Jurnal Akuntansi dan Auditing Indonesia
https://journal.uii.ac.id/JAAI

Corporate governance structure, firm characteristics and voluntary disclosure: The case of Indonesian sharia compliant companies

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ARTICLE INFO

Article history:
Received 2024-03-17
Accepted 2024-11-18
Published 2024-12-19

Keywords:
Islamic voluntary disclosure, Jakarta Islamic Index 70, corporate governance structure, audit firm type.

DOI:
https://doi.org/10.20885/jaai.vol28.iss2.art2

ABSTRACT

The study aims to examine the influence of corporate governance structure that includes ownership structure, board of directors' size, board of commissioner's size, and audit firm type to the Islamic voluntary disclosure (IVD) in the Indonesian sharia-compliant companies listed on Jakarta Islamic Index 70 (JII70). Voluntary disclosure in this study is measured using the Islamic disclosure index. This study analyses the data using multiple regression. The results show that the board of directors' size significantly positively affects Islamic voluntary disclosure, while the ownership structure, type of audit firm and board of commissioners' size do not significantly affect the extent of Islamic voluntary disclosure. These results imply that voluntary disclosure is very dependent on the will of internal parties. The board of directors can encourage wider disclosure, especially in sharia aspects, thereby further emphasizing its status as a sharia compliance company.

Introduction

The transparency of information is the expectation of stakeholders to be able to assess the company's condition, both financial or non-financial aspects. Annual reports and financial statements become a means for companies to dictate the information they have. According to (Vitolla et al., 2020), there are differences in interests between stakeholders and management, where stakeholders want overall information transparency, while management will tend to keep some information to maintain confidentiality from competitors. That difference in interests can give rise to information asymmetry. Voluntary disclosure is considered to reduce information asymmetry (El-Diftar et al., 2017)

Voluntary disclosure is information beyond mandatory information that must be disclosed by the company, which helps provide more information to stakeholders related to reference companies (Zamil et al., 2021). The extent to which the information will be disclosed depends on management policy. This is because there is no standard governing what companies must disclose beyond the mandatory disclosures that must be made. According to Nugraheni & Anuar, 2014), one of the manager's considerations regarding information disclosure is that the benefits obtained are much higher than the costs incurred.

According to previous research, several factors can influence the extent of voluntary disclosure made by management. Corporate governance structures such as ownership structure, board of directors, and board of commissioners can influence the policy of the company to have voluntary disclosure (Qa'dan & Suwaidan, 2019; El-Diftar et al., 2017; Elfeky, 2017; Nugraheni & Anuar, 2014). The first factor influencing voluntary disclosure is the ownership structure. The more shares owned by the public, the greater the pressure companies face to disclose more information in their annual reports. This is because the greater the portion of public ownership, the more parties will need information about the company, so the more detailed information items are required to be disclosed in the annual report (Nugraheni & Anuar, 2014).

The board of directors size is the number of directors included in the company boards. The more board of directors members, the wider the shareholder representation is. Therefore, shareholder demand for transparency will increase. The directors' greater representation is likely to positively affect company information disclosure policies (Salehi et al., 2017). The third factor influencing voluntary disclosure is the size of the board of commissioners size. The board of commissioners controls the management performance and monitors its effectiveness (Serly & Zulvia, 2019). As the shareholders' representatives, the board of commissioners must have the same vision and mission among the members in carrying out their duties and responsibilities. Therefore, the board of commissioners has a strong power to ensure the company's management is well managed.

P ISSN 1410-2420 | E ISSN 2528-6528

Apart from that, the type of audit firm can also influence how widely the company discloses voluntary information (Elfeky, 2017). An audit firm is usually associated with audit quality and reputation. Good audit firms will maintain their reputation by maintaining quality and results audits. The results of Elfeky (2017) provide evidence that audit firm type significantly influences the level of voluntary disclosure.

This study examines the influence of corporate governance structure on voluntary disclosure in Sharia-compliant companies. The corporate governance structure in this study includes aspects of ownership structure, board of commissioners, and board of directors, as well as independent variables of audit firm type. This study tries to accommodate the elements of the CG structure by involving all components.

The samples in this study are sharia compliance companies. Indonesia is a country whose majority of the population is Muslim. The awareness of Muslim investors about investing in companies whose activities do not conflict with Sharia principles is also increasing. Therefore, sharia-compliant companies are one of the leading choices of Muslim investors to invest. There are differences in characteristics between conventional and Sharia-compliant companies in terms of the company's main activities, the type and nature of products and services, and financial ratios involving interest-based loans. Those characteristics may affect the level of disclosure. Sharia-compliant companies are also expected to focus on financial performance and sustainability aspects (social and environmental) that remain within the framework of Sharia. In addition, Islamic values prioritizing transparency, justice, and accountability can be explored by looking at the information disclosures made.

A company's social responsibility regarding its Sharia compliance status is a concern to society, and there is a demand for the company to disclose more information (Othman & Thani, 2010). Therefore, sharia-compliant companies were chosen because of limited studies on the disclosure practices of sharia-compliant companies. Most Indonesian papers discuss voluntary disclosure of listed companies on the Indonesia Stock Exchange as their research objects (Hermawan & Mulyawan, 2014; Nuswantara & Pramesti, 2020; Purbawangsa et al., 2020), not specifically on Islamic-compliant companies.

Moreover, research on voluntary disclosure in Islamic entities also focuses more on Islamic banks, as Islamic financial institutions are better known by society. Therefore, this study uses a sample of Sharia-compliant companies, specifically companies included in the Jakarta Islamic Index 70, which consists of 70 of the most liquid Islamic stocks listed on the Indonesian Stock Exchange (IDX). In addition, the measurement of voluntary disclosure will adopt the items from (Othman & Thani, 2010), who specifically designed the items of voluntary disclosure for sharia-compliant companies in Bursa Malaysia. It becomes relevant because Sharia-compliant companies and Islamic banks have different main activities. Thus, the results of this study are expected to be a reference for Muslim investors to be more confident in investing in Sharia-compliant companies that not only perform well financially but also have extensive voluntary disclosures.

Literature Review

Agency Theory

Agency theory explains the relationship between agents (company management) and principals (shareholders) (Jensen & Meckling, 1976). In an agency relationship, there is a contract in which the party gives the mandate (principal) orders the agent to act on behalf of the principal and gives the agent authority to make the best decisions for the principal. Principals as owners of capital, have access rights to internal company information, while agents carry out company operations and have real and comprehensive information about the company's operations and performance.

Agents do not have full authority in decision-making. Strategic, long-term, and global decisions must involve the principal as the company's owner. However, the existence of a contractual relationship between the two parties can lead to manipulation to increase the utility of each (conflict of interest) or the possibility of the agent acting not in accordance with the principal's interests (Jensen & Meckling, 1976). This conflict of interest arises because each individual or party has diverse objectives regarding their position and interests towards the company. In addition, agents have more information about their capacity, work environment, and overall prospects for the company than the principal. Thus, the possibility of an agent acting not in accordance with the principal's interests can cause information asymmetry (Vitolla et al., 2020).

Agency problems emerge because of differences in positions, interests, and backgrounds between the principal and agent. An agency conflict can harm the principal because the owner is not directly involved in managing the company, soe does not have access to adequate information (Chaudhary, 2022). According to Zamil et al. (2021), shareholders can pressure managers to improve performance and reduce information asymmetry. Therefore, the agent (manager) is expected to provide the principal (owner) with complete company information. Voluntary disclosure is one way to reduce the information asymmetry.

The companies included in the list of Sharia-compliant companies on the IDX must fulfill the provisions of the regulator, including items that must be disclosed (mandatory disclosure). However, voluntary disclosure is also essential because it gives additional information to investors or shareholders and other stakeholders such as the community and customers. Moreover, sharia-compliant companies are also expected to disclose broader information that is not only ordinary operational activities but also related to sharia principles. Thus, managers are expected to understand stakeholders' interests to this disclosure.

Voluntary Disclosure

Disclosure is essential for the company since the information in the annual report will be used as a basis by users of financial statements to determine proper and tactical decisions. Therefore, the disclosure must be complete, precise, accurate, and show the actual condition of the company (Digdowiseiso et al., 2022). The disclosure aims to provide useful data to those who need it and avoid any asymmetry information. The information that must be disclosed depends on the standards required by the company.

The type of disclosure is divided into two: mandatory and voluntary disclosure. Mandatory disclosure represents all information disclosures government regulations require in the Appendix to Bapepam-LK's Decree No. *Kep*-431/BL/2012 includes a summary of critical financial data, a report from the board of commissioners, a directors' report, and a company profile.

Akhtaruddin & Haron (2010) said that voluntary disclosure is the disclosure that is beyond what is required. Voluntary disclosure is a choice of management that provides relevant information for manufacturing decisions by the users of its annual report. Investors use disclosures for investment decision-making (Braam & Borghans, 2014). However, mandatory information disclosed is now deemed insufficient; therefore, voluntary disclosure becomes very important for investors to make a precise decision. Signaling theory underpins this voluntary disclosure since information signals investors and creditors to understand the investment risk.

Insufficient and incomplete information will affect the satisfaction of investors and creditors. It is hoped that the information disclosed by the company is reliable, complete, and timely. Therefore, management attempts to disclose with considering some confidential information. It should be disclosed to investors and shareholders if the information is considered good news. Management is also interested in conveying information that can enhance the credibility and success of the company even though the information is not required (El-Diftar et al., 2017). The main aim of voluntary disclosure is to provide necessary information related to the company, both financial and non-financial data (Zamil et al., 2021).

Jakarta Islamic Index 70 (Jii70)

Jakarta Islamic Index (JII70) is a stock index collection of several companies whose business activities do not conflict with Sharia principles. JII70 was launched by the Indonesia Stock Exchange on 17 May 2018. This index is expected to be a benchmark for the performance of Sharia-based stocks and to further develop the Sharia capital market in addition to the Jakarta Islamic Index (JII) (Adnan et al., 2023). JII 70 consists of 70 shares selected from companies that comply and in accordance with the Sharia principle. Therefore, JII 70 can guide investors in choosing Sharia stocks with good financial performance, high market capitalization and company growth potential (idxislamic.idx.co.id).

The review and selection of JII70 constituents is held twice a year, in May and November. Indonesia Stock Exchange determines and selects which shares will be included in the JII70, using the following criteria (FSA, 2020):

1) A group of shares included in Indeks Saham Syariah Indonesia (ISSI) has been recorded for more than 6 months.
2) 150 shares were chosen based on the highest market capitalization average during the last year.
3) Out of the 150 shares, there will be 70 shares chosen based on the highest daily transaction value on average in the regular stock market.
4) Selected 70 stocks are the final JII70 constituents for that period.

Hypotheses Development

The Effect of Ownership Structure on Voluntary Disclosure

The ownership structure primarily influences voluntary disclosure (Zamil et al., 2021). The ownership structure shows that capital structures are determined by the amount of debt and equity and the percentage of ownership by managers and institutions (Utama et al., 2017).

Companies may experience financial pressure in the future, which is strongly influenced by the company's ownership structure. Therefore, the shareholders will pressure the companies to disclose more information to discharge their accountability to society (Ousama & Fatima, 2010). Different interests between principals and agents will influence the ownership structure in determining the level of voluntary disclosure. Therefore, a low concentration of ownership has an incentive to disclose more information. It will help shareholders monitor and control the management. A company with a low concentration of ownership has high pressure to disclose more information. It is because the percentage of ownership held by many individuals may encourage companies to disclose more information to help shareholders monitor and control management (Qa'dan & Suwaidan, 2019). The

shareholders (principals) need to be informed through disclosure that the agent (management) has protected the interests of shareholders related to the company's performance, primarily to ensure that the company's activities do not conflict with Sharia. Nugraheni & Anuar (2014) and Serly & Zulvia (2019) found that ownership structurally affects voluntary disclosure. Based on the analysis above, the following hypothesis can be formulated:
H_1: Ownership Structure positively affects the voluntary disclosure of sharia-compliant companies.

The Effect of Boards of Directors' Size on the Voluntary Disclosure

The board of directors has to determine the company's policy and strategy regarding the company's resources, including the level of voluntary disclosure. Therefore, the board of directors has excellent power in managing all resources within the company. The more members of the directors' board, the more comprehensive the representation of shareholders is. Shareholders' demand for disclosure is usually more significant, so the greater the representation of the directors, the more likely it is to positively affect the company's information disclosure policy (Ratnawati, 2019).

Qa'dan and Suwaidan (2019) concluded that a large directors' board would increase the possibility of recruiting directors with different education and experience and positively influence voluntary disclosure. With a large number of directors, they can also identify the interests of shareholders, including the need for information on company activities, both mandatory and voluntary, so that there is no information asymmetry as described in agency theory. Vitolla et al. (2020) also found that board size positively correlates with integrated reporting quality. Therefore, the formulation of the hypotheses is:
H_2: Board of directors size positively affects the voluntary disclosure size of Sharia-compliant companies.

The Effect of Boards of Commissioners Size on the Voluntary Disclosure

The board of commissioners is a company organ with full responsibility and management authority. The function of the Board of Commissioners includes the independent commissioner, among others, to supervise the board of Directors in achieving company goals and temporarily dismiss the board of directors if necessary. The board of commissioners can assess the company's performance broadly and thoroughly. The bigger size of the board of commissioners will consist of professionals with different backgrounds and perspectives so that the contribution of ideas and thoughts will be more diverse. Companies with large boards of commissioners will be less likely to have business failures (Harvidiyan & Dianawati, 2020). The large number of boards of commissioners can encourage the company to be more transparent in disclosing information so that they can assess the board of directors' performance as an agents who is expected to fulfill the principal's interests according to agency theory. It includes information needs related to the suitability of operational activities with Sharia principles.

Nindiasari (2021) stated that the Board of Commissioners is strongly related to voluntary disclosure. Hafidzi (2019) found that the size of the commissioners' board positively influences corporate social disclosure. Therefore, the following hypothesis can be formulated:
H_3: Board of Commissioners size positively affects the voluntary disclosure size of Sharia-compliant companies.

The Effect of the Type of Audit Firm on the Voluntary Disclosure

Audits conducted by external auditors can increase the credibility of financial information, which directly supports better corporate governance practices through transparency of financial reporting. The audit firm type is classified into two groups, namely Big 4 audit firm and non-Big 4 audit firm. The Big 4 audit firms consist of 4 biggest audit firms by revenue globally. They are Ernst & Young (EY), Deloitte, PricewaterhouseCoopers (PWC), and KPMG. The Audit firm is usually associated with the quality and reputation of the audit. (Elfeky, 2017) argue that companies audited by Big 4 audit firms tend to disclose and reveal extensive information beyond mandatory disclosure since Big 4 audit firms require high standards to safeguard their reputation while also providing stakeholders with more information. Therefore, Big Four Audit Firm was identified in the literature as auditors of higher quality than non-Big Four auditors (Elfeky, 2017; Nindiasari, 2021).

The agency theory emphasizes that companies with enormous agency costs will involve large audit companies (Chaudhary, 2022) since the principals may be more convinced if their company is audited by top-flight audit firms, thus reducing these costs. In addition, auditors are appointed by shareholders at its annual general meeting so that by law, they are accountable to shareholders. Failure to carry out this responsibility within the line may lead to a lawsuit and the consequences in the Hereafter.

Big Four Audit Firm is well known by the public and has a good reputation. Therefore, large audit firms may motivate their clients to disclose more information to safeguard their reputations. Consequently, the type of audit firm can influence the policies and practices of their clients. The study by Nanda and Nahumury (2018) shows a positive relationship between audit firm type and voluntary disclosure. Based on the analysis above, the following hypothesis can be formulated:

H_4: Audit firm type positively affects the voluntary disclosure of Sharia-compliant companies.

Research Method

The object of this research is companies listed in the Jakarta Islamic Index 70 (JII70). The type of data used in this study is secondary data. The data were gathered from the annual reports of the companies listed in Jakarta Islamic Index 70 from 2018 to 2020. Data sources were obtained from the Indonesia Stock Exchange (IDX) website's official website or the companies' websites. In this study, the sampling technique was carried out based on purposive sampling with the criteria as follows: (1) the company was registered in JII70 during 2018-2020, (2) the company published the annual report in 2018-2020, and (3) the annual reports have complete data that are needed in this study.

The dependent variable of this study is the voluntary disclosure of Sharia-compliant companies. Voluntary disclosure in the annual report is measured by the disclosure index, which compares the total scores of company disclosures with the maximum disclosure score that can be achieved by a company using a particular index. This study will use the voluntary disclosure index adopted from Othman & Thani (2010), who studied Islamic social reporting in Malaysian companies. This study uses the index because the items are in accordance with the object of this study, which refers to Sharia-compliant companies in JII70. The voluntary disclosure index in this study consists of 6 themes (finance and investment, products and service, employee, society, environment, and corporate governance) with 43 disclosure items. Each disclosure point in this study has a value of 1 or 0. If the company discloses the item, the score is 1; otherwise, if the company does not disclose it, the score will be 0. The most significant value is 43, and the smallest is 0 for each company each year. After scoring on the voluntary disclosure index has been completed, the disclosure level can be determined using the following formula:

$$\text{Disclosure Level} = \frac{\text{Fulfilled Total Disclosure Score}}{\text{Maximum Total Score}}$$

The independent variables in this study are ownership structure, board of directors size, board of commissioners size, and audit firm type. The measurement for each independent variable is presented in Table 1.

Table1. Measurement of Independent Variables

Independent variables	Measurement
Ownership structure	- Score 0 if the company has majority Ownership (an owner owned 50% of shares in the company) - Score 1 if the company has non-majority ownership (no single owner with more than 50% of shares in the company)
Board of directors size	Total number of the board of directors members in a company.
Board of commissioners size	The total number of the board of commissioners members in a company.
Audit firm type	- Score 0 if the financial statement is audited by other than the big 4 audit firms - Score 1 if the big 4 audit firms audit the financial statement

Analysis of Data

This study analyses the data using multiple regression that consists of descriptive statistics, classic assumption test, and hypothesis testing, including coefficient determination, F-test, and t-test. Descriptive statistical analysis is conducted to assess data characteristics such as mean values, minimum values, and maximum values. Classic Assumption Tests conducted in this study are normality, multicollinearity, autocorrelation, and heteroscedasticity tests. The coefficient of Determination (R^2) test is used to determine the percentage of the influence of independent variables on the dependent variable. A simultaneous significance test (F-test) shows whether all independent variables included in the regression model have a joint influence on the dependent variable, and a t-test is used to determine the influence of each independent variable in explaining the dependent variable.

The regression equation in this study can be formulated as follows:

$$\text{VD} = \boldsymbol{\alpha} + \beta_1 OS + \beta_2 DB + \beta_3 CB + \beta_4 AF + e$$

Explanation:
α = Constant
$\beta_1\beta_2\beta_3\beta_4\beta_5\beta_6$ = Coefficient Regression
VD= Voluntary Disclosure
OS = Ownership Structure
DB= Number of Directors Board

CB = Number of The Commissioners Board
AF = Type of Audit Firm
e = Error

Result and Discussion

The object of this study is the companies listed in the Jakarta Islamic Index 70 (JII70). Data sources are obtained from the Indonesia Stock Exchange (IDX) official or companies' websites. The data in this study is from 27 companies for 2018-2020, or 81. Descriptive statistical test results can be seen in Table 2.

Table 2. Descriptive Statistics

Variables	Minimum	Maximum	Mean	Std. Deviation
Ownership Structure	0	1	0.160	0.369
Board of Directors Size	3	11	6.140	1.686
Board of Commissioners Size	3	10	5.540	1.574
Audit Firm Type	0	1	0.680	0.470
Voluntary Disclosure	0.350	0.720	0.609	0.071

Ownership Structure has a minimum value of 0 and a maximum value of 1. The board of directors size has a minimum value of 3 members, a maximum value of 11 members, and a mean value of 6.140. The Board of Commissioners size has a minimum value of 3 members, a maximum value of 10 members, and a mean value of 5.5432. The minimum number of board of directors and board of Commissioners (3 members) is in accordance with the regulator's provisions, which state that both boards have at least two members. The audit firm type has a minimum value of 0 and a maximum value of 1. Voluntary disclosure has a minimum value of 0.35, a maximum value of 0.72, and a mean value of 0.6085. Companies do not disclose some items, especially those related explicitly to Islamic principles such as usury, gharar, and qard hassan. Voluntary information disclosed includes environment, employee, and corporate governance. This study also conducted the classical assumption test, fulfilling them.

Table 3 shows the result of the coefficient determination, F-test, and t-test. The value of coefficient determination (adjusted R^2) is 0.173 or 17.3%. This means that four independent variables can explain 17.3% of dependent variables. The rest of 82.7% (100% - 17.3%) is influenced by other variables outside the research model. The result of the simultaneous test (F-test) shows that the significant value is 0.001 < alpha (0.05). This means that all independent variables, namely ownership structure, audit firm type, board of directors size, and board of commissioners size, are affected simultaneously by the dependent variable, voluntary disclosure.

Table 3. Multiple Regression Results

Variables	B	Std. Error	t	Sig.
(Constant)	0.471	0.033	14.24	0.000
Ownership Structure	0.005	0.020	0.229	0.820
Board of Directors Size	0.015	0.005	3.096	0.003
Board of Commissioners Size	0.007	0.005	1.353	0.180
Audit Firm Type	0.012	0.017	0.722	0.473
F-Value	5.175			
F-Sig. value	0.001			
R Square	0.214			
Adjusted R Square	0..173			

For the partial test (t-test), the result shows that the ownership structure has a coefficient value of 0.024 and a significant value of 0.820 > alpha (0.05). This means that the ownership structure does not significantly affect voluntary disclosure. Thus, the first hypothesis is rejected. One reason is that the demand for public disclosure is relatively weak. When the company is owned by many individuals (individual ownership), it tends to focus on the profit earned, showing its success. As long as there is no problem with disclosure, individual owners will not question the disclosures made so far.

The results of this study support the research of Nugraheni and Anuar (2014) and Habbash et al. (2016). Nugraheni and Anuar (2014) found that ownership structure does not influence the VD in Sharia and non-Sharia-compliant companies in Indonesia. The study of Habbash et al. (2016) confirms that family firms tend to disclose more information since the families wish to improve their family's image and position and to create prestige within the community. Therefore, regardless of its ownership structure, the company will attempt to disclose its information voluntarily to provide adequate trust to shareholders.

The board of directors size has a coefficient value of 0.360 and a significant value of 0.003 < alpha (0.05). This means that the size of the board of directors positively affects voluntary disclosure. Thus, the third hypothesis is accepted. This means that the size of the board of directors can influence the extent of voluntary disclosures of information. This finding supports the agency theory concept that board independence is an effective corporate governance measure that can promote and improve voluntary disclosure.

The board of directors has experience and special managerial skills and is appointed directly by the shareholders, in which they can ensure that management performance is beneficial. The results of this study support previous research by Karagül et al. (2010) and Qa'dan and Suwaidan (2019), who found that board size is positively associated with the extent of voluntary disclosure. The significant positive association between board size and the quality of disclosures appears to imply that a more giant board would provide the corporation with more expertise and knowledge in both Islamic and managerial fields, resulting in a more transparent corporate environment (Haji & Ghazali, 2013).

The hypothesis that states the board of commissioners's size positively affects voluntary disclosure of Sharia-compliant companies is not supported. The board of commissioners size has a positive coefficient value of 0.146 and a significant value of 0.180 > alpha (0.05). This means that the size of the board of commissioners does not significantly affect voluntary disclosure. Thus, the fourth hypothesis is rejected. The results of this study support previous research by Nugraheni et al. (2022), who found that the board of commissioners's size does not affect corporate governance disclosure. Meanwhile, this study is inconsistent with Hafidzi (2019), who found that the size of the board of commissioners has a significant influence on voluntary disclosure. According to Nugraheni et al. (2022), the lack of experience and knowledge of the members of the board of commissioners regarding voluntary disclosure items will make them less focused on this disclosure. In addition, the board of commissioners is more focused on monitoring the company's compliance with regulations, so voluntary disclosure cannot be encouraged directly because it is at the board of directors' discretion.

The audit firm type has a coefficient value of 0.082 and a significant value of 0.473 > alpha (0.05). It means that audit firm type does not affect voluntary disclosure. Thus, the second hypothesis is rejected. The audit firm type does not affect the voluntary disclosure of Sharia-compliant companies. This means that companies audited by audit firms that have a reputation and are incorporated within the Big 4 audit firm do not affect the extent of voluntary disclosure of information. These results align with the study conducted by Nugraheni and Anuar (2014). According to Agyei-Mensah (2019), one of the possible reasons is that the excellent quality of services provided by the Big-4 Audit Firm makes companies try to fulfill all obligations requested by regulators, including mandatory disclosure so that voluntary disclosure is no longer a focus.

Conclusion

The primary objective of this study is to test a theoretical framework relating four firm characteristics (i.e. ownership structure, audit firm type, board of directors' size, and board of commissioners' size) with the size of the voluntary disclosure provided by the listed firms on Jakarta Islamic Index 70. The results show that the ownership structure, type of audit firm, and board of commissioners size are not significantly associated with the extent of Islamic voluntary disclosure. At the same time, the size of the board of directors significantly positively affects the extent of Islamic voluntary disclosure.

This study has several implications. Firstly, the findings can give the company some insight into whether the determinants of this research are integral to their business strategy. It can lead to some shifting on the company disclosure policy to accommodate with what investors need. Secondly, it can give investors a different perspective and input; to some extent, it can be helpful in their decision-making regarding investing and fair resource allocation. These results also imply that voluntary disclosure depends on the will of internal parties (board of directors) while pressure from external parties (in this case, the audit firm, ownership structure, and board of commissioners) has little influence on voluntary disclosure. It can be taken into consideration by shareholders to determine the appropriate number and composition of the board of directors so that they can accommodate the interests of other stakeholders by disclosing more comprehensive information. For the regulators and authorities, it gives input to consider when formulating their policies and standards. They may also introduce new guidelines regarding the reporting standard for Sharia-compliant companies. As a result of the lack of regulations and guidelines on Sharia disclosure, some of the tested companies did not disclose information regarding Sharia compliance.

This study has several limitations. First, this study only focused on utilizing one source of information: the company's annual report. Other sources that could be useful for data collection represent the company's actual condition and value, such as press releases, publications, internet sources (websites, news portals, social media, etc.), and quarterly released financial reports. These information sources were not involved and included in this study, which eventually might be integral to complement the primary source. Second, this study uses only companies listed in JII 70. Future researchers can expand the samples, not limited to JII 70, but might also include other general indexes, to represent voluntary disclosure within Indonesia better.

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