Corporate Governance, Dividend Policy, and Disclosure Level: Evidence from Indonesian Trading Companies

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Abstract

Purpose: *This study aims to examine the effect of managerial ownership, Public Accounting Firm (PAF) size, audit tenure, and dividend policy on disclosure quality among trading companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The study focuses on identifying corporate governance and audit-related factors that may influence the extent and quality of corporate disclosure.*

Methodology/approach: *This study employs a quantitative research approach using secondary data obtained from audited financial statements and annual reports of trading companies listed on the IDX. The sample was selected using purposive sampling based on predetermined criteria. Data were analyzed using Statistical Package for the Social Sciences (SPSS) through multiple linear regression to examine the partial effects of managerial ownership, PAF size, audit tenure, and dividend policy on disclosure quality.*

Findings: *The results indicate that audit tenure and PAF size have a significant effect on disclosure quality. These findings suggest that the characteristics of the external audit engagement and the size of the PAF are relevant factors in determining the quality of corporate disclosure. In contrast, managerial ownership and dividend policy do not have a significant effect on disclosure quality.*

Practical implications: *The findings provide insights for companies, auditors, investors, and regulators regarding factors associated with disclosure quality and may support efforts to strengthen corporate transparency and accountability.*

Originality/value: *This study contributes empirical evidence on the determinants of disclosure quality in Indonesian trading companies by simultaneously examining ownership, audit, and dividend-related factors over the 2020–2024 period.*

Keywords:
Managerial Ownership; Size of The Public Accounting Firm; Audit Tenure and Dividend Policy; Disclosure Quality; Trading Indonesia Stock Exchange.

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INTRODUCTION

Managerial ownership refers to the portion of a company's shares held by its management team. Managerial ownership represents the proportion of a company's outstanding shares held by its management, creating a direct economic connection between managerial interests and shareholder wealth. From an agency theory perspective, managerial ownership can serve as an internal governance mechanism that helps mitigate conflicts of interest between managers and shareholders. When managers hold equity stakes in the company, they may become more motivated to make decisions that enhance firm value, strengthen accountability, and improve the transparency of corporate reporting. Nevertheless, the relationship between managerial ownership and disclosure quality is not necessarily linear. Morck, Shleifer, and Vishny (1988) suggest that managerial ownership may initially strengthen the alignment of interests between managers and shareholders, but excessive ownership may instead create managerial entrenchment, allowing managers to exercise greater control and potentially reduce their incentives to provide transparent information. This relationship is particularly relevant in Indonesia, where concentrated ownership structures and family-controlled businesses may influence the extent to which managerial ownership translates into effective corporate monitoring. Therefore, the effect of managerial ownership on disclosure quality remains an empirical question that warrants further investigation. Managers that own shares in the company are incentivized to improve the accuracy and openness of financial reporting. Their direct financial commitment drives them to act in ways that protect and build value, eventually benefiting both themselves and external stakeholders. This alignment fosters improved organizational governance and lessens agency disputes (Naysilla Anastasia, Rahayu, and Nursina 2023)

udit firm size is commonly regarded as an important external governance mechanism that may influence the quality of corporate financial reporting. Larger audit firms, particularly those affiliated with the Big Four, generally possess greater organizational resources, technical expertise, established audit methodologies, and reputational incentives to maintain high professional standards. These characteristics may strengthen their ability to scrutinize financial information and encourage companies to comply with applicable reporting and disclosure requirements. DeFond and Zhang (2014) emphasize that audit quality reflects the auditor's ability to enhance the credibility of financial reporting through effective monitoring and assurance. However, audit quality and disclosure quality should be distinguished, as the former concerns the credibility of the auditing process, whereas the latter relates to the completeness, transparency, and relevance of information communicated by the company. Although reputable audit firms may encourage more reliable financial reporting, their presence does not necessarily guarantee more comprehensive corporate disclosure. Accordingly, examining the relationship between audit firm size and

disclosure quality is important for understanding whether external audit monitoring contributes to greater corporate transparency. These qualities allow them to perform audits with increased rigor and consistency, consequently augmenting the general reliability of the financial information they assess. These elements help to increase trust in the financial statements that these companies audit (Zahid et al. 2023).

One perspective suggets that a longer audit tenure can be beneficial. Audit tenure refers to the length of the professional relationship between an external auditor and a client company. Its potential influence on disclosure quality can be explained through two competing perspectives. On the one hand, longer audit tenure enables auditors to develop a deeper understanding of the client's business operations, financial reporting systems, internal controls, and industry-specific risks. Such familiarity may improve the effectiveness of audit procedures and strengthen the auditor's ability to identify potential misstatements or weaknesses in corporate reporting. On the other hand, prolonged auditor-client relationships may create familiarity threats that weaken professional skepticism and compromise auditor independence. These concerns may reduce the effectiveness of external monitoring and potentially undermine the credibility and transparency of corporate disclosures. Consequently, the relationship between audit tenure and disclosure quality remains theoretically ambiguous, as accumulated client knowledge may enhance monitoring effectiveness while excessive familiarity may impair auditor objectivity. This competing perspective makes audit tenure an important factor to examine in assessing the determinants of corporate disclosure quality. Audit tenure denotes the duration an auditor has sustained a professional assocation with a client organization. This notion is frequently examined concerning its influence on the overall quality of an audit. Prolonged employment may compromise auditor independence, potentially leading to dimished objectivity stemming from familiarity with management (Cahyo Prasetyo, 2024).

Dividend policy represents a company's decisions regarding the distribution of earnings to shareholders in the form of dividends rather than retaining them for future investment and operational needs. Beyond its financial implications, dividend policy may also serve as an important corporate governance mechanism that influences management's incentives to communicate financial information transparently. Companies that distribute dividends are expected to maintain sufficient financial credibility and provide shareholders with relevant information regarding their financial performance and future prospects. From an agency perspective, dividend payments may reduce the amount of internally available funds under managerial control, thereby limiting potential agency conflicts and encouraging greater accountability. However, dividend policy may also create different reporting incentives, particularly when companies seek to maintain dividend payments despite financial constraints. In such circumstances, management may have stronger incentives

to manage reported financial information or selectively disclose corporate information. Therefore, the relationship between dividend policy and disclosure quality may depend on the company's financial condition, governance structure, and commitment to transparency.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

To demonstrate this approach, corporations frequently depend on financial metrics such as earnings per share and dividends per share. These measures indicate the proportion of profit retained against that which is distributed. Through meticulous formulation of their dividend policies, corporations can communicate their financial robustness and long-term prospects. Thus, dividends serve as both a money distribution mechanism and a strategic communication instrument. By implementing consistent and clear regulations, organizations can shape investor perceptions of their performance and regulate shareholder expectations. Such approaches can mitigate uncertainty and offer reassurance to the market. Ultimately, transparent and effectively stated dividend policies enhance market stability and bolster investor confidence (Hayes, 2025).

Disclosure quality refers to the level to which companies provide information that is comprehensive, precise, and transparent. It is not solely about supplying data but also about guaranteeing that the revealed information accurately represents the economic reality of the enterprise. High-quality disclosure is considered a key element of financial reporting. It offers stakeholders dependable information that serve as a basis for assessing the entire performance of a company. Disclosure quality is critical for investors as it enables them to make more reasonable and informed investment decisions. Transparent and precise information diminishes uncertainty and enables investors to evaluate both opportunities and potential hazards. In addition to investor decision-making, the quality of disclosure is crucial in corporate governance. It improves accountability by enabling boards of directors and shareholders to better monitor management' activities and strategies. Timeliness is an aspect intricately associated with the quality of disclosure. Outdated or delayed information diminishes its value for decision-making and can erode stakeholder confidence in the reporting process. Relevance and materiality also determine the utility of disclosure. A superior disclosure must prioritize significant problems, including financial performance, risk exposures, and governance processes, instead of inundating stakeholders with trivial facts.

The quality of disclosure further diminishes information asymmetry between management and external stakeholders. By reducing information asymmetries, companies foster a more equitable environment for investors and enhance the efficiency of capital markets. Comprehensive reporting typically encompasses financial results, governance principles, and risk management strategies. These disclosures provide a comprehensive overview of the company's activities and

long-term viability. Tran and Ha (2023) emphasize that effective disclosure transcends mere compliance; it serves as a strategic method for fostering confidence. Organizations that exhibit transparency and consistency in their reporting are more likely to attain legitimacy in the market's perception.

This study primarily aims to investigate the impact of managerial ownership, audit tenure, audit firm size, and dividend policy on the quality of disclosure in trading sector companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024. Each element is anticipated to have a unique function in influencing corporate transparency and accountability. This research is based on the theoretical premise that high-quality disclosure is essential for maintaining the integrity of financial markets. Dependable and transparent reporting reduces knowledge asymmetry between managers and investors, ultimately enhancing trust and promoting more efficient capital allocation (James and Wang 2021).

This study aims to analyze these four variables concurrently to ascertain their separate contributions and comprehend their collective impact on corporate disclosure procedures. This multifaceted perspective offers a more comprehensive and integrated understanding of the factors influencing disclosure quality.

The emphasis on the commerce sector imparts distinct importance to the research. Companies in this market encounter substantial transaction volumes and must maneuver through competitive landscapes where transparency is essential for fostering investor trust and fulfilling public expectations. This comprehensive methodology underscores the significance of assessing disclosure quality in sectors where accountability and openness are essential. According to Ababil, Nuruddin, and N S (2025), companies in the trading sector face increased scrutiny, rendering strong disclosure standards essential for maintaining market credibility.

Regulators, firms, and investors are encouraged to focus on the intricate interconnections between ownership structures, audit attributes, dividend policies, and the quality of disclosures. Each of these components influences the overall transparency and accountability of financial reporting. The empirical evidence produced by this work offers a significant basis for regulators. Policymakers, including financial authorities, should leverage these findings to develop or enhance legislation that promote prudent ownership structures, efficient audit practices, and sustainable dividend strategies (Handayati et al. 2022; OJK 2023). The findings highlight the necessity of enhancing corporate governance structures for organizations. A method to do this is by choosing audit firms that have the requisite size and expertise to provide superior assurance (Yasmin 2024; Che, Hope, and Langli 2020).

Furthermore, aligning managerial incentives with shareholder interests is demonstrated to be a crucial method for improving disclosure quality. By establishing ownership arrangements that

incentivize management to prioritize investors' interests, organizations can promote enhanced transparency and accountability in reporting methods (Jubaedah and Setiawan 2023). The results indicate that audit tenure requires careful management. Although prolonged ties may enhance auditors' comprehension of a company, it is equally crucial to preserve independence and objectivity. Therefore, achieving an optimal equilibrium between familiarity and autonomy is crucial for preserving audit efficacy (Hadji 2024; Alhazmi, Islam, and Prokofieva 2024). From the investors' viewpoint, the quality of disclosure strongly influences decision-making processes. Superior and transparent reporting diminishes information asymmetry, allowing investors to make more educated assessments of risk and return (Tinungki et al. 2025; Wirama and Krisnadewi 2024). Furthermore, enhanced disclosure quality not only improves market efficiency but also cultivates increased trust in publicly traded corporations. This trust is essential for promoting long-term investment and sustaining the integrity of capital markets overall.

Collectively, these advantages enhance the robustness of Indonesia's capital market ecosystem. Through the promotion of stringent governance procedures and elevated disclosure standards, regulators, businesses, and investors together foster the establishment of a more resilient, transparent, and dependable financial ecosystem.

This study significantly contributes to the greater discourse on corporate governance by analyzing the interplay between managerial ownership, auditor characteristics, and dividend policy in influencing disclosure quality. These aspects are interconnected, collaboratively influencing the transparency and dependability of business reporting. The study highlights that management ownership is crucial in aligning the interests of managers with those of shareholders. When managers possess a financial interest in the organization, they are more inclined to prioritize transparent disclosure methods that convey correct information.

Auditor characteristics, such as company size, reputation, and tenure, significantly affect the quality of disclosures. Through stringent oversight and independent verification, auditors bolster the reliability of financial statements and augment investor confidence. The dividend policy, as an additional criterion, indicates the financial health and stability of a company. Transparent and consistent dividend policies in still confidence in stakeholders and are intrinsically connected to a company's dedication to transparent and precise reporting.

Collectively, these aspects bolster the essential principles of accountability and transparency. Robust disclosures not only preserve the integrity of financial reporting but also guarantee that investors receive the essential information to make informed judgments.

The ramifications of these discoveries extend beyond the simple satisfaction of regulatory requirements. They emphasize the strategic significance of disclosure quality as a fundamental component of corporate governance and sustainable value development.

By promoting transparency and uniformity in disclosure, companies can cultivate more robust connections with stakeholders. This bolsters investor confidence in the Indonesian capital market, where trust and openness are essential for sustainable growth.

Ultimately, the quality of disclosure should be regarded as a strategic organizational priority. When companies engage in dependable and transparent reporting, they enhance governance practices and bolster the resilience and sustainability of the wider financial ecosystem (Siladjaja, Anwar, and Djan 2022).

METHOD

In order to empirically examine the effects of managerial ownership, audit firm size, audit tenure, and dividend policy on disclosure quality, this study uses a quantitative research approach. The goal of the causal-explanatory method is to find patterns of cause and effect between the variables. This form was chosen because it makes it possible to statistically analyze correlations and derive conclusions from unbiased numerical data. To capture both temporal patterns and variances between organizations, the research uses a cross-sectional time frame, spanning the 2020–2024 timeframe (Sugiyono 2020).

The study's reliance on quantifiable indicators and statistical hypothesis testing is consistent with the choice of a quantitative approach. The quantitative approach enables this study to make use of pre-existing data from audited financial reports and corporate governance declarations, in contrast to qualitative research, which places an emphasis on in-depth subjective understanding. This improves external validity by making the results comparable to earlier research on disclosure quality and generalizable.

All trading sector businesses, particularly those in the retail and wholesale trade subsectors, that were listed on the Indonesia Stock Exchange (IDX) between 2020 and 2024 make up the research population. This industry was selected due to its substantial GDP contribution and crucial role in Indonesia's economic distribution pathways (Cahyadin, sutomo, and ratwianingsih 2017). Additionally, businesses in this industry are suited to research the dynamics of disclosure quality because of their varied ownership structures and corporate governance methods.

Purposive sampling, which chooses businesses according to predetermined eligibility requirements, is the method used for sampling. The requirements are as follows: (1) companies must be consistently listed on the IDX throughout the observation period of 2020–2024; (2) complete audited annual reports must be available for each year; (3) pertinent data must be disclosed for measuring all study variables; and (4) financial statements must be denominated in Indonesian Rupiah to maintain consistency. Businesses that don't fit these criteria aren't included in the sample.

All of the secondary data used in this study was gathered from a variety of reliable sources, including company websites, publically accessible annual reports, and the official IDX website www.idx.co.id. While the financial statements and supporting notes provide information on dividend policy and disclosure quality metrics, corporate governance disclosures include information on managerial ownership, auditor firm size, and audit tenure. A consistent procedure is followed during the whole data collection process to guarantee uniformity and reduce researcher bias.

Every variable in this study has been operationalized using definitions and metrics from other studies. The percentage of shares held by directors and managers in relation to all outstanding shares is known as managerial ownership (X1) (Boateng, Tawiah, and Tackie 2022). A dummy variable (1 for Big 4 auditors and 0 for non-Big 4) is used to measure the size of the audit company (X2) (Mayangsari and Sazangka 2023). The number of consecutive years that the same auditor has worked for the company is known as the audit tenure (X3) (Nwaeze 2025). The Dividend Payout Ratio (DPR) calculation, which is calculated by dividing total dividends by net income (Azekkar et al. 2025), is used to measure dividend policy (X4). A modified disclosure index that considers both required and optional items is used to evaluate disclosure quality (Y) (Boateng, Tawiah, and Tackie 2022).

Multiple linear regression analysis, the main analytical method employed in this study, looks at the simultaneous and separate effects of independent factors on disclosure quality. To verify the validity of the regression model, traditional assumption tests are performed prior to regression testing, such as autocorrelation, heteroscedasticity, multicollinearity, and normality. A 5% significance level is used for the hypothesis testing, and t-tests and F-tests are used to evaluate partial and simultaneous effects, respectively (Tinungki et al. 2025).

The coefficient of determination (R^2), which shows the percentage of variance in disclosure quality that can be accounted for by the independent variables, is used to assess the strength of the regression model. The model is said to have great explanatory power if its R^2 value is higher. Statistical processing and analysis are performed using SPSS. This software method improves the results' dependability and reduces the possibility of computational bias.

RESULTS AND DISCUSSION

The objective of this study is to determine how managerial ownership, the size of public accounting firms, audit tenure, and dividend policy affect disclosure quality in trading sector companies listed on the official website of the Indonesia Stock Exchange (IDX) www.idx.co.id in 2020-2024. The type of data used is secondary data collected from the annual reports and financial statements of each company. Purposive sampling was used as the sampling technique, with criteria outlined in the Research Methodology chapter. There were 179 trading sector companies listed on

the IDX website as the sample units. Seventy-four companies in the trade sector that met the criteria for the Retail Trade and Wholesale sub-sectors were selected for the period 2020-2024 to measure the influence of managerial ownership, the size of the Public Accounting Firm, audit tenure, and dividend policy on disclosure quality. However, out of the 74 samples that met the criteria, 9 outlier data points were excluded from the sample. Outlier data that deviated from the general pattern of the regression model were feared to disrupt the data analysis process. Thus, the panel data included in the unbalanced panel data because the total sample observed in this study was 65 samples.

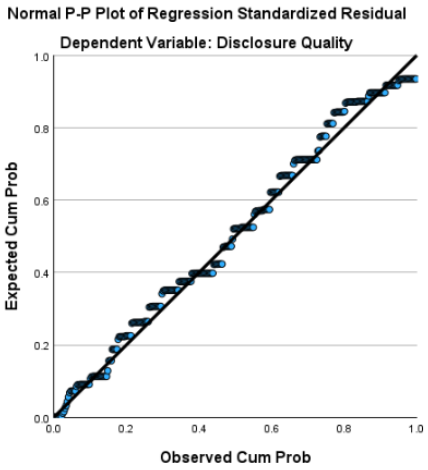


Figure 1. Accurate Input Process
Source: Author's Processed Data (2026)

The Normal P-P Plot of Standard Regression Residuals for the dependent variable Disclosure Quality is shown. The residuals are near a normal distribution when the graph's points line up with the diagonal reference line. This pattern shows that multiple linear regression analysis satisfies the normality condition. The statistical inferences drawn from the regression model, including confidence intervals and hypothesis tests, are regarded as legitimate and trustworthy when the residuals exhibit a normal distribution. The robustness of the regression results is further supported by the proximity of the observed cumulative probability values to the expected cumulative probability line, which further verifies that departures from normalcy are negligible.

Table 1. Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	87.988	.885		99.468	<,001		
	Kepemilikan Manajerial	.007	.005	.080	1.463	.144	.997	1.003
	Ukuran KAP	2.789	.905	.171	3.081	.002	.977	1.024
	Audit Tenure	.911	.313	.161	2.915	.004	.979	1.021
	Dividend Policy	6.230E-5	.000	.070	1.279	.202	.998	1.002

a. Dependent Variable: Disclosure Quality

Source: Author's Processed Data (2026)

The table shows the results of the multicollinearity test using the Tolerance and Variance Inflation Factor (VIF) values obtained from the regression coefficient output. The results indicate that all independent variables Management Ownership, Auditor Firm Size, Audit Duration, and Dividend Policy have Tolerance values above 0.10 and VIF values below 10. The Tolerance values for all variables are above 0.10, ranging from 0.977 to 0.998. The VIF values for all variables are below 10, ranging from 1.002 to 1.024. These results indicate that there is no multicollinearity among the independent variables in the regression model. The absence of multicollinearity indicates that each independent variable provides unique information to explain the variation in the dependent variable (Disclosure Quality). These values indicate that the independent variables of Management Ownership, Public Accounting Firm Size, Audit Duration, and Dividend Policy do not exhibit multicollinearity. This indicates that the regression model meets the multicollinearity criterion and that each variable can provide different information to the dependent variable.

Table 2. R2 Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.268[a]	.072	.060	7.34547	1.047

a. Predictors: (Constant), Dividend Policy, Kepemilikan Manajerial, Audit Tenure, Ukuran KAP

b. Dependent Variable: Disclosure Quality

Source: Author's Processed Data (2026)

The regression analysis's Model Summary, which contains the Durbin-Watson statistic for determining if the residuals exhibit autocorrelation (Kenton 2024), is shown in Table. There is no compelling evidence of either positive or negative autocorrelation in the model's residuals, as indicated by the Durbin-Watson value of 1.047, which is within the acceptable range of about 2. One of the fundamental tenets of multiple linear regression is thus satisfied: the error factors are independent of one another. Apart from the autocorrelation test, the table also displays the coefficient of determination (R Square) of 0.072, which indicates that the independent variables in the model Managerial Ownership, Auditor Firm Size, Audit Tenure, and Dividend Policy can account for roughly 7.2% of the variation in Disclosure Quality. A more realistic metric for models with several independent variables is provided by the Adjusted R Square value of 0.060, which modifies this proportion for the number of predictors in the model.

Figure 2: Heteroscedasticity Test Result

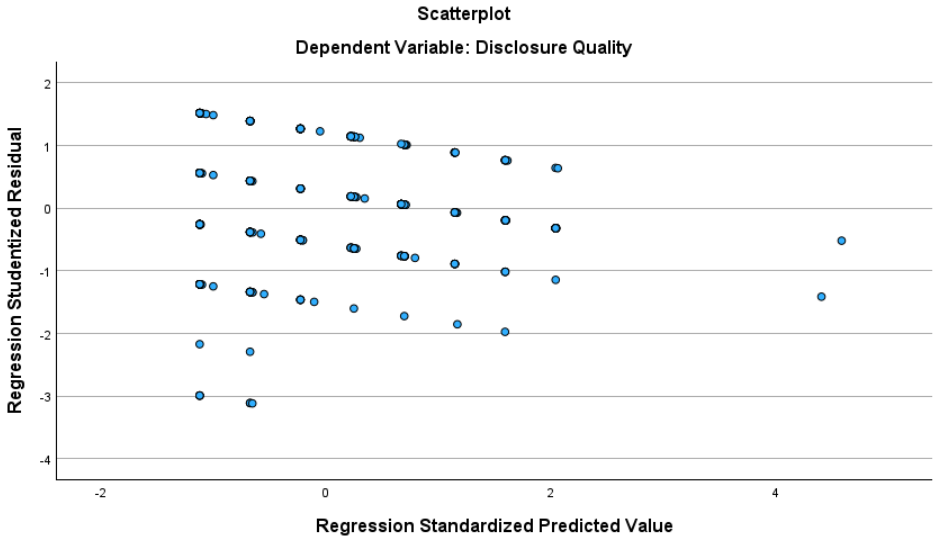


Figure 2. Heteroscedasticity Test Result
Source: Author's Processed Data (2026)

A test for heteroscedasticity is conducted to ascertain whether the residual variance changes for every observation in the regression model. If the residual variance is not constant, heteroscedasticity is present. The computed regression coefficients may stay consistent but inefficient when heteroscedasticity arises, which can result in inaccurate statistical tests and improper standard errors (Hayes 2024). The heteroscedasticity test in this study is conducted using a scatterplot between the Regression Standardized Predicted Value (predicted value) and Regression Studentized Residual (residual value). The scatterplot findings show that the dots are dispersed randomly along the horizontal axis and do not create any particular pattern, like a narrowing or widening line or fan pattern. It is clear from the point distribution that there isn't any pattern that suggests heteroscedasticity. The regression test can therefore be regarded as legitimate since the regression model in this investigation satisfies the homoscedasticity assumption.

Table 3. R2 Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.268[a]	.072	.060	7.34547	1.047

a. Predictors: (Constant), Dividend Policy, Kepemilikan Manajerial, Audit Tenure, Ukuran KAP

b. Dependent Variable: Disclosure Quality

Source: Author's Processed Data (2026)

The R-Square (R^2) value is used to assess how well independent variables—in this case, managerial ownership and audit tenure—can explain the dependent variable, which is the dependability of disclosure quality. The R2 value can be divided into three groups, according to (Hair et al. 2017): 0.75 (strong), 0.50 (moderate), and 0.25 (weak). The R^2 value in this study is 0.072, which indicates that variables including dividend policy, auditor tenure, KAP size, and managerial ownership may account for 7.2% of the variance in the disclosure quality variable. The remaining 92.8% can be explained by additional factors not included by this research methodology. This suggests that the model's ability to account for variations in Disclosure Quality is constrained. A low R-square score, however, does not automatically signify a subpar model, particularly in intricate social research where several outside factors may affect the findings. A low R-square does not always indicate a poor model. This is because its main objective is to determine if specific explanatory factors or predictors significantly affect the dependent variable. Accordingly, if some of the predictors explanatory variables are statistically significant, an R-square as low as 0.1 (or 10%) may be acceptable (Ozili 2023).

Table 4. F-test results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1294.985	4	323.746	6.000	<,001[b]
	Residual	16672.381	309	53.956		
	Total	17967.366	313			

a. Dependent Variable: Disclosure Quality

b. Predictors: (Constant), Dividend Policy, Kepemilikan Manajerial, Audit Tenure, Ukuran KAP

Source: Author's Processed Data (2026)

The degree to which independent variables significantly affect dependent variables is assessed using a simultaneous test. H0 is rejected and H1 is approved if F count > F table or Sig < α = 5%, indicating that the independent factors all have an impact on the dependent variable. Additionally, H0 is approved and H1 is rejected if F computed < F table or Sig > α = 5%, indicating that the independent factors do not jointly affect the dependent variable (Ghozali 2016). The F test findings for this study indicate a computed F value of 6.000 with a significance level (Sig.) of 0.000, as indicated by the ANOVA table. Since the significance level is below the 5% significance level (0.05), it may be said that the regression model is simultaneously significant. This suggests that the combination of Management Ownership, KAP Size, Audit Period, and Dividend Policy affects Disclosure Quality. Since it shows a substantial simultaneous link between the independent and dependent variables, this result supports Ghozali's (2018) assertion that the regression model can

be used if the F-test's significance threshold is less than 0.05.

Table 5. Significance T-Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	87.988	.885		99.468	<,001		
	Kepemilikan Manajerial	.007	.005	.080	1.463	.144	.997	1.003
	Ukuran KAP	2.789	.905	.171	3.081	.002	.977	1.024
	Audit Tenure	.911	.313	.161	2.915	.004	.979	1.021
	Dividend Policy	6.230E-5	.000	.070	1.279	.202	.998	1.002

a. Dependent Variable: Disclosure Quality

Source: Author's Processed Data (2026)

• With a t-value of 1.463 and a significance level of 0.144 (> 0.05), Managerial Ownership has a coefficient (B) of 0.007. This indicates that there is no statistically significant relationship between managerial ownership and Disclosure Quality.

• With a t-value of 3.081, a significance level of 0.002 (< 0.05), and a coefficient of 2.789, Auditor Firm Size has a positive and statistically significant impact on Disclosure Quality.

• With a t-value of 2.915, a significance level of 0.004 (< 0.05), and a coefficient of 0.911, Audit Tenure also has a positive and significant impact on Disclosure Quality.

• With a t-value of 1.279, a significance threshold of 0.202 (> 0.05), and a coefficient of 6.230E-5, Dividend Policy does not significantly affect Disclosure Quality.

These findings suggest that audit quality parameters, including auditor reputation (KAP size) and auditor-client relationship duration (audit tenure), have a greater impact on the quality of corporate information disclosure. However, in the context of disclosure, internal ownership structure and dividend policy could not be as significant or might be impacted by factors not included by the model. These results corroborate earlier studies (Mayangsari & Sazangka, 2023) that demonstrated that auditors from big accounting firms (KAP) typically advocate for increased information transparency and that a long-term relationship between auditors and clients can enhance the efficacy of investigations and the accuracy of disclosure.

This test is very important because, even though the model as a whole is significant (according to the F test), this does not mean that each independent variable makes a significant contribution. If the calculated t-value is less than the critical t-value or the significance level (Sig) is greater than the alpha level (α = 5%), then H1 is rejected and H0 is accepted, meaning that one of the independent variables does not significantly influence the dependent variable. Conversely, if the calculated t-value is greater than the critical t-value or the significance level (Sig) is less than the alpha level (α = 5%), then H1 is accepted and H0 is rejected, meaning that one of the independent

variables significantly influences the dependent variable (Ghozali, 2021:149). Based on the t test results table, the following analysis results are obtained:

1. $H2$: Public Accounting Firm size provides a significant positive effect on disclosure quality. Furthermore, because their credibility in the marketplace is a valuable commodity that needs to be maintained, larger organizations typically have stronger reputational incentives to maintain audit quality (Zahid et al., 2023). This result is in line with earlier studies that show businesses audited by big-box auditors are seen as having more reliable and genuine financial reporting, which in turn boosts investor confidence and lessens information asymmetry (Che et al., 2020; Yasmin, 2024). Companies audited by large-scale public accounting firms, such as the Big Four, tend to publish more transparent and reliable financial reports, according to his research. This is due to the large public accounting firms' reputations, strict auditing systems, and greater independence. Because it can improve the quality of information disclosure and increase shareholder confidence in published financial reports, the size of public accounting firms is an important component of corporate governance. When selecting an external auditor, companies should consider the reputation and capabilities of the public accounting firm rather than just the cost of audit services, as companies audited by large public accounting firms have higher disclosure quality. A more thorough and impartial audit can be an additional advantage of choosing a public accounting firm that is categorized as large or has international associations. To maintain investor confidence and the integrity of financial statements, businesses should collaborate with reputable and reputable public accounting firms for the long term in the future.
2. $H3$: Audit tenure provides a significant positive effect on disclosure quality. This shows that auditors' understanding of nature, operational activities, and risks of an organization increases with the length of their professional relationship with their clients. This, in turn, affects the quality of information disclosure. Longer audit relationships can also improve the effectiveness and efficiency of the audit process, giving auditors greater influence to persuade businesses to make transparent disclosures. These results are consistent with previous research by (Salman & Setyaningrum, 2023), which found that ongoing audit relationships provide auditors with opportunities to learn more about their clients' corporate governance and internal operations. In the context of this study, appropriate audit tenure actually promotes accountability and transparency of information, despite concerns that overly long audit tenure may reduce auditor independence. Consequently, these findings suggest that audit tenure can be a significant contributor to improving business disclosure standards. These findings show a positive correlation between improved disclosure quality and longer audit duration. As a result, companies and auditors need to establish an ongoing audit relationship while remaining impartial. Although auditors must remain impartial and uphold professional ethics over the long term, companies must allow auditors

to understand the overall features of the business. This tactic will support the development of more efficient audit procedures and motivate businesses to disclose information openly and responsibly.

CONCLUSION, IMPLICATION AND LIMITATION

The results indicate that the size of the auditing firm and the duration of the audit have a significant beneficial impact on the quality of disclosures, whereas dividend policy and managerial ownership do not show a statistically significant correlation. This suggests that external auditors play a more critical role in influencing the transparency of business disclosures than internal ownership arrangements or dividend-related choices. The favourable correlation between auditor firm size and disclosure quality highlights the significance of employing large and esteemed audit firms. Their credibility, resources, and professional skills enhance the transparency and dependability of financial reporting, ultimately bolstering investor trust and market accountability. The beneficial impact of audit tenure underscores the importance of enduring auditor–client relationships. Prolonged engagements, coupled with autonomy and professional skepticism, enable auditors to gain a more profound comprehension of the company's processes, ultimately resulting in more thorough, consistent, and precise disclosures.

From a practical perspective, organizations are advised to enlist larger and more esteemed audit firms to enhance the legitimacy and trustworthiness of their disclosures. Collaborating with auditors who have esteemed reputations and ample resources can bolster stakeholder confidence and strengthen the integrity of financial reporting.

The findings underscore the necessity for regulators to formulate laws that reconcile the advantages of prolonged audit tenures with safeguards that maintain auditor independence. Mandatory audit partner rotation helps preserve objectivity while enabling organizations to benefit from auditors' acquired business knowledge. Furthermore, companies must guarantee that long-term audit contracts are continuously administered in accordance with ethical and professional standards to optimize their value. Simultaneously, investors may utilize auditor-related characteristics as supplementary indicators when evaluating a company's transparency, governance standards, and overall reporting quality.

Despite its contributions, this study has several limitations that should be considered when interpreting the findings. First, the explanatory power of the regression model, as reflected in its relatively low coefficient of determination (R^2), indicates that the independent variables included in this study explain only a limited proportion of the variation in disclosure quality. This suggests that other organizational, financial, and governance-related factors may also play important roles in determining the quality of corporate disclosures.

Second, the research focuses exclusively on trading sector companies listed on the Indonesia Stock Exchange. Consequently, the findings may not be directly generalizable to companies operating in other industries, which may have different regulatory requirements, operational characteristics, and disclosure practices.

Third, the study employs pooled ordinary least squares (OLS) to analyze the panel data. Although this approach provides an initial assessment of the relationships among the research variables, it does not explicitly account for unobserved firm-specific or time-specific heterogeneity. Therefore, the estimated relationships may not fully capture the underlying characteristics of individual companies across the observation period.

Fourth, the measurement of disclosure quality is based on a modified disclosure index developed for this study. Although the index is intended to capture relevant disclosure dimensions, the modification of measurement items may involve certain degrees of subjectivity and may affect the comparability of the results with studies employing different disclosure measurement approaches.

Fifth, the regression model does not incorporate additional control variables that may influence disclosure quality, such as firm size, profitability, leverage, firm age, and financial performance. The omission of these variables may introduce omitted variable bias and limit the ability of the model to isolate the relationships between the selected independent variables and disclosure quality.

Sixth, the research design does not fully address potential endogeneity concerns, including possible reverse causality and omitted variable bias. For example, companies with stronger disclosure practices may also be more likely to engage reputable audit firms, suggesting that the observed relationships may involve interactions beyond the direction examined in this study.

Finally, the exclusion of outliers during data processing may have influenced the distribution of the observations and potentially affected the estimated regression results. Although this procedure was intended to reduce the influence of extreme observations, the exclusion of certain data points may also limit the representation of the broader population of trading sector companies.

Future research directions may be enhanced by incorporating a broader array of governance systems that could influence disclosure quality. Factors such as board independence, ownership structure diversity, and the efficacy of audit committees merit more examination. These factors may offer more insights into how governance structures facilitate or impede openness in corporate reporting.

Moreover, undertaking comparison analyses across other industries or nations may provide insightful perspectives on how differing market conditions and regulatory frameworks interact with

audit-related attributes to affect disclosure practices. Cross-contextual studies would enhance the findings and reveal both distinct and shared patterns of disclosure behaviour across different circumstances. Furthermore, the causal relationships among the analysed factors and disclosure quality could be elucidated by the implementation of several analytical strategies. The use of qualitative case studies, mixed methods approach, or longitudinal designs can yield deeper and more intricate insights, hence enhancing the theoretical and practical contributions of this study area.

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