FACTORS AFFECTING THE *INTERNET FINANCIAL REPORTING* (Empirical Study on Insurance and Banking Company that is B under sharia in Indonesia and Malaysia)

Bustanul Ashar
Bustanulashar@gmail.com
Ilham Maulana Saud
Peni Nugraheni

Accounting Department Faculty of Economics and Business
University of Muhammadiyah Yogyakarta

ABSTRACT

This study aims to find empirical evidence related to the leverage, auditor reputation, efficiency, growth, internationalization, and board of commissioner's level of Internet Financial Reporting. The population in this study are all sharia-based companies in Indonesia and Malaysia. Sampling using purposive sampling method and obtained sample of 66 company data in Indonesia and 73 company data in Malaysia. Data analyzed in this research is multiple regression analysis using SPSS version 24.

The results of this study indicate that in Indonesia, the reputation of auditors and internationalization has a positive and significant impact on the Internet Financial Reporting while the leverage, efficiency, growth and education level of the board of commissioners have no significant effect on internet financial reporting. In Malaysia, the reputation of auditors, growth, and internationalization have a positive and significant impact on internet financial reporting while the leverage, efficiency and education level of the board of commissioners have no significant effect to internet financial reporting.
Keywords: Internet Financial Reporting, leverage, auditor reputation, efficiency, growth, internationalization, education level board of commissioners

A. PRELIMINARY

In the current era of modern technology development is very rapidly it is based on the enthusiasm of society in responding technology that emerged one by one, The rapid development of this technology very impacts in the field of communication media, through technological developments, the existence of this internet has resulted in the evolution of financial statements from conventional design in the form of a printed annual report into an internet-based contemporary financial report (Lipunga, 2014). *Internet Financial Reporting* or IFR is a method of disseminating corporate financial

information through the internet that is stored in company *website*, this is intended to bring closer relationships with investors, analysts, shareholders, or users of other financial statements (Amyulianthy, 2011).

According to data obtained from *Internet World Stats: Usage and Population Statistics* dated June 30, 2017, in table 1.1 that Asia is the first rated continent with the largest internet usage in the world with 1,938,075,631 of 4,148,177,672 populations or about 49.7% of the percentage of users internet worldwide, and according to data from *Internet world Stats: Usage and Population Statistics* are accessed on October 1, 2017, Indonesia is ranked 3rd country with the highest number of Internet users in Asia with a percentage of 6.8% after China 38.1 % and India 23.8%.

It cannot be generalized, however, that all enterprises in today's modern era choose IFR practices, at among several companies in Indonesia, there are companies that still maintain its financial reporting manually and there are also companies that only display information - specific information (Handoko, 2013). One factor companies tend not to implement IFR because there is no security that ensures the internet is free from abuse (Lestari, 2016). In other words, though it has many benefits there are some considerations that need to be paid attention to the company before choosing to implement IFR practices or not.

Based on the explanation of the background, the researcher tries to re-examine the factors that can affect IFR disclosure especially the factors that often appear in previous research studies related to IFR including *leverage*, auditor reputation, efficiency, internationalization, *growth*, and education level of the board of commissioners, although many researchers are doing research related to these factors, but previous studies have not been able to show consistent results. A title proposed in this study is " FACTOR FACTORS INFLUENCING *INTERNET FINANCIAL REPORTING* (Empirical Study on Sharia-based Insurance and Banking Companies in Indonesia and Malaysia).

FRAMEWORK AND THEORY OF HYPOTHESES

Agency Theory

Agency theory is the *basic* theory underlying the theory - a theory which is very often used by companies in the company's business practices. The theory is derived from the synergy of economic theory, decision theory, sociology theory, and organizational theory (Alghofur, 2014). The main principle in this theory is cooperation, namely the working relationship between the authorizing party and the authorized party. Basically, this theory seeks to overcome the differences in interests that occur between them, one of them by providing relevant accounting

information so as to maximize profits by considering the losses that may arise and impact on other parties (Marwati, 2016).

Signal Theory

The theory of signals is based on the assumption that the information received or the capture of information by each party is not the same; in other words, this theory is concerned with information asymmetry, further this theory explains the existence of information asymmetry. The signal theory basically explains how the company should signal to users the information; the signal can be a promotion or other information that explains that the company is better than other companies. in other words, to increase the value of the company, the company can minimize or prevent the existence of information asymmetry and one effort to respond to it is by applying the practice of IFR.

***Internet Financial Reporting* (IFR)**

Internet Financial Reporting or IFR is one of the methods applied by the company in order to support the value of the company through the internet media, by presenting reports through the internet. Companies are able to provide reports quickly, broadly, and can minimize costs compared to using traditional financial reporting methods. ***Leverage***

Leverage is the use of assets and sources *of funds* by companies that have fixed costs (fixed expenses) with a view to increasing the potential return of shareholders (Sartono, 2008). According to Irawati (2006), *leverage* is a policy undertaken by a company in terms of investment funds or obtain the source of funds accompanied by the burden / fixed costs to be borne by the company.

Auditor Reputation

In the Lestari (2016) study it is clear that auditors who have a great reputation and a good name can provide better audit quality. This is because the auditors who have a high reputation are said to be more careful in detecting financial reporting fraud, and on the other hand, they have the ability to withstand the pressure of the client and have a better strategy and audit process (Kristian, 2012).

Efficiency

The efficiency of the company is the ability of companies to use various assets effectively, generally the ratio usually used by the company to measure the level of efficiency of the company in empowering its

resources is the ratio of activity or receivable turnover ratio, but in the ratio of receivables turnover less effective used in the banking sector and insurance because both types of institutions generally do not conduct sales transactions like a trading company, but in the banking sector and insurance corporate efficiency can be measured through the financial ratios of a company such as ROA, ROE, or BOPO ratio.

Growth

Growth is an income that arises because of the increase in stock prices purchased or often also known as *capital-gain* but the income is not only derived from the stock but can also come from bonds. as according to Jannah (2015) *growth* is an increase or decrease in total assets owned by the company. Company growth is calculated as the *percentage* change of assets in a given year against the previous year.

Internationalization

Internationalization is a process whereby companies increase their international activities by having overseas subsidiaries (Johanson & Vahlne in Lestari, 2016). Companies at the level of internationalization, in general, have a lot of shareholders and the company is usually the company - the company owning the big names. In other words, companies that have internationalized are companies that have activities abroad and companies that already have activities abroad generally require substantial capital to maintain or expand its business (Handoko, 2013).

Education Level of Board of Commissioners

Experience is a learning process and the development of the potential for good behavior or can be interpreted as a process that leads to a higher pattern of behavior (Maulia, 2014). According to Robbins in Maulia (2014) experience can be gained directly from experience or practice or it could be indirectly, as from reading. thus someone who has high work experience will have advantages in some ways such as detecting faults, understanding mistakes or looking for causes of errors.

Decrease Hypotheses

Leverage* and *Internet Financial Reporting

According to the agency theory that with the high level of *leverage of* a company then the company will have an incentive to increase the disclosure of information to the users of information, the ie disclosure of corporate information through internet/company *website*. From previous studies in Agboola and Salawu (2012) and Alwi (2015) studies that found

that *leverage* variables did not affect IFR. However, different results were found by Lestari (2016), Anna (2013) and Hanifa and Rashid (2005) found that the *leverage* variable had *a* positive and significant effect on IFR, the results showed that if the company had high *leverage* levels then the company tended to have high IFR disclosure rate. Based on the theory and support the above research than in this study the proposed hypothesis:

H $_{1a}$: *leverage* has a positive and significant impact on IFR in sharia companies in Indonesia

H $_{1b}$: *leverage* has a positive and significant impact on IFR in sharia companies in Malaysia

Auditor Reputation and *Internet Financial Reporting*

Based on the signal theory that the use of reputable KAP is a positive signal of the company because the company is not directly interpreted by the public that the company has more accurate information (Lestari, 2015). In the Lestari study (2016) and Handoko (2013) found that the auditor's reputation has no effect on IFR. However, different things were found by Alwi (2015), Agboola and Salawu (2012) and Marwati (2016) who found that the auditor's reputation had a positive and significant impact on IFR, the results showed that if firms use high reputable KAP services, has a high level of IFR disclosure. Based on the description of theory and support from previous research hence in this research proposed hypothesis:

H $_{2\ a}$: The reputation of the Auditor has a positive and significant impact on IFR in sharia companies in Indonesia

H $_{2b}$: The Auditor's reputation has a positive and significant impact on I FR in sharia companies in Malaysia

Efficiency and *Internet Financial Reporting*

Based on the signal theory that the higher the ability of companies in managing their assets will be the higher level of investor confidence to the company will the level of efficiency that exists in the company that raises a positive signal for the company. In the Lestari study (2016) and Handoko (2013) found that efficiency had no effect on IFR, but different things were found in Aly *et al*. (2010), Marwati (2016) and Hidayah (2017) found that efficiency has a positive and significant impact on IFR, meaning that if the company has a high level of efficiency then companies tend to have high levels of IFR disclosure. From the description and

support of the research above, in this study formulated the following hypothesis:

H_{3a}: Efficiency has a positive and significant effect on IFR at sharia companies in Indonesia

H_{3b}: Efficiency has a positive and significant effect on IFR at sharia companies in Malaysia

Growth and *Internet Financial Reporting*

A signal theory states that the higher the growth rate of the company then it shows the company's better performance so that the company will issue a positive signal. In the study Jannah (2015), Sustainable (2016) and Anna (2013) found that the variable *growth* does not affect the IFR while the research Hanifa and Rashid and Amyulianthy (2011) found that *growth* positive and significant effect on the IFR, this means that if companies have high *growth* then companies tend to have high levels of IFR disclosure. Based on a description of the theory and support of research above, then in this study formulated the following hypothesis:

H_{4a}: *growth* has a positive and significant effect on IFR at sharia companies in Indonesia

H_{4b}: *growth* has a positive and significant impact on IFR in sharia companies in Malaysia

Internationalization and *Internet Financial Reporting*

In the agency theory explains that the company's management will try to reduce the cost as much as possible as a form of performance both the company and one of the access so that companies can reduce costs as much as possible in the delivery of financial statements is to apply IFR, by applying IFR it will provide convenience for both defend parties to pay a *relatively* small cost in order to convey and obtain financial statement information. In the research Handoko (2013) and Agboola and Salawu (2012) found that internationalization had no effect against IFR , but different things are found d nature of research Lestari (201 6), Alwi (2015) and Almila (2008) found that internationalization positive and significant effect on the IFR, this result has shown that if firms have done the internationalization of the companies tend to have high levels of disclosure IFR high . Based on a description of theory and

support from above research hence in this research formulated hypothesis as follows:

H_{5a}: Internationalization has a positive and significant impact on IFR in sharia companies in Indonesia

H_{5b}: Internationalization has a positive and significant impact on IFR in sharia companies in Malaysia

Education Level Board of Commissioners and *Internet Financial Reporting*

Based on agency theory that the board of commissioner's level of education will reflect maturity in solving company problems wisely so that it will mediate the various differences of interests that exist. In a study Gunawan and Hendrawati (2016) and Paramitha (2017) found that education level commissioners did not affect the IFR, but different results are found by Suhardjanto (2012), Annisa (201 3) and Nastiti & Pratiwi (2013) found that the level of education the board of commissioners has a positive and significant impact on IFR, these results indicate if the company has a board of commissioners with economic and business education background then companies tend to have high levels of IFR disclosure. Based on a description of the theory and support of the above research than in this study formulated the following hypothesis:

H_{6a} : The level of the board of commissioner education has a positive and significant impact on IFR in sharia companies in Indonesia

H_{6b} : The level of the board of commissioners education has a positive and significant impact on IFR in sharia companies in Malaysia

Effect of *leverage*, the reputation of auditor, efficiency, *growth*, internationalization, and level of the board of commissioner education towards *internet financial reporting*

Disclosure of *internet financial reporting* is an attempt by which a company reports information on its financial performance is present in the company of the company during a certain period. Each country has different disclosure-related cultures *internet financial reporting,* as well as for companies in Indonesia and Malaysia, in both countries there are some business environment differences such as the mindset of society, competitors, language, social, government and other differences, so companies in both countries will take different actions in achieving a good level of corporate performance (Arieza, 2016) . Based on

a description of the theory and support of the above research than in this study formulated the following hypothesis:

H $_{7}$: There is a difference in the effect of *leverage*, a reputation of the auditor, efficiency, *growth*, internationalization, and level of the board of commissioner's education on *internet financial reporting*

Research model

Figure 2.1

IFR Research Model in Indonesia

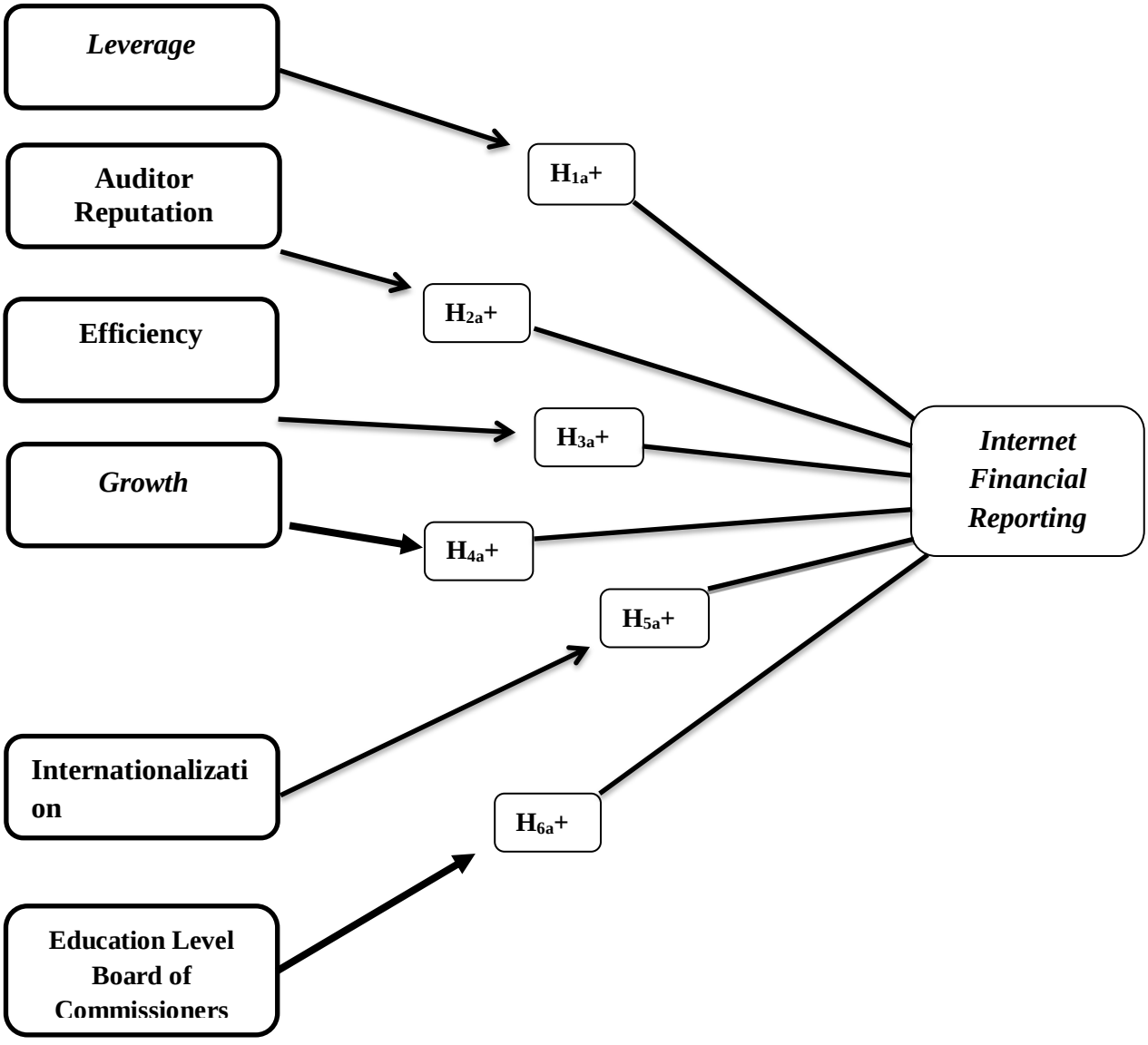
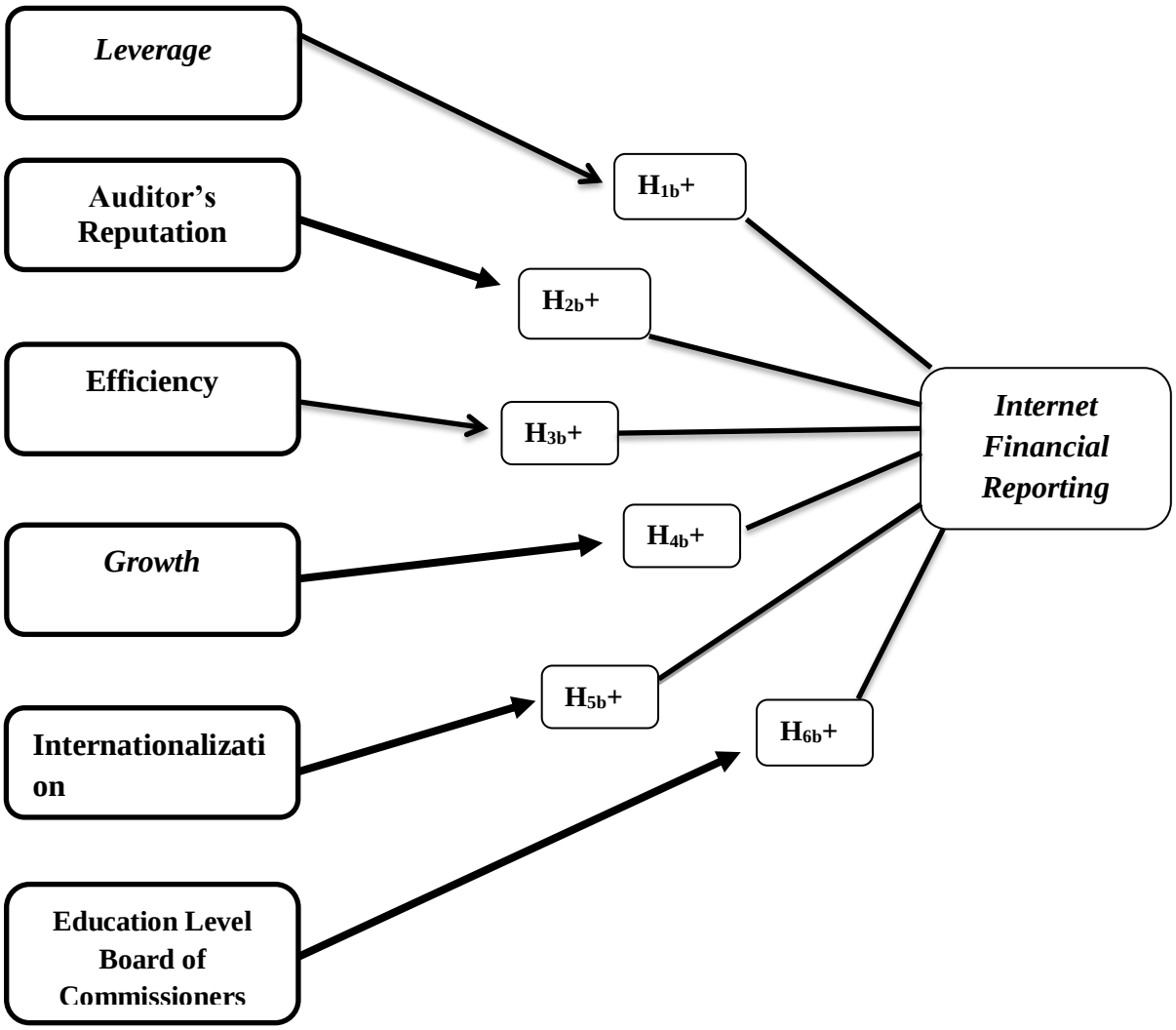


Figure 2. 2

IFR Research Model in Malaysia



RESEARCH METHODS

Population and Sample

The population in this study are all banking companies and insurance companies with Sharia in Indonesia and Malaysia the period 2015 - 2016 as recorded in the Bank Indonesia, the Financial Services Authority, Bank Negara Malaysia, and the Malaysian Takaful Association, and the sample used in this study was obtained by use method *purposive sampling*. The criteria for determining the sample are as follows:

1. Banking companies include sharia commercial banks and insurance companies covering sharia general insurance licensed as a sharia business unit.
2. The company that owns the *website* and publish financial statements in the company website.
3. Company n which has complete financial data associated with variable variables in this study.

A. Data Types and Data Collection Techniques

Data used in this research is secondary data. Secondary data used ie l financial reports published on *the* company's *website* and as for Technical data collection obtained from annual reports and financial report of the company.

B. Operational Definition of Variables

In this study, there are 2 types of variables used, namely the dependent variable and independent variables. Consists of 1 dependent variable and 6 independent variables.

Dependent Variables

Internet Financial Reporting (IFR)

Internet Financial Reporting (IFR) in this study was measured using IFR *checklist items* totaling 27 *items,* where each *item* will be assigned a value of 1 if the company lists the *item.* Measurements by this method have been carried out by some researchers previously included in the investigation of Anna (2013) and Lestari (201 6). The formula used to measure the IFR index is as follows:

$$\text{IFR} = \frac{\text{total item listed}}{\text{total item}}$$

Independent Variables

Leverage

In general, measuring the *leverage of a* company can be done using the DER ratio (Marwati, 2016). In this study *leverage is* peroxided by DER ratio, i.e. using the debt to equity formula where this method refers to the previous research investigated by Lestari (2016), as for the formula for calculating *leverage* is as follows:

$$\text{DER} = \sum \frac{\text{i corporate debt in a period}}{\text{of corporate equity in period t}}$$

Auditor Reputation

In this study, the auditor's reputation variable uses *dummy* variables. The researcher uses code 1 for the KAP affiliated with the *Big Four* and code 0 for the KAP which is not affiliated with the *Big Four*.

Efficiency

In this study was measured by using ROA, ROA ratio is used to measure a company's ability to manage its assets on the production of income, this method has also been done in research Romdhona (201 4), while the formula in calculating ROA ratios are as follows:

$$\text{ROA} = \frac{\text{net income}}{\text{Total Asset}}\ x\ 100\%$$

Growth

Generally from the perspective of *growth* accounting is measured by the ratio of sales growth, but in this study, the indicator used is *Assets Growth* which means a representation of the increase or decrease (growth) of assets every year. B based on references from various studies, then in this study *growth* variable measured by the ratio of increase or decrease of assets each year, such a method has been done in research Astuti (2014). The systematic formula of company growth ratio is as follows:

$$Growth: \frac{\text{Total Asset t} + 1 - \text{Total Asset t year}}{\text{Total Asset t year}} \text{ s } 100$$

Internationalization

In this study, Internationalization variables are measured using *dummy* variables, where companies that have done Internationalization using code 1 and companies that do not do internationalization using code 0, this method is ever done in research Handoko (2013) and Lestari (201 6).

Education Level of Board of Commissioners

In this study the variable level of education commissioners in the value of formal education that have been passed commissioners, the educational background of commissioners measured by *a dummy* variable, which the commissioners who have an educational background di economics using code 1 and commissioners who do not have educational background in economics to use code 0. this method has been applied in research Annisa (2013) and Maulia (2014).

Data Analysis Method

Descriptive statistics

Descriptive statistics is a description or description of data viewed from the amount of data, *range*, minimum value, maximum value, mean value, standard deviation, *variance*, *skewness*, the kurtosis of the research sample (Nazaruddin and Basuki, 2016). The presentation of descriptive statistics has a role to look at the profile of the research data and the relationship between variables used, namely: *Internet financial reporting* (IFR), *leverage*, auditor reputation, efficiency, internationalization, *growth*, and education level of the board of commissioners.

Classic assumption test

The classical assumption test in this study used 4 types of testing. Among them the test of normality, multicollinearity, autocorrelation, and heteroscedasticity.

Regression Analysis

In this study using multiple linear analysis. Multiple linear analysis is an analysis that plays a role to determine the influence of independent variables that number more than one to the dependent variable and this regression is done twice, the first to see the effect of variables on the company in Indonesia and the second to see the effect of variables on the company in Malaysia.

Hypothesis testing

In this study used 4 types of hypothesis testing. The type of hypothesis testing in this study include adjusted R square, F test, t-test and *chow test.*

RESEARCH RESULT AND DISCUSSION

This chapter describes the description of the research results along with the discussion of hypotheses. The results of the study and discussion in this chapter are presented and described separately. This study uses SPSS tool version 24.

Overview of Research Objects

Table 4.1
Sample Selection Procedure (Indonesia)

No	Sample Criteria	Amount
1	Number of Sharia Commercial Banks	11
2	Number of Sharia General Insurance	28
3	Number of Sharia Commercial Banks and Sharia Public Insurance which do not publish financial statements through *the* company's *website*	(3)
4	**Number of Sharia Commercial Banks and Sharia Commercial Insurance in accordance with criteria (Company Sample)**	**36**
5	**Total sample (2015-2016) (Amount at times 2)**	**72**
6	Data Outlier	6
7	**Number of Samples processed**	**66**

Source: Data processed by researchers

Table 4.2
Sample Selection Procedure (Malaysia)

No	Sample Criteria	amount
1	Number of Sharia Commercial Banks	16
2	Number of Sharia General Insurance	34
3	Number of Sharia Commercial Banks and Sharia Public Insurance which do not publish financial	(12)

	statements through *the* company's *website*	
4	**Number of Sharia Commercial Banks and Sharia Commercial Insurance in accordance with criteria (Company Sample)**	**38**
5	**Total sample (2015-2016) (Amount at times 2)**	**76**
6	Data Outlier	4
7	**Number of Samples processed**	**72**

Source: Data processed by researchers

Data analysis

Descriptive Statistics Analysis

The descriptive statistical value in this study is presented in table 4.3 for data of sharia companies in Indonesia and in table 4.7 for data of sharia companies in Malaysia. The results of a descriptive statistical analysis in this study are as follows:

Table 4.3 Descriptive Statistics Test Results (Indonesia)

	N	Minimum	Maximum	Mean	Std. Deviation
IFR	66	.89	1.00	.9476	.05048
LV	66	.0262	16.2633	2.213436	2.5198528
RA	66	0	1	.45	.502
EFIS	66	-.1687	.1112	.023186	.0422121
GROWTH	66	-.4438	.6670	.077521	.1629991
INTERNAL	66	0	1	.70	.463
EDUC	66	0	1	.65	.480

This indicates that the average percentage of the average value of *Internet Reporting* company's disclosure rate in Indonesia is 95%. and the average value of the company's dependency rate in Indonesia on third-party funds amounted to 221.3%. The percentage of the average value of firms in Indonesia using KAP *big four* services is 45%. The percentage of average asset management capability in Indonesia is 2%. The percentage of the average growth rate of company assets in Indonesia is 8%. The percentage of the average value of companies in Indonesia that has been internationalized by 70%. The percentage of the average value of firms in Indonesia with a board of commissioners with economic or business education background is 65%.

Table 4.7 Descriptive Statistics Test Results (Malaysia)

	N	Minimum	Maximum	Mean	Std. Deviation

IFR	72	.89	1.00	.9416	.03771
LV	72	.0072	38.6592	6.113371	6.7383075
RA	72	0	1	.88	.331
EFIS	72	-.1757	.1713	.022688	.0395377
GROWTH	72	-.1639	.2743	.049800	.0898209
INTERNAL	72	0	1	.73	.449
EDUC	72	0	1	.62	.490

The percentage of the average value of firms in Malaysia has a 94% *Internet Financial Reporting* disclosure rate. The percentage of the average value of the company's dependency rate in Malaysia against third-party funds amounted to 611.3%. The average percentage of firms in Malaysia using KAP *big four* services is 88%. The percentage average of the company's asset management capability in Malaysia is 2%. The percentage of the average growth rate of company assets in Malaysia is 5%. The percentage of the average value of firms in Malaysia that has been internationalized is 73%.The percentage of the average value of firms in Malaysia which has a board of commissioners with economic or business education background is 62%.

Classical Assumption Test Analysis

The classical assumption test in this study includes normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test, this test is used to ensure that the residual research data is normally distributed, not multicollinearity, autocorrelation, and no heteroscedasticity. The result of classical assumption test in this research is as follows:

Normality Test Results

Normality test in this study is presented in *Kolmogorov-Smirnov One-Sample* table. Normality test results are presented in table 4.11 for data of sharia companies in Indonesia and in table 4.12 for data of sharia companies in Malaysia, as for normality test results are as follows:

Table 4.11
Normality Test Result (Indonesia)

		Unstandardized Residual
N		66
Normal Parameters [a,b]	Mean	.0000000
	Std. Deviation	.04128464
Most Extreme Differences	Absolute	.097
	Positive	.089
	Negative	-.097

Test Statistic	.097
Asymp. Sig. (2-tailed)	.200 [c, d]

Source: Data processed by researchers with SPSS version 24

Based on normality test results presented in Table 4:11 that the Asymp.Sig (2-tailed) value in *the Kolmogorov-Smirnov One-Sample test* of 0.200> α (0, 05). These results indicate that the overall data of sharia companies in Indonesia used in this study are normally distributed.

Table 4.12
Normality Test Result (Malaysia)

		Unstandardized Residual
N		72
Normal Parameters [a, b]	Mean	.0000000
	Std. Deviation	.03080257
Most Extreme Differences	Absolute	.077
	Positive	.066
	Negative	-.077
Test Statistic		.077
Asymp. Sig. (2-tailed)		.200 [c, d]

Table 4.12 shows the results with Asymp.Sig (2-tailed) values in *the Kolmogorov-Smirnov One-Sample test* of 0.200> α (0, 05). These results show that the overall data of sharia firms in Malaysia used in this study are normally distributed.

Multicollinearity Test Results

Multicollinearity test can be seen from *Tolerance* or *Variance Inflation Factor* (VIF). Multicollinearity test results for Sariah company data in Indonesia are presented in table 4.13 and for data of sharia companies in Malaysia are presented in table 4.14. As for multicollinearity test results are as follows:

Table 4.13
Multicollinearity Test Result
(Indonesia)

Model		Collinearity Statistics		Information
		Tolerance	VIF	
1	LV	.853	1.172	Free Multicollinearity
	RA	.817	1.224	Free Multicollinearity
	EFIS	.798	1.254	Free Multicollinearity
	GROWTH	.863	1.159	Free Multicollinearity
	INTERNAL	.924	1,082	Free Multicollinearity
	EDUC	.979	1.022	Free Multicollinearity

Source: Data processed by researchers with SPSS version 24

Based on Table 4:13 shows the results for all variables have a tolerance value> 0, 10 and has a VIF value <of 10. With these results can be concluded that the data of sharia companies in Indonesia used in this study did not experience multicollinearity.

Table 4.14
Multicollinearity Test Result (Malaysia)

Model		Collinearity Statistics		Information
		Tolerance	VIF	
1	LV	.903	1.108	Free Multicollinearity
	RA	.866	1.154	Free Multicollinearity
	EFIS	.916	1.092	Free Multicollinearity
	GROWTH	.853	1.173	Free Multicollinearity
	INTERNAL	.861	1.161	Free Multicollinearity
	EDUC	.872	1.146	Free Multicollinearity

Source: Data processed by researchers with SPSS version 24

Based on Table 4:14 shows the results for all variables have a tolerance value> 0, 10 and has a VIF value <of 10. With these results can be concluded that the data of sharia companies in Malaysia used in this study did not experience multicollinearity.

Autocorrelation Test Results

The autocorrelation test in this research uses the *Durbin-Watson* (DW) approach. Autocorrelation test results for data of sharia companies in Indonesia are presented in Table 4:15 and for data of sharia companies in Malaysia are presented in table 4.16. The autocorrelation test results are as follows

Table 4.15
Autocorrelation Test Results (Indonesia)

Model	Durbin-Watson	Information
1	1.911	Free Autocorrelation

Data source: Data processed by researchers with SPSS version 24

Based on Table 4:15 shows that the value of *Durbin-Watson* (DW) of 1.911. The result is between the values of dU and (4-dU), where dU = 1,804 <dW = 1,911 <(4-dU) = 2,196, so it can be concluded that the data of sharia firms in Indonesia used in this study are not autocorrelated.

Table 4.16

Autocorrelation Test Results (Malaysia)

Model	Durbin-Watson	Information
1	2,060	Free Autocorrelation

Data source: Data processed by researchers with SPSS version 24

Based on Table 4:16 shows that the value of *Durbin-Watson* (DW) is 2.060. The result is between the values of dU and (4-dU), where dU = 1,801 <dW = 2.060 <(4-dU) = 2,199, so it can be concluded that the data of sharia firms in Malaysia used in this study are not autocorrelated.

Heteroscedasticity Test Results

Heteroscedasticity test in this study was conducted by using *Glejser* test, heteroscedasticity test result presented in table 4:17 for data of sharia companies in Indonesia and at table 4:18 for data of sharia companies in Malaysia. The heteroscedasticity test results are as follows:

Table 4.17

Heteroscedasticity Test Results (Indonesia)

Model	Sig.	Information
1 LV	.803	Heteroscedasticity Free
RA	.463	Heteroscedasticity Free
EFIS	.572	Heteroscedasticity Free
GROWTH	.307	Heteroscedasticity Free
INTERNAL	.267	Heteroscedasticity Free
EDUC	.826	Heteroscedasticity Free

Data source: Data processed by researchers with SPSS 24

Based on Table 4:17 shows that the value is significant for each variable> α (0, 05). So it can be concluded that the data of sharia-based companies in Indonesia that have been processed in this study did not experience heteroscedasticities.

Table 4.18

Heteroscedasticity Test Results (Malaysia)

Model	Sig.	Information
1 LV	.494	Heteroscedasticity Free
RA	.712	Heteroscedasticity Free
EFIS	.087	Heteroscedasticity Free
GROWTH	.166	Heteroscedasticity Free
INTERNAL	.284	Heteroscedasticity Free
EDUC	.834	Heteroscedasticity Free

Data source: Data processed by researchers with SPSS 24

Based on Table 4:18 shows that the value is significant for each variable> α (0, 05). So it can be concluded that the data of sharia-based companies in Malaysia that have been processed in this study did not experience heteroscedasticity.

Research Results (Hypothesis Test)

The coefficient of Determination Test (Adjusted R^2)

The coefficient of determination test is used to find out how far the independent variable in explaining the dependent variable. The result of coefficient determination test is presented in table 4:19 for data of sharia companies in Indonesia and on table 4:20 for data of sharia companies in Malaysia. The test results coefficient of determination is as follows:

Table 4.19
Coefficient of Determination Test Results (Indonesia)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.575 [a]	.331	.263	.04333

Source: Data processed by researchers with SPSS version 24

Based on the test results coefficient determination presented in Table 4:19 shows that the value of *Adjusted R Square* of 0.263 or 26, 3 %. The result can be concluded that *leverage* variable, auditor reputation, efficiency, *growth*, internationalization, and education level of the board of commissioner have simultaneous influence 26,3% to *internet financial reporting* variable, while the rest is influenced by other variables not examined in this research.

Table 4.20
Coefficient Determination Test Results(Malaysia)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.577 [a]	.333	.272	.03217

Source: Data processed by researchers with SPSS version 24 of 2018

Based on the test results coefficient determination presented in Table 4:20 shows that the value of *Adjusted R Square* of 0.272 or 27, 2 %. The result can be concluded that *leverage* variable, auditor reputation, efficiency, *growth*, internationalization, and education level of the board of commissioner have simultaneous influence 27,2% toward *internet financial reporting* variable, while the rest is influenced by other variables not examined in this research.

Test F

F test is used in order to know whether all independent variables have an effect simultaneously on the dependent variable. F test results are presented in Table 4:21 for the data of sharia companies in Indonesia and in table 4:22 for data of sharia companies in Malaysia. The F test results are as follows:

Table 4.21
F Test Result (Indonesia)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.055	6	.009	4,866	.000 [b]
	Residual	.111	59	.002		
	Total	.166	65			

Source: Data processed by researchers with SPSS version 24 of 2018

Based on the results of F test presented in table 4:21 shows that the significance value of 0.000 <α (0, 05). From these results can be concluded that the variables *leverage*, auditor reputation, efficiency, *growth*, internationalization, and education level board of commissioners simultaneously have an influence on the variable *internet financial reporting.*

Table 4.22
F Test Result (Malaysia)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.034	6	.006	5.489	.000 [b]
	Residual	.068	66	.001		
	Total	.102	72			

Source: Data processed by researchers with SPSS version 24 of 2018

Based on F test results presented in Table 4:22 shows that the significance value of 0.000 <α (0, 05). From these results can be concluded that the variables *leverage*, auditor reputation, efficiency, *growth*, internationalization, and education level board of commissioners simultaneously have an influence on the variable *internet financial reporting.*

T-test

A t-test is used in order to know the influence of each independent variable partially to the dependent variable. The t-test results are presented in Table 4:23 for the data of sharia companies in Indonesia and in Table 4:24 for the data of sharia companies in Malaysia. The t-test results are as follows:

Table 4.23
Test Result t (Indonesia)

Model		Unstandardized Coefficients		Sig.
		B	Std. Error	
1	(Constant)	.894	.014	.000
	LV	.003	.002	.209
	RA	.031	.012	.011
	EFIS	.063	.143	.659
	GROWTH	.036	.036	.321
	INTERNAL	.037	.012	.003
	EDUC	.012	.011	.287

Source: Data processed by researchers with SPSS version 24 of 2018

Table 4.24
Test Result t (Malaysia)

Model		Unstandardized Coefficients		Sig.
		B	Std. Error	
1	(Constant)	.887	.014	.000
	LV	.000	.001	.861
	RA	.033	.012	.009
	EFIS	.021	.100	.833
	GROWTH	.111	.046	.018
	INTERNAL	.025	.009	.007
	EDUC	.004	.008	.621

Source: Data processed by researchers with SPSS version 24 of 2018

Test Results *Chow Test* (H_7)

Test *Chow test* is a tool for testing the *test for equality of coefficients* or coefficient equality test. This test is conducted to test the regression model for the group used where in this study there are two groups namely sharia-based companies in Indonesia and sharia-based companies in Malaysia. The test results *chow test* is as follows:

F Count = 2.857
F Table = 2, 28

F Count> F Table

Chow test results show that the value of F arithmetic of 2.857 and F Table of 2.28 which means the influence of *leverage,* a reputation of auditor, efficiency, *growth,* internationalization, and education board of commissioner level of *internet financial reporting* in Indonesia and Malaysia there are differences. Thus the H_7 stating that there is a difference between the effects of *leverage,* auditor reputation, efficiency, *growth,* internationalization, and education level of the board of

commissioners of the *internet financial reporting* in Indonesia and Malaysia in this study supported.

Discussion

1. Effect of *Leverage* on *Internet Financial Reporting*

Based on the results of this study that *leverage has* no significant effect on *internet financial reporting.* It is assumed that most of the sample companies have high *leverage* level and the average value is not much difference between one company and other company so it does not significantly affect the significant level of *leverage* variable.

2. The Influence of the Auditor's Reputation of *Internet Financial Reporting*

Based on these results it can be proven that in accordance with the signal theory that explains that the use of the firm of high repute is a positive signal for the company because it is not directly the company will have interpreted by the public that the company has accurate financial information and the company will be considered to have tried to report financial information as transparent maybe

3. Effect of Efficiency on *Internet Financial Reporting*

Based on the results of this study that found that the efficiency variables do not significantly influence IFR disclosure, in this case, efficiency is measured by the ratio of ROA, that is the ratio that shows the ability of the company in managing its assets. The result is assumed that both companies with maximal and maximized asset management will continue to disclose financial statements as well as possible in order to demonstrate the company's openness in reporting its financial information.

4. Influence *Growth* on *Internet Financial Reporting*

Based on the results found in sharia companies in Malaysia that the variable *growth* positive effect on *internet financial reporting,* the results according to the researchers in accordance with the signal theory that explains that the higher level of company growth will reflect the company's performance the better, the better performance of the company of course supported by factors such as technology and human resources. It certainly would encourage companies to use resources as much as possible and one of the means in such utilization is to disclose financial information as possible.

Different results found in sharia firms in Indonesia that the variable *growth* does not positively affect the *internet financial reporting, the* result is suspected because the sharia companies in Indonesia based on data processed by researchers from 66 sharia companies in Indonesia there

are 17 companies that have decreased assets, the amount is researchers are not small enough to affect the level of significant variable *growth* in Indonesia. On the other hand, researchers assume that high growth rates are not only supported by factors such as technology or good human resources but may be supported by other factors such as corporate strategy in marketing and others.

5. The Influence of Internationalization on *Internet Financial Reporting*

Based on the results of this study that the variables of internationalization have a positive and significant impact on *internet financial reporting*, the results are in accordance with the theory that explains that companies that have internationalization generally have a wide area & network and investors are not small, so as *an alternative* to respond to the company will tend to choose to apply *internet financial reporting* to facilitate the company in reporting financial information and in addition internationalization companies generally have a high reputation than companies that have not been internationalized, so companies will tend to have complex financial information in an effort to balance the company's high reputation.

6. Influence of Education Level of Board of Commissioner to *Internet Financial Reporting*

Based on the results of this study that the variable level of board of commissioners education has no significant effect on *internet financial reporting* , the result is suspected because in this study the board of commissioner's level is only measured by looking at the formal education of the board of commissioners while the science of economic and financial education can not only be obtained through formal education, in other words, the science can be obtained through non-formal education such as special *training*, courses and so forth. On the other hand, according to researchers, the role of a board of commissioners is more likely to be influenced by other aspects such as courage in decision making, innovation and the ability to analyze market conditions, where such aspects are generally only acquired through experience.

7. Effect of *leverage*, the reputation of auditor, efficiency, *growth*, internationalization, and level of the board of commissioner education towards *internet financial reporting*

Based on the results of this study can be proved that the existence of business environment differences in Indonesia and Malaysia such as the pattern of thinking community, competitors, language, social, government,

and other differences will have an impact on factors that encourage companies to disclose financial information in both countries.

Suggestion

Based on the results of research and discussion that has been described in this study, suggestions for further researchers that can be given by researchers are:

1. Researchers can then add a sample of conventional companies as a comparison material, in order to find out whether there are differences in disclosure *internet financial reporting* between conventional companies and sharia companies.
2. Researchers can then add other industry samples in addition to banking and insurance industries such as pawnshops and sharia co-ops to better reflect the characteristics of sharia-based companies in general.
3. Researchers can then add to the study sample by adding the time period of the study in order to better reflect the real condition.
4. Researchers can then add or replace variables with other variables because according to researchers there are many factors that can affect the disclosure of *internet financial reporting* such as company age, industry type, geographic area and so forth.

Limitations of Research

This study was conducted with some limitations of research which with these limitations can affect the results of research. The limitations of this study are as follows:

1. This study only uses the sample of sharia-based enterprises in the banking and insurance industries so that it is less able to interpret sharia-based companies in general.
2. This study only uses a period of 2 years ie 2015-2016 so that the number of samples meeting the criteria is only 139 data.
3. This study uses only six independent variables such as *leverage*, auditor reputation, efficiency, *growth*, internationalization, and education level of the board of commissioners.