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Original Research Article

How Corporate Characteristics and Good Corporate Governance Affect Risk Management Disclosure

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Abstract: Disclosure of risk is the provision of information about the risks encountered by the firm and how risk management is conducted. Disclosure of risks is essential for assisting stakeholders in obtaining risk profile information and management. This study aims to evaluate and assess the impact of firm factors (size, liquidity, profitability, leverage) and effective corporate governance (size of the board of directors and ownership structure) on risk management disclosures. For 2020-2021, the IDX has a quarterly listing of the research population for textile and apparel subsector manufacturers (quarterly). With a total of 64 observations, the sampling method is nonprobability with purposive sampling. Quantitative research and secondary data sources are categorized—as descriptive statistical data analysis methodologies. Before multiple regression analysis, all data were subjected to classical assumption tests (normality test, multicollinearity test, and heteroscedasticity test). According to the determination coefficient test results, all independent factors had an influence of 64.3% on risk management disclosure. The effects of research on business size, profitability, leverage, and ownership structure on risk management disclosure are beneficial. On risk management disclosure, liquidity has a negative influence, whereas the size of the board of commissioners has no effect. Future researchers are anticipated to expand their efforts so that test findings are more precise and reliable and to measure the ownership structure of various components.

Keywords: Company Size, Profitability, Leverage, Liquidity, The Board Size, Ownership Structure, Risk Management Disclosure.

1. INTRODUCTION

Each organization has unique characteristics that necessitate unique risk disclosures. Organizations have varied financial capabilities, limits, and challenges, which might lead to varying disclosure preferences. It is impossible to isolate the company's activities from risk and intensify competition. Risk is intrinsic to everything, regardless of whether they are in motion. Risks can have a detrimental impact on the company's objectives and result in losses or survival risks. Good corporate governance is necessary to develop a business to grow more quickly. An increase followed the company's exposure to increasingly complicated business risks. Stakeholders are concerned about the existence of risks in order to prevent accounting fraud. To decrease or eliminate the danger of loss, the organization must effectively manage risk through risk management.

Discussion of risk management about the application of measures to mapping various current problems through the placement of diverse management approaches thoroughly and systematically. Companies must be able to implement effective risk management in order to minimize losses. The implementation of risk management must guarantee that the organization can respond adequately to the risks that will influence it. Changing the business environment causes organizations to rely more on financial instruments and foreign transactions, elevating corporate risk disclosure's significance. Risk information's disclosure must be adequate for it to be used as a tool for prudent and appropriate decision-making. Risk management aims to enhance performance, encourage innovation, and facilitate goal achievement. Disclosure of risk assists information consumers in evaluating existing and future hazards to maximize their income by

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maintaining a diversified portfolio (Abraham & Cox, 2007).

Institutional investors desire to improve business risk disclosure to better investment decisions (Solomon et al., 2000). They satisfy the needs of consumers of accounting information by releasing more information about the various risks encountered and the long-term viability of the company's operations within a specific time. This data is intended to assist parties in assessing present and future hazards. Numerous aspects, including corporate characteristics such as size, liquidity, profitability, leverage, and robust governance, influence risk management disclosures.

The company's size is the first factor that influences risk management disclosure. Total assets measure company size. Large-size companies will disclose more information than small companies because they have sufficient resources to finance these disclosures. Company size was found to affect risk management disclosure (Erviando Z *et al.*, 2021; Wardoyo *et al.*, 2022; Wardhana & Cahyonowati, 2013; Gunawan & Zakiyah, 2017; and Syafitri *et al.*, 2016. Rahmawati & Sugeng found a positive effect (2022), Juwita & Jurnali (2020), Adnyana & Adwishanti (2020), Kencana & Lastanti (2018), Tarantika & Solikhah (2019), Adam *et al.*, (2018), Nahar *et al.*, (2016), and Oliveira *et al.*, (2011). The results found no effect Hardiyanti *et al.*, (2022) and Muslih & Mulyaningtyas (2019).

The second suspected characteristic that influences risk management disclosure is profitability. High profitability will reveal more information to provide performance information to shareholders. Companies want to convince investors of profitability and compensation to management (Singhvi & Desai, 1971). Profitability affects risk management disclosure found by Wardoyo *et al.*, (2022) and Syafitri *et al.*, (2016). A positive effect was found by Noviana & Mappadang (2022), while no effect was found by Adnyana & Adwishanti (2020).

Leverage is the third characteristic of the suspected company influence risk management disclosure. The higher the leverage, the greater the company's dependence on creditors. Previous research found an influence (Shagan, 2022; Wardoyo *et al.*, 2022; Erviando Z *et al.*, 2021). Rahmawati & Sugeng (2022), while Gunawan & Zakiyah (2017) and Tarantika & Solikhah (2019) found no effect. Liquidity is the fourth characteristic. The level of liquidity is a benchmark for a company's progress based on its ability to pay its short-term obligations. The stronger the financial condition, the higher the risk management disclosure. It was found that liquidity affects risk management disclosure (Yunifa & Juliarto, 2017; Syafitri *et al.*, 2016; Al-Shammari, 2014).

Solid governance also influences risk management disclosure, in addition to financial performance. Due to the division between ownership and control of a corporation, corporate governance issues develop. This division is based on agency theory, which suggests that case management prioritizes personal benefit over company objectives. Implementing sound corporate governance (GCG) is crucial to maintaining long-term business continuity that prioritizes the interests of shareholders and stakeholders. To anticipate this situation, it is necessary to implement solid and firm corporate governance. To benefit from GCG, it must be implemented and developed consistently and continuously with the support of high integrity and commitment, as well as the active role of various devices within the company. GCGin this study is measured using the board of commissioners and ownership structure.

The board of commissioners oversees the management process and guides the directors. The size of the board of commissioners is reported as corporate governance information in the annual report as part of corporate governance. A previous study has revealed inconsistencies in the association between the two factors. The size of the board of directors influences risk management disclosure (Oktaviana & Puspitasari, 2022; Wardoyo *et al.*, 2022; Tarantika & Solikhah, 2019). There were also findings of a positive effect between the two variables (Hardiyanti *et al.*, 2022; Yubiharto & Rudianti, 2021). Previous researchers have also found no influence (Juwita & Jurnali, 2020; Sholikhah & Sari, 2020). The ownership structure is measured based on the number of shareholders with more than 10%. The more shares owned, the more parties need information on the risks faced by the company. The relationship between the characteristics of the company and GCG on risk management disclosure using an approach based on several theories, namely agency theory, signaling theory, and stakeholder theory.

2. LITERATUR REVIEW

2.1 Agency Theory

The agency theory of economics is used to understand the contractual relationship between the manager (agent) and the owner of economic resources (principal). In this theory, agents are assumed to be rational individuals with personal interests and try to maximize their interests. Managers as agents are responsible for optimizing the owners' profits, but on the other hand, managers are also interested in maximizing their welfare. This means that there is a high probability that agents will only sometimes act in the best interest of the principal. The agency theory of economics explains the contractual relationship between the manager (agent) and the owner of economic resources (principal). In this theory, agents are assumed to be rational individuals with personal interests and try to maximize their interests. Managers, as agents, are responsible for optimizing the owners' profits, but on the other hand, managers are also interested in maximizing their welfare. This means that there is a high probability that agents will only sometimes act in the best interest of the principal.

2.2 Signaling Theory

Signaling theory delivers information from managers to interested parties (investors or creditors). From the perspective of risk management disclosure, signal theory explains how managers must provide adequate information about the risks faced. Adequate disclosure of information about risks to owners is a good signal (Ross, 1977). Good signals inform owners that the company has performed risk management correctly. Conversely, if the manager discloses information about risks inadequately, it will be a good signal for the company.

2.3 Stakeholder Theory

Stakeholder theory shows the company should be more responsive to stakeholders and need to show performance to stakeholders. At this level, companies need to pay more attention to the quality of the information disclosed. This theory argues that companies should create value for all stakeholders, not just shareholders (Freeman, 1984). Based on prospective stakeholder *theory*, the company's goal is to improve the welfare of all stakeholders and no longer focuses on increasing shareholders' welfare. Companies that always pay attention to the needs and desires of stakeholders are stakeholder-oriented (Dhaliwal *et al.*, 2014). The company will protect stakeholders, including activities more closely related to stakeholder interests (Younas & Al-Faryan, 2021).

2.4 Company Characteristics

The attributes of a business that allow it to be recognized are referred to as its characteristics. Each organization has unique characteristics and risk disclosures. Measurements of firm characteristics include company size, profitability, leverage, and liquidity. Business size is a classification scale based on total assets, log company size, and stock market value, among others. Company size is categorized into three categories: large, medium, and small businesses—determination of the size of a corporation based on total assets (Machfoed, 1994). Large corporations typically have substantial total assets to entice investors to invest in the company. This can assist investors in anticipating potential dangers associated with investing in the company (Yolana & Martani, 2005).

Profitability represents the return on investment. The financial manager's employment of the specking-order hypothesis, with retained earnings as the first option for meeting the need for money, debt as the second option, and the issuance of shares as the third option, will always result in increased profitability (Myers & Majluf, 1984). The profitability ratio gauges a company's capacity to generate profits relative to its sales, total assets, and own capital (Muslichah & Bahri, 2021).

Leverage explains the relationship between debt to capital and assets. In this ratio, a high corporate leverage level can potentially be at risk. Companies with high debt levels tend to be vulnerable and more speculative and risky, and creditors have great power in the company's financial structure (Oliveira *et al.*, 2011). The higher the level of leverage, the wider the risk disclosure as a form of accountability to creditors (Kumalasari *et al.*, 2014). Liquidity is the ratio of current assets to short-term debt (Muslichah & Bahri, 2021). Liquidity can indicate expanding risk management disclosures to provide reliable and relevant information for interested parties or creditors.

2.5 Good Corporate Governance (GCG)

According to the Committee (1992), GCG is a framework that governs the relationship between stakeholders (shareholders, company management, creditors, and other associated parties) who have certain rights and responsibilities towards the organization. GCG is a regulatory and control framework for firms that create value for all stakeholders (Monks & Minow, 2003, p. 420). The GCG adheres to five fundamental principles: accountability, responsibility, transparency, fairness, and independence. GCG is a collection of standard processes, policies, norms, and institutions that influence a business's direction, management, and control (Gill & Obradovich, 2012).

Corporate governance includes the board of commissioners, who are collectively responsible for supervising and advising the board of directors and ensuring that the corporation implements GCG correctly. The board of directors is responsible for the annual shareholder meeting (GMS). In the context of adopting GCG principles, the accountability of the board of commissioners in the GMS is a representation of accountability monitoring of the company's management.

The ownership structure is the institution or organization that holds most of a company's shares. The ownership structure determines the obligation of shareholders to grant administrators control (Kusumaningrum & Arifin, 2022). The incentives for monitoring the company, its management, and its board of directors vary depending on the ownership structure. The ownership structure is regarded as having the power to alter the company's performance by influencing its management. The greater the level of ownership, the greater the amount of information disclosed to shareholders.

2.6 Risk

Risk is the impact of uncertainty in achieving company goals (ISO 31000, 2009). Every company activity must face and be associated with risk because the risk is inherent in the process of business activities and part of various potential losses. If these losses occur frequently and result in significant financial losses, they must be anticipated by mitigating (actions to minimize the risk). However, if an unexpected or expected event occurs or will cause a loss, this needs to be anticipated with further action to minimize the losses incurred. Every business process contains risks, so every activity always has risks in the form of threats and opportunities. Risks in the form of threats occur if a risk strategy is not carried out, it can be detrimental, so it has the potential to bankrupt the company due to risk events. The aim is to carry out a risk strategy with mitigation so that the company's goals or targets budgeted each year can be achieved. Target achievement will be successful if it relies on a solid management team and has the same perception of achieving company goals. Risk is the impact of uncertainty in achieving company goals (ISO 31000, 2009). Target achievement will be successful if it relies on a solid management team and has the same perception of achieving company goals. Risk is the impact of uncertainty in achieving company goals (ISO 31000, 2009). Target achievement will be successful if it relies on a solid management team and has the same perception of achieving company goals. Risk is the impact of uncertainty in achieving company goals (ISO 31000, 2009).

2.7 Risk management

Risk management is a coordinated process for directing and controlling an organization's exposure to risk (ISO 31000). In addition, risk management gives instruments for structured future planning and dealing with uncertainty. Risk management is an architecture (principles, framework, and method) for successfully and efficiently managing risk. Risk management addresses the threats and opportunities that influence the generation of value. Using the notion of learning by doing, managers are able to prevent repeating the same errors by analyzing experience gained from the execution of business processes. Managers are also forward-looking in their planning operations, which are more planned and systematic to reduce the likelihood of future difficulties. The purpose of risk management is to carry out the risk management function in capital market companies to ensure that all risks can be managed effectively, efficiently, and comprehensively (integral) so that risk management principles can attain the company's vision, mission, and objectives. Risk management is a process affected by the board of directors, management, and other people employed in creating strategy and throughout the organization to identify potential events that could hurt the organization and manage the risk of being at risk.

In a business, risk management involves activities that focus on adopting communication and consultation, establishing context, risk identification, risk analysis, risk evaluation, risk treatment, monitoring, and review. The majority of these processes will be continuously updated. Risk management is the process of detecting, quantifying, and developing measures to prevent the occurrence of risks. Risk management strategies are implemented to prevent and mitigate various threats in the early stages of a building project and preventive steps to reduce, avoid, or transfer risk. Authorized internal parties periodically monitor risk management by establishing corporate strategies in operational operations and adjusting for each risk encountered (COSO, 2004). Risk management is also intended to detect events that could impede the achievement of goals. Risk management is anticipated to serve as a roadmap for firms to reach their objectives. Companies that can balance expenses and earnings benefit from risk management that guarantees the firm and is accountability for the dangers it will face (Krus & Orowitz, 2009). Risk management is also intended to detect events that could impede the achievement of goals. Risk management is anticipated to serve as a roadmap for firms to reach their objectives. Companies that can balance expenses and earnings benefit from risk management that guarantees the firm and is accountability for the dangers it will face (Krus & Orowitz, 2009). Risk management is also intended to detect events that could impede the achievement of goals. Risk management is anticipated to serve as a roadmap for firms to reach their objectives. Companies that can balance expenses and earnings benefit from risk management that guarantees the firm and is accountability for the dangers it will face (Krus & Orowitz, 2009).

3. METHODOLOGY

3.1 Conceptual Framework

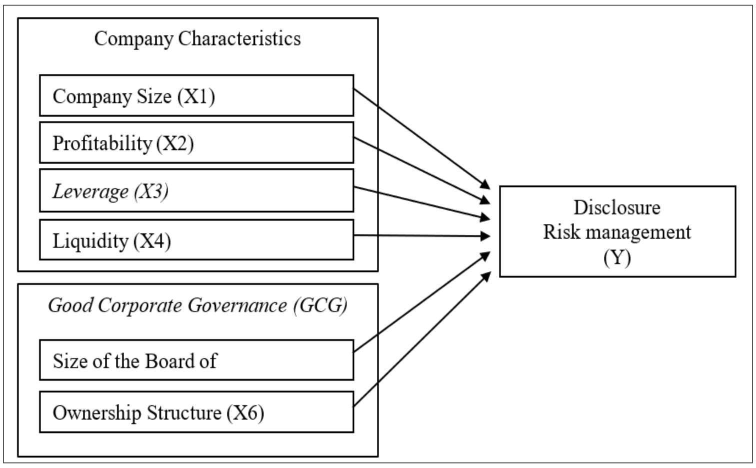
3.1.1 Hypothesis Development

Company Size Against Disclosure of Risk Management

Large corporations will provide more information than smaller corporations since they have the financial capacity to do so (Mubarok & Rohman, 2013). Total assets are indicative of the size of a company. The greater the overall assets, the greater the number of investors, which encourages management to provide risk information more comprehensively. Previous researchers have demonstrated that company size affects risk management disclosure (Erviando Z *et al.*, 2021), (Wardoyo *et al.*, 2022), (Wardhana & Cahyonowati, 2013), (Dewi, 2018), (Gunawan & Zakiyah, 2017), (Wardoyo *et al.*, 2022). (Syafitri *et al.*, 2016). Due to the company's scale, the danger of disclosure is considerable. Several earlier researchers have also demonstrated the beneficial relationship between (Juwita & Jurnali, 2020), (Adnyana & Adwishanti, 2020), (Kencana & Lastanti, 2018), (Tarantika & Solikhah, 2019), (Rahmawati & Sugeng, 2022), (Adam *et al.*, 2018), and (Nahar *et al.*, 2016)

(Juwita & Jur (Oliveira *et al.,* 2011). Based on this description, the initial hypothesis is formed:

H1: Company size has a positive effect on risk management disclosure



Profitability Against Disclosure of Risk Management

Profitability evaluates the ability to generate profits. The company's ability to effectively manage financial risk is implied by its high degree of profitability. Companies that act and disclose risk management information more generally have a higher rate of profitability than those with a decline in profitability. To build shareholder confidence in a running concern, it is vital to manage risk effectively. The greater the profitability, the more information is disclosed (Bowman & Haire, 1976). The greater the amount of profitability, the greater the purchase of shares. Profitability has been shown to influence risk disclosure by Wardoyo *et al.,* (2022) and Syafitri *et al.,* (2016). Noviana & Mappadang (2022) and Kumalasari *et al.,* (2001) discovered that their association has a good impact (2014). The second hypothesis is formulated based on this description:

H2: Profitability has a positive effect on risk management disclosure

Leverage on Disclosure of Risk Management

High debt levels tend to be very vulnerable, more speculative, and risky, so creditors have great power in the company's financial structure (Oliveira *et al.,* 2011). The higher the level of leverage a company will potentially have, the riskier ones are required for broader disclosure of risk information. The effect of leverage on risk disclosure has been foundShagan (2022) by Wardoyo *et al.,* (2022) and Erviando Z *et al.,* (2021). Several studies have shown that leverage has a positive impact on the disclosure of risk management (Rahmawati & Sugeng, 2022; Nahar *et al.,* 2016; Marhaeni & Yanto, 2015; Kumalasari *et al.,* 2014). Based on this description, the third hypothesis is formulated:

H3: Leverage has a positive effect on risk management disclosure

Liquidity on Disclosure of Risk Management

The liquidity ratio quantifies a company's capacity to meet its short-term obligations. The greater the firm's ability to meet its short-term obligations, the greater the risk. In order to attract investors, companies with a high level of liquidity will reveal more information than companies with a lower level of liquidity. This is because companies with a high level of liquidity have a better track record of managing liquidity risk. It has been demonstrated that liquidity influences risk management disclosure (Syafitri *et al.,* 2016 Al-Shammari, 2014). Puspitaningrum & Taswan (2020) and Yunifa & Juliarto (2017) also discovered a beneficial effect (2017). The fourth theory can describe this link.

H4: Liquidity influences risk management disclosure positively.

Measures of the Board of Commissioners on Disclosure of Risk Management

The board of commissioners is responsible for supervising and advising the directors (KNKG, 2012). The board of commissioners plays a vital role in the organization, particularly in executing GCG. According to KNKG (2006), the number of board of commissioners members must be proportional to the company's complexity, with decision-making efficacy in mind. The vast number of commissioners fully contributes to the company's risk management implementation oversight. Commissioners play a significant role in overseeing management activities, both in forming the company's articles of association and in providing counsel to the board of directors. The effect of the board of commissioners on risk management disclosure has been found (Oktaviana & Puspitasari, 2022), (Wardoyo *et al.,* 2022), (Tarantika & Solikhah, 2019), (Cecasmi & Samin, 2019), and (Ramadhani *et al.,* 2015). Positive effects of them have also been found (Hardiyanti *et al.,* 2022), (Yubiharto & Rudianti, 2021), (Adnyana & Adwishanti, 2020), (Swarte *et al.*, 2019), (Kencana & Lastanti, 2018). Based on this description, the fifth hypothesis can be formulated:

H5: Board of commissioners size has a positive effect on risk management disclosure

Ownership Structure On Risk Management Disclosures

The ownership structure is measured based on the calculation of the number of shareholders who own more than 10% of shares. The more shares owned, the more parties need information on the risks faced by the company. This condition will be followed by increasing pressure to disclose risk information faced by companies (Ruwita & Harto, 2013). In companies with a dispersed ownership structure, the agency problem becomes higher because shareholders have limitations in supervising and controlling management activities. Greater risk disclosure is needed compared to companies with a concentrated ownership structure. Based on this explanation, the formulation of the sixth hypothesis:

H6: Ownership structure positive effect on risk management disclosure

3.2 Research methods

This type of research is causal associative. Determination of the research sample by purposive sampling with criteria: Sub-sector manufacturing company Textiles and Garments On the IDX in 2020-2021 and present quarterly financial reports. Sample selection procedure based on predetermined criteria:

Table 1 Sample Selection Procedure

Criteria	Amount
Sub-sector manufacturing companiesTextiles and Garmentslisted on the Indonesia Stock Exchange (IDX) during 2020-2021	23
Not consistent throughout the study period	(3)
Does not present financial reportsquarter in dollar terms	(8)
Does not have the completeness of the required information	(4)
CompanyTextiles and Garmentswho has complete information and at the same time as a research sample	8

Source: processed data

The data type is documentary data. The research document is in the form of quarterly financial reports. Secondary data source obtained from IDX in 2020-2021. Period 2 years sequentially.

3.3 Variable Operational Definitions

1. Disclosure of risk management refers to the enterprise risk management (ERM) Framework (COSO). Each ERM item that is disclosed is given a value of 1 and 0 if it is not disclosed. Each item is added to obtain each company's overall ERM index.

$$Risk\ Disclosure = \frac{Total\ Items\ disclosed}{Maximum\ Item\ Disclosure}$$

2. Company size is the total assets of company j in years t up to several years during the observation period. Total assets = Ln total assets
3. Profitability proxied by net profit margin (NPM) is the ratio of profit after tax to net sales in year t.

$$NPM = \frac{Profit\ After\ Tax}{Net\ sales}$$

4. Leverage is the relationship between debt and total assets and is proxied by the debt-to-asset ratio.

$$Debt\ to\ Asset\ Ratio = \frac{Total\ Liabilities}{Total\ Assets}$$

5. Liquidity is the ability to pay short-term debt with current assets and is proxied by the current ratio (CR).

$$CR = \frac{Current\ assets}{Current\ Liabilities}$$

6. The size of the board of commissioners is the total number of members of the board of commissioners in the company.
7. The ownership structure is the number of shareholders who own more than 10% of shares.

4. RESEARCH RESULTS AND DISCUSSIONS

4.1 Descriptive Statistical Test Results

Descriptive statistics to get an overview or describe a set of observed data so that it is easy to understand, read and use as information (Chandrarin, 2017).

Table 2 Descriptive Statistics

Variable	Minimum	Maximum	Means
Company size	0.05	1.19	0.4810
Profitability	-0.73	0.25	-0.0242
leverage	0.30	14.94	1.4455
Liquidity	0.11	8.30	1.8677
Board of commissioner size	3.00	6.00	3.9844
Ownership structure	1.00	3.00	1.9375
Risk management disclosure	0.13	0.38	0.3131

Source: processed data, 2023

4.2 Normality Test Results

Testing data normality with the one-sample Kolmogorov-Smirnov test method. Here are the test results:

Table 3 One Sample Kolmogorov-Smirnov

N		64
Normal Parameters A,b	Means	0.0000000
	std. Deviation	0.04989372
Most Extreme Differences	absolute	0.105
	Positive	0.100
	Negative	-0.105
Test Statistics		0.105
asymp. Sig. (2-tailed)		0.075c

Source: processed data, 2023

Based on table 3, the Kolmogorov-Smirnov Z value is 0.105 with a significance level of 0.075. Significance value 0.075 > 0.05, the residual data is usually distributed.

4.3 Multicollinearity Test Results

By experiencing multicollinearity symptoms, the multicollinearity test can be seen in the variance inflation factor (VIF) value. The results of calculating the VIF value < 10, the regression model is said to be good, and there are no symptoms of multicollinearity. The test results are shown in table 4 below.

Table 4Multicollinearity Test Results

Variable	tolerance	VIF	Information
Company size	.533	1875	There is no multicollinearity
Profitability	.481	2077	There is no multicollinearity
leverage	.576	1,736	There is no multicollinearity
Liquidity	.330	3,029	There is no multicollinearity
Board of commissioner size	.544	1,838	There is no multicollinearity
Ownership structure	.622	1607	There is no multicollinearity
Risk management disclosure	.533	1875	There is no multicollinearity

Source: processed data, 2023

Based on the test results in table 4, all independent variable VIF values < 10, which means that all independent variables are not mutually exclusive influences, and there is no indication of bias in the model.

4.4. Heteroscedasticity Test Results

Heteroscedasticity is the residual variance that is not the same for all observations in the regression model. Good regression should not occur in heteroscedasticity. Heteroscedasticity testing uses Spearman's rho correlation, correlating the independent variables with their residuals. The test results are as follows:

Table 5 Heteroscedasticity Test Results

Variable	Unstandardized Residuals Sig. (2-tailed)	Information
Company size	0.493	There is no heteroscedasticity
Profitability	0.590	There is no heteroscedasticity
leverage	0.433	There is no heteroscedasticity
Liquidity	0.334	There is no heteroscedasticity
Board of commissioner size	0.584	There is no heteroscedasticity
Ownership structure	0.553	There is no heteroscedasticity
Risk management disclosure	0.841	There is no heteroscedasticity

Source: processed data, 2022

Table 5 shows the correlation between environmental disclosure variables, audit quality, earnings quality, and company value, with *unstandardized residuals* having a significance value of > 0.05 so that heteroscedasticity does not occur.

4.5 Multiple Linear Regression Results

Multiple regression analysis aims to measure the intensity of the relationship between two or more variables. The following are the results of multiple linear regression tests:

Table 6 Multiple Linear Regression

Variable	Coefficients	t value	Sig. Value	Information
Company size	0.323	3,134	0.003	Significant
Profitability	0.451	4.155	0.000	Significant
leverage	0.496	4,997	0.000	Significant
Liquidity	-0.376	-2,868	0.006	Significant
Board of Commissioners size	-0.172	-1,688	0.097	Not significant
Ownership Structure	0.203	2.125	0.038	Significant

dependent variable: risk management disclosure
Source: processed data, 2023

Firm size is positive 0.323, showing the unidirectional relationship to risk management disclosures. The company size increases by one unit, so risk management disclosure increases by 0.323 and vice versa. The value of profitability and leverage with a positive direction with a value of 0.451 and 0.496, respectively. Liquidity is -0.376, and the board of commissioners -0.172 shows the on-unidirectional relationship to risk management disclosures. Ownership structure with a value of 0.203 indicates a positive direction with risk management disclosure.

4.6 Determination Coefficient Test

The coefficient of determination (R2) measures the model's ability to explain the variation of the independent variable to the dependent variable. The following are the results of multiple linear regression tests:

Table 7 Test of the Coefficient of Determination

R	R Square	Adjusted R Square	std. Error of the Estimate
0.823a	0.677	0.643	0.0524540

Source: processed data, 2023

Based on the analysis results, the adjusted R square value of 0.643 can be interpreted as risk management disclosure 64.3% is determined by company size, profitability, leverage, liquidity, board size, and ownership structure. Other variables outside the model, such as government regulations and economic, political, and social factors, influence the remaining 35.7%.

4.7 Model Accuracy Test

The results of the model accuracy test (F test) are shown in table 8 below:

Table 8 Results F test

F grade	Sig. Value	Information
19,889	0.000	The models are correct

Source: processed data, 2022

Based on the test results in table 8, the equation shows a significance value of 0.000 <0.05, which means that the model formulated in the regression equation is correct.

4.8 Hypothesis Testing

The t-test is used to test the hypothesis and assess the influence of each independent variable on the dependent variable. Decision-making standards: Sig > 0.05 indicates that the independent factors have no significant effect on the dependent variable individually. Sig 0.05 indicates that the independent factors considerably influence the dependent variable. Based on table 5, the testing of hypotheses are as follows: The significance level of 0.003 0.05 and coefficient value of 0.323 for the company size variable indicate that firm size has a positive effect on risk management disclosure. Hypothesis 1 was statistically examined. Profitability has a significance level of 0.000 0.05 and a coefficient value of 0.451, indicating that profitability has a positive effect; therefore, hypothesis 2 is statistically evaluated on the assumption that profitability has a positive effect. With sig 0.000 0.05 and a coefficient value of 0.496, leverage has a positive effect; hence, hypothesis 3 is statistically tested. The significance of 0.006 0.05 and the coefficient value of -0.376 for the liquidity variable indicate that liquidity has a negative influence; hence, Hypothesis 4 is not statistically tested. The fact that the board of commissioner size variable has a significance level greater than 0.05 indicates that hypothesis 5 is not statistically tested. With a significance level of 0.038 0.05 and a coefficient value of 0.203 for the ownership structure variable, the ownership structure has a positive influence; thus, hypothesis 6 is statistically tested.

4.9 Discussion

The Effect of Company Size on Disclosure of Risk Management

The hypothesis test results for the firm size variable indicate that risk management disclosure is positively affected by company size. According to stakeholder theory, stakeholders deem the company's management policies significant. Large corporations have several stakeholders, so the larger the organization, the greater the amount of information that will be provided (Amran *et al.,* 2009; Linsley & Shrives, 2006). Large corporations have the financial means to disclose (Mubarok & Rohman, 2013). Due to the company's scale, the danger of disclosure is considerable. Juwita & Jurnali (2020), Adnyana & Adyashanti (2020), Kencana & Lastanti (2018), Tarantika & Solikhah (2019), Rahmawati & Sugeng (2022), Puspitaningrum & Taswan (2020), Adam *et al.,* (2018, Yunifa & Juliarto (2017), Nahar *et al.,* (2016), and Oliveira *et al.,* (2015, 2011). This conclusion is not supported by prior research (Hardiyanti *et al.,* 2022; Muslih & Mulyaningtyas, 2019). (Prayoga & Almilia, 2013).

Effect of Profitability on Disclosure of Risk Management

The findings of the profitability study enhance the disclosure of risk management. These scores suggest that the organization has provided more comprehensive risk management disclosures. These outcomes are consistent with the signaling hypothesis of how companies should communicate with users. This positive indicator informs the owner that the organization has implemented effective risk management. In contrast, if the manager does not appropriately communicate information concerning dangers, this will be a negative signal. Profitability has a beneficial effect on risk management disclosure, according to the findings of Noviana & Mappadang (2022), Yunifa & Juliarto (2017), and Kumalasari et al. (2014), which complement the conclusions of this study. Research results do not support this conclusion (Shagan, 2022). (Erviando *et al.,* 2021).

Effect of Leverage on Disclosure of Risk Management

The hypothesis test results indicate that leverage has a favorable influence on risk management disclosure. The more the leverage, the larger the risk possibility; hence a more extensive disclosure of risk information is necessary. These findings are consistent with the agency theory premise that shareholders use leverage to mitigate agency difficulties with management. Because the agent has access to more information about the company than the principal, the connection between the principal and the agent might result in an informational imbalance. These findings are backed by the studies of Shagan (2022), Wardoyo et al. (2022), and Erviando *et al.,* (2022). (2021). Several research concurs that leverage has a favorable effect on risk management disclosure (Rahmawati & Sugeng, 2022), (Nahar *et al.,* 2016), and (Marhaeni & Yanto, 2015). (Kumalasari *et al.,* 2014). The results of this study are not supported by the findings of earlier researchers (Noviana & Mappadang, 2022), (Puspitaningrum & Taswan, 2020), (Cecasmi & Samin, 2019), (Tarantika & Solikhah, 2019), (Dewi, 2018), (Gunawan & Zakiyah, 2017) that leverage does not affect risk management disclosure (Wardhana & Cahyonowati, 2013).

The Effect of Liquidity on Disclosure of Risk Management

According to the hypothesis test results, liquidity hurts risk management disclosure. These findings contradict the signal theory, which states that corporate managers communicate more information about hazards as liquidity increases. In order to attract investors, companies with a high level of liquidity will reveal more information than companies with a lower level of liquidity. This is because companies with a high level of liquidity have a better track record of managing liquidity risk. These findings are corroborated by the research of Adam et al. (2018) and Wallace et al.

(1994). Other research has indicated that liquidity affects risk management disclosure. Hence this finding is not supported (Syafitri *et al.*, 2016) (Syafitri *et al.*, 2016 Al-Shammari, 2014). Puspitaningrum & Taswan (2020) and Yunifa & Juliarto (2017) also discovered a beneficial effect (2017). Previous research demonstrates that liquidity has little effect on risk management disclosure (Erviando *et al.*, 2021).

The Influence of the Size of the Board of Commissioners on Disclosure of Risk Management

The hypothesis test results indicate that the size of the board of commissioners has no bearing on risk management disclosure. The size of the board of commissioners has little bearing on the disclosure of risk management. The study results demonstrate that the number of commissioners only partially contributes to the risk management implementation oversight. According to agency theory, agency relationships are formed when one or more persons (principals) engage another person (agent) to deliver a service and then transfer decision-making authority to the agent. These results contradict this hypothesis. The findings of (Juwita & Jurnali, 2020), (Sholikhah & Sari, 2020), (Dewi, 2018), (Saufanny & Khomsatun, 2017), (Gunawan & Zakiyah, 2017), (Yunifa & Juliarto, 2017), (Syafitri *et al.*, 2016), (Bassett *et al.*, 2007), and (Syafitri e (Cheng & Courtenay, 2006).

The conclusions of this study are not supported by the findings of earlier researches such as Oktaviana & Puspitasari, 2022; Wardoyo *et al.*, 2022; Tarantika & Solikhah, 2019; Cecasmi & Samin, 2019; Oktaviana & Puspitasari, 2022; Wardoyo *et al.*, 2022; Ramadhani *et al.*, 2015. This finding is also not supported by the findings of earlier studies that discovered a positive relationship between the two variables (Hardiyanti *et al.*, 2022; Yubiharto & Rudianti, 2021; Adnyana & Adwishanti, 2020; Swarte *et al.*, 2019; Kencana & Lastanti, 2018).

Effect of Ownership Structure on Disclosure of Risk Management

The hypothesis test results indicate that ownership structure positively influences risk management disclosure. The greater the risk management transparency, the higher the ownership structure. The more concentrated the company's ownership structure, the greater the effect on the risk disclosures in the annual report. Previous researchers that discovered a negative correlation did not validate the conclusions of this study (Adam et al., 2018). The agency problem is exacerbated in organizations with a dispersed ownership structure since shareholders cannot watch and regulate management operations. There is a requirement for more risk disclosure compared to organizations with a concentrated ownership structure. Other findings are also distinct in that it does not affect the disclosure of ownership structure risk management Cecasmi & Samin, 2019; Kencana & Lastanti, 2018; Wardhana & Cahyonowati, 2013; Ruwita & Harto, 2013; Cindy et al. 2022).

5. CONCLUSION

The impact of firm size, profitability, leverage, and ownership structure on risk management disclosure was favorable. The effect of liquidity on risk management disclosure is negative, whereas the size of the board of commissioners does not influence risk management disclosure. Analysis of firm attributes and GCG risk management disclosure reveals that Due to varying financial capacities, limits, and challenges, diverse company features can result in diverse risk disclosure methods so that each company has its preferences for the level of risk disclosure.

Consistent and continuous implementation and development of GCG must be supported by high integrity and commitment, as well as the active role of various agencies within the company. It is hoped that GCG will not only become an obligation that must be implemented but become part of the culture to achieve long-term sustainability and business resilience, improve performance, and ultimately provide added value to the company for the benefit of shareholders and stakeholders. Research develops other variables that are expected to affect the level of risk management disclosure. Subsequent studies developed the study period and population. This study measures the ownership structure risk management disclosure only from the number of shareholdings so that future researchers should develop the ownership structure of the various components.

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