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Article

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The influence of corporate characteristics and Good Corporate Governance toward the risk management disclosure

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ABSTRACT

This research study aims to obtain empirical evidence to the influence of company characteristics (firm size, profitability, leverage and liquidity) and good corporate governance (audit committee, board size, and public ownership structure) toward the risk management disclosure. This research study uses the Index of Enterprise Risk Management (IERM) as the parameter of risk management disclosure. This research study uses secondary data, the population of Property and Real Estate companies listed on the Indonesia Stock Exchange (IDX) in 2013-2015. The sampling technique was conducted using purposive sampling, which produces 70 listed companies' samples during the years of observation. The analytical method of this study uses multiple regression analysis of Econometric views 8. This research study concludes that partial testing shows that firm size, audit committees and board size are positively and significantly related to risk management disclosure. Profitability, leverage, liquidity have no significant influence on risk management disclosure. Hypothesis testing uses

multiple linear regressions. Data are obtained using Eviews version 8 software application. Data analysis model done with multiple regression model aiming to examine the influence of audit committee size, board of commissioner size, firm size, profitability, and leverage toward risk management disclosure

Based on the research study result that has been analyzed statistically using multiple linear regressions, it can be concluded that variables of firm size, leverage, audit committee, and board of commissioner size positively and significantly affect corporate risk management disclosure. Meanwhile, variables of profitability, liquidity, and public ownership do not positively and significantly affect risk management disclosure.

Keywords: risk management disclosure; company characteristics; good corporate governance; audit committee; board size and public ownership structure; index enterprise risk management.

JEL classification: M49.

MSC2010: 62P07.

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La influencia de las características corporativas y el buen gobierno corporativo hacia la divulgación de la gestión de riesgos

RESUMEN

Esta investigación tiene como objetivo obtener evidencia empírica de la influencia de las características de las empresas y el buen gobierno corporativo hacia la divulgación de la gestión de riesgos. Esta investigación utiliza el Índice de Gestión de Riesgos Empresariales (IERM) como parámetro de divulgación de la gestión de riesgos. Esta investigación utiliza datos secundarios, la población de empresas inmobiliarias y inmobiliarias que cotizan en la Bolsa de Valores de Indonesia (IDX) en 2013-2015. La técnica de muestreo se realizó mediante un muestreo intencional, que produce muestras de 70 empresas cotizadas durante los años de observación. El método analítico utiliza análisis de regresión múltiple. La prueba de hipótesis utiliza regresiones lineales múltiples. Modelo de análisis de datos realizado con un modelo de regresión múltiple con el objetivo de examinar la influencia del tamaño del comité de auditoría, el tamaño de la junta de comisionados, el tamaño de la empresa, la rentabilidad y el apalancamiento hacia la divulgación de la gestión de riesgos. El resultado de la investigación que ha sido analizado estadísticamente utilizando regresiones lineales múltiples, puede concluir que las variables de tamaño de la empresa, apalancamiento, comité de auditoría y tamaño de la junta de comisionados afectan positiva y significativamente la divulgación de la gestión de riesgos corporativos. Por su parte, las variables de rentabilidad, liquidez y titularidad pública no afectan positiva y significativamente la divulgación de la gestión de riesgos.

Palabras clave: divulgación de la gestión de riesgos; características de la empresa; buen gobierno corporativo; Comité de Auditoría; tamaño de la junta y estructura de propiedad pública; índice de gestión de riesgos empresariales.

Clasificación JEL: M49.

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1. Introduction

Global monetary crisis occurring because of the failure of housing loans payment in 2008 in the United States of America created many difficulties in business world (Sulistyaningsih & Gunawan, 2016). The effect of economic crisis in 2008 in the United States of America occurred in Indonesia in 2013, where the rupiah exchange rate fell around 15%, so it became the indicator of foreign portfolio investment exit from Indonesia (indoprogress.com). The crisis indicates how important risk management implementation in a company (Sulistyaningsih & Gunawan, 2016).

The importance of risk management disclosure in Indonesia encourages regulator agency to make regulation which is the regulation form financial service authority number 1/POJK.05/2015 about Risk Management Implementation for Non-Banking Financial Service Agency listing the statement that more complicated risk needs to be compensated with the risk management implementation including identification, measurement, monitoring, and controlling of risk. In globalization era that is vulnerable to global monetary crisis, it pushes policy makers or regulators to develop their policy on risk management. Some regulations of risk management have been formed leading to financial companies. Meanwhile, non-financial company also needs special regulation on risk management so that it is not vulnerable in following business development that is more complex. According to Wardhana and Cahyonowati (2013), other regulation is that financial company is required to disclose the presence of risk management committee, while non-financial company is only to suggestion.

Different corporate characteristics between one company and another company can create different risk disclosure practices. It is because each company has different financial ability, obstacles, and problems that can make the company to have each preference about the coverage of risk disclosure. Corporate risk management disclosure is a part from the implementation of Good Corporate Governance (GCG). The process of Good Corporate Governance is done through the management based on the principle of transparency, accountability, responsibility, independency, as well as fairness and equality. The variables of audit committee and the size of commissioner board have important roles in Good Corporate Governance. In the perspective of risk management disclosure, the number of board of commissioners and the number of audit committee can affect wide risk information presentation. It is because of the important role of board of commissioners and audit committee in corporate information presentation especially about corporate risk management (Rahmawati et. al, 2018). Property and Real Estate company is the sample of study because there is DIRE publishing (Dana Investasi Real Estate - Real Estate Investment Fund) that can be the indication of risk enhancement in the company.

Based on the description of above background, the writer conducted a study entitled "The Influence of Corporate Characteristics and Good Corporate Governance toward Risk Management Disclosure at Property and Real Estate Companies Listed on Indonesia Stock Exchange in 2015-2017". Based on the above background, a research problem is formulated on how the influence of corporate characteristics and GCG toward corporate risk disclosure. This study measures the risk management disclosure using enterprise risk management index with 108 items of risk management disclosure.

2. Theoretical framework and hypothesis development

2.1. Agency Theory

Agency theory explains that organization is a contractual relation networking between manager (agent) and the owner of economic resources (Jensen et al.,1976). In the perspective of risk management disclosure, agency theory is used to understand that manager as corporate manager will certainly know more internal information and corporate prospect in the future compared to the owner. It causes the occurrence of information asymmetry between both of them, especially the one that is disadvantage for the owner (Mubarak & Rohman, 2013).

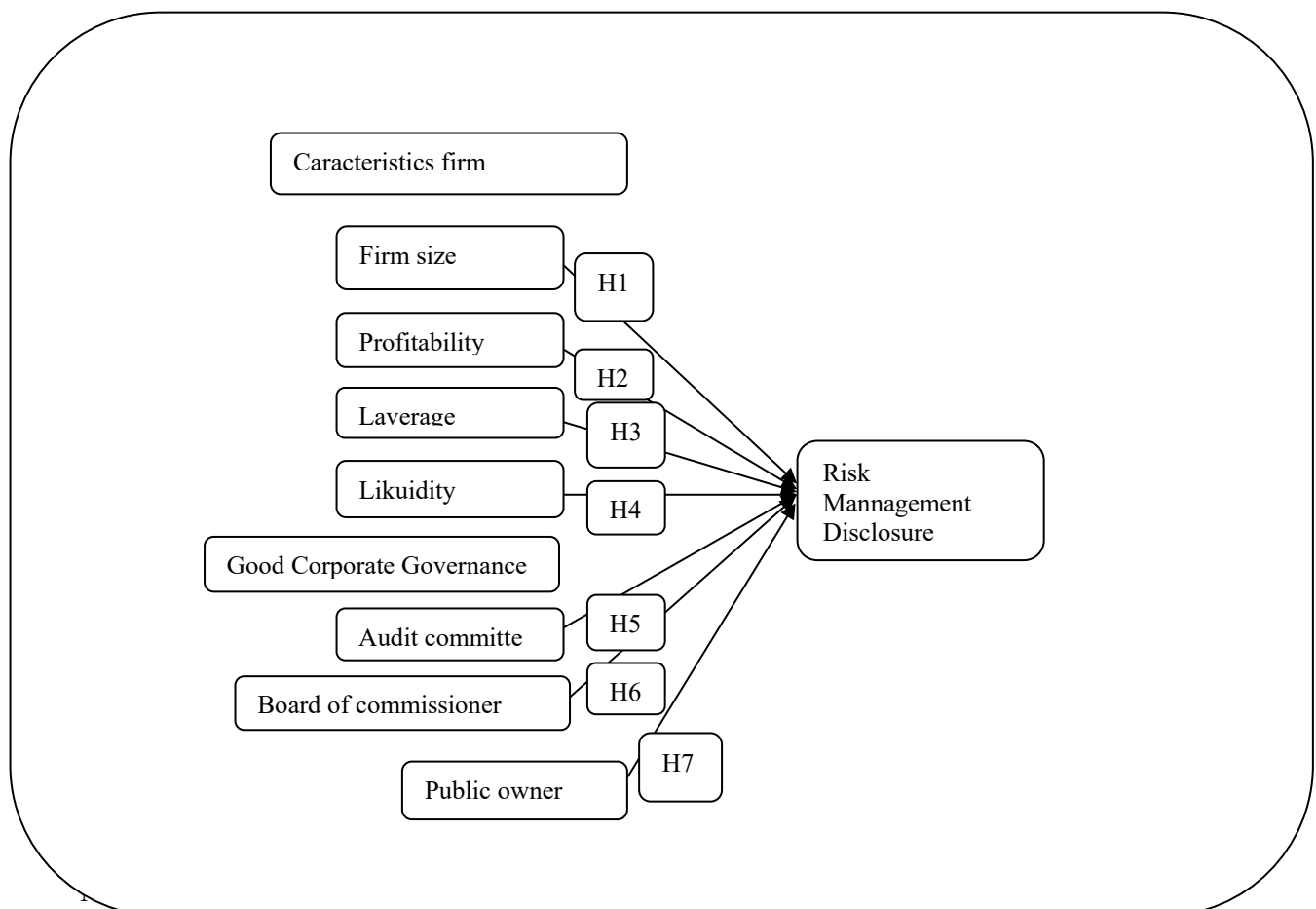
2.2. Signalling Theory

Signalling theory is a theory about information delivery from manager to concerned parties (investor or creditor). If it is in the perspective of corporate risk disclosure, signaling theory can explain how manager must give adequate information on the risk that will be faced by company. Information disclosure on the risk adequately to the owner is a good signal (good news) for the company (Valentinovna, 2018). In contrary, when manager does not disclose information on the risk inadequately, it will be a bad signal (bad news) for the company.

2.3. Risk Management Disclosure

Risk management is a process monitored periodically and sustainably by internal parties who have the authority, by formulating applied organizational strategy in corporate operational activity that is adjusted to each risk faced by company. Risk management is also designed for potential condition that can disturb the achievement of corporate goal. In the study of Kristiono (2014), stated that risk disclosure is a company's effort to inform report users on what threatens the company, so it can be a considering factor in decision making.

Figure 1. Hypotesis Design.



Source: Own elaboration.

2.4. The Influence of Firm Size toward Risk Management Disclosure

Big firm size will disclose more information compared to small firm (Mubarok & Rohman, 2013). Company with big size in this study uses asset total proxy. It means that the higher asset total of company, the more investors will put capital in the company. Therefore, it is predicted to be able to encourage company's manager to disclose wider risk information. Based on the explanation, the hypothesis that can be proposed is:

H1: Firm size positively affects risk management disclosure.

2.5. The Influence of Profitability toward Risk Management Disclosure

Profitability of a company can measure the achievement of a company in obtaining profit. High level of profitability can be assumed that the company is able to manage financial risk well. It can affect badly if it is with high level of profitability but the information about the risk or corporate risk management disclosure is not presented completely. Therefore, the importance of wide risk management disclosure is for high corporate profitability. Based on the explanation, the researcher can take the hypothesis as the following:

H2: Profitability positively affects risk management disclosure.

2.6. The Influence of Leverage toward Risk Management Disclosure

Leverage is one variable that can affect risk disclosure. Studies on leverage level toward risk disclosure find different results. The study from Oliveira et al. (2011) found that leverage level significantly affects risk disclosure. Company with high debt level tends to be very vulnerable, more speculative, and more risky, so creditor has bigger power in financial structure in the company that is stated by Oliveira et al. (2011). Based on the explanation, the hypothesis that can be proposed is:

H3: Leverage positively affects risk management disclosure.

2.7. The Influence of Liquidity toward Risk Management Disclosure

Ruwita (2013) stated that high level of liquidity will show the strong financial condition of company in fulfilling its short-term obligation. The stronger financial condition of company in fulfilling its short-term obligation is followed by the higher risk. Based on the explanation that high liquidity ratio can push management of company in conducting information disclosure on risk management that is wider. Based on the explanation, the research hypothesis that can be proposed is:

H4: Liquidity positively affect risk management disclosure.

2.8. The Influence of Audit Committee toward Risk Management Disclosure

Audit committee is a committee formed by board of commissioners to help them in conducting their tasks. Audit committee is for helping board of commissioners in inspection toward board of directors as well as conducting supervision toward financial reporting process. Thus, the bigger size of audit committee, the more supervision conducted on the width of information disclosed in annual report. Based on the above explanation, the hypothesis that can be proposed is the following:

H5: Audit committee positively affects risk management disclosure.

2.9. The Influence of Board of Commissioners Size toward Risk Management Disclosure

Board of commissioners as part of company is in charge and responsible collectively for conducting supervision and giving advice to directors as well as ensuring that company conducts GCG (KNKG,

2006). In the perspective of risk management disclosure, the number of board of directors can affect wide risk information presentation. Sulistyaningsih and Gunawan (2016), the bigger proportion of the number of commissioner board member has advantage of monitoring capacity and increasing information giving, so it is expected to able to increase the quality of risk management disclosure (Nurdiono et al., 2019). Board of commissioners in risk management can prevent the presence of hidden information indication by conducting effective supervision. Effective supervision meant is with the principle of GCG in conducting their duty. If it is associated with the issue of agency theory, it can reduce the risk of information asymmetry that can increase corporate risk information quality. Therefore, the researcher can take the research hypothesis as the following:

H6: Board of commissioners size positively affects risk management disclosure.

2.10. The Influence of Public Ownership toward Risk Management Disclosure

Public ownership gives pressure to company's management in order to be able to conduct wide information disclosure especially in term of risk. The study on the influence of public ownership toward risk disclosure previously was done by Ruwita (2013) finding that there is no significant influence from public ownership toward corporate risk disclosure. Meanwhile, the study of Sulistyaningsih and Gunawan (2016) found that public ownership positively affects risk management disclosure. The more shares owned by public, the more parties need risk information faced by company (Jones et al., 2018). This condition will be followed by bigger pressure to disclose information of risk faced by company (Ruwita, 2013). Based on the explanation, the hypothesis that can be proposed is:

H7: Public ownership positively affects risk management disclosure.

3. Research Method

Population in this study is Property and Real Estate companies listed on Indonesia Stock Exchange (IDX) in 2015-2017. The sampling method in this study is purposive sampling method. The criteria used to choose sample are as the following:

1. Property and Real Estate companies listed on Indonesia Stock Exchange in 2015-2017 (www.idx.com)
2. Property and Real Estate companies disclosing corporate risk management.
3. Property and Real Estate companies presenting information on complete financial instruments and corporate governance in annual report in accordance with independent variable of study.
4. Property and Real Estate companies presenting positive NPM (Net Profit Margin) information.

The population of companies obtained is as many as 132 companies and the total sample is 70 property and real estate companies in 3 years. Research data are from Indonesia Stock Exchange (IDX) through the official website of the company: www.idx.co.id. Those data are obtained from annual report of Property and Real Estate companies listed on Indonesia Stock Exchange (IDX) in 2015-2017.

Dependent Variable of Study

Dependent variable in this study is risk management disclosure denoted in this model of study as (IERM). Risk management disclosure is calculated using Enterprise Risk Management (ERM) index of framework issued by COSO with 108 items divided into 8 dimensions, which are: internal environment, goal determination, identification of events, risk evaluation, response on risk, information and communication supervising activity, and monitoring (Desender, 2007). Item disclosed is given score 1,

and if it is not disclosed is given score 0, then, it is calculated based on the index. The formula used to calculate ERM (Enterprise Risk Management) index is:

$$\text{IERM} = \frac{\text{the number of disclosed item}}{108}$$

Independent Variable of Study

1. Firm Size

In the research model, firm size is denoted as FS (Firm Size). Firm size is measured by calculating natural logarithm (Ln) of total asset. The number of corporate total asset can be seen on corporate balance sheet in corporate financial report. The formula used in the calculation of total asset is:

$$\text{Firm Size} = \text{Ln (Total Assets)}$$

2. Profitability

Profitability is measured using NPM (Net Profit Margin) ratio because the relation between net profit and net sales shows the ability of management in running the company with the success to leave certain margin as normal compensation for the owner who has provided his capital for a risk. Net profit margin is used to describe the ability of company in earning net profit on each certain sales level done (Ruwita, 2013). Profitability level is formulated as the following:

$$\text{NPM} = \frac{\text{profit after tax}}{\text{net sales}}$$

3. Leverage

In the research model, leverage is denoted as DAR (Debt Asset Ratio). Leverage is said a ratio stating the relation between debt and total capital or corporate asset (Sulistyaningsih and Gunawan, 2016). Debt Asset Ratio is used for leverage measurement proxy because high ratio value shows the increase of risk for creditor in term of corporate inability in paying corporate debt. The formula used is:

$$\text{DAR} = \frac{\text{total obligations}}{\text{total assets}}$$

4. Liquidity

Liquidity level proxy in the research model is CR (Current Ratio) (Ruwita, 2013). Current Ratio is used to describe the ability of company in paying short-term debt using corporate current assets. The formula of Current Ratio (CR) is:

$$\text{CR} = \frac{\text{Current Assets}}{\text{Current Liability}}$$

5. Audit Committee

Board of commissioner performance in conducting supervision will be better with the presence of good audit committee performance. Therefore, with bigger audit committee size, the bigger supervision done on the width of information disclosed in annual report (Utomo & Chariri, 2014). In the research model, audit committee proxy is denoted as KA (Audit Committee). Audit committee is measured based on the number of audit committee members in company. The number of audit committee members is presented in corporate annual report.

$$\text{KA} = \text{the number of audit committee members}$$

6. Board of Commissioner Size

Board of commissioner size in the research model is denoted as UDK (Board of Commissioner Size). The proxy used to measure UDK is by using the proportion of the number of board of commissioners in the company. Board of commissioner size is the part of corporate governance presented as the information of corporate governance in annual report.

$$\text{UDK} = \text{The number of Board of Commissioner member}$$

7. Public Ownership

In the research model, the proxy of public ownership is denoted as KPB (Public Ownership). Public ownership is measured based on the number of public shares compared to the total outstanding shares. Information related to public ownership is presented as corporate governance information in annual report. The more shares owned by public, the more parties need the information of risk faced by company. This condition will be followed by bigger pressure to disclose the information of risk faced by company (Ruwita, 2013).

$$\text{KPB} = \text{The number of public shares} / \text{The total outstanding shares}$$

Data Analysis Model

Hypothesis testing uses multiple linear regressions. Data are obtained using version 8 software Econometric Views (Eviews) application. Data analysis model done with multiple regression model aiming to examine the influence of audit committee size, board of commissioner size, firm size, profitability, and leverage toward risk management disclosure, in this study is as the following:

$$\text{IERM} = \alpha_0 + \beta_1 \text{FS} + \beta_2 \text{NPM} + \beta_3 \text{DAR} + \beta_4 \text{CR} + \beta_5 \text{KA} + \beta_6 \text{UDK} + \beta_7 \text{KPB} + \varepsilon$$

where:

IERM: risk management disclosure;
FS: firm size;
NPM: profitability;
DAR: leverage;
CR: liquidity;
KA: audit committee;
UDK: board of commissioner size;
KPB: public ownership;
 α_0 : constant;
 $\beta_1 \dots \beta_7$: regression coefficient;
 ε : error term.

4. Result and discussion

Classic Assumption Test

This study has been freed from normality test, multicollinearity test, heteroscedacity test, and autocorrelation test. Normality tests of normally distributed data use jarque bera test and residual histogram obtaining estimation result with statistic value of 2.663027, while chi squares value with $\alpha = 5\%$ and $df=2$ of 5.9915. Therefore, with JB test of $2.663027 < \text{chi squares } 5.9915$, it can be concluded the residual has normal distribution.

Hypothesis Test

Table 1. The Result of Multiple Linear Regressions.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.428883	1.290133	-1.107547	0.2756
FS	0.069449	0.039094	1.776478	0.0843
NPM	-0.040590	0.091532	-0.443453	0.6602
DAR	0.113584	0.219991	0.516314	0.0289
CR	-0.015161	0.007745	-1.957543	0.0583
KA	0.098810	0.036412	2.713666	0.0103
UDK	0.026671	0.012022	2.218482	0.0331
KPB	-0.537649	0.213987	-2.512529	0.0167
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.916349	Mean dependent var	0.687963	
Adjusted R-squared	0.835088	S.D. dependent var	0.120493	
S.E. of regression	0.048931	Akaike info criterion	-2.889946	
Sum squared resid	0.083800	Schwarz criterion	-1.765699	
Log likelihood	136.1481	Hannan-Quinn criter.	-2.443381	
F-statistic	11.27661	Durbin-Watson stat	2.798471	
Prob(F-statistic)	0.000000			

Source: Output Eviews 8.

The result of Eviews 8 above, it can be seen that the value of *adjusted R²* is 0.835088 or 83.5%, so it can be concluded that the ability of independent variable in explaining independent variables gives almost all information needed to predict dependent variable, the remain of 16.5% is in other factors that affect Enterprise Risk Management Index that cannot be explained by independent variables in this study. Based on the result of F statistic testing, it shows the probability value (F-statistic) of 0.000000 that is lower than the significance level of 0.05, so it can be concluded that the regression model in this study is feasible to be used.

Significance testing of individual parameter (t test) is done by comparing between t-count and t-table. To obtain t-table, this study uses df (degree of freedom) of 62 obtained from the formula of $df = n - k - 1$ (70 - 7 - 1), so it obtained t-table of 1.670 at the significance level of 5% and it obtained t-table of 1,296 at the significance level of 10%.

The Influence of Firm Size toward Corporate Risk Management Disclosure

Based on the hypothesis testing presented on Table 1, it shows that the first hypothesis stating that firm size positively affects corporate risk management disclosure has t-count value of 1.776478 and t-table of 1.296, so t-count value is bigger than t-table with probability value of 0.0843 smaller than significance value of 0.10. Therefore, the test result of H_1 shows that firm size affects corporate risk management disclosure, so **H_1 is supported.**

The firm size is proxied with corporate total assets meant in the above statement that one of resources of the company is from its total assets. Moreover, relatively big company has high risk in terms of financial, operational, reputation, regulation, to information. Therefore, the big company will tend to conduct disclosure to maintain its reputation in order to be able to increase trust from stakeholders.

The Influence of Profitability toward Corporate Risk Management Disclosure

The second hypothesis (H_2) in this study states that profitability positively affects corporate risk management disclosure. Based on the hypothesis testing result on Table 1, t-count resulted is -0.443453 and t-table is 1.670, so t-count value resulted is smaller than t-table with probability value of 0.6602 bigger than significance value of 0.05. Therefore, the test result of H_2 shows that there is no influence between profitability toward corporate risk management disclosure, so **H_2 is not supported**. The result means that the margin from corporate profit does not have influence toward corporate risk management disclosure.

The Influence of Leverage toward Corporate Risk Management Disclosure

The third hypothesis (H_3) in this study is that leverage positively affects corporate risk management disclosure. The result of hypothesis testing on Table 1 shows t-count value of 0.516314 and t-table of 1.670, so t-count value resulted is smaller than t-table value with probability value of 0.0289 bigger than significance value of 0.05. Therefore, the test result of H_3 shows that there is influence of leverage level toward corporate risk management disclosure, so **H_3 is supported**.

The result that is significant might occur because creditor is able to obtain information of risk faced by company easily through loan giving procedure (Wardhana & Cahyonowati, 2013). Therefore, the creditor has been previously given more information that is directly related to the risk that will be faced by company, so with adequate information of corporate risk, it does not have to disclose risk management more.

The Influence of Liquidity toward Corporate Risk Management Disclosure

The fourth hypothesis (H_4) in this study is the influence of liquidity toward corporate risk management disclosure. Based on the hypothesis test result on Table 1, it shows that the result of t-count is -1.957543 and t-table is 1.670, so the value of t-count resulted is smaller than the value of t-table with probability value of 0.0583 bigger than the significance value of 0.05. Therefore, the testing result of H_4 shows that there is no influence of liquidity level toward corporate risk management disclosure, so **H_4 is not supported**.

Negative and not significant influence in the study is because the company with high liquidity ratio will tend to disclose risk less. If it is related to the agency theory, there is indication that corporate management does not disclose all information with the purpose to maximize its interest. According to Alsaeed (2006), the level of liquidity owned by company is considered only as the benchmark in order to evaluate corporate performance and corporate ability in paying its short-term debt. Therefore, the level of liquidity owned by company does not relate to corporate risk disclosure.

The Influence of Audit Committee toward Corporate Risk Management

The fifth hypothesis (H_5) in this study is the influence of audit committee toward corporate risk management disclosure. Based on the hypothesis testing result on Table 1, it shows the result of t-count of 2.713666 and t-table of 1.670, so the value of t-count resulted is bigger than the value of t-table with probability value of 0.0103 smaller than the significance value of 0.05. Therefore, the testing result of H_5 shows that there is influence from audit committee toward corporate risk management disclosure, so **H_5 is supported**.

Audit committee as supporting committee to board of commissioners has an important role in implementing GCG, one of them is in preventing manipulating practice on risk management disclosure. Utomo and Chariri (2014) in their study stated that board of commissioner performance in conducting supervision will be better with the presence of good audit committee performance. Therefore, with bigger audit committee size, there will be bigger supervision done on wide information disclosed in annual report.

The Influence of Board of Commissioner Size toward Corporate Risk Management Disclosure

The sixth hypothesis (H_6) in this study is the influence of board of commissioner size toward corporate risk management. Based on the testing result of hypothesis on Table 1, it shows that the result of t-count is 2.218482 and t-table is 1.670, so the value of t-count resulted is bigger than the value of t-table with probability value of 0.0331 smaller than the significance value of 0.05. Therefore, the testing result of H_6 shows that there is influence from board of commissioner size toward corporate risk management disclosure, so **H_6 is supported.**

Based on the result, it can be proven empirically that the number of board of commissioners can be the benchmark in corporate risk management disclosure. In their study, Sulistyaningsih and Gunawan (2016) explained that the bigger proportion of the number of commissioner board, it will increase the capacity of monitoring and information giving so that it will increase the quality of risk management disclosure because the number of commissioner board enable company not to be dominated by management in conducting its task more effectively.

The Influence of Public Ownership toward Corporate Risk Management Disclosure

The seventh hypothesis (H_7) in this study is the influence of public ownership toward corporate management disclosure. Based on the result of hypothesis testing on Table 1, it shows that the result of t-count is -2.512529 and t-table is 1.670, so the value of t-count resulted is smaller than t-table with probability value of 0.0167 smaller than the significance value of 0.05. Therefore, the testing result of H_7 shows that there is no influence from public ownership toward corporate risk management disclosure, so **H_7 is not supported.**

Company that has high percentage of public ownership has indication of the presence of pressure in disclosing wider information, one of them is in risk management disclosure. However, on the other side, effective management tends to be more selective in conducting information disclosure, and it is because information disclosure contains cost. In their study, Ruwita and Harto (2013) stated that management will only disclose information if the advantage obtained from the disclosure is more than the cost of the information disclosure, so the high and low of public ownership does not affect corporate risk disclosure.

Multicollinearity test uses VIF method resulting that all independent variables which are FS, NPM, DAR, CR, KA, UDK, and KPB have VIF value < 10. Based on that, it can be concluded that regression equation in this study is freed from multicollinearity problem. The result of heteroscedacity test with white method obtained counted chi-square of 8.10 obtained from the information of Obs*R-square (the number of observations multiplied by determinant coefficient) that its result is smaller than chi-square table at the significance level of 5% and df as many as independent variables of study is 14.07, so it can be concluded that there is no heteroscedacity problem in the tested study.

Based on the result of autocorrelation test obtained, it has fulfilled the requirement of DW test criterion which is $4 - d_L < d < 4$, with $(4 - d_L)$ equal to $(4 - 1.80245) = 2.56738$ less than the value of DW(d) of 2.798471 and the value of DW(d) less than 4, so it can be concluded that there is autocorrelation problem in the tested regression model. After it was found that there is autocorrelation problem, white method is used to eliminate the autocorrelation problem in the regression model. White method is done by changing coef covariance method in panel option into white-cross section, so it changes regression equation into new regression equation that has been freed from autocorrelation

problem.

5. Conclusion and suggestion

This study aims to analyze the influence and to give empirical evidence from corporate characteristics (firm size, profitability, leverage, and liquidity) and Good Corporate Governance (audit committee, board of commissioner size, and public ownership) toward corporate risk management disclosure proxied with Enterprise Risk Management Index (IERM) on Property and Real Estate companies in 2015-2017. Based on the study result that has been analyzed statistically using multiple linear regressions, it can be concluded that variables of firm size, leverage, audit committee, and board of commissioner size positively and significantly affect corporate risk management disclosure. Meanwhile, variables of profitability, liquidity, and public ownership do not positively and significantly affect risk management disclosure.

Based on the limitation of study, there are suggestions that can be given to the next study as the following:

1. The next study is suggested to expand the object of study and extend the period of observation, so it can develop and improve the study result from varied types of company on corporate risk management disclosure.
2. The next study is suggested to be able to test the significance of industrial sector, so the level of risk management disclosure with Enterprise Risk Management Index (IERM) on each industrial sector can be known, so it is expected to be able to increase the result from the study.

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