Determinant Analysis of the Value of LQ45 Index Companies Listed on the Indonesian Stock Exchange

Rina Tjandrakirana DP[1]*, Ermadiani[2], Abukosim[3]
Faculty of Economics, Universitas Sriwijaya
Corresponding Author: Rina Tjandrakirana DP rinatjandrakiranadp@fe.unsri.ac.id

A R T I C L E I N F O	A B S T R A C T
  	This research aims to test and find empirical evidence regarding the influence of enterprise risk management (ERM) disclosure, company size, profitability, and leverage on company value. The type of data used is secondary data in the form of company annual reports on companies listed on the Indonesia Stock Exchange. The population in this study is the LQ45 index companies for 2020-2022, and the sampling technique used is the purposive sampling method. In this study there are four independent variables and one dependent variable. The dependent variable in this research is company value, while the independent variable consists of four variables, namely Enterprise Risk Management (ERM) disclosure, company size, Profitability, and Leverage. The analysis technique used is classical assumption testing consisting of a normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test as well as hypothesis testing including multiple linear regression, individual parameter significant test (t-test), simultaneous significant test (F test) and coefficient of determination. The results of this research analysis state that Enterprise Risk Management disclosure has a negative and insignificant effect on company value, and company size has a negative and significant effect on company value. Meanwhile, Profitability and Leverage have a positive and significant effect on company value.

INTRODUCTION

Nowadays business competition is getting tighter and is being followed by rapid technological developments, giving rise to competitive business competition between companies to win market competition. Therefore, companies must think critically, effectively, and efficiently in order to excel in the competition. The company will try to continue to develop and increase company value because one of the goals of a company is to increase long-term company value. According to (Gunawan, B., & Mawarni, J, 2021), in a company, the value of the company is important because by maximizing the value of the company you can maximize the wealth and welfare of shareholders, which is the main goal of the company.

Every company listed on the capital market hopes that the shares to be sold have the potential for a high price so that investors will be interested in buying them. If the share price is higher, the company value will be higher too. The value of the company is shown by the increasing Price to Book Value (PBV), which is a representation of the company's values and expectations or is the company's current business target because it will maximize shareholder wealth. Company value is the price that potential buyers are willing to pay if the company is sold. Company value can describe the condition of the company. With good company values, the company will be viewed favorably by potential investors, and vice versa (Surwanti, A., & Pamungkas, W. S. , 2021).

(Nazrizal, Kamaliah, & Rahmi, T., 2018)states that company value is the shareholder's view of the entity, which is always related to the value of the shares. Based on the opinion, (Husnan, Suad., 2000)the value of the company is if the company is sold, what price will customers pay? Martin et al . (2000) stated that company value is the market price/value that applies to company shares in general. For companies that issue shares on the capital market, the price of shares traded on the exchange is an indicator of company value (Surwanti, A., & Pamungkas, W. S. , 2021). The company will also continue to strive to share the latest information in business such as information about products, company performance and technology, and voluntary disclosures so that shareholders know the representation of the company's value (Ardianto, D., & Rivandi, M., 2018).

The ever-growing business world requires companies to be able to make decisions regarding risks and manage risks within the limits set by the company (Faisal, M., & Challen, A. E., 2021). Shares are certainly an investment instrument that is in great demand and produces large long-term profits if observed with good analysis. Not only the benefits, investing in shares also has relatively high risks. In carrying out company business processes, every organization faces various risks. Managing company risks properly needs to be done so that they are aligned with company goals. Risk governance in companies has received attention in recent years among academics and practitioners, especially those in finance and risk departments. This global attention emerged as a result of several corporate scandals and financial crises. One of the causes is failure and weakness in corporate governance, especially in the implementation of risk management. To achieve its goals, every creature

must face and manage risks, including company management. Learning from history, risk management begins with efforts to manage the impacts arising from pure risks in the financial sector or hazard risks in operations (Tjahjono, S., 2017). In other words, in the initial period, risk management only focused on financial and operational risks. Increasing business complexity and government requirements regarding compliance with laws, several scandals and product failures occurring in several companies such as Toshiba, Ford, Samsung Galaxy Note, etc., have increased awareness of risks and the importance of managing the risks faced by companies.

According to COSO, ERM is a procedure that involves the board of directors, management, and other employees involved in goal setting and covers the entire organization, arranged so that it can detect events that will affect the entity, manage risks, and ensure the achievement of the entity's goals. The COSO ERM framework categorizes objectives into 4 parts, namely strategy, operations, reporting, and compliance. Using a consistent and structured design to manage overall risks, ERM can reduce the risk of failure in the entire company, so ERM is considered to be able to add value to the company (Iswajuni, Soetedjo, S., & Manasikana, A., 2018).

Enterprise Risk Management (ERM) (Ardianto, D., & Rivandi, M., 2018)disclosure, is information about corporate risk governance disclosures and disclosures related to their consequences in the future. Companies are moving to reduce the risks taken in business decisions. Proper disclosure and management of risks to the public can minimize the risks and uncertainty experienced by shareholders, apart from that it can also support control of management activities. Non-financial reports such as Enterprise Risk Management can be taken into consideration in making decisions to invest apart from financial reports so that future risks can be reduced. The risk profile and how to manage that risk are the most useful data for shareholders. Disclosure of risk management in companies has an essential role in protecting company stability (Ardianto, D., & Rivandi, M. , 2018).

Managers must understand that every business strategy, plan, and decision involves risk. ERM is a process used by companies to identify these risks and provide responses so that the company can be certain of achieving its goals (Garrison, Noreen, Brewer., 2013). Even if these risks are related to weather, computer piracy, compliance with the law, theft by employees, or dangerous products, they all have one thing in common, namely that if these risks are not managed effectively, they can endanger the company's ability to achieve its goals. When a company identifies its risks, the responses given can vary, such as accepting, avoiding, or reducing the risk. But in general, company risk management will reduce risk by implementing specific controls, although these controls do not completely eliminate risk, the company can minimize unexpected events (Garrison, Noreen, Brewer., 2013).

The Indonesian Regulatory Agency makes regulations that indicate data about risks that are disclosed in the annual report. Submission of an Issuer's or Public Company's Annual Report, stating that the information that can be used by users of financial reports to evaluate the type and level of risk of financial

instruments must be disclosed is the content of PSAK 60 concerning Financial Instruments: Disclosure, and Decision of the Chairman of Bapepam-LK Number KEP-431 /BL/2012. Referring to the regulations above, all entities, both non-financial and financial, are required to report risk-related data in their annual reports, but there are no regulations regarding the minimum number of risk management reports in these regulations (Devi, S., Budiasih, I. G. N., & Badera, I. D. N., 2017). Risk disclosure is also supported by Financial Services Authority Regulation Number: 29/POJK.04/2016 concerning Annual Reports of Issuers or Public Companies. The decision states that public companies must disclose company risks. ERM disclosure will have an impact on company value. In line with research (Sayilir, Ö., 2017), increasing and maintaining company value is the main goal of ERM.

Apart from the Enterprise Risk Management above, there are many other things that influence company value, including company size, profitability, and leverage. The size of the company can be observed through the number of assets. A company with high assets will make it more flexible and easier for the company to manage these assets and carry out company operational work. The convenience and flexibility of the company can add to the company's value. Similar researchers who support this are research from (Rius Witari, E. S., 2018)finding that company size has a positive influence on company value.

Furthermore, company value can also be influenced by profitability. Profitability is an organization's ability to gain profit from the use of company assets. Maintaining or sharing its profits is the company's decision in responding to the profits it obtains (Ambarwati, J., & Vitaningrum, M. R., 2021). The ratio that is often used to predict stock prices or stock returns is ROA. ROA is also a measure of the issuer's effectiveness in gaining profits and utilizing assets.

Leverage is a measure of how much of a company's assets are supported by long-term debt and short-term debt in order to maximize the company's performance. The debt ratio that is often used is the debt-equity ratio (DER). DER is comparing the amount of debt with its own capital. DER is a ratio to measure how much a company can pay its debts with the capital it has. A high DER will cause the dividends distributed to be smaller, likewise, if the DER is low then the dividends that will be received will be higher. A small DER can increase company value and a large DER can reduce company value(Mandey, S. R., Pangemanan, S. S., & Pangerapan, S., 2017)

Signaling theory is a step taken by a company to provide a signal to shareholders regarding how management views the company's opportunities (Gunawan, B., & Mawarni, J., 2021). Signaling theory explains why companies are important in providing data to the general public. Signal theory further explains the reasons why companies recommend sharing data related to financial reports with the public. Based on signal theory, the market is expected to be able to differentiate between good and bad quality companies because good-quality companies will deliberately provide signals to the market (Wulandari, N. M. I., & Wiksuana, I. G. B., 2017).

This research focuses on LQ45 index companies. On the Stock Exchange, various companies can be found that can be the choice of shareholders in their investment activities, including the LQ45 index shares. Every early February & August the LQ45 shares are adjusted, so the shares in the index will always change. The LQ45 index only consists of 45 stocks that have been selected through various selection criteria, so it will consist of stocks with high liquidity and market capitalization. BEI's goal in creating the LQ45 company is to serve as a reliable and objective tool for financial analysis, investors, fund managers, and capital market observers in observing price movements of shares that are actively traded. BEI states that the LQ45 index is an index to measure the price performance of 45 securities that have high liquidity (often traded), large market capitalization (can be representative of the market), and are supported by good company fundamentals, which makes the authors in this study interested in making it into the population. Furthermore, shares of companies included in the LQ45 index are very popular with investors, so information about companies included in the LQ45 index will be very useful for shareholders as reference material for making investment decisions (Achsani, N. A., 2021).

Several studies have found a positive correlation between ERM disclosure and company value, such as research conducted by which (Listiani, V., & Ariyanto, D., 2021)states that ERM disclosure has a significant positive effect on company value, in line with research (Septyanto, D., & Nugraha, I. M., 2021)and (Pratama, B. C., Sasongko, K. M., & Innayah, M. N., 2020). Meanwhile, in research (Ardianto, D., & Rivandi, M., 2018), ERM (Fadhilah, M., & Sukmaningrum, P. S., 2020)disclosure (Sari, R. P., & Witjaksono, A., 2021)states that Enterprise Risk Management has a negative effect on company value. Apart from this research, (Mubyarto, 2019) and (Fadhilah, M., & Sukmaningrum, P. S., 2020) discussing company size, company value, it show that company size does not have a significant effect on company value. Meanwhile, research conducted by (Oktaviarni, F., Murni, Y., & Suprayitno, B., 2018)and (Rius Witari, E. S., 2018)shows the opposite results. Research (Mubyarto, 2019)on Leverage and Profitability on company value explains that Leverage and Profitability have a positive influence on company value, while research from (Putri, M. T., 2017)Profitability has a negative effect, and research from(Humairah, T. P., Hakim, M. Z., & Abbas, D. S.UM, 2021) Leverage has a negative effect on company value.

LITERATURE REVIEW
Signaling Theory

Signaling theory was first coined by Spence with his research entitled Job Market Signaling in 1973. Signaling theory is a step taken by a company in order to provide a signal to shareholders regarding how management sees company opportunities (Gunawan, B., & Mawarni, J., 2021). Managers are seen as people who have data related to the company that is not owned by outside parties. Signal theory also explains why it is important to provide information to external parties. Based on signal theory, the market is expected to be able to

differentiate between good and bad quality companies because good-quality companies will deliberately provide signals to the market (Wulandari, N. M. I., & Wiksuana, I. G. B., 2017).

Signal theory is related to information asymmetry, where the information obtained by each party is not balanced. Information asymmetry occurs between company management and external interested parties (Pratama, B. C., Sasongko, K. M., & Innayah, M. N., 2020). According to (Pratama, B. C., Sasongko, K. M., & Innayah, M. N., 2020)signal theory, shows that a good quality company will deliberately give market signals, namely positive information, by disclosing financial reports, so that it is hoped that the market will know the difference between companies with good and bad quality. Signal theory suggests how companies should act when giving signals to their stakeholders, namely emphasizing the importance of data published by the company which will influence external parties' decisions when investing. Relevant, complete, timely, and accurate data is really needed by shareholders & stakeholders for analysis in making investment decisions. Disclosure of ERM as non-financial information can be used as a signal by shareholders regarding the security of invested capital. Shareholder confidence will increase if more information is provided by the company (Pratama, B. C., Sasongko, K. M., & Innayah, M. N., 2020).

Signal theory is the basis for this research, with information being an important component for shareholders because it describes the past, present, and future regarding the ongoing life of the company. Companies generally provide information to stakeholders and shareholders which can be validated as bad news or good news. Then this information is used as a reference by shareholders and becomes an impetus for increasing or decreasing share buying and selling capacity, which will then influence the high or low value of the company.

Company Value

Company value is the price that prospective buyers are willing to pay if the company is sold. Company value is the result of management work from several dimensions (Putri, M. T., 2017). According to (Wijaya, H., Tania, D., & Cahyadi, H., 2021)the value of companies that have had an IPO (Initial Public Offering), can be seen from the market price of the company's shares. For the value of companies that have not had an IPO, the value can be seen if the company will be sold (amount of assets & company prospects, business environment, business risks, etc.). Furthermore, company value is also defined as the present value of the series of income that the company will obtain in the future. Company value can describe how well management manages company assets. For companies that have gone public, the indicator of company value is the share price traded on the capital market. The higher the share price, the higher the company value. This is often thanks to the connection between increasing shareholder welfare with share prices and increasing company value (Sari, R. P., & Witjaksono, A., 2021).

Enterprise Risk Management Disclosure

Enterprise Risk Management (ERM) is an integrated risk management system for the purpose of increasing company value (Iswajuni, Soetedjo, S., & Manasikana, A., 2018). Enterprise Risk Management disclosure is information related to a company's commitment to managing risk (Ardianto, D., & Rivandi, M., 2018). Enterprise Risk Management disclosure requires management to make efforts to maintain the company's survival. This is in line with research by Hyot & Lienberg, (2011), namely that Enterprise Risk Management is an element of the company's overall strategy and is intended to help increase value and protect investors.

Initially, the view regarding risk management was based on silos (partial) which were usually called Traditional Risk Management (TRM). Traditional risk management still emphasizes ego sectoral, that is, information within each department is not shared with each other, where this information is important for the growth of all divisions (Aditya, O., & Naomi, P., 2017). In a TRM system, individuals are not responsible for risk identification and assessment, but they only focus on separate risks. In contrast, in an ERM system, risk is viewed in the context of business strategy, and managed with well-defined risk responsibilities and a robust risk monitoring process (Zungu, S., Sibanda, M., & Rajaram, R., 2018). Traditional risk management is currently considered inadequate to provide protection against possible risks that could occur in a company. Risks now cross borders and are not limited to just one particular unit or division. Management realizes that effective risk management can be the main solution for the company's success. Therefore, currently, there is a tendency for a paradigm shift from traditional risk management practices toward comprehensive risk management known as Enterprise Risk Management.

According to (Sayilir, Ö., 2017)the main difference between the ERM approach and the traditional risk management (TRM) approach is integration and isolation. ERM manages risks in an integrated manner, while TRM treats them as " silos " or " stovepipes ". ERM provides a platform for aligning the goal of balancing a company's risk portfolio with stakeholders' appetite for risk. There are several organizational aspects that make ERM different from traditional risk management approaches. First; ERM recommends having a formal report submitted to the board level at least annually on the current state of, and effectiveness of, the risk management program. In ERM, there is also a senior-level position commonly called the " Chief Risk Officer " (CRO), who has ultimate responsibility for overseeing the centralized risk management function and who is independent of risk and decision-making activities. The CRO takes ownership of the risk management program and reports directly to the top of the organization. In addition, board-level committees with genuine responsibility for risk management oversight are another key element in the ERM process. Furthermore, ERM has a formal written risk management philosophy (policy), which refers to a set of shared beliefs and attitudes that characterize how a company considers risk in everything it does and describes the responsibilities of management and the board. A formal written statement

of a company's risk appetite, which is the amount of risk determined at the board level that a company is willing to accept in pursuit of value, is also considered important in ERM implementation. A centralized department or staff function dedicated to risk management is another component of ERM. ERM also suggests allocating risk owners who have primary responsibility and accountability for managing risks in their respective areas. Finally, ERM can provide benefits beyond traditional risk management.

Company Size

Frim size is the small size or size of a company which can be seen from the amount of equity, number of assets, or company sales (Suwardika, I. N. A., & Mustanda, I. K., 2017). The greater the total assets of the company, the greater the size of the company. The size of the company's total assets shows that the company is in a relatively stable state and has more opportunities to generate large profits. The size of the company illustrates that the organization is experiencing development so that it will attract investor consideration. The larger size of a company will certainly make the public believe that the size of the company is considered to be able to manage the risks faced by the company (Fadhilah, M., & Sukmaningrum, P. S., 2020).

Profitability

According to (Putri, M. T., 2017)profitability, it is the company's ability in relation to sales, total assets, and own capital. Profitability is said to be able to increase the value of the company which can make investors and company owners prosperous. Return on Assets (ROA) is a benchmark for profitability in research. ROA is a reflection of an organization's performance in one accounting period. In an organization, the ability to manage operational activities is a reflection of the company's success in earning profits. High company profits will bring prosperity to investors & company owners, this is because the returns received are also high, equivalent to profit results, which can directly improve the views of shareholders regarding the value of the company (Fadhilah, M., & Sukmaningrum, P. S., 2020).

Leverage

Leverage is a measure of how much of a company's assets are supported by long-term debt and short-term debt in order to maximize the company's performance (Suwardika, I. N. A., & Mustanda, I. K., 2017). Leverage can be a ratio that describes the relationship between the company's debt and the capital owned by the corporation, to see the extent to which the corporation is financed by debt/external parties with the strength of the corporation reflected in the company's capital. Leverage can be measured by comparing all debt owned by the company with overall equity (debt to equity ratio). The higher the ratio, the greater the external funds obtained by the company, conversely, if it is lower, the smaller the external funds obtained by the company (Fadhilah, M., & Sukmaningrum, P. S., 2020).

Conceptual Framework

The implementation of risk management is a manifestation of the company's way of managing risk. The existence of correct risk management, ensuring control of corporate risk governance makes ERM disclosures increase. So that the revealed ERM quality can be a positive signal because with this information shareholders can see the organization's opportunities in the future. By adopting a systematic and consistent approach to managing all risks facing a company, Enterprise Risk Management (ERM) is considered to reduce the risk of failure of a company as a whole, and thus the value of the company.

The larger the company size, the resulting profitability will increase. If the profitability of an organization is large, it will show that the organization is working effectively and efficiently in gaining profits by managing company assets. High company profits will bring prosperity to investors & company owners, this is because the returns received are also high, equivalent to profit results, which can directly improve the views of shareholders regarding the value of the company.

Apart from that, the size of the company shows that the organization is experiencing development so it will attract investor consideration. The larger the size of a company will certainly make the public believe it because the size of the company is considered to be able to manage the risks faced by the company so that it can increase the company's value. To obtain funding sources, companies can use debt (Leverage) to obtain capital because the decision to use high debt can increase the value of the company. Leverage is a measure of how much of a company's assets are supported by long-term debt and short-term debt in order to maximize the company's performance.
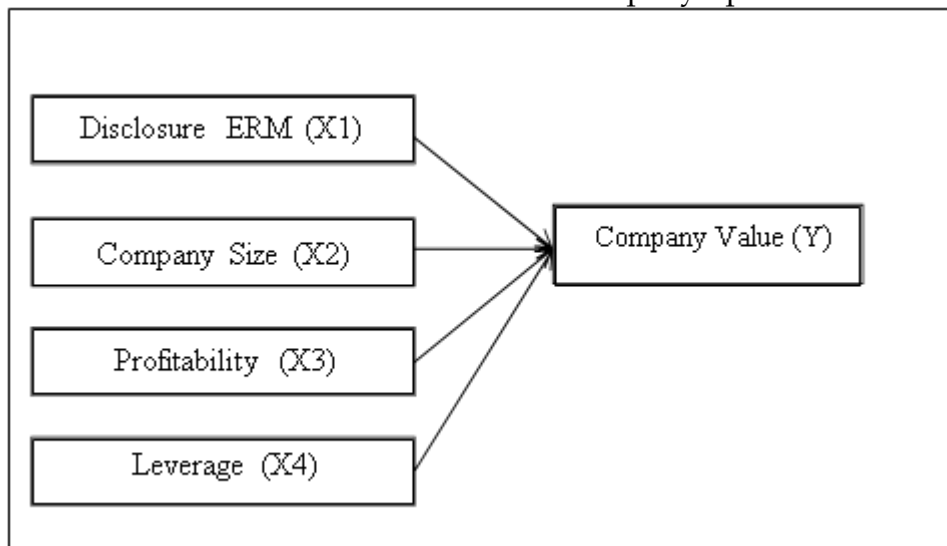

Figure 1. Conceptual Framework l

Hypothesis

The Influence of ERM Disclosure on Company Value

Regarding company value, several previous studies stated that risk management is a tool to reduce uncertainty arising from company activities, which influences the formation of company value. It is assumed that market players perceive ERM disclosure as a signal for shareholders. This signal can be

perceived as a positive signal (good news) by investors because the company's strategy for managing risk is realized in the implementation of ERM. Companies with a high level of ERM disclosure illustrate the existence of good corporate governance, including ensuring the control and management of corporate risks. to provide a higher price for the company so that the company value will also increase. This is in line with research (Listiani, V., & Ariyanto, D., 2021)which states that ERM disclosure has a significant positive effect on company value, in line with research in research (Septyanto, D., & Nugraha, I. M., 2021)and (Pratama, B. C., Sasongko, K. M., & Innayah, M. N., 2020)also states that ERM disclosure has an effect on company value.

ERM disclosure can also reduce the value of the company because, with the information disclosed, investors actually know the possibility of company risks that endanger the sustainability of the company's performance, especially in LQ45 index companies, therefore this information is perceived as a negative signal (bad news) by investors. This is in line with research conducted (Arifah, E., & Wirajaya, I. G. A., 2018) which states that ERM disclosure has a negative and significant effect on company value. Based on the description above, the hypothesis is as follows:

H1: Enterprise Risk Management disclosure has a positive effect on company value.

The Influence of Company Size on Company Value

Firm size is the small scale or size of the entity which can be seen from the amount of equity, number of assets, or company sales (Suwardika, I. N. A., & Mustanda, I. K., 2017). The greater the total assets of the company, the greater the size of the company. The size of a company's total assets shows that the entity is in a relatively stable state and has a greater chance of generating large profits. The size of the company illustrates that the organization is experiencing development so that it will attract investors' consideration & will make demand for company shares increase and spur share prices to increase (Rius Witari, E. S., 2018). This is supported by research conducted by (Mawati, E. R., Hardiningsih, P., & Srimindarti, C., 2017)research results which shows that company size has a significant effect on company value.

Meanwhile, according to (Ramdhonah, Z., Solikin, I., & Sari, M., 2019)the size of the company, the larger it will actually value of the company, this is because the larger the size of the company, the greater the company's responsibility to investors active in managing and utilizing the assets and wealth owned by the company in order to maintain investor confidence in the company, so that There is no investor perception that increasing the size of the company can lead to a lack of efficiency in monitoring operational and strategic activities by management. So the hypothesis that can be built based on this description is:

H2: Company size matters positively on company value.

Influence of Profitability on Company Value

Profitability is said to be able to increase the value of the company which can make investors and company owners prosperous. Return on Assets (ROA) is a benchmark for profitability in research. A large ROA can be a good signal from the company. If the company's ability to generate profits increases, the share price will also increase (Rius Witari, E. S., 2018). Based on research, (Mubyarto, 2019)Profitability has a positive & significant influence on company value, then the next research is research (Widyantari, N., & Yadnya, I., 2017), (Mawati, E. R., Hardiningsih, P., & Srimindarti, C., 2017)and (Tuju, G. C. M., Kawulur, A. F., & Hamenda, B., 2020)which states that Profitability has a significant positive effect on company value.

According to (Wulandari, N. M. I., & Wiksuana, I. G. B., 2017)the statement, Profitability has a negative and insignificant effect. This is thought to be because there are other factors that influence company value, for example, Earning Per Share, Return on Equity and so on. The insignificance of these results could also be because investors are now not only focused on company profits but also looking at the company's social activities which can have a long-term effect on the company. This is in line with research by Hermawan (2014), Chetty (2015) and Munawaroh (2014). So the hypothesis that can be built based on this description is:

H3: Profitability has an effect positive for company value

The Influence of Leverage on Company Value

Leverage is the company's ability to pay company loans in the future. Companies that decide to use debt in order to reduce income taxes. This is because paying interest on debt can reduce the cost burden that should be allocated to paying taxes, this activity will increase the Earning After Tax (EAT) value and can increase profits and increase the market assessment of the company because the costs incurred will be used to pay debts. flower.

Signal theory states that increasing leverage can provide both positive and negative signals. The positive signal is that the greater the proportion of debt, the greater the value of the company assuming there is good debt governance, however, in certain situations the large amount of debt will cause the value of the company to decrease because the profits obtained from using debt are smaller than the costs incurred.

The greater the leverage ratio, the greater the funds provided by creditors. The higher the leverage ratio, the higher the risk in investing, this will make investors careful in investing capital in the company (Copeland and Weston, 1992).

Previous research that supports the hypothesis is research from (Wulandari, N. M. I., & Wiksuana, I. G. B., 2017), (Mandey, S. R., Pangemanan, S. S., & Pangerapan, S., 2017), and (Wijaya, H., Tania, D., & Cahyadi, H., 2021)namely Leverage is significant and has a positive influence on company value. So the hypothesis is as follows:

H4: Leverage matters positive for company value

METHODOLOGY
Scope of Research
The scope of the research is to look at the influence of influences. This research can be carried out at LQ45 index companies on the BEI. The aim of this research is to see the influence of Enterprise Risk Management (ERM) disclosure, company size, Profitability, and Leverage on the value of LQ45 index companies listed on the Indonesia Stock Exchange in 2020-2022.

Design Study
The method used in this research is to use a quantitative method by testing the independent variable against the dependent variable. The independent variables or independent variables in this research are Enterprise Risk Management (ERM), company size, Profitability, and Leverage, while the dependent variable or independent variable in this research is company value. The research object is the LQ45 index company listed on the Indonesian Stock Exchange in 2020-2022 by looking at the company's annual financial report. The data obtained was processed through multiple linear regression tests and other tests. Then we can draw conclusions after the test results have been completed. This type of research, namely quantitative research, is a research study that collects quantitative data such as Enterprise Risk Management (ERM), company size, profitability, leverage, and company value.

Type and Source Data
This type of research is secondary research which uses annual reports from LQ45 index companies in 2020-2022 which can be obtained through the Indonesian Stock Exchange and the websites of the companies that are the research sample.
Data collection is carried out by collecting files, documents, or files that have been published by the company regarding the company's financial reports. Researchers open the company website or IDX website to obtain data. The data required for this research is the company's annual report and the company's risk management disclosure report for 2020-2022.

RESEARCH RESULT
Description of Research Objects
This research focuses on analyzing the population of companies listed in the LQ45 index on the Indonesia Stock Exchange (BEI) during the 2020-2022 period. The LQ45 index is a stock index that includes 45 selected companies with high liquidity and market capitalization. The selection of this index as the research population provides a representative picture of the performance and condition of large companies on the Indonesian stock market.
Initially, there were 31 companies in the research population, namely companies listed in the LQ45 index during 2020-2022. However, after the deletion process, the number of research samples became 25 companies. This deletion was carried out because 6 companies did not use the Rupiah currency in their financial reports during the 2020-2022 period, so it was not in

accordance with the research focus which wanted to analyze financial performance in the Rupiah currency.

The results of this sample selection process produce a group of companies that are the subject of analysis in this research. The data analyzed comes from the financial reports of these companies for three consecutive years, namely from 2020 to 2022. Thus, this research aims to provide in-depth insight into the financial performance of leading companies in Indonesia, which is reflected through the LQ45 index. during the period under study.

RESULTS
Multiple Linear Regression Analysis

A multiple linear regression analysis was carried out to test the influence of Enterprise Risk Management, Company Size, Profitability, and Leverage on Company Value. The results of the multiple linear regression equation to see the influence of Enterprise Risk Management, Company Size, Profitability, and Leverage on Company Value are shown in the results of the regression calculations as in the table below:

Table 1. Multiple Linear Regression Test Results

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13,198	3,184		4,144	,000
	ERM	-,379	,488	-,067	-,776	,440
	COMPANY SIZE	-5,516	1,370	-,436	-4,026	,000
	PROFITABILITY	1,523	,214	,748	7,123	,000
	LEVERAGE	,721	,122	,714	5,922	,000

a. Dependent Variable: COMPANY VALUE

Based on the table above, the following regression model equation is obtained

NP = a + β1 ERM + β2 Size + β3 ROA + β4 DER

Y = 4,144 - 0,776 ERMD - 4,026 SIZE + 1,552 SIZE + 7,123 ROA + 5,922 DER

The results of testing the regression model above can be explained as follows:

α = Constant has a value of 4.144 and a significance value of 0.000. This shows that if all independent variables, namely Enterprise Risk Management disclosure (X1), company size (X2), Profitability (X3), and Leverage (X4) are considered constant or equal to 0, then the company value (Y) is 4.144.

β1 = Enterprise Risk Management (ERM) Disclosure Variable measured by the Enterprise Risk Management Disclosure Index (ERMDI) produces a

negative regression coefficient of -0.776 with a significance value of 0.440 (>0.05). This means that if ERM disclosure increases by one unit, then the company value will decrease by 0.776 assuming other independent variables are constant.

β 2 = Company Size variable produces a positive regression coefficient of - 4.026 with a significance value of 0.000 (< 0.05). This means that if the size of the company increases by one unit, then the value of the company will decrease by 4.026 assuming that other variables are considered constant.

β 3 = Profitability variable measured by the Return on Assets (ROA) ratio produces a positive regression coefficient of 7.123 with a significance value of 0.000 (< 0.05). This means that if profitability increases one unit, then the company value will increase by 7.123 assuming that the other independent variables are constant.

β 4 = Leverage variable measured by the Debt to Equity Ratio (DER) produces a negative regression coefficient of 5.922 with a significance value of 0.248 (>0.05). This means that if Leverage increases by one unit, the company value will increase by 5.922 assuming that other variables are constant.

Significant test of individual parameters (t-test)

The t-test is used to find out how much influence the independent variable has on the dependent variable (Ghozali I., 2018). This test was carried out by looking at the significant Profitability value (α = 5%).

Table 2. t Test Results

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	13,198	3,184		4,144	,000
	ERM	-,379	,488	-,067	-,776	,440
	COMPANY SIZE	-5,516	1,370	-,436	-4,026	,000
	PROFITABILITY	1,523	,214	,748	7,123	,000
	LEVERAGE	,721	,122	,714	5,922	,000

a. Dependent Variable: COMPANY VALUE
Source: SPSS Data Processing Version 25.0

1. The Enterprise Risk Management disclosure variable has a negative effect with a significant value of 0.440 > 0.05. The significance value is greater than specified (α = 5%). This shows that ERM disclosure has a negative and insignificant effect on company value, so the first hypothesis (H1) is rejected.
2. The results of the t-test for the company size variable have a negative effect with a significance value of 0.000 <0.05. The significance value is smaller than specified (α = 5%). This shows that company size has a significant negative effect on company value, so the second hypothesis (H2) is rejected.

3. The results of the t-test for the Profitability variable have a positive effect with a significance value of 0.000 < 0.05. The significance value is smaller than specified (α = 5%). This shows that profitability has a positive and significant effect on company value, so the third hypothesis (H3) is accepted.

4. The results of the t-test for the Leverage variable have a positive effect with a significance value of 0.000 < 0.05. The significance value is smaller than specified (α = 5%). This shows that leverage has a positive and significant effect on company value, so the fourth hypothesis (H4) is accepted.

Table 3. Simultaneous Significance Test Results

Simultaneous significance test (F test)

	Model	Sum of Squares	Df	Mean Square	F	Sig.
	ANOVA [a]					
1	Regression	4,509	4	1,127	19,679	,000 [b]
	Residual	4,010	70	,057		
	Total	8,518	74			

a. Dependent Variable: COMPANY VALUE

b. Predictors: (Constant), *LEVERAGE*, ERM, PROFITABILITY, COMPANY SIZE

Source: SPSS Data Processing Version 25.0

Coefficient of determination (R 2)

The coefficient of determination (R^2) essentially measures how far the model's ability is to explain variations in the dependent variable. The coefficient of determination value is between zero and one. A small R^2 value means that the ability of the independent variables to explain variations in the dependent variables is very limited. A value close to one means that the independent variables provide almost all the information needed to predict variations in the dependent variable. The results of the calculation of the coefficient of determination test can be seen in the table below:

Table 4. Coefficient of Determination Results

Model Summary				
Model	R	R Square	Adjusted R Square	RStd. Error of the Estimate
1	,728 [a]	,529	,502	,23933

a. Predictors: (Constant), *LEVERAGE*, ERM, PROFITABILITY, COMPANY SIZE

Source: SPSS Data Processing Version 25.0

Based on the table above, the coefficient of determination test produces an adjusted R square value of 0.502. This shows that the Company Value

variable can be explained by the independent variables Enterprise Risk Management Disclosure, Company Size, Profitability, and Leverage amounting to 50.2%, while the remaining 49.8% is explained by other variables outside the research model. In other words, the independent variable has an influence of 50.2% on the dependent variable.

DISCUSSION
The Influence of Enterprise Risk Management on Company Value

The enterprise Risk Management (ERM) disclosure variable reveals important information regarding its relationship with company value. In this context, it was found that there was a calculated t-value of -0.776 and a significance value of 0.440, which is statistically greater than the generally used significance level (0.05).

The interpretation of these values can be drawn as follows: First, the negative t value (-0.776) indicates that there is a negative relationship between ERM disclosure and company value. In other words, increasing ERM disclosure tends to correlate with decreasing company value. However, it is important to note that the direction of this relationship is only indicative, and does not necessarily depict direct causality between these two factors. Second, with a significance value of 0.440 which is greater than the general significance level (0.05), it can be concluded that the relationship between ERM disclosure and company value in this study does not have a strong level of significance. In other words, these results indicate that the observed differences in firm value may be due to factors other than ERM disclosure, and not due to the significant influence of these variables.

This research is in line with research conducted (Ardianto, D., & Rivandi, M., 2018)which states that Enterprise Risk Management disclosure has a negative effect on company value because the implementation of ERM is considered to have no direct relationship to company value, so it does not affect company value.

However, in contrast to the results of research (Devi & Sunitha, 2017)and research (Seto, H. B., & Rohman, A., 2019)which reveal that Enterprise Risk Management disclosure has a positive effect on company value, disclosure of relevant financial reports provides a positive signal to stakeholders thereby influencing the market conditions of a company. Stakeholders believe that ERM disclosures can be used as reliable information that can be used to determine the future and sustainability of a company.

The Influence of Company Size on Company Value

The results of the analysis of the company size variable provide relevant insight into its impact on company value. In this case, the statistical test results show that there is a calculated t-value of -4.206 and a significance value of 0.000, which indicates that the significance value is much lower than the significance level used (0.05).

The development of the test results can be explained as follows: First, the negative t value (-4.206) indicates that there is a negative relationship between disclosure of company size and company value. In this context, increased

disclosure regarding company size tends to correlate with a decrease in company value. However, it should be remembered that the direction of this relationship only reflects statistical patterns and does not necessarily depict direct causality between the two. Second, with a significance value of 0.000 which is much lower than the general significance level (0.05), it can be concluded that the relationship between disclosure of company size and company value in this study has a strong level of significance. In other words, these results indicate that the observed differences in firm value are significantly related to the firm size disclosure variable.

The results of this research are in line with research conducted by (Indriyani, E., 2017)entitled The Effect of Company Size and Profitability on Company Value. In her research, Indriyani stated that company size has a negative effect on company value. The same results were also found (Dewi, D. A. I. Y. M., & Sudiartha, G. M., 2017)in their research entitled The Effect of Profitability, Company Size, and Asset Growth on Capital Structure and Company Value. Dewi and Sudhiarta stated that company size hurts company value.

However, in research conducted by (Muharramah, 2021)June) entitled The Influence of Company Size, Leverage and Profitability on Company Value, Muharram & Hakim stated that company size has a positive and significant influence on company value.

The Influence of Profitability on Company Value

From the results of the analysis of the Profitability variable, important information was found regarding its relationship with company value. Statistical analysis shows a calculated t-value of 7.123 and a significance value of 0.00, which indicates that the significance value is much lower than the generally used significance level (0.05).

These results can be developed as follows: First, the positive t value (7.123) indicates that there is a positive relationship between profitability and company value. In this context, increasing profitability levels tend to correlate with increasing company value. It is important to remember that the direction of this relationship only reflects the observed statistical pattern and does not necessarily indicate direct causality. Second, with a significance value of 0.00 which is much lower than the general significance level (0.05), it can be concluded that the relationship between profitability and company value in this study has a very strong significance level. This shows that there is a significant relationship between the level of profitability and changes in company value.

Based on these findings, it can be concluded that within the data range and time period studied, profitability has a positive and significant influence on company value. These results indicate that the better the profitability performance of a company, the higher the value of the company. The implication of the results of this research is that profitability is a key factor in determining the value and attractiveness of a company in the market.

The results of this research are in line with research conducted (Indriyani, E., 2017) in his research entitled The Influence of

Company Size and Profitability on Company Value, stating that profitability has a positive and significant effect on company value. The same results were also found (Dewi, D. A. I. Y. M., & Sudiartha, G. M., 2017)in their research entitled The Effect of Profitability, Company Size, and Asset Growth on Capital Structure and Company Value. Dewi and Sudhiartha stated that Profitability has a positive and significant effect on company value.

However, research conducted by (Thaib, I., & Dewantoro, A., 2017)his research entitled The Effect of Profitability and Liquidity on Company Value with Capital Structure as an Intervening Variable, research conducted by Thaib & Dewantoro found contradictory results, namely Profitability influential negative and not significant towards company value.

The Influence of Leverage on Company Value

The results of the analysis regarding the Leverage variable provide an important understanding of its impact on company value. In the statistical test results, it can be seen that the calculated t-value is 5.922 with a significance value of 0.00, which indicates that the significance value is much lower than the general significance level (0.05).

These results can be developed further as follows: First, the positive t value (5.922) indicates that there is a positive relationship between leverage and company value. In other words, increasing leverage tends to correlate with increasing company value. It is important to remember that the direction of these relationships only reflects the statistical patterns found and does not necessarily indicate direct causality.

Second, with a significance value of 0.00 which is much lower than the general significance level (0.05), it can be concluded that the relationship between Leverage and company value in this study has a very strong level of significance. This indicates that there is a significant relationship between leverage and changes in company value.

Based on these findings, it can be concluded that within the data range and time period studied, Leverage has a positive and significant influence on company value. The implication is that the higher the level of leverage of a company, the greater the possibility that the company's value will also increase.

Similar research results were also found (Pratama, I. G. B. A., & Wiksuana, I. G. B., 2016)in his research entitled The Effect of Company Size and Leverage on Company Value with Profitability as a mediating variable. In this research, Pratama and Wiksuna stated Leverage is influential and significantly positive towards Company value. The same results were also found (Sutama, 2018)in their research entitled The Effect of Leverage and Profitability on Company Value. Sutama & Lisa stated that Leverage had a positive and significant effect on company value.

CONCLUSIONS AND RECOMMENDATIONS
Conclusion

This research aims to test and find empirical evidence regarding the influence of enterprise risk management (ERM) disclosure, company size, profitability, and leverage on company value. The type of data used is

secondary data in the form of company annual reports on companies listed on the Indonesia Stock Exchange. Overall the results of this research can be concluded as follows

1. Enterprise Risk Management disclosure has a negative and insignificant effect on company value. This means that if there is an increase in ERM disclosure, there will be a decrease in company value. So hypothesis H1: Enterprise Risk Management disclosure has a positive effect on company value is rejected.

2. Company size has a negative and insignificant effect on company value. This means that if there is an increase in company size, there will be a decrease in company value. So hypothesis H2: Company size has a positive effect on company value is rejected.

3. Profitability has a positive and significant effect on company value. This means that the higher the level of profitability disclosure, the greater the company value. So hypothesis H3: Profitability has a positive effect on the company value received.

4. Leverage has a positive and significant effect on company value. This means that the higher the level of Leverage disclosure, the greater the company value. So hypothesis H4: Leverage has a positive effect on the company value received.

Suggestion

By considering the results of the analysis, conclusions, and limitations stated above, the author provides suggestions for further research, namely:

1. Future research can expand the observation sample by including an extended range of years for the companies analyzed.

2. Future researchers are expected to be able to add variables that can influence company value, because this research is only able to explain 50.2% of company value, and the remaining 49.8% is influenced by other variables that have not been researched.

3. Further research can add other variables such as market share because market share is a percentage of total income or sales in the market. Future researchers can also add capital structure as a variable that can be studied, this is because capital structure is a comparison or balance of a company's long-term funding as shown by the ratio of long-term debt to its own capital.

ACKNOWLEDGMENT

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