ABSTRACT

Risk management disclosure is a disclosure of company risks that have been managed by the company and discloses what the company is doing in controlling risk in the future. Risk management disclosure can be used as a solution in managing corporate uncertainty and is expected to be able to prevent risks that can cause losses for the company.

The process of running a company can be disrupted by a problem, one of which is a problem caused by the unavailability of information. If this disruption cannot be well solved, it will certainly cause losses in the future. Therefore, this study aims to examine the influence of Good Corporate Governance and Leverage on risk management disclosure in non-bank financial service companies listed on Indonesia Stock Exchange (IDX) in 2017-2021.

Data used in this study were obtained from an annual report. The population in this study was all non-bank financial service companies listed on Indonesia Stock Exchange (IDX) in 2017-2021. The sampling technique in this study was purposive sampling so it obtained 145 samples consisting of 29 companies with a period of 5 years. The method used in this study was panel data regression analysis using Eviews software.

The results of the study showed that variables regarding the size of the commissioner board, the proportion of independent commissioner board, audit committee, institutional ownership structure, and leverage simultaneously affect the risk management disclosure. Meanwhile, the proportion of independent commissioners, audit committees, and leverage partially affect the risk management disclosure.

The results of this study can be used by investors as a consideration in making investment decisions in non-bank financial service companies. Investors can pay attention to institutional equity ownership. Thus, the wider the risk management disclosure can put pressure on the company to make detailed disclosure in an annual report. Moreover, it is expected to implement the principle of good corporate governance by paying attention to risk management disclosure of the company. Whereas, for the next researcher, it is expected to use different objects, periods, and variables, such as managerial ownership, company size, external auditor quality, and competition.

Keywords: risk management disclosure, size of commissioner board, proportion of independent commissioner board, audit committee, institutional ownership structure, leverage.