

5. CONCLUSIONS, SUGGESTIONS, AND LIMITATIONS

5.1 Conclusions

The purpose of this study is to bridge the research gap related with the impact of board independence, ownership structure, cross directorships, and big 4 accounting firms towards voluntary disclosure in banking industry, as well as analyze the difference of Islamic and conventional banks in terms of voluntary disclosure. The sample used in this research comes from all conventional banks in Indonesia that meets sampling criteria which are totaled to 43 banks and also 12 Islamic Banks. The observation period is 4 years from 2014 until 2017. All the data are mostly gathered from Bloomberg Terminal and company's financial statement from company website or IDX website.

Independent variables used in this study are board independence, government ownership, managerial ownership, majority ownership, big 4 accounting firm, and cross directorships. The dependent variable used is voluntary disclosure. The control variables adopted are profitability, leverage, firm growth and risk committee.

A linear regression model developed in this research study using Gretl software to test the relationship between independent variables and dependent variable. The hypothesis test is done using weighted least square model, and the result can be concluded as follow:

1. Hypothesis 1 is rejected. Board Independence has insignificant role towards voluntary disclosure.
2. Hypothesis 2 is rejected. Government Ownership in banking industry is unable to affect voluntary disclosure significantly.
3. Hypothesis 3 is accepted. Managerial Ownership is shown to be having significant role towards voluntary disclosure
4. Hypothesis 4 is accepted. Majority Ownership of banks has significant correlation with voluntary disclosure.

5. Hypothesis 5 is accepted. Cross Directorship in banking industry is capable in significantly influencing voluntary disclosure.
6. Hypothesis 6 is accepted. Big 4 accounting firms have significant relation with voluntary disclosure.

The difference of conventional and Islamic Banks are found by using SPSS Software as shown in the Chapter 4. According to the results, it can be clearly seen that the conventional banks disclose more information compared to Islamic Banks. This is in contrast with the findings of Othman et al (2009) which says that there is a demand for more disclosure from Islamic Banks.

5.2 Suggestions

Based on research result, the following suggestions are made:

1. For management

According to the data collection results, there are still many banks that are yet to use big 4 for their external auditor. In order to increase the overall disclosures of banks, appointing big 4 as the external auditor is encouraged. As this can make more disclosures, therefore decreasing the information asymmetry for the investors. In this study, Big 4 is also proven to have a significant impact in influencing voluntary disclosure, thus management need to consider this. Cross directorships are shown to be having negative relationship with voluntary disclosures. In that case, management need to limit the number of directors with cross directorships wisely.

2. For investors

Investors should pay a comprehensive consideration before deciding which bank they would put their money into. Since this research result shows a varying level of disclosures of Indonesian banks. Avoid banks with little disclosures about their company as it can significantly increase potential of information asymmetry and uncertainty

3. For government

It is recommended for government to show the importance of disclosures for a company as some disclosures are voluntary, maybe through socialization or incentives for companies that are proven to be having more disclosures than the others. Government can also create a conducive situation for companies to learn more about corporate governance related regulations as well as strengthen the rules governing corporate governance to enforce disclosures.

5.3 Limitations

This research study is limited to some factors as explained below:

1. The sample used is chosen only from banking industry in Indonesia for the period of 2014 and 2017. Therefore, the result obtained from this research cannot be generalized. Moreover, the samples of Islamic banks are very few compared to the conventional banks therefore actually it can be a bit unfair.
2. Some of the data used in this research are collected manually from respective annual report. However, some are obtained directly from Bloomberg.
3. The sample used is banking industry only. Future research could consider voluntary disclosures from all sectors of business
4. This study only observed managerial ownership, majority ownership, and government ownership as the ownership structures proxy whilst more indicators can be investigated and assessed the relationship with voluntary disclosures. Therefore, future research may want to explore more regarding this topic can either find developed countries with more foreign-controlled companies or extend the ownership structures proxy, such as family, public, and institutional shareholders.