International Journal of
Economics Development Research, Volume 6(6), 2025
pp. 4027-4041

The Effect of CEO Gender, Director Reputation, and Institutional Ownership on the Quality of Financial Reporting in Manufacturing Firms Listed on the Indonesia Stock Exchange for the Period 2022–2024

Salma Putri Sholihah[1], Shiwi Angelica Cindiyasari[2]

Abstract:

Examining the impact of CEO gender, director reputation, and institutional ownership on the quality of financial reports for manufacturing companies listed on the Indonesia Stock Exchange between 2022 and 2024 is the aim of this study. Based on data completeness criteria, 60 companies and 240 firm-year observations were selected by purposeful selection from the research population, which comprised 81 industrial organizations. The data was examined using multiple linear regression using SPSS 25. This was followed by classical assumption tests such as the autocorrelation, multicollinearity, heteroscedasticity, and normality tests. In contrast, director reputation demonstrates a significant negative influence, indicating that possessing a strong reputation does not necessarily lead to higher transparency in financial reporting. Meanwhile, institutional ownership shows a significant positive relationship with financial statement quality, emphasizing the vital monitoring function of institutional investors in corporate governance. With an adjusted R2 value of 32.8%, the three independent factors taken together have a considerable combined impact on the quality of financial statements. This suggests that factors beyond the scope of this model also have an impact on variations in reporting quality. Therefore, it may be said that the quality of financial statements is shaped by the interaction of ownership structure, board reputation, and leadership qualities. Consequently, enhancing financial reporting quality requires the support of additional corporate governance mechanisms that strengthen managerial transparency and accountability.

Keywords: *CEO Gender, Corporate Governance, Director Reputation, Financial Statement Quality, Institutional Ownership*

Submitted: October 1, 2025, Accepted: November 1, 2025, Published: November 10, 2025

1. Introduction

High-quality financial reporting is essential for ensuring transparency and accountability in business. According to The Indonesian Institute of Accountants (IAI), the key qualitative characteristics of reliable financial statements include relevance, reliability, comparability, and understandability (Fajaryani, 2015).

[1] *STIE Manajemen Bisnis Indonesia, Indonesia. salmaputrisholihah@gmail.com*
[2] *STIE Manajemen Bisnis Indonesia, Indonesia. shiwi.angelica@teknokrat.ac.id*

Reliable financial reports also reflect the effectiveness of audit systems and internal controls as part of good corporate governance (Hartati, 2020).
Major accounting scandals worldwide highlight the importance of robust governance mechanisms. The 2015 Toshiba accounting scandal serves as a global example, where the company inflated its profits by approximately USD 1.2 billion since 2008 through premature revenue recognition and expense deferral (Zhang & Ali, 2015). The manipulation was driven by top management to meet unrealistic profit targets, resulting in executive resignations, sharp declines in stock prices, and significant loss of investor confidence.

Similar cases have occurred in Indonesia. The 2020 PT Indofarma Tbk and 2017 PT Tiga Pilar Sejahtera Food Tbk (AISA) scandals revealed manipulations in receivables and inventory accounts to overstate company performance (Kristiawan, 2022). The PT Envy Technologies Indonesia Tbk case further demonstrated consolidated financial statement manipulation through fictitious transactions, leading to investor losses and declining trust in Indonesia's capital markets (Panjaitan et al., 2025). These incidents emphasize persistent weaknesses in financial reporting procedures and the need to examine internal factors that influence financial reporting quality.

The manufacturing sector is the focus of this study because of its major contribution to Indonesia's national economy. In the fourth quarter of 2024, the manufacturing sector contributed approximately 19.13% to the country's GDP (Chang & Lee, 2022). Manufacturing companies are subject to complex operational and accounting structures and heavy regulatory scrutiny, making them particularly susceptible to financial reporting manipulation (Cruz, Takamatsu, & Cordeiro, 2024). Thus, this sector provides a relevant context for examining internal factors that influence the quality of financial reporting.

One internal leadership factor that has drawn increasing scholarly attention is CEO gender. Female CEOs are often associated with lower risk-taking and higher ethical awareness. Faccio, Marchica, and Mura (2016) found that female CEOs are linked to lower corporate risk-taking and more efficient capital allocation. Similarly, Gul, Srinidhi, and Ng (2021) revealed that gender diversity, particularly the presence of female directors with financial backgrounds, reduces earnings management and enhances reporting quality. However, these findings are not always consistent. Kushandojo and Widianingsih (2024) reported that CEO gender has no significant effect on sustainability reporting quality among ASEAN firms.

Another important determinant of financial reporting quality is the reputation of directors. In corporate governance, director reputation signals professionalism and integrity. Chen, Dou, Kuang, and Naiker (2023) found that professional ties and positive reputations increase the likelihood of directors maintaining board seats and strengthen their oversight function. Likewise, Liu, Lai, and Haw (2024) demonstrated that reputable directors tend to adopt more conservative accounting practices following financial reporting failures, thereby improving reporting quality. In contrast, Arif, Mustapha, and Abdul Jalil (2023) showed that in emerging markets

such as Bangladesh, director reputation and ownership structure may not significantly influence earnings quality.
A third internal factor influencing reporting quality is institutional ownership. Institutional investors, such as pension funds, banks, and insurance companies, are believed to have stronger monitoring capabilities over management behavior (Rahayu & Wahyudi, 2024). Their significant shareholdings allow them to constrain opportunistic accounting practices. Sembiring (2020) found that institutional ownership improves management oversight and reduces manipulation. However, other studies suggest a more complex relationship. Petta and Tarigan (2017) found that institutional ownership affects firm performance indirectly through capital structure, indicating that its influence on reporting quality may depend on intervening mechanisms.

Considering the persistence of financial reporting manipulation, the underrepresentation of female CEOs, the importance of director reputation, and inconsistent findings regarding institutional ownership, this study aims to examine "The Effect of CEO Gender, Director Reputation, and Institutional Ownership on Financial Reporting Quality in Manufacturing Companies Listed on the Indonesia Stock Exchange During 2022–2024."

2. Theoretical Background

Theory Agency: Agency theory serves as an essential foundation for understanding corporate governance, emphasizing the contractual relationship between shareholders as principals and management as agents (Jensen & Meckling, 1976). Principals provide the resources, while agents are responsible for managing the company and reporting performance through financial statements that should reflect the true condition of the firm to be useful in decision-making. The divergence of interests between principals and agents may encourage agents to act opportunistically for personal gain, including through financial statement manipulation. Therefore, corporate governance with monitoring functions is designed to control such opportunistic behavior. Consequently, the quality of financial reporting is viewed as both a result of agency conflicts and an indicator of shareholders' monitoring effectiveness over management. Financial statements serve as an accountability instrument that reflects the effectiveness of corporate governance in limiting opportunistic behavior through monitoring mechanisms. High-quality financial reporting characterized by relevance, reliability, transparency, comparability, and understandability becomes a fundamental factor supporting sound economic decision-making and enhancing stakeholder trust. In this study, financial reporting quality is positioned as the dependent variable influenced by corporate governance, particularly through CEO gender, director reputation, and institutional ownership.

CEO Gender: CEO gender refers to whether the Chief Executive Officer is male or female. In the context of corporate governance, the presence of female CEOs is often associated with a more participative, ethical, and risk-averse leadership style (Israini, 2020). Faccio et al. (2016) found that female CEOs tend to be more cautious in decision-making and more oriented toward transparency and ethics compared to their male counterparts. Such prudence makes female CEOs less likely to engage in earnings management, resulting in higher-quality financial reporting. According to Harris (2019), the presence of women in executive positions enhances earnings quality because they possess different risk preferences and ethical perspectives. Furthermore, Arif et al. (2023) demonstrated that CEO characteristics influence financial reporting quality through corporate governance mechanisms. Therefore, CEO gender plays a significant role in influencing financial reporting quality.

Director Reputation: Director reputation refers to public and stakeholder perceptions of a director's integrity, competence, and professional track record. Directors with strong reputations are more likely to safeguard their credibility by monitoring management to prevent manipulative practices that could damage their standing. Liu et al. (2024) found that director reputation is positively associated with accounting conservatism, which in turn enhances financial reporting quality. This finding indicates that directors with high reputations have greater incentives to promote reporting transparency, consistent with agency theory predictions.

Institutional Ownership: Institutional ownership refers to the ownership of company shares by financial institutions such as pension funds, insurance companies, banks, or investment managers. Institutional investors possess abundant resources, experienced analyst teams, and strong incentives to monitor managerial activities. These conditions make institutional ownership an important element of corporate governance, as institutional investors are capable of conducting in-depth evaluations of business strategies, financial policies, and operational practices (Petta, 2017). The presence of institutional investors is often linked to improved corporate accountability and governance, as these institutions tend to actively participate in shareholders' meetings, vote on strategic decisions, and engage in direct dialogue with management to ensure long-term performance (Rasyid, 2020). With substantial financial stakes, institutional owners have strong incentives to enhance operational efficiency and shareholder value through strategy recommendations, management evaluations, or governance interventions when necessary (Hartati, 2020).

The Effect of CEO Gender on Financial Reporting Quality: Several studies have examined the influence of CEO gender on firm characteristics, including financial reporting quality. Ho et al. (2015) found that companies led by female CEOs tend to apply more conservative accounting principles than those led by male CEOs. This conservative attitude reflects faster recognition of losses and more prudent reporting, ultimately improving the reliability and quality of corporate financial statements. Psychological factors such as women's greater caution, ethical orientation, and risk aversion are key explanations for this result. Furthermore, female CEOs often face higher legal and takeover risks, motivating them to adopt conservative financial reporting to mitigate such risks (Ho et al., 2015). Their stronger ethical orientation and moral sensitivity also reinforce the integrity of financial reporting and foster more transparent and honest management practices. Thus, management led by female CEOs is perceived to enhance stakeholder trust in corporate financial reports. Based on these findings and agency theory, in which managers as agents are required to conduct effective monitoring on behalf of principals, the following hypothesis is proposed:

H1: CEO gender has a positive effect on financial reporting quality.

The Effect of Director Reputation on Financial Reporting Quality: Liu et al. (2024) investigated how director reputation within board networks influences financial reporting quality, particularly through conservative accounting practices following restatements of financial reports. The study found that directors who occupy central positions within board networks are able to restore their reputations by adopting conservative accounting practices in the post-restatement period. A strong director reputation positively impacts opportunities for prestigious board appointments, additional outside directorships, and higher compensation. These findings suggest that a director's reputation serves as a powerful motivator for enhancing oversight responsibility and improving financial reporting quality. Theoretically, a director's reputation reflects the degree to which markets and business partners trust the board's effectiveness, thereby motivating directors to maintain high reporting standards. Hence, the following hypothesis is proposed:

H2: Director reputation has a positive effect on financial reporting quality.

The Effect of Institutional Ownership on Financial Reporting Quality: Tamara et al. (2021) examined how managerial ownership, institutional ownership, and the presence of audit committees affect the accuracy of financial statements among manufacturing firms listed on the Indonesia Stock Exchange (IDX) from 2015 to 2019. The study revealed that institutional ownership has a positive and significant relationship with the integrity of financial statements. From the perspective of agency theory, institutional investors holding substantial ownership stakes possess effective monitoring capabilities that can limit managerial manipulation of financial reports. Diligent institutional investors can thoroughly analyze financial statements, resulting in more accurate and truthful reports. Monitoring by institutional ownership improves management transparency and accountability in corporate financial reporting. Based on this reasoning, the following hypothesis is proposed:

H3: Institutional ownership has a positive effect on financial reporting quality.

3. Methodology

This study employs a quantitative approach and a descriptive methodology. The descriptive technique aims to draw general conclusions and provide an overview or explanation of the research subject analyzed based on the collected data or samples. On the other hand, quantitative research uses numerical or statistical data processing to construct and evaluate mathematical models, concepts, or hypotheses related to the studied phenomenon.

The data used in this study are secondary data, which refer to information collected by government organizations and distributed for the benefit of data users. The type of secondary data applied is panel data, which combines cross-sectional and time-series data. The cross-sectional data consist of 81 manufacturing companies listed on the Indonesia Stock Exchange (IDX), while the time-series data cover the observation period from 2022 to 2024. All materials were obtained from official sources, including the websites of the companies under study, the official IDX website (www.idx.co.id), and other relevant sources supporting this research.

During the research period, all manufacturing companies listed on the IDX served as the population and sample. The manufacturing sector was selected due to its significant contribution to national economic growth and its complex financial reporting structure, which makes it more susceptible to financial statement engineering and manipulation. The sampling method employed was purposive sampling, with the following criteria:

Table 1. Sample Selection Criteria

No	Criteria	Number of Companies
	Total Population	81
1	Manufacturing companies listed on the Indonesia Stock Exchange during 2022–2024	81
2	Companies that did not consistently and completely publish their annual reports and financial statements during the observation period	(14)
3	Companies with incomplete data related to the research variables	(7)
	Total Population	60
	Number of Observations	240

A total of 14 out of 81 manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2022 and 2024 were excluded from the sample because they did not consistently and completely publish their annual and financial reports during the observation period. In addition, seven companies lacked comprehensive data related to the research variables. Therefore, 60 manufacturing companies were included as the final sample for this study, resulting in 240 firm-year observations depending on the observation years.

This study employed multiple linear regression analysis using SPSS version 25. The regression model is structured as follows:

$$\mathbf{KLQ = \alpha + \beta_1 GDR + \beta_2 RPT + \beta_3 KI + \varepsilon}$$

Where:
KLQ = Quality of financial reporting
GDR = CEO Gender
RPT = Director Reputation
KI = Institutional Ownership

α = Constant
β_1, β_2, β_3 = Regression coefficients
ε = Error term

Financial Reporting Quality: Financial reporting quality is identified through Return on Equity (ROE), as ROE is associated with the company's profitability level. This variable is measured using a nominal scale (Maulia et al., 2014), and the formula is as follows:

$$ROE = \frac{\text{Net Income}}{\text{Equity}}$$

CEO Gender: In this study, the CEO gender characteristic is represented by a dummy variable, where a value of 1 is assigned if the CEO position is held by a female, as stated in the company's annual report. Conversely, if the position is not held by a female, the variable is assigned a value of 0 (Gordini et al., 2016).

Director Reputation: Director reputation is measured by the number of outside directorships held, represented by the variable H_OUTDIR. This variable is assigned a value of 1 if the average number of outside directorships held by independent outside directors is greater than the annual median (N_OUTDIR) during the post-restatement period, and 0 otherwise (Liu et al., 2024).

Institutional Ownership: Institutional ownership refers to the percentage of company shares owned by institutional investors, both domestic and foreign, measured using the following formula (Istiantoro et al., 2017):

$$\frac{\text{Shares held by institutions}}{\text{Outstanding Shares}}$$

The main analytical technique employed in this study to examine the influence of CEO gender, director reputation, and institutional ownership on financial reporting quality is multiple linear regression analysis. Before performing the regression, descriptive statistical analysis was conducted to summarize the characteristics of the data used. Subsequently, classical assumption tests were carried out to ensure that the regression model met the required analytical criteria, which included tests of normality, heteroskedasticity, multicollinearity, and autocorrelation. After confirming that all assumptions were satisfied, the multiple linear regression analysis was executed. Furthermore, partial t-tests and simultaneous F-tests were applied to assess the individual and collective significance of the independent variables. Finally, the explanatory power of the model was evaluated using the coefficient of determination (R^2).

4. Empirical Findings/Result

Table 2. Results of Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Financial Reporting Quality	60	-82.987	126.967	8.08617	22.666768
CEO Gender	60	0	1	0.13	0.343
Director Reputation	60	0	1	0.55	0.502
Institutional Ownership	60	0.229	2.903	0.87475	0.316737
Valid N (listwise)	60				

Table 2 shows that the dependent variable (Y), representing financial reporting quality, has a mean value of 8.08617, with a maximum value of 126.967, a minimum value of –82.987, and a standard deviation of 22.666768. This standard deviation, approximately 226% of the mean, indicates a considerable variation in the quality of financial reporting among the 60 manufacturing companies observed during the 2022–2024 period. It also reflects a relatively wide distribution of financial reporting quality data across the sample.

The CEO Gender variable (X1) has a mean value of 0.13 and a standard deviation of 0.343, with a maximum of 1 and a minimum of 0. These results indicate that only about 13% of the sampled companies are led by female CEOs, while the majority remain under male leadership. Meanwhile, the Director Reputation variable (X2) has a mean value of 0.55, a maximum value of 1, a minimum of 0, and a standard deviation of 0.502. This finding suggests that approximately 55% of the sample companies have directors with relatively high reputations, whereas the rest have not yet demonstrated a strong or significant reputation within the context of corporate governance.

As for the Institutional Ownership variable (X3), it shows a standard deviation of 0.316737, a maximum value of 2.903, a minimum value of 0.229, and a mean value of 0.87475. These results indicate that institutional investors typically hold a relatively high proportion of shares in manufacturing companies, averaging around 87%, with a variation of 32% from the mean. This reflects differences in the degree of institutional shareholding among companies, suggesting an uneven distribution of institutional ownership within the manufacturing sector.

Test of normalcy

The purpose of the normality test is to determine whether the independent and dependent variables are normally distributed. If the Asymp. Sig value is greater than 0.05, the data are considered to be normally distributed.

Table 3. Normality Test Results

Asymp. Sig. (2-tailed)	***Alpha***	**Conclusion**
0.051	0.05	Normally Distributed

Source: 2025 processed original data

The results presented in the table indicate that the data in this study are normally distributed, as the Asymp. Sig. (2-tailed) value of 0.051 is greater than 0.05.

Test of Multicollinearity

To ensure the interrelationship among the independent variables in the regression model, a multicollinearity test was conducted. The evaluation of this test is based on the Variance Inflation Factor (VIF) and tolerance values. A regression model is considered free from multicollinearity if the VIF value is less than 10 and the tolerance value is greater than 0.1, and vice versa.

Table 4. Results of the Multicollinearity Test

Variable	Tolerance	VIF
CEO Gender	0.838	1.193
Director Reputation	0.958	1.044
Institutional Ownership	0.855	1.169

Source: 2025 processed original data

Based on Table 4, all tolerance values are recorded as greater than 0.1, and all VIF values are less than 10. Therefore, the regression model does not experience multicollinearity issues, indicating that all independent variables used in this study are valid and can proceed to the next stage of analysis.

Test of Heteroscedasticity

The Glejser test technique was employed in this study to detect heteroscedasticity, with a significance level of 0.05. A regression model is considered free from heteroscedasticity if the significance value is greater than 0.05, according to the testing criteria, and vice versa.

Table 5. Heteroscedasticity Test Results

Variable	Sign	Alpha	Conclusion
CEO Gender	0.575	0.05	No Heteroscedasticity Occurred
Director Reputation	0.435	0.05	No Heteroscedasticity Occurred
Institutional Ownership	0.332	0.05	No Heteroscedasticity Occurred

Source: 2025 processed original data

Table 5 shows that the significance level of all variables is greater than 0.05. Therefore, none of the independent variables exhibit symptoms of heteroscedasticity, indicating that the regression model meets this assumption.

Autocorrelation Test

The autocorrelation test in this study was conducted using the Run Test method. The criteria state that if the Asymp. Sig. (2-tailed) value is greater than 0.05, the data are considered free from autocorrelation, and vice versa.

Table 6. Autocorrelation Test Results

Asymp. Sig. (2-tailed)	*Alpha*	Conclusion
1.000	0.05	No Autocorrelation Occurred

Source: 2025 processed original data

Table 6 shows that the Asymp. Sig. (2-tailed) value of 1.000 indicates that the data in this study exhibit no signs of autocorrelation.

Multiple Linear Regression Analysis

Results To determine and measure the relationship between the independent and dependent variables, multiple linear regression analysis was employed. The following table presents the results of the multiple linear regression analysis in this study.

Table 7. Multiple Linear Regression Analysis Results

	Unstandardized Coefficients		Standardized Coefficients		
Model	**B**	**Std. Error**		**t**	**Sig.**
(Constant)	-16.258	8.057		-2.018	0.048
CEO Gender	12.634	7.708	0.191	1.639	0.107
Director Reputation	-10.653	4.927	-0.236	-2.162	0.035
Institutional Ownership	32.602	8.257	0.456	3.949	0.000

Source: 2025 processed original data

Based on the results of the multiple linear regression analysis, the following equation is obtained:

$$\mathbf{KLQ = -16{,}258 + 12{,}634GDR + (-10{,}653)RPT + 32{,}602KI}$$

The constant value of -16.258 indicates that if the variables CEO Gender, Director Reputation, and Institutional Ownership are assumed to be zero, the Financial Reporting Quality (FRQ) score would be -16.258 units, representing a negative value. Meanwhile, the CEO Gender variable has a coefficient of 12.634 with a significance level (p-value) of 0.107. This result suggests that, statistically, having a female CEO tends to increase the FRQ value by 12.634 units compared to a male CEO, assuming other variables remain constant. However, since the significance level exceeds 0.05, the effect is not statistically significant. Therefore, it can be concluded that FRQ is not significantly influenced by CEO gender. On the other hand, the Director Reputation variable has a regression coefficient of -10.653, indicating that, assuming all other factors remain constant, each one-unit increase in this variable results in a decrease in FRQ by 10.653 units. In contrast, the Institutional Ownership variable has the largest impact, with a regression coefficient of 32.602. This means that FRQ increases by 32.602 units for every one-unit increase in Institutional Ownership, assuming other variables remain unchanged.

Hypothesis Testing

T-Test (Partial Test)
A hypothesis is accepted if the significance level (sig.) is less than 0.05, according to the testing criteria, and rejected otherwise. The test compares the calculated t-value with the t-table value to determine whether the significance level meets the 0.05 threshold.

Table 8. Partial T-Test Results

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients	t	Sig.
(Constant)	-16.258	8.057		-2.018	0.048
CEO Gender	12.634	7.708	0.191	1.639	0.107
Director Reputation	-10.653	4.927	-0.236	-2.162	0.035
Institutional Ownership	32.602	8.257	0.456	3.949	0.000

Source: 2025 processed original data

Based on the test results, the significance value for the CEO Gender (X1) variable is 0.107 > 0.05, indicating that CEO Gender has no significant effect on Financial Reporting Quality. Therefore, the first hypothesis (H1) is rejected. The Director Reputation (X2) variable shows a significance value of 0.035 < 0.05, meaning the second hypothesis (H2) is accepted, as Director Reputation has a significant effect on Financial Reporting Quality. The Institutional Ownership (X3) variable has a significance value of 0.000 < 0.05, leading to the acceptance of the third hypothesis (H3). Thus, Institutional Ownership significantly influences Financial Reporting Quality.

F-Test (Simultaneous Test)

Table 9. F-Test (Simultaneous Test) Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10983.908	3	3661.303	10.607	0.000[b]
	Residual	19329.251	56	345.165		
	Total	30313.159	59			

Source: 2025 processed original data

If the significance level (Sig.) of a regression model is less than 0.05, the model can be considered appropriate. Based on the results in the table above, the Sig. value obtained is 0.000 < 0.05, indicating that the regression model used in this study meets the fit criteria. This proves that the dependent variable is significantly influenced by the independent variables included in the model.

Coefficient of Determination (R^2) Test

Table 10. Results of the Coefficient of Determination (R^2) Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.602[a]	0.362	0.328	18.578622

Source: 2025 processed original data

The Adjusted R Square value, as determined by the results of the coefficient of determination test shown in the table above, is 0.328. This indicates that the independent variables account for 32.8% of the variance in the dependent variable. Thus, the combined effect of all independent factors contributes 32.8% to the dependent variable.

5. Discussion

The Effect of CEO Gender on Financial Reporting Quality

The findings of the analysis demonstrate that financial reporting quality is not significantly influenced by the CEO's gender. According to Kushandojo et al. (2024), the presence of a female CEO does not have a direct effect on whether a company produces higher or lower quality financial statements, which aligns with this study's results. From the perspective of agency theory, managerial personal characteristics including gender should ideally play a role in limiting opportunistic behavior. However, in practice, financial reporting decisions are not determined solely by the CEO but rather result from collective deliberation involving the management team, the board of directors, and other corporate governance mechanisms. The low representation of female CEOs in Indonesian manufacturing companies also contributes to the insignificance of this variable's effect. This suggests that gender diversity at the executive level has yet to meaningfully influence reporting quality, emphasizing that corporate governance structures exert a greater impact on financial reporting quality than individual leader attributes.

The Effect of Director Reputation on Financial Reporting Quality

This study finds that director reputation has a negative and significant effect on financial reporting quality. This result supports Arif (2023), who asserted that reputation is not always a guarantee of increased transparency. Based on agency theory, directors with high reputations are expected to enforce stricter monitoring; however, in practice, established reputations can lead to overconfidence or reduced focus due to multiple external roles, thereby weakening monitoring effectiveness. Thus, this study provides an important contribution by showing that reputation alone cannot ensure high-quality financial reporting it must be supported by structured internal and external monitoring mechanisms.

The Effect of Institutional Ownership on Financial Reporting Quality

The findings of this study reveal that institutional ownership has a positive and significant impact on financial reporting quality. Similar to the findings of Tamara et al. (2021), institutional investors possess both strong incentives and the monitoring capability to reduce the likelihood of financial statement manipulation. According to agency theory, the greater the institutional ownership, the stronger the external control over management, which in turn promotes more honest and transparent reporting. This highlights the vital role of institutional investors as a governance mechanism that enhances corporate accountability. This research strengthens the literature asserting that institutional ownership is a key factor in improving financial reporting quality, especially in the manufacturing sector, which is complex and prone to manipulation.

The Simultaneous Effect of CEO Gender, Director Reputation, and Institutional Ownership

Previous studies have indicated that CEO gender, director reputation, and institutional ownership each influence a company's financial reporting quality. Collectively, these three variables have been proven to significantly affect financial reporting quality. This study further demonstrates that various complex corporate governance processes interact to shape financial reporting outcomes, rather than being driven by a single factor. Kristiawan (2022) emphasized the importance of director reputation in improving reporting quality through accounting oversight. Tamara et al. (2021) supported the role of institutional ownership as an effective external control to prevent financial manipulation. Meanwhile, Kushandojo et al. (2024) suggested that female CEOs may introduce different perspectives in decision-making, though their partial effect remains statistically insignificant. Therefore, these simultaneous findings provide important empirical evidence that strengthening financial reporting quality requires a comprehensive approach one that integrates leadership diversity, individual reputation, and institutional ownership structures.

6. Conclusions

The purpose of this study is to examine the effects of CEO gender, director reputation, and institutional ownership on the quality of financial reporting in manufacturing companies listed on the Indonesia Stock Exchange (IDX) between 2022 and 2024. Based on the analytical findings, CEO gender does not have a significant impact on financial reporting quality, suggesting that gender differences in the CEO position have yet to create meaningful variations in reporting quality. Conversely, director reputation shows a significant negative influence, indicating that a strong reputation does not necessarily guarantee greater transparency or higher-quality reporting. Instead, it may weaken oversight functions due to excessive networking focus or overconfidence. Institutional ownership, on the other hand, acts as an effective external monitoring mechanism that helps mitigate opportunistic managerial practices. However, the study also finds that while these three independent variables significantly influence financial reporting quality, their combined contribution is only 32.8%. This indicates that other unobserved elements not included in the model continue to affect financial reporting quality. The study concludes that although leadership quality, ownership structure, and reputation all play roles in shaping financial reporting quality, additional governance measures are necessary to further enhance the reliability of financial disclosures. Future research is recommended to incorporate additional variables that may influence financial reporting quality, such as firm size, leverage, profitability, audit committee effectiveness, or audit quality, given that the independent variables in this study explain only 32.8% of the variation. Furthermore, expanding the scope of the study to include non-manufacturing sectors could provide a more comprehensive understanding of the determinants of financial reporting quality across different industries.

References:

Arif, H. M., Mustapha, M. Z., & Abdul Jalil, A. (2023). Do powerful CEOs matter for earnings quality? Evidence from Bangladesh. *PLoS One, 18*(1), e0276935. https://doi.org/10.1371/journal.pone.0276935

Attia, E. F., Yassen, S., Chafai, A., & Qotb, A. (2024). The impact of board gender diversity on accrual/real earnings management practice: Evidence from an emerging market. *Future Business Journal, 10,* 24. https://doi.org/10.1186/s43093-024-00307-7

Bedeir, R. E. (2024). The governing role of board gender diversity on conditional accounting conservatism and executive remuneration: Performance-based versus equity-based remunerations. *Future Business Journal, 10,* 89. https://doi.org/10.1186/s43093-024-00377-7

Chang, Y.-J., & Lee, B.-H. (2022). The impact of ESG activities on firm value: Multi-level analysis of industrial characteristics. *Sustainability, 14*(21), 14444. https://doi.org/10.3390/su142114444

Chen, C., Dou, Y., Kuang, Y. F., & Naiker, V. (2023). Do professional ties enhance board seat prospects of independent directors with tainted reputations? *Journal of Banking & Finance, 150,* 106972. https://doi.org/10.1016/j.jbankfin.2023.106972

Cruz, N. G., Takamatsu, R. T., & Cordeiro, F. A. (2024). Narcissism and earnings management. *Review of Business Management, 26*(2). https://doi.org/10.7819/rbgn.v26i02.4260

Faccio, M., Marchica, M. T., & Mura, R. (2016). CEO gender, corporate risk-taking, and the efficiency of capital allocation. *Journal of Corporate Finance, 39,* 193–209. https://doi.org/10.1016/j.jcorpfin.2016.02.008

Fajaryani, A. (2015). *Analisis faktor-faktor yang mempengaruhi integritas laporan keuangan (Studi empiris pada perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia periode 2008–2013)* [Skripsi, Universitas Negeri Yogyakarta]. Fakultas Ekonomi, Universitas Negeri Yogyakarta.

Gordini, N., & Rancati, E. (2017). Gender diversity in the Italian boardroom and firm financial performance. *Management Research Review, 40*(1), 75-94. https://doi.org/10.1108/MRR-02-2016-0039

Gul, F. A., Srinidhi, B., & Ng, A. C. (2021). Gender diversity and earnings management: The case of female directors with financial background. *Review of Quantitative Finance and Accounting, 58,* 101–136. https://doi.org/10.1007/s11156-021-00991-4

Harris, O., Karl, J. B., & Lawrence, E. (2019). CEO compensation and earnings management: Does gender really matter? *Journal of Business Research, 98,* 1–14. https://doi.org/10.1016/j.jbusres.2019.01.013

Hartati, N. (2020). Pengaruh dewan komisaris, komite audit dan kepemilikan institusional terhadap kinerja keuangan perusahaan. *EKOMABIS: Jurnal Ekonomi Manajemen Bisnis, 1*(2), 175–184. https://doi.org/10.37366/ekomabis.v1i02.72

Istiantoro, I., Paminto, A., & Ramadhani, H. (2017). Pengaruh struktur corporate governance terhadap integritas laporan keuangan perusahaan pada perusahaan

LQ45 yang terdaftar di BEI. *Akuntabel, 14*(2), 157-179. https://doi.org/10.29264/jakt.v14i2.1910

Is, A., & Al., M. (2025). Do CEO narcissism and board gender diversity influence the sustainable reporting of energy companies in Southeast Asia? *International Journal of Innovative Research and Scientific Studies, 8*(1), 636–644. https://doi.org/10.53894/ijirss.v8i1.4409

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.

Kristiawan, N. B. (2022). Latar belakang keahlian keuangan direktur utama, struktur kepemilikan yang terkonsentrasi, dan kualitas laporan keuangan pada perusahaan Indonesia. *Fair Value: Jurnal Ilmiah Akuntansi dan Keuangan, 4*(12), 5638–5645. https://doi.org/10.32670/fairvalue.v4i12.2090

Kushandojo, A. H., & Widianingsih, L. P. (2024). Peran narsisme CEO dan komposisi gender dewan direksi dalam meningkatkan kualitas pelaporan keberlanjutan: Perusahaan-perusahaan di ASEAN. *Financial: Jurnal Akuntansi, 10*(2), 186–202. https://doi.org/10.37403/financial.v10i2.613

Liu, C., Lai, S., & Haw, I. (2024). Director networks, accounting conservatism and director reputation: Evidence after financial reporting failure. *The British Accounting Review, 56*(6PA), 101421. https://doi.org/10.1016/j.bar.2024.101421

Maulia, S. T., & Januarti, I. (2014). Pengaruh usia, pengalaman, dan pendidikan dewan komisaris terhadap kualitas laporan keuangan (Studi empiris pada perusahaan real estate dan property yang go public tahun 2010–2012 di Bursa Efek Indonesia). *Diponegoro Journal of Accounting, 3*(3), 1–8. http://ejournal-s1.undip.ac.id/index.php/accounting

Panjaitan, A. A., Simamora, M., Siahaan, S. A., Nasution, P. W., Simbolon, J. A., & Siregar, T. R. S. (2025). Manipulasi laporan keuangan konsolidasi dalam entitas konsolidasi: Studi kasus PT Envy Technologies Indonesia Tbk. *Jurnal Akademik Ekonomi dan Manajemen, 2*(1), 605–614.

Petta, B. C., & Tarigan, J. (2017). Pengaruh kepemilikan institusional terhadap kinerja keuangan melalui struktur modal sebagai variabel intervening pada perusahaan manufaktur yang terdaftar dalam Bursa Efek Indonesia (BEI). *Business Accounting Review, 5*(2), 625–636.

Rahayu, N., & Wahyudi, A. (2024). Analisis pengaruh kepemilikan institusional terhadap kinerja keuangan perusahaan. *Jurnal Rimba: Riset Ilmu Manajemen Bisnis dan Akuntansi, 2*(3), 94–108.

Sembiring, Y. C. B. (2020). Pengaruh kepemilikan institusional dan kepemilikan manajerial terhadap kinerja keuangan pada perusahaan perbankan yang terdaftar di Bursa Efek Indonesia. *Jurnal Mutiara Akuntansi, 5*(1), 91–100.

Tamara, A. N. P., & Kartika, A. (2021). Pengaruh Kepemilikan Institusional, Kepemilikan Manajerial, dan Komite Audit terhadap Integritas Laporan Keuangan. *JIMAT: Jurnal Ilmiah Mahasiswa Akuntansi,* 12(2), 373–? https://doi.org/10.23887/jimat.v12i2.37654

Zhang, W., & Ali, A. (2015). CEO tenure and earnings management. *Journal of Accounting and Economics, 59*(1), 60–79.