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AL-AMWAL

DETERMINANTS OF ETHICAL IDENTITY DISCLOSURE IN ISLAMIC BANKS: EMPIRICAL EVIDENCE IN INDONESIAN ISLAMIC BANKS

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Abstract

This study aimed to determined factors influencing ethical identity disclosure. The data used in this study was secondary data taken from Islamic Banks annual report from 2013-2018. Total sample consisted of 66 samples. To test the hypothesis, this study used multiple regression analysis. This study found that ethical identity disclosure in Indonesian Islamic banks were considered quite low. The size of Board of Commissioners and the size of Audit Committee significantly influenced the ethical identity disclosure, while other factors; the size of Board of Directors were not significant effect and the size of Shari'ah Supervisory Board has a negative and significant effect on Islamic banks ethical identity disclosure.

Keywords*: ethical identity disclosure, Islamic banks, corporate governance*

Abstrak

Penelitian ini bertujuan untuk menentukan faktor-faktor yang mempengaruhi pengungkapan identitas etis. Data yang digunakan dalam penelitian ini merupakan data sekunder yang diperoleh dari laporan tahun Bank Syariah selama tahun 2013-2018. Total sampel terdiri dari 66 sampel. Untuk menguji hipotesis, penelitian ini menggunakan analisis regresi berganda. Penelitian ini menunjukkan bahwa pengungkapan identitas etis Bank Syariah di Indonesia cukup rendah. Ukuran dewan komisioner dan ukuran komite audit secara signifikan mempengaruhi pengungkapan identitas etis, sementara faktor lainnya, ukuran dewan direksi tidak memiliki pengaruh signifikan serta ukuran dewan pengawas syariah memiliki pengaruh negatif dan signifikan pada pengungkapan identitas etis Bank Syariah.

Kata kunci: pengungkapan identitas etis, bank syariah, tata kelola perusahaan

INTRODUCTION

The definition of identity is mentioned in Oxford Dictionary as who or what is a person or thing or characteristics determining who or what a person or thing is. In the context of organization, corporate identity is the reality and uniqueness of an organization that is related to image and reputation of organization through corporate communication both internally and externally (Gray & Balmer, 1998). That corporate communication is a process of how stakeholders see the identity, image and reputation of corporate.

One way that can be carried on to show information of corporate identity according to Haniffa & Hudaib (2007) is through annual reports. Annual report is an important instrument to communicate with the stakeholders (Ditlevsen, 2012). Information that contains corporate identity is able to create positive confidence in corporate and is considered relevant in improving image of the corporate by forming competitive advantages and improving corporate performance (Arendt & Brettel, 2010).

Previous studies have examined the influence of corporate identity in creating corporate image and reputation (Arendt & Brettel, 2010; Gioia, Schultz, & Corley, 2000), but there was still few studies considered ethical factors such as ethical values, ethical behavior, and communication on commitment ethics as a component of corporate identity which can improve corporate performance (Bendixen & Abratt, 2007; Berrone, Surroca, & Tribo, 2007). Berrone et al. (2007) defined the component of corporate identity as a concept called Corporate Ethical Identity (CEI). CEI has two components; Corporate Revealed Ethics (CRE) and Corporate Applied Ethics (CAE). CRE contain ethical behavior which communicated explicitly by corporate, while CAE is an ethical action and policy applied by the corporate.

Islamic bank is characterized as a bank which has ethical values (Rahman, Saimi, & Danbatta, 2016). The ethics values of Islamic banks rooted in Islamic principles underlying business framework of Islamic bank. Haniffa & Hudaib (2007) stated that Islamic bank is a representative of a corporate that aims to reached profit, and its operations are based on Islamic or Shari'ah principles. Each Islamic banks applying Shari'ah principles which contained in the framework of their businesses. In this case, Haniffa & Hudaib (2007) stated that there are similarities between Islamic banks in the ethical framework, especially about similarity of Shari'ah principles which underlies operating activities. Identity of ethics according to Haniffa & Hudaib (2007) will reflect brand, image and reputation of corporate.

Based on Shari'ah principles underlying commercial transactions and contractual activities, transparency and adequate disclosure are two important determinants of a strong relationship among the parties (Rahman et al., 2016). Previous studies have conducted an analysis of the extent to which Islamic banks reveal their corporate ethical identity (Haniffa & Hudaib, 2007; Sugianto & Harapan, 2017; Sukardi & Wijaya, 2013). However, current studies which were examining determinants of corporate ethical identity disclosure, especially in Islamic bank are still limited. Therefore, this study try to overcome the research gap through examine the determinants of ethical identity disclosure in Islamic banks.

The determinants to be examined are Corporate Governance (CG) mechanisms. CG must be considered by organizations because it determines information disclosure by management in their annual reports (Gibbins, Richardson, & Waterhouse, 1990). In this study, CG mechanisms consists of the size of Board of Commissioners, the size of Board of Directors, the size of Shari'ah Supervisory Board and the size of Audit Committee. Therefore, the research questions of this study are : (1) Does the size of Board of Commissioners have a positive effect on ethical identity disclosure in Islamic bank? (2) Does the size of Board of Directors have a positive effect on ethical identity disclosure in Islamic bank? (3) Does the size of Shari'ah Supervisory Board has a positive effect on ethical identity disclosure in Islamic bank? and (4) Does the size of Audit Committee have a positive effect on on ethical identity disclosure in Islamic bank?

This study is expected to have contribution for Islamic banks in Indonesia to increase ethical identity disclosure. In order to ensure ethical identity disclosure has been carried out optimally, Islamic banks also need to improve a good corporate governance mechanism. It aimed to improve the image and competitiveness of Islamic banks as a whole. In addition, the result of this study also have implications for policy makers about the effectiveness of Audit Committee in the process of corporate disclosures (Li, Mangena, & Pike, 2012).

This paper consisted of several parts. The next section described relevant theories and hypotheses development. The third section was research method which consisted research design, sampling techniques, and data analysis techniques. The fourth section was the results and discussion. The final section presented conclusions, suggestions, limitations, and suggestion for further research.

LITERATURE REVIEW

Stakeholders Theory

Freeman (2004) defined stakeholders as each group or individual who can influence or be influenced by achievement of organizational goals. Stakeholders theory is a theory that describes parties which companies must meet their responsibilities (Freeman, 2004). Corporate have an obligation to provide the information about all corporate activities to the stakeholders. In addition, corporate also need to conduct corporate governance mechanism. In Islam, corporate governance is aimed to protect interest all of the stakeholders (Hasan, 2009). Corporate governance structure is important in corporate governance mechanism. Based on *Surat Edaran Otoritas Jasa Keuangan Nomor 10/SEOJK.03/2014*, which includes bank structure of corporate governance, namely Commisioners, Directors, Committee, and Shari'ah Supervisory Board. In other to meet stakeholders expectation, they must meet some provisions. One of them is provision about the number of members in boards.

Islamics banks that uphold ethical values in business provide the best interests through providing level of satisfaction to the stakeholders (Sukardi & Wijaya, 2013). Hosmer (1994) stated that good ethics will create positive externalities such as trust and commitment to stakeholders. Satisfaction of stakeholdersis expected to make them more willing to provide services and resources to corporate (Berrone et al., 2007). Therefore, in order to increase their stakeholder satisfaction, Islamic banks must fulfill responsibility to disclose ethical identity in their annual report.

Islamic Bank

Bank has an important role in promoting economic growth in community (Wanke, Hassan, & Gavião, 2017), and so did Islamic banks. Islamic banks are based on moral foundations which distinguish them from conventional banks (Monsour, Jedidia, & Majdou, 2015). Rahman et al. (2016) defined Islamic banks as bank formed to operate within the framework of Islamic business more equitable and based on socio-economic welfare of society. Islamic Banks operate by providing various types of products and services based on Shari'ah principles. Yaya, Martawireja, & Abdurrahim (2014) stated that Shari'ah principleof Islamic law in banking activities based on fatwa issued by an institution that has authority in stipulation of fatwa in Shari'ah field. This principle prohibits *riba* and requires risk-sharing (Chazi, Khallaf, & Zantout, 2018).

Corporate Ethical Identity

Each organization has an identity which distinguishes it from other organizations. Basically, corporate identity is a synonym of name, logo and visual identification of corporate (Bendixen & Abratt, 2007). Gray & Balmer (1998) explained that corporate identity is a reality and uniqueness of an organization which is related to organization image and reputation through corporate communication both internally and externally.

Cornelissen & Elving (2003) compiled a conceptual framework for corporate identity dimention. According to them, corporate identity consisted of strategy construct (communicated vision and mission), structure (overall structure of relationship between internal and external), and culture (understanding, ideology, and similarity symbolized both internally and externally).

Islamic banks need to have corporate identity, particularly regarding ethical identity because theirbusiness philosophy foundations is closely related to religion (Haniffa & Hudaib, 2007). Furthermore, Haniffa & Hudaib (2007) established ethical identity benchmarksfor Islamic banks. (Haniffa & Hudaib, 2007) introduced EII (Ethical Identity Index) to assess the extent to which Islamic banks communicate their ethical identity in annual report. Ethical identity benchmarks established by Haniffa & Hudaib (2007) is as follows.

a. The underlying values and philosophy.
   Islamic banks conducted operating activities such as funding, investing, and profit-sharing activities must be based on Shari'ah principles in Qur'an and Al-Hadith. By revealing activities based on Shari'ah principles, it was expected to stakeholders will have more confidence to savetheir money or capital to Islamic banks. In addition, Islamic banks need to disclose all aspects of good corporate governance, management profiles, and so on.
b. Provision of interest-free products and services
   Shari'ah principle prohibits *riba* in making agreements, buying and selling transactions, as stated in Qur'an (surah Al-Baqarah, 2: 275-278; Al-Baqarah, 2: 287; Ali 'Imran, 3: 130; An -Nisa ', 4: 161; Ar-Rum, 30: 39). One form of riba is interest given by banks. Bank interest is contrary to Shari'ah principles because there is additional money on loans or overpayments which results in emergence of exploitation against one party. Therefore, Islamic banks need to disclose extent to which products and services offered are interest-free and have received review from Shari'ah Supervisory Board.
c. Islamically acceptable deals
   In practice, Islamic banks must strive to avoid any speculative transactions or excessive risk (*gharar*), such as investment in future market since the consequences is not known (Haniffa & Hudaib, 2007)
d. Focus on developmental and social goals.
   Islamic banks are expected to be more socially responsible than conventional banks, as Islam emphasises social justice (Haniffa & Hudaib, 2007). Responsibility of Islamic banks is not only to customers , but also to employees and wider community. The form of responsibility of Islamic banks are to distribute zakat, shodaqah, and benevolent funds in order to contribute improving economics. In addition, Islamic banks also need to pay attention to aspects to improve employee welfare.
e. Reviews by Shari'ah Supervisory Board.
   Each Islamic Bank has Shari'ah Supervisory Board to ensure that bank operates in accordance to Shari'ah principles. Shari'ah Supervisory Board was chosen from an *Ulama* who understands *muamalah fiqh* and finance or banking in general.

Corporate Governance

Corporate governance is a structural protection, procedural, and cultural system which designed to ensure that corporate was operating in best long-term interests for stakeholders (Fombrun, 2006). Corporate governance is important for all companies, especially for Islamic banks. Because, these institutions have moral dimensions to their commercial transactions (Alam, Gupta, & Shanmugam, 2017). Indonesia government has regulations to govern the implementation of good corporate governance (GCG) for Islamic banks. This regulation was stated in *Peraturan Bank Indonesia No 11/33/PBI/2009*.

Besides being used in order to build healthy and resilient Islamic bank industry, *Peraturan Bank IndonesiaNo 11/33/PBI/2009* also is an effort to protect stakeholder interest and to improve compliance toregulations and ethical values that applies generally to Islamic banking industry (*Peraturan Bank Indonesia no 11 of 2009*). It also explainedGCG implementation in Islamic banks refers to five basic principles; openness/transparency, accountability, responsibility, professional and fairness. The fundamental difference which distinguishes corporate governance applied by Islamic banks and conventional banks is compliance toShari'ah principles that must be fulfilled by Islamic banks.

The Board structure in Indonesia corporate is hold two-tier system (Wardhani, 2006). Based on this system, management and supervision function was carried out by separate and different board. Supervisory function was carried out by Board of Commissioners while management function is carried out by Board of Directors. In Islamic banks there was another boardand commitee that supports good corporate governance mechanisms, namely Shari'ah Supervisory Board and Audit Committee.

a. Board of Commissioners
   Board of commisioners have role to supervise corporate in general and/or specific accordance to statutes and to provide advice to Directors (*Undang-Undang No 40, 2007*). Rahman et al. (2016) argued that Board of Commisioner is one of important element in corporate governance and is responsible to supervising and regulating organization to ensure that management organization has been managed well. One important aspect of this mechanism is number of members in Board of Commisioners. Based on *Surat Edaran Otoritas Jasa Keuangan No 10 /SEOJK.03/2014*, the number of member in Board of Commisioner is at least three person and at most equal to the number of members in Board of Director.
b. Board of Directors
   Undang-Undang No 40 Tahun 2007 defined Board of Directors as an corporateorgan who are authorized and fully responsible to management for benefit of corporate, in accordance to the purposes and objectives of corporate and to represent corporate, both inside and outside the board in accordance to its rules. *Peraturan Bank Indonesia No 11 Tahun 2009* stated that Directors was fully responsible to the implementation of Islamic banks management based on prudence and Shari'ah principles. Board of Directors also have obligation to manage Islamic bank in accordance to its authority and responsibilities as stipulated in laws and regulations (*Peraturan Bank Indonesia No 11, 2009*). *Surat Edaran Otoritas Jasa Keuangan No 10 /SEOJK.03/2014* regulated governance structure for the number of members in Board of Director. It stated that members in Board of Directorisat least three person.
c. Shari'ah Supervisory Board
   Shari'ah Supervisory Board is a board who providing advice and suggestions to Board of Directors and supervising all of activities of Islamic banks in order to comply with Shari'ah principles (*Peraturan Bank Indonesia no 11, 2009*). Meanwhile, (A. A. Rahman & Bukair, 2013) stated the main task of Shari'ah Supervisory Board is to review and monitor religious aspects of Islamic bank transactions, services and products. Shari'ah Supervisory Board have same role as audit committee and external auditor.
   There were some international term commonly used to refer Shari'ah Supervisory Board, such as Shari'ah Supervisory Council, Religious Control Committee, Fatwa and Shari'ah Supervisory Authority Board, Shari'ah Committee, Shari'ah Council, dan Shari'ah Advisor. Members of Shari'ah Supervisory Board must also have a minimum number of members and specific qualifications in order to support the effectiveness of implementation to Shari'ah principles on Islamic banks. Based on *Surat Edaran Otoritas Jasa Keuangan No 10 /SEOJK.03/2014*, the number of members in Shari'ah Supervisory Boardis at least two person or at most fifty percent of members of Director. In addition, it

also emphasized the need to have at least one person in compliance function and one person in internal audit function who has knowledge and/or understand the Islamic banking operations.

d. Audit Committee

Audit Committee was formed in order to improve reliability of financial statements for companies whose securities are publicly traded (Klein, 2018). In corporate governance mechanism, the formation of Audit Committee was carried out by Board of Commissioners. Therefore, chairman position in Audit Committee is usually occupied by Board of Commissioners from an independent party. In addition, *Surat Edaran Otoritas Jasa Keuangan No 10 /SEOJK.03/2014* required composition of Audit Committee to include an independent party who is an expert in financial accounting and an independent party who is an expert in Islamic banking field.

The Size of Board of Commissioners and Ethical Identity Disclosure in Islamic Banks

Board of Commissioners is a main organ of supervisory function in corporate operations, so this organ has important position in corporate governance. In this regard, the adequacy of number of members in Board of Commissioners received more attention. The greater number in board creates a better influence on disclosure in banking corporation (Rahman et al., 2016). The increasing size of Board of Commissioners, it will be easier to control CEO (top management) and the supervision will be more effective (Charles & Chariri, 2012). It was supported to Akhtaruddin, M.A. Hossain, Hossain, & Yao (2009)'s arguments who stated that large-sized board are seen as effective governance mechanisms to improve transparency and disclosure.

Previous study by Rahman et al. (2016) found that the size of board have a significant effect on ethical identity disclosure in Islamic banks in Malaysia and Bahrain. (Akhtaruddin et al., 2009) found that there was a positive correlation between size of board and voluntary disclosure in annual reports of listed companies in Malaysia.

Dias, Rodrigues, & Craig (2017) conducted a study on whether one of characteristics of corporate governance, namely the size of Board of Commissioners, could influence thesocial responsibility disclosure for 51 companies listed in Portugal. The result showed that the size of Board of Commissioners is positively related to corporate social responsibility disclosure. It showed greater number of members in board will reveal more information than fewer numbers of members (Dias et al., 2017). It was hoped that Islamic Bank, which has a greater number of Commissioners, is also able to disclose complete information related to its ethical identity. Thus, first hypothesis is formulated as follows.

H_1: The size of Board of Commissioners has a positive effect on Islamic bank'sethical identitydisclosure.

The Size of Board of Directors and Ethical Identity Disclosure in Islamic Banks

The number of members in Board of Directors is one of important determinants about information disclosure in banks. The more number of members, it can increase corporate value because the bigger number of members, the more variety of expertise in the corporate (Qoyum, Mutmainah, Setyono, & Qizam, 2017). The increasing number of members in board will increase the variety of expertise and experience in corporate, so that the need for information disclosure will increase (Akhtaruddin et al., 2009). Kesner & Dalton (1986) also stated that executive directors will influence management decisions. One form of management decision is decision to reveal ethical identity disclosure of corporate.

Pebriana & Sukartha (2012) study found that the composition of Board of Directors has a significant effect on social responsibility disclosure for 44 companies listed on Indonesia Stock Exchange. By having a greater number of members in Board of Directors, Islamic banks are expected to disclose more complete information, especially related to ethical identity disclosure of corporate. Therefore, second hypothesis is formulated as follows.

H_2: The size of Board of Directors has a positive effect on Islamic bank ethical identity disclosure.

The Size of Shari'ah Supervisory Board and Ethical Identity Disclosure in Islamic Banks

The number of members in Shari'ah Supervisory Board determines the level of ethical identity disclosure in Islamic banks. The more members of Shari'ah Supervisory Board will provide more effective monitoring and more consistent to Shari'ah rules and principles (Qoyum et al., 2017; Rahman & Bukair, 2013). Farook & Lanis (2005) study showed the number of members in Shari'ah Supervisory Board as a component of Islamic governance can affect level of social responsibility disclosure inIslamic banks annual report.

Ningrum, Fachrurrozie, & Jayanto (2013) found the size of Shari'ah Supervisory Board influence Islamic social reporting disclosure. Synergy in the board with large membership can gather their ideas and perspectives to obtain better application of Islamic law, especially about disclosure (Farook & Lanis, 2005). As such, the more members in Shari'ah Supervisory Board the more effective supervisionof operations carried out by Islamic banks, including ethical identitiydisclosure. Therefore, the third hypothesis formulated as follows.

H_3: The size of Shari'ah Supervisory Board has a positive effect on Islamic bank ethical identity disclosure.

The Size of Audit Committee and Ethical Identity Disclosure in Islamic Banks

Audit Committee has an important role in implementation of good corporate governance. Audit Committee is expected to improve transparency and disclosure of corporate (Akhtaruddin et al., 2009; Sahama, Khlif, & Hussainey, 2015). Ho & Wong (2001) argued that existence of Audit Committee can significantly influence corporate disclosures. Because, the greater size of Audit Committee, the role of Audit Committee in controlling and monitoring to top management will be more effective (Charles & Chariri, 2012). A similar argument by Bedard & Gendron (2010) which stated that more and more Audit Committees tend to bring diversity of views, skills and knowledge to ensure effective supervision. One form of supervision carried out is related to disclosure by management.

Madi, Ishak, & Manaf (2014) and Sahama et al. (2015) provided empirical evidence the size of Audit Committee has a positive influence and significantly on voluntary disclosure. Meanwhile, Li et al. (2012) found the size of Audit Committee has positive relationship to the intellectual capital disclosure. In the context of disclosure, the greater members of Audit Committee in Islamic banks are expected to increase Islamic banks ethical identity disclosure. Therefore, fourth hypothesis formulated as follows.

H_4: The size of Audit Committee has a positive effect positive effect on Islamic bank ethical identity disclosure.

METHOD

Data Collection Techniques

The data used in this study was secondary data obtained from annual report for 2013 – 2018 period that available in each Islamic bank's website. To determine sample, this study used purposive sampling technique with certain criterias as follows.

1. Indonesian Islamic banks which published their annual reports.
2. Indonesian Islamic banks which published annual report in year 2013 – 2018.
3. Availability of data on variable to be examined in annual report.

Based on predetermined sample criteria, all of Islamic banks in Indonesia have met specified criteria. Therefore, this study takes the overall Islamic banks in Indonesia as a sample as follows:

Table 1. Sample

No.	Islamic Bank	Criteria 1	Criteria 2	Criteria 3
1.	BCA Shari’ah	√	√	√
2.	BNI Shari’ah	√	√	√
3.	BRI Shari’ah	√	√	√
4	BJB Shari’ah	√	√	√
5.	Maybank Shari’ah	√	√	√
6.	Muamalat Shari’ah	√	√	√
7.	Panin Shari’ah	√	√	√
8	Mandiri Shari’ah	√	√	√
9.	Mega Shari’ah	√	√	√
10	Victoria Shari’ah	√	√	√
11.	Bukopin Shari’ah	√	√	√

Variable Definition and Measurement

Independent Variable

The size of Board of Commissioners is the number of Board of Commissioners members in Islamic banking as measured by calculating the number of members in Board of Commissioners listed in the annual report.

The size of Board of Directors is number of Board of Directors members in Islamic banking as measured by calculating the number of members in Board of Directors listed in the annual report.

The size of Shari’ah Supervisory Board is number of Shari’ah Supervisory Board members in Islamic banking as measured by calculating the number of members inShari’ah Supervisory Board listed in the annual report.

The size of Audit Committee is number of Audit Committee members on Islamic banking as measured by calculating the number of members in Audit Committee listed in the annual report.

Dependent Variables

Ethical identity disclosure is information disclosed by corporates in their annual report consisting of five themes and eight dimensions (Haniffa & Hudaib, 2007). The five themes of ethical identity include underlying philosophy and values, interest-free products and Islamically acceptable deals, developmental and social goals, and reviews by Shari’ah Supervisory Board (DPS).

Analytical Techniques

Data analysis was conducted using Ethical Identity Index (EII) and multiple linear regression analysis. EII was used to measure level of ethical identity disclosure, while multiple linear regression analysis was used to examine determinants of ethical identity disclosure (Haniffa & Hudaib, 2007). The formulation are shown in the following.

$$EIIj = \frac{\sum_{t=1}^{nj} Xij}{nj}$$

Information:

EII*j*	:	Ethical Identity Index
X*ij*	:	Value 1 if ith construct or item is disclosed, 0 if ith construct or item is not disclosed

n*j*	:	Number of constructs or items disclosed by *j*th Islamic banks (n*j* <= 78)

After measuring level of ethical identity disclosure, multiple regression analysis conducted to examine the effect of independent variables on dependent variable. The equation was shown as follows.

$$EID_{it} = \alpha + \beta 1 S\_BOC_{it} + \beta 2 S\_BOD_{it} + \beta 3 S\_SSB_{it} + \beta 4 S\_AC_{it} + e_{it}$$

Information:

EID*it*	:	Ethical Identity Disclosure by *i* Islamic bank at *t*-year
S_BOC*it*	:	Size of Board of Commisioners by *i* Islamic bank at *t*-year
S_BOD*it*	:	Size of Board of Directors by *i* Islamic bank at *t*-year
S_SSB*it*	:	Size of Shari'ah Supervisory Boards by *i* Islamic bank at *t*-year
S_AC*it*	:	Size of Audit Commitees by *i* Islamic bank at *t*-year
E*it*	:	Error term by *i* Islamic bank at *t*-year

The hypothesis testing used Individual Parameter Statistics Test (*t-test*). To decide whether the hypothesis are supported or not supported, we based on *t-test* value and significance level. If *t-test* valueis greater than *t-table value*, and significant at 5% significance level, then the hypothesis is supported. If *t-test* valueis less than *t-table value* and significant more than 5% significance level, then the hypothesis is not supported.

RESULT AND DISCUSSION

Descriptive statistics

Table 2 showed the size of Board of Commissioners variable has minimum value of 2, maximum value of 6, mean of 3.65, and standard deviation of 0,953. The size of Board of Directors variable has minimum value of 2, maximum value of 7, mean of 4,17, and standard deviation of 1,075. The size of Shari'ah Supervisory Board variable has minimum value of 2, maximum value of 3, mean of 2.33, and standard deviation of 0.487. The size of Audit Committee variable has minimum value of 2, maximum value of 7, meanof 3.64, and standard deviation of 0.475. The ethical identity disclosure variable has minimum value of 0.37, maximum value of 0.81, mean of 0,6336, and standard deviation of 0.09961.

Table 2. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std.Deviation
Size of Board of Commissioners	66	2	6	3.65	0,953
Size of Board of Directors	66	2	7	4,17	1,075
Size of Shari'ah Supervisory Board	66	2	3	2.33	0.475
Size of Audit Committee	66	2	7	3.70	1,052
Ethical Identity Disclosure	66	0.37	0.81	0,6336	0.09961

Disclosure Level of Ethical Identity

Ethical identity disclosure was measured by using Ethical Identity Index (EII) developed by Haniffa & Hudaib (2007). Ethical identity disclosure in Indonesian Islamic banks's annual report of 2013 until 2018 was ranked based on
EII scores. The results of ethical identity disclosure ranking in Islamic banks are shown in the following table.

Table 3. Ranking of Item Disclosured

No.	Islamic Banks	Number of Items Disclosed						Average item	Rank Number of Items
		2013	2014	2015	2016	2017	2018		
1.	BCA Shari'ah	40	43	46	44	47	52	45,3	8
2.	BNI Shari'ah	54	57	55	59	59	61	57,5	2
3.	BRI Shari'ah	42	44	48	53	53	54	49	7
4	BJB Shari'ah	35	36	37	49	46	50	42,2	11
5.	Maybank Shari'ah	29	37	44	48	47	51	42,7	10
6.	Muamalat Shari'ah	49	50	55	57	59	58	54,7	3
7.	Panin Shari'ah	51	50	55	53	49	53	51,8	4
8	Mandiri Shari'ah	54	56	59	62	63	60	59	1
9.	Mega Shari'ah	53	54	44	51	54	54	51,7	5
10	Victoria Shari'ah	43	43	32	46	45	47	42,7	9
11.	Bukopin Shari'ah	50	47	48	49	55	55	50,7	6
Average per year		45,5	47	47,5	51,9	52,5	54,1		

Table 3 showed average number of items disclosed have an increased from 45.5 in 2013, 47 in 2014, 47,5 in 2015, 51,9 in 2016, 52,5 in 2017 then in 2018 it was 54,1. The highest average number of items disclosed during 2013 - 2018 was Mandiri Shari'ah with 59 items, while the least average number of items disclosed was BJB Shari'ah with 42,2 items. Based on total items of disclosure (n = 78), it showed Mandiri Shari'ah revealed 59% of total items, while BJB Shari'ah only revealed 42,2% of total items.
Meanwhile, the results of EII was shown in Table 4 below.

Table 4. Ranking of EII Disclosure

No.	Islamic Banks	Number of Items Disclosed						EII Average	Rank EII
		2013	2014	2015	2016	2017	2018		
1.	BCA Shari'ah	0,51	0,55	0,59	0,56	0,60	0,67	0,58	8
2.	BNI Shari'ah	0,69	0,73	0,71	0,76	0,76	0,78	0,74	2
3.	BRI Shari'ah	0,54	0,56	0,62	0,68	0,68	0,69	0,63	7
4	BJB Shari'ah	0,45	0,46	0,47	0,63	0,59	0,64	0,54	11
5.	Maybank Shari'ah	0,37	0,47	0,56	0,62	0,6	0,65	0,55	10
6.	Muamalat Shari'ah	0,63	0,64	0,71	0,73	0,76	0,74	0,70	3
7.	Panin Shari'ah	0,65	0,64	0,71	0,68	0,63	0,68	0,66	4
8	Mandiri	0,69	0,72	0,76	0,79	0,81	0,77	0,76	1

Table 4. Ranking of EII Disclosure

	Shari’ah								
9.	Mega Shari’ah	0,68	0,69	0,56	0,65	0,69	0,69	0,66	5
10	Victoria Shari’ah	0,55	0,55	0,41	0,59	0,58	0,6	0,55	9
11.	Bukopin Shari’ah	0,64	0,6	0,62	0,63	0,71	0,71	0,65	6
Average per year		0,58	0,60	0,61	0,67	0,67	0,69		

Based on EII results, the average number of EII from 2013 until 2018 ranged from 0,58 to 0,69. During 2013, the average EII was 0,58, 0,60 in 2014, 0,61 in 2015, 0,67 in 2016, 0,67 in 2017 then 0,69 in 2018. It indicated an increase in number of ethical identity items revealed by Islamic Banks. Table 4 showed that from 2013-2018 Mandiri Shari’ah obtained the highest EII. The EII of Mandiri Shari’ah was 0,69 in 2013, 0,72 in 2014, 0,76 in 2015, 0,79 in 2016, 0,81 in 2017 and 0.77 in 2018. Meanwhile, BJB Shari’ah in 2013 until 2018 earned the lowest EII rank with score was was 0,45 in 2013, 0,46 in 2014, 0,47 in 2015, 0,63 in 2016, 0,59 in 2017 and 0,64 in 2018.

Hypothesis Testing Results

The results of hypothesis testing was shown in Table 5 below.

Table 5. Hypothesis Testing Results

EID*i* = α + β1S_BOCit + β2S_BODit + β3S_SSBit + β4S_ACit + eit

Variable	**Coefficient**		**t-statistics**
Size of Board of Commissioners	0,020	**	2,395
Size of Board of Directors	0.633		-0,479
Size of Shari’ah Supervisory Board	0,071	**	-1.837
Size of Audit Committee	0,008	*	2,733
Adj R-square = 0,172			
F-statistics = 4,386 **			
***, **, * indicated that coefficient of variable was significant at 0.01, 0.05, and 0.1 level			

Hypothesis 1 stated that the size of Board of Commissioners has positive effect on Islamic banks ethical identity disclosure. The result showed the size of Board of Commissioners variables have a negative effect (t = 2,395) and significant at 0.05 level on ethical identity disclosure. Therefore, hypothesis 1 was supported. Hypothesis 2 stated that size of Board of Directors has negative effect on Islamic banks ethical identity disclosure. The result showed size of Board of Directors has a negative effect (t = -0,479), and was not significant on ethical identity disclosure, so that hypothesis 2 was not supported.

Hypothesis 3 stated that size of Shari’ah Supervisory Board has a negative effect on Islamic banks ethical identity disclosure. The result showed the size of Shari’ah Supervisory Board has a negative effect (t = -1.837) and significant at 0.05 level on ethical identity disclosure. Therefore, hypothesis 3 was not supported. Hypothesis 4 stated that size of Audit Commitee has a positive effect on Islamic banks ethical identity disclosure. The result showed size of Audit Committee has a positive effect (t = 2,733) and significant at 0.01 level on ethical identity disclosure. Therefore, hypothesis 4 was supported.

The Size of Board of Commissioners and Ethical Identity Disclosure in Islamic Banks

Based on hypothesis testing, the result was in line with previous studies by Akhtaruddin et al. (2009), Charles & Chariri (2012) and Dias et al. (2017) which showed that the size of Board of Commissioners has a positif effect on level of disclosure. The increasing size of Board of Commissioners, it will be easier to control CEO (top management) and the supervision will be more effective (Charles & Chariri, 2012). Therefore, it might increased to disclose complete information, especially related to its ethical identity.

The Size of Board of Directors and Ethical Identity Disclosure in Islamic Banks

The results of this study was not in line with previous study by (Pebriana & Sukartha, 2012). On the other hand, this result study was in line with Prawinandi, Suhardjanto, & Triatmoko (2012) and Qoyum et al. (2017) which showed that the number of members in Board of Directors has no effect on disclosure. Because, in policy formulation regarding disclosure of ethical identity, the corporate only involves their management team, so the Board of Directors is not overly interfere in this case.

The Size of Shari'ah Supervisory Board and Ethical Identity Disclosure in Islamic Banks

Based on hypothesis testing, the resultwas not in line with previous studies by Farook & Lanis (2005) and Ningrum et al. (2013). Their studies showed the number of Shari'ah Supervisory Board influences the level of disclosure in Islamic bank's annual report. The number of Shari'ah Supervisory Board members both in compliance and internal audit functions is less likely to strengthen responsibilities of Shari'ah Supervisory Board in their respective functions. Meanwhile, a greater number of members in Shari'ah Supervisory Board has potential to cause overlapping duties, authorities and responsibilities of Shari'ah Supervisory Board.

The Size of Audit Committee and Ethical Identity Disclosure in Islamic Banks

Based on hypothesis testing, the resultwas not in line with previous studies by Prawinandi et al. (2012) and Adams, Licht, & Sagiv (2011). The greater size of Audit Committee, the role of Audit Committee in controlling and monitoring top management will be more effective Charles & Chariri (2012) including to encourage management to disclose corporate ethical identity.

CONCLUSION

The results suggest that Islamic banks ethical identity disclosure was still quite low. This study showed that the size of Board of Commissioners and Audit Committee has a positive and significant effect on Islamic banks ethical identity disclosure. The size of the size of Shari'ah Supervisory Board has a negative and significant effect on Islamic banks ethical identity disclosure. In addition, this study also provide evidence that the size of Board of Directors does not affect on Islamic banks ethical identity disclosure.

In terms of practice and managerial, this study is expected to have contribution for Islamic banks in Indonesia to increase ethical identity disclosure. In order to ensure ethical identity disclosure has been carried out optimally, Islamic banks also need to improve a good corporate governance mechanism. It aimed to improve the image and competitiveness of Islamic banks as a whole. In addition, the result of this study also have implications for policy makers about the effectiveness of Audit Committee in the process of corporate disclosures (Li, Mangena, & Pike, 2012).

This study has several limitations. First, from the aspect of methodology this study only referredtoIslamic bank'sannual report to analyze ethical identity disclosure. Therefore, further research should not only explores disclosure in annual report, but also use other sources, such as corporate's website. The second limitation was instruments used in analizing ethical identity disclosure have not used weighted method, so each component of index has the same level of measurement. Future research can consider the use of weights for each component of index. Thus, it can improve the quality measurement of Islamic banks ethical identity disclosure. In addition, this study also provides suggestions for further research to examine corporate governance mechanisms more comprehensively.

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