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Ownership Structure and Financial Reporting Transparency in Chinese Listed Firms

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Abstract: *This study investigates how ownership structure affects the financial transparency of listed companies in China. Using panel data from 1691 non-financial A-share listed firms during 2020-2024, a fixed-effects regression model is applied to test the impact of ownership characteristics on financial disclosure quality. Financial transparency is measured by earnings aggressiveness, which reflects the reliability of reported information.The results show that managerial ownership significantly reduces earnings aggressiveness, implying greater transparency when managers hold more shares. State and foreign ownership have no consistent effect, though foreign ownership becomes significant when extreme values are controlled. Firm characteristics such as cash flow, ROA, and audit quality also play important roles in shaping disclosure behavior. The study contributes to the corporate governance literature by providing new empirical evidence from an emerging market context and offering insights for regulators and investors seeking to strengthen disclosure quality.*

Keywords: *Ownership Structure, Financial Transparency, Earnings Aggressiveness*

1. Introduction

Since the early 2000s, scandals such as Enron, WorldCom, and Tyco have raised global concern about the reliability of corporate financial reporting. These events undermined confidence in capital markets and exposed weaknesses in corporate governance and regulation. In response, many countries, led by the United States, introduced stricter rules - most notably the Sarbanes-Oxley Act - to strengthen disclosure, auditing, and managerial accountability. These developments underline that financial transparency is essential for investor protection and market stability. In the current period of global integration, the quality of firms' disclosures has become a key reference for investment decisions. IFRS statistics show that over 75% of investors view high-quality information as a critical factor, influencing market efficiency, firms' cost of capital, and long-term competitiveness.

In recent years, with the deepening of research on corporate governance, scholars have begun to focus on how governance structures affect financial transparency. Among the various governance factors, ownership structure - as a key representation of corporate control distribution - is considered an important mechanism in explaining the extent of information disclosed by firms [1] [2] [3]. However, prior studies have primarily focused on single ownership types, such as state or managerial ownership, while paying limited attention to how different ownership categories interact to shape disclosure outcomes. In China, ownership structures are marked by complexity and heterogeneity, with overlapping influences from state shareholders, foreign institutions, and managerial control. This unique context provides an opportunity to re-examine the effects of ownership from a more integrated perspective. By simultaneously considering the proportions and combinations of various shareholder types, this study extends previous research and provides new empirical evidence on how ownership structure influences financial transparency in emerging markets.

This study selects Chinese A-share listed companies as the research sample to empirically analyze how four key ownership structures- state ownership, foreign ownership, and managerial ownership- affect corporate financial transparency. By establishing a comprehensive theoretical framework and empirical model, the study explores the distinct governance roles of different shareholder types in shaping financial information transparency. The findings aim to offer practical implications and policy suggestions for enhancing financial transparency and strengthening corporate governance in China's capital market.

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2. Literature Review and Hypothesis Development

2.1. Research Background

As one of the most important indicators of corporate governance, ownership structure plays a crucial role in shaping corporate attitudes and behaviors, as different types of shareholders possess varying expertise and monitoring preferences [4]. Compared to individual investors, institutional, foreign, and governmental shareholders are typically more capable of influencing managerial decisions. They can exert influence not only through investment decisions but also through active participation in corporate strategy, including information disclosure policies. Smith et al. further note that variations in ownership structure can shape the relationship between firms and stakeholders, thereby affecting the level and quality of corporate disclosure [5].

Although the relationship between ownership structure and information disclosure has been studied in developed markets since the 1990s, the topic has recently gained traction in emerging economies. Barako et al. argue that the key drivers of voluntary disclosure in developed countries also apply to developing ones, but the overall level of voluntary disclosure in emerging markets remains significantly lower [2]. There are three main explanations for this. Firstly, emerging economies are rapidly restructuring their capital markets and privatizing state-owned enterprises to improve market transparency [6]. This process increases competition among economic sectors and leads to significant changes in corporate ownership structures. Secondly, governments in these economies are actively participating in multilateral organizations and forums to strengthen cooperation with developed countries, thereby attracting multinational corporations, foreign investors, and institutional investors. Thirdly, investors from developed economies are increasingly allocating capital to emerging markets to diversify their portfolios and benefit from various government incentives [7].

2.2. Hypothesis Development

In emerging economies, government ownership plays a critical role in corporate governance research because governments often hold significant shares in numerous enterprises. A large body of empirical evidence suggests that government ownership positively affects corporate information disclosure. On one hand, the government, as a major shareholder, can encourage firms to improve information transparency through policy guidance and regulatory requirements. For instance, Ferguson et al. found that state-owned enterprises (SOEs) in Hong Kong tend to support government-led disclosure policies, primarily because they rely on government financial support [8]. Moreover, enhancing disclosure levels also facilitates firms' access to future capital market financing and improves post-privatization performance. In the Chinese context, Zeng et al. discovered that SOEs actively engage in voluntary information disclosure to meet governmental expectations and maintain ongoing support [9]. Similarly, Hu et al. pointed out that the Chinese government, as a powerful and legitimate stakeholder, can impose binding requirements on firms, compelling management to respond promptly and disclose relevant information [3]. This indicates that government ownership not only influences resource allocation and policy direction but also strengthens governance mechanisms, thereby improving disclosure quality and transparency, enhancing capital market efficiency, and reducing information asymmetry.

Hypothesis H1: The higher the proportion of state ownership, the higher the firm's financial transparency.

Most existing studies suggest that firms with foreign ownership are more likely to provide greater information disclosure to the public. Numerous empirical findings consistently show that foreign shareholders have strong incentives to bridge the information gap between themselves and local investors in order to reduce decision-making risks [2] [6] [10] [11]. Haniffa and Cooke found a positive relationship between the proportion of foreign ownership and the level of information disclosure among listed companies in Malaysia [11]. Firms with higher levels of foreign investment tend to disclose more information, as foreign investors rely on such disclosures to monitor managerial activities. In firms with foreign ownership, agency conflicts are theoretically expected to be more severe. Moreover, foreign investors often face "home bias" driven by geographic distance and unfamiliar institutional environments, which increases their demand for transparent reporting [12] [13]. As a result, foreign shareholders may have stronger incentives to influence management to enhance information, especially financial information disclosure.

Hypothesis H2: The higher the proportion of foreign ownership, the higher the firm's financial transparency.

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In developed economies, numerous studies have found a negative association between managerial ownership and disclosure levels. When managerial ownership is high, the entrenchment effect tends to outweigh the alignment effect [1] [14]. Under such conditions, managers may conceal opportunistic behaviors such as insider trading or risk-averse investment decisions. Moreover, with substantial voting power, they may deliberately withhold information that could threaten their compensation or job security. However, consistent with the different institutional contexts of emerging markets, several studies report a positive relationship between managerial ownership and disclosure quality. For instance, Agustia et al. find that Indonesian managers with ownership stakes tend to increase CSR disclosure, although this does not translate into higher firm performance - suggesting a possible element of impression management [15]. Similarly, Farooque et al. reveal that managerial ownership in Thai firms helps reduce agency costs by aligning managerial actions with corporate performance [16]. In line with these findings, Salehi et al. provide evidence from Iraqi listed firms showing a positive and significant association between managerial ownership and financial reporting transparency [17].

Further evidence from China supports this argument. Hongxia Li examined 100 non-financial listed firms from 2003 to 2005 and found that higher managerial ownership leads to greater voluntary disclosure [18]. This implies that managers with substantial ownership stakes are more aligned with shareholder interests and thus more motivated to enhance disclosure practices. Consequently, higher managerial ownership reduces agency costs and improves the quality of financial information disclosure.

Hypothesis H3: The higher the proportion of managerial ownership, the higher the firm's financial transparency.

3. Methodology

3.1. Data Source and Sample Selection

This study focuses on A-share listed companies in China during the period 2020–2024, covering both the Shanghai and Shenzhen main boards. To ensure the validity and comparability of results, the sample selection followed several screening procedures: Excluding all B-share and H-share companies; Excluding specially treated firms (ST and *ST); Excluding financial and insurance firms due to the particularity of their financial reporting; Excluding firms with missing financial data or key variables; Winsorizing all continuous variables at the top and bottom 1% levels to mitigate the influence of extreme values and outliers.

After these procedures, the final dataset consists of 1691 listed firms and 8555 firm-year observations, forming a balanced panel across time and firms. All data were obtained from the China Stock Market and Accounting Research (CSMAR) database, and empirical analyses were conducted using Stata statistical software 18.

3.2. Variable Definitions and Model Specification

3.2.1. Dependent Variable

The dependent variable in this study is financial transparency that reflects the authenticity, completeness, and timeliness of firms' financial disclosures. This study uses Earnings Aggressiveness (EA) as a proxy for financial transparency. EA measures the degree of earnings management, particularly when firms recognize revenues earlier than they should and postpone the recognition of losses. According to Qian et al. (2015), financial transparency is inversely related to financial opacity; hence, lower earnings aggressiveness implies higher transparency. Following Nair (2019) and Qian et al. (2015), the calculation formula is as follows [19] [20]:

$$EA = (\Delta TA - \Delta CL - \Delta CASH + \Delta STD - DEP + TP) / LTA \quad (1)$$

Where EA is earnings aggressiveness, ΔTA is change in total assets, ΔCL is change in total current liability, ΔSTD is change in short term debt, DEP is depreciation and amortization expense, TP is tax payable and LTA is lagged total assets. This measure systematically evaluates the degree of transparency in firms' financial disclosures and provides a solid foundation for analyzing the impact of ownership structure on financial transparency.

3.2.2. Independent Variable

The study collects data on five categories of ownership: state ownership (STATE), foreign ownership

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(FOREIGN), and managerial ownership (MANAGER). Prior studies typically measure ownership using shareholding percentages [2] [11], although some have relied on dummy variables to classify ownership types. However, because this paper investigates how ownership identity influences financial transparency, dummy variables cannot capture year-to-year variation in ownership. Therefore, this study also employs shareholding percentages, which provide a more accurate representation of changes in control over the study period.

3.2.3. Control Variables

This study controls for several firm-level and managerial variables that may influence financial transparency and corporate misconduct. Firm size (SIZE) is measured as the natural logarithm of total assets at year-end. Financial leverage (LEV) is calculated as the ratio of total liabilities to total assets. The book-to-market ratio (BM) is defined as the company's market value divided by the book value of shareholders' equity. Return on assets (ROA) is measured as net income divided by total assets, cash flow (CASH) represents the net cash flow from operating activities during the current period. AUDIT is a dummy variable taking a value of ''1'' if the firm was audited by a Big 4 auditor, and ''0'' otherwise. The last control variable is TOP1 which is mearsured by percentage of equity hold by the largest ownership.

3.3. Model Specification

To examine the impact of ownership structure on corporate financial transparency, this study employs a panel data fixed-effects regression model. Robustness checks include winsorization and the inclusion of control variables. The baseline model is specified as follows:

$$EA_{it} = \beta_0 + \beta_1 STATE_{it} + \beta_2 FOREIGN_{it} + \beta_3 MANAGER_{it} + CONTROLS + year + \varepsilon_{it} \quad (2)$$

Where: i = A number that uniquely identifies each company; t = year of operation; EA = financial information transparency; STATE = the percentage of shares held by government; FOREIGN = the percentage of shares held by foreign shareholders; OC = the percentage of shares held by ten largest shareholders; CONTROL = a set of control variables including firm characteristics (firm size, leverage, book-to-market ratio, return on assets, cash flow, top1); year = year effect; ε_{it} = error term for firm i in year t.

4. Empirical Results

4.1. Descriptive Statistics

Table 1 presents the descriptive statistics of all variables. The mean value of the dependent variable, Earnings Aggressiveness (EA), is -0.137 with a standard deviation of 0.161, indicating moderate variation in financial transparency among the sampled firms. The average level of state ownership (STATE) in the sample is relatively low, at 2.163%. This does not necessarily indicate weak government participation in Chinese listed firms, but rather reflects the composition of the sample. Only a small share of the firms are state-owned enterprises, which pulls down the overall mean. In contrast, among the firms that do have state ownership, the government's shareholding can be very large, with the maximum reaching 87.69%. This pattern suggests that state ownership in the sample is unevenly distributed: most firms have little or no state involvement, while a minority of state-owned firms exhibit very high levels of government control. Foreign ownership (FOREIGN) remains very low, with an average of only 0.261%, reflecting the limited participation of foreign investors in China's A-share market. Meanwhile, managerial ownership (MANAGER) averages 4.198%, but its wide standard deviation (9.341) reveals substantial heterogeneity across firms.

Regarding control variables, the average firm size (SIZE) is 23.145 (log of total assets), and the mean leverage ratio (LEV) of 0.522 indicates that Chinese firms generally rely moderately on debt financing. The average ROA is 0.018, showing low profitability levels, while the BM ratio averages 0.736. Around 10.1% of the firms are audited by Big 4 auditors. Overall, the descriptive results suggest significant variation in ownership structures and financial characteristics, providing a solid foundation for regression analysis.

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Table 1: Descriptive statistics of regression variables.

Variable	Obs	Mean	Std. dev.	Min	Max
EA	8455	-0.137	0.161	-4.281	7.727
STATE	8455	2.163	8.192	0.000	87.691
FOREIGN	8455	0.261	3.047	0.000	65.596
MANAGER	8455	4.198	9.341	0.000	66.554
SIZE	8455	23.146	1.388	19.268	28.791
ROA	8455	0.018	0.114	-1.395	7.446
CASH	8455	2.39e+09	1.28e+10	-3.14e+10	4.57e+11
LEV	8455	0.522	0.184	0.024	1.957
BM	8455	0.736	0.269	0.034	1.636
AUDIT	8455	0.101	0.302	0.000	1.000
TOP1	8455	31.682	14.984	1.844	87.705

4.2. Correlation Analysis

Table 2 displays the correlation of variables. As shown in Table 2, EA is positively correlated with STATE ($r = 0.0262$, $p < 0.05$), implying that state participation may increase EA and reduce transparency. Conversely, MANAGER exhibits a negative correlation with EA ($r = -0.017$), indicating that higher managerial ownership may reduce EA and enhancce disclosure quality. FOREIGN shows no significant relationship with EA, consistent with the notion that foreign shareholders have limited governance influence in China.

Table 2: Correlation of variables.

	EA	STATE	FOREIGN	MANAGER	SIZE	ROA	CASH	LEV	BM	AUDIT	TOP1
EA	1										
STATE	0.026**	1									
FOREIGN	0.001	0.004	1								
MANAGER	-0.017	-0.096***	-0.028***	1							
SIZE	0.050***	0.121***	0.022**	-0.262***	1						
ROA	0.495***	0.015	0.024**	0.021**	0.099***	1					
CASH	0.008	0.006	0.005	-0.046***	0.384***	0.062***	1				
LEV	0.050***	0.060***	-0.022**	-0.150***	0.295***	-0.250***	0.029***	1			
BM	0.051***	0.117***	0.005	-0.185***	0.548***	-0.046***	0.137***	0.217***	1		
AUDIT	-0.019*	0.035***	0.056***	-0.086***	0.354***	0.054***	0.233***	0.003	0.116***	1	
TOP1	-0.006	0.205***	0.059***	-0.146***	0.330***	0.106***	0.163***	0.051***	0.252***	0.155***	1

Note: *** p<0.01, ** p<0.05, * p<0.1

The correlation coefficients among the independent variables are generally below 0.4, indicating a weak level of multicollinearity. These findings are further supported by the VIF test presented, where all values range from 1.01 to 2.13, with a mean VIF of 1.27, confirming the absence of multicollinearity issues and supporting the reliability of the regression results.

4.3. Regression Results

Table 3 displays regression results. The regression analysis was conducted using a fixed-effects panel

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data model to investigate the relationship between ownership structure and financial transparency, measured by earnings aggressiveness (EA). Because a higher level of EA reflects greater earnings manipulation and therefore lower transparency, negative coefficients indicate improved financial disclosure quality. The F-test result and Hausman test ($\chi^2 = 245.10, p = 0.0000$) confirmed the appropriateness of the fixed-effects model (FEM) over the OLS and random-effects alternatives. Table 3 presents the estimation results for two model specifications. Model (1) includes the ownership variables and firm-level control variables in addition to ownership characteristics. Model (2) introduces two additional governance-related control variables (AUDIT and TOP1) to account for external monitoring and shareholder dominance.

Table 3: Regression results.

	(1)	(2)
VARIABLES	EA	EA
STATE	0.000	0.000
	(0.544)	(0.368)
FOREIGN	-0.001	-0.001
	(-1.129)	(-1.071)
MANAGER	-0.002***	-0.002***
	(-3.693)	(-3.870)
SIZE	0.030***	0.030***
	(4.192)	(4.215)
ROA	0.909***	0.908***
	(67.207)	(67.153)
CASH	-0.000***	-0.000***
	(-5.758)	(-5.782)
LEV	0.093***	0.092***
	(4.988)	(4.933)
BM	0.040***	0.040***
	(2.994)	(3.007)
AUDIT		-0.038***
		(-3.371)
TOP1		0.001**
		(1.990)
_cons	-0.908***	-0.932***
	(-5.761)	(-5.913)
Firm	Yes	Yes
Year	Yes	Yes
N	8455	8455
R-squared	0.419	0.420
Adjusted R~d	0.272	0.274

Note: *** p<0.01, ** p<0.05, * p<0.1

First, managerial ownership demonstrates a strong and statistically significant effect on financial transparency. In both Model (1) and Model (2), MANAGER carries a negative coefficient of -0.002 at the 1% significance level (t = -3.693 and -3.870, respectively). This indicates that firms with higher managerial shareholding tend to exhibit lower earnings aggressiveness. The result suggests that when managers have greater financial stakes in the firm, their incentives become more aligned with those of shareholders, leading to more conservative reporting practices and reduced manipulation of earnings. These findings support Hypothesis H3 and are consistent with evidence from emerging markets where managerial ownership often reduces agency costs.

Second, state ownership does not significantly influence financial transparency. Across all model specifications, the coefficient on STATE remains statistically insignificant. This suggests that in the Chinese context, state shareholders do not exert meaningful pressure on firms to improve disclosure quality. One possible explanation is that state ownership in China is highly heterogeneous: many firms have no state involvement, while a small subset of SOEs have very high state control. This uneven distribution may weaken the overall effect. The result does not support Hypothesis H1 and aligns with studies showing that state shareholders may prioritize policy or political objectives over monitoring functions.

Third, foreign ownership also shows no significant association with transparency. FOREIGN carries negative but insignificant coefficients (t = -1.129 and -1.071), indicating that foreign investors have limited influence on earnings reporting behavior. This is plausible given that the average level of foreign ownership in the sample is only 0.261%, suggesting insufficient voting power to affect managerial decisions. Thus, Hypothesis H2 is not supported. The result reflects the modest role of foreign investors

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in China's A-share market, where investment channels and participation remain relatively restricted.

Fourth, several control variables behave as expected and confirm economic intuition. Firm size (SIZE) is positively associated with EA ($\beta = 0.030$, $p < 0.01$), suggesting that larger firms may face more complex reporting environments, increasing the likelihood of aggressive earnings behavior. ROA shows a strong positive association with EA ($\beta = 0.908$, $p < 0.01$), which may reflect that highly profitable firms have greater incentives to smooth earnings. Leverage (LEV) also increases earnings aggressiveness ($\beta = 0.092$, $p < 0.01$), consistent with the pressure to meet debt covenants. In Model (2), Big 4 auditing reduces EA significantly ($\beta = -0.038$, $p < 0.01$), highlighting the role of high-quality external monitoring in constraining aggressive reporting. Meanwhile, TOP1 increases EA ($\beta = 0.001$, $p < 0.05$), suggesting that dominant shareholders may strengthen private control benefits at the expense of transparency.

In summary, the regression results confirm that managerial ownership is the only ownership variable that consistently improves financial transparency, while state and foreign ownership appear to have limited impact. These findings highlight the central role of managerial incentives and the relatively weak monitoring functions of external ownership in China's institutional setting.

4.4. Robustness check

To verify the reliability and stability of the baseline regression results, two additional robustness tests were performed. The first re-estimated the fixed-effects model using robust standard errors (FEM-Robust) to correct for potential heteroskedasticity and serial correlation. The second applied winsorization at the 1st and 99th percentiles to all continuous variables (FEM-Winsor), mitigating the influence of extreme values and outliers that might bias parameter estimates. The results are summarized in Table 4. First, after applying heteroskedasticity-robust standard errors (FEM-Robust), the sign and significance of managerial ownership remain unchanged. MANAGER continues to display a negative and significant effect on EA ($\beta = -0.002$, $p < 0.01$), reinforcing the conclusion that higher managerial ownership enhances financial transparency. The coefficients for STATE and FOREIGN remain insignificant, mirroring the baseline model. Although some control variables lose statistical power due to larger robust standard errors, the overall direction of effects remains consistent, indicating that the main findings are not sensitive to heteroskedasticity or serial correlation.

Second, the results from the winsorized model (FEM-Winsor) also provide additional confirmation. After attenuating extreme values, MANAGER continues to exhibit a negative and highly significant coefficient ($\beta = -0.001$, $t = -3.168$). This stability demonstrates that the relationship between managerial ownership and transparency is not driven by outliers or skewed distributions. Interestingly, foreign ownership (FOREIGN), which was insignificant in the baseline models, becomes positively significant ($\beta = 0.012$, $p < 0.01$) under the winsorized estimation. This suggests that when the effects of extreme observations are controlled, higher foreign ownership is associated with greater earnings aggressiveness, implying reduced transparency. A likely explanation is information asymmetry. Foreign investors often lack local knowledge and face language and cultural barriers. They may also be unfamiliar with local regulations. These factors limit their ability to monitor management effectively. As a result, managers have more discretion to manipulate earnings. This pattern is consistent with evidence from emerging markets. For instance, Xiao et al. find that higher foreign holdings reduce earnings quality in Chinese firms [21]. Similarly, Klai and Omri report that foreign ownership negatively affects financial reporting quality in Tunisia [22].

Third, the winsorized model retains the negative and significant impact of AUDIT ($\beta = -0.023$, $p < 0.01$) and the negative effect of CASH, suggesting that these monitoring effects are stable across specifications. Meanwhile, ROA remain positively related to EA, which is expected once outliers are removed. Overall, both robustness tests confirm the core results of the study. Managerial ownership consistently improves financial transparency across all model settings, while state and foreign ownership do not show stable effects. The coefficients for control variables remain directionally similar, supporting the stability of the empirical conclusions. Therefore, the main findings are reliable and not driven by model-specific assumptions or influential observations.

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Table 4: Robustness check results.

	FEM	**FEM-Robust**	**FEM- winsor**
VARIABLES	EA	EA	EA
STATE	0.000	0.000	0.000
	(0.368)	(0.357)	(1.586)
FOREIGN	-0.001	-0.001	0.012***
	(-1.071)	(-1.563)	(3.048)
MANAGER	-0.002***	-0.002***	-0.001***
	(-3.870)	(-3.882)	(-3.168)
SIZE	0.030***	0.030	0.009
	(4.215)	(0.844)	(1.088)
ROA	0.908***	0.908***	0.542***
	(67.153)	(8.783)	(16.399)
CASH	-0.000***	-0.000***	-0.000***
	(-5.782)	(-5.197)	(-6.091)
LEV	0.092***	0.092*	0.023
	(4.933)	(1.765)	(1.058)
BM	0.040***	0.040**	-0.009
	(3.007)	(2.032)	(-0.810)
AUDIT	-0.038***	-0.038***	-0.023***
	(-3.371)	(-3.037)	(-3.216)
TOP1	0.001**	0.001	0.000
	(1.990)	(0.929)	(0.753)
_cons	-0.932***	-0.932	-0.369*
	(-5.913)	(-1.159)	(-1.905)
Firm	Yes	Yes	Yes
Year	Yes	Yes	Yes
Observations	8455	8455	8455
R-squared	0.420	0.420	0.115
Adjusted R-squared	0.274	0.419	0.114

Note: *** p<0.01, ** p<0.05, * p<0.1

5. Conclusion and Limitations

This study examines how ownership structure affects financial transparency among Chinese A-share listed firms during 2020-2024. Financial transparency was measured by earnings aggressiveness (EA), where lower EA values indicate higher transparency. A fixed-effects regression model and robustness tests were employed to ensure reliable results. The findings show that managerial ownership has a significant negative effect on EA, meaning that when managers hold more shares, financial transparency improves. This result supports the idea that managerial equity helps align managers' interests with those of shareholders and discourages earnings manipulation. Meanwhile, state and foreign ownership show no significant influence in the baseline models. However, when extreme values are controlled, foreign ownership becomes positively related to EA, implying that passive foreign investors may not actively enhance transparency. Among control variables, larger firms and more profitable firms tend to report more aggressively, while Big 4 auditors help constrain such practices. These relationships remain stable across multiple robustness tests.. Overall, the study contributes empirical evidence from an emerging market context and underscores the importance of managerial incentives in shaping financial reporting outcomes. The results may support regulators, investors, and policymakers in designing governance mechanisms that strengthen transparency and reduce information asymmetry.

Despite these contributions, several limitations should be noted. First, this study measures transparency only through earnings aggressiveness, which captures accounting conservatism but not other forms of disclosure quality. Future research could use broader indicators, such as narrative or ESG disclosures. Second, the research period (2020-2024) overlaps with the COVID-19 pandemic, which may have temporarily affected ownership behavior and reporting practices. Extending the sample beyond this period would improve generalizability. Third, governance factors such as board independence or internal control quality were not included. Adding these variables could provide a more complete picture of how governance affects transparency. Finally, the analysis does not distinguish between different types of foreign shareholders. Future studies may explore whether institutional or strategic investors play different roles in promoting transparency. In conclusion, while this study provides solid evidence that ownership structure influences financial transparency, further research should expand both the scope and depth of analysis to better understand how ownership and governance interact in emerging markets.

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