

CHAPTER IV

RESULTS AND ANALYSIS

4.1 Overview Objects

Islamic bank was a banking system that was developed based on sharia or Islamic law. The establishment of this system was based on Islamic law which prohibited 'riba', where it can not be guaranteed by the conventional banking system.

Islamic bank had to emerge as the first pioneer in the implementation of Good Corporate Governance (GCG) because Islamic bank brought the name of religion into business institutions. In the context of the implementation of good corporate governance in Islamic bank, Islamic bankers should really refer to the principles, economic values and Islamic business that had been applied by the Prophet. The principles in the GCG included transparency, accountability, responsibility, professional and fairness.

The population in this study consisted of all islamic general banks and islamic business units in Indonesia. This study used a sample of 24 Islamic banking firms. Twenty-four banks met the criteria required sample in this study. Annual report and partial report used the study that was published in 2010 and 2011.

4.2 Data Analysis

4.2.1 Descriptive Analysis Results

Descriptive statistic is used to know the character of the sample. The values generated from analysis. The analysis consists of the mean, standard deviation, maximum and minimum of the independent variables, namely size of the board of commissioner size (UDK), the number of the board of commissioners meeting (JRDK), the independent commissioner composition (KKI), the independent audit committee composition (KKAI), the number of the audit committee meeting (JRKA), institutional ownership (KI) and managerial ownership (KM) and the control variable was the value of the dependent variable Dummy BUS and Discretionary Accruals (AD). Descriptive statistics for the study variables were as follows:

Table 4.1
Descriptive Statistics

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
AD	48	.0508	-.0002	.0506	.009062	.0013098	.0090746	.000
UDK	48	7	2	9	4.71	.263	1.821	3.317
JRDK	48	55	2	57	16.35	1.762	12.210	149.085
KKI	48	.57	.43	1.00	.6298	.02383	.16510	.027
KKAI	48	.75	.25	1.00	.5871	.02679	.18563	.034
JRKA	48	35	0	35	11.52	1.163	8.056	64.893
KI	48	1.0000	.0000	1.0000	.431346	.0652340	.4519542	.204
KM	48	.0253	.0000	.0253	.001359	.0006599	.0045719	.000
Valid N (listwise)	48							

Sources: Secondary data was processed, 2013

Table 4.1 showed the descriptive variables by the number of valid data for each variable by 48 is as follows:

- a. Based on the table above it can be seen that the average value of discretionary accruals was 0,009062, in this case showed that the level of earnings management in Islamic bank was very low (close to 0). While the positive average value indicates the existing accruals in Islamic bank was raising profits. Negative discretionary accruals value can be seen in the minimum value was -0,0002. It means that the lowest sample has earnings management level that is -0,02%. The positive discretionary accruals value can be seen in maximum value was 0,0506. It means that the highest sample has earnings management level that is 5,06%. Standard deviation on discretionary accruals was 0,0090746. shows that sample or population value grouped around calculation mean, because the value is almost similar with Mean. Therefore, it can be concluded that each sample or population member has a similarity.
- b. The board of commissioner size (UDK) variable was indicated by the sample of 48 pieces, the lowest value was 2. It means that the lowest sample has 2 board of commissioner. The highest value was 9. It means that the highest sample has 9 board of commissioner. The average was 4,71 and a standard deviation was 1,821. It appeared that there were Islamic bank has the average number of commissioners was between 4 to 5 board of commissioners. It mean an average of a sample Islamic

banks that had to comply with good corporate governance mechanism, it was the board of commissioners.

- c. The number of the board of commissioners meeting (JRDK) variable indicated by a sample of 48 pieces, the lowest value was 2. the highest value was 57, the average was 16,35 and a standard deviation was 12,210. It appeared that Islamic bank met board of commissioners twice a year and some are doing board meetings 57 times a year. Average of Islamic bank was 16 times a year board of commissioners meeting. It showed that on average has complied with the provisions of minimum number of the board of commissioners meeting, it is at least 1 time in 2 months or 6 times a year, although there was Islamic banks did not met the provisions of the conduct board of commissioners meeting twice a year.
- d. The independent commissioner composition (KKI) variable indicated that the number of samples 48 pieces, the lowest value was 0,43, the highest value was 1,00, an average was 0,6298 and a standard deviation of 0,16510. It appeared that there were Islamic banks have 43% independent commissioners and there were Islamic banks that have independent commissioners up to 100% of the total number of commissioners. It showed that there was Islamic bank had commissioners which all of Islamic bank consisted of independent commissioners. It showed the percentage of independent commissioners on a sample of Islamic banks on average 62,98% of all commissioners

company. It mean an average of Islamic bank sample that had to comply with minimum independent board of commissioners that is 30% as required.

- e. The independent audit committee composition (KKAI) variable indicated that a sample of 48 pieces, the lowest value was 0,25, the highest value was 1,00, an average of 0,5871 and a standard deviation of 0,18563. It appeared that there was an independent committee of Islamic bank had 25% and there was Islamic bank that had independent commissioners up to 100% of the total number of audit committee. It showed that there was Islamic bank had audit committees composed of all independent audit committee. This showed that the percentage of independent audit committee on average 58.71% of all audit committee. It mean an average of Islamic bank had to comply with good corporate governance mechanism, namely the existence of an independent audit committee consisting of at least 2 independent audit committee.
- f. The number of the audit committee meeting (JRKA) variable indicated that a sample of 48 pieces, the lowest value is 0, the highest value is 35, the average is 11,52 and a standard deviation is 8,056. It appeared that Islamic bank did not tell you how many meeting of audit committee in a year and some Islamic bank met audit committee 35 times a year. Average Islamic banks conduct board meetings between 11 to 12 times a year. It mean that average of Islamic bank had to comply with good corporate governance mechanisms that perform audit committee

meetings, although there was Islamic bank did not told how many audit committee meetings in a year.

g. Institutional Ownership (KI) variable indicated that a sample of 48 pieces, the lowest value was 0, the highest value of 1, the average was 0,431346 and standard deviation of 0,4519542. It showed that the percentage of average managerial ownership on firm sample of 43%. It showed that Islamic bank to met Bank Indonesia Regulation No. 14/8/PBI/2012 about the shareholding, that is the maximum limit of share ownership category 40% of bank capital. It can increase the tenacity of the banking system through improved corporate governance mechanisms.

h. Managerial Ownership (KM) variables indicated that a sample of 48 pieces, the lowest value was 0, the highest value of 0,02533, the average was 0,001359 and a standard deviation was 0,0006599. It showed the percentage of managerial ownership in the sample companies on average 0.13%. The proportion was very small. It meant managerial ownership was a minority ownership.

4.2.2 Classic Assumptions Test

4.2.2.1 Normality Test

Kolmogorov-Smirnov test was used to determine the normal distribution or not. Kolmogorov-Smirnov test results based on the SPSS output, it presented in the appendix and showed the probability value or

significance level (p-value) variable indicates rate of more than 0.05, which it was normally distributed. The following table showed the test normality with Kolmogorov-Smirnov test was as follows:

Table 4.2
One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		48
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	.00776459
Most Extreme Differences	Absolute	.149
	Positive	.149
	Negative	-.107
Kolmogorov-Smirnov Z		1.032
Asymp. Sig. (2-tailed)		.237

a. Test distribution is Normal.

Sources: Secondary data were processed, 2013

Normality test results can be seen if Asymp. Sig (2-tailed) of 0.237 > criteria for significance (p-value) of 0,05, it proved the variable was normally distributed or fulfilled normality so that it can be used as a study.

4.2.2.2 Multicollinearity Test

Multicollinearity test was used to determine whether there was a strong correlation between the independent variables included in the model building. To detect whether a linear regression model had the multicollinearity can be identified by the Variance Inflation Factor (VIF) for each independent variabel, if an independent variable has a VIF value

> 10 meant that there has been multicollinearity. Multicollinearity appeared if there was a perfect relationship or certainly among some variables or independent variables in the model. Multicollinearity test for more details can be seen in the table below:

Table 4.3

Multicollinearity Test Results

Model		Coefficients ^a					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
B	Std. Error	Beta						
1	(Constant)	.015	.011		1.350	.185		
	UDK	.000	.001	-.186	-.876	.386	.405	2.467
	JRDK	8.008E-5	.000	.108	.720	.475	.818	1.222
	KKI	-.019	.010	-.350	-1.990	.053	.591	1.691
	KKAI	.017	.009	.351	1.945	.059	.561	1.781
	JRKA	.000	.000	-.288	-1.814	.077	.724	1.382
	KI	.007	.003	.354	2.211	.033	.714	1.400
	KM	-.373	.309	-.188	-1.208	.234	.757	1.321

a. Dependent Variable: AD

Sources: Secondary data was processed, 2013

Based on analysis of the data above, it can be concluded that all the variables did not have a problem with multicollinearity because VIF values were less than 10 and the tolerance was no less than 0,1, so the model can be said to be free of multico-linearity (if $VIF = 10$ Tolerance = $1/10 = 0,1$), the higher VIF the lower tolerance. Multicollinearity test results indicated all variables were free from multicollinearity. This case is appropriate with a requirement where multicollinearity is not occurred.

This all independent variables consisting of the board of commissioner size, the number of the board of commissioners meeting, the independent commissioner composition, the independent audit committee composition, the number of the audit committee meeting, institutional ownership and managerial ownership is proper to be used for this study.

4.2.3.3 Autocorrelation test

Autocorrelation test was used to determine whether there was any deviation autocorrelation classical assumptions, it was the correlation between the residuals in the observations with other observations in the regression model. Prerequisites must meet the absence of autocorrelation in the regression model. Method frequently used the Durbin-Watson test (DW test).

Table 4.4

Autocorrelation Test Results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.518 ^a	.268	.140	.0084166	2.116

a. Predictors: (Constant), KM, KKI, KI, JRDK, JRKA, KKAI, UDK

b. Dependent Variable: AD

Sources: Secondary data were processed, 2013

Autocorrelation test results (DW) was obtained for 2,116. Decision-making with Durbin Watson test can be done by first getting the value of dl and du in the Durbin Watson table, for $k = 7$ and $n = 48$. With decision-making as follows:

$0 < dw < dl$	= positive autocorrelation problems that need improvement
$dl < dw < du$	= positive autocorrelation but a weak, where improvements will be better
$du < dw < 4-du$	= no autocorrelation problem
$4-du < dw < 4-dl$	= weak autocorrelation problem, where the improvements will be better
$4-dl < d$	= serious autocorrelation problem

It obtained values of dl was 1,2245 and du is 1,8823 at significance level of 5%. Model declared free of interference models autocorrelation if $du < dw < (4-du)$ or $1,8823 < 2,116 < 2,1177$. It had met the requirements so that the model was declared free from interference autocorrelation, so all independent variables consisting of the board of commissioner size, the number of the board of commissioners meeting, the independent commissioner composition, the independent audit committee composition, the number of the audit committee meeting, institutional ownership and managerial ownership is proper to be used for this study.

4.2.2.4 Heteroscedasticity Test

Heteroscedasticity test was used to determine deviation classical assumption of heteroscedasticity, it was the inequality of the residual variance for all observations in the regression model. Prerequisites must meet the regression model that was the absence of symptoms heteroscedasticity. To test the heteroscedasticity that can be done by glejser test. Glejser test was done by regressing absolute residuals value ($AbsU_i$) to the other independent variables. If β was significant so it indicated heteroscedasticity in the model.

Table 4.5
Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.009	.007		1.201	.237			
	UDK	.000	.001	-.044	-.189	.851	-.120	-.030	-.028
	JRDK	-8.756E-7	.000	-.002	-.012	.990	-.051	-.002	-.002
	KKI	-.008	.006	-.235	-1.231	.226	-.018	-.191	-.181
	KKAI	.007	.006	.237	1.209	.234	.187	.188	.178
	JRKA	.000	.000	-.323	-1.873	.068	-.246	-.284	-.275
	KI	.001	.002	.119	.684	.498	.066	.108	.101
	KM	-.069	.201	-.058	-.342	.734	.089	-.054	-.050

a. Dependent Variable: AbsUi

Sources: Secondary data were processed, 2013

SPSS display results showed UDK, JRDK, KKI, KKAI, JRKA, KI, KM variabel had a significance value of 0,851; 0,990; 0,226; 0,234; 0,068; 0,498 and 0,734 which all are above 0,01. It meant there is was

heteroscedasticity in this model, all the independent variables included in this model variant that had the same distribution or homogeneous. This case is appropriate with a requirement where heteroscedasticity is not happened, so all independent variables consisting of the board of commissioner size, the number of the board of commissioners meeting, the independent commissioner composition, the independent audit committee composition, the number of the audit committee meeting, institutional ownership and managerial ownership is proper to be used for this study.

4.2.3 Hypothesis Test

In the absence of deviations from the classical assumptions, the results of the regression equation can be interpreted. Results of regression testing obtained as follows:

4.2.3.1 Multiple Linear Regression Analysis

Multiple linear regression analysis was used to quantify the influence of more than one predictor variables (independent variables) to the dependent variable. It was the results of calculations SPSS:

Table 4.6
Regression Analysis Results

		Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.014	.012		1.187	.242			
	UDK	.000	.001	-.128	-.488	.629	-.180	-.078	-.067
	JRDK	6.074E-5	.000	.082	.493	.625	.076	.079	.067
	KKI	-.019	.010	-.339	-1.886	.067	-.018	-.289	-.258
	KKAI	.017	.009	.348	1.908	.064	.271	.292	.261
	JRKA	.000	.000	-.278	-1.702	.097	-.211	-.263	-.233
	KI	.005	.006	.255	.833	.410	.207	.132	.114
	KM	-.378	.312	-.190	-1.210	.234	.053	-.190	-.165
	BUS	.002	.006	.115	.383	.704	.339	.061	.052

a. Dependent Variable: AD

Sources: Secondary data were processed, 2013

$$Y = 0.014 - (0.128 \text{ UDK}) + (\text{JRDK } 0.082) - (0.339 \text{ KKI}) + (0.348 \text{ KKAI}) \\ - (\text{JRKA } 0.278) + (\text{KI } 0.255) - (0.190 \text{ KM}) + (0.115 \text{ BUS}) + \epsilon$$

$\alpha = 0,014$, it showed good corporate governance the board of commissioner size or UDK (X_1), the number of the board of commissioners meeting or JRDK (X_2), the independent commissioner composition or KKI (X_3), the independent audit committee composition or KKAI (X_4), the number of the audit committee meeting or JRKA (X_5), institutional ownership or KI (X_6), managerial ownership or KM (X_7) and Islamic bank Dummy value or BUS considered constant then Discretionary Accruals (Y) had positive value.

$\beta_1 = -0,128$, it showed the board of commissioner size variable or UDK (X_1). UDK had negative influence, it meant that if UDK increased a unit so the Discretionary Accrual or AD (Y) will decrease by 0,128 with assuming other variables held constant.

$\beta_2 = 0,082$, it showed the number of the board of commissioners meeting variable or JRDK (X_2). JRDK had positive influence, it meant that if JRDK increased a unit so the Discretionary Accrual or AD (Y) will increased by 0,082 with assuming other variables held constant.

$\beta_3 = -0,339$, it showed the independent commissioner composition variable or KKI (X_3). KKI had negative influence, it meant that if KKI increased a unit so the Discretionary Accrual or AD (Y) will decrease by 0,339 with assuming other variables held constant.

$\beta_4 = 0,348$, it showed the independent audit committee composition variable or KKAI (X_4). KKAI had positive influence, it meant that if KKAI increased a unit so the Discretionary Accrual or AD (Y) will increase by 0,348 with assuming other variables held constant.

$\beta_5 = -0,278$, it showed the the number of the audit committee meeting variable or JRKA (X_5). JRKA had negative influence, it meant that if JRKA increased a unit so the Discretionary Accrual or AD (Y) will decrease by 0,278 with assuming other variables held constant.

$\beta_6 = 0,255$, it showed the institutional ownership variable or KI (X_6). KI had positive influence, it meant that if KI increase a unit so the Discretionary Accrual or AD (Y) will increase by 0,255 with assuming other variables held constant.

$\beta_7 = -0,190$, it showed the manajerial ownership variable or KM (X_7). KM had negative influence, it meant that if KM increased a unit so the Discretionary Accrual or AD (Y) will decrease by 0,190 with assuming other variables held constant.

$\beta_8 = 0,115$, it showed Dummy value of Islamic bank (control variable) or BUS. BUS had positive influence, it meant that if BUS increased a unit so the Discretionary Accrual or AD (Y) will increase by 0,115 with assuming other variables held constant.

The most dominant variable was the greatest influence Discretionary Accruals or AD, that was the independent audit committee composition or KKAI (X_4) because the highest regression coefficient is 0.348, it meant that if a unit increase KKAI the Discretionary Accrual or AD (Y) will increase 0.348 with assuming other variables held constant.

4.2.3.2 Individual Parameter Significance Test (Statistic t Test)

This test was used to determine of influence the significance of each independent variable or the board of commissioner size (UDK), the number of the board of commissioners meeting (JRDK), the independent commissioner composition (KKI), the independent audit committee

composition (KKAI), the number of the audit committee meeting (JRKA), institutional ownership (KI), managerial ownership (KM) and the control variable was the value Dummy Islamic bank (BUS) to the dependent variable Discretionary Accruals (AD) partially. The analysis using SPSS program is as follows.

Table 4.7
T Test Analysis Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.014	.012		1.187	.242			
	UDK	.000	.001	-.128	-.488	.629	-.180	-.078	-.067
	JRDK	6.074E-5	.000	.082	.493	.625	.076	.079	.067
	KKI	-.019	.010	-.339	-1.886	.067	-.018	-.289	-.258
	KKAI	.017	.009	.348	1.908	.064	.271	.292	.261
	JRKA	.000	.000	-.278	-1.702	.097	-.211	-.263	-.233
	KI	.005	.006	.255	.833	.410	.207	.132	.114
	KM	-.378	.312	-.190	-1.210	.234	.053	-.190	-.165
	BUS	.002	.006	.115	.383	.704	.339	.061	.052

a. Dependent Variable: AD

Sources: Secondary data were processed, 2013

Decision-making criteria are as follows:

- a. If $t \text{ count} > t \text{ table}$ or $-t < -t \text{ table}$ and level of significance (α) $< 0,05$, so the H_0 stated that there has no influence of independent variables to the dependent variable partially rejected. It mean partially independent variable had significant influence to the dependent variable.

- b. If $t \leq t$ table or $-t \geq -t$ tables and a significance level (α) $> 0,05$, so H_0 is accepted, which it mean partially independent variables had no significant influenced to the dependent variable.

Determined t table with $\alpha = 0.05$ and $n = 48$ obtained t table value of 2,01063 (two-way test). The results from table t test can be explained as follows.

a. Board of Commissioner Size

Table 4.5 shows that X_1 variable (UDK) $-t$ count = $-0,488 > -t$ table = $-2,01063$ and the sig. = $0,629 > 0,05$. It is indicated that board of commissioner size had no significant influence to discretionary accruals. It meant the board of commissioners failed to minimize the earnings management practices.

b. The Number of the Board of Commissioners Meeting

Table 4.5 shows that X_2 variable (JRDK) t count = $0,493 < t$ table = $2,01063$ and the sig. = $0,625 > 0,05$. It is indicated that the number of the board of commissioners meeting had no significant influence to Discretionary Accruals. It meant board of commissioners meeting failed to minimize the earnings management practices.

c. The Independent Commissioner Composition

Table 4.5 shows that X_3 variable (KKI) t count = $-1,886 > -t$ table = $-2,01063$ and the sig. = $0,067 > 0,05$. It is indicated that the independent commissioner composition had no significant influence to Discretionary Accruals. It meant that the establishment of an independent commissioner failed to minimize the earnings management practices.

d. The Independent Audit Committee Composition

Table 4.5 shows that X_4 variable (KKAI) t count = $1,908 < t$ table = $2,01063$ and the sig. = $0,064 > 0,05$. It is indicated that the independent audit committee composition had no significant influence to discretionary accruals. It meant formation of an independent audit committee failed to minimize the earnings management practices.

e. The Number of the Audit Committee Meeting

Table 4.5 shows that X_5 variable (JRKA) t count = $-1,702 > -t$ table = $-2,01063$ and the sig. = $0,097 > 0,05$. It is indicated that the number of the audit committee meeting had no significant influence to discretionary accruals. It meant doing an audit committee meeting failed to minimize the earnings management practices.

f. Institutional Ownership

Table 4.5 shows that X_6 variable (KI) t count = $1,702 < t$ table = $2,01063$ and the sig. = $0,410 > 0,05$. It is indicated that institutional ownership had

no significant influence to discretionary accruals. It meant institutional ownership failed to minimize the earnings management practices.

g. Manajerial Ownership

Table 4.5 shows that X_7 variable (KM) $t = -1,210 > -t \text{ table} = 2,01063$ and the $\text{sig.} = 0,064 > 0,05$. It is indicated that manajerial ownership had no significant influence to discretionary accruals. It meant that managerial ownership failed to minimize the earnings management practices.

4.2.3.3 Simultaneous Significance Test (Statistic F Test)

F test had been done to prove or determine the influence of jointly independent or independent variables, namely the board of commissioner size (UDK), the number of the board of commissioners meeting (JRDK), the independent commissioner composition (KKI), the independent audit committee composition (KKAI), the number of the audit committee meeting (JRKA), institutional ownership (KI), managerial ownership (KM) and the control variable was the value Dummy Islamic banks (BUS) to the dependent variable was Discretionary Accruals (AD) simultaneously. Decision-making criteria were as follows:

- a. If $F \text{ calculated} > F \text{ table}$ and the level of significance $(\alpha) < 0.05$, so H_0 which declare that all the independent variables did not influence simultaneously on the dependent variable, was refused. This meant that simultaneously all the independent variables influenced significant on the dependent variable.

- b. If the F calculated $< F$ table and the level of significance (α) > 0.05 , so H_0 was accepted, this means that simultaneously all the independent variables did not influence significant on the dependent variable.

F table set with $\alpha = 5\%$ or 0.05 , $n = 48$ and $k = 8$, then the results are as follows.

Numerator degrees of freedom: $k - 1 = 8 - 1 = 7$

The degree of the denominator: $n - k = 48 - 8 = 40$

With degrees of freedom numerator = 7 and denominator = 40 degrees, the value of F table was 2,10. The results of calculations with SPSS program are as follows:

Table 4.8

F Test Results Analysis

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	8	.000	1.809	.105 ^a
	Residual	.003	39	.000		
	Total	.004	47			

a. Predictors: (Constant), BUS, KKAI, JRKA, JRDK, KM, KKI, UDK, KI

b. Dependent Variable: AD

Sources: Secondary data were processed, 2013

Analysis of the results of the above calculation shows that the results calculated F value of 1,809 (see table 4.8) while the F table has a value of 2,10, as calculated F was less than F table ($1,809 < 2,10$), or the views of the $\text{sig.} = 0.105 > 0.05$, then H_0 was accepted so that it can be concluded that the free or independent variables, namely size the

board of commissioner size (UDK), the number of the board of commissioners meeting (JRDK), the independent commissioner composition (KKI), the independent audit committee composition (KKAI), the number of the audit committee meeting (JRKA), institutional ownership (KI), managerial ownership (KM) and the control variable was the value Dummy Islamic bank (BUS) had no significant influence together to the dependent variable Discretionary Accruals (AD).

4.2.3.4 Coefficient of Determination (R^2)

The coefficient of determination has to know the degree of influence in the form of a percentage of the independent variable or the independent variable has free or independent the board of commissioner size (UDK), the number of the board of commissioners meeting (JRDK), the independent commissioner composition (KKI), the independent audit committee composition (KKAI), the number of the audit committee meeting (JRKA), institutional ownership (KI), managerial ownership (KM) and the control variable has the value Dummy Islamic bank (BUS) to the dependent variable Discretionary Accruals (AD). The coefficient of determination (R^2) calculation results which had been processed with the SPSS program as follows.

Table 4.9**Analysis of The Results of The Coefficient of Determination (R^2)****Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.520 ^a	.271	.121	.0085079

a. Predictors: (Constant), BUS, KKAI, JRKA, JRDK, KM, KKI, UDK, KI

b. Dependent Variable: AD

Sources: *Secondary data were processed, 2013*

SPSS calculations R^2 test results indicated that the value of adjusted R Square of 0.121, it can be interpreted that the Discretionary Accruals (AD) was of 12.1% determined by independent or independent variables, namely size of the board of commissioner size (UDK), the number of the board of commissioners meeting (JRDK), the independent commissioner composition (KKI), the independent audit committee composition (KKAI), the number of the audit committee meeting (JRKA), institutional ownership (KI), managerial ownership (KM) and the control variable was the value Dummy Islamic bank (BUS) and the control variable is the value Dummy Islamic bank (BUS) while the remaining 87.9% (100% - 12.1%) affected by other variables.

4.3 Discussion

4.3.1 Partial Testing

As explained in the previous section that the present study used double regression in testing the proposed hypothesis. Hypothesis testing is done by examining the regression equity partially on each independent variable. The result of regression model testing is obtained partially as follows:

Table 4.10
The Result of Linear Regression Partial Testing

		Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			
		B	Std. Error	Beta			Zero-order	Partial	Part	
1	(Constant)	.014	.012		1.187	.242				
	UDK	.000	.001	-.128	-.488	.629	-.180	-.078	-.067	
	JRDK	6.074E-5	.000	.082	.493	.625	.076	.079	.067	
	KKI	-.019	.010	-.339	-1.886	.067	-.018	-.289	-.258	
	KKAI	.017	.009	.348	1.908	.064	.271	.292	.261	
	JRKA	.000	.000	-.278	-1.702	.097	-.211	-.263	-.233	
	KI	.005	.006	.255	.833	.410	.207	.132	.114	
	KM	-.378	.312	-.190	-1.210	.234	.053	-.190	-.165	
	BUS	.002	.006	.115	.383	.704	.339	.061	.052	

a. Dependent Variable: AD

Source: Processed secondary data, 2013

Table 4.10 shows that the seven independent variables consisting of the board of commissioner size, the number of the board of commissioners meeting, the independent commissioner composition, the independent audit committee composition, the number of the audit committee meeting, institutional ownership and managerial ownership indicated that no significant influence to discretionary accruals.

The detail of partial testing is explained in following sections:

a. The Influence of Board of Commissioner Size to Earnings Management Practice

Table 4.10 shows that board of commissioner size had no significant influence to earnings management practices. It is indicated that the board of commissioners failed to minimize the earnings management practices. These results were consistent with Wisnumurti study (2010) and Ujiyantho and Pramuka study (2007) which stated that the board size is not a variable that can strengthen or weaken the influence of information asymmetry to earnings management. The board of commissioner size was the number of commissioners on the company's role in controlling and responsible for the implementation of good corporate governance. The Board of Commissioners is not a major determinant of the effectiveness of the oversight of the company's management. However, the effectiveness of control mechanisms depends on the values, norms and beliefs which were accepted within an organization (Jennings 2004a; 2004b; 2005a; Oliver, 2004, in a Ujiyantho and Pramuka, 2007:16) as well as the role of the board of commissioners in controlling activities (monitoring) the management (Cohen, et al., 2004; Jennings 2005b, in Ujiyantho and Pramuka 2007: 16). Appointment of commissioners only met the rules but was not to enforce of good corporate governance. So that board size did not affect earnings management behavior which had been done by management (Wisnumurti, 2007:67).

b. The Influence of the Number of the Board of Commissioners Meeting to Earnings Management Practice

Table 4.10 shows that number of meetings of the board of commissioners had no significance influence to earnings management practices. It is indicated that board of commissioners meeting failed to minimize the earnings management practices. Although, on average, Islamic banks in 2010 and 2011 met of the board of commissioners did 16 to 17 in a year which meant that the number of board meetings had exceeded the specified criteria. As in Article 14 of the Regulation of Bank Indonesia. 11/33/PBI/2009 argued about the board meeting. In this article argued that the Board of Commissioners should be held at least 1 (one) times in two (2) months. This was not in line with the research Suhardjanto, Dewi, Rahmawati, Firazonia (2012) which stated that as a form of supervision, the number of meetings held by the board of commissioners gave more time to discuss the implementation of corporate governance. Board meeting were one space intensive to direct, monitor and evaluate the implementation of the bank's strategic policies in accordance with Article 9, PBI No.: 8/14/PBI/2006. Board meetings are held regularly and weighs can to provide added value for the company (Suhardjanto, Dewi, Rahmawati, Firazonia, 2012:26).

c. The Influence of the Independent Commissioner Composition to Earnings Management Practice

Table 4.10 shows that composition of independent directors had no significant influence to earnings management practices. It is indicated that the establishment of an independent commissioner failed to minimize the earnings management practices. These results were consistent with Siswantaya (2007), Wisnumurti (2010) and Setiawati (2013). It stated that the existence of independent commissioner in the board structure, only to met the requirements and obligation for companies that implemented good corporate governance (Setiawati, 2013:21). So that independent commissioner had no influence to management practices by management. Although, on average, Islamic banks in 2010 and 2011 had an independent commissioner of 62.98%, which meant that the proportion of independent commissioner had exceeded the specified criteria. As the Bank Indonesia regulation (PBI) 2006 that the number of independent commissioner should be at least fifty percent of the members of the board of commissioners.

Unaffected condition confirmed from the Asian Development Bank survey results which stated that the strength control of the company's founder and majority shareholder made no independent commissioners. Oversight functions should be the responsibility of board members to be influenceive. There was a possibility of placement or addition of board members from outside the company only met the formal provisions, while the majority shareholder (controlling / founders) still played an important role, so the

performance of the board was not increase and even decline (Boediono, 2005:183).

d. The Influence of the Independent Audit Committee Composition to Earnings Management Practice

Table 4.10 shows that independent audit committee composition variables had no significant influence to earnings management practices. It is indicated that formation of an independent audit committee failed to minimize the earnings management practices. These results were consistent with research Siswantaya (2007) and Subhan (2012). This was presumably due to the formation of an audit committee to comply the rules, out not to enforce good corporate governance. So that an independent audit committee has no influence on the earnings management practices by management (Siswantaya, 2007:54). That is because the selection of an independent audit committee members are still not clear and open, so that its independence is questionable (Mintara, 2008 in Suhardjanto, Dewi, Rahmawati, Firazonia, 2012:26). Selection of the audit committee in Indonesia may not consider the integrity and competence as an independent election commissioner. These factors can lead to a lack of understanding of the audit committee are independent of its role in overseeing management (Suhardjanto, Dewi, Rahmawati, Firazonia, 2012:26).

e. The Influence of the Number of the Audit Committee Meeting to Earnings Management Practice

Table 4.10 shows that the number of audit committee meetings had insignificant impact to earnings management practices. It is indicated that doing audit committee meeting failed to minimize the earnings management practices. This was not consistent with the research Suhardjanto, Dewi, Rahmawati, Firazonia (2012) and Setiawati (2013). That was because the duties and responsibilities of the audit committee in monitoring and evaluating the planning and execution of audits and follow-up monitoring of the results of the audit in order to assess the adequacy of internal controls including the adequacy of the bank's financial reporting process had not been properly implemented in accordance with Article 43, Regulation No. 8/4 / PBI/2006 (Suhardjanto, Dewi, Rahmawati, Firazonia, 2012:26). Setiawati (2013) stated that the meetings conducted by the audit committee was less effective, due to the dominance of the vote of the audit committee members are concerned with personal or company.

f. The Influence of Institutional Ownership to Earnings Management Practice

Table 4.10 shows that institutional ownership had no significant influence to discretionary accruals. It is indicated that institutional ownership failed to minimize the earnings management practices. These results were consistent with Siswantaya (2007) and Ujiyantho and Pramuka (2007). But this is not in line with the concept of Gideon (2005) but in line with the

concept presented by Cornett et al. (2006) in Ujiantho and Pramuka (2007:14) which stated that institutional ownership would make the manager feel bound to meet profit targets of the investors, so that they will still tend to engage in earnings manipulation. So that institutional ownership did not affect earnings management behavior by management.

g. The Influence of Manajerial Ownership to Earnings Management Practice

Table 4.10 shows that manajerial ownership had no significant influence to discretionary accruals. It is indicated that manajerial ownership failed to minimize the earnings management practices. The results were consistent with Siswantaya (2007) and Setiawati (2013). These results indicate that managerial ownership was a very small sample of 24 Islamic banks had an average managerial ownership of 0,13%. This small ownership made management had no control to the company. More management controlled the majority owner. The management was mostly controlled by majority owner so management just as an arm of the majority owner (Sujoko dan Soebiantoro, 2007:46).

4.3.2 Simultaneous Testing

Simultaneous testing result (see table 4.8) indicated that the board of commissioner size, the number of the board of commissioners meeting, the independent commissioner composition, the independent audit committee composition, the number of the audit committee meeting, institutional ownership and managerial ownership indicated that no significant influence together to discretionary accruals. It means that earnings management in

Indonesian Islamic banking was not influenced by the board of commissioners meeting, the independent commissioner composition, the independent audit committee composition, the number of the audit committee meeting, institutional ownership and managerial ownership. When we see from determination coefficient value (*Adjusted R Square*) 0,121 shows that the board of commissioners meeting, the independent commissioner composition, the independent audit committee composition, the number of the audit committee meeting, institutional ownership and managerial ownership have an influence on earnings management that is 12,1%, the others are 87,9% which influenced by the others variable.

This study indicated good corporate governance mechanism failed to minimize the earnings management practices. This study not consistent with the theory, that good corporate governance mechanism can minimize the earnings management practices.. However, the implementation of it was not easy, even it was difficult to perform optimally. There should be improvement continuously on implementing this mechanism to reach of the effective corporate governance mechanisms. From a variety of independent institute research indicate that the implementation of Good Corporate Governance in Indonesia was still very low, this was mainly caused to the fact that companies in Indonesia had not been entirely the Corporate Culture as the core of the Corporate Governance. It was considered that our corporate had not managed rightly, or in other words, we had not applied corporate governance (Kaihatu, 2006:9).