

CORPORATE GOVERNANCE TOWARDS *ENTERPRISE RISK MANAGEMENT* DISCLOSURE IN INDONESIA SHARIA BANKS

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Abstract

Risk management is a strategy that can be applied to evaluate risk. Risk management is influenced by entities and other management (Ratna et al., 2019). The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines Enterprise Risk Management as a process that can be influenced by company management that is implemented in every company strategy and is designed to provide sufficient assurance to achieve company goals. Disclosure of risk management involving corporate governance seen from various factors is very important to study. This is based on the experience of companies listed on the IDX. This research is a type of quantitative research with descriptive method. The research design is intended to explain the characteristics of risk management disclosure and assess corporate governance and risk management disclosure in financial sector companies. The object of research is Sharia banks listed on the Indonesia Stock Exchange for the period 2021-2023. The results showed that these variables did not fully affect the enterprise risk of Sharia banks. It can be added with other variables or additional samples to make the result more accurate.

Keywords: *Independent Commissioner, Audit Committee, Auditor Reputation, Enterprise Risk*

Abstrak

Manajemen risiko merupakan suatu strategi yang dapat diterapkan untuk mengevaluasi risiko. Manajemen risiko dipengaruhi oleh entitas dan manajemen lainnya (Ratna et al., 2019). Committee of Sponsoring Organizations of the Treadway Commission (COSO) mendefinisikan Enterprise Risk Management sebagai suatu proses yang dapat dipengaruhi oleh manajemen perusahaan yang diterapkan dalam setiap strategi perusahaan dan dirancang untuk memberikan keyakinan yang cukup untuk mencapai tujuan perusahaan. Pengungkapan manajemen risiko yang melibatkan tata kelola perusahaan dilihat dari berbagai faktor sangat penting untuk diteliti. Hal ini berdasarkan pengalaman perusahaan yang terdaftar di BEI. Penelitian ini merupakan jenis penelitian kuantitatif dengan metode deskriptif. Desain penelitian dimaksudkan untuk menjelaskan karakteristik pengungkapan manajemen risiko dan menilai tata kelola perusahaan serta pengungkapan manajemen risiko pada perusahaan sektor keuangan. Objek penelitian adalah bank syariah yang terdaftar di Bursa Efek Indonesia periode 2021-2023. Hasil penelitian menunjukkan bahwa variabel-variabel tersebut belum sepenuhnya mempengaruhi risiko perusahaan bank syariah. Dapat ditambahkan dengan variabel lain atau sampel tambahan agar hasil yang diperoleh lebih akurat.

Kata Kunci: *Komisaris Independen, Komite Audit, Reputasi Auditor, Enterprise Risk*

Introduction

The rapid development of external and internal environments in Sharia banking has resulted in increasingly complex risks in Sharia banking business activities. Bank business activities are always faced with risks that are closely related to its function as financial intermediary institutions. Conventional banks use an interest system in managing their financial services, while Sharia banks apply a profit-sharing system. Bank products that implement a profit-sharing system are *mudharabah* and *musyarakah*. Facing these conditions, Banks need to pay attention to all risks that can directly or indirectly affect the continuity of the Bank's business, including those originating from Subsidiaries by implementing consolidated Risk Management. Banks are required to be able to adapt to the environment through the implementation of Risk Management in accordance with Sharia Principles.

The principles of Risk Management applied to Sharia banking in Indonesia are directed in line with the standard rules issued by the *Islamic Financial Services Board (IFSB)*. The implementation of Risk Management in Islamic banking is adjusted to the size and complexity of the business and the capabilities of the Bank. The Financial Services Authority sets these Risk Management rules as minimum standards that must be met by BUS and UUS so that Islamic banking can develop according to the needs and challenges faced but still be carried out in a healthy, consistent manner, and in accordance with Sharia Principles. (Hajar et al., 2023)

In the financial statements of companies, both non-bank and other companies, disclosure of risk management is an important factor, especially those related to finance in the post-global financial crisis era. Disclosure not only increases investor confidence, but also facilitates future decision-making. Regulations in Indonesia, such as those issued by the Financial Services Authority (OJK), have tightened disclosure requirements for companies, especially the financial sector listed on the Indonesia Stock Exchange (IDX) in order to increase transparency and protect every right given to investors. Every company that carries out its business activities will certainly face a business risk that will arise as the business progresses. The risks that arise cannot be avoided, so the company must prepare a way to handle the risks that will occur. Thus, risk is inherent in the

activities or business operations of every company, including financial companies. Business economic conditions that are full of uncertainty and the phenomenon of business competition and the complexity of the company make the companies faced with these risks. The implementation of risk management helps reduce the risks that will occur. The implementation of risk management is considered good if the company has high risk management maturity (CRMS Indonesia, 2017).

Existing literature shows that effective risk management disclosure is often correlated with the existence of strong corporate governance. Factors such as an effective audit committee and the presence of independent commissioners have been identified as important contributors to improving the quality of disclosure (Nurbaiti & Pratiwi, 2023; Utami & Cahyono, 2023). However, although the literature provides a general overview of this relationship, its specifics in the context of the Indonesian market, especially in the financial sector, still require further explanation. In financial statements, *enterprise risk management* disclosure is a reference that can be used as a consideration for investors to make decisions. *Enterprise Risk Management* is a strategy used to evaluate and manage all risks in a company (Rini et al., 2020). According to the National Committee for Governance Policy, the purpose of risk management is to reduce unpleasant surprises. The implementation of good risk management will minimize all things that pose a risk to the achievement of company goals that have been previously identified targets and also anticipatory treatment steps.

Risk management is a strategy that can be applied to evaluate risk. Risk management is influenced by entities and other management (Ratna et al., 2019). *The Committee of Sponsoring Organizations of the Treadway Commission* (COSO) defines *Enterprise Risk Management* as a process that can be influenced by company management that is implemented in every corporate strategy and is designed to provide reasonable assurance in achieving corporate objectives.

From the 2024 risk management survey data conducted by the *Indonesian Risk Management Professional Association* (IRMAPA), it shows the industry tends to be ready to face the risks of each issue that will be faced, such as political, social, nature and so on. From each sector, financial services are more prepared to face top risks for companies

than the real sector. Meanwhile, when viewed based on the status of BUMN/BUMD or non-BUMN/BUMD companies, there is no difference between the two groups in their readiness to face risks. In general, companies experienced an increase in readiness to face risks in 2023, as indicated by 93.41% of respondents assessing that their companies experienced an increase in risk management performance compared to 2023. The percentage of real sector companies that did not experience improved risk management performance compared to 2023 is greater than the percentage of financial services companies that did not experience an increase in risk management performance compared to 2023. The majority of respondents (74.63%) assessed that their companies are ready to anticipate risks by referring to the latest regulatory provisions.

Based on the survey and literature study, findings and analysis were obtained related to the risks that arise due to failure in risk management. Problems that occur in the company are indicated due to the lack of disclosure of *Enterprise Risk Management* (ERM). ERM helps oversee all management activities to minimize fraud or loss. Risk management is one of the most important aspects in a company and is part of the implementation of corporate governance which functions as a tool to provide confidence to investors in the investments they make (Rini et al., 2020). ERM disclosed in the financial statements becomes a reference for investors in decision making.

The director has the authority in every decision-making process, it does not mean that he can abuse his position. Several cases of violations in governance such as the decline in share value of around 2.42% in PT Garuda Indonesia (Djariah, 2020), sales losses at PT Sentra Food Indonesia amounted to 25.10% which was caused by the implementation of risk management that is still weak and not yet integrated (Vina Elvira, 2021), so this research was conducted with the aim of knowing the company's business processes and the implementation of risk management carried out by the company. The agency theory correlation can explain that in order to reduce risk management, corporate governance is needed to regulate the activities carried out by management. The parties involved in a business consist of the board of commissioners and directors, managers, shareholders, auditors and other related parties as stakeholders (Rini et al., 2020).

Literature Study

Agency Theory

Agency theory is a theory that explains *agency relationships* and the problems it caused (Jensen, 1976). *Agency relationship* is a relationship between two parties, the first party is called the *principal* or mandate giver and the second party is called the agent and acts as an intermediary representing the principal in conducting transactions with third parties. Banks as intermediary institutions can act as *principals* and also as agents. When collecting funds, the Bank acts as an agent and customers who deposit their funds in the bank as principals who entrust their funds to be managed by the bank. Meanwhile, when distributing funds, the Bank acts as a principal and customers as agents. Shareholders and managers as agents in this case the bank owner acts as the principal. As an agent, the Manager has the authority to make decisions in achieving the common goals that have been set. However, in practice, managers usually do not always pay attention to the needs of shareholders in order to achieve the needs of the managers themselves. Such a situation causes a conflict called agency conflict in the company, which leads to agency costs (Jensen & Meckling, 1976).

Corporate governance issue begins with the emergence of a separation between owners and management. The owners or shareholders as principals, while management as agents. Agency theory is based on the contractual relationship between parties in the company, namely the owners and the managers as company managers as the main actors (Jensen & Meckling, 1976). According to agency theory and the concept of corporate governance, shareholders, debt holders and management are parties that have varying interests in the company. The unification of the interests of these parties often causes problem known as agency problem. Based on agency theory, Jensen & Meckling (1976) stated that the separation between management and company ownership can cause agency problems, a mismatch of interests between principals and agents.

Corporate Governance

According to Cheung and Chan (2004), Corporate Governance means the approach of monitoring and controlling behavior in a company. In modern large companies, the

critical point of corporate governance is generally associated with the provision of work between controllers and investors. In another study, Steiner and Steiner (2006), stated that corporate governance functions as a general controller of business activities that include the formulation of goals, strategies and management structures of the company to ensure the protection of various stakeholder interests.

The corporate governance framework developed by Gillan (2006) has established a broad overview of contemporary corporate governance studies. Researchers in these studies differ on the definition of corporate governance. Sheifer and Vishny (1997) take a broad perspective, defining corporate governance as the means by which financial providers to the firm securing their investment returns. Regardless of the specific definition used, researchers generally believe that corporate governance systems can be categorized into two groups, internal and external to the company.

Role of Independent Commissioner

Independent commissioners on the board of directors play a crucial role in strengthening risk management disclosure practices, providing an objective view that is often invaluable in the process of identifying and managing risks more appropriately and effectively. Research conducted by Utami & Cahyono (2023) shows that boards with a greater proportion of independent commissioners tend to implement open disclosure and transparent disclosure practices, supporting the thesis that the presence of independent commissioners contributes significantly to improving the quality of financial and managerial information disclosure (Suwaldiman & Fajrina, 2022). Especially in Indonesia, where the company's ownership structure is often dominated by one family or a small group of shareholders, the role of independent commissioners is crucial in maintaining a balance between the internal interests of the owners and the need for transparency expected by investors and other stakeholders, as shown in a study by Suwaldiman & Fajrina (2022). They act as critical monitors, challenging any decisions that may be biased by personal or group interests, and ensuring that the company complies with good governance standards to protect the interests of all stakeholders.

Audit Committee

The audit committee holds an important role in overseeing the audit process and maintaining the integrity of the company's financial statements. As a vital entity in corporate governance, the audit committee serves as a liaison between management, external auditors, and the board of directors, ensuring that audit practices are carried out with high integrity and in accordance with applicable standards. Nurbaiti & Pratiwi (2023) highlighted that the effectiveness of the audit committee has a direct and significant impact to the quality of financial disclosure. This is achieved through strengthening the audit function internal and external, which helps in improving the transparency and financial accountability of the company. The involvement of the committee in the audit process helps in identifying and mitigating financial risks earlier, which in turn adds depth and credibility to the information disclosed to stakeholders. Supporting these findings, Utami & Cahyono (2023) found that audit committees with strong member financial expertise are more likely to challenge auditors and management on important issues related to accounting and disclosure. This suggests that the expertise and independence of audit committee members play an important role in improving the quality and integrity of the audit process. Audit committees that meet frequently are more likely to obtain quality risk information and disseminate it effectively through the annual report. This emphasizes the importance of the frequency and quality of interactions within the committee as factors that influence its effectiveness in its oversight duties. This is especially relevant in the context of financial companies, where high financial risks and the complexity of operations make the role of the audit committee very crucial. Over time, the evolution of standards and regulations are also driving new and more dynamic roles for audit committees in meeting increasing expectations regarding risk disclosure and transparency (Tarantika & Solikhah, 2019).

Auditor's Reputation

The external reputation auditors have significant implications for the quality of risk management disclosures in a company's financial statements. Auditors with a high reputation are considered to have higher ethical and professional standards, which

substantially reduces the possibility being involved in accounting scandals. This, as explained by Malik & Kristanti (2023), directly contributes to the implementation of stricter disclosure standards, thereby increasing the credibility and reliability of financial statements presented to the public and stakeholders. Furthermore, in a study conducted by Pulungan & Putri (2023), it was found that companies audited by auditors highly reputable firms, such as the Big Four accounting firms, tend to have disclosures that are not more extensive but also more detailed and accurate. The presence of auditors from these globally recognized firms is often considered a marker of quality and integrity, where the auditors not only check compliance with applicable accounting norms but also increase investor and stakeholder confidence in the information disclosed. Furthermore, the literature also shows that audit firms with high reputations have better capabilities and resources to conduct complex and in-depth audits, because of their access to global networks, the latest audit technology, and industry best practices (Rahmawati & Sugeng, 2022). This allows to identify and address risk areas that may go undetected by smaller or less well-known audit firms. The positive influence of auditor reputation is also reflected in greater trust from investors and creditors, who often consider auditor quality as one of the important factors in making investment or credit decisions. Therefore, choosing an auditor with a high reputation is not only a risk management strategy but also an effective marketing tool to attract investment and to get a profitable loan condition (Tarantika & Solikhah, 2019).

Enterprise Risk Management Disclosure

Experts explain the concept of risk differently but lead to the same meaning (Darwawi, 2022). Vaughan and Vaughan (2013) explain several concepts of risk as follows:

1. Risk is the chance of loss
2. Risk is the possibility of loss
3. Risk is uncertainty
4. Risk is the dispersion of actual from expected result
5. Risk is the probability of any outcome different from the one expected

Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2004 Enterprise Risk Management (ERM) defines:

"Risk management is a process undertaken by the board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity and manage risks to provide reasonable assurance regarding the achievement of the entity's objectives."

In the regulation of the Minister of Finance number 191/PMK.09/2008, risk management aims to create a system or mechanism in an organization so that risks that can harm the organization or company can be anticipated and managed for the purpose of increasing the company's assessment. The company's business process is inseparable from risk. Risks can occur in company operations, conflicts of interest, fraud, law and so on. As a preventive measure, the company must be able to carry out its risk management as well as possible to minimize uncertainty that may occur in the present or in the future.

Effective disclosure enables companies to be more proactive in identifying, communicating, and managing the risks, to reduce the possibilities of losses and facilitates the investment in decision-making (Sari, et al., 2021). In the context of financial sector companies, where exposure to financial and operational risks is substantial, the ability to clearly communicate these risks to stakeholders becomes critical. This not only strengthens investor confidence but also improves relationships with regulators and other stakeholders. According to research by Rahmawati and Sugeng (2022), there is a direct correlation between the level of risk disclosure by companies and the transparency that they achieve in eyes of the investors and analysts.

Risk management disclosure has received intensive attention in the accounting and finance literature, especially due to its significant implications for market stability and transparency (Cindy, et al., 2022; Gustyana & Putri, 2022). The function of this disclosure is crucial, not only as a reporting mechanism but also as a strategic tool in risk management. The inability to disclose risks effectively can trigger unexpected market volatility and has the potential to erode investor confidence, which can have a negative impact on company value and financial market stability (Muslih & Maghfiroh, 2023).

Research methods

This research is a type of quantitative research with a descriptive method. The design study is intended to explain the characteristics of risk management disclosure and assess corporate governance and risk management disclosure in financial sector companies. The object of the study is Sharia banks listed on the Indonesia Stock Exchange for the period 2021-2023. The Independent Variables are a representation of governance, namely: Independent Commissioners (X1), Board of Commissioners Size (X2) and Audit Committee (X3) and the dependent variable is Enterprise Risk Management (Y). This study uses secondary data in the form of annual reports. Additional data sources include financial databases that provide company-specific information and other public disclosure data.

Data analysis was conducted using moderated regression analysis to evaluate the effect of independent variables and interactions between variables on the dependent variable, namely risk management disclosure. Classical regression assumptions were checked to ensure the validity of the model, including tests for multicollinearity, normality, homoscedasticity, and autocorrelation. The coefficient of determination (R-squared) was calculated to measure how well the model explains the variability of risk management disclosure, and descriptive statistical analysis was used to provide an overview of the data.

This operational definition is intended to ensure that the variables in the study are measured in a consistent manner and based on verifiable standards, thus allowing for valid and repeatable analysis by others researcher in further studies. The following table provides operational definitions of variables and measurement scales for research on the influence of corporate governance on risk management disclosure in financial sector companies listed on the Indonesia Stock Exchange.

Operational Definition and Variable Measurement

Variable	Definition	Measurement
Independent Commissioner	Independent commissioners are	The number of independent

	commissioners who are not affiliated.	commissioners compared to the total number of members of the board of commissioners. (Pangestuti and Susilowati, 2017)
Audit Committee	A committee consisting of independent individuals who are not involved with the management's company	The measurement is the number of audit committees owned by the company (Setyawan, 2019)
Auditor Reputation	External auditor quality based on engagement with major accounting firms	The measurement is if using KAP Big Four it has a value of 1, if not it has a value of 0.
Enterprise Risk Management	Risk is a framework that can manage risks in a company.	Scores calculated based on certain criteria in the annual report

Results and Discussion

The sample of this study is 5 Sharia Banks and 7 Sharia business units listed on the IDX for the 2021-2023 period as research objects. The discussion in this study includes descriptive statistics of research variables, Pearson correlation tests, classical assumption tests and hypothesis tests.

The following is the sample used

NO	CODE	NAME OF BANK
1	BANK	Bank Aladin Syariah
2	BRIS	Bank Syariah Indonesia
3	BTPS	Bank Tabungan Pensiun Negara Syariah
4	PNBS	Bank Panin Dubai Syariah

5	BCAS	Bank Central Asia Syariah
6	BDMN	Bank Danamon
7	BNLI	Bank Permata
8	BNNI	Maybank Indonesia
9	BNGA	Cimb Niaga
10	NISP	OCBC Bank
11	BBTN	Bank Tabungan Negara
12	ARTO	Bank Jago

Source: Indonesian Stock Exchange

Descriptive statistical test results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Enterprise risk	36	.60	.84	.7056	.06496
Independent commissioner	36	.25	.67	.5258	.09958
Audit committee	36	2	7	3.83	1.298
Auditor reputation	36	0	1	.75	.439
Valid N (listwise)	36				

Based on the table above, it can be seen that the numbers of data from this study is 36 observation data. The test results above show the minimum, maximum, average and standard deviation values for each variable. The following is an explanation of the results of the descriptive statistical test on the dependent variable of independent commissioners showing a minimum value of 0.25 with a maximum value of 0.67 and producing an average value of 0.5258. The audit committee has a minimum value of 2, then a maximum value of 7 and produces an average of 3.83. The auditor's reputation has a minimum value of 0 with a maximum value of 1 and produces an average of 0.75. Enterprise risk has a minimum value of 0.60 and a maximum value of 0.84 producing an average of 0.7056.

Pearson Correlation Test

Correlations

		enterprise risk	komisaris independen	komite audit	reputasi auditor
enterprise risk	Pearson Correlation	1	-.197	-.111	.230
	Sig. (2-tailed)		.250	.521	.176
	N	36	36	36	36
independent commissioner	Pearson Correlation	-.197	1	.412*	.224
	Sig. (2-tailed)	.250		.013	.190
	N	36	36	36	36
audit committee	Pearson Correlation	-.111	.412*	1	.175
	Sig. (2-tailed)	.521	.013		.306
	N	36	36	36	36
auditor reputation	Pearson Correlation	.230	.224	.175	1
	Sig. (2-tailed)	.176	.190	.306	
	N	36	36	36	36

*. Correlation is significant at the 0.05 level (2-tailed).

Based on the table above, the following conclusions can be drawn from the three variables tested, with a decision-making significance value of 0.05 and the results of the table above show the sig. value (2-tailed) of each variable > 0.05, then it can be concluded that there is no correlation to enterprise risk management.

Test classical assumptions

Normality test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		36
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.06088502
Most Extreme Differences	Absolute	.093

	Positive	.093
	Negative	-.062
Test Statistic		.093
Asymp. Sig. (2-tailed)		.200 ^{c,d}

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Based on the test results above, the asymp sig. (2-tailed) value is 0.200. This shows that $0.200 > 0.05$ so it can be concluded that the data is normally distributed.

Multicollinearity test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	Independent commissioner	.806	1.240
	Audit committee	.823	1.215
	Auditor reputation	.942	1.062

a. Dependent Variable: enterprise risk

Based on the table above, it shows that the tolerance value for all variables is > 0.10 and the VIF value is < 10.00 , so it can be concluded that there are no symptoms of multicollinearity for all variables.

Heteroscedasticity Test Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.055	.034		1.606	.118
	Independent commissioner	-.080	.070	-.215	-1.142	.262
	Audit committee	.006	.005	.225	1.206	.237
	Auditor reputation	.014	.015	.164	.941	.354

a. Dependent Variable: abs_res

Based on the results of the tests that have been carried out, it shows a significance value > 0.05 so it can be concluded that there are no symptoms of heteroscedasticity.

Autocorrelation test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.349 ^a	.122	.039	.06368	1.053

a. Predictors: (Constant), auditor reputation, audit committee, independent commissioner

b. Dependent Variable: enterprise risk

Based on the table above, it can be seen that the durbin watson test value is 1.053. From the results of the durbin watson (DW) value, compared with the table value with a significance level criterion of 5%, the number of samples is 36 ($n = 36$) and the number of independent variables is 3 ($k = 3$). If the durbin watson value is between du and $(3-du)$. $DU: (1.654) > \text{durbin watson} (1.053) < 4-du (2.346)$ because the durbin watson value is between the du value and $(4-du)$ then there is no autocorrelation symptom.

Hypothesis Test Results

The research hypothesis uses multiple linear regression analysis, f test, t test and determinant coefficient test. To find out the results of the significance of the research hypothesis, the following are presented in the table.

F test results

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.018	3	.006	1.475	.240 ^b
	Residual	.130	32	.004		
	Total	.148	35			

a. Dependent Variable: enterprise risk

b. Predictors: (Constant), auditor reputation, audit committee, independent commissioner

Based on the table of calculation output results using SPSS above, it is shown that the calculated F value is 1.475 with a significance level of $0.240 > 0.05$. It can be

concluded that independent commissioners, audit committees and auditor reputation do not have a simultaneous or joint effect on enterprise risk.

T test results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.766	.059		13.043	.000
	Independent commissioner	-.154	.120	-.236	-1.279	.210
	Audit committee	-.003	.009	-.065	-.356	.724
	Auditor reputation	.044	.025	.295	1.725	.094

a. Dependent Variable: enterprise risk

Based on the table above, the conclusions are as follows: the independent commissioner variable has a t value of -1.279 and a significance of 0.210 > 0.05. Thus, there is no partial influence of independent commissioners on enterprise risk. The audit committee variable has a t-value of -0.356 and a significance of 0.724 > 0.05. This variable has no partial influence on enterprise risk. Then for the auditor reputation variable, the t-value is 1.725 with a significance value of 0.094 > 0.05. There is no influence on enterprise risk.

Coefficient of determination test results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.285 ^a	.081	-.005	.03701

a. Predictors: (Constant), auditor reputation, audit committee, independent commissioner

It can be seen that the value of r square is 0.81 or 81%. The enterprise risk variable can be explained by independent variables consisting of independent commissioners,

audit committees and auditor reputation. While the remaining 19% is influenced by other variables not included in this study.

Discussion

1. Independent commissioner regarding enterprise risk

Based on the data analysis shown above which has been tested through the T test and F test, there is no influence on enterprise risk. The results show that independent commissioners have not fully supported corporate governance for risk management disclosure. From the independence of the board of commissioners who work professionally, the objectivity has less impact on management performance, especially the company's financial reporting, so that it can affect stock prices. So, if the board of commissioners increases, it indicates that the board of commissioners is carrying out its functions. This will be an important indicator if the duties and responsibilities are carried out properly by all independent commissioners. The existence of an independent board of commissioners shows that the company has maximum supervision and can minimize any possible fraud so that manager works even harder.

2. Audit Committee On Enterprise Risk

Based on the data that has been analyzed, the audit committee has also not fully influenced the disclosure of risk management in the company. This can occur because the role of the audit committee is not optimal in carrying out its duties, namely supervising and controlling the company's management. This causes the emergence of non-transparent company management accountability and is able to reduce the level of trust of capital actors, thus impacting the disclosure of risk management. The existence of an audit committee is not a guarantee that the company's performance will improve, so the market considers the existence of an audit committee is not a factor that they consider in appreciating risk management disclosure.

3. Auditor Reputation For Enterprise Risk

Based on the test results that have been conducted above, it can be concluded that the auditor's reputation also does not fully affect the disclosure of risk management. When carrying out their duties, the auditors themselves always try to provide the best for investors, one of which is providing the information needed, especially the company's risk management. However, auditors from the Big Four KAP are not a guarantee that this can affect risk management disclosure. By disclosing the company's risk management, it is considered better because ERM that is widely and well disclosed will show good corporate risk governance and provide assurance that the company's internal control is maintained.

Conclusion

Based on data analysis tested using the T test and F test, it is concluded that independent commissioners, audit committees, and auditor reputation do not fully affect the disclosure of corporate risk management. Independent commissioners have not fully supported optimal corporate governance, so their objectivity has less impact on management performance and financial reporting, which in turn can affect stock prices. The existence of an independent board of commissioners is only effective if its duties and responsibilities are carried out properly, so as to increase supervision and minimise the potential for fraud.

The audit committee also does not have a significant influence on risk management disclosure because its role in supervision and control is not optimal. This results in a lack of transparency in management accountability, lowers the level of investor confidence, and weakens the company's risk disclosure.

Meanwhile, auditor reputation, including that of the Big Four KAP, does not guarantee an increase in risk management disclosure. Although auditors endeavour to provide the best information, better risk management disclosures are considered to come from comprehensive corporate risk management. Thus, good risk governance through extensive and transparent ERM can provide assurance of effective corporate internal control.

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