudo R-squared measures (Cox & Snell R^2, Nagelkerke R^2) to assess the proportion of variance explained. Data analysis was conducted through the following steps: (1) descriptive statistics to summarize data characteristics; (2) correlation analysis to detect potential multicollinearity; (3) logistic regression analysis (Model 1 and Model 2); (4) interaction analysis to examine moderating effects; and (5) hypothesis testing at a 5% significance level ($\alpha = 0.05$). Robustness checks were conducted to validate model consistency and reliability of coefficients.

RESULTS AND DISCUSSION

Descriptive Statistics

The results show that the average profitability measured by Return on Assets (ROA) is 0.037 (3.7%), indicating that the sampled firms, on average, generate a net profit of 3.7% from total assets. The Leverage (LEV) ratio has a mean of 0.455, suggesting moderate debt utilization across firms. Litigation Risk (LITRISK), calculated as a standardized composite index of stock returns and trading volatility, shows a mean of 0 and a standard deviation of 1, indicating considerable variation in litigation exposure among companies. The average Managerial Ownership (MANOWN) is 6.445%, implying that a small portion of shares are held by management, while Institutional Ownership (INSTOWN) averages 67.113%, suggesting that a significant proportion of company shares are held by institutional investors. The average Firm Size (SIZE) is 28.745 (log of total assets), and Financial Reporting Quality (FRQ), measured using a dummy variable representing the timeliness of financial statement publication, has a mean of 0.588, meaning that 58.8% of the observed companies submitted their financial statements on time.

Tabel 2. Discriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	510	-1.050	.944	.037	.120
LEV	510	.002	4.756	.455	.393
LITRISK	510	-1.644	9.103	.000	1.000
MANOWN	510	.000	77.790	6.445	15.683
INSTOWN	510	.000	99.710	67.113	24.020
SIZE	510	24.851	33.790	28.745	1.745
FRQ	510	.000	1.000	.588	.493

Hypothesis Testing

Model 1 Without Moderation

The logistic regression model without moderation The results show that ROA has a positive and significant effect on financial reporting quality (B = 2.478; p = 0.025), indicating that firms with higher profitability tend to produce timelier and higher quality reports. This finding supports the signaling and agency perspectives that profitable firms disclose credible information to maintain investor trust. Leverage (LEV) shows a negative but insignificant effect (p = 0.779), suggesting that debt levels alone do not influence reporting quality among Indonesian manufacturing firms. Litigation Risk (LITRISK) has a negative and significant impact (B = −0.235; p = 0.030), meaning that firms facing higher litigation risk tend to delay or reduce the transparency of their reporting. Both Managerial Ownership (MANOWN) and Institutional Ownership (INSTOWN) show no significant direct effect on financial reporting quality ($p > 0.05$). In contrast, Firm Size (SIZE) exhibits a positive and significant relationship ($p < 0.001$), indicating that larger firms tend to publish more timely financial reports, likely due to better resources and stronger governance mechanisms. The overall model fit is good, with an Omnibus Test significance value < 0.001, indicating that the independent variables jointly explain the variation in FRQ. The Nagelkerke R^2 value of 0.141 shows that approximately 14.1% of the variation in financial reporting quality can be explained by the model.

Tabel 3. Logistic regression model 1 without moderation

	B	Wald	Sig.
ROA	2.478	5.018	0.025
LEV	-0.095	0.079	0.779
LITRISK	-0.235	4.709	0.030
MANOWN	0.007	0.750	0.386
INSTOWN	-0.001	0.066	0.798
SIZE	0.340	26.592	0.000
Constant	-9.391	23.692	0.000
Omibus test	< 0.001		
Cox & Snell R2	0.104		
Nagelkerke R2	0.141		
Hosmes Lameshow	0.277		

Model 2 With Moderation

The overall model remains statistically significant (Omnibus Test < 0.001), and the Nagelkerke R^2 increases slightly to 0.163, indicating that the inclusion of moderating variables marginally improves the explanatory power of the model. Among the six interaction terms, those between leverage and managerial ownership shows a significant effect (p = 0.037) with a negative coefficient, implying that the negative impact of leverage on financial reporting quality is stronger in firms with lower managerial ownership. This suggests that when managers have limited shareholding, debt pressures may induce them to engage in opportunistic or delayed reporting behavior. Other interaction terms including those between profitability (ROA) and ownership variables, as well as between litigation risk and ownership are statistically insignificant. Thus, managerial and institutional ownership do not moderate the relationship between profitability or litigation risk and reporting quality. The Hosmer Lemeshow test yields a p-value of 0.150 (> 0.05), confirming that the model fits the data well and has adequate predictive capability.

Table 4. Logistic regression model 2 with moderation

	B	Wald	Sig.
ROA	2.323	3.936	0.047
LEV	-0.093	0.067	0.796
LITRISK	-0.331	7.127	0.008
MANOWN	0.003	0.086	0.770
INSTOWN	-0.004	0.510	0.475
ROA.MANOWN	-0.362	1.927	0.165
LEV.MANOWN	-0.530	4.368	0.037
LITRISK.MANOWN	-0.059	0.134	0.714
ROA.INSTOWN	-0.204	0.691	0.406
LEV.INSTOWN	-0.389	2.092	0.148
LITRISK.INSTOWN	-0.223	1.866	0.172
SIZE	0.337	24.476	0.000
Constant	-9.078	20.096	0.000
Omibus test	< 0.001		
Cox & Snell R2	0.121		
Nagelkerke R2	0.163		
Hosmes Lameshow	0.150		

Discussion

The findings of this study are consistent with the principles of agency theory and signaling theory, which highlight profitability as one of the key determinants of financial reporting quality. Companies that perform well financially tend to sustain transparency and report promptly, as timely and credible disclosure serves as a signal of superior management performance and helps preserve stakeholder confidence (Biddle et al., 2022; Chen et al., 2023). In contrast, litigation risk demonstrates an adverse effect on reporting quality. This outcome reinforces the notion that heightened legal exposure prompts managers to adopt a more conservative reporting attitude and restrains their willingness to disclose information openly (Brown et al., 2023). Under conditions where legal protection and enforcement are relatively weak, managers may intentionally delay or withhold unfavorable information to reduce the likelihood of legal sanctions.

While leverage does not exhibit a direct impact on reporting quality, its interaction with managerial ownership proves significant. This result reflects the dual nature of debt as a form of external discipline as well as a potential constraint. When leverage is high but managerial ownership is limited, agency problems tend to escalate because managers focus more on meeting short term debt obligations rather than ensuring the transparency of financial statements (Waley et al., 2025). Contrary to expectations, institutional ownership, which theoretically serves as an effective monitoring mechanism, does not show a significant moderating influence. In the context of emerging markets such as Indonesia, institutional investors often take a relatively passive role, thereby diminishing their ability to influence managerial reporting behavior (Li & Wang, 2024). Finally, the strong and positive association between firm size and financial reporting quality suggests that larger corporations typically possess more mature governance systems, access to competent external auditors, and greater public scrutiny. These characteristics collectively encourage firms to adhere more strictly to disclosure requirements and reporting timeliness (Francis et al., 2023).

CONCLUSION

This research examined how firm profitability, leverage, litigation risk, firm size, and ownership structure influence the quality of financial reporting among manufacturing firms listed on the Indonesia Stock Exchange between 2020 and 2024. The findings indicate that profitability, measured by return on assets, has a meaningful and positive influence on financial reporting quality. Firms with stronger profitability tend to provide more transparent and timely financial information as part of their effort to build and maintain trust with investors and other stakeholders. Profitability seems to serve as both a signal of sound performance and a motivation for managers to uphold reporting credibility. In contrast, litigation risk shows a negative association with reporting quality. When companies face greater exposure to potential lawsuits, managers often become more conservative in their disclosure practices. They may delay, simplify, or withhold information to avoid legal complications. This reflects the cautious stance that firms adopt when operating in an environment where legal uncertainty still exists. Leverage, on its own, does not significantly influence financial reporting quality. However, when managerial ownership is considered as a moderating factor, the effect of leverage becomes significant. The results suggest that firms with high debt levels and low managerial ownership face stronger agency tensions where managers may prioritize short term debt obligations over transparent reporting. This finding illustrates that the presence of managerial shareholding can reduce the opportunistic behavior often associated with debt pressure.

Institutional ownership, meanwhile, does not appear to moderate the relationship between profitability, leverage, or litigation risk and financial reporting quality. This suggests that institutional investors in emerging markets like Indonesia may still play a more passive monitoring role compared to their counterparts in developed markets. Lastly, firm size consistently shows a positive and significant relationship with financial reporting quality. Larger firms are more likely to publish reports that are accurate and timely, supported by stronger governance systems, access to professional auditors, and higher public visibility. Overall, this study concludes that profitability and litigation risk are the main drivers of reporting quality, while ownership structure especially managerial ownership only plays a meaningful role in specific conditions, such as when firms are under financial pressure. For future researchers, further studies could explore other governance variables such as board composition, audit quality, or environmental, social, and governance (ESG) disclosure practices. Expanding the sample to cover non manufacturing sectors or cross country comparisons would also provide broader insights into how institutional contexts shape financial reporting behavior.

REFERENCES

Ahmed, K. (2007). Determinants of accounting disclosure: A review of literature. *Journal of Accounting Literature,* 26, 123–143.

Afify, H. A. (2022). Timeliness of corporate financial reporting: Empirical evidence from developing markets. *International Journal of Accounting & Information Management,* 30(1), 45–63. https://doi.org/10.1108/IJAIM-03-2021-0047

Biddle, G. C., Ma, M. L. Z., & Song, F. M. (2022). Accounting conservatism and corporate reporting transparency. *Contemporary Accounting Research,* 39(3), 1652–1684. https://doi.org/10.1111/1911-3846.12750

Brown, N., Cao, Y., & Jiang, H. (2023). Litigation risk, bad news disclosure, and firm transparency. *Review of Accounting Studies,* 28(4), 1154–1183. https://doi.org/10.1007/s11142-023-09778-5

Chen, H., Zhao, X., & Liu, Y. (2023). Ownership concentration, information asymmetry, and financial reporting quality. *Journal of International Accounting Research,* 22(2), 210–229. https://doi.org/10.2308/JIAR-2022-0047

Chen, L., Zhang, X., & Zhu, H. (2023). Financial reporting quality, firm performance, and audit efficiency: Evidence from global markets. *International Journal of Accounting Information Systems,* 51, 100645. https://doi.org/10.1016/j.accinf.2023.100645

Dechow, P. M., Ge, W., & Schrand, C. M. (2010). Understanding earnings quality: A review of the proxies, their determinants, and their consequences. *Journal of Accounting and Economics,* 50(2–3), 344–401. https://doi.org/10.1016/j.jacceco.2010.09.001

Francis, J., LaFond, R., Olsson, P. M., & Schipper, K. (2004). Costs of equity and earnings attributes. *The Accounting Review*, 79(4), 967–1010. https://doi.org/10.2308/accr.2004.79.4.967

Francis, J. R., Michas, P. N., & Seavey, S. E. (2023). The role of firm size in financial reporting outcomes. *Accounting Horizons,* 37(1), 27–48. https://doi.org/10.2308/acch-19-007

Gomariz, M. F. C., & Balesta, J. P. (2014). Financial reporting quality, debt maturity and investment efficiency. *Journal of Banking & Finance,* 40, 494–506. https://doi.org/10.1016/j.jbankfin.2013.07.013

Gillan, S. L., & Starks, L. T. (2003). Corporate governance, corporate ownership, and the role of institutional investors: A global perspective. *Journal of Applied Finance,* 13(2), 4–22.

Hasbullah, H., Rahman, M. M., & Jusoh, M. (2024). The impact of financial reporting quality on firm performance: Evidence from Southeast Asia. *Asian Journal of Business and Accounting*, 17(1), 95–113.

Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting and Economics,* 31(1–3), 405–440. https://doi.org/10.1016/S0165-4101(01)00018-0

Helmina, M. R. A., Sutomo, I., & Respati, N. W. (2022). Empirical examination of green industry strategy through ISO-14001 on firm value: Mediating roles of profitability and leverage. *Planning,* 17(5), 1417-1424. https://doi.org/10.18280/ijsdp.170505

Hasanah, N. N., Respati, N. W., & Helmina, M. R. A. (2025). Determinants of Timeliness of Submission of Corporate Financial Reports in Indonesia. *Asian Journal of Management, Entrepreneurship and Social Science,* 5(03), 865-890.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics,* 3(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kim, Y., & Skinner, D. J. (2022). Litigation risk and financial reporting quality: Evidence from restatements. *Review of Accounting Studies*, 27(5), 2314–2345. https://doi.org/10.1007/s11142-022-09710-0

Krishnan, G. V. (2011). Audit quality and financial reporting quality: The case of U.S. municipal bonds. *Journal of Accounting and Public Policy*, 30(4), 368–390.

Li, W., & Wang, J. (2024). Institutional ownership and corporate information environment: Evidence from emerging markets. *Journal of International Financial Management & Accounting,* 35(2), 215–240. https://doi.org/10.1111/jifm.12167

Li, W., Zhou, J., & Fang, L. (2024). Institutional investors and transparency in emerging markets: The moderating role of legal enforcement. *Sustainability,* 16(23), 10687. https://doi.org/10.3390/su162310687

Mendes, K., Oliveira, M., & Rego, M. (2012). Accounting disclosure and firm performance: Evidence from Latin America. *International Journal of Accounting Research*, 45(2), 120–137.

Mustawfiy, Z. (2024). The effect of ownership structure on financial reporting quality: Evidence from commercial banks in Iraq. *International Journal of Financial Research,* 15(1), 45–59. https://doi.org/10.5430/ijfr.v15n1p45

Panda, B., & Leepsa, N. M. (2019). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance,* 12(1), 74–95.

Pratiwi, A., Sari, N., & Mahendra, A. (2023). Managerial ownership, leverage, and earnings management in Indonesian firms. *Jurnal Ekonomi dan Bisnis,* 26(3), 367–382.

Purnamawati, A., & Hatane, S. E. (2023). Litigation risk, earnings management, and financial reporting integrity. *Accounting Journal (Indonesia),* 14(2), 90–103. https://journal.unesa.ac.id/index.php/aj/article/view/12560

Rahman, S., Omar, N., & Hashim, N. (2024). Managerial ownership and financial reporting reliability: Evidence from ASEAN markets. *Asian Review of Accounting,* 31(1), 145–164. https://doi.org/10.1108/ARA-02-2022-0042

Roy, M., Islam, M. N., & Hossain, M. S. (2020). Profitability, leverage, and disclosure quality: Evidence from South Asia. *Asian Economic and Financial Review,* 10(12), 1376–1390. https://doi.org/10.18488/journal.aefr.2020.1012.1376.1390

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