The Influence of Financial Ratios on Financial Statement Disclosure: A Study of Indonesian Manufacturing Firms Listed on IDX (2020-2023)

Nahari Khomsatun[1], Fatchur Rohman[2]
Nahdlatul Ulama Islamic University Jepara[12]
naharikhomsatun@gmail.com[1], fatchur@unisnu.ac.id [2]

Abstract

Purpose: The aim of this investigation is to assess the extent of financial statement disclosures by Indonesian companies regarding leverage, profitability, liquidity, and public share ownership. Additionally, it seeks to confirm the validity of the regression model utilized in the analysis.

Methodology: The results of this investigation are verified through the use of SPSS and secondary data obtained from the IDX website. Normality tests, descriptive statistics, heteroscedasticity, multicollinearity, autocorrelation, multiple linear regression, and feasibility tests of hypotheses and models are among them.

Findings: The study demonstrated that the regression model was valid and met basic assumptions, with independent variables (DER, Current Ratio, ROE, KSP) significantly influencing financial statement disclosures, explaining 95% of variations, and highlighting the importance of quality management and transparency.

Limitations: This study examined manufacturing companies listed on the Indonesian Stock Exchange from 2020 to 2023, employing purposive sampling and multiple regression analysis to investigate four financial variables. However, it did not explore complex relationships or other factors affecting financial disclosures.

Contribution: This study improves understanding of the variables that affect the disclosure of Indonesian companies' financial statements and emphasizes the importance of liquidity, public share ownership, and profitability. In addition, a valid regression model improves the analysis of relationships between variables.

Novelty: This study innovatively tests a reliable regression model for Indonesian manufacturing companies, revealing significant correlations between leverage, profitability, liquidity, and the ownership of publicly traded shares that disclose financial statements, while also highlighting the importance of multicollinearity.

Keywords: *Leverage ratio, liquidity ratio, profitability ratio, and Public Share Ownership.*

1. Introduction

Coupled with uncertain economic conditions, competition is increasingly fierce in the modern business world. This incentivises companies to increase their transparency in the disclosure of their information, particularly those that are listed on the Indonesia Stock Exchange (IDX) or issue shares in the capital market. Helping decision-makers anticipate changes in an environment that is becoming more dynamic is one of the numerous measures that companies can implement to enhance their competitiveness.

A company's financial success may be demonstrated through the use of its financial statement, which details the company's financial condition (Hidayat, 2018:2). In accordance with the capital market laws of the Republic of Indonesia No. 8 of 1995, the Financial Services Authority (OJK) requires all firms listed on the capital markets to publish their financial reports to the public and submit them on a regular basis. The purpose of financial statements is to provide information on the financial performance, position, and flow of funds of a company in line with Financial Accounting Standard No. 1 (Revised 2009). Most people who utilise its reports benefit from this goal since it makes it easier for them to make financial decisions.

Proper disclosure of financial statements can be achieved with the right information. In order to provide useful information for capital market actors, the government established the Capital Market Supervisory Agency (Bapepam) and the Indonesian Accounting Association (IAI). There are two types of disclosures that have correlation with the requirements of the standard: (1). Mandatory

disclosure is the minimum disclosure required in terms of the applicable accounting standards, (2). Voluntary disclosure is information dislosed voluntarily by the company without being requires to do so by law.

There has been a lot of research on the amount of disclosure of financial information contained in the IDX list, but this study's results reveal that there is a distinct difference. This variation may be due to a number of factors, including but not limited to: the methodology employed, the kind of disclosure examined, the relevant legislation, the length of time that the study was conducted, the number of firms included, and the duration of the observations. The processing industry was the primary driver of Indonesia's 5.11 percent first-quarter economic growth in 2024, according to the Central Statistics Agency (BPS). The processing industry is expanding alongside the trade, construction, and mining industries. Manufacturing enterprises contribute significantly to Indonesia's economic growth, which in turn creates employment and boosts national competitiveness.

The Laverage Ratio allows companies to make full payments of their short-term, and long-term liabilities, as well as increases if they continue to be subject to liquidation. According to (Y.A.I College of Economics Y.A.I College of Economics Y.A.I, 2021), the variable leverage ratio has a determinant significance for the completeness of financial statements. On the other hand, according to (Astina, 2020), the variable leverage ratio does not have a determinant significance for the completeness of financial statements. According to Pratiwi and Rahmasari (2021), the influencing factors of the results of the multiple linear regression test (R square), and the F statistical test have an impact on the disclosure of thr company's financial statements included in its lis in the Jakarta.

A company's liquidity ratio is a measure of its capacity to pay short-term obligations. According to a study (Astina, 2020), the liquidity ratio variable does not provide a determination for the completeness of finances. According to (Munthe, 2022) examining the variable of the liquidity ratio affects the completeness of mandatory disclosure. Meanwhile, according to (Agung Widiantara et al., 2022), liquidity does not affect the disclosure of the annual report of beverage and food companies listed on the Indonesia Stock Exchange (IDX).

After deducting all of a company's costs from its revenue, the profitability ratio displays its capacity to turn a profit.The profitability ratio, or return on equity (ROE), influences the transparency of financial statements in a favourable way (Ha et al., 2019). Contrarily, financial statement information disclosure is positively affected by the profitability ratio variable (Dang et al., 2019). According to (Mustika et al., 2022) that the completeness of disclosure is influenced by profitability.

Public Share Ownership is a ratio that shows the amount of money earned for each shareholder. According to (Mahsun, 2020), and (Munthe, 2022), the public stock variable does not provide a determinant of the completeness of the disclosure of its financial statements. On the contrary, according to (Dilla Putri Cahyani et al., 2022), the public ownership of shares gives the determination to disclose the mandatory annual report simultaneously but partially has no effect.

The research entitled **"The Influence of Financial Ratios on Financial Statement Disclosure: A Study of Indonesia Manufacturing Firms Listed on IDX (2020-2023)"** attracted the attention of researchers based on the background that has been described.

2. Literature Review and Hypothesis

2.1 Literature Review

2.1.1Disclosure of Financial Reports

Disclosure of financial statements in a broad sense, namely submission (*relation*). Disclosure of financial statements, according to accountants, means conveying information about a company's finances, usually in its annual report. The disclosure of the company is essentially intended to provide stakeholders with information. Notes, financial posts, management correspondence on various letters or official questions, use of technical terms or terminology, and auditor elaboration in auditor reports may be included in financial reporting.

Information from a company's financial statements is also communicated through the disclosure of those statements. Making sure no one misunderstands the report necessitates being completely transparent. A lot of the information presented depends on the standard that the reader uses and what

they are looking for. The three general concepts of disclosure are as follows:

1. Adequate disclosure
   Making ensuring its financial statements don't deceive by summarising all relevant disclosures.
2. Fair disclosure
   Disclosure is reasonably defined as its ethical intent to ensure that financial statements are served in a manner that is general and equal to the entire person who uses it.
3. Full disclosure
   Complete disclosure requires a whole body of information that has relevance. Some people consider this full disclosure to be an exaggerated representation of information on that basis is unacceptable.

The primary source of data regarding the manager's financial situation is financial statements. On this basis, it is very important that the financial statements are complete and clear. The following are the two types of disclosure:

1. Mandatory disclosure
   Mandatory disclosures are those that must be made in accordance with applicable legislation.
2. Voluntary disclosure
   Disclosures made by the company Go Public (issuers) are not charged with obligations in terms of a capital market regulation that has its effect because it is seen in accordance with the needs of its annual users.

The quantity of information included in the financial statements, along with adequate records of events after reporting, forecasting, and financial operations, and any supplementary financial statements, constitute the degree of disclosure of financial statements. A company's performance and financial situation may be evaluated with the use of financial statements, which are a responsibility of management (Kirana et al., 2016).

By dividing the number of disclosure points achieved by the highest number of points, the disclosure index can be used to measure the level of disclosure.

2.1.2Leverage Ratio

The leverage ratio refers to an organization's ability to pay its long-term and short-term obligations or increase if it is constantly liquidated. According to Munthe (2022), companies with high leverage will provide more complete information, so they will need higher supervision costs.

In this study, the Debt to Equity Ratio (DER) was employed. This ratio reveals the extent to which the existing equity is utilised to guarantee debt, including both current and long-term debt. Both income and equity will rise as a result of the company's usage of debt (Munawari:2021). The disclosure of financial statements will be more constrained as the leverage of a firm rises, as this reflects the risk connected with paying down its debt. Alternatively, disclosure of financial statements will incur significant expenses when a lower degree of leverage suggests a lesser risk of paying off a company's debt.

2.1.3 Liquidity Ratio

The liquidity ratio, accordance to Fahmi (2018:59), is intended to evaluate a company’s ability to meet its short-term obligations on time. The liquidity ratio is one of the ratios that demonstrate the company's ability to promptly satisfy its short-term obligations, as stated by Kasmir (2009:129) in Astina, 2020. There are two perspectives on the liquidity level. On one hand, the financial stability of the business will be indicated by a high level of liquidity. Conversely, a high level of liquidity will suggest that the organisation is financially stable. Businesses of this nature typically furnish additional information to external parties in order to enhance their credibility.

The researcher used the current ratio to determine how many current assets are used to service a company’s short-term debt. In other words, this ratio delineates the rate at which a company is utilising cash from its current assets to fund its short-term obligations.

2.1.4Profitability Ratio

The profitability ratio is a measure of how large a company's capabilities are to bring in profits or profits. A higher ratio shows how effectively the company manages to bring in profits, and a lower

ratio shows how narrow the disclosure of its financial statements is. Return on Equity (ROE) is uses to calculate the profitability rate.

2.1.5Public Share Ownership

Munthe (2022) stated that the difference in the number of shares owned by outside investors can provide a determination of the level of disclosure of the company's financial statements. As the number of parties who need company information is increasing, company disclosure will be wider. However, management has become more efficient due to the cost of information disclosure. According to Marwata (2001) and Dewi Agustin (2006), the management will only express information if the profits obtained through the disclosure are more than the costs associated with the disclosure. The more public ownership in the financial statements, the wider the disclosure, but the less public ownership, the less disclosure.

2.2 Hypothesis

This line of reasoning allows for the formulation of the following hypothesis:

H_1 : Shows that the leverage ratio has a favorable and noteworthy impact on the degree of financial statement disclosure.

H_2 : Shows that the liquidity ratio has a favorable and noteworthy impact on the degree of financial statement disclosure.

H_3 : Indicates that the profitability ratio has a favorable and noteworthy impact on the degree of financial statement disclosure.

H_4 : Indicates that the degree of financial statement disclosure is positively and significantly impacted by public share ownership.

3. Methodology

3.1 Type of Research

In this quantitative research method, regression analysis is used to evaluate the influence of independent variables such as debt to equity ratio, current ratio, return on equity and public shareholding. The objective of this investigation is to assess the validity of the regression model as well as the various elements that influence the transparency of its financial statements in a variety of Indonesia companies.

3.2 Data and Data Sources

This study relies on secondary data derived from the IDX list of manufacturing enterprises for the years 2020–2023. Check out www.idx.co.id for further study resources sourced from books, journals, and internet publications. You can also get the financial accounts of each firm there. Literature reviews and documentation were the primary sources for this data set.

3.3 Variable Operational Definition

3.3.1Financial Statement Disclosure Level (Y)

The information that is included in its financial statements, along with any additional information needed to document events after the reporting period, forecasting and financial operations, upcoming operations, and other financial statements, determine the degree of disclosure of its financial statements. The index number is calculated using the Wallace formula:

$$\text{Wallace Index} = \frac{N}{K} \quad X\ 100\%$$

Information:

N = quantity of items disclosed by the company

K = quantity of items that should be disclosed

Source: (Dilla Putri Cahyani et al., 2022)

3.3.2Leverage Ratio (X1)

Leverage is a term that refers to the ratio of the company's capacity to pay its long-term and short-term liabilities, or escalation in the event of liquidation. The debt-to-equity ratio, which can be expressed as follows, can be employed to calculate this ratio:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Source: (Seto et al., 2023)

3.3.3Liquidity Ratio (X2)

The Current Ratio is a metric that can be employed to assess a company's ability to meet its short-term obligations within a year. For instance, the liquidity ratio may be computed as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Debt}}$$

Source: (Seto et al., 2023)

3.3.4Profitability Ratio (X3)

Calculating the profitability ratio is a method for determining the extent to which a business is capable of producing profits or revenues. The liquidity ratio, for example, can be calculated as follows:

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Total Equity}}$$

Source: (Seto et al., 2023)

3.3.5Public Share Ownership (X4)

The percentage of public shares is determined in this study by dividing the total number of shares by the percentage of public shares: Formula or formulas are:

$$\text{KSP} = \frac{\text{Number of Shares Owned by the Community}}{\text{Total Shares}} \text{ X } 100\%$$

Source: (Y.A.I College of Economics & Y.A.I College of Economics, 2021)

3.4 Sampling Techniques

Sugiono (2017:81) stated that samples were included in the population as a source of research data, and the population was included in the number of population characteristics. The "purposive sampling" method is used to determine the sample:

1. This research focuses on manufacturing companies;
2. The Company issued its financial statements in successive stages from 2020 to 2023;
3. Explain the reasons why they did not experience losses.

3.5 Data Analysis Techniques

This study analyzes the data using descriptive statistics, classical assumption testing, multiple linear regression, capital feasibility test, and hypothesis test. All of these analyses were carried out using the SPSS program (Aliyah et al., 2022).

3.5.1 Classical Assumption Test

The heteroscedasticity, multicollinearity, and autocorrelation tests are representative of the regression model used for appropriate estimation.

3.5.1.1 Normality Test

The residual values that have been standardized in the regression model are spread normally through the normality testing mechanism. In this study, one Kolmogorov-smirnov sample was used, and a normal plot of P-P regression standardized residue was used. He made the following choice for Kolmogorov-Smirnov sample:

1. The data is typically distributed if the Sig > 0.05 on that basis.
2. The data is abnormally distributed if the Sig is less than 0.05.

3.5.1.2 Multicollinearity Test

The multicollinearity test was used to ascertain whether the dependent and independent variables in the regression model were correlated in any way. The regression model is deemed excellent if the findings are negative. Using the Tolerance score and the Inflation Factor Variation (VIF), this study examines the regression model for indicators of multicoloniality. Assuming no signs of multicoloniality, the decision-making criteria state that the VIF value must be larger than 10 and the Tolerance score must be greater than 0.1. On the other hand, indications of multicollinearity become apparent when both the Tolerance score and the VIF value go over 0.1 and 10, respectively.

3.5.1.3 Heteroscedasticity Test

Testing for heteroscedasticity and variance inequality in variable data (regression, residual, etc.) is what this test is all about. When the residual variance of one observation is constant relative to another, we say that the data is heteroscedastic. Without heteroscedasticity, a regression model is considered excellent. A scatter plot model is utilised in this investigation under the following conditions:

1. If there are various patterns in the scatter plot chart, on that basis there is heteroscedasticity.
2. If a separate pattern is formed in a graph, on that basis there is no heteroscedasticity.

3.5.1.4 Autocorrelation Test

One technique that is frequently used to ascertain whether autocorrelation exists is the Durbin-Waston test, or DW. There is no autocorrelation in its decent regression model:

Table 1 Autocorrelation Decision-Making

Zero Hypothesis	**Decision**	**If**
No positive autocorrelation	Reject	$0 < d < dl$
No positive autocorrelation	No decision	$dl \leq d \leq du$
No negative autocorrelation	Reject	$4 - dl < d < 4$
No negative autocorrelation	No decision	$4 - du \leq d \leq 4 - dl$
No autocorrelation, positive or negative	Not rejected	$du < d < 4 - du$

Source: (Ghozali, 2018)

3.5.2Multiple Linear Regression Test

In order to determine if the regression model is multicolonial, the Tolerance score and the Inflation Factor Variation (VIF) can be utilised. For decision-making purposes, multicoloniality cannot be present if the Tolerance score is more than 0.1 and the VIF value is more than 10. However, signs of multicollinearity become apparent when the Tolerance score goes over 0.1 and the VIF number goes beyond 10:

$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + e$

Information:

Y : Level of Financial Statement Disclosure
A : Constant
B : Regression Coefficient
X1 : Leverage Ratio
X2 : Liquidity Ratio
X3 : Profitability Ratio
X4 : Public Share Ownership
E : Error

Source: (Agung Widiantara et al., 2022)

3.5.3Model Feasibility Test

The F test compares the Fcal and Ftabel scores to find out if all the independent variables at the joint level have an effect on the dependent variable. Since the comparison of the Fcal and Ftable values shows that each independent variable has an impact on the dependent variable, the null hypothesus can't be accepted If the calculated F-value is lower than the critical F-value, we may accept the null hypothesis and say that the independent variables have no effect on the dependent variable.

3.5.4Hypothesis Test

3.5.4.1 Coefficient of Determination (R^2)

The determination coefficient (R^2) is a useful measure of how well the model explains the observed variance in the dependent variable. The value of the determination coefficient may range from 0 to 1. A low score (R^2) indicates that the independent factors are not able to predict the entire range of the dependent variavles..

3.5.4.2 Statistical Test T (Test t)

It is common practice to compare the tcount and ttable values while conducting statistical tests, which are formally called t-tests. According to the t-test criteria, the null hypothesis is rejected if the tcount value is higher than the ttable value. It may be concluded that there is an effect of the independent

variable on the dependent variable. Acceptance of the null hypothesis occurs when the tcal value is less than the ttable value, indicating that the independent variable has no effect on the dependent variable.

4. Results and Discussion

4.1 Research Results

4.1.1. Descriptive Statistics

Table 2 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
DER	27	2.08	2.84	2.4967	.22755
Current Ratio	27	4.86	6.72	5.7696	.47398
ROE	27	.40	.60	.4748	.05480
KSP	27	1.58	1.95	1.7259	.10199
Financial Statement Disclosure Level	27	3.12	4.04	3.5526	.26184
Valid N (listwise)	27				

Source: Data processed with SPSS (2024)

Based on the resultant of this descriptive statistic, the following is the explanation:

1. DER (Debt to Equity Ratio):
   A DER score of 2.4967 with a standard deviation of 0.22755, ranging from a minimum of 2.08 to a maximum of 2.84. This indicates that there is some variation in the DER within the company's sample, yet the dispersion is not excessively large due to the tiny standard deviation. A debt-to-equity ratio of 2.4967 suggests that the majority of corporations fall into this range.
2. Current Ratio:
   Current Ratio values range from 4.86 to 6.72, with an average of 5.7696 and a standard deviation of 0.47398. Current ratios over 1 (showing sufficient liquidity) are indicative of strong liquidity and suggest that the ability of the corporation to satisfy its short-term obligations fluctuates.
3. ROE (Return on Equity):
   The range of ROE scores is 0.40 to 0.60, with an average of 0.4748 and a standard deviation of 0.05480. This average number reveals that, with little variance across the sample companies, the rate of return given to equity stockholders is pretty consistent at about 47%.
4. KSP (Public Share Ownership):
   The minimum KSP value is 1.58 and the maximum value is 1.95, which is 1.7259 on average and the standard deviation is 0.10199. This shows that the majority of companies have a percentage of public shareholding that is not much different, with quite a small variation.
5. Financial Statement Disclosure Level:
   There is a standard deviation of 0.26184 and an average of 3.5526 for the financial statement disclosure values, with a range of 3.12 to 4.04. Generally speaking, this means that most companies are quite transparent, however there are some notable exceptions.
   In general, this descriptive data shows that most variables have a fairly stable distribution of values with not too large variations, as indicated by the relatively small standard deviation in each variable.

4.1.2Classical Assumption Test

4.1.2.1 Normality Test

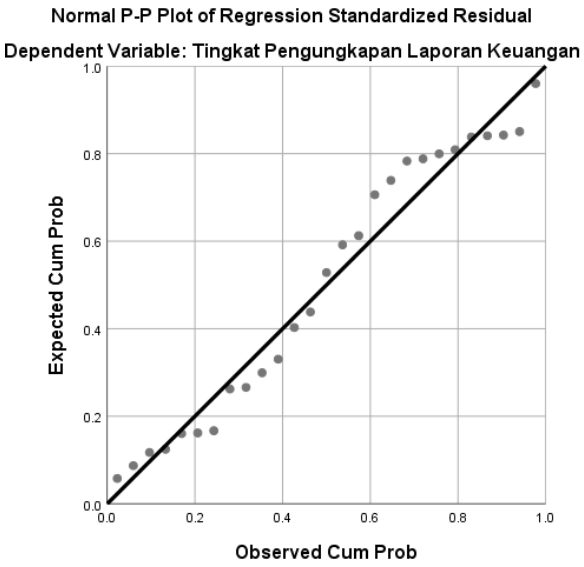

Figure 1 Normal P-P Plot of Regression Standardized Residual Chart

Source: Data processed with SPSS (2024)

In the P-P plot, the points represent their usual location, which is along the diagonal line. This suggests that the residual distribution is in close proximity to the normal distribution. This is a reliable indicator in the context of the residual normality assumption, as the regression model anticipates that the residuals of the prediction will adhere to a normal distribution pattern.

Table 3 One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		27
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.18553058
Most Extreme Differences	Absolute	.136
	Positive	.112
	Negative	-.136
Test Statistic		.136
Asymp. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Data processed with SPSS (2024)

Based on the One-Sample Kolmogorov-Smirnov Test, an Asymp score was obtained. Sig. of 0.200 ($p > 0.05$), on the basis of which the residual regression model follows its normal distribution. Thus, the assumption of normalcy is met, which supports the validity of the regression analysis in this study.

4.1.2.2 Multicollinearity Test

Table 4 Multicollinearity Test

Coefficientsa

Type		Collinearity Statistics	
		Tolerance	VIF
1	DER	.212	4.707
	Current Ratio	.315	3.170
	ROE	.092	10.867
	KSP	.141	7.113

a. Dependent Variable: Level of Financial Statement Disclosure

Source: Data processed with SPSS (2024)

Based on the results of the Collinearity Statistics analysis, it was found that the ROE and KSP variables had high VIF values (above 5), indicating the existence of multicollinearity problems that could affect the interpretation of regression coefficients. Therefore, it is necessary to consider overcoming this problem to improve the quality of the model used in analyzing the level of financial statement disclosure.

4.1.2.3 Heteroscedasticity Test

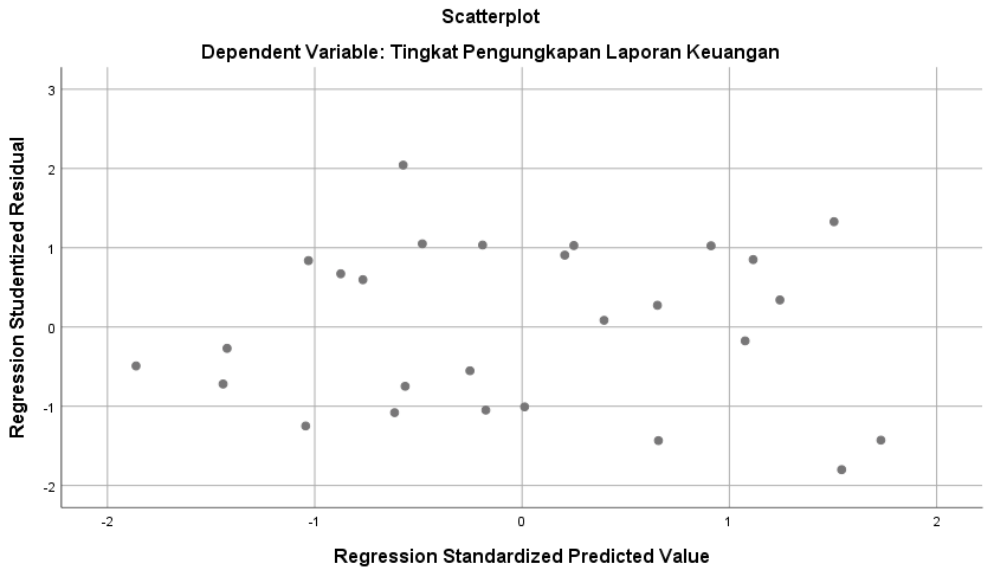

Figure 2 *Scatterplot*

Source: Data processed with SPSS (2024)

Based on the *scatterplot* between *studentized residuals* and *standardized predicted values*, it appears that the dots are randomly scattered around the horizontal line without making a separate pattern. This provides an indication that the assumption of heteroscedasticity is met, which supports the validity of the regression model in this study.

4.1.2.4 Autocorrelation Test

Table 5 Autocorrelation Test

Model Summary[b]

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.857a	.734	.684	.15023	1.875

a. Predictors: (Constant), LAG_X4, LAG_X2, LAG_X1, LAG_X3

b. Dependent Variable: LAG_Y

Source: Data processed with SPSS (2024)

Based on the regression analysis carried out, it was found that the Durbin-Watson score was 1,875. With a sample quantity of 27 and four independent variables, this value was used to test for autocorrelation in the residual model.

Based on the Durbin-Watson table, the upper bound score (dU) for n = 27 and k = 4 is about 1.78. By comparing the Durbin-Watson values obtained:

- 1,875 > 1.78 (dU)

This shows that there is no autocorrelation in the residual regression model. These findings show that the assumption of residual independence is met, which strengthens the validity of the regression model used in this study.

4.1.3Multiple Linear Regression Test

Table 6 Multiple Linear Regression Test

Coefficientsa

Type		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.218	.578		3.839	.001
	X1_DER	-.496	.084	-.465	-5.871	.000
	X2_Current_Rasio	.204	.047	.376	4.374	.000
	X3_ROE	-3.275	.364	-1.348	-8.998	.000
	X4_KSP	1.709	.273	.900	6.272	.000

a. Dependent Variable: Level of Financial Statement Disclosure

Source: Data processed with SPSS (2024)

The above multiple linear regression findings demonstrate the interdependence of the independent variables (X1_DER, X2_Current_Ratio, X3_ROE, and X4_KSP) with respect to the dependent variable (the degree of financial statement disclosure). The following is a table of coefficients that provides an explanation of the multiple linear regression results:

1. **Constant:**
   - With a significance level of 0.001, the intercept value of 2.218 suggests that the level of disclosure of the financial statements is expected to be 2.218 if all the independent variables are zero.
2. **X1_DER (Debt to Equity Ratio):**
   - X1_DER has a regression coefficient of -0.496 and a 0.000 significance level. This indicates that, provided all other factors stay the same, the degree of financial statement transparency should decrease by 0.496 units for every unit increase in the DER. Because the p value is less than 0.05, this coefficient is likewise considered significant.
   - A beta value of -0.465 indicates that DER has a strong negative determination on the level of disclosure of its financial statements.
3. **X2_Current_Ratio:**

- According to the X2_Current Ratio regression coefficient, which has a significance level of 0.000, an increase of one unit in the current ratio will correlate to a rise of 0.204 units in the degree of disclosure of its financial statements, all other things being equal.
- The beta score of 0.376 shows that the positive determination of the current ratio to the level of financial statement disclosure is quite moderate.

4. **X3_ROE (Return on Equity):**
   - The financial statement disclosure rate will decrease by 3,275 units for every unit rise in ROE, provided all other variables remain constant, according to the regression coefficient for X3_ROE, which is -3,275 with a significance of 0.00000. Because the $p < 0.05$, with a significance level of 0.000, this coefficient is significant.
   - A beta of -1,348 indicates that the effect of ROE on the level of financial statement disclosure is very strong and negative.
5. **X4_KSP (Public Share Ownership):**
   - The regression coefficient for X4_KSP is 1.709 at a significance level of 0.000. For every unit increase in public share ownership (KSP), this corresponds to a 1,709-unit increase in financial statement disclosure, assuming no other variables change.
   - A beta value of 0.900 indicates that KSP has a very strong positive influence on the level of financial statement disclosure.

4.1.4 Model Feasibility Test

Table 7 Statistical Test F

ANOVA

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.694	4	.423	105.129	.000b
	Residual	.089	22	.004		
	Total	1.783	26			

a. Dependent Variable: Level of Financial Statement Disclosure

b. Predictors: (Constant), X4_KSP, X1_DER, X2_Current_Rasio, X3_ROE

Source: Data processed with SPSS (2024)

The ANOVA test results, which produced a F value of 105.129 and a significance value of 0.000, show the significance of the regression model in exolaining the determination of independent variables (X4_KSP, X1_DER, X2_Current Ratio, and X3_ROE) over its dependent variable (Financial Statement Disclosure Level). At a significance level of 5%, this value indicates that the independent variables in the joint level make a substantial contribution to the variation in the dependent variable. Consequently, the regression model employed can be regarded as valid and suitable for the purpose of examining the relationship between these variables.

4.1.5Hypothesis Test

4.1.5.1 Coefficient of Determination (R^2)

Table 8 Coefficient of Determination (R^2)

Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.975a	.950	.941	.06347

a. Predictors: (Constant), X4_KSP, X1_DER, X2_Current_Rasio, X3_ROE

Source: Data processed with SPSS (2024)

A very strong association between the dependent variables (X3_ROE), the independent variables (X4_KSP, X1_DER, X2_Current_Rasio), and the regression model (R-score of 0.975), as shown in

the Resultant Model Summary. With a R Squared score of 0.950, the model adequately describes 95% of the variation in the dependent variables. An Adjusted R Squared score of 0.941 shows that the number of variables in the model is well-adjusted. Based on the results, it can be concluded that the regression model is very dependable for predicting the level of financial statement disclosure, with a Std. Error of the Estimate value of 0.06347.

4.1.5.2 Statistical Test T

Table 9 Statistical Test T

Coefficientsa

Type		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.218	.578		3.839	.001
	X1_DER	-.496	.084	-.465	-5.871	.000
	X2_Current_Rasio	.204	.047	.376	4.374	.000
	X3_ROE	-3.275	.364	-1.348	-8.998	.000
	X4_KSP	1.709	.273	.900	6.272	.000

a. Dependent Variable: Level of Financial Statement Disclosure

Source: Data processed with SPSS (2024)

All independent variables had strong importance to the level of Financial Statement Disclosure, according to the regression analysis's findings, with the following significance value (Sig): The following indicators have a significance level of 0.000: X1_DER (Debt to Equity Ratio), X2_Current Ratio, X3_ROE (Return on Equity), and X4_KSP (Public share ownership). All of these significance scores are below 0.05, confirming that each of its independent variables has a determinant significance over the level of disclosure.

4.2 Discussion

The results of this study show that the regression model used fulfills its basic assumptions in regression analysis, including residual normality, absence of multicollinearity, heteroscedasticity, and autocorrelation, which supports the validity of the model used to analyze the level of disclosure of financial statements. The P-P plot and the One-Sample Kolmogorov-Smirnov Test showed that the residual regression model followed its normal distribution, or the Asymp score. 0.200 is significant ($p > 0.05$). Research has shown that the residuals of the regression model follow patterns of normal distribution, which is consistent with these findings and highlights the need of correct analysis. As a result, we can trust the results of the regression analysis. In their 2022 study, Widiantara et al.

The presence of multicollinearity issues is further demonstrated by the high VIF values (above 5) of the Return on Equity (ROE) and public share ownership (KSP) variables, according to the analysis of Collinearity Statistics. The interpretation of the regression coefficient might be influenced by this, which indicates a strong linear relationship between the independent variables. The study's claims that multicollinearity may affect regression results and mask the effect of each independent variable are in line with these results. In light of this, it is critical to address multicollinearity in this research to provide a high-quality model. Astina, (2020)

Distinct patterns do not emerge from the scatterplot examination of the studentized residuals vs the standardised predicted values, ruling out the possibility of heteroscedasticity. The fact that this assumption supports side-effects research demonstrates how important it is to maintaining the validity of regression analysis. The accuracy of interpreting the regression model's results depends on whether or not this assumption is satisfied. Also, the residual regression model does not have any autocorrelation, as shown by the Durbin-Watson score of 1,875. Consistent with prior research that similarly investigated autocorrelation and found no such issues, these numbers imply that the residuals of the regression models are independent of each other. This study's analysis is strengthened because the premise of residual independence is met..Cahyani et al., 2022)

The Model Summary revealed an R-score of 0.975, indicating a highly significant link between the dependent variables (ROE), KSP, DER, and the current ratio. With a R Squared score of 0.950, we can explain 95% of the variance in financial statement disclosure levels using the model, and an Adjusted R Squared score of 0.941, we can see that the number of variables has been well-adjusted. This demonstrates that the employed regression model is highly accurate in predicting the level of disclosure in financial statements. Companies with high-quality public shareholdings are more likely to disclose their financial information transparently, according to these results, which are in agreement with the study's findings that these variables strongly impact financial statement disclosure. Mahsun, (2020)

In terms of explaining the impact of independent factors on its dependent variables, the overall context of the regression model has significance, according to the ANOVA results ($F = 105.129$, $p = 0.000$). This number indicates that, at the 5% level of significance, the context's independent factors greatly affect the dependent variables' variability. So, it's safe to say that the regression model was a good fit for studying the correlation between these variables.

Regression analysis also showed that all of its independent variables (Debt to Equity Ratio, Current Ratio, ROE, and KSP) had a determinant significance over the level of disclosure of financial statements, with a significance value (Sig.) below 0.05. These findings support the results of the research carried out from the side, which provides a statement that profitability and liquidity have a positive determination over the disclosure of its financial statements. Thus, these results confirm that companies with good management in terms of debt, liquidity, and public share ownership tend to have better disclosure rates. (Pratiwi & Rahmasari, 2021)

Overall, this study confirms the importance of profitability, liquidity, and public shareholding in determining the level of financial statements disclisure. In addition, the regression model used has proven to be valid and reliable in analyzing the relationship between these variables. This study contributes to a deeper understanding of the factors that affect the transparency of its financial statements to Indonesian companies and suggests the need for special attention to variables that have the potential to affect the results of the analysis, such as the multicollinearity found in this study.

5.Conclusion

5.1. Conclusion

The data, which concerns manufacturing companies that were listed on the Indonesia stock Exchange between 2020 – 2023, leads to the following conclusions regarding the level of financial statement disclosure:

1. The Debt to Equity Ratio (DER) has a negative determining impact on the level of financial statement disclosure, with a significance value (Sig.) of 0.000. This implies that as DER rises, the amount of financial statement disclosure falls. Bussinesses with more debt can be more reticent to reveal financial data, possibly because they are worried about how stakeholders will see the risks.
2. *The Current Ratio* (CR) has a positive determination significance over the level of financial statement disclosure, with a Sig. value of 0.000. This suggests that as the Current Ratio rises, so does the level of financial statement disclosure. Businesses with higher liquidity may feel more comfortable disclosing their financial information since their financial situation is more stable.
3. *Return on Equity* (ROE) shows the significance of negative assessment on the degree of financial statement openness with a Sig. score of 0.000. These findings show that companies wuth high ROE tend to have lower disclosure rates. This may be due to the company’s desire to maintain a competitive advantage and avoid disclosures that could harm its position in the market.
4. The KSP, an additional variable, has a score of 0.000, indicating positive determinant significance on the level of disclosure of its financial statements. This demonstrates that businesses with a high degree of disclosure are typically those with a strong public share ownership base. Stakeholder trust is increased when businesses manage and disclose financial information more clearly thanks to a robust KSP.

Overall, the resultant regression analysis shows that all independent variables (DER, Current Ratio, ROE, and KSP) have a determinant significance on the level of disclosure of their financial

statements. However, the effects were mixed, with DER and ROE contributing negatively, while Current Ratio and KSP showed positive influences. These findings provide important insights into the factors that affect the disclosure of its financial statements in the context of the companies studied.

5.2. Limitations

This study examined manufacturing companies listed on the Indonesia Stock Exchange from 2020 to 2023, employing purposive sampling and multiple regression analysis to investigate four financial variables. However, it did not explore complex relationships or other factors affecting financial disclosures.

5.3. Suggestion

The only ratios that the researcher looks at to determine the degree of financial statement disclosure are the liquidity ratio, leverage ratio, profitability ratio, and public share ownership. However, there are still many other aspects that can provide a determination of the level of disclosure of financial statements, such as the company's ownership structure, institutional ownership, and other factors. Therefore, it is hoped that researchers can consider or add relevant variables that affect the level of financial statement disclosure. In addition, the researcher also recommends the use of different and longer samples, scopes, and research periods to gain more in-depth and comprehensive insights.

Acknowledgment

The researcher would like to thank everyone who has supported this research process, both financially and non-financially. This support is very important and will help me achieve the expected results.

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