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UNREVEALING RISK DISCLOSURE IN INDONESIA: THE ROLE OF GOVERNANCE AND CORPORATE ATTRIBUTES

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Abstract

This study seeks to investigate the factors driving corporate risk disclosure practice, focusing on corporate governance elements (i.e. the presence of a risk management committee, the number of board commissioners, the frequency of board meetings, and the proportion of public ownership) and company attributes (leverage and firm size). The analysis tool uses multiple regression. By analyzing 250 observations from manufacturing companies in the Basic Industry and Chemical sectors in Indonesia from 2017 to 2022, this research found that the existence of a risk management committee, the size of the board of commissioners, and the size of the company play an important role in increasing risk disclosure. Conversely, the frequency of board meetings, public ownership, and leverage were not found to have a significant impact. These findings suggest that corporate governance frameworks and company attributes are key factors in improving risk disclosure practices.

Keywords: *Corporate governance; Company attributes; Corporate risk disclosure.*

Abstrak

Penelitian ini bertujuan untuk menginvestigasi faktor-faktor yang memengaruhi praktik pengungkapan risiko perusahaan, dengan berfokus pada elemen tata kelola perusahaan (keberadaan komite manajemen risiko, jumlah dewan komisaris, frekuensi rapat dewan komisaris, dan proporsi kepemilikan publik) serta atribut perusahaan (leverage dan ukuran perusahaan). Alat analisis menggunakan regresi berganda. Dengan menganalisis 250 pengamatan dari perusahaan manufaktur sektor Industri Dasar dan Kimia di Indonesia pada tahun 2017 hingga 2022, penelitian ini menemukan bahwa keberadaan komite manajemen risiko, ukuran dewan komisaris, dan ukuran perusahaan memainkan peran penting dalam meningkatkan pengungkapan risiko. Sebaliknya, frekuensi rapat dewan, kepemilikan publik, dan leverage tidak ditemukan memiliki dampak signifikan. Temuan ini menunjukkan bahwa kerangka tata kelola perusahaan dan atribut perusahaan merupakan faktor kunci dalam meningkatkan praktik pengungkapan risiko.

Kata Kunci: Tata kelola perusahaan; Atribut perusahaan; Pengungkapan risiko perusahaan.

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INTRODUCTION

In recent years, financial statement fraud has been prevalent, with notable examples including the PT Asuransi Jiwasraya, PT Hanson Internasional Tbk, PT Garuda Indonesia Tbk, along with several other instances of fraudulent activities. The high number of financial statement fraud cases has caused financial statement users to doubt the accuracy and transparency of company financial reports (Melani & Amin, 2016). Stakeholders demand more comprehensive and transparent information in a company's annual reports, encompassing not just financial data but also non-financial details. One important form of information for stakeholders is corporate risk disclosure that can help restore public trust and assist in overseeing management activities, thus preventing or minimizing fraud in the preparation of financial statements (Zakiyah & Gunawan, 2017).

Companies are required to disclose corporate governance information, including their risk management systems, according to OJK Regulation Number 29/POJK.04/2016, which is further detailed in OJK Circular Letter Number 30/SEOJK.04/2016. Risk disclosure is also addressed by PSAK 71 on Financial Instruments and PSAK 60 (Revised 2014) on Financial Instruments: Disclosures, with a focus on risks associated with financial instruments. By requiring both quantitative and qualitative information, these regulations enable users of financial statements to assess the level and nature of risks.

The International Professional Practices Framework (IPPF) defines risk as the potential for an event to occur that could impact the achievement of objectives, with risk being assessed in terms of both its impact and likelihood (IPPF, 2017). On the other hand, Linsley & Shrives, (2006) describe risk disclosure as the act of providing stakeholders with information about opportunities, losses, dangers, or threats that have occurred or may affect the company in the future. Several factors are believed to influence risk disclosure, with corporate governance (CG) and company attributes being among the key elements. In this study, CG is examined through factors such as the risk management committee, the composition and meetings of the board of commissioners, and public ownership. Meanwhile, company attributes are assessed using firm size and leverage.

The risk management committee is the first factor, responsible for overseeing risk management practices (Hadi, 2015). Studies by Falendro et al. (2018) indicate a positive and significant effect of these committees on corporate risk disclosure. However, Ardiansyah & Adnan (2014) found no such relationship between the frequency of committee meetings and the extent of ERM (Enterprise Risk Management) disclosure.

The second factor to consider is the composition of the board of commissioners, specifically the number of members. The literature presents conflicting evidence regarding the relationship between board size and risk disclosure. Studies by Ardiansyah & Adnan (2014), Saidah (2014), and Sulistyaningsih & Gunawan (2016) support a significant positive association, whereas Zakiyah & Gunawan (2017) and Hasina et al. (2018) found no impact. Thirdly, the frequency of board meetings was examined. The impact of board meeting frequency on risk disclosure remains inconclusive. Research (Taufani et al., 2017) proves that the number of board meetings has a positive and significant impact on risk disclosure. On the other hand, Saidah (2014) found that the frequency of board meetings does not influence risk disclosure.

The fourth factor is public ownership. Public ownership refers to the proportion of shares owned by the public in a company (outside of management and without special relationships with the company), where each party holds less than 5% of the shares (Hamdani et al., 2017). Studies (Pitasari & Septiani, 2014; Sulistyaningsih & Gunawan, 2016) show that public ownership significantly influences risk disclosure. However, research by Ardiansyah & Adnan (2014) and Tarantika & Solikhah (2019) indicates that public ownership does not have a significant effect on corporate risk disclosure.

The fifth factor is leverage, which is a ratio that shows the proportion of a company's assets financed through debt (Kasmir, 2019). The impact of leverage on risk disclosure remains debated. Studies (Taufani et al., 2017; Kumalasari et al., 2014; and Yunifa & Juliarto, 2017) indicate that leverage has a significant impact on risk disclosure. In contrast, research by Sulistyaningsih & Gunawan (2016), Zakiyah & Gunawan (2017), and Hasina et al. (2018) suggests that leverage does not have a significant effect on risk disclosure.

The sixth factor considered is company size, essentially measuring how big or small the business is. Some studies (Ardiansyah & Adnan, 2014; Zakiyah & Gunawan, 2017; Hasina et al., 2018; Yunifa & Juliarto, 2017) find larger companies disclose more risk information. Others (i.e. Pitasari & Septiani, 2014; Kumalasari et al., 2014; Sulistyaningsih & Gunawan, 2016) find no link between company size and risk disclosure.

Previous research has largely focused on risk disclosure within the broader manufacturing sector. However, studies specifically targeting the basic and chemical industries remain limited, despite their importance. These industries encounter greater risks and complexities, particularly related to chemical management during production, which can lead to safety and environmental issues if mishandled. Additionally, changes in government regulations, such as policies on plastic usage, can significantly influence the performance of the plastic industry. Therefore, this study examines basic and chemical companies listed on the Indonesia Stock Exchange from 2017 to 2022.

Risk disclosure is crucial for stakeholders, yet its voluntary nature calls for deeper exploration. To address gaps in existing research, this study revisits the factors influencing risk disclosure, concentrating on the corporate governance and attributes within the basic chemical industry. The findings aim to provide regulators with insights into current practices, supporting the development of effective regulations that enhance transparency and corporate accountability.

LITERATURE REVIEW

Agency Theory

Agency theory posits a contractual relationship between a principal and an agent (Jensen & Meckling, 1976), where the agent acts on behalf of the principal, with some delegated decision-making power. In a corporate context, management acts as the agent, managing the company on behalf of the principals, who are the shareholders or resource owners. This framework is relevant to understanding risk disclosure. Agents typically possess more comprehensive information about the company's condition than principals, yet this information is crucial for principal decision-making. Consequently, agents have a responsibility to provide complete and accurate risk information (Rifani & Astuti, 2019), particularly within sectors like basic chemicals. This transparency enables regulators to develop appropriate measures that promote corporate accountability. Disclosing risks helps bridge the information gap between company management (agents) and stakeholders (principals). Effective risk disclosure can also minimize potential conflicts of interest between these parties. One way principals oversee agents is by evaluating how thoroughly they disclose risks (Utomo & Chariri, 2014).

Hypothesis Development

Agency theory suggests establishing board committees to mitigate conflicts of interest and information asymmetry between management (agents) and shareholders (principals). A risk management committee (RM) is one such mechanism, enhancing oversight and potentially curbing management's self-serving actions (Hadi, 2015), thereby fostering more comprehensive risk management disclosures (Tarantika & Solikhah, 2019). The RM plays a pivotal role in corporate governance by identifying risks, designing appropriate management strategies based on business size and uncertainty, and ensuring compliance with applicable laws and regulations (Isynuwardhana & Parmita, 2024). Additionally, as part of the board of commissioners, the RM oversees and controls potential corporate risks, acting as a mechanism to improve risk-related disclosures and reducing agency conflicts through independent and objective assessments (Falendro et al., 2018). Supporting this view, prior research (Wicaksono & Adiwibowo, 2017; Isynuwardhana & Parmita, 2024; Falendro et al., 2018) demonstrates a positive relationship between the presence of a risk management committee and a company's risk disclosure practices. Therefore, this study hypothesizes:
H_1: The presence of a risk management committee positively influences a company's risk disclosure.

Agency theory posits that the board of commissioners acts as an internal control, mitigating management's self-serving actions and aligning shareholder and management interests. By monitoring the policies of the board of directors, the commissioners help reduce agency conflicts between directors and shareholders (Krisnauli & Hadiprajitno, 2014). A larger board of commissioners is believed to strengthen oversight and improve information dissemination, potentially enhancing the quality of risk disclosure (Sulistyaningsih & Gunawan, 2016). Previous studies (Sulistyaningsih & Gunawan, 2016; Wicaksono & Adiwibowo, 2017) have found a significant positive relationship between board size and risk disclosure. Based on this, the study proposes the following hypothesis:
H_2: A larger board of commissioners positively influences a company's risk disclosure.

Board of commissioners' meetings serve as a key mechanism for mitigating agency conflicts and aligning the interests of various stakeholders. Increased meeting frequency is expected to enhance supervisory effectiveness (Widagdo & Chariri, 2014). The number of meetings also reflects the board's diligence in overseeing financial reporting (Suripto, 2012). Furthermore, these meetings allow the board to monitor management's performance and encourage comprehensive financial disclosures, promoting transparency for investors (Pitasari & Septiani, 2014), particularly regarding risk information in annual reports. Utomo & Chariri (2014) indicates a positive and significant relationship between the frequency of board meetings and risk disclosure. Thus, this study proposes the following hypothesis:
H_3: A higher frequency of board of commissioners' meetings positively influences a company's risk disclosure.

From an agency theory standpoint, information disclosure can lessen information asymmetry between shareholders and management, thereby reducing agency problems. A larger public shareholding means more stakeholders require company information. This increased demand for information necessitates more detailed disclosures, resulting in broader overall disclosure by the company (Fathimiyah et al., 2012). Consequently, companies with greater public ownership face increased pressure to provide more comprehensive information in their annual reports, including risk disclosures (Prayoga & Almilia, 2013). Sulistyaningsih & Gunawan (2016) has shown a positive relationship between public ownership and risk management disclosure. Therefore, this study hypothesizes:
H_4: Higher public ownership positively influences a company's risk disclosure.

Agency theory suggests that higher debt levels in a company's capital structure lead to increased agency costs. In such situations, creditors may compel highly leveraged companies to enhance their information disclosure. Consequently, high leverage is often linked to greater voluntary disclosure (Ahn & Lee, 2004). Companies with substantial debt have higher leverage ratios, making them more speculative and riskier investments (Oliveira et al., 2018). This prompts creditors to closely monitor these companies and demand extensive information about their financial health to ensure debt repayment capacity (Sulistyaningsih & Gunawan, 2016). To demonstrate accountability for borrowed funds and assure repayment, highly leveraged companies are compelled to disclose risk-related information. Thus, increased leverage generally correlates with broader risk disclosure (Tarantika & Solikhah, 2019). Utomo & Chariri (2014) has demonstrated a significant positive relationship between leverage and risk disclosure. Therefore, this study hypothesizes:
H_5: Higher leverage positively influences a company's risk disclosure.

From an agency theory perspective, larger companies typically incur higher agency costs due to the increased difficulty and expense of monitoring management (Jensen & Meckling, 1976). To mitigate these costs and reduce information asymmetry, large companies are compelled to provide more extensive disclosures to stakeholders (Yunifa & Juliarto, 2017). This is driven by the greater risks faced by larger firms, prompting them to disclose more information to alleviate agency problems. Large companies disclose more information due to their size, diverse operations, and higher risks in financial, operational, reputational, and regulatory areas (Soebyakto et al., 2018; Einde et al., 2023). Their greater resources and need to satisfy stakeholders' interests drive wider disclosures, including risk management information. According to (Abbas et al., 2021), company size positively impacts risk management disclosure, as bigger companies face greater scrutiny and accountability. This enhanced transparency builds trust with stakeholders and supports better decision-making, reflecting the strong link between firm size and effective corporate governance. Furthermore, larger companies attract more investors, leading to increased demands for risk disclosure as a form of management accountability (Sulistyaningsih & Gunawan, 2016). Yunifa & Juliarto (2017) has demonstrated a significant positive relationship between firm size and risk disclosure. Therefore, this study hypothesizes:
H_6: Larger firm size positively influences corporate risk disclosure.

RESEARCH METHOD

This study examined basic and chemical manufacturing firms listed on the Indonesia Stock Exchange (IDX). The sample was selected based on the following criteria: (1) listing on the IDX between 2017 and 2022, (2) publication of complete annual reports for the same period, and (3) absence of financial statement restatements from 2017 to 2022. Applying these criteria yielded a final sample of 250 observations.

The table 1 below summarizes the variables utilized in this study, including their classification as dependent or independent variables, definitions, operational measurements, and references. The dependent variable, risk disclosure, represents the extent to which companies provide stakeholders with information about potential opportunities and risks. The independent variables include elements of corporate governance and company attributes, such as the presence of a risk management committee, board size, meeting frequency, public ownership, leverage, and company size. These variables are measured using established methods as described in prior research, ensuring consistency and reliability in the analysis.

Table 1. Research Variables Summary

No	Variable	Variable Name	Definition	Operation
1	Dependent	Risk Disclosure	Information provided to financial statement users about opportunities, losses, dangers, or threats affecting the company (Linsley & Shrives, 2006; Achmad et al.,2017).	RD = (The number of items disclosed by the company)/37
2	Independent	Risk Management Committee	Indicates whether the company has a risk management committee under a separate board of commissioners (Falendro et al.,2018)	1 = Committee exists, 0 = Committee does not exist
3		Board Size	Total number of members on the company's board of commissioners, including independent and non-independent members (Falendro et al.,2018)	Total of all board of commissioner members
4		Frequency of Board Meetings	Number of meetings held by the board of commissioners annually, including internal and joint meetings with the directors (Saidah, 2014).	Number of board meetings within a year
5		Public Ownership	Proportion of shares owned by the public in the company (Hamdani et al., 2017).	POWN = (Publicly owned shares)/(Total number of outstanding shares)
6		Leverage	Ratio indicating the extent to which a company's assets are financed through debt. (Kasmir, 2019)	LEV = (Total Liabilities)/(Total Asset)

7	Firm Size	A measure representing the size of a company (Hadiji, 2023)	FS = log (Total Asset)

Source: Various articles.

This research employs multiple regression analysis to examine the relationships between variables. The following regression model is used:

$$RD = \alpha + \beta_1 RM + \beta_2 BCS + \beta_3 BCM + \beta_4 POWN + \beta_5 LEV + \beta_6 FS + \varepsilon$$

Where:

α = Constanta
β = Coefficient
RD = Corporate Risk Disclosure
RM = Risk Management Committee
BCS = Board of Commissioners Size
BCM = Frequency of Board of Commissioners Meeting
POWN = Public Ownership
LEV = Leverage
FS = Company Size
ε = Error

RESULTS AND DISCUSSION

The descriptive statistical analysis presented in Table 1 indicates a total of 250 observations. Table 2 reveals that BCS has a mean value of 4.1200. These figures align with OJK Regulation Number 33/POJK.04/2014, which mandates that a company's BCS must consist of at least two individuals.

Table 2. Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Dev
BCS	250	2	9	4.1200	1.6867
BCM		4	19	9.6840	2.6797
POWN		0.0029	0.5729	0.1998	0.1378
LEV		0.0813	0.9895	0.4486	0.2107
FS		25.6091	31.6522	28.4114	1.3439
RD		0.1351	0.5676	0.3246	0.0838

Source: Data processed 2024.

BCM has a mean value of 9.6840, indicating that most sample companies have conducted meetings in compliance with OJK Regulation Number 33/POJK.04/2014. This regulation requires internal meetings to occur at least once every two months and meetings with directors to be held at least once every four months. For POWN, the minimum ownership value is 0.0029 (0.29%), while the maximum value is 0.5729 (57.29%). Public ownership has an average value of 19,98%. Regarding leverage (LEV), the lowest value, 0.0813 (8.13%), whereas the highest value, 0.9895 (98.95%). The average leverage is 44.86%. FS, represented as the natural logarithm of total assets, ranges from 25.609 to 31.6522 with average is 28.4114.

Table 3. Cross Tab Risk Management Committee and Average Risk Disclosure

Dummy	RM	Average RD	Year	Average RD
1	4	0.4797	2017	0.3148
0	146	0.3221	2018	0.3151
			2019	0.3355
			2020	0.3243
			2021	0.3269
			2022	0.3290

Source: Data Processed 2024.

The table 3 illustrates the relationship between the presence of a Risk Management Committee (RM) and average risk disclosure (RD) levels over time. Companies with an RM (Dummy 1) are represented by 4 observations, with an average RD of 0.4797. In contrast, companies without an RM (Dummy 0) comprise 146 observations, and their average RD levels 0.3221. These findings indicate that companies with RM risk disclosures exhibit higher levels compared to those without RM.

The average Risk Disclosure (RD) levels from 2017 to 2022 show a dynamic trend with slight fluctuations over the years. In 2017, the average RD stood at 0.3148, followed by a marginal increase to 0.3151 in 2018. A more significant rise was observed in 2019, with the RD reaching its highest level of 0.3355 during the six-year period. However, this was followed by a decline to 0.3243 in 2020. The RD then showed a modest recovery in 2021, increasing to 0.3269, and continued to rise to 0.3290 in 2022. Overall, the Table 3 suggests a general upward trend in risk disclosure practices over the years, despite some variations.

Table 4. Regression Results

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	0.027	0.117	0.230	0.819
RM	0.112	0.035	3.167	0.002*
BCS	0.010	0.003	3.098	0.002*
BCM	0.002	0.002	1.088	0.278
POWN	-0.057	0.037	-1.528	0.128
LEV	-0.096	0.024	-4.035	0.000
FS	0.010	0.004	2.270	0.024*

*Significant at 5%.
Source: Data Processed 2024.

Referring to Table 4, the variable representing the risk management committee (RM) has a significance value of 0.002, which is less than 0.05. These findings confirm the first hypothesis of this study, indicating that the risk management committee positively influences corporate risk disclosure. This relationship aligns with agency theory, as the risk management committee supports the board of commissioners by enhancing the risk control function, reducing information asymmetry, and mitigating agency costs. Its presence strengthens the company's ability to assess and oversee risks while promoting transparency in risk disclosure as part of public accountability. Companies with a dedicated risk management committee, separate from the audit committee, can better focus on risk evaluation, enabling a more systematic approach to monitoring and assessing risks. Consequently, these companies can achieve a deeper understanding of the risks they face (Handayani & Yanto, 2013). As evidenced by the crosstab analysis in

Table 3, firms with a risk management committee exhibit broader risk disclosures (average CRD of 47.97%) compared to those without one (average CRD of 32.21%). These findings are consistent with prior research Wicaksono & Adiwibowo (2017), Falendro et al.(2018), Isynuwardhana & Parmita (2024) that found the positive relationship between the presence of an RMC and enhanced risk disclosure practices, emphasizing its importance in strengthening transparency and encouraging shareholder engagement in monitoring and control. However, the results of this study conflict with Ardiansyah & Adnan (2014) which states that RMC has no effect on risk disclosure

Based on Table 4, the BCS has a significance value of 0.002, which is less than 0.05. These findings support the second hypothesis of this study, demonstrating that BCS positively influences RD. This relationship aligns with agency theory, where the board of commissioners serves as a key internal mechanism to monitor and control management's opportunistic tendencies, thereby harmonizing the interests of shareholders and management. The board of commissioners plays a crucial role in ensuring good corporate governance by overseeing corporate strategy, supervising management's activities, and enforcing transparency, including comprehensive risk disclosure (Saidah, 2014). A larger board of commissioners enhances oversight and facilitates the provision of information, reducing the likelihood of management dominance and enabling more effective role execution (Sulistyaningsih & Gunawan, 2016). These findings are consistent with previous studies Ardiansyah & Adnan (2014), Saidah (2014), Sulistyaningsih & Gunawan (2016), Wicaksono & Adiwibowo (2017). However, the results of this study contradict Zakiyah & Gunawan (2017), Hasina, et al (2018) that the size of the board of commissioners has no effect on risk disclosure.

BCM has a significance value of 0.278, which is greater than 0.05. These findings do not support the third hypothesis of this study, indicating that BCM has no effect on RD. As shown in Table 4, some companies still hold only four meetings per year, despite the minimum requirement of at least one meeting every two months or six times a year. This suggests that certain companies are not yet complying with existing regulations. Table 2 also reveals a mean BCM of 9.6840 and a maximum value of 19. Despite the relatively high mean and maximum values, the frequency of board of commissioners' meetings does not influence risk disclosure. This could be attributed to the ineffectiveness of the meetings. Ineffective meetings may prevent the board of commissioners from adequately discussing key objectives and agendas, such as ensuring the transparency of information to be disclosed in the annual report, including risk information (Saidah, 2014). The findings of this study are consistent with prior research (Saidah, 2014), which also found that the frequency of board of commissioners' meetings has no significant effect on risk disclosure. However, the results of this study contradict Utomo & Chariri (2014) that the number of board of commissioners' meetings has a positive effect on risk disclosure.

Based on Table 4, POWN has a significance value of 0.128, which exceeds the threshold of 0.05. These findings indicate that the fourth hypothesis of this study is not supported, as POWN does not influence RD. The lack of effect from public ownership on risk disclosure may be attributed to its relatively low levels. This is consistent with the descriptive statistical analysis, which shows that the POWN of the sampled companies ranges from 0.29% to 57.29%, with an average of only 19.98% of total company shares. Furthermore, public ownership is generally distributed in small proportions, with each party holding less than 5%, thereby limiting the public's ability to influence corporate policies related to risk disclosure. These findings align with the results of studies

(Ardiansyah & Adnan, 2014; Taufani et al., 2017; Einde et al., 2023; Soebyakto et al., 2018) which also demonstrate that public ownership does not significantly impact risk disclosure. However, the results of this research contradict Prayoga & Almilia (2013) and Sulistyaningsih & Gunawan (2016) that public ownership has a positive effect on risk disclosure.

Based on Table 4, the regression coefficient of LEV is -0.096 with a significance value of 0.000. These findings do not support the fifth hypothesis of this study and suggest that LEV does not influence RD. Companies with high leverage face greater risks, which may cause investors to be reluctant to invest in such firms due to limited risk disclosure (Zakiyah & Gunawan, 2017). Furthermore, the insignificant relationship between leverage and risk disclosure might result from creditors having access to risk-related information through lending procedures, reducing the need for companies to extensively disclose this information in their annual reports (Wardhana & Cahyonowati, 2013). This study's results align with prior research Sulistyaningsih & Gunawan (2016), Zakiyah & Gunawan (2017), Hasina et al. (2018), Abbas et al. (2021), Einde et al. (2023), Alshirah & Alshira'h (2024) which also found that leverage does not affect risk disclosure. However, the results of this research also contradict Utomo & Chariri (2014), Kumalasari et al. (2014), Yunifa & Juliarto (2017) that leverage has a positive effect on risk disclosure.

Referring to Table 4, the FS has a significance value of 0.024, which is below 0.05. This finding confirms the sixth hypothesis, indicating that FS positively influences RD. Agency theory suggests that larger companies face greater challenges and costs in performing monitoring functions (Jensen & Meckling, 1976). Additionally, large companies are exposed to higher risks compared to smaller ones. Consequently, they are more likely to provide extensive information to reduce agency costs and minimize information asymmetry (Yunifa & Juliarto, 2017). These findings align with previous studies Ardiansyah & Adnan (2014), Zakiyah & Gunawan, (2017), Yunifa & Juliarto (2017), Hasina et al. (2018), Soebyakto et al. (2018), Abbas et al. (2021), Einde et al. (2023) which also demonstrate that firm size positively impacts risk disclosure. However, the results of this research also contradict Prayoga & Almilia (2013), Kumalasari, et al (2014), and Sulistyaningsih & Gunawan (2016) that company size does not have a positive effect on risk disclosure.

CONCLUSIONS

Based on the findings and discussions conducted, it can be concluded that the risk management committee, board of commissioners' size, and company size positively influence corporate risk disclosure. On the other hand, the frequency of board of commissioners' meetings, public ownership, and leverage do not impact the company's risk disclosure.

The findings of this study have several important implications for regulators, investors, and future research. For regulators, the results highlight the need to establish clear guidelines and policies to strengthen corporate governance structures, particularly by mandating the formation of risk management committees and ensuring an optimal board size to promote transparency and accountability in corporate risk disclosures. These measures can enhance the overall quality of disclosures and foster greater trust in the financial markets. For investors, the study underscores the significance of considering the presence of a risk management committee, board size, and company size when evaluating a company's risk disclosure practices. Companies with strong governance structures are more likely to provide detailed and reliable risk information, which is crucial for informed investment decisions.

However, this research is not without limitations. It focuses only on specific variables, such as board size, risk management committees, and company size, while excluding other potentially influential factors such as industry characteristics or macroeconomic conditions. Additionally, the study is limited to a specific period and region, which may affect the generalizability of its findings. Future research could address these limitations by examining a broader range of variables and conducting cross-sectional or longitudinal studies across different industries and regions.

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