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The Influence of Voluntary Disclosure, Institutional Ownership and Managerial Ownership on The Earnings Quality

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ABSTRACT
This study examines the effect of voluntary disclosure, institutional ownership, and managerial ownership on earnings quality in Basic Industry and Chemical companies listed on the Indonesia Stock Exchange (IDX). The data used is secondary data with multiple linear regression analysis. The population consists of 73 companies, with a sample of 20 companies using purposive sampling. The results indicate that voluntary disclosure has a positive but insignificant effect on earnings quality, suggesting increased voluntary disclosure tends to improve earnings quality. Institutional ownership has a negative and significant effect on earnings quality, playing an important role in minimizing agency conflicts. Managerial ownership has a negative and insignificant effect on earnings quality, with small management shareholding reassuring owners about reported earnings quality. The F-test results show voluntary disclosure, institutional ownership, and managerial ownership simultaneously have a significant effect on earnings quality. The independent variables influence earnings quality, with institutional ownership being the only significant variable during the observation period. Other variables influencing earnings quality, such as profitability, profit persistence, capital structure, and internal and external auditor quality, are not considered. This study is expected to serve as an additional reference for investors.

INTRODUCTION

The profit achievement is a positive indicator that show quality and healthy profits will be the main focus of potential stakeholders (Sugiarto, 2015). Profit quality is a crucial element in financial reporting that reflects the extent to which profit information can reflect the actual condition of the company's operational performance. Rumapea et al. (2021) explain that poor-quality profits usually occur because in running the company's business, management is not the owner of the company. Management as the company's administrator knows more about internal information and the company's prospects in the future than the owner. Hery (2016) explains that financial statements are the result of an accounting process that can be used as a tool to communicate financial data or company activities to interested parties. In other words, financial statements serve as an information tool that connects the company with interested parties, showing the company's financial health and performance (Rahmawati & Rohma, 2024). Several factors can influence profit quality, including voluntary disclosure, institutional ownership, and managerial ownership.

Voluntary disclosure can provide additional important information and reduce information asymmetry and uncertainty within the company. Management that is willing to disclose information more openly will be more transparent in presenting management performance and profit quality. This results in financial statements that better reflect the company's economic reality, and reported earnings exhibit higher levels of persistence and predictability (Rahmawati & Aprilia, 2022). This has the effect of reducing or minimizing the occurrence of agency conflicts between company management and shareholders. The broader the extent of disclosure by the company, the greater the investors' confidence in the disclosed information. Additionally, voluntary information published by companies also provide an indication of expected future earnings (Fahlevi, 2016).

Riska (2016) explains that institutional ownership has the ability to control management through effective monitoring processes that can be used to reduce agency conflict. With institutional ownership, there will be increased oversight of company operations, leading to more optimal results. Several studies conducted by Daryatno & Santioso (2021), Puspitawati et al (2019), Dewi & Fachrurrozie (2021) state that higher institutional ownership will improve profit quality. Managerial ownership has successfully become a mechanism to reduce agency problems between managers and shareholders by aligning the interests of both parties. Theoretically, when the interests of owners and agents align due to the managerial ownership, the incentive to engage in earnings management decreases, resulting in financial information that reflects higher-quality earnings (Puspitawati et al., 2019).

The proportion of shares owned by managers can influence company policy. When managers own company shares, they serve dual roles as managers and owners, thereby being more motivated to take actions beneficial to the company. Managers who hold shares will directly feel the results of their decisions. When the company succeeds with high-quality profits. Therefore, the higher the managerial shareholding, the more managers will be encouraged to generate good profit quality (Pratama & Sunarto, 2018; Riska, 2016; Hidayatul et al., 2022; Christabelle et al., 2022; Nandika & Sunarto, 2022). The following is presented three data from basic and chemical industry companies which is the phenomenon gap in this study in Table 1. The voluntary disclosure value of PT Alkindo Naratama in 2021 to 2022 has increased while earnings quality has decreased. This is not in accordance Fahlevi (2016) which states that if voluntary disclosure increases, earnings quality also increases. In addition, the table above shows that the institutional ownership of the company in 2022 to 2023 has decreased and is followed by a decrease in earnings quality.

Tabel 1. Phenomenon Gap

	CODE	Year	*Voluntary Disclosure*	KI	KM	Earnings Quality
PT Alkindo Naratama Tbk	ALDO	2021	0,4848	68,75	8,14	0,7320
		2022	0,6667	68,75	7,71	0,3304
		2023	0,4848	67,04	7,52	-0,058
PT Aneka Gas Industri Tbk	AGII	2021	0,5152	4,59	74,85	2,8652
		2022	0,6667	75,54	3,96	5,0295
		2023	0,6061	75,54	3,96	3,8819
PT Wijaya Karya Beton Tbk	WTON	2021	0,4545	60,00	0,73	0,4301
		2022	0,3939	60,00	0,38	0,1493
		2023	0,4242	60,00	0,18	4,8176

Sources: Processed data, 2025

The gap phenomenon in this case is in accordance with research by Riska (2016) which states that a decrease in institutional ownership will be followed by a decrease in earnings quality. Meanwhile, managerial ownership from 2022 to 2023 decreased and was followed by a decrease in earnings quality. So that this gap phenomenon is also in accordance with Christabelle et al (2022) that a decrease in managerial ownership will be followed by a decrease in earnings quality. PT Aneka Gas Industri Tbk (AGII) has an increase in the value of voluntary disclosure from 2021 to 2022 and is followed by the value of earnings quality. This is in accordance with research by Fahlevi (2016) which states that an increase in voluntary disclosure is followed by an increase in earnings quality as well. In addition, the table above shows that institutional ownership from 2021 to 2022 has increased and is followed by an increase in earnings quality value. This is also in accordance with Daryatno & Santioso (2021), Puspitawati et al (2019), Dewi & Fachrurrozie (2021). Then the gap phenomenon of managerial ownership from 2021 to 2022 has decreased while earnings quality has increased. This is not in accordance Christabelle et al (2022) which states that if managerial ownership increases, earnings quality also increases.

In addition, the value of Voluntary Disclosure in 2022 to 2023 owned by PT Wijaya Karya Beton Tbk (WTON) increased and was followed by an increase in earnings quality. This is in accordance with research by Fahlevi (2016). In addition, the table above shows that institutional ownership from 2021 to 2022 has neither decreased nor increased but the value of earnings quality has decreased. This is not in accordance with research by Riska (2016). The percentage of managerial ownership in 2022 to 2023 which decreased followed by an increase in earnings quality has increased. In this data, there is a gap phenomenon in accordance with (Christabelle et al, 2022). The purpose of this study is to test and analyze the effect of voluntary disclosure variables, institutional ownership, managerial ownership partially and simultaneously on earnings quality in basic and chemical industry companies listed on the Indonesia Stock Exchange for the period 2021-2023. Where it is hoped that this research will be useful for companies and investors in making decisions in running operations and investing in the future. In addition, this research is an additional reference material for further researchers.

LITERATURE REVIEW

Jensen & Meckling (1976) state that an agency relationship is a contract between a manager (agent) and a shareholder (principal). In such agency relationships, conflicts sometimes arise, known as agency conflicts. This occurs due to the separation of roles and differences in interests between the agent and the principal. In agency theory, the most common conflict is information asymmetry, which is a situation where the manager, as the information provider, possesses more information than the shareholders. This situation provides an advantage for management to engage in operational activities that benefit them. Additionally, this situation also creates a difference in objectives between the agent and the shareholders, as shareholders cannot control and never know for certain the actual state of the agent's contributions due to the insufficient information available to them (Fahlevi, 2016). Therefore, it can be concluded that agency theory is the theoretical basis for this study because the company's objective is to run its operations in a way that generates quality profits.

Rohmansyah et al (2022) explain that profit quality is financial statement information that conveys actual phenomena. Profit quality shows the relationship between operating income and cash flow generated from those activities. The stronger the correlation between income and cash flow, the better the profit quality. Quality earnings can provide valuable information for investors in decision-making and provide a strong basis for management to make strategic decisions. In addition, Kepramareni et al (2021) state that earnings quality is a measure of how well earnings are generated in accordance with the established plan. The higher the earnings quality, the closer the earnings are to or even exceed the initial target set. This can result in biased information, which in turn can mislead creditors and investors in the decision-making process. In this study, the formula quoted from the research by Syanita and Sitorus (2020) is as follows: Profit Quality = Operating Cash Flow / Net Profit.

Voluntary disclosure according to SAK No. 1 paragraph 12 (IAI, 2009) states that entities present separately from financial statements, reports on the environment and value added statements, particularly for industries where environmental factors play an important role and for industries that consider employees to be an important group of information users. Based on the decision of the Chairman of the Financial Services Authority No. SE-02/PM/2002, the information that must be disclosed by company management in the company's annual financial statements has been specified. The high level of transparent voluntary disclosure information serves as a benchmark for stakeholders to trust the financial statements reported by management to shareholders, Fahlevi (2016). This disclosure uses the Voluntary Disclosure Index, which consists of 33 statements. According to Rahmawati and Aprilia (2022), each statement is given a score of 1 if there is a disclosure report and a score of 0 for statements that are not disclosed.

Institutional ownership refers to the ownership of shares by other institutions and ownership by other companies or institutions, such as insurance companies, banks, investment companies, and other institutional ownership. According to Riska (2016), institutional ownership refers to the concentration of company shares held by institutions or organizations, which can control management through effective monitoring processes, thereby reducing profit management practices. The importance of this ownership lies in its ability to encourage improved oversight of company operations and ensure the quality of profits as a symbol of prosperity for shareholders. The calculation formula used by Fitri and Hamdi (2024) in their research is as follows: Institutional Ownership = (Number of Institutional Shares) / (Total Shares Outstanding).

Santoso (2022) defines managerial ownership as the proportion of shareholders from the management who actively participate in company decision-making. This can be interpreted as ownership by the board of directors, managers, and/or the board of commissioners. This ownership can reduce conflicts of interest that may encourage managers to engage in manipulation. The existence of managerial ownership is interesting when linked to agency theory, which relates to the quality of profits presented by company management in its financial statements. The formula for calculating managerial ownership according to Siregar (2024).

Voluntary disclosure plays a pivotal role in providing stakeholders with a comprehensive understanding of a company's financial performance. Organizations that proactively disclose additional information beyond mandatory requirements in their annual reports demonstrate a commitment to transparency from management regarding the entity's operational activities. This cultivates increased confidence and trust among shareholders and investors in the leadership team's stewardship. Robust voluntary disclosure practices mitigate potential agency conflicts that can arise from information asymmetry between management and owners. By voluntarily sharing more extensive details, companies signal their dedication to open communication and accountability. This enhances shareholder assurance in the integrity and reliability of the financial statements presented. Saputra and Kusumastuti (2023) suggests that companies engaging in comprehensive voluntary disclosure exhibit high-quality reporting of profits generated. Investors tend to place greater confidence in organizations that embrace transparency through expanded disclosures. Fahlevi (2016) further corroborates that extensive voluntary disclosure positively impacts the quality of reported profits conveyed to shareholders and the investment community.

H_1: Voluntary Disclosure has a Positive and Significant Effect on Profit Quality.

Institutional investors, such as mutual funds, pension funds, and insurance companies, typically hold substantial equity stakes in publicly traded firms. As large shareholders, these institutions have a vested interest in ensuring that the companies they invest in are well-managed and adhere to sound corporate governance practices. By actively monitoring and engaging with management, institutional investors can exert influence over key decisions and strategies, thereby reducing the potential for agency conflicts between managers and shareholders. One of the primary mechanisms through which institutional ownership can enhance earnings quality is by promoting transparency and accountability in financial reporting. Institutional investors often have the resources and expertise to scrutinize financial statements and challenge any questionable accounting practices or earnings management techniques. This scrutiny can discourage managers from engaging in opportunistic behavior or manipulating earnings figures for their own benefit. Furthermore, institutional investors may demand higher levels of disclosure and adherence to accounting standards, which can improve the overall quality and reliability of financial information. They may also advocate for the adoption of robust internal control systems and the appointment of independent and competent members to the board of directors and audit committees, further strengthening the oversight and governance mechanisms within the company.

Dewi and Fachrurrozie (2021) and Rumapea et al. (2021), have provided evidence supporting the positive relationship between institutional ownership and earnings quality. These studies suggest that companies with higher levels of institutional ownership tend to exhibit higher earnings quality, as measured by various metrics, such as lower levels of discretionary accruals, higher earnings persistence, and greater value relevance of reported earnings. In summary, institutional ownership plays a crucial role in aligning the interests of managers and shareholders, promoting transparency and accountability in financial reporting, and ultimately enhancing the quality of reported earnings. By exercising their influence and demanding adherence to sound corporate governance practices, institutional investors can serve as an effective monitoring mechanism, reducing the likelihood of earnings management and ensuring the integrity of financial information.

H_2: Institutional Ownership has a Positive and Significant Effect on Earnings Quality.

Managerial ownership refers to the proportion of shareholders from the management side who actively participate in the company's decision-making process. This ownership can reduce conflicts of interest that may encourage managers to engage in manipulation. The presence of managerial ownership becomes an intriguing aspect when associated with agency theory, which relates to the quality of earnings presented by the company's management in its financial statements, according to Santoso (2020). The larger the proportion of management ownership in the company, the more diligently management will tend to work in the interests of shareholders, who are themselves, thereby enhancing earnings quality. This notion is expounded upon in research by Setyarini et.al (2021), Rumapea et.al (2021), Hidayatul et.al (2022), and Safira et.al (2022). Essentially, when managers have a significant ownership stake in the company they oversee, their personal interests become more closely aligned with those of other shareholders.

This alignment of interests can serve as a powerful motivator for managers to prioritize the company's long-term profitability and growth, which in turn, can lead to higher-quality financial reporting and transparency. The rationale is that managers who are also substantial shareholders will reap the benefits or bear the consequences of their stewardship, incentivizing them to exercise prudence and integrity in their decision-making. However, it is worth noting that managerial ownership is not a panacea for agency problems or a guarantee of superior earnings quality. Other factors, such as corporate governance mechanisms, industry dynamics, and regulatory oversight, also play crucial roles in shaping a company's financial reporting practices. Nonetheless, the empirical studies cited suggest that managerial ownership can be a valuable tool in aligning the interests of managers and shareholders, potentially contributing to more reliable and informative financial disclosures.

H_3: Managerial Ownership has a Positive and Significant Effect on Earnings Quality.

This study examines how voluntary disclosure, institutional ownership, and managerial ownership collectively impact a firm's earnings quality. Voluntary disclosure enhances transparency in financial reporting, enabling shareholders and investors to have confidence in the reported earnings figures. Institutional ownership provides robust external monitoring, while managerial ownership aligns managers' objectives with those of shareholders, both contributing to higher earnings quality. By mitigating agency problems and deterring earnings management practices, these factors facilitate the generation of reliable and high-quality earnings. The findings corroborate previous research conducted by Saputra and Kusumastuti (2023), Hidayatul et al. (2022), Safira et al. (2022) and Rumapea et al. (2021).

H_4: Voluntary Disclosure, Institutional Ownership, Managerial Ownership simultaneously have a Positive and Significant Effect on Earnings Quality.

RESEARCH METHOD

This research employed a quantitative research methodology. The company data utilized in this study encompassed firms from the Basic and Chemical Industries spanning the period from 2021 to 2023. The population for this research comprised all basic and chemical industry companies listed on the Indonesia Stock Exchange, with a total of 73 listed issuers. The sampling technique employed was purposive sampling, with the criteria for inclusion in the research sample being Basic and Chemical Industry companies listed on the Indonesia Stock Exchange that generated profits during the observation period and presented complete financial statements in accordance with the variables required by the researcher from 2021 to 2023. Based on these criteria, a sample of 20 companies was obtained for this study, with observations spanning 3 years, resulting in a total of 60 data points (20 companies x 3 years).

The quantitative approach adopted in this study facilitated the analysis of numerical data derived from the financial statements of the selected companies. By focusing on firms within the Basic and Chemical Industries sector, the research aimed to provide insights specific to this vital segment of the Indonesian economy. The purposive sampling technique ensured that the sample accurately represented companies meeting the predefined criteria, enabling the researcher to draw meaningful conclusions from the data analysis.

This research will use descriptive statistical analysis techniques, classical assumption tests and data processing results with multiple linear regression analysis as well as t tests, F test and coefficient of determination. The data processing using the SPSS 26 application. Ghozali (2021) explained that the effect of non-dependent variables on dependent variables is measured by multiple linear regression analysis. This analysis aims to understand how changes in the value of one variable (dependent variable) are influenced by variable (dependent variable) is influenced by other variables (non-dependent variables). By utilizing a straight line equation, multiple regression analysis can describe the relationship between relevant variables. The multiple linear regression model in this study is described in the linear equation, as follows: $Y = \alpha + \beta 1Ips + \beta 2KI + \beta 3MAN + e$. Y = Earnings Quality, α = constant number, β1-β2-β3 = coeficient independen variable, IPS = Voluntary Disclosure, KI = Institusional Ownership, MAN = Manajerial Ownership, e = Erorr.

RESULT AND DISCUSSION

The sample selection using the purposive sampling method described in the previous chapter, 20 basic and chemical industry companies listed on the Indonesia Stock Exchange for the period 2021-2023 were obtained. So that in this study there are 60 data to be studied, after data processing using SPSS, out of 60 research data there are 10 extreme data so that outliers need to be done so that the research results can focus and describe the results of a study. Then this research data has 50 total observations. Before hypothesis testing is carried out, it is necessary to test classical assumptions which include normality, multicollinearity, heteroscedasticity, and autocorrelation tests (Ghozali, 2021).

The normality test aims to test whether the data in the independent variable regression model on the dependent variable is normally distributed or close to normal. The statistical test that can be used to test residual normality is the Kolmogorov-Smirnov non-parametric statistical test in Table 2. The Kolmogorov value is 0.113 with a significance level of 0.135. Because the significance value is greater than and the value of 0.05, the residual value is stated to be normally distributed. The multicollinearity test aims to test whether the regression model finds correlation between independent variables. To detect the presence or absence of multicollinearity in the regression model is to look at the Tolerance and Variance Inflation factor (VIP) values in Table 3. The values commonly used to indicate that there is no multicollinearity are Tolerance > 0.10 or equal to the VIF value <10.

The VIF value of each independent variable for voluntary Disclosure of 1.078, Institutional ownership of 1.288, Managerial Ownership of 1.370. then for the Tolerance value of each independent variable for Voluntary Disclosure of 0.928, Institutional Ownership of 0.776, Managerial ownership of 0.730. so it can be seen that the VIF value of each variable is below 10 and the Tolerance value of each variable is greater than 0.1 and it can be concluded that there is no multicollinearity in the study. In this study, the method used to test the presence or absence of autocorrelation in a regression model is by using the Durbin-Watson test (dw). The statistical value of the Durbin-Watson test which is less than -2 and greater than +2 indicates autocorrelation (Santoso, 2020). The Durbin-Watson (DW) value is 1.375. This value is between -2 and +2, so (-2 < 1.375 <2), it can be concluded that there is no autocorrelation in this regression model.

Table 2. Normality Test

N		50
Normal Parameter	Mean	0,00000
	Std. Deviation	1,00701250
	Absolute	0,113
	Positive	0,113
	Negative	-0,056
Test Statistic		0,113

Sources: Processed data, 2025

Table 3. Multicollonearity Test

Model (Constant)	Tolerance	VIF
Voluntary Disclosure	0,928	1,078
Intitutional Ownership	0,776	1,288
Managerial Ownership	0,730	1,370

Sources: Processed data, 2025

Table 4. Autocorrelation Test

Model	R	R^2	Adjusted R^2	Std Error of the Estimate	Durbin Watson
1	0,431	0,186	0,133	1,0393313	1,375

Sources: Processed data, 2025

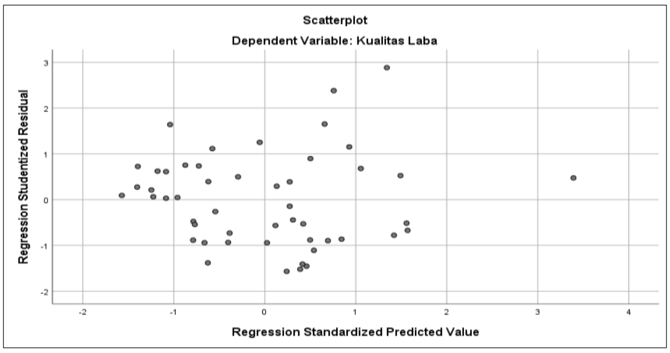

Figure 1. Scatterplot
Sources: Processed data, 2025

The heteroscedasticity test is a residual variance that is not the same in an observation in a regression model. Regression will be said to be good if no symptoms of heteroscedasticity are found. In Figure above, it shows that the points have spread above and below the numbers 0 on the Y axis and do not form a particular pattern. Thus, it can be concluded that there is no heteroscedasticity in the regression model in Figure 1. Multiple linear regression analysis is used to determine the relationship between independent variables and dependent variables using linear equations. The results of multiple linear regression analysis can be seen in the table below. Based on table 2, the multiple linear regression analysis model between the independent variables and dependent variables can be expressed in the following model in Table 5.

The results of the partial significance test (t-test) can be conclude that the significance value for voluntary disclosure is 0.449 > 0.05, from these results it can be concluded that voluntary disclosure has a positive and insignificant effect on earnings quality. The significance value for institutional ownership is 0.004 < 0.05. From these results it can be concluded that institutional ownership has a negative and significant effect. The significance value for managerial ownership is 0.309 > 0.05, from these results it can be concluded that managerial ownership has a negative and insignificant effect on earnings quality. The F statistical test basically shows whether all independent variables included in the model have a joint influence on the dependent variable. If the significance value F> 0.05 then the independent variables simultaneously do not have a significant effect on the dependent variable and vice versa if the significance value F < 0.05 then the independent variables simultaneously have a significant effect on the dependent variable. This can be seen in the table 6.

Table 5. Multiple Linear Regression Analysis

	B	Std Error	Beta	T	Sig
Constant	1,079	2,381		0,453	0,652
Voluntary Disclosure	2,364	3,093	0,106	0,764	0,449
Institutional Ownership	-2,506	0,825	-0,459	-3,038	0,004
Managerial Ownership	-0,950	0,924	-0,160	-1,028	0,309

Sources: Processed data, 2025

Table 6. Simultaneously Test

	Sum of Squares	Df	Mean Squae	F	Sig
Regression	11,358	3	3,786	3,505	0,023
Residual	49,690	46	1,080		
Total	61,047	49			

Sources: Processed data, 2025

Table 7. Determination Coefficient Test

Model	R	R^2	Adjusted R^2	Std Error of the Estimate	Durbin Watson
1	0,431	0,186	0,133	1,0393313	1,375

Sources: Processed by reasearcher, 2025

According to the results obtained in table above, the significance value (sig) of 0.023 is smaller than alpha 0.05 (0.023 <0.05), so according to the test criteria it can be concluded that voluntary disclosure, institutional ownership, managerial ownership simultaneously have a significant effect on earnings quality. The Adjusted R^2 determination coefficient or symbolized by Adjusted R^2 is a model used to predict and see how much influence the independent variables simultaneously contribute to the dependent variable. The table of determination coefficient test results in this study can be seen in Table 7. Based on table 4.8 above, it can be seen that the Adjusted R2 coefficient of determination is 0.133 or equal to 13.3%. This figure means that the voluntary disclosure variable, institutional ownership. Managerial ownership is able to explain earnings quality by 13.3%. While the remaining 86.7% is influenced by other variables not included in the regression model.

Based on the hypothesis testing results, it was found that the voluntary disclosure variable had a positive but insignificant effect on earnings quality. The regression coefficient for the voluntary disclosure variable was 2.364 with a significance of 0.449, which is greater than 0.05. The results of this study indicate that voluntary disclosure has a positive influence on earnings quality. It can be interpreted that if voluntary disclosure increases, earnings quality will also increase. Thus, this shows that H_1 is rejected because the voluntary disclosure variable has a positive but insignificant effect on earnings quality. Voluntary disclosure carried out by companies listed on the Indonesia Stock Exchange should increase shareholders' confidence in the earnings reported by the company's management. Companies that make more voluntary disclosures in their annual reports can provide added value compared to companies with less extensive voluntary disclosure (Fahlevi, 2016). The research results show that companies in the basic and chemical industry sub-sector have a transparent level of voluntary disclosure and are expected to increase shareholders' confidence in the earnings quality reported by the company's management.

However, the influence relationship is not significant in the sub-sector of companies observed in this study. Therefore, this research is not in line with the results of research conducted by Rahmawati & Aprilia (2022), Fahlevi (2016), Saputra & Kusumastuti (2023), which state that voluntary disclosure has a positive and significant effect on earnings quality. Based on the results of hypothesis testing, it was found that the institutional ownership variable has a negative and significant effect on earnings quality. The regression coefficient value for the institutional ownership variable is -2.506 with a significance of 0.004, which is less than 0.05. The results of this study indicate that institutional ownership has a negative influence on earnings quality. Where a decrease in institutional ownership can improve earnings quality. In this case, it shows that H_2, which states that institutional ownership has a positive and significant effect on earnings quality, is rejected. Institutional ownership refers to company shares owned by institutions or organizations such as insurance companies, investment firms, and other institutional ownership, which play a role as an effective monitoring mechanism in every decision made by managers.

Theory suggests that the higher the institutional ownership, the more it will increase shareholders' confidence in the quality of earnings presented by management. However, the results that occurred in this study are not in line with that theory, so it can be stated that the higher the institutional ownership has not fully convinced shareholders of the financial statements and earnings quality of sub-sector companies in the basic and chemical industries during the observation period of this study. The results of this study are in line with research conducted by Rumapea et al (2021), which states that institutional ownership has a negative effect on earnings quality. However, this study is not in line with Daryatno & Santioso (2021), Puspitawati et al (2019), Dewi & Fachrurrozie (2021), which state that institutional ownership has a positive and significant effect on earnings quality.

The results found that the managerial ownership variable had a negative and insignificant effect on earnings quality. The regression coefficient value for the managerial ownership variable was -0.950 with a significance of 0.309, which is greater than 0.05. These research findings indicate that managerial ownership has a negative influence on earnings quality. This can be interpreted as an increase in managerial ownership leading to a decrease in confidence in the reported earnings quality. Thus, this shows that H_3, which states that managerial ownership has a positive and significant effect on earnings quality, is rejected. Managerial ownership is the proportion of shareholders from the management side who actively participate in the company's decision-making process. The presence of managerial ownership in a company will give rise to an intriguing assumption that the company's earnings quality will improve as a result of increased managerial ownership. With this ownership system in place within the company, management will be more cautious in making decisions and play a role as the policymaker for accounting procedures that can lead to increased profits. Theoretically, when the interests of the owner and agent become aligned due to the managerial ownership system, the incentive to engage in earnings management will diminish, resulting in the presentation of higher-quality financial information and earnings (Puspitawati et al., 2019).

Managerial ownership has a positive impact on a company's earnings quality. This occurs due to the alignment of interests between managers and shareholders. When managers own company shares, they play a dual role as both managers and owners, motivating them to take actions that benefit the company. However, in this study, the extent of managerial ownership did not significantly influence the level of shareholder confidence in the earnings quality presented by the company's management. These research findings are inconsistent with studies conducted by Pratama & Sunarto (2018), Riska (2016), Hidayatul et al. (2022), and Nandika and Sunarto (2022), which stated that managerial ownership has a positive and significant effect on earnings quality. Nevertheless, this study aligns with research by Puspitowati and Mulya (2015), which found that managerial ownership has a negative and insignificant effect on earnings quality.

The results found that the variables of voluntary disclosure, institutional ownership, and managerial ownership had a significant value (sig) of 0.023, which is smaller than alpha 0.05 (0.023 < 0.05). According to the testing criteria, it can be concluded that voluntary disclosure, institutional ownersh, and managerial ownership simultaneously have a significant effect on earnings quality. Therefore, H_4, which states that voluntary disclosure, institutional ownership, and managerial ownership simultaneously have a significant effect on earnings quality in Basic Industry and

Chemical companies listed on the Indonesia Stock Exchange, is accepted. The adjusted R-squared result in this study is 13.3%, indicating that voluntary disclosure, institutional ownership, and managerial ownership can influence earnings quality by 13.3%. There are other variables accounting for 86.7% that affect earnings quality but were not studied in this research, such as the number of profitability, earnings persistence, capital structure, internal and external auditor quality. Voluntary disclosure enhances transparency in financial reporting, enabling shareholders and investors to have confidence in the reported earnings figures. Institutional ownership provides robust external monitoring, while managerial ownership aligns managers' objectives with those of shareholders, both contributing to higher earnings quality. By mitigating agency problems and deterring earnings management practices, these factors facilitate the generation of reliable and high-quality earnings. The findings corroborate previous research conducted by Saputra and Kusumastuti (2023), Hidayatul et al. (2022), Safira et al. (2022) and Rumapea et al. (2021).

CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

The research show that the voluntary disclosure variable partially has a positive but insignificant effect on earnings quality. This is because the sub-sector of basic industry and chemical companies has not yet 100% implemented voluntary disclosure transparently, so shareholders do not fully believe the financial reports and earnings quality reported by the management of this sub-sector. The Institutional Ownership variable partially has a negative and significant effect on Earnings Quality. This indicates that the increase in institutional ownership as a monitoring party in decision-making in basic industry and chemical companies decreases shareholders' confidence in the presented earnings quality. Thus, agency conflicts still occur even though other institutions own shares in this company sub-sector.

The Management Ownership variable partially has a negative but insignificant influence on Earnings Quality. The conclusion is that the smaller the percentage of managerial ownership as the management party of basic and chemical industry companies will increase or enhance shareholders' confidence in the presented earnings quality. In this case, shareholders (principals) fully believe the earnings quality presented by management if the management ownership itself is small. The Voluntary Disclosure, Institutional Ownership, and Management Ownership variables simultaneously have a significant influence on Earnings Quality. This is because, overall, only institutional ownership has a significant effect on earnings quality in basic and chemical industry companies during the observation period. Thus, it can be concluded that there are other variables that affect earnings quality, such as profitability, earnings persistence, capital structure, internal and external auditor quality. These factors are expected to serve as a reference for further research. For investors, this research is expected to serve as an additional reference for information in deciding to invest in basic and chemical industry companies to ensure earnings quality. They must first consider the percentage of institutional ownership and management ownership in the company, as well as the presentation of transparent voluntary disclosure reports.

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