

FIRM SIZE, BOARD SIZE, AND OWNERSHIP STRUCTURE AND RISK MANAGEMENT DISCLOSURE ON ISLAMIC BANKING IN INDONESIA

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ABSTRACT

This research aims to examine the influence of firm size, board size, and ownership structure on risk management disclosure on syariah banking in Indonesia 2011-2014. This research uses secondary data which is the annual report of syariah banking. The sample was selected by purposive sampling which are 10 syariah banking qualified in this research. This research conducts multiple linear regression analysis method to examine the hypothesis in the level of significance 5%. The result of this research showed that firm size, board size and public ownership have influence on risk management disclosure. Meanwhile, the institutional ownership didn't have a significant impact on risk management disclosure.

Keywords: Firm size, board size, institutional ownership, public ownership, risk management disclosure.

1. BACKGROUND

The sharia banking industry is becoming a promising industry. This is indicated by persistence of Bank Muamalat in condition of economic crisis of Indonesia in 1998, whereas on the other hand some conventional banks actually fall. Starting from here, finally came Bank Syariah Mandiri as the second sharia bank in Indonesia. Who would have thought that Bank Syariah Mandiri turned out to be quite successful and became the encouragement of the emergence of various other Islamic banks in Indonesia (<https://www.cermati.com>). In addition, according to the Indonesian Banking Development Institute, sharia banking is able to produce an average growth of 34% per year.

The growing world of industry today, including the sharia banking industry, requires businesses to provide more open financial information. Many parties need the financial information for decision making, so that clear and credible financial information is very important role.

Disclosure implies that openness is the basis of public confidence in management within the corporate system. Many researchers have pointed out that one of the factors that worsened Indonesia's condition during the 1997 crisis was the lack of corporate governance. It is characterized by a lack of transparency in corporate management (Saputro, 2014).

Transparency is needed in risk-laden businesses. Risks arise tend to be uncertain, but these uncertainties will have an impact on the future in the

process of achieving goals. At first the risk is seen as negative, whereas now risk is viewed both positively and negatively in response to a number of events. Because there are various perceptions of risk, a business actor needs further information on risk disclosure to make decisions and invest in the company (Aditya, 2015).

In line with the urgency of risk management disclosure, large corporations should provide a more open report to the public. The reason is, the greater the company the more things that should be reported in order to provide clear information for the parties concerned. However, this has not always been fulfilled. Even some big companies actually dragged the case of transparency. For example the case of Bank Syariah Mandiri due to the lack of transparency that ever happened in 2009 as reported by hukumonline.com. This case began when Bank Syariah Mandiri submitted a proposal to offer financing cooperation Mudharabah Muqayyadah to Dapenda, December 2003. In the proposed bid mentioned, the financing will be disbursed to PT Sari Indo Prima as the cost of developing a sack-making business. Six months ago, Dapenda did not get a profit-sharing ratio because Sari Indo Prima and Bank Syariah Mandiri did not pay the installment, either the principal obligation or the margin (difference) of profit sharing. Since the beginning of the financing process, Dapenda considers Bank Syariah Mandiri not transparent. This is reflected, among others, from the previous financing of Sari Indo Prima amounting to Rp 6.5 billion in October 2003, before the contract was made. Meanwhile, in the financing agreement number 108 mentioned that Sari Indo Prima is not in a state of debt to the other party. Regarding the phenomenon, Lecturer of Economics of University of Indonesia, Ratna Wardhani, asserted, the company should have provided transparent information that is easily accessible. Company policy should be written and distributed to interested parties. "Because it is not transparent, finally there is a gap between parties who have access to strong information with parties who access information is weak," he said (<http://ekbis.rmol.co>).

In addition, the supervisory function undertaken by the board of commissioners has an important role in the operation of a company. According to Ali Suyanto, a board member of a BPR financial institution, argued that in the case he had met and rather strangely thought, there was an BPR obliging its board of commissioners to work every working day with working hours like other operational employees. As a result the board of commissioners are involved (too) active in every transaction in the BPR. But there was also a BPR commissioner who says that the board of commissioners need not be involved in banking operations (BPR). On the one hand, Ali approves the statement because the board of commissioners is a non-operational officer. But on the other hand, in the case or limitations of certain large authorities, the board of commissioners must also be involved accompanying the authority of the board of directors. For example in the case of the authority to delete a bad credit book in the BPR. If such authority is 100% given to the board of directors without limitation of amount and without requesting approval to the board of commissioners first, it would be

very uncontrollable of that authority. In management there is always a supervisory function. Every function within the organizational structure must be supervised (www.kompasiana.com).

Besides, in a company there is another important role that is the role of independent commissioners. Independent commissioners become the main organ for the implementation of good corporate governance practices, by looking at the functions they have. Therefore, in accordance with the name of an independent commissioner, it must have independence, have the professionalism and leadership that is the basic thing required of its role. However, for companies in Indonesia, there is a bias in the exercise of independence by independent commissioners due to some trends such as the position of strong directors or the competence and integrity of weak independent commissioners (<http://www.kompasiana.com>).

Not only that, a company's capital structure also plays its role in supporting risk management disclosure. If a company is financed with a substantial amount of debt it is necessary to clearly disclose the related debt management in conducting the business of the company, so that any risks that arise can be identified. The Company based its funding decision on the optimal capital structure. The optimal capital structure is formed by balancing the benefits of tax savings on the use of debt against bankruptcy costs. The use of debt leads to an increase in EBIT that flows to investors, so the greater the debt of the company, the higher the value and the stock price of the company (<http://kikimariki.blogspot.co.id>). However, some companies actually stumble because of this debt problem. According to <https://m.tempoco.com>, PT Prima Inreksa Industri declared bankruptcy by the Central Jakarta Commercial Court on May 31, 2011 and with the decision Numb. 04 / PKPU / 2911 / PNIaga / Jakpus due to debt until the company is unable to continue production. Meanwhile, other factors that determine risk management disclosure are public ownership (Prayoga, 2013 and Saputro, 2014). Publicly owned shares need to be clearly disclosed in terms of any risks that may arise. In Indonesia, the majority of big companies that dominate the economy are controlled by the family. It was found that about 80% of public companies listed on the Indonesia Stock Exchange (IDX) are controlled by the family. The problem that might arise is the management entrenchment problem, that is, the family survives too long in top management so it is difficult to be deposed even though no longer competent. The placement of less competent family members in the management (nepotism) also potentially hampers the company's performance. This condition make minority shareholders in family-based public companies become helpless (<http://konfrontasi.com>).

Other than publicly owned shares, institutional ownership also contributes to investment. According to President Director of BEI Ito Warsito, quoted by www.cnnindonesia.com, "At the end of March 2015, the percentage of institutional investors' stock ownership in IDX is still quite dominant at 73.14 percent. Thus, transaction activity of institutional investors has become one of the benchmarks for retail investors in transactions. "In

addition, changes in institutional ownership behavior from passive to active can increase managerial accountability so managers will act more carefully in decision making. Increased institutional ownership activity in monitoring is due to the fact that significant share ownership by institutional ownership has increased their ability to act collectively (<http://www.kesimpulan.com>). This will certainly give a good impact. However, the active attitude of this institutional ownership can also make other impacts that are less good. For example, as reported by www.britama.com, the stock price of Three Pillar Sejahtera Food Tbk (AISA) recorded down about 9.69% due to the release of large institutional investors. It is rumored that the institution is releasing AISA shares after hearing news related to its subsidiary Golden Plantation Tbk (GOLL) in the middle of liquidity difficulties.

Meanwhile, several previous studies mentioned that firm size has a significant effect on risk management disclosure (Kristiono, 2014). This is in line with research conducted by Rahman (2013), which states "There is a significant positive relationship between the bank size and the extent of risk management disclosure". Meanwhile, Wardhana's (2013) study also reinforces that firm size has a significant influence on risk disclosure. However, these three studies contradict the results of research conducted by Prayoga (2013) and Saputro (2014) that company size has no effect on risk management disclosure.

In addition, according to research Suhardjanto (2012), the size of the board of commissioners affect the level of risk disclosure. This research is also supported by research conducted by Aditya (2015) that the size of the board of commissioners has a significant positive effect on the extent of corporate risk disclosure.

Besides, the results of research conducted by Kusumaningrum (2013), found that institutional ownership affects the disclosure of risk management. However, the research conducted by Kristiono (2014) shows different results: institutional ownership has no significant effect on risk management disclosure. This is in contrast to Aditya's (2015) study, which states that institutional share ownership has a significant positive effect on the extent of corporate risk disclosure. While research of Saputro (2014) support previous research conducted by Prayoga (2013) that public ownership positively influence to risk management disclosure.

In some previous studies, the results obtained show different conclusions. In addition, no one has used a sample of Sharia Commercial Banks in risk disclosure research in Indonesia. Based on the research gap, this study is intended to examine what factors affect the disclosure of risk management, therefore this study raises the issue of "Influence of Company Size, Board of Commissioner Size, and Ownership Structure on Risk Management Disclosure".

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 AGENCY THEORY

The agency theory can be defined as the relationship between agent or management of a business and principal or shareholder (Jensen and Meckling, 1976 in Aditya, 2015). Meanwhile, according to Suranta (2003) in Saputro (2014) states that agency relationship is a contract whereby one or more principals hire another person (agent) to perform some services for their benefit by delegating some decision-making authority to the agent.

This theory states that between shareholders and management have different interests. One of the differences between shareholders and management is that shareholders want to maximize their profits, while the decisions made by managers to maximize their own satisfaction turn out not to prosper the shareholders, then the agency conflict occurs. Another agency conflict is too much management knowing the true information about the problems caused by the company compared with the shareholders, resulting in information asymmetry, where there is a difference between information acquisition between management as information providers and shareholders as users of information (Aditya, 2015).

According to Kristiono (2014), agency theory can be used as a basis for understanding in risk disclosure practices. Managers as agents, have more detail and more accurate company information, than stakeholders. Such information covers all conditions of the company, including conditions that may be faced by the company in the future. Shareholders, creditors, and other stakeholders need such information to base their decision-making. If there is information asymmetry between agents and principals, then the decisions taken can be bad and harm the various parties. The manager should ensure the availability of relevant and complete information about the risks facing the company, one of which is by using a disclosure mechanism. In conclusion, good risk disclosure reduces the asymmetry of information between agents and principals.

Meanwhile, agency issues, in turn, incur agency costs. At the most common level, agency costs are the dollar equivalent of the welfare decline experienced by the principal due to differences from shareholders and agency interests. Jensen and Meckling divide the agency into three, there are : monitoring costs, bond costs, and residual losses (Godfrey, 2010).

According to Godfrey (2010), the cost of monitoring is the cost of monitoring agency behavior. Monitoring costs are issued by shareholders to measure, observe and control agent behavior. Examples of monitoring costs are audit fees, the cost of establishing a management compensation plan, budget constraints, operating rules. Similarly, under a debt contract, the manager (currently acting on behalf of the shareholder) is the lending agent. The greater the risk of lending, the lenders will prefer to monitor the performance of their companies in investing by providing debt. If there is an efficient price protection, the agent can ultimately bear the monitoring costs associated with the contract. Therefore, agents tend to establish mechanisms to ensure they will behave in the interests of shareholders, or to ensure they will compensate shareholders if they act in a manner that is against the

interests of shareholders. Agents will be ready to issue bond costs only to reduce the cost of monitoring that they bear.

Despite the costs of monitoring and bonds, it still shows that the interests of agents remain unlikely to match the interests of shareholders. Furthermore, the agent will likely make some decisions that are not entirely for the benefit of shareholders. For example, managers may change accounts to maximize their bonuses. Thus, the net value of the agent's output is reduced rather than if the agent's interests are completely aligned with the principal's interests (Godfrey, 2010).

2.2 SIGNALLING THEORY

According to T. C. Melewar (2008), signal theory suggests that firms will signal through action and communication. The company adopted these signals to reveal hidden attributes for the stakeholders. Another definition of Godfrey, et al. (2010), states that the signal theory speaks of managers who use accounts in financial statements to signal the expectations and future goals of the company. While Scott Besley and Eugene F. Brigham (2008), the signal is an action taken by the management of the firm that gives instructions to investors about how management views the prospects of the company.

Signal theory suggests how companies should signal to users of financial statements. This theory explains why firms have an incentive to provide financial statement information to external parties. The impulse arises because there is information asymmetry between the company and external parties. Companies / managers have more knowledge about the company's condition than external parties (Wolk, et al, 2001 in Prayoga 2013).

According to Jogiyanto (2000), information published as an announcement will provide a signal for investors in making investment decisions. When information is announced and all market participants have received the information, market participants first interpret and analyze the information as a good signal or bad signal. If the announcement of such information as a good signal for investors, then there is a change in the volume of stock trading.

One type of information issued by the company that can be a signal for parties outside the company, especially for the investor is an annual report. Information disclosed in the annual report can be accounting information that is information relating to financial statements and non-accounting information is information that is not related to the financial statements. Annual reports should contain relevant information and disclose information that is considered important to both in-house and outsider reporting users. All investors need information to evaluate the relative risk of each company so that it can diversify its portfolio and investment combination with desired risk preferences. If a company wants its shares bought by an investor then the company must disclose financial statements openly and transparently (Jogiyanto, 2000).

2.3 RISK MANAGEMENT DISCLOSURE

2.3.1 Risk

Risk is a variation of the results that can occur during a certain period (Arthur Williams and Richard M.H). Another definition of risk according to A. Abas Salim is uncertainty that may result in loss or loss events. Risk can also be interpreted as a probability combination of an event with consequences or consequences (Siahaan, 2007). Meanwhile, according to Soekarto, risk is uncertainty over the occurrence of an event. Meanwhile, according to Herman Dermawan, risk is the probability of something different from the expected results. From some of these definitions can be concluded that the risk is always associated with the possibility of occurrence of something unexpected or undesirable (Tony, 2011).

2.3.2 Risk Management

According to the Australian Risk Management Standard (4360: 2004), risk management is a culture, process, and structure directed towards realizing potential opportunities and at the same time managing adverse impacts. While the other definition states that risk management is a set of policies, complete procedures, which the organization has, to manage, monitor, and control the organization's exposure to risk (SBC Warburg, *The Practice of Risk Management*, Euromoney Book, 2004). Risk management in other words is a method of formal systematic handling that is concentrated on identifying and controlling events or events that have the possibility of undesirable changes (Tony, 2011).

2.3.3 Risk Management Disclosure

Risk management disclosure can be interpreted as disclosure of risks that the company has managed or disclosure of how the company controls the associated risks in the future (Amran et al, 2009 in Saputro, 2014). Another definition expressed by Kristiono (2014), states that the disclosure of risk is a company's attempt to notify users of the annual report on what threatens the company, so it can be a factor in decision-making considerations.

Risk disclosure is important because it helps stakeholders in obtaining the information necessary to understand the risk profile and how to manage risk management. Risk disclosure is also useful for monitoring risk and detecting potential problems so that it can take early action to prevent the problem happen (Linsley and Shrives, 2006 in Suhardjanto, 2014).

There are several regulations on disclosures that have been applied in Indonesia, one of them is the provision of risk disclosure. Risk disclosure is set forth in the Financial Services Authority Regulation Numb. 18 / POJK.03 / 2016 on: the implementation of risk management for Commercial Banks. While the provisions on information disclosure are set out in PSAK Numb. 60 (revised 2010) on financial instruments: presentation and disclosure (Aditya, 2015).

Disclosure of risk management based on Amran et al. (2009) and Wardhana (2013) covers financial risk, operation risk, empowerment risk, information processing and technology risk, integrity risk and risk strategy. Definitions of each of these risks:

1. Financial risk, risks related to interest risk, exchange risk, commodity, liquidity, and credit.
2. Operation risk, risks related to customer satisfaction, products development, efficiency and performance, sourcing, stock obsolescence and shrinkage, product and service failure, environment, health and safety, and brand name erosion.
3. Empowerment risk, risks related to leadership and management, outsourcing, performance incentives, change readiness, and communications.
4. Information processing and technology risk, risks related to integrity, access, availability, and infrastructure.
5. Integrity risk, risks related to risk-management policy, management and employee fraud, illegal acts, and reputation.
6. Strategic risk, risks related to environmental scan, industry, business portfolio, competitors, pricing, valuation, planning, life cycle, performance measurement, regulatory, and sovereign and political.

2.4 HYPOTHESES DEVELOPMENT

2.4.1 Firm size affects risk management disclosure

Large companies can provide reports for internal purposes as well as meet the needs of external parties. The bigger the company, the more information it will disclose, the more detailed the things that will be disclosed such as information about the company's risk management, because large companies are considered capable of providing such information.

Almilia (2007) in Kristiono (2014), mentioned that large companies may disclose risk management information in an effort to reduce agency costs. Large companies have the ability to hire skilled employees, as well as shareholder demands and analysis, so that large companies have an incentive to engage in a wider disclosure of small firms. Large companies are entities that are heavily highlighted by both the market and the public in general. Revealing more information about risk management is part of the company's efforts to realize public accountability.

H1 : Firm size affects risk management disclosure

2.4.2 Board size affects risk management disclosure

The size of the board of commissioners or board size indicates that it will be more effective in supervising if the size is larger, so management and shareholders can supervise each other and avoid the emergence of information asymmetry. This is in line with the agency theory used as the

basis in this study. Information asymmetry arises because of differences in information owned by the principal (shareholders) and agents (management of the company). Management of the company as a party that comes down directly in managing the company certainly more information about the condition of the company. Therefore, in the presence of adequate number of board of commissioners is expected to maximize the supervisory function in avoiding the occurrence of information asymmetry. Thus, if the supervisory function of the board of commissioners runs maximal then the disclosure of company information including the disclosure of risk management can be better.

According to Dalton et al (1999) in Aditya (2015), the board of commissioners of optimum size is easier to control the CEO and is increasingly effective in monitoring management activities rather than small size boards of commissioners. The size of the board of commissioners becomes a benchmark of the maximum supervisory functions including in overseeing the disclosure of company information in the form of risks that exist due to the operational activities of the company.

H2 : The board size affects risk management disclosure

2.4.3 Institutional ownership affects the disclosure of risk management

Institutional ownership is the ownership of shares owned by institutions or institutions of domestic and foreign banks. Institutional ownership here acts as an investor who has a duty to oversee the running of the company by management. Investor control measures by the investor will reduce opportunistic or self-serving behavior, so management will maximize its performance, including in this case related to risk management disclosure.

According to Lienbenberg and Hoyt (2003) in Kusumaningrum (2013), institutional ownership has a greater ability to influence corporate risk management policies. This is because institutional ownership requires more corporate information so they can make decisions about their investment portfolio (Solomon, 2000 in Kusumaningrum, 2013). Salo (2008) in Kusumaningrum (2013), asserts that institutional ownership is more concerned with companies with strong corporate governance practices in which risk management disclosures exist.

H3 : Institutional ownership affects the disclosure of risk management.

2.4.4 Public ownership affects the disclosure of risk management

Company ownership by outsiders has great power in influencing companies through mass media in the form of criticism or comments that are all regarded as the voice of the community. The existence of the concentration of public ownership causes the influence of outsiders who can change the management of the company that initially went according to the desire of management to have limitations so that risk management disclosure can be more open.

According to Prayoga (2013), the greater the share of publicly owned shares, the greater the pressure the company receives to provide more

information in its annual report. The company's management will also try to make good corporate image. To realize a good corporate image, companies must ensure that public shareholders provide positive opinions or comments about the company. Therefore, for the sake of a positive opinion of public shareholders, the company must provide transparent information, in which there is also a disclosure of risk management so that they know clearly what risks that may arise and as a guide also in decision making.

H4 : Public ownership affects the disclosure of risk management.

3. RESEARCH METHODOLOGY

3.1 OBJECTS AND SCOPE OF RESEARCH

The object of the study "The Influence of Firm Size, Board Size, and Ownership Structure on Risk Management Disclosure" is an annual report of Sharia Commercial Banks in Indonesia during the period 2011-2014.

3.2 RESEARCH METHODS

This research uses quantitative method and using multiple linear regression approach. This study was conducted using secondary data obtained by accessing the annual report of Sharia Commercial Bank on each of the official websites of the Sharia Commercial Bank, which contains useful data for this study. Data analysis in this research is done by using SPSS 20 program.

3.3 POPULATION AND SAMPLE

The population in this study is all Sharia Commercial Banks in Indonesia. Previous research took the population of non-Sharia Banking and Non-Finance Companies, so this research is intended to know how the disclosure of risk management at Sharia Commercial Bank. Based on Sharia Banking Statistics data as of January 2015 the number of Sharia Commercial Banks are 12. The observation time of the research is from 2011 to 2014.

Sampling in this research is done by using purposive sampling method. Criteria of sampling in this study are as follows:

1. Sharia Commercial Banks registered in Bank Indonesia 2011 - 2014.
2. Sharia Commercial Bank which publishes the annual report of 2011-2014 in full.
3. Sharia Banks selected have complete data related to research variables.

According to the total existing Sharia Commercial Banks population, there are 10 Sharia Commercial Banks that meet all three criteria. The sample research is as follows:

Tabel 1. List of Research Sample

Numb	Bank Name	Website
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1	Bank Syariah Mandiri	www.banksyariahmandiri.co.id
2	Bank Muamalat Indonesia	www.bankmuamalat.co.id
3	BNI Syariah	www.bnisyariah.co.id
4	BRI Syariah	www.brisyariah.co.id
5	Bank Mega Syariah	www.megasyariah.co.id
6	Bank Syariah Bukopin	www.syariahbukopin.co.id
7	Bank Panin Syariah	www.paninbanksyariah.co.id
8	BCA Syariah	www.bcasyariah.co.id
9	Bank Victoria Syariah	www.bankvictoriasyariah.co.id
10	Maybank Indonesia Syariah	www.maybanksyariah.co.id

Source: Data of the authorized process of authors, 2017

3.4 OPERATIONALIZATION OF RESEARCH VARIABLES

3.4.1 Risk Management Disclosure

a. Conceptual Definition

Risk management disclosure can be interpreted as disclosure of risks that the company has managed or disclosure of how the company controls the associated risks in the future (Amran et al, 2009 in Saputro, 2014).

b. Operational Definition

Based on Wardhana's (2013) study, risk management disclosure is calculated by the formula:

$$= \frac{\text{Risk Disclosure} \sum \text{Item Risk Disclosure made by the Company}}{\sum \text{Total Risk Disclosure Item}}$$

A value of 1 is awarded for each item of risk disclosed by the company, and if not disclosure is assigned a value of 0.

3.4.2 Firm Size

a. Conceptual Definition

According to Sudarmadji (2007) in Prayoga (2013), firm size can be expressed in total assets, sales, and market capitalization.

b. Operational Definition

As per research conducted by Kristiono (2014), firm size is formulated as follow:

$$\text{Firm Size} = \text{Log Total Asset}$$

3.4.3 Board Size

a. Conceptual Definition

According to article 1 point 6 of the Limited Liability Company Law, the Board of Commissioners is the organ of the company responsible for supervising publicly and / or specifically in accordance with the articles of

association and advising the directors. The board of commissioners may consist of one or more persons.

b. Operational Definition

The size of the board of commissioners is represented by the total number of members of the board of commissioners owned by the company, in accordance with Dalton et al (1999), Nasution and Setiawan (2007) and Abeysekera (2008) studies in Suhardjanto (2012).

$$\text{Board size} = \text{Number of boards of commissioners}$$

Description: Nominal scale

3.4.4 Institutional Ownership

a. Conceptual Definition

According to Djakman and Machmud (2008) in Kusumaningrum (2013), institutional ownership is the majority shareholding of companies owned by institutions or other institutions (insurance companies, banks, insurance companies, asset management and other institutional ownership).

b. Operational Definition

As Kristiono's research (2014) has, institutional ownership is calculated in the following ways:

$$= \frac{\text{INST} \\ \text{Number of shares of the institution}}{\text{Total shares outstanding}}$$

INST: Institutional ownership

3.4.5 Public Ownership

a. Conceptual Definition

Public ownership according to Saputro (2014) is the ownership of shares by the public or by outsiders.

b. Operational Definition

Based on the research of Prayoga (2013), public ownership is formulated as follows:

$$= \frac{\text{PO} \\ \sum \text{Publicly owned shares}}{\sum \text{Shares outstanding}}$$

PO: Public Ownership

4. RESULTS AND DISCUSSION

4.1 RESULTS

Based on the table below, it can be seen that the regression model formed between risk management disclosure, firm size, board size, institutional ownership, and public ownership are as follows:

$$\text{RMD} = -2,882 + 0,295 \text{ FS} - 0,050 \text{ BS} - 0,088 \text{ IO} + 0,231 \text{ PO}$$

Tabel 2. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
	(Constant)	-2,882	,515		
FS	,295	,036	1,092	8,214	,000
BS	-,050	,019	-,365	-2,695	,011
IO	-,088	,276	-,030	-,317	,753
PO	,231	,071	,281	3,241	,003

Source: SPSS Output 20, 2017

a. Hypothesis Testing 1

Based on t test presented in the table above, the firm size variable has a significance value of 0.000 (<0.05), besides the tcount> ttable (8.214> 2.03011). Thus, it can be concluded that the independent variable firm size partially affect the disclosure of risk management and H1 which states that the firm size affect the risk management disclosure is accepted.

b. Hypothesis Testing 2

Based on the t test result presented in the table above, the board size variable has a significance value of 0.011 (<0.05), besides the tcount> ttable (-2,695> 2.03011). Thus, it can be concluded that the independent variable board size partially affect the disclosure of risk management and H2 which states that the board size affect the risk management disclosure is accepted.

c. Hypothesis Testing 3

Based on the t test result presented in the table above, the institutional ownership variable has a significance value of 0.753 (> 0.05), besides the tcount <ttable (-0.030 <2.03011). Thus, it can be concluded that the independent variable of institutional ownership does not partially affect the disclosure of risk management and H3 which states that the institutional ownership affect the risk management disclosure is rejected.

d. Hypothesis Testing 4

Based on the t test result presented in the table above, the public ownership variable has a significance value of 0.003 (<0.05), besides the tcount> ttable (3.241> 2.03011). Thus, it can be concluded that the independent variables of public ownership partially affect the disclosure of risk management and H4 which states that public ownership affect the risk management disclosure is accepted.

Tabel 3. F Test Result

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	,745	4	,186	25,219	,000b
Residual	,258	35	,007		
Total	1,004	39			

a. Dependent Variable: RMD
b. Predictors: (Constant), FS, BS, IO, PO

Source: SPSS Output 20, 2017

Based on F test results in the above table, it is seen that the F test shows a significance value of 0.000, this value is smaller than the value of α is 0.05 or 5%. This means that independent variables simultaneously or together affect the dependent variable is the risk management disclosure variable. Similarly, when viewed from Fcount, it appears that the independent variables simultaneously or together have the value $F_{count} > F_{table}$ ($25.219 > 2.64$). In this study, obtained Ftable value of 2.64 with probability 0.05. Ftable value is obtained by looking at table F, where $df_1 = \text{number of variables} - 1 = 5 - 1 = 4$ and $df_2 = \text{number of observations} - \text{number of variables} = 40 - 5 = 35$.

Tabel 4. Determination Coefficient Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,862a	,742	,713	,0859394

From the table above, it can be seen that the adjusted R² of 0.713. Thus, it can be interpreted that 71.3% of risk management disclosures are influenced and can be explained by independent variables in this study. Meanwhile, the other 28.7% is explained by other variables outside the regression model. Based on the results of previous research can be found other variables that can explain the disclosure of risk management, including independent commissioners, managerial ownership, leverage, and others.

4.2 DISCUSSION

4.2.1 Influence of Firm Size on Risk Management Disclosure

Based on the result of t test which has been done before, it is known that variable of firm size has significant value equal to $0,000 < \alpha 0,05$ (5%). In addition, this variable has $t_{count} > t_{table}$ ($8,214 > 2.03011$). Thus it can be seen that H1 which states that the firm size has an influence on risk management disclosure is accepted and it can be concluded that the firm size affect the disclosure of risk management.

The results of this study in line with the hypothesis that the total assets owned by the company as a proxy firm size will affect the corporate risk disclosure activities. In the hypothesis built, large companies can provide more detailed reports for internal purposes as well as meeting the needs of external parties. In addition, large companies may disclose risk management information in an effort to reduce agency costs. The results of this study also support the agency theory used as the basis of this study, that companies with larger sizes require greater monitoring costs.

Based on a summary of the results of the calculation of variables, the total assets owned by Bank Bukopin Syariah and Bank Mega Syariah showed that company size can encourage the management of the company to try to perform better risk management disclosure activities. Bank Bukopin Syariah has total assets of Rp4,343,069,056,830 in 2013 and Rp 5,161,300,488,180 in 2014. The total assets encourage the management of the company to attempt to disclose risk management, more detailed as seen from the amount of risk disclosed by the company has increased from the previous year. In 2013, the value of risk disclosure of Bank Bukopin Syariah 0.6320 increased to 0.7370 in 2014. It can be seen that total assets owned by Bank Bukopin Syariah as a proxy of company size have a positive effect on corporate risk management disclosure activity. Large company size makes risk management disclosure more optimal.

Unlike Bank Bukopin Syariah, Bank Mega Syariah has a smaller total assets in 2014, from Rp 9,121,575,543,000 to Rp 7,042,486,466,000. The decreasing total asset makes the risk disclosure value of Bank Mega Syariah also decrease from 0.6842 to 0,5789 in 2014. Thus, the bigger the company (the bigger the total asset) the better is the corporate risk management disclosure activity.

The results of this study are in line with the results of research conducted by Wardhana (2013), Rahman (2013), and Kristiono (2014) which states that firm size affects risk management disclosure. However, the results of this study contradict the results of research conducted by Prayoga (2013) and Saputro (2014).

4.2.2 Influence of Board Size on Risk Management Disclosure

Based on the results of t-test that has been done before, it is known that the variable board size has a significant value of $0.011 < \alpha 0.05$ (5%). In addition, this variable has $t_{count} > t_{table}$ ($-2,695 > 2.03011$). Thus it can be seen that H2 which states that the board size has an influence on the disclosure of risk management is accepted and it can be concluded that the board size affect the disclosure of risk management.

The results of this study are in line with the hypothesis that the number of board of commissioners owned by the company as a proxy size board of commissioners will affect corporate risk disclosure activities. In the hypothesis built, the number of boards of commissioners becomes a benchmark of the effectiveness of supervision in order to avoid the

emergence of information asymmetry, so that will encourage disclosure of better risk management.

Based on the calculation of variables, the number of board of commissioners owned by Bank BNI Syariah and Maybank Syariah Indonesia shows that the size of the board of commissioners can encourage the management of companies to attempt to perform better risk management disclosure activities. Bank BNI Syariah has two commissioners in 2011 and 3 in 2012. The lower number of boards encourages better risk management disclosure activities. This is seen from the amount of risk expressed by the company has decreased from the previous year. In 2011, the value of risk disclosure of Bank BNI Syariah 0.8900 decreased to 0.7630 in 2012. It can be seen that the number of board of commissioners owned by BNI Syariah Bank as the proxy of board of commissioner size has a negative effect on corporate risk management disclosure activity. The fewer sizes of the board of commissioners make the risk management disclosures more optimal.

Unlike Bank BNI Syariah, Maybank Syariah Indonesia has fewer commissioners in 2012, from 3 to 2. The decreasing number of board of commissioners makes the Maybank Syariah Indonesia risk management disclosure rate increase from 0.3900 to 0.5530 in 2012. Thus, the less the board of commissioners (the smaller the number of boards of commissioners) the better the corporate risk management disclosure activities.

The results of this study are not in line with the results of research conducted by Suhardjanto (2012) and Aditya (2015) which states that board size have a positive effect on risk management disclosure. The board size which negatively affects risk management disclosures can mean that an increasingly large number of boards leads to a decrease in the effectiveness of oversight, so monitoring in risk management disclosure can not work optimally.

Based on Bambang's research (2012), the board size affects his ability to supervise the board of directors. However, the literature is not coherent about the direction of influence of the board size towards its effectiveness. As members of the board of commissioners increase, it is less likely to function effectively and easier for the directors to control it. This happens because of the difficulty of organizing and co-ordinating large groups, the board size is negatively related to its ability to advise and conduct long-term strategic planning. The conclusion is supported by the results of a group productivity study that shows a group to be less effective when adding to its members due to coordination costs and Information processing outweighs the benefits arising from the diversity of expertise gained.

4.2.3 Influence of Institutional Ownership on Risk Management Disclosure

Based on the result of t test that has been done before, it is known that institutional ownership variable has significant value equal to $0,753 > \alpha 0,05$ (5%). In addition, this variable has tcount $< \text{ttabel} (-0.317 < 2.03011)$. Thus it can be seen that H3 which states that institutional ownership has an influence

on disclosure of risk management is rejected and it can be concluded that institutional ownership has no effect on risk management disclosure.

The results of this study are not in line with the hypothesis built. In the hypothesis, the ownership of the institute that encourages corporate oversight measures will reduce opportunistic or self-serving behavior, so management will maximize its performance, including in terms of risk management disclosure.

The inadequacy of institutional ownership of risk management disclosure can be seen from the results of the calculation of variables, most of the value of institutional ownership owned by the research sample shows the same amount. Bank BNI Syariah, Bank Syariah Mandiri, Bank BRI Syariah, Bank Mega Syariah, Bank BCA Syariah and Maybank Syariah Indonesia in 2011-2014 and Panin Syariah Bank in 2011-2013 have an institutional ownership value of 1.0000. This suggests that perhaps the ownership of shares by the institution is not to encourage risk management disclosure. Thus, the ownership of shares owned by an institution within a company may tend to provide information to stakeholders that the shares in the company are dominated by the institution.

Meanwhile, some Sharia Commercial Banks have large institutional ownership because institutional ownership has the advantage of having professionalism in analyzing information so as to test the reliability of information and have strong motivation to carry out stricter supervision on activities that occur within the company.

However, based on the results of this study some institutions that have shares in Sharia Commercial Banks do not supervise the companies they invest. They should be more active and concerned with the risks expressed by the company, because with the disclosure of risk, the company is actually giving a signal to investors and other stakeholders that the company is concerned with transparency and able to manage risk management.

The results of this study are consistent with the results of research conducted by Kristiono (2014) which states that institutional ownership has no effect on risk management disclosure. However, the results of this study are inconsistent with the results of Kusumaningrum (2013) and Aditya (2015) studies which state that institutional ownership has an effect on risk management disclosure.

4.2.4 Influence of Public Ownership on Risk Management Disclosures

Based on the result of t test that has been done before, it is known that public ownership variable has significant value equal to $0,003 < \alpha 0,05$ (5%). In addition, this variable has $t_{count} > t_{table}$ ($3,241 > 2.03011$). Thus it can be seen that H4 which states that public ownership has an influence on risk management disclosure is accepted and it can be concluded that public ownership affects the disclosure of risk management.

The results of this study are in line with the hypothesis built that the number of shares owned by public will affect the corporate risk disclosure activities. In the hypothesis that built, the existence of concentration of public

ownership to influence the outsiders who can change the management of companies that initially run according to the desire of management to have limitations so that risk management disclosure can be more open.

Based on the results of the calculation of variables, the total shareholding of Bank Panin Syariah and Maybank Syariah Indonesia shows that public ownership can encourage the management of the company to try to conduct better risk management disclosure activities. The total shares of Bank Panin Syariah held publicly 0.1793 in 2013 and 0.2318 in 2014. The large institutional ownership encourages the management of the company to attempt to disclose risk management more detailed, as seen from the amount of risk disclosed by the company experiencing increase from the previous year. In 2013, Bank Panin Syariah risk management disclosure value of 0.6050 increased to 0.6580 in 2014. It can be seen that Bank Panin Syariah's public ownership positively influences on corporate risk management disclosure activities. The greater amount of public ownership makes risk disclosure more optimal.

Unlike Bank Panin Syariah, Maybank Syariah Indonesia has a smaller public ownership in 2014, from 0.4144 to 0.0000. Decreased public ownership makes the value of risk disclosure Maybank Syariah Indonesia also decreased from 0.5300 to 0.4200 in 2014. Thus, the greater the public ownership the better the corporate risk management disclosure activities.

Meanwhile, the trend of public ownership in sharia banking is quite varied. Based on a summary of the results of the calculation of research variables, public ownership of Bank BNI Syariah, Bank Syariah Mandiri, Bank BRI Syariah, Bank Mega Syariah, and Bank BCA Syariah tend to static. In addition, the fluctuating trend of public ownership is owned by Bank Muamalat Indonesia, Bank Bukopin Syariah, and Maybank Syariah Indonesia. While Bank Panin Syariah and Bank Victoria Syariah, public ownership tend to rise.

The results of this study are in line with the results of research conducted by Prayoga (2013) and Saputro (2014) stating that public ownership affects the disclosure of risk management.

5. CONCLUSIONS

This study aims to examine the effect of firm size, board size, institutional ownership, and public ownership on risk management disclosure. The research period was conducted for four years, which are 2011-2014 with sample of Sharia Commercial Bank in Indonesia. This study uses secondary data and obtained a sample of 10 Sharia Commercial Banks that have met the purposive sampling criteria established by researchers. Based on testing and analysis that has been done in this research, the conclusion that can be taken are as follows:

1. Firm size has a positive effect on risk management disclosure. The size of the company can encourage better risk management disclosure activities.

2. The board size has a negatively affects on the disclosure of risk management. The smaller board size allows for more effective monitoring so that risk management disclosures are more optimal.
3. Institutional ownership has no effect on risk management disclosure. The amount of institutional ownership tends to provide information that the ownership of shares in an enterprise is dominated by the institution, not to optimize the risk management disclosure activity.
4. Public ownership has a positive effect on risk management disclosure. The concentration of public ownership leads to the influence of outsiders who can change the management of the company that initially went according to the wishes of management to have limitations so that risk management disclosure can be more open.

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