JURNAL
Riset Akuntansi dan Keuangan Indonesia
URL : http://journals.ums.ac.id/index.php/reaksi/index

Firm's Value: Governance, Risk Management, Compliance (GRC) and Profitability

Muhamad Muslih[1*], Nurlina[2]
[1]Accounting Study Program, Faculty of Economics and Business, Telkom University, Indonesia
[2]Accounting Study Program, Faculty of Economics and Business, Telkom University, Indonesia
*muhamadmuslih@telkomuniversity.ac.id[1]
*nurlina177@gmail.com[2]

Keywords:
Firm's value, Governance, Risk management, and Compliance (GRC), profitability.

ABSTRACT

The research being conducted investigates the effect of governance, risk management, compliance (GRC), and profitability on the value of firms. The audit committee, managerial ownership, institutional ownership, and independent board of commissioners represent the corporate governance variables applied in this study. The research population covers firms in the basic materials sector listed on the Indonesia Stock Exchange between 2019 and 2022. The sampling technique employed is purposive sampling, consisting of a sample size of 15 enterprises observed over four years. The testing methodology employed is panel data regression using Eviews. The findings indicate that business value is influenced by corporate governance, risk management, compliance (GRC), and profitability simultaneously. Partial testing suggests that the audit committee, independent board of commissioners, risk management, and compliance positively affect the firm's value. On the contrary, both managerial ownership and institutional ownership have adverse effects, but profitability does not affect the firm's value.

p-ISSN:1411-6510
e-ISSN :2541-6111

INTRODUCTION

The large number of companies listed on the Indonesia Stock Exchange makes it challenging for firm managers to determine effective strategies for enhancing company value. Firm value reflects investors' assessment of a firm's success and typically correlates strongly with its stock price (Deswarti, Akbar, and Herdian 2023). These notions are crucial for investors as they act as standards for the entire evaluation of the firm by the market (Sa'diah, Manik, and Danasasmita 2023). Book value per share can be used to measure the changes in profit that the firm aims to attain in the future, and Price Book Value (PBV) also compares the stock market (Indriastuti and Kartika 2021). A PBV ratio exceeding one or increasing is interpreted by investors as a sign of growing firm value, indicating that the stock price exceeds the book value per share (Jihadi et al., 2021). A high Price to Book Value ratio suggests the company has effectively created fundamental and operational value, benefiting its shareholders. Conversely, a low PBV means the value per share is lower than the book value per share.

Providing fundamental materials is a nation's economy's essential and strategic sector. Almost all downstream industries require essential basic materials, including metals, minerals, and chemicals, supplied by tis sector (Savitri, Gumanti, and Yulinda 2020). An ample provision from the fundamental materials sector would significantly enhance economic expansion. Hence, the viability and efficacy of enterprises in this industry are of utmost importance (AL-Janabi, Saei, and Hesarzadeh 2024). Firm value is a critical performance indicator for a company. A high firm value indicates positive business prospects, investor confidence, and effective resource allocation by management.

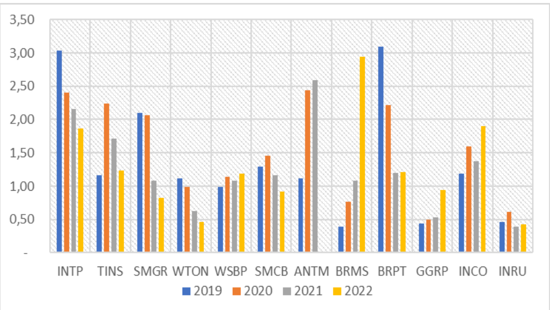

Figure 1. PBV of Basic materials sector companies 2019-2022

(source: data processed by the author, 2023)

Figure 1. illustrates that the majority of the primary materials sector's companies have relatively unstable PBV values, and some of them also experienced substantial declines from 2019 to 2022. More specifically, during this period, companies like INTP, SMGR, and BRPT experienced consecutive substantial declines. INCO, TINS, SMCB, ANTM, and INRU demonstrated fluctuations from year to year. Conversely, the PBV values of only BRMS and GGRP underwent an increase. This implies that the firm's securities are relatively undervalued, which results in low selling prices. Even in 2022, PT Aneka Tambang Tbk encountered a 19.92% decline. Due to a 0.265 percent decrease in stock price from 2,250 in 2021 to 1,985 in 2022, this is the case. A PBV ratio below one suggests the stock trades below book value, indicating investors perceive limited growth potential relative to the company's net assets (Rustiarini and Suryandari 2021).

Investors' interest in the building materials sector will be adversely affected by the ongoing declines in PBV, as highlighted in the table. This is because a low PBV implies that the market is valuing the company's net assets at a lower rate than their book value, which suggests potential undervaluation (Rachmadianti and Iswajuni 2020). The firm's value and future growth prospects are adversely affected by this, as external signals are inherently detrimental. Consequently, this will result in capital constraints that will reduce the potential for innovation and expansion. A firm's value can be affected by a wide range of internal and external factors (Handayani et al. 2020). Governance, Risk management, Compliance (GRC), and profitability are internal factors that may contribute to the decline in firm value.

Governance, Risk Management, and Compliance (GRC) is a comprehensive and integrated strategy that guarantees that the organization operates ethically and according to the relevant internal policies, external regulations, and risk levels (Andini, Ajim, and Agung 2023). This method entails the integration of human resources, technology, processes, and strategies to enhance efficiency and effectiveness. GRC encompasses three interconnected components: Governance, which pertains to the framework of regulations, procedures, and methods that guide and oversee a company; Risk Management, which entails the identification, evaluation, and ranking of potential risks; and Compliance, which relates to a company's adherence to legal requirements, regulations, and ethical principles (Pertiwi and Muslih 2023).

In contrast to previous research, this research specifically examines the impact of each variable within the context of the basic materials industry, which possesses unique characteristics pertaining to environmental and social risks. The utilization of more comprehensive governance proxies, encompassing the audit committee, managerial ownership, institutional ownership, and independence of the board of commissioners, provides a more profound understanding of governance practices within this sector.

Furthermore, this research develops an ERM disclosure index tailored to the specific risks inherent in the basic materials sector, while also evaluating the implementation of GRI standards within the context of this industry—aspects that have been insufficiently explored in extant literature. The 2019-2022 timeframe enables an analysis of the COVID-19 pandemic's impact on the connection between these variables and firm value, thereby offering novel insights into corporate resilience in the face of a global crisis.

This research's results enhance academic knowledge and offer practical implications. The policy recommendations derived from this research are expected to assist companies in the basic materials sector in optimizing their value through improvements in governance practices, risk management, sustainability reporting, and profitability. Consequently, this research offers a novel perspective on understanding and enhancing corporate value in a sector that is critical to both the economy and the environment.

This research adopts agency theory and signaling theory as its theoretical foundations to investigate the relationships among governance, ERM disclosure, GRI standard implementation, profitability, and firm value in the basic materials sector. This research employs a quantitative methodology, analyzing secondary data from financial reports and corporate disclosures of selected basic materials companies over the specified period. The study's objective is to elucidate the impact of these factors on firm value.

This research focuses on empirical evidence from Indonesia's basic materials industry spanning the years 2019 through 2022. The framework this research is structured as follows:

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Signaling Theory

According to Spence (1973), signal theory occurs when parties with information intended to provide signals to external parties that reflect the firm's condition, which is helpful for the information recipient (Savitri, Gumanti, and Yulinda 2020). These signals are crucial for investors and business practitioners as they provide information, records, or insights into the past, present, and future conditions that can affect a firm's sustainability.
Signal theory is closely related to firm value. The author uses signal theory because the firm's stock prices continue to fluctuate, even declining, allowing management to use it as a signal to investors (Widianingrum and Dillak 2023). Signal theory seeks to reduce information asymmetry within the firm's social environment so that external parties remain willing to invest despite uncertainty (AL-Janabi, Saei, and Hesarzadeh 2024). High stock prices correlate with a high firm value. The application of signal theory involves conveying information through financial reports and helping investors understand the contents of those economic reports (Widianingrum and Dillak 2023).

Agency Theory

The agency theory was put forth to comprehend and resolve issues that emerge due to incomplete information when executing a contract between shareholders and management (Fayola and Nurbaiti 2020). Agency theory is a form of social interaction that has long existed and often occurs in various contexts (Deswarti, Akbar, and Herdian 2023). In this context, the agency relationship can be viewed as a contractual arrangement between management (agents) and owners (principals). Agency theory assumes that managers and shareholders tend to have different interests, which gives rise to conflicts within the firm (Indriastuti and Kartika 2021). Based on the contract, responsible for providing services or perfoming tasks on behalf of or for the principal's benefit, including delegating authority to the agent to make decisions (Handayani et al. 2020).

Firm Value

Firm value reflects the outcome (result) of the management's performance across various areas,

p-ISSN:1411-6510
e-ISSN :2541-6111

such as net cash flow and cost of capital, which are important concepts for investors because they serve as benchmarks for how the market evaluates the firm (Sa'diah, Manik, and Danasasmita 2023). The value of a firm will indicate investors' response to the firm's success in managing resources, reflected through the firm's stock price by the year's conclusion (Deswarti, Akbar, and Herdian 2023). The value of a firm is measured using Price Book Value (PBV). PBV compares the stock market with the book value per share and measures the changes in profit desired in the future.

Governance

Indriastuti and Kartika (2022) stated the governance is a series of mechanisms that regulate and oversee operations within a firm to ensure they meet expectations to achieve stakeholder objectives. Implementing good corporate governance with monitoring mechanisms can help align the interests of owners and management agents, thereby reducing conflicts of interest between them (Andini, Ajim, and Agung 2023). Governance encompasses several mechanisms, including audit committees, managerial ownership, institutional ownership, and independent board of commissioners (Handayani et al. 2020).

According to Law Number 19 of 2002 and Financial Services Authority Regulation No. 55/ POJK.04/2015, firms are required to establish an audit committee (Rachmadianti and Iswajuni 2020). Through fulfilling this supervisory function, the audit committee can enhance the dependability of financial statements and the general operational efficiency of the firm, elevating investor trust and augmenting the firm's worth. The result is consistent with the findings of previous research by Handayani et al. (2020) and Apriani and Mursal (2021). Based on this statement, the first hypothesis of this study is:

H1: Audit committee has a positive effect on firm value.

According to agency theory, the relationship between managers (agents) and shareholders (principals), where differences in interests lead to conflicts known as agency conflicts (Deswarti, Akbar, and Herdian 2023). If the level of managerial influence in the firm is substantial, the management will be more motivated to actively endeavour to enhance the firm's value. The result is consistent with the findings of previous research by Kurniawan and Asyik (2020) and Handayani et al. (2020). Based on this statement, the second hypothesis of this study is:

H2: Managerial ownership has a positive effect on firm value.

The effective percentage of institutional ownership is more than 5%, which ensures optimal management performance oversight and avoids behaviours that may harm shareholders (Widianingrum and Dillak 2023). A high concentration of institutional investors increases external confidence in the firm, reflected in increased stock trading activity and stock prices, thus increasing the firm's value. The result is consistent with the findings of previous research by Handayani et al. (2020) and Widianingrum and Dillak (2023). Based on this statement, the third hypothesis of this study is:

H3: Institutional ownership has a positive effect on firm value.

Independent board commissioners are members or external individuals who do not passes any direct or indirect affiliations with the firm's majority shareholders overseeing the firm operations (Handayani et al., 2020). Financial Services Authority Regulation No. 33/ POJK.04/2014 requires that a minimum of 30% of a firm's Board of Commissioners be appointed by the General Meeting of Shareholders (RUPS) (Rachmadianti and Iswajuni 2020). The result is consistent with the findings of previous research by Kurniawan and Asyik (2020) and Handayani et al. (2020). Based on this statement, the fourth hypothesis of this study is:

H4: Independent board of commissioners has a positive effect on firm value.

Risk Management

Risk management is a process that is implemented by the board of directors, management, and other members of an organisation during the formation of a strategy (Phan et al. 2020). According to Financial Services Authority Regulation No. 44/POJK.05/2020, concerning risk management implementation for non-bank financial institutions (LJKNB), businesses are required to take into account nine specific types of risks (Savitri, Gumanti, and Yulinda 2020). The ERM process inside the COSO framework utilizes a total of 108 elements. ERM disclosure is a strategic process that identifies potential risks to the company, outlines methods to address these risks, and assures investors of the company's ability to achieve its objectives (Phan et al. 2020). The ERM process inside the COSO framework utilises a total of 108 elements. The result is consistent with the findings of previous research by Phan et al. (2020) and Bata and Sofian (2022). Based on this statement, the fifth hypothesis of this study is:

H5: Risk management has a positive effect on firm value.

Compliance

According to OCEG, compliance is the ability to demonstrate adherence to applicable requirements, rules, and laws (Al-Janabi et al. 2024). Generally, investors and external parties do not have direct access to a firm's information sources and rely solely on financial reports. The more extensive the disclosure of sustainability reports, the more positively the firm signals to investors that it is managed with attention to non-financial aspects, which are preferences for many investors. The result is consistent with the findings of previous research by Al-Janabi et al. (2024) and Tantri, Ekasari, and Wahyuni (2023). Based on this statement, the sixth hypothesis of this study is:

H6: Compliance has a positive effect on firm value.

Profitability

Profitability reflects a firm's capacity to generate earnings within a set period, thus enhancing shareholder value (Sa'diah, Manik, and Danasasmita 2023). Profitability can determine whether the profits generated by the firm are sufficient compared to the assets invested in the financial statements. Return on Assets (ROA) is a profitability measure that evaluates firm's efficiency in using its assets to produce profits (Bata & Sofian, 2022 The higher the profitability of a firm, the better its ability to generate profit and provide positive signals to external parties. The result is consistent with the findings of previous research by Sa'diah, Manik, and Danasasmita (2023) and Jihadi et al. (2021). Based on this statement, the seventh hypothesis of this study is:

H7: Profitability has a positive effect on firm value.

RESEARCH METHODS

This quantitative study uses secondary data from annual reports of IDX-listed companies (2019-2022), sourced from the IDX and official company websites. The research population comprises IDX-listed companies in the basic materials sector. This sector was chosen because it is a crucial pillar of the Indonesian economy and plays a significant role, particularly in driving economic development and generating national revenue. Purposive sampling yielded 15 companies meeting the criteria. This research employs descriptive statistics and panel data regression for analysis. The hypotheses in this research were tested using the T-test, F-test, and coefficient of determination test, which were performed using the Eviews 12.0 software.

Table 1. Variables and Indicators

Variable	Indicator	Scale
Firm Value (y)	Market Value/Book Value per Share	Ratio
Audit Committee (X1)	∑Members of Audit Committee	Ratio
Managerial Ownership (X2)	∑Shares Owned by Managers/ ∑Shares Outstanding	Ratio
Institutional Ownership (X3)	∑Shares Owned by Institutionals/ ∑Shares Outstanding	Ratio
Independent Board of Commissioners (X4)	∑Independent Board Commissioners/ ∑Members of Board Commissioners	Ratio
Risk Management (X5)	∑ij D item/∑ij AD item	Ratio
Compliance (X6)	∑Applied Number of Disclosure/∑Maximum Number of Disclosure	Ratio
Profitability (X7)	ROA = Net Income/ Total Asset	Ratio

(source: data processed by the author, 2023)

RESULTS AND DISCUSSION

This research initially obtained 60 data samples that met the criteria. However, outliers were found in PT Merdeka Copper Gold Tbk, PT Lautan Luas Tbk, and PT Chandra Asri Pacific Tbk, which were excluded. As a result, the number of observation data was reduced to 35 samples.

p-ISSN:1411-6510
e-ISSN :2541-6111

Table 2. Descriptive Statistics

Variable	Min	Max	Mean	SD
PBV	0,4339	2,5949	1,2409	0,5261
KA	2	4	3,2	0,4728
KM	0	0,8611	0,1561	0,3184
KI	0,0154	1	0,6437	0,2868
DKI	0,2	0,6667	0,3930	0,1147
ERMD	0,4815	0,7037	0,5950	0,0536
GRID	0,2886	0,7651	0,4782	0,1279
ROA	-0,0405	0,4509	0,0555	0,0906

(source: data processed by the author, 2023)

Based on table 2, the results of descriptive statistical analysis and classic assumption tests. The normality test, conducted using the Jarque-Bera method as part of the classical assumption tests, yielded a probability of 0.260 > 0.05, indicating that the data was normally distributed. The autocorrelation test, performed using the Durbin-Watson method, resulted in a value of 0.6514 > 0.05, suggesting no autocorrelation is present. The multicollinearity test results, based on the centered VIF (Variance Inflation Factor) values, reveal that VIF values all variables are <10, indicating no multicollinearity occurring. The heteroskedasticity test using the Glejser test shows a test result of 0.9235>0.05, indicating no heteroskedasticity occurring.

Table 3. Result of Panel Data Regression Test with Random Effects Model

Variable	Coefficients	Std. Error	t-Statistics	Prob (t-test)	R-Squared	Prob (F-Stat)
C	-4,2638	1,2377	-3,4449	0,0019		
KA	0,4385	0,1425	3,0769	0,0048		
KM	-0,9354	0,4253	-2,1991	0,0366		
KI	-0,678	0,2997	-2,2622	0,0319	0,356083	0,006377
DKI	1,6521	0,6159	2,682	0,0123		
ERMD	3,7861	1,4201	2,666	0,0128		
GRID	1,5441	0,6599	2,3398	0,0269		
ROA	0,7724	0,6343	1,2178	0,2338		

(source: data processed by the author, 2023)

Table 3. presents the results of the panel data regression using the random effect model (REM) estimation:

PBV = -4,26389 + 0,43851 X1 – 0,93548 X2 – 0,67800 X3 + 1,65210 X4 + 3,78618 X5 + 1,54418 X6 + 0,77247 X7 + e

The equation above has a constant value of -4.26389, indicating that when the independent variables are valued at one unit, the dependent variable, firm value, is -426389. The audit committee variable has a coefficient of 0.43851, indicating that a one-unit increase in the audit committee size will lead to a 0.43851 increase in firm value. The managerial ownership variable has a coefficient of -0.93548, indicating that a one-unit rise in managerial ownership will result in a 0.93548 decrease in firm value. The institutional ownership variable has a coefficient of -0.67800, indicating that a one-unit increase in institutional ownership will lead to a 0.67800 decrease in firm value. The independent board of commissioners' variable has a coefficient of 1.65210, indicating that a one-unit rise in the independent board size will result in a 1.65210 increase in firm value. The risk management variable has a coefficient of 3.78618, indicating that a one-unit increase in risk management will lead to a 3.78618 increase in firm value. The compliance variable has a coefficient of 1.54418, indicating that a one-unit rise in compliance will result in a 1.54418 increase in firm value. The profitability variable has a coefficient of 0.77247, indicating that a one-unit increase in profitability will lead to a 0.77247 increase in firm value.

Table 3 indicates that the coefficient of determination (R-squared) is 0.356083, or 35.60%. This suggests that the independent variables, comprising governance factors (audit committee, managerial ownership, institutional ownership, independent board of commissioners), risk management, compliance, and profitability, can explain 35.60% of the variation in the dependent variable, firm value. The remaining 64.40% is attributed to other variables not included in the study.

The F-test results show a prob value of 0.006377<0.05. This indicates that governance, risk management, compliance, and profitability variables have a significant effect on the firm value of basic materials sector companies listed on the IDX from 2019 to 2022.

According to the statistical analysis, the hypothesis testing yielded the following results:

a. The partial test (T-test) examining the effect of the audit committee on firm value revealed a p-value 0.0048 < 0.05 t count 3.0769 > 2.0518 T table. These results indicate that the size or number of audit committee in the basic materials sector effect the firm's value. The board of commissioners established the audit committee as a body to support and strengthen its oversight of financial reporting processes, auditing procedures, enterprise risk management, and adherence to good corporate governance principles. The result of this research aligns with research conducted conducted by Apriani and Mursal (2021), Handayani et al. (2020), and Rachmadianti and Iswajuni (2020). With a greater number of audit committees, companies will have tighter oversight over financial reporting, resulting in higher-quality financial information and protection against management fraud.

b. The partial test (T-test) examining the effect of the managerial ownership on firm value revealed a 0.0319 < 0.05 t count 2.622 > 2.0518 T table. This implies that the proportion of shares owned by managerial parties within the firm is relatively small, as most shares are held by institutional investors. This indicates that increased managerial shareholding tends to diminish the firm's perceived value among investors and stakeholders. This is because managers with large share ownership tend to act for personal interests, such as receiving higher compensation or maintaining their positions, which may not always align with efforts to maximize firm value. The result of aligns with research conducted by Apriani and Mursal (2021).

c. The partial test (T-test) examining the effect of the institusional ownership on firm value revealed a p-value 0.0366 < 0.05 t count 2.1991 > 2.0518 T table. Indicating that increased institutional ownership negatively affects firm value. The result of this research aligns with research conducted by Deswarti, Akbar, and Herdian (2023). As institutional investors acquire a larger percentage of a company's shares, the firm's perceived value and market valuation tend to decrease. This is because institutional investors holding many shares in the effect are more likely to side with and collaborate with management to prioritize personal interests over minority shareholder interests. This situation will send a negative signal to external parties because the alliance strategy of institutional investors with management may indicate suboptimal firm policymaking and could harm the firm's operations.

d. The partial test (T-test) examining the effect of the Independent Board of Commissioners on firm value revealed a p-value 0.0123 < 0.05 t count 2.6820 > 2.0518 T table. Indicating that independent board commissioners partially have a positive effect on firm value. A higher proportion of independent board commissioners indicates increased oversight and scrutiny of management and directors' performance. The reason is that the board of commissioners is made up of independent individuals who oversee the company's operations without personal stakes. This helps to reduce the possibility of making decisions based on bias. The result aligns with research conducted by Kurniawan and Asyik (2020) and Handayani et al. (2020). Therefore, investors' and other stakeholders' trust in the firm increases, potentially enhancing the firm's public and firm's value.

e. The partial test (T-test) examining the effect of the risk management on firm value revealed a p-value 0.0128 < 0.05 t count 2.6660 > 2.0518 T table. Indicating ERM disclosure partially has a positive effect on firm value. The disclosure related to ERM conducted by a firm is a way for the firm to manage risk by showing how risks will impact the firm's future and how the firm will address these risks. This information helps investors assess a firm's prospects and its ability to mitigate risks. The result aligns with research by Savitri, Gumanti, and Yulinda (2020) and Phan et al. (2020), which show that ERM disclosure affects firm value. Comprehensive ERM disclosure sends a positive signal to investors, potentially increasing the firm's value.

f. The partial test (T-test) examining the effect

p-ISSN:1411-6510
e-ISSN :2541-6111

of the compliance on firm value revealed a p-value 0.0269 < 0.05 t count 2.3398 > 2.0518T table. Indicating sustainability report partially has a positive effect on firm value. The result aligns with research by Tantri, Ekasari, and Wahyuni (2023) and Al-Janabi et al. (2024). The firm extensively adheres to sustainability reporting standards set by the Global Reporting Initiative, which are widely recognized and implemented by corporations worldwide. Compliance with sustainability reporting indicates that the firm is compliant in providing transparent information and being accountable for its operational impacts on environmental and social sustainability.

g. The partial test (T-test) examining the effect of the profitability on firm value revealed a p-value 0.2338 > 0.05 t count 1.2178 < 2.0518 T table. Indicating that profitability, proxied by ROA, partially does not affect firm value. The research findings suggest that highly profitable companies tend to prioritize retaining earnings over distributing dividends to shareholders. If profit (profitability) is higher, the dividends distributed to shareholders are low, leading investors to have a less favorable view of the firm because it does not make efforts to benefit shareholders. The result aligns with research conducted by Bata and Sofian (2022), which show that profitability does not have an effect on firm value.

CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This research investigates how governance, enterprise risk management, compliance (GRC), and profitability affect firm value in basic materials companies listed on the Indonesia Stock Exchange from 2019 to 2022. These findings suggest that companies can use these variables collectively as references for internal considerations to enhance their firm value.

This research's findings provide multiple implications regarding firm value from different viewpoints. Firstly, a higher number of audit committee members in companies will provide tighter oversight in financial reporting. Secondly, managers with significant ownership tend to act in their own interests, such as obtaining higher compensation. Thirdly, the increasing presence of institutional investors with majority ownership tends to align with management to prioritize personal interests over minority shareholder interests. Fourthly, Enhanced supervision from the board of commissioners will foster more cautious and thorough corporate management. This approach ensures adherence to regulations and good corporate governance principles, thereby minimizing the likelihood of misconduct. Fifthly, the high level of information disclosure regarding enterprise risk management in firm financial reports sends a positive signal, as comprehensive exposure of risk management elements will enhance the firm's value. Sixthly, disclosing sustainability reports with GRI standards signals that the firm has been managed with attention to non-financial aspects, which is a preference for many investors. Seventhly, higher profitability results in lower dividends distributed to shareholders, thus leading to a less favorable investor perception of the firm.

This research has several limitations. Firstly, future research should expand the research scope beyond the basic materials sector and extend the observation period beyond four years. This expansion would yield more statistically robust results and overcome the limitations of restricted sample size. Secondly, the dependent variable in this study only accounts for 35.61% of the firm value, the other 64.39% of firm value variability is influenced by factors not considered within the parameters of this research. Future researchers are encouraged to use independent variables other than those examined in this study, such as leverage, firm size, liquidity, intellectual capital, etc. Thirdly, future researchers are advised to re-examine profitability using other measures such as net profit margin, or earnings per share, return on equity.

REFERENCE

AL-Janabi, Ali Mohammed Abbas, Mohammad Javad Saei, and Reza Hesarzadeh. 2024. "The Impact of Adherence to Sustainable Development, as Defined by the Global Reporting Initiative (GRI-G4), on the Financial Performance Indicators of Banks: A Comparative Study of the UAE and Iraq." *Journal of Risk and Financial Management* 17 (1). https://doi.org/10.3390/jrfm17010017.

Andini, Lembah Dewi, Fransiska Olga Ajim, dan Fatah Ladava Cahya Agung. 2023. "Pengaruh Good Corporate Governance Dan Profitabilitas Terhadap Nilai Perusahaan." *Jurnal Akuntansi Dan Audit JAATB* 02 (01): 113–24.

Apriani, Sari, and Mursal Mursal. 2022. "Analisis Pengaruh Komite Audit, Kepemilikan Manajerial, Dewan Direksi dan Dewan Komisaris Terhadap Nilai Perusahaan Pada Perusahaan Perkebunan Yang Terdaftar Di Bursa Efek Indonesia Periode Tahun 2014-2018." *Zona Keuangan: Program Studi Akuntansi (S1) Universitas Batam* 11 (2): 57–68. https://doi.org/10.37776/zuang.v11i2.805.

Bata, Cletus Rivaldo Dedo, and Sofian Sofian. 2022. "Do Risk Management Disclosure Affect Firm Value Through Profitability?" *Journal of Accounting, Entrepreneurship and Financial Technology (Jaef)* 4 (1): 47–66. https://doi.org/10.37715/jaef.v4i1.3089.

Deswarti, Herna, Muhammad Akbar, dan Freddy Herdian. 2023. "Dampak Struktur Kepemilikan Terhadap Nilai Perusahaan dalam Industri Property dan Real Estate di Bursa Efek Indonesia." *Jurnal Ilmu Perbankan Dan Keuangan Syariah* 5 (2): 118–29. https://doi.org/10.24239/jipsya.v5i2.218.118-129.

Fayola, Desak Nyoman Wiona Budi, and Annisa Nurbaiti. 2020. "Pengaruh Ukuran Perusahaan, Konsentrasi Kepemilikan, Reputasi Auditor Dan Risk Management Committee Terhadap Pengungkapan Enterprise Risk Management." *Jurnal Ilmiah Akuntansi* 5 (1): 01. https://doi.org/10.23887/jia.v5i1.23090.

Handayani, Bestari Dwi, Abdul Rohman, Anis Chariri, and Imang Dapit Pamungkas. 2020. "Corporate Financial Performance on Corporate Governance Mechanism and Corporate Value: Evidence from Indonesia." *Montenegrin Journal of Economics* 16 (3): 161–71. https://doi.org/10.14254/1800-5845/2020.16-3.13.

Indriastuti, Maya, and Indri Kartika. 2021. "Improving Firm Value through Intellectual Capital, Good Corporate Governance and Financial Performance." *Jurnal Ilmiah Akuntansi* 6 (1): 85. https://doi.org/10.23887/jia.v6i1.30993.

Jihadi, M., Elok Vilantika, Sayed Momin Hashemi, Zainal Arifin, Yanuar Bachtiar, and Fatmawati Sholichah. 2021. "The Effect of Liquidity, Leverage, and Profitability on Firm Value: Empirical Evidence from Indonesia." *Journal of Asian Finance, Economics and Business* 8 (3): 423–31. https://doi.org/10.13106/jafeb.2021.vol8.no3.0423.

Kurniawan, Erna Rahmat, dan Nur Fadjrih Asyik. 2020. "Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan Dan Profitabilitas." *Jurnal Ilmu Dan Riset Akuntansi* 9 (11): 1–25.

Pertiwi, Ajeng Putri, and Muhamad Muslih. 2023. "Pengaruh Governance, Risk and Compliance (Grc) dan Ukuran Perusahaan Terhadap Kinerja Keuangan." *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)* 7 (1): 537–54. https://doi.org/10.31955/mea.v7i1.2904.

Phan, Thuy Duong, Thu Hang Dang, Thi Dieu Thu Nguyen, Thi Thanh Nga Ngo, and Thi Hong Le Hoang. 2020. "The Effect of Enterprise Risk Management on Firm Value: Evidence from Vietnam Industry Listed Enterprises." *Accounting* 6 (4): 473–80. https://doi.org/10.5267/j.ac.2020.4.0011.

Rachmadianti, V. A., and Iswajuni. 2020. "The Link between Corporate Governance and Owernship to Firm Performance." *Polish Journal of Management Studies* 22 (2): 414–27. https://doi.org/10.17512/pjms.2020.22.2.27.

p-ISSN:1411-6510
e-ISSN :2541-6111

Rustiarini, Ni Wayan, and Ni Nyoman Ayu Suryandari. 2021. "Enterprise Risk Management Disclosure and Firm Value: The Role of Risk Monitoring Committee." *Proceedings of the International Conference on Industrial Engineering and Operations Management Sao Paulo, Brazil*, no. December, 5–8. https://doi.org/10.46254/SA02.20210644.

Sa'diah, Novia Halimatus, Ester Manik, and Windi Matsuko Danasasmita. 2023. "The Effect of Liquidity And Profitability On Company Value (Study On Cement Companies Listed On The Indonesia Stock Exchange for the 2016-2020 Period)." *Acman: Accounting and Management Journal* 3 (1): 42–48. https://doi.org/10.55208/aj.

Savitri, Enni, Tatang Ary Gumanti, and Nelly Yulinda. 2020. "'Enterprise Risk-Based Management Disclosures and Firm Value of Indonesian Finance Companies.'" *Problems and Perspectives in Management* 18 (4): 414–22. https://doi.org/10.21511/ppm.18(4).2020.33.

Tantri, Sinta Fatmaria, Kurnia Ekasari, and Hesti Wahyuni. 2023. "Are Cement Sector Companies Listed on Indonesia Stock Exchange (IDX) Compliant in Sustainability Reports Disclosure?" *Journal of Applied Business, Taxation and Economics Research* 2 (4): 358–69. https://doi.org/10.54408/jabter.v2i4.161.

Widianingrum, Hani, dan Vaya Juliana Dillak. 2023. "Pengaruh Kepemilikan Institusional, Kebijakan Hutang, Pertumbuhan Perusahaan Dan Cash Holding Terhadap Nilai Perusahaan Pada Perusahaan Makanan dan Minuman Terdaftar Di BEI Tahun 2017-2021." *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis* 11 (1): 41–52. https://doi.org/10.37676/ekombis.v11i1.2773.