International Journal of Innovative Research and Scientific Studies, 8(6) 2025, pages: 2083-2098

IJIRSS
International Journal of Innovative Research & Scientific Studies

ISSN: 2617-6548

URL: www.ijirss.com

The effect of financial secrecy towards internet financial reporting disclosure and its implications for earnings quality

Evita Puspitasari[1*], Winwin Yadiati[2], Bjarne Lykke-Sorensen[3], A Mudhoffar Shaddiq[4]

[1,2,4]*Universitas Padjadjaran, Indonesia.*
[3]*EU Business School Digital Campus, Spain.*

Corresponding author: Evita Puspitasari (*Email: evita.puspitasari@unpad.ac.id*)

Abstract

This study aims to determine the effect of financial secrecy on internet financial reporting disclosure and its implications for earnings quality in five ASEAN countries simultaneously. It uses leverage and company size as control variables. Financial secrecy is measured using the Financial Secrecy Index obtained from the Tax Justice Network, while internet financial reporting disclosure is measured using the Measurement Schemes of Format and Content. Earnings quality is measured by discretionary accruals using the Modified Jones model. The sample consists of 263 companies selected through purposive sampling from manufacturing companies listed on the stock exchanges of Indonesia, the Philippines, Singapore, Thailand, and Malaysia in 2018. The study employs the path analysis method with a significance level of 5%. The results indicate that financial secrecy has a significant negative effect on internet financial reporting disclosure, while it has a significant positive effect on earnings quality. Furthermore, internet financial reporting disclosure positively affects earnings quality, and financial secrecy, mediated by internet financial reporting disclosure, significantly impacts earnings quality.

Keywords: Earnings quality, financial secrecy, internet financial reporting disclosure.

DOI: 10.53894/ijirss.v8i6.10081
Funding: This study received no specific financial support.
History: Received: 16 June 2025 / **Revised:** 18 July 2025 / **Accepted:** 21 July 2025 / **Published:** 19 September 2025

Competing Interests: The authors declare that they have no competing interests.
Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.
Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.
Publisher: Innovative Research Publishing

1. Introduction

The International Accounting Standards Board (IASB) in 2011 developed financial accounting standards to be applied globally, known today as the International Financial Reporting Standards (IFRS). IFRS is a codification of accounting standards, interpretations, and frameworks for the preparation and presentation of financial statements, developed and published by the IASB. IFRS aims to provide high-quality financial reports. In addition to rule-based standards, IFRS has

also been developed using principles-based standards, which give companies more flexibility in choosing their accounting policies and estimations that must be accounted for.

Accounting standards with principles-based standards encourage companies to prepare detailed financial statements based on assumptions that financial transactions require new items to ensure accuracy and consistency in their preparation. Meanwhile, the use of rules-based accounting standards reduces professional judgment because companies are required to report most of their accounts based on historical costs.

According to Watts and Zimmerman [1] in positive accounting theory, management has the objective of implementing certain accounting policies and estimates for management benefit. According to Healy [2], management uses a systematic accrual accounting policy to report higher net income to receive a higher bonus. Therefore, implementing IFRS can provide opportunities for companies to apply more flexible accounting policies to meet their goals and interests.

There are ten worst corporate accounting scandals in the world, including: U.S. Securities and Exchange Commission (SEC) [3]; McLean and Elkind [4]; U.S. Securities and Exchange Commission (SEC) [5]; Krantz [6]; U.S. Securities and Exchange Commission (SEC) [7]; U.S. Securities and Exchange Commission (SEC) [8]; U.S. Securities and Exchange Commission (SEC) [9]; Valukas [10]; U.S. Securities and Exchange Commission (SEC) [11] and Securities and Exchange Board of India (SEBI) [12]. In Indonesia, the most recent case regarding the quality of earnings reporting is the case of Garuda Indonesia. In the 2018 income statement, Garuda Indonesia reported a net profit of US $809,846. However, Garuda Indonesia should have reported losses due to operating costs that were greater than total revenue in 2018.

Meanwhile, in Singapore, more and more people are upset with the Hyflux scandal. According to an article by the South China Morning Post in 2019, around 34,000 common and preferred shareholders that invested in Hyflux had a total investment value of S $900 million but were only able to receive a recovery rate of 10.7%, consisting of 3% in cash and 7% in equity.

Other cases have also occurred in Malaysia, one of which is Axis Inc Bhd. According to an article by Thestar.com, the Kuala Lumpur Court convicted and jailed the former executive director of Axis Inc for giving false statements to Bursa Malaysia Securities Bhd. The former executive director of Axis Inc provided false information in the form of quarterly earnings for the end of March 2008, wherein he reported earnings of RM 91.13, but the actual income for the final quarter of March 2008 was only RM 39.98.

In 2017, the 2GO Group Incorporated case emerged in the Philippines. The management change that occurred at 2GO caused the company to make an obligatory restatement in 2015 and 2016 as their financial statements with the company's new management. Restated finances cut 90% of 2GO's 2015 net profit from 1.08 billion Philippine Pesos to just a mere 109.131 million Philippine Pesos. The same thing also happened in 2016, where the company recorded a profit of 1.34 billion Pesos, which decreased to 344.035 million Pesos, a decrease of 74% from the previous presentation. This also continued in the first quarter of 2017, where previously the 2GO company recognized a profit of 267 million Pesos, but after the restatement, the company recorded a net loss of 264.86 million Pesos (Rappler.com).

In 2016, PwC Thailand produced a report on the Global Crime Survey, namely economic crimes that occurred in Thailand. The report revealed that both private and public companies had been accused of committing a lot of fraud. Accounting fraud often involves creating false transactions and manipulating financial reports. In addition, the survey also found that companies had many misappropriated asset cases, which is the top form of fraud in Thailand [13].

Secrecy is considered another factor that can affect earnings quality. Doupnik and Perera [14] study suggested that secrecy and transparency may reflect a preference for confidentiality. Furthermore, appropriate business information disclosure is only to those closely involved with management. In addition, they stated that secrecy and conservatism have a relatively strong positive relationship; in particular, countries with a high secrecy rate are expected to adhere more strictly to the idea of conservatism in the measurement of assets and liabilities. Gray [15] argues that the value of accounting secrecy and conservatism has the greatest relevance for the disclosure of information in financial statements.

The rapid development of information, communication, and technology (ICT) via the internet has changed the way companies deliver information to shareholders, clients, suppliers, and other customers [16], presenting company information to investors [17, 18] and to present financial information to shareholders, investors, and other significant parties [19, 20]. The presentation of financial information via the internet or website is called Internet Financial Reporting (IFR). IFR is defined as the distribution of corporate financial and performance information using internet technologies such as the World Wide Web [21, 22].

In this study, we want to see the level of company financial secrecy through the level of behavior of IFR disclosure. Researchers assume that IFR will function as a variable that can mediate the effect of financial secrecy on earnings quality. By expanding and presenting full disclosure in digital or internet reporting, consequently, financial transparency will also increase because companies can no longer hide hidden information, such as committing accounting fraud that has been perpetrated by the aforementioned companies in countries such as Indonesia, Singapore, Malaysia, the Philippines, and Thailand.

2. Literature Review

2.1. Agency Theory

Agency theory is a concept that explains the separation of functions in organizations. Jensen and Meckling [23] define agency theory as a contract conducted by one or more principals (company owners) with an agent (company management) to perform several services, with the agent being given delegation in some decision-making.

In this theory, it is assumed that a conflict arises between the agent and the principal. This conflict occurs when the agent and principal try to maximize their own benefits. The relationship between the agent and principal can lead to asymmetrical information because the agent is in a position to have more information about the company than the principal. Assuming that individuals act to maximize their own interests, the information asymmetry will encourage the agent to hide some information that is not known to the principal. On one hand, agents will try to convey information related to their performance as effectively as possible in order to receive maximum compensation for the work they have done. On the other hand, the principals demand a quick and substantial return on their investment.

2.2. Positive Accounting Theory.

Positive accounting theory was first introduced by Watts and Zimmerman [1]. This theory seeks to explain and answer the reasons why accounting practices are carried out and provides predictions for the role of accounting information in making economic decisions for individuals, companies, or other related parties. According to Watts and Zimmerman [1], the accounting procedures used by companies do not have to be the same as those of others; instead, companies are given the freedom to choose one of the alternative procedures available to maximize firm value. There are three opportunistic actions taken by management in positive accounting theory, namely the bonus plan hypothesis, debt covenant hypothesis, and political cost hypothesis.

2.3. Signaling Theory

Signaling theory suggests how a company should provide signals to users of financial statements [24]. Signaling theory is used to explain that financial statements are fundamentally used to provide positive or negative signals to users [25]. These signals can be in the form of profit or loss experienced by the company, expenses or costs incurred by the company, or other financial data [26].

2.4. Financial Secrecy

According to Gray [15], secrecy in the accounting context means choosing which information to disclose regarding business activities. Additionally, secrecy tends to involve selecting the level of disclosure to external parties. Secrecy and transparency reflect a preference for disclosing information about the business only to those closely related to management [14].

Financial secrecy is measured using a proxy employed by the Tax Justice Network, namely the Financial Secrecy Index released in 2020. The measurement of the Financial Secrecy Index is based on the methodology used by the Tax Justice Network. This methodology employs qualitative and quantitative methods in the form of a secrecy score and a Global Scale Weight, which function to measure the level of secrecy of a country by assessing the contribution of each jurisdiction to the issue of global financial secrecy [27].

2.5. Internet Financial Reporting Disclosure

Internet financial reporting is the inclusion of company financial information via the internet or website (Lai, et al. [28]). Hunter and Smith [29] explain that internet financial reporting (IFR) disclosure refers to the use of a company website to disseminate information about a company's financial performance.

Internet financial reporting disclosure is measured using the Measurement Schemes of Format and Content, which consists of two main dimensions: content and presentation, developed by Kelton and Yang [30].

2.6. Earnings Quality

Earnings quality is an indicator of the quality of financial information. Bellovary and Gaicomino [31] define earnings quality as the ability of earnings to reflect the truth of the company's earnings and help predict future earnings, taking into account the stability and persistence of earnings. Quality earnings are profits that can reflect sustainable earnings in the future, which are determined by the accrual and cash components, and can reflect the company's actual financial performance [32].

This study measures earnings quality using accrual quality as a proxy, employing the Modified model [33]. Researchers chose the Modified Jones model because it is considered to have the best ability to detect earnings quality in companies [33]. Research conducted by Schipper and Vincent [34] states that the closer the discretionary accrual value approaches zero, the better the company's earnings quality.

3. Conceptual Framework

Earnings quality is an indicator of the quality of financial information. According to Wulansari [32], earnings quality refers to publicly available earnings information that can demonstrate the extent to which earnings influence decision-making and can be utilized by investors to assess companies. Many factors affect earnings quality.

Firstly, the rapid development of information, communication, and technology (ICT) via the internet has changed how companies convey financial information to the public. The public can easily access a company's financial information through the company's website or other media via the internet [35]. However, the presence of the internet has not fully ensured the transparency of corporate financial information disclosure. Several factors contribute to this issue, one of which is the level of financial secrecy. Each country has a different level of financial secrecy [27]. Varying levels of financial secrecy result in differences in the quality of information disclosure.

Countries with a high financial secrecy value tend to conceal or not fully disclose relevant financial information [36]. Additionally, a high level of financial secrecy implies lower or inversely related disclosure [37]. Consequently, financial secrecy also reduces information transparency. This is inversely proportional to the existence of voluntary disclosure via the internet or Internet Financial Reporting (IFR). IFR disclosure can lead to better disclosure transparency because the internet fundamentally improves how companies present financial information to stakeholders. Therefore, based on the explanation above, the researcher proposes the following hypothesis:

H_1: Financial secrecy has a negative effect on internet financial reporting disclosure

Puspitasari, et al. [38] examined the impact of financial secrecy on earnings quality in Indonesia, Malaysia, and Singapore after IFRS adoption. They deduced that the quality of corporate earnings among these countries was not at the same level, even after they had adopted and implemented IFRS. Their research provides evidence that one of the important factors affecting earnings quality is the level of financial secrecy. They prove that companies with a higher level of secrecy will present lower earnings quality. This indicates a negative relationship between them.

Furthermore, Istiqomah [39] provides empirical evidence that cultural secrecy is one of the important factors that can affect the quality of financial reporting. Companies that come from high cultural secrecy exhibit higher earnings management behavior. Because previous studies have similar results, the research hypothesis can be stated as follows:

H_2: Financial secrecy has a negative effect on earnings quality

A study conducted by Murcia and Wuerges [40] shows that there is a negative relationship between voluntary disclosure and earnings management. This indicates that the higher the level of company voluntary disclosure, the smaller the earnings management will be. High earnings management indicates low earnings quality (Farichah, 2017); thus, indirectly, high levels of voluntary disclosure will increase the level of earnings quality. This indicates a positive relationship between IFR disclosure and earnings quality.

Sia, et al. [41] explored the relationship between Corporate Internet Reporting (CIR) and company performance. Their investigations show that CIR has a positive impact on company value, as more relevant information disclosed regularly on a company website will lead to a higher value-added contribution to the company. This finding confirms that making more disclosures in internet financial reporting suggests that the company provides a good indication of the quality of earnings reporting. Because previous studies have similar results, the research hypothesis can be stated as follows:

H_3: Internet financial reporting disclosure has a positive effect on earnings quality

The study conducted by Chen, et al. [42]; Enomoto [43] and Puspitasari, et al. [38] states that financial secrecy has a negative effect on earnings quality. Meanwhile, other research conducted by Geiger and Van Der Laan Smith [36] and Haniffa and Cooke [37] provides empirical evidence that financial secrecy negatively affects internet financial reporting disclosure.

Researchers assume that internet financial reporting will function as a variable that can mediate the effect of financial secrecy on earnings quality. By expanding and presenting full disclosure information in digital or internet reporting, financial transparency will also increase. This aligns with the statement from the Economist Intelligence Unit [44] that IFR can lead to better disclosure transparency because the internet fundamentally improves the way companies present financial information. Therefore, the researcher states that there is an effect of financial secrecy through internet financial reporting disclosure on earnings quality. Consequently, the researcher proposes the following hypothesis:

H_4: Financial secrecy through the internet financial reporting disclosure has an influence on earnings quality

Based on the results of the explanation above, the conceptual framework of the research can be described as follows:

3.1. Dependent Variable

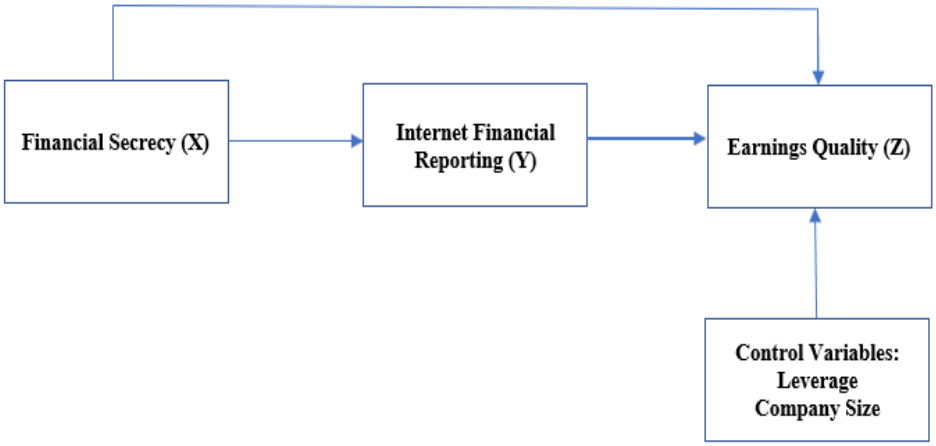

Figure 1.
Conceptual framework

Description:

$$DA_{it} = \left(\frac{TACC_{it}}{TA_{it-1}}\right) - NDA_{it}$$

DAit = Disrectionary accrual of company i in year t
TACCit = Total accruals of company i in year t
TAit-1 = Total assets of company i in year t
NDAit = Nondisrectionary accrual of company i in year t

3.2. Intervening Variable

The intervening variable in this study is Internet Financial Reporting (IFR) disclosure. IFR disclosure in this study acts as an intervening variable to analyze the direct effect of financial secrecy on earnings quality and to examine the indirect effect of financial secrecy on earnings quality through IFR disclosure.

Internet financial reporting disclosure is measured using the Measurement Schemes of Format and Content, which consists of two main dimensions: content and presentation, developed by Kelton and Yang [30]. The content dimension measures the type of information reported on the company's website and can include all paper-based content. Meanwhile, the presentation dimension measures the use of the latest display criteria in disseminating company information and corporate website design, such as the presentation of financial reports or annual reports in various formats and the presentation of financial information through media such as video and audio. The calculation of the value of Measurement Schemes of Format and Content for each company is done by adding up the actual value obtained and then dividing it by the maximum number of values that can be obtained [30].

3.3. Independent Variable

The independent variable in this study is financial secrecy. Financial secrecy is measured using a proxy developed by the Tax Justice Network, namely the Financial Secrecy Index released in 2020. The measurement of the Financial Secrecy Index employs the methodology established by the Tax Justice Network. This methodology utilizes both qualitative and quantitative methods in the form of a secrecy score and a Global Scale Weight, which function to assess the level of secrecy of a country by evaluating the contribution of each jurisdiction to the issue of global financial secrecy [27].

3.4. Control Variables

In this study, there are two control variables used: leverage and company size. Leverage indicates the proportion of debt utilized to finance investments. It reflects the company's financial risk, as it describes the company's capital structure and the risk of uncollectible debt. This study measures leverage using the Debt to Asset Ratio (DAR), which is calculated by dividing total debt by total assets owned by the company. This measurement assesses the level of solvency or the company's ability to pay off debt in the long term [45, 46].

The second control variable is firm size. The size of the company can determine whether the company's performance is good. This study measures the size of the company by observing the total assets it owns. Company size can be measured by calculating the natural logarithm of the total assets it owns [47].

To understand the measurement of each variable and indicator used in this study, the researcher created a variable operational table as follows:

Table 1.
Variable Operationalization.

No.	Variable	Indicator	Scale
1.	Financial secrecy	Financial secrecy index (Issued by tax justice network)	Ratio
2.	Internet financial reporting	Measurement schemes of format and content	Ratio
3.	Earnings quality	Disrectionary Accrual $DA_{it} = (\frac{TAC_{it}}{TA_{it-1}}) - NDA_{it}$	Ratio
4.	Leverage	Total debt. per total asset	Ratio
5.	Firm size	Total Assets	Ratio

3.5. Population

The population in this study consisted of all manufacturing companies listed on stock exchanges in five ASEAN countries: Indonesia, Singapore, Malaysia, Thailand, and the Philippines.

3.6. Sample

This study uses purposive sampling, where the researcher determines the sample based on special characteristics. This type of sampling is chosen to obtain data from specific objects that can provide the desired information. This may occur because these objects are the only ones that possess the information or because they conform to the criteria set by the researchers [48].

Thus, this study establishes several criteria for selecting the sample, namely:

1. Manufacturing companies listed on the stock exchanges of five ASEAN countries, namely Indonesia, Malaysia, Singapore, Thailand, and the Philippines.
2. Manufacturing companies that have accessible company websites that are not under construction.
3. Manufacturing companies that have implemented Internet Financial Reporting.

The following is the number of samples that will be examined in this study:

Table 2.
Proportion and number of firm samples.

Countries	Number of firms	Do not have website	Website cannot be accessed	Has not applied IFR	Sample based on criteria	Sample Total
Indonesia	119	0	1	32	86	30
Malaysia	398	0	8	100	290	100
Singapore	234	5	13	112	104	36
Thailand	329	1	3	68	257	88
The Philippines	66	2	5	32	27	9
Total	1146	263				

3.7. Data Analysis Technique

The data analysis technique used in this study is path analysis, which aims to test the conceptual hypothesis. According to Riduwan and Engkos [49], the path analysis model is used to analyze the pattern of relationships between variables to determine the direct or indirect effect of a set of independent (exogenous) variables on the dependent (endogenous) variable. In simple terms, the depiction of the path analysis model can be seen in the following figure:

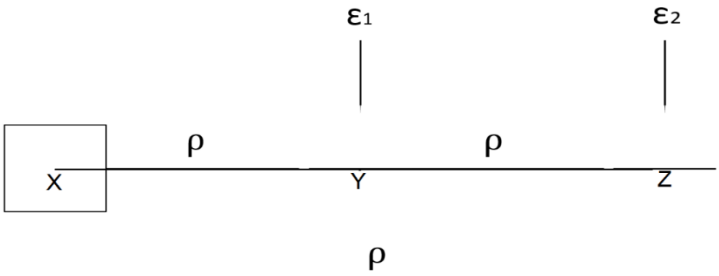

Figure 2.
Path analysis.

Description:
X = Financial secrecy
Y = Internet financial reporting
Z = Earnings quality
ρ�� = Coefficient of financial secrecy path to internet financial reporting

ρ�� = Coefficient of internet financial reporting on earnings quality

ρ�� = Coefficient of financial secrecy path on earnings quality

ε1 = Error of term or other factors affecting internet financial reporting disclosure

ε2 = Error of term or other factors that affect earnings quality

The equations generated based on the path diagram above are as follows: The equation of the first substructure path:

$Y = \rho\text{\textdiamond\textdiamond} + \varepsilon_1$

The equation of the second substructure path:

$Z = \rho\text{\textdiamond\textdiamond} + \rho\text{\textdiamond\textdiamond} + \varepsilon_2$

The path diagram in the Figure 2 can have a direct or indirect effect on the financial secrecy variable on the earnings quality variable. Direct effect is the effect of one independent variable on the dependent, without passing through other dependent variables [50]. The results of the direct influence between the financial secrecy variable (X), internet financial reporting disclosure (Y) and earnings quality (Z) can be seen as follows:

Direct effect:

X ⟶ Y : ρ��

X ⟶ Z : ρ��

Y ⟶ Z : ρ��

The indirect effect is a situation where the independent variable affects the dependent variable through another variable called the intervening variable [50]. The indirect effect between financial secrecy variables (X), internet financial reporting disclosure (Y) and earnings quality (Z) can be seen as follows:

Indirect effect:

X ⟶ Y ⟶ Z : (ρ��) (ρ��)

The total effect is the sum of the direct and indirect effects. In simple terms the total effect can be formulated as follows:

Total effect = direct effect + indirect effect

= ρ�� + (ρ��) (ρ��)

Table 3.
Descriptive analysis of research variables in five ASEAN countries.

	N	Minimum value	Maximum value	Mean	Standard deviation
Financial secrecy (X)	263	143.84	1022.12	447.4936	247.87781
Internet financial reporting (Y)	263	0.19	0.78	0.5145	0.11750
Discretionary accruals (Z)	263	-0.77	0.98	-0.0021	0.11162
Leverage (C1)	263	0.00	2.96	0.4211	0.29677
Total asset (C2)	263	23.04	33.15	28.8310	1.58061

4. Research Results

4.1. Descriptive Analysis

The table 3 provides information that the average value of financial secrecy in the five ASEAN countries is 447.4936. The highest financial secrecy value is held by the state of Singapore with a value of 1022.12, while the lowest financial secrecy value is held by the state of Indonesia with a value of 143.84. The average IFR value is 0.5145. The highest IFR value is held by WTON Indonesia (PT. Wijaya Karya Beton Tbk) and BCP Thailand (Bangchak Corporation Public Company Limited) with a value of 0.78, while the lowest IFR value is held by B69 Singapore (Broadway Ind) with a value of 0.19.

The average value of the discretionary accruals was -0.0021. AMC Thailand (Asia Metal Public Company Limited) has the highest discretionary accruals with a value of 0.98, while the lowest discretionary accruals are held by RF7 Singapore (AMOS) with a value of -0.77. The average leverage value is 0.4211. The highest leverage value is held by RICH Thailand (Rich Asia Corporation Public Company Limited) with a value of 2.96, while the lowest leverage value is held by HOKHENG (5165) Malaysia (Hock Heng Stone Industries Berhad) with a value of 0.00.

In addition, the average value of the total assets owned is 28.8310 with a standard deviation of 1.58061. The highest total asset value is held by O32 Singapore (Olam Int) with a value of 33.15, while the lowest total asset value is held by SPCG Thailand (SPCG Public Company Limited) with a value of 23.04. Furthermore, the following is an overall descriptive analysis for each variable within each country:

Table 4.
Descriptive analysis of research variables in five ASEAN countries.

Country		Financial secrecy (X)	IFR disclosure (Y)	Discretionary accruals (Z)	Leverage (C1)	Total asset (C2)
Indonesia	N	1	30	30	30	30
	Minimum	143.84	0.25	-0.04	0.15	27.20
	Maximum	143.84	0.78	0.10	0.75	32.26
	Mean	143.84	0.4824	0.0004	0.4402	30.063
	Std. deviation	0.0000	0.10783	0.10423	0.17636	1.36651
The Philippines	N	1	9	9	9	9
	Minimum	201.18	0.39	-0.03	0.11	28.32
	Maximum	201.18	0.72	0.04	0.76	31.36
	Mean	201.18	0.5339	-0.0014	0.4113	29.9832
	Std. deviation	0.0000	0.11766	0.01996	0.18699	1.19252
Singapore	N	1	36	36	36	36
	Minimum	1022.12	0.19	-0.77	0.04	24.35
	Maximum	1022.12	0.69	0.03	1.13	33.15
	Mean	1022.12	0.483	-0.026	0.3831	28.7055
	Std. deviation	0.0000	0.12304	0.13057	0.23354	1.85212
Thailand	N	1	88	88	88	88
	Minimum	448.86	0.33	-0.25	0.04	23.04
	Maximum	448.86	0.78	0.98	2.96	32.41
	Mean	448.86	0.5758	0.0138	0.5036	28.8202
	Std. deviation	0.0000	0.11616	0.12597	0.40852	1.53571
Malaysia	N	1	100	100	100	100
	Minimum	352.69	0.31	-0.68	0.00	25.19
	Maximum	352.69	0.69	0.11	0.98	32.65
	Mean	352.69	0.4797	-0.0156	0.3573	28.4124
	Std. deviation	0.0000	0.09766	0.09459	0.21068	1.37882

The effect of financial secrecy on internet financial reporting disclosure.

Table 5.
Result of path coefficient calculation (Model I).

Variable	Standardized coefficients
	Beta
Financial secrecy (X)	-0.325

In Table 5, it can be seen that the path coefficient for financial secrecy (ρyx) is -0.325. Furthermore, the amount of contribution of influence can be seen in the following table:

Table 6.
Contribution of influence (Model I).

Model	R	R square
X → Y	0.325	0.105

From Table 6, it can be deduced that the R-squared value obtained is 0.105, which means that financial secrecy contributes 10.5% to the IFR Index, while (1-R²) 89.5% represents the magnitude of the contribution of the influence of other factors that were not studied (epsilon). The structural equation that explains the effect of financial secrecy on the Internet financial reporting index is as follows:

$$Y = -0{,}325\ (\rho yx) + 0{,}895\ (e1)$$

From the above equation, it is known that the path coefficient of financial secrecy is negative, which indicates that a higher financial secrecy value will have an impact on decreasing IFR disclosure. In other words, low financial secrecy can result in high IFR disclosure.

After finding the structural equation of the effect of financial secrecy on internet financial reporting disclosure, we conducted partial hypothesis testing. The statistical method used to test this partial hypothesis is the t-test. The t-table value used as a critical value in this partial hypothesis test is 1.651, which is obtained from the attachment of the t-distribution table with $\alpha = 5\%$ and df (n - (k + 1)) = 261 for one-tailed testing. The test results are shown in the following table:

Table 7.
Hypothesis testing results regarding the effect of financial secrecy on internet financial reporting disclosure.

Model	tcount	ttable	Sig. t	α	Decision	Conclusion
X → Y	-5.543	-1.651	0.000	0.05	Reject Ho	Significant

In the table 7, it can be seen that the t-count of -5.543 falls in Ho's rejection area. Thus, with a confidence level of 95%, it can be decided to reject Ho and accept Ha, which means that financial secrecy has a significant negative effect on internet financial reporting disclosure. The higher the financial secrecy value of the company, the lower the value of IFR disclosures. Conversely, low financial secrecy can result in a higher IFR disclosure value. Simultaneous effects of financial security, internet financial reporting, leverage, and total.

Table 8.
Result of path coefficient calculation (Model II).

Variable	Standardized coefficients
	Beta
Financial secrecy (X)	0.228
IFR (Y)	-0.176
Leverage (C1)	-0.013
Total asset (C2)	0.146

4.2. Asset on Earnings Quality

In the table 8 above, it can be seen that the path coefficient for financial secrecy (ρzx) is 0.228, the IFR Index (ρzy) is -0.176, and for control variables, leverage (ρzc1) is -0.013 and total assets (ρzc2) is 0.146.
Furthermore, the amount of the combined influence contribution (R²) can be seen in the following table:

Table 9.
Contribution of influence (Model II).

Model	R	R square
X, Y, C1,C2 → Z	0.331	0.110

From the table 9 above, it can be seen that the R Square value obtained is 0.110, which means that financial secrecy, IFR, leverage, and total assets simultaneously contribute 11% to earnings quality, while (1-R2) indicates that the remaining 89% is influenced by

other factors not studied (epsilon). The structural equation that explains the effect of financial secrecy on the internet financial reporting index and its implications for earnings quality is as follows:

$Z = 0.228\ (\rho zx) - 0.176\ (\rho zy) - 0.013\ (\rho zc1) + 0.146\ (\rho zc2) + 0.890\ (e2)$.

From the above equation, it is known that the path coefficient of financial secrecy (ρzx) is positive, which indicates that a higher value of financial secrecy will impact the increase in discretionary accruals; in other words, it results in worse earnings quality. Moreover, the path coefficient for the IFR Index (ρzy) has a negative value, indicating that a higher IFR Index will impact the decrease in discretionary accruals; in other words, it results in better earnings quality.

After finding the structural equation of the effect of financial secrecy, internet financial reporting disclosure, leverage, and total assets simultaneously on earnings quality, the next step is to test the hypothesis simultaneously to see the significance level of the effect of all variables on earnings quality.

The statistical test used to test this simultaneous hypothesis is the F test. The F table value used as the critical value in this simultaneous test is 2.407, which is obtained from the F distribution table attachment with α = 5%, df1 (k) 4, and df2 (n - (k + 1)) 258. The test results are shown in the following table:

Table 10.
Simultaneous hypothesis testing results (Test F).

Model	Fcount	Ftable	α	Decision	Conclusion
X, Y, C1, C2→ Z	7.953	2.407	0.05	Reject Ho	Significant

Dari tabel di atas, dapat dilihat bahwa nilai Fhitung yang diperoleh adalah sebesar 7,953 dengan nilai Sig. sebesar 0,000 < 0,05 (α). Pada tabel di atas, tampak jelas bahwa nilai Fhitung sebesar 7,953 jatuh di daerah penolakan Ho karena lebih besar dari nilai Ftabel 2,407. Maka, dengan taraf kepercayaan sebesar 95%, dapat diputuskan untuk menolak Ho dan menerima Ha, yang berarti bahwa financial secrecy, internet financial reporting disclosure, leverage, dan total asset secara simultan memiliki pengaruh yang signifikan terhadap discretionary accruals.

From the table 10, it can be seen that the Fcount value obtained is 7.953 with the Sig. equal to 0.000 < 0.05 (α). In table 10, it is clear that the Fcount of 7.953 falls in Ho's rejection area because it is greater than the Ftable value of 2.407. Therefore, with a confidence level of 95%, it can be decided to reject Ho and accept Ha, which means that simultaneously, financial secrecy, internet financial reporting disclosure, leverage, and total assets have a significant effect on discretionary accruals.

4.3. T Test (Partial)

Hypothesis II: Effect of Financial Secrecy on Discretionary Accruals

Table 11.
Hypothesis testing results of the effect of financial secrecy on discretionary accruals.

Model	tcount	ttable	Sig. t	α	Decision	Conclusion
X → Z	3.669	1.651	0.000	0.05	Reject Ho	Significant

Based on the test results, it was found that the t-count value obtained was 3.669, with the Sig. equal to 0.000, which is less than 0.05 (α). In Table 11, it can be seen that the t-count value of 3.669 falls in the rejection area of the null hypothesis (H0). Therefore, with a confidence level of 95%, it can be concluded to reject H0 and accept Ha, which means that financial secrecy has a significant positive effect on discretionary accruals. Hence, the higher the value of the company's financial secrecy, the greater the impact on higher discretionary accruals, or in other words, the worse the resulting earnings quality. Conversely, low financial secrecy can result in lower discretionary accruals, indicating that the resulting earnings quality is better.

Hypothesis III: The Effect of Internet Financial Reporting Disclosure on Discretionary Accruals

Table 12.
Hypothesis testing results of the effect of internet financial reporting disclosure on discretionary accruals.

Model	tcount	ttable	Sig. t	α	Decision	Conclusion
Y → Z	-2.719	-1.651	0.007	0.05	Reject Ho	Significant

Based on the test results, it is found that the t-count value obtained is -2.719 with the significance equal to 0.007 < 0.05 (α). In Table 12 above, it can be seen that the t-count value of -2.719 falls in the rejection area of H0, so with a confidence level of 95%, it can be decided to reject H0 and accept Ha, which means that internet financial reporting has a significant negative effect on discretionary accruals. Therefore, the higher the IFR value of the company, the lower the value of discretionary accruals, or in other words, the better the resulting earnings quality. In contrast, a low IFR value can result in an increase in the value of discretionary accruals, which means that the worse the resulting earnings quality.

4.4. Direct and Indirect Effect

Based on the test results of the two path analysis models above, the following equation is obtained:

1) Y = -0.325 (ρyx) + 0.895 (e1)
2) Z = 0.228 (ρzx) – 0.176 (ρzy) – 0.013 (ρzc1) + 0.146 (ρzc2) + 0.890 (e2)
If mapped in the path diagram of the mediation model, the values contained in the two path analysis equations above will appear as follows:

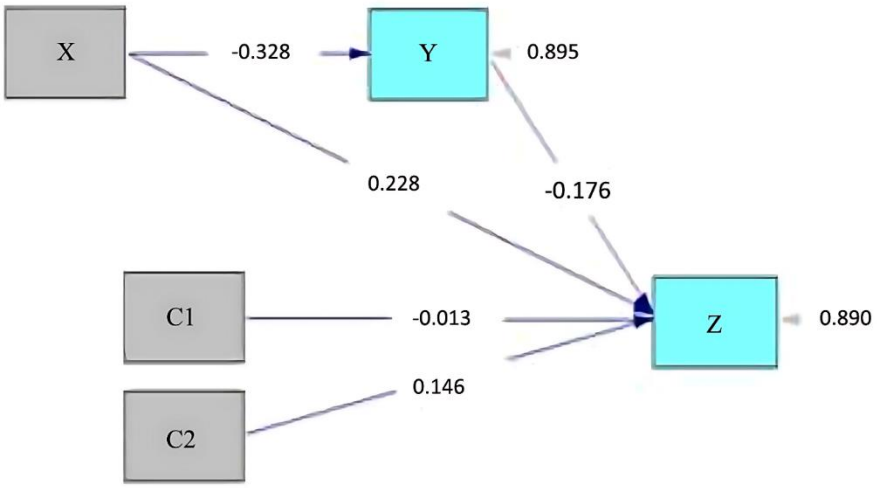

Figure 3.
Path analysis diagram.

The calculation of the contribution of the direct and indirect effects from the path diagram above can be seen in the following description:
1) The direct effect of X on Y
= $(\rho yx)^2$ x 100
= (-0,325)2 x 100
= 10.5%
Financial secrecy directly contributed 10.5% to internet financial reporting.
2) The direct effect of X on Z
= $(\rho zx)^2$ x 100
= (0,228)2 x 100
= 5.2%
Financial secrecy directly contributed 5.2% to earnings quality.
3) The direct effect of Y on Z
= $(\rho zy)^2$ x 100
= $(-0,176)^2$ x 100
= 3.1%
Internet financial reporting directly contributed 3.1% to earnings quality.
4) The indirect effect of X on Z through Y
= (ρyx) x (ρzy) x 100
= -0,325 x -0,176 x 100
= 5.7%
Financial secrecy indirectly contributed 5.7% to earnings quality through internet financial reporting.
The recapitulation of the results of the calculation of the contributions of direct and indirect effects is presented in the following table:

Table 13.
Contribution of direct and indirect effects.

Model	ρi	Direct effect		Indirect effect through Y	Total effect
		Y	Z		
Financial secrecy (X)	-0.325	10.5%			10.5%
Financial secrecy (X)	0.228		5.2%	5.7%	10.9%
Internet financial reporting (Y)	-0.176		3.1%		3.1%
Leverage (C_1)	-0.013		0.02%		0.02%
Total asset (C_2)	0.146		2.1%		2.1%

Based on the results of the calculations presented in Table 13 above, it is known that the direct effect of financial secrecy on earnings quality is 5.2%, while the indirect effect of financial secrecy on earnings quality through internet financial

reporting disclosure is 5.7%. This shows that the internet financial reporting disclosure, which acts as an intervening variable, is able to increase the effect of financial secrecy on earnings quality by 0.5%. These results indicate a mediating effect between financial secrecy and earnings quality through internet financial reporting disclosures. To strengthen the evidence that the model under study has an intervening effect (mediation), the Sobel test is carried out.

4.5. Sobel Test

Table 14.
Recapitulation of hypothesis testing results of the mediation effects.

Model	Zcount	Ztable	*p*-value	α	Decision	Conclusion
X → Y → Z	2.437	1.96	0.000	0.05	Reject H0	Significant

The Z-table value used as a critical value in the Sobel test is 1.96, which is the standard Z distribution value at an error level of 5%. Based on the calculation results, it is found that the obtained Z-count value is 2.437, with a p-value of 0.0147 < 0.05 (a).

In Table 14, it can be seen that the Z-count value of 2.437 falls in the rejection area of Ho. Therefore, with a confidence level of 95%, it can be decided to reject Ho and accept Ha, which means that financial secrecy mediated by internet financial reporting disclosure has a significant effect on earnings quality. The stronger the effect of financial secrecy on internet financial reporting disclosure, the more significant the impact on earnings quality. These results indicate that internet financial reporting disclosure is able to perform its function as an intervening variable that can mediate the effect of financial secrecy on earnings quality.

4.5. The Effect of Financial Secrecy on Internet Financial Reporting

Based on the results of the study using path coefficient analysis in five ASEAN countries, the financial secrecy path coefficient (ρyx) on disclosing internet financial reporting (IFR) in five ASEAN countries is -0.325, with a direct effect contribution of 10.5%. The path coefficient value is negative and indicates that there is a significant negative effect of financial secrecy on internet financial reporting (IFR) disclosure. These results indicate that the higher the value of financial secrecy, the lower the value of internet financial reporting (IFR) disclosure. Conversely, the lower the value of financial secrecy, the higher the value of internet financial reporting (IFR) disclosure. This is in line with the study by Haniffa and Cooke [37], which concluded that a high level of financial secrecy implies lower disclosure or is inversely related; noting that cultural phenomena can affect disclosure policies in companies. In addition, financial secrecy will also reduce information transparency.

4.6. The Effect of Financial Secrecy on Earnings Quality

Based on the results of the study using path coefficient analysis, the financial secrecy path coefficient (ρzx) on earnings quality is 0.228, with a direct effect contribution of 5.2%. The path coefficient value is positive because discretionary accruals have an inversely proportional relationship with earnings quality; where the higher (away from zero) the value of the discretionary accruals, the lower the resulting earnings quality. Therefore, it can be concluded that there is a negative effect of financial secrecy on earnings quality.

The results of this study are in line with previous research, such as the research by Puspitasari, et al. [38], which examined the impact of financial secrecy on earnings quality in Indonesia, Malaysia, and Singapore. Puspitasari, et al. [38] found that companies in countries with high financial secrecy levels produce lower earnings quality. Research conducted by Istiqomah [39] also found the same outcome, where companies originating from countries with high secrecy tend to engage in higher earnings management behaviors.

4.7. The Effect of Internet Financial Reporting Disclosure on Earnings Quality

In this hypothesis, research has also been consistent in measuring earnings quality, where the researcher uses discretionary accruals and performs a one-tailed test and absolute values of the discretionary accruals. Hence, the results state that based on the results of the path coefficient analysis, the internet financial reporting (IFR) disclosure (ρzy) path coefficient on earnings quality is -0.176 with a direct influence contribution of 3.1%. The path coefficient value is negative because discretionary accruals have an inversely proportional relationship with earnings quality, where the higher (away from zero) the value of the discretionary accruals, the lower the resulting earnings quality. Thus, it can be concluded that there is a positive influence between internet financial reporting (IFR) disclosures on earnings quality.

The results of this study are in line with previous studies such as in research conducted by Murcia and Wuerges (2011). The results of this study indicate that there is a negative relationship between voluntary disclosure and earnings management. This shows that the higher the level of voluntary disclosure, the smaller the earnings management will be. Furthermore, high earnings management indicates low earnings quality [51]; therefore, indirectly high levels of voluntary disclosure will improve earnings quality.

The Effect of Financial Secrecy through Internet Financial Reporting Disclosure on Earnings Quality

Based on the results of the study using direct and indirect effect analysis along with the Sobel test, it is proven that financial secrecy through the internet financial reporting disclosure on earnings quality in five ASEAN countries, namely, Indonesia, the

Philippines, Singapore, Thailand, and Malaysia, has a significant effect of 10.9%. The results of this study are in line with agency theory and signaling theory. The background of this research is based on agency theory, which explains that there are differences in interests between management (agent) and investors (principal) that can lead to agency problems. The high level of financial secrecy makes management more flexible in choosing information to disclose and makes reporting and disclosure of information to the public less transparent. Financial secrecy can trigger criminal acts in the interest of company profits [38]. This is in line with the idea of asymmetrical information in agency theory, where information asymmetry will encourage managers to present false information, especially if the information is related to the manager's performance measurement. Information asymmetry between management (agent) and owner (principal) can provide opportunities for managers to carry out earnings management in order to mislead owners regarding the company's economic performance [52]. IFR as a medium for voluntary disclosure can mitigate the bad effects of this information asymmetry. By expanding and presenting full disclosure information in digital or internet reporting, financial transparency will increase. This is in line with the Economist Intelligence Unit [44] statement that IFR disclosure can lead to better disclosure transparency because the internet fundamentally improves the way companies present financial information.

Furthermore, the results of this study are also in line with signaling theory, in which the company will provide signals for users of financial reports. IFR disclosure through internet media can be a medium for companies to provide signals to users of financial statements regarding the condition of the company. Companies with a good level of earnings quality will disclose more information so that investors can better assess reported earnings credibility [53]. This is in line with research conducted by Miller [54], where the better the achievement and performance of the company, the more information will be conveyed by the company to the market.

The results of this study are in line with research conducted by Puspitasari, et al. [38]; Enomoto [43] and Istiqomah [39], which state that financial secrecy has a negative effect on earnings quality. In addition, other research conducted by Geiger and Van Der Laan Smith [36] and Haniffa and Cooke [37] provides empirical evidence that financial secrecy has a negative effect on internet financial reporting disclosure. Researchers assume that the disclosure of internet financial reporting (IFR) will function as a variable that can mediate the effect of financial secrecy on earnings quality. By expanding and presenting full disclosure information in digital or internet reporting, financial transparency will also increase. This is in line with the Economist Intelligence Unit [44] statement that IFR can lead to better disclosure transparency because the internet fundamentally improves the way companies can present financial information.

5. Conclusion

1. Financial secrecy has a significant negative effect on internet financial reporting, with a contribution of 10.5%. A higher value of financial secrecy impacts lower IFR, while low financial secrecy can result in higher IFR.

2. Financial secrecy has a significant positive effect on discretionary accruals, contributing 5.2%. A higher company's financial secrecy value leads to higher discretionary accruals, indicating worse earnings quality. Conversely, low financial secrecy can result in low discretionary accruals, which means better earnings quality.

3. Internet financial reporting has a significant negative effect on discretionary accruals, contributing 3.1%. A higher company's IFR results in lower discretionary accruals, indicating better earnings quality. In contrast, a low level can lead to an increase in discretionary accruals, meaning worse earnings quality.

4. Financial secrecy, mediated by internet financial reporting disclosure, has a significant effect on discretionary accruals, with the contribution of the internet financial reporting disclosure variable amounting to 5.7%. Before internet financial reporting disclosure, the effect was only 5.2%. This shows an additional contribution of 0.5% after mediation. Therefore, overall financial secrecy through internet financial reporting disclosure has a total effect of 10.9%. This indicates that financial secrecy mediated by internet financial reporting disclosure significantly affects earnings quality, where a stronger effect of financial secrecy on internet financial reporting disclosure significantly impacts earnings quality. These results suggest that internet financial reporting disclosure effectively mediates the effect of financial secrecy on earnings quality.

5. Indonesia's financial secrecy value is 143.84, ranked 79th out of 133 countries [27]. A higher value of financial secrecy indicates a higher level of secrecy in the country. The average internet financial reporting disclosure value is 0.4824, meaning that companies in Indonesia have presented 17 items from a total of 36 indicator items. The average value of earnings quality is 0.0004, indicating that Indonesian companies tend to increase their reported income. A lower (close to zero) value of earnings quality indicates better earnings quality. Additionally, the average values of leverage and total assets are 0.4402 and 30.0630, respectively.

6. The Philippines' financial secrecy value is 201.18, ranked 60th out of 133 countries [27]. A higher value of financial secrecy indicates a higher level of secrecy in the country. The average internet financial reporting disclosure value is 0.5339, meaning that companies in the Philippines have presented 19 items from a total of 36 indicator items. The average value of earnings quality is -0.0014, indicating that the Philippines tends to report undervalued income. Additionally, the average values of leverage and total assets are 0.4113 and 29.9832, respectively.

7. Singapore's financial secrecy value is 1022.12, ranked 5th out of 133 countries [27]. The average internet financial reporting disclosure value is 0.483, meaning that companies in Singapore have presented 17 items from a total of 36 indicator items. The average value of earnings quality is -0.026, indicating that Singapore tends to report undervalued income. Additionally, the average values of leverage and total assets are 0.3831 and 28.7055, respectively.

8. Thailand's financial secrecy value is 448.86, ranked 17th out of 133 countries [27]. The average internet financial reporting disclosure value is 0.5758, meaning that companies in Thailand have presented 21 items from a total of 36 indicator

items. The average value of earnings quality is 0.0138, indicating that Thailand tends to report overvalued income. Additionally, the average values of leverage and total assets are 0.5036 and 28.8202, respectively.

9. Malaysia's financial secrecy value is 352.69, ranked 32nd out of 133 countries [27]. A higher value of financial secrecy indicates a higher level of secrecy in the country. The average value of internet financial reporting disclosure is 0.4797, meaning that companies in Malaysia have presented 17 items from a total of 36 indicator items. The average value of earnings quality is -0.0156, indicating that Malaysia tends to report undervalued income. Additionally, the average values of leverage and total assets are 0.5036 and 28.8202, respectively.

10. The highest and lowest financial secrecy values among the five ASEAN countries are 143.84 (Indonesia) and 1022.12 (Singapore), respectively. The average internet financial reporting disclosure value is 0.5145, meaning that companies in these five ASEAN countries have presented 18 items from a total of 36 indicator items. The average value of earnings quality is -0.0021, indicating that these five ASEAN countries tend to report undervalued income. Additionally, the average values of leverage and total assets are 0.4211 and 28.8310, respectively.

6. Suggestions

6.1. Investors

For investors, researchers suggest that in assessing company performance, they can take into account the financial secrecy factor in a country, which can be measured using the proxy financial secrecy index released by the Tax Justice Network. This is because the level of financial secrecy in a country can affect the quality of earnings.

6.2. Company

Companies should pay attention to the disclosure of financial information that is carried out using internet financial reporting disclosure because, by using internet financial reporting disclosure, the company can present up-to-date information disclosures by providing access without time and geographic limitations to reach all stakeholders of financial information (investors, creditors, stockholders, analysts, etc.) globally. Some of the things that companies can do are:

- Adding types of financial information content to be disclosed on the company website.
- Conduct regular updates regarding financial information disclosed on the website.
- Increase the appearance of the company website to make it more attractive and user-friendly.

6.3. Further Research

In this study, the earnings quality under investigation is influenced by the level of financial secrecy, leverage, and firm size. Therefore, further research can explore other factors that have not been examined by the researcher. Additionally, future research can expand on financial secrecy through internet financial reporting disclosure and its implications for earnings quality in other countries and industries that have not been studied. Consequently, this can make further research more complex and varied, contributing to a better understanding of the phenomenon of financial secrecy through internet financial reporting disclosure and its implications for earnings quality in the future.

References

[1] R. L. Watts and J. L. Zimmerman, *Positive accounting theory*. Englewood Cliffs, NJ: Prentice-Hall, 1986.

[2] P. M. Healy, "The effect of bonus schemes on accounting decisions," *Journal of Accounting and Economics*, vol. 7, no. 1-3, pp. 85-107, 1985. https://doi.org/10.1016/0165-4101(85)90029-7

[3] U.S. Securities and Exchange Commission (SEC), "SEC sues waste management founder, five other former top officers, for massive earnings management fraud," Litigation Release No. 17435, 2002.

[4] B. McLean and P. Elkind, *The smartest guys in the room: The amazing rise and scandalous fall of Enron*. New York: Portfolio, 2003.

[5] U.S. Securities and Exchange Commission (SEC), "SEC charges worldCom with $3.8 Billion fraud," Retrieved: https://www.sec.gov/news/press/2002-83.htm. [Accessed 2002.

[6] M. Krantz, "Tyco's Kozlowski, Swartz convicted of fraud. USA today," Retrieved: https://usatoday30.usatoday.com/money/industries/manufacturing/2005-06-17-tyco-usat_x.htm. [Accessed 2005.

[7] U.S. Securities and Exchange Commission (SEC), "SEC charges healthSouth Corp. and CEO Richard Scrushy with $1.4 Billion accounting fraud," Retrieved: https://www.sec.gov/news/press/2003-34.htm. [Accessed 2003.

[8] U.S. Securities and Exchange Commission (SEC), "SEC charges Freddie mac with securities fraud," Retrieved: https://www.sec.gov/news/press/2003-75.htm. [Accessed 2003.

[9] U.S. Securities and Exchange Commission (SEC), "AIG settles fraud charges for $1.6 Billion," Retrieved: https://www.sec.gov/news/press/2006-19.htm. [Accessed 2006.

[10] A. Valukas, *Lehman Brothers Holdings Inc. Chapter 11 proceedings examiner's report. U.S*. New York: Bankruptcy Court, Southern District of New York, 2010.

[11] U.S. Securities and Exchange Commission (SEC), "SEC charges bernard L. Madoff for Multi-Billion Dollar Ponzi scheme," Retrieved: https://www.sec.gov/news/press/2008/2008-293.htm. [Accessed 2008.

[12] Securities and Exchange Board of India (SEBI), "Satyam case: SEBI Bars Raju and others for 14 years," Retrieved: https://www.sebi.gov.in/enforcement/orders/2018/satyam-case-sebi-bars-raju-and-others-for-14-years_39034.html. [Accessed 2018.

[13] PwC Thailand, *Economic crime in Thailand*. Thailand: PwC, 2016.

[14] T. S. Doupnik and H. B. Perera, *International accounting*. Boston: McGraw-Hill. , 2009.
[15] S. J. Gray, "Towards a theory of cultural influence on the development of accounting systems internationally," *Abacus*, vol. 24, no. 1, pp. 1-15, 1988. https://doi.org/10.1111/j.1467-6281.1988.tb00212.x
[16] C. A. Botosan, "Disclosure and the cost of capital: What do we know?," *Accounting and Business Research*, vol. 36, no. sup1, pp. 31-40, 2006. https://doi.org/10.1080/00014788.2006.9730042
[17] O. H. Abdelsalam and D. L. Street, "Corporate governance and the timeliness of corporate internet reporting by UK listed companies," *Journal of International Accounting, Auditing and Taxation*, vol. 16, no. 2, pp. 111-130, 2007. https://doi.org/10.1016/j.intaccaudtax.2007.06.001
[18] D. Aly, J. Simon, and K. Hussainey, "Determinants of corporate internet reporting: evidence from Egypt," *Managerial auditing journal*, vol. 25, no. 2, pp. 182-202, 2010. https://doi.org/10.1108/02686901011008599
[19] F. Hodge and M. Pronk, "The impact of expertise and investment familiarity on investors' use of online financial report information," *Journal of Accounting, Auditing & Finance*, vol. 21, no. 3, pp. 267-292, 2006. https://doi.org/10.1177/0148558X06021005
[20] O. Abdelsalam and A. El-Masry, "The impact of board independence and ownership structure on the timeliness of corporate internet reporting of Irish-listed companies," *Managerial Finance*, vol. 34, pp. 907-918, 2008.
[21] H. Ashbaugh, K. M. Johnstone, and T. D. Warfield, "Corporate reporting on the Internet," *Accounting Horizons*, vol. 13, no. 3, pp. 241-257, 1999. https://doi.org/10.2308/acch.1999.13.3.241
[22] FASB, "Business reporting research project: Electronic distribution of business information," Steering Committee Report Series, 2000.
[23] M. C. Jensen and W. H. Meckling, "Theory of the firm: Managerial behavior, agency costs and ownership structure," *Journal of Financial Economics*, vol. 3, no. 4, pp. 305-360, 1976. https://doi.org/10.1016/0304-405X(76)90026-X
[24] A. Kusumawardani, "Analysis of factors influencing financial reporting via the internet (Internet Financial Reporting) on Company Websites.," Retrieved: http://www.example.com. [Accessed 2011.
[25] S. Sulistyanto, *Earnings management: Theory and empirical model*. Jakarta, Indonesia: Grasindo, 2008.
[26] Wahyudiono, "Financial report analysis: Theory and application," 2014.
[27] Tax Justice Network, "Financial secrecy index," Retrieved: https://fsi.taxjustice.net/en. [Accessed 2020.
[28] K. M. Lai, B. Lin, W. Li, and F. Wu, "An empirical study of Internet financial reporting in China," *Journal of Accounting and Public Policy*, vol. 28, no. 1, pp. 1-14, 2009. https://doi.org/10.1016/j.jaccpubpol.2008.10.005
[29] S. A. Hunter and M. Smith, "Impact of internet financial reporting on emerging markets," *Journal of International Business Research*, vol. 8, no. 2, pp. 21-41, 2009.
[30] A. S. Kelton and Y.-w. Yang, "The impact of corporate governance on Internet financial reporting," *Journal of Accounting and Public Policy*, vol. 27, no. 1, pp. 62-87, 2008. https://doi.org/10.1016/j.jaccpubpol.2007.07.001
[31] J. Bellovary and D. Gaicomino, "Earnings quality: It's time to measure and report," *The CPA Journal*, vol. 75, no. 6, pp. 32-37, 2005.
[32] Y. Wulansari, "The influence of investment opportunity set, liquidity, and leverage on earnings quality in manufacturing companies listed on the Indonesia stock exchange," *Jurnal Akuntansi*, vol. 1, no. 2, pp. 1-33, 2013.
[33] P. M. Dechow, R. G. Sloan, and A. P. Sweeney, "Detecting earnings management," *The Accounting Review*, vol. 70, no. 2, pp. 193–225, 1995.
[34] K. Schipper and L. Vincent, "Earnings quality," *Accounting Horizons*, vol. 17, no. Supplement, pp. 97-110, 2003. https://doi.org/10.2308/acch.2003.17.s-1.97
[35] S. Trabelsi, R. Labelle, and C. Laurin, "CAP forum on E-business: The management of financial disclosure on corporate websites: A conceptual model," *Canadian Accounting Perspectives*, vol. 3, no. 2, pp. 235-259, 2004.
[36] M. Geiger and J. Van Der Laan Smith, "The effect of institutional and cultural factors on the perceptions of earnings management," *Journal of International Accounting Research*, vol. 9, no. 2, pp. 21-43, 2010. https://doi.org/10.2308/jiar.2010.9.1.21
[37] R. M. Haniffa and T. E. Cooke, "Culture, corporate governance and disclosure in Malaysian corporations," *Abacus*, vol. 38, no. 3, pp. 317-349, 2002. https://doi.org/10.1111/1467-6281.00112
[38] E. Puspitasari, C. Sukmadilaga, H. Suciati, R. F. Bahar, and E. K. Ghani, "The effect of financial secrecy and IFRS adoption on earnings quality: A comparative study between Indonesia, Malaysia and Singapore," *International Journal of Innovation, Creativity and Change*, vol. 5, no. 2, pp. 863-886, 2019.
[39] D. F. Istiqomah, "The influence of culture andlegal origin toward earnings management of manufacture firms listed in NYSE," *KnE Social Sciences*, pp. 1479-1490, 2018.
[40] F. D.-R. Murcia and A. Wuerges, "Accounting choices in the brazilian market: Voluntary disclosure versus earnings management," *Revista Universo Contábil*, vol. 7, no. 2, pp. 28-44, 2011.
[41] C. J. Sia, R. K. Brahmana, and G. Memarista, "Corporate internet reporting and firm performance: Evidence from Malaysia," *Contemporary Economics*, vol. 12, no. 2, pp. 153-164, 2018.
[42] T. T. Chen, F. Zhang, and G. Zhou, "Secrecy culture and audit opinion: Some international evidence," *Journal of International Financial Management & Accounting*, vol. 28, no. 3, pp. 274-307, 2017. https://doi.org/10.1111/jifm.12057
[43] M. Enomoto, "Cross-country research on earnings quality: A literature review and future opportunities," *The Japanese Accounting Review*, vol. 10, no. 1, pp. 1-26, 2020.
[44] Economist Intelligence Unit, *Innovations in investor relations help rebuild public trust*. Economist Intelligence Unit. https://www.eiu.com/, 2003.
[45] A. Ali, T. Y. Chen, and S. Radhakrishnan, "Corporate disclosures by family firms," *Journal of Accounting and Economics*, vol. 44, no. 1-2, pp. 238–286, 2008. https://doi.org/10.1016/j.jacceco.2007.01.006
[46] W. Jiang, P. Lee, and Y. Zhang, "Do firms adjust toward target capital structures?," *Review of Corporate Finance Studies*, vol. 1, no. 1, pp. 37–72, 2008. https://doi.org/10.1093/rcfs/cfp001

[47] K. A. Fachrudin, "The influence of firm characteristics on financial performance: Empirical evidence from Indonesia," *Jurnal Akuntansi dan Keuangan*, vol. 13, no. 1, pp. 15-25, 2011.
[48] U. Sekaran and R. Bougie, *Research methods for business: A skill building approach*, 7th ed. Danvers: Wiley, 2016.
[49] Riduwan and A. K. Engkos, *Introduction to statistics: For educational, social, communication, economic, and business research*. Bandung: Alfabeta, 2012.
[50] Ghozali, *Multivariate analysis application with IBM SPSS 23 program*. Semarang: Diponegoro University, 2016.
[51] F. Farichah, "Relationship of earnings management and earnings quality before and after IFRS implementation in Indonesia," *Comparative Study on Consumer Protection in Indonesia through Mechanism of Product Liability Insurance*, vol. 20, no. 4 (B), pp. 70-81, 2017. https://doi.org/10.35808/ersj/875
[52] M. A. Ujiyantho and B. A. Pramuka, "Corporate governance mechanism, earnings management and financial performance," presented at the National Accounting Symposium X, Makassar, Indonesia, 2007.
[53] R. Morris, I. Susilowati, and S. Gray, "The impact of IFRS adoption versus non-adoption on corporate disclosure levels in the Asian Region," in *American Accounting Association Annual Meeting and Conference on Teaching and Learning in Accounting, Washington DC*, 2012.
[54] G. S. Miller, "Earnings performance and discretionary disclosure," *Journal of Accounting Research*, vol. 40, no. 1, pp. 173–204, 2002. https://doi.org/10.1111/1475-679X.00043