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THE EFFECT OF INTELLECTUAL CAPITAL DISCLOSURE AND ENTERPRISE RISK MANAGEMENT DISCLOSURE ON FIRM VALUE

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ABSTRACT

This study aims to determine empirical evidence on the effect of IC disclosure and ERM disclosure on firm value. The sample of this study was 93 non-financial companies listed on the Indonesia Stock Exchange for the period 2020-2024. Panel data regression analysis was applied to analyze the data. The results of the study indicate that IC disclosure has a positive and significant effect on firm value. This study also found that ERM disclosure has a positive and significant effect on firm value. Firm size, leverage, and profitability, as control variables, also provide positive and significant contributions to firm value. The results of this study can be used as a consideration for company management to increase IC disclosure and ERM disclosure in annual reports because IC disclosure and ERM disclosure can be a positive signal to encourage increased firm value. In addition, because IC disclosure and ERM disclosure information are very significant for investors, it can also be useful for regulators to create and establish mandatory disclosure instruments related to IC and ERM to minimize information asymmetry that can harm related parties to the company.
Keywords: Intellectual Capital Disclosure, Enterprise Risk Management Disclosure, Firm Value

ABSTRAK

Penelitian ini bertujuan untuk mengetahui bukti empiris pengaruh pengungkapan IC dan pengungkapan ERM terhadap nilai perusahaan. Sampel penelitian ini adalah 93 perusahaan non keuangan yang terdaftar di Bursa Efek Indonesia periode 2020 - 2024. Analisis regresi data panel diterapkan untuk menganalisis data. Hasil penelitian menunjukkan bahwa pengungkapan IC berpengaruh positif dan signifikan terhadap nilai perusahaan. Penelitian ini juga menemukan bahwa pengungkapan ERM berpengaruh positif dan signifikan terhadap nilai perusahaan. Ukuran perusahaan, leverage, dan profitabilitas, sebagai variabel kontrol, juga memberikan kontribusi positif dan signifikan terhadap nilai perusahaan. Hasil penelitian ini dapat digunakan sebagai pertimbangan bagi manajemen perusahaan untuk meningkatkan pengungkapan IC dan pengungkapan ERM dalam laporan tahunan karena pengungkapan IC dan pengungkapan ERM dapat menjadi sinyal positif untuk mendorong peningkatan nilai perusahaan. Selain itu, karena informasi pengungkapan IC dan pengungkapan ERM sangat signifikan bagi investor, maka dapat bermanfaat juga bagi regulator untuk membuat dan menetapkan

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instrumen pengungkapan wajib terkait IC dan ERM untuk meminimalkan asimetri informasi yang dapat merugikan pihak terkait perusahaan
Kata Kunci: Pengungkapan Modal Intelektual, Pengungkapan Manajemen Risiko Perusahaan, Nilai Perusahaan

I. INTRODUCTION

Investment decisions that focus solely on financial information in financial statements will not guarantee that the investment decisions made are appropriate (Shakespeare, 2020). The phenomenon that led to the bankruptcy of Enron and Worldcom has provided evidence that companies that always present financial information in the form of excellent financial statements do not guarantee the sustainability of these companies. Information that is only financial in nature is not sufficient to serve as a basis for assessing a company. Disclosure of non-financial information is also considered important in investment decision considerations (Monteiro et al., 2022). Information on the company's risk profile and risk management is financial and non-financial information that is greatly needed by investors. The complexity of risks originating from internal or external companies can disrupt the company's profitability level so that companies that do not have good risk management will experience difficulties in maintaining the sustainability of the company (Sheth & Sinfield, 2024).

Disclosure of intangible asset information is also non-financial information that is very important for investors. Intellectual Capital (IC) is part of intangible assets consisting of three main components of the organization, namely human capital, organizational capital (or structural capital), and customer capital (or relational capital) (Ghazzawi et al., 2020). These three components are important aspects needed by companies to maximize company performance. The ability to compete also lies in the knowledge of human resources, innovation, and information systems owned. IC is an approach to assessing intangible assets in the form of knowledge (Camisón-Haba et al., 2024).

Company mastery of knowledge and technology (IC) is generally not followed by adequate reporting of mastery of that knowledge because IC is an intangible asset, making it difficult to measure, assess, and manifest in the form of numerical units (Ngoc Thang & Anh Tuan, 2020). Disclosure of intangible assets through IC disclosure is one of the alternatives proposed to overcome these problems. IC is reported in the company's annual report as a disclosure of financial statements. IC disclosure is one of the relevant information to reduce information asymmetry between issuers and various participants in the capital market. IC information is very much needed by investors because this information reflects the company's future capabilities. IC reporting that is not presented or limitedly presented to external parties will have an impact on the lack of information for investors about the development of the company's intangible resources, which will cause investors' perceptions about the condition and prospects of the company to be lower (Abhayawansa et al., 2019). IC is a key driver of company value.

Parties outside the company tend to experience difficulties in assessing the strengths and risks of companies that are very financial and complex, so disclosure of these risks to parties outside the company is necessary (Benzaghta et al., 2021). ERM disclosure is information on risk management carried out by the company and discloses its impact on the company's future. Companies can provide financial and non-financial information to outside parties about their risk profile through ERM disclosure. ERM disclosure also functions as a signal of the company's commitment to risk management.

A company will be considered better if it is able to make broader disclosures because it is considered to have been able to apply the principle of transparency. The source of value from the ERM program arises because of the increased information regarding the company's risk profile. The existence of ERM disclosure allows financially closed companies to better inform the public about the company's risk profile. Increased disclosure of enterprise risk management (ERM disclosure) will reduce the expected costs of regulatory supervision and external capital. Broader and more specific ERM disclosure will become a strategy for increasing company value, but nevertheless, research conducted by (Junaidi & Hanggraeni, 2024) actually shows that the ERM disclosure of manufacturing companies listed on the IDX is still relatively low. The awareness of manufacturing companies in Indonesia to implement and disclose ERM is still relatively low, even data shows that there are still manufacturing companies that do not implement and disclose ERM even though the demand for ERM disclosure by investors is getting higher (Junaidi & Hanggraeni, 2024). Manufacturing companies are included in the group of non-financial companies, so with these research results, questions arise about the importance of ERM and ERM disclosure for non-financial companies.

Therefore, ERM disclosure and IC disclosure can be categorized as two new things in the capital market. ERM disclosure and IC disclosure are predicted to affect company value because both types of information indicate that the company has used a comprehensive approach in managing company risk as a whole, increasing the company's ability to manage uncertainty, minimizing threats, maximizing opportunities, and also indicating that the company has a competitive advantage (Putri & Makaryanawati, 2023). The importance of ERM disclosure and IC disclosure for investors as a medium of information to assess the company's prospects has motivated researchers to conduct tests on the effect of both types of disclosure on company value.

Differences in the results of previous studies on the effect of ERM disclosure on company value and the effect of IC disclosure on company value are also the basis of motivation for researchers to conduct research again related to both types of disclosure by using a regression model that is different from previous research, namely by combining both types of disclosure as independent variables into one regression model. This research leads to testing to assess how much of the variance from the ERM disclosure variable and IC disclosure variable is able to explain the dependent variance, namely company value, if tested together, and to test the feasibility of the regression model if tested together.

The results of this research can be used as a basis for consideration, especially for management to assess the importance of both types of information in increasing company value. Who conducted research on enterprise risk management proved a positive and significant correlation between information on ERM implementation in a company (ERM disclosure) and company value (Anton & Nucu, 2020). The empirical results support that the information on ERM implementation in a company to the public can increase the company's value by 17%, which means that if the company informs about ERM implementation, then the company's value is 17% higher than companies that do not inform about ERM implementation.

The source of value from the ERM program arises because of the increased information regarding the company's risk profile through ERM disclosure (Anton & Nucu, 2020). External parties are more likely to experience difficulties in assessing the financial strength and risk profile of companies that are very complex. ERM disclosure can help the company to inform external parties about the company's risk profile and also simultaneously function as a signal of the company's commitment to risk management. ERM has the potential to increase the company's ability to take advantage of attractive investment opportunities so that this can be used as a potential implication value to attract investor interest through ERM disclosure (Anton & Nucu, 2020).

The difference in the results of research conducted by (Anton & Nucu, 2020) with research conducted by (Snyder, 2019) encourages this research to be conducted to re-examine the effect of ERM disclosure on company value for companies in Indonesia. Research on ERM disclosure that is associated with company value for non-financial companies is still very rarely conducted in Indonesia, so the real impact of ERM disclosure on company value has not been widely proven concretely based on research results. The importance of ERM disclosure in increasing company value must be proven concretely through research results to encourage increased management awareness of the importance of ERM disclosure. Therefore, research on the effect of ERM disclosure on company value is very interesting to be conducted in Indonesia.

Research on IC disclosure is also very interesting because IC is a vital asset for the company. Although IC is classified as an intangible asset, ownership of IC can encourage improvement in company performance to achieve competitive advantage. (Widiatmoko et al., 2020) conducted a test showing that IC and IC disclosure have a significant positive effect on company value. The more IC disclosure reported by the company will affect the market's perception of the company's performance, which in turn increases the company's value. In addition, IC disclosure also meets the information needs of parties not involved in the preparation of the report. This shows that IC disclosure is the main driver for creating the value of pharmaceutical companies in Indonesia (Widiatmoko et al., 2020).

Found different results, namely that IC disclosure in annual reports did not affect the company's market capitalization. This means that for the context of industry in Indonesia, IC disclosure has not been maximally used to assess market capitalization. Market capitalization in this study is still influenced by the company's ROA and book value. IC disclosure has not become an interesting theme to be developed in order to win competition and create value for the company. Stakeholders in assessing companies are still more focused on ROA, book value, and other factors that are still the main measure in assessing market capitalization.

The development of research concepts that differentiate this research from previous studies is that this research combines IC disclosure and ERM disclosure as independent variables that are tested for their effect on company value. The research sample used is non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period. This research focuses on non-financial companies to control differences that may arise due to regulatory differences between non-financial companies and financial companies. The proxies for IC disclosure and ERM disclosure used are the ERM disclosure index and because the ERM disclosure and IC disclosure items outlined in both studies are in accordance with the latest rules and are very relevant to be applied internationally and nationally in Indonesia.

In this study, the proxy for company value used is Tobin's Q, which compares the market value of all outstanding shares (MVS) plus the market value of debt with total assets. This study uses company size, leverage, and profitability as control variables. The purpose of using company size, leverage, and profitability as control variables is to control the effect of company size, leverage, and profitability on company value so that the prediction results of the effect of ERM disclosure and IC disclosure variables on company value, which is the main focus in this study, will be more accurate. The use of control variables aims to obtain a regression model that is increasingly accurate in predicting the dependent variable. The use of control variables is also to minimize the possibility of errors in drawing research conclusions.

This research was conducted with the aim of obtaining empirical evidence regarding the effect of ERM disclosure and IC disclosure on company value. Theoretically, this research is expected to contribute to the development of financial accounting theory, especially for the development of scientific fields related to the effect of ERM disclosure and IC disclosure on company value. The results of this research are also expected to be used as reference material for management in evaluating the implementation of ERM disclosure and IC disclosure instruments as an effort to increase company value. External parties of the company will also get information regarding the completeness of disclosure instruments contained in ERM disclosure and IC disclosure so that based on this information, investment decision making by investors will be more accurate, and based on this knowledge, the market will be able to react efficiently. The results of this research are also expected to be used as consideration for regulators to make rules about ERM disclosure and IC disclosure instruments that must be reported by companies to minimize information asymmetry, especially for non-financial companies that do not yet have specific rules related to this private information which, according to the company's consideration, is highly sought after by investors and shareholders, especially if the information is good news. Information containing good news can have an impact on market reactions when the information is received by the market.

II. LITERATURE REVIEW

Theoretical Foundation

This theory affects management in the process of utilizing all the potential and economic resources owned by the organization (Davis & DeWitt, 2021). This is because only with good and maximum management of all this potential can an organization create added value to then boost financial performance and company value, which is the orientation of stakeholders in intervening with management. This theory explains the importance of companies satisfying the desires of these stakeholders. Therefore, companies will react by carrying out good and maximum management activities on economic resources to drive financial performance and company value in accordance with the expectations of stakeholders. Stakeholder theory also emphasizes that stakeholders have the right to obtain information regarding the activities of these companies which can also affect stakeholders. This stakeholder group is the main consideration for companies in disclosing or not disclosing information in financial statements. The main objective of stakeholder theory is to help company management increase value creation as a result of activities carried out and minimize losses that may arise for stakeholders. Stakeholder theory emphasizes organizational accountability rather than simple financial or economic performance.

Signaling theory emphasizes the importance of information released by companies for investment decisions by parties outside the company (Choudhury, 2024). Management always tries to disclose private information which, according to the company's consideration, is highly sought after by investors and shareholders, especially if the information is good news. Information containing good news can have an impact on market reactions when the information is received by the market. A positive market reaction to the good news will encourage a higher company value. States that from an economic point of view, companies will disclose information if the information will increase company value.

The Effect of IC Disclosure on Company Value

Intellectual Capital Disclosure is a factor that is increasingly receiving attention in increasing company value, especially for non-financial companies listed on the Indonesia Stock Exchange. Intellectual capital includes intangible assets such as human capital, structural capital, and relational capital, which can provide long-term competitive advantages for companies. In the era of a knowledge-based economy, disclosure of information related to intellectual capital is important to increase transparency and provide a more comprehensive picture of the company's growth potential. Therefore, the higher the level of intellectual capital disclosure, the greater the likelihood of increasing company value.

The positive influence between intellectual capital disclosure and firm value can be explained through several mechanisms (Keter et al., 2024). First, better disclosure can increase investor confidence in the company because it provides clearer information about innovation strategies and long-term value creation. Second, companies that actively disclose their intellectual capital can demonstrate a commitment to good corporate governance practices, which can ultimately reduce investment risk and increase attractiveness to shareholders. Thus, companies that are more transparent in their intellectual capital disclosure tend to have higher valuations.

In addition, in the context of non-financial companies in Indonesia, the impact of intellectual capital disclosure on company value may be increasingly significant during the 2020–2024 period. During this period, economic uncertainty due to the COVID-19 pandemic has encouraged investors to be more selective in assessing company prospects. Companies that are able to communicate their intellectual superiority through better disclosure will find it easier to attract investors and maintain their stock value amidst market fluctuations. Therefore, intellectual capital disclosure can be a key factor in increasing the competitiveness of non-financial companies in the Indonesian capital market.

Considering these factors, it can be assumed that there is a positive relationship between intellectual capital disclosure and firm value. The higher the level of intellectual capital disclosure, the greater the impact on increasing investor confidence and market perception of firm value. Therefore, the hypothesis that "There is a positive influence between intellectual capital disclosure and firm value in non-financial companies listed on the Indonesia Stock Exchange during the 2020-2024 period" can be further tested with an empirical approach.

H_1: There is a positive effect of IC Disclosure on Company Value.

The Effect of ERM Disclosure on Company Value

Enterprise Risk Management (ERM) is a strategic approach to identifying, assessing, and managing risks faced by a company as a whole. Disclosure of ERM in annual or sustainability reports demonstrates transparency and management's commitment to managing risk effectively. Non-financial companies that clearly disclose ERM tend to be more trusted by investors and stakeholders, which can ultimately increase the company's value. Therefore, the hypothesis proposed is that there is a positive effect of ERM disclosure on the value of non-financial companies listed on the Indonesia Stock Exchange during the 2020-2024 period.

Good ERM disclosure reflects a company’s readiness to face business uncertainties, which is increasingly important in a dynamic global economic environment. Companies that demonstrate a transparent and comprehensive risk management system can reduce investor uncertainty regarding the potential negative impact of unmanaged risks. Thus, investors are more likely to view the company as a more stable entity with good growth prospects, which has an impact on increasing the company's value through higher stock prices.

In addition, ERM disclosure can help improve operational efficiency and strategic decision-making. With more structured risk management, companies can allocate resources more optimally and avoid unnecessary costs due to unmanaged risks. This efficiency can increase profitability, which ultimately strengthens the company's attractiveness to investors. Company value as measured by indicators such as Tobin's Q or Price-to-Book Value (PBV) can reflect the positive effects of ERM disclosure.

Regulatory factors and market demands also play a role in strengthening the relationship between ERM disclosure and firm value. The Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) are increasingly encouraging transparency and better risk management through various regulations and reporting standards. Companies that comply with these regulations well can gain more trust from the market and reduce the risk of litigation or sanctions. This can contribute to an improved reputation and positive perception in the eyes of investors, which ultimately results in higher firm value.

Based on the explanation above, it can be concluded that ERM disclosure has a positive impact on the company value of non-financial companies listed on the Indonesia Stock Exchange during the period 2020-2024. Transparency in risk management can increase investor confidence, improve operational efficiency, and strengthen compliance with existing regulations. Thus, the hypothesis that "There is a positive effect of ERM disclosure on company value of non-financial companies listed on the Indonesian Stock Exchange for the period 2020-2024" has a strong basis for empirical testing.

H_2: There is a positive effect of ERM Disclosure on Company Value

III. RESEARCH METHODS

Population and Sample

The data source used in this research is secondary data, which is research data obtained indirectly or through intermediary media (Simanjuntak et al., 2023). The secondary data sources used in this research are financial reports and annual reports of non-financial companies listed on the Indonesia Stock Exchange (BEI) for the period 2020-2024, which were previously collected and published by the companies or other parties. The list of companies and their annual reports were obtained from the official BEI website. The target population in this research is companies in the non-financial company group listed on the BEI that published their annual reports in a timely manner for the period 2020 - 2024 continuously. Based on these target population criteria, the research population was 943 companies divided into eight sector groups. In determining the sample size, the researcher preferred to use a statistical approach rather than a non-statistical approach because in the non-statistical approach, the researcher's subjectivity is quite large in determining the sample size, so there is a tendency to prefer the statistical approach. Slovin's formula is one of the statistical approach models in determining sample size. The number of samples in this research based on calculations using Slovin's formula is 93 companies. Sample selection is done proportionally according to population groups with the aim of obtaining a representative sample representing each population sector group so that the 93 selected samples are able to represent all population sector groups in the research.

Operational Definition of Variables

The independent variables consist of ERM disclosure and IC disclosure. ERM disclosure is defined as the level of disclosure of risks that have been managed by the company. Based on the ERM framework issued by COSO, there are 108 ERM disclosure items covering eight dimensions. These eight dimensions are: 1) internal environment; 2) goal setting; 3) event identification; 4) risk assessment; 5) risk response; 6) control activities; 7) information and communication; and 8) monitoring. In 2023-2024 when this research was conducted, the ERM disclosure item checklist used, and was the latest ERM disclosure item checklist in accordance with the dimensions outlined in the ERM framework

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issued by COSO. On this basis, this research uses the ERM disclosure item checklist as used. These eight components are needed to achieve the company's objectives which include strategic, operational, financial reporting, and compliance with legislative provisions. The proxy used to measure ERM disclosure is the ERM disclosure index.

IC disclosure is the level of disclosure of intellectual capital of a company that drives organizational performance and encourages value creation. IC disclosure is proxied by the IC disclosure index according to the IC Disclosure dimensions used. This index consists of 81 items classified into six categories: (1) employees; (2) customers; (3) information technology; (4) processes; (5) research and development; and (6) strategic statements. Which also consists of three main components, namely: (1) organizational capital; (2) relational capital; and (3) human capital. Each main component also consists of specific items. The IC disclosure item checklist is more up-to-date compared to the checklist when viewed from the publication year. In general, the IC disclosure items already cover the three main IC components. On this basis, the IC disclosure checklist used in this research.

The data collection method used to analyze ERM disclosure and IC disclosure is content analysis. An unweighted dichotomous scale is used in scoring for each disclosure item performed by the company in the annual report. Each disclosure of an item will be given a value of 1 and 0 if the item is not disclosed, and then the scores of each item will be summed to obtain the total disclosure score for each company. The ERM disclosure index or IC disclosure index is calculated with the following formula:

$$\mathbf{ICDI/\ ERMDI} = \frac{\sum_{\mathrm{ij}} \mathbf{Ditem}}{\sum_{\mathrm{ij}} \mathbf{ADitem}}$$

Where:
ICDI / ERMDI: IC Disclosure Index or ERM Disclosure Index
$\sum_{ij}$ Ditem : Total score of IC or ERM items disclosed
$\sum_{ij}$ ADitem : Total IC or ERM items that should be disclosed

Firm value is the market value that is able to provide maximum prosperity for shareholders if the company's stock price increases. The financial ratio that can be used to measure a company's market value is Tobin's Q. In calculating Tobin's Q, all elements of debt and company stock capital are calculated so that this ratio is considered to provide the best information. All company assets are used in the calculation of Tobin's Q, which means that the company also focuses on creditors because the source of operational financing for the company is not only from its equity, but also from loans from creditors. Tobin's Q reflects market expectations and is relatively free from managerial manipulation. The modification of Tobin's Q formula version is used consistently because it is simplified in various simulations. The formulation of Tobin's Q formula version used is as follows:

$$\mathbf{Tobin's\ Q} = \frac{\mathbf{MVS + D}}{\mathbf{TA}}$$

Where:
Tobin's Q : Firm value
MVS : Market value of shares (market value of all outstanding shares) obtained from multiplying the number of outstanding shares by the stock price (outstanding share x stock price)
D : Market value of debt obtained from (current liabilities - current assets + long-term liabilities)
TA : Total assets of the company

Research data in the form of ERM disclosure index, IC disclosure index, logarithm of the company's total assets (firm size), ROA (profitability), DAR (leverage), and Tobin's Q (firm value) were obtained through observations on annual reports by downloading the data and information from the official BEI website (www.idx.co.id). Analysis of this research data includes descriptive statistics and

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panel data regression analysis. The classical assumption tests carried out include: (1) normality test; (2) multicollinearity test; (3) autocorrelation test; and (4) heteroscedasticity test.

IV. RESEARCH RESULTS AND DISCUSSION

The Effect of IC Disclosure on Company Value

The Effect of IC Disclosure on Firm Value Based on panel data regression analysis results using the GLS regression model in Table 8, the IC disclosure variable has a significance probability value of 0.00, which is lower than the significance value of 0.05 ($\alpha = 5\%$), and its coefficient has a positive value. These results indicate that IC disclosure has a positive effect on firm value (Keter et al., 2024), meaning that the more IC disclosure items published by a company can impact the higher value of the company.

This research also provides evidence that investors, as stakeholders, will give a higher valuation to companies with broader IC disclosure. Investors believe that the more IC disclosure items revealed by a company indicate that the more IC ownership managed within the company will make it easier for the company to achieve maximum performance. This belief encourages investors to trade shares so that the market value of shares in the company will increase and will impact the increase in company value. IC disclosure is a major driver for creating company value. This result is consistent with findings, which found that IC disclosure is a key driver of company value creation.

IC is a potential resource that can create added value and maximize company performance. Welfare for investors as part of company stakeholders will be achieved if investors invest in companies that can achieve high performance because companies that are able to achieve high performance will have the ability to provide high dividends to investors and also provide benefits to other stakeholders. Every investor always expects a return on investment in the form of high dividends, so on that basis, investors will value the shares of companies that can create high performance more highly. This causes stakeholders to be very interested in obtaining information about the ownership and management of a company's IC.

The Effect of ERM Disclosure on Firm Value

Based on the results in Table 8, the ERM disclosure variable has a significance probability value of 0.00, which is lower than the significance value of 0.05 ($\alpha = 5\%$), and its coefficient has a positive value. These results indicate that ERM disclosure has a positive effect on firm value, meaning that the more ERM disclosure items published by a company, the higher its firm value is likely to be. These results also show that the extensive voluntary ERM information published by companies is positively received by the market because the market believes that ERM disclosure can be used as relevant information in predicting the future and going concern of a company.

The results of this study align with stakeholder theory and signaling theory. Stakeholder theory emphasizes that stakeholders have the right to obtain information about company activities that can also affect stakeholders. The main purpose of stakeholder theory is to help company management increase value creation as a result of the activities carried out and minimize potential losses for stakeholders. ERM information directed at stakeholders represents a good commitment from management regarding corporate risk management; therefore, ERM disclosure is good news that can serve as a positive signal, as through ERM information, investors can also assess the company's prospects.

Which found a positive and significant relationship between ERM implementation disclosure and firm value. The importance of ERM implementation in supporting the achievement of company goals causes stakeholders, especially investors, to be very interested in knowing ERM information as a basis for investment decision analysis. Stakeholders can also assess company prospects through ERM information. Adequate ERM disclosure is necessary for investors to reduce the level of risk and uncertainty. Investors positively value companies that disclose broader ERM implementation because the more ERM disclosure items revealed by the company also indicate that the company has a better commitment to risk management. Investors have confidence that high-quality companies will be willing to make ERM disclosures more extensively and specifically. Investor confidence in a company's quality and risk management commitment can encourage positive investor perceptions of the company. Positive perceptions held by investors about the company will affect the increase in the company's value.

Discussion

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The Effect of Each Dimension of ERM Disclosure and IC Disclosure on Firm Value ERM disclosure and IC disclosure are important information in predicting a company's future; therefore, these two pieces of information can be used as positive signals for investors. Company value will increase with an increase in investment value from investors. The relationship between ERM disclosure and IC disclosure with company value is also proven through the regression analysis results in this study, which show that ERM disclosure and IC disclosure have a positive effect on company value. If these regression analysis results are linked to the descriptive analysis results, which show that ERM disclosure and IC disclosure in non-financial companies have small fluctuations followed by large fluctuations in company value, it can be said that small changes in the value of ERM disclosure and IC disclosure can impact large changes in company value.

ERM disclosure carried out by non-financial companies focuses more on disclosure of the objective-setting dimension, while disclosure of the risk assessment dimension still receives less attention from non-financial companies. Based on these results, researchers were motivated to conduct an analysis of the influence of each dimension of the ERM disclosure on company value to provide a general picture, especially for company management, about the accuracy of company management decisions regarding the disclosure of each ERM dimension. The GLS regression results for each ERM disclosure dimension showing the influence of each ERM disclosure dimension on company value.

The items outlined in the risk assessment dimension are generally about company assessments of all forms of risks that will be faced by the company, while the items outlined in the risk response dimension are generally about the efforts made by the company to overcome all forms of risks faced by the company. Risk is the most inherent thing in investment activities, so the level of risk becomes the main focus of investors when deciding on investment activities. Many investment theories state that high risk high return. According to (Tandelilin, 2010), the basis of investment decisions consists of expected return, risk level, and the relationship between return and risk. The larger the investment made, the higher the risk faced, so on that basis, investors need great confidence from the company that the company has carried out risk assessments very well and accurately, balanced with good responses or management of these risks.

The importance of risk information for investors should be used as an opportunity for management to provide information related to the company's risk profile and response to risks because disclosure of this information will help increase public confidence in the company. Investors have confidence that only companies with high quality will be willing to disclose company risks more extensively and specifically. Investors will have the courage to make larger investments in a company if the company is able to provide confidence that the risk level of the investment activity has been well managed. It is very important for companies to pay attention to increasing the disclosure of risk assessment and risk response dimensions as part of ERM disclosure.

Items elaborated in the research and development dimension generally concern product development, future prospect details, and policies, strategies, and objectives of research and development activities. Without research and development, a company can be considered a company that does not want to progress. The existence of research and development in a company is very important because it concerns the company's going concern. Research and development is one of the important instruments in creating innovation and technological development. Items in the information technology dimension generally concern the company's investment in information technology and also the information technology facilities owned and used within the company.

Information technology is currently becoming a global business concern, so it is also very important for non-financial companies to pay more attention to information technology developments in order to compete in global competition. Attention to information technology will certainly also greatly influence investors' assessments of the company because technological developments will greatly help the pace of company development and growth. Strong information technology will become a competitive edge for the company and also serve as an entry barrier. Increasing disclosure of the research and development dimension and the information technology dimension will certainly greatly help increase company value. It is very important for companies to pay attention to increasing disclosure of the research and development dimension and information technology as part of IC disclosure.

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The Influence of Company Size, Leverage, and Profitability on Company Value

Based on the results of panel data regression analysis using the GLS regression, the variables of company size, leverage, and profitability have significance probability values of 0.01, 0.00, and 0.03, respectively, or lower than the significance value of 0.05 (α = 5%). Company size, leverage, and profitability as control variables also have positive regression coefficient values of 0.35, 2.24, and 1.87, respectively. The test results show that there is a positive and significant influence of company size, leverage, and profitability on company value.

Companies that are classified as large will easily obtain funding through the capital market and have great power in financial contract transactions. The ability and ease of companies in obtaining large funding sources is one of the driving factors for achieving large profits. Large profits are one of the reasons investors choose to invest in large companies. High profitability also indicates that the company has good prospects, so investors will respond positively to this. Positive responses from investors will encourage an increase in company value. In addition to company size and profitability, the use of leverage can also increase company value because the company is able to increase production levels to obtain greater profits due to the use of debt.

V. CONCLUSION

Conclusion

The conclusion of this research is that there is a positive and significant influence of ERM disclosure and IC disclosure on company value. ERM disclosure and IC disclosure are information that is very necessary for stakeholders in assessing company prospects. This confidence drives investors to trade shares so that the volume of stock trading will increase. The positive perception that investors have of the company will ultimately increase the company's stock price and will have an impact on increasing the company's value.

With the proven positive and significant influence of ERM disclosure and IC disclosure on company value through this research, it should be able to change the company's management policy regarding the completeness of ERM disclosure instruments and IC disclosure disclosed by the company. The results of this research can be used as a basic confidence for company management to improve ERM implementation and improve IC management within the company. Increasing ERM implementation and managing IC ownership within the company must also be balanced with expanding its disclosure instruments in the annual report to better convince investors and other stakeholders about the company's prospects, because investor confidence in the company's prospects is the main driving key to increasing company value.

ERM disclosure items that still need to be improved are disclosure items in the risk assessment dimension because based on the analysis results, this dimension has the lowest total score. Risk and return are the main focus of evaluating an investment activity, so information on risk assessment of a company is very important for investors' investment decision making. Investors must also be convinced regarding the company's response in overcoming all forms of risks that the company will face, so disclosure of items in the risk response dimension must also be further improved. IC disclosure items that still need to be improved are disclosure items in the information technology dimension because based on the analysis results, this dimension has the lowest total score. Information technology is currently becoming a global business concern, so it is also very important for non-financial companies to pay more attention to information technology developments in order to compete in global competition. For organizations that want to progress and develop, there is no reason not to use technology that can make it easier for companies to adapt to their environment.

Through this research, stakeholders, especially investors, also get information related to the instruments contained in ERM disclosure and IC disclosure as a whole, so that based on this information, investment analysis conducted by external parties of the company will be more maximum and investment decision making by investors will be more accurate. With this knowledge, the market will be able to react efficiently because the market will provide a higher valuation only to companies that make ERM disclosure and IC disclosure more broadly and maximally in accordance with the assessment based on items that should be disclosed in ERM disclosure and IC disclosure. In addition, by proving that ERM and IC information is very important for investors, regulators can make efforts to establish and regulate mandatory disclosure instruments related to ERM and IC to minimize the existence of information asymmetry because this information asymmetry is likely to harm parties outside the company who have an interest in the company. This research can also be used as a reference, theoretical study material, and reference in subsequent research.

The limitation of this research is in terms of measuring disclosure. Unweighted dichotomous scale is used to score each disclosure item made by the company in the annual report. In this study, each disclosure of an item is given a value of 1 and 0 if the item is not disclosed, and then the scores from each item will be added up to obtain the total disclosure score for each company. Giving scores of 0 and 1 cannot be used to see and assess the quality of the disclosure. Researchers do not review the quality of the disclosure but assess in terms of the breadth or number of items disclosed. Future research is expected to try using a scale of scores 0, 1, and 2 to be able to accommodate the quality of the disclosure. A score of 2 is given for items that are disclosed and are comprehensive, while a score of 1 is only for items that are just disclosed but not comprehensive.

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