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DO RISK MANAGEMENT DISCLOSURE AFFECT FIRM VALUE THROUGH PROFITABILITY?

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Abstract: Investors are parties who determine a company's sustainability because the funds invested by investors are a source of funds for the company. Investors do not only consider financial statements but also the non-financial side, namely the value of a company and how the company manages risk. The company's value can be seen from the fair market value of the share price. If the stock price of a company is high, the value of the company is also high, thereby increasing investor confidence in investing. Therefore, this study examines the effect of enterprise risk management disclosures on firm value through profitability. The design of this research is quantitative research with hypothesis testing. The population in this study are banking companies listed on the Indonesia Stock Exchange from 2018–2020. The sampling technique used is purposive sampling so that a sample of 40 companies is obtained. The research period used is three years (2018–2020) which has total sample data is 120. The analytical method used is multiple linear regression using the SPSS version 23 application to process the data. The test results prove that the Company's Risk Management Disclosure positively affects Firm Value and Profitability. While profitability does not affect firm value and does not have a significant impact on mediating the influence of corporate risk management on firm value.

Keywords: enterprise risk management disclosure, firm value, profitability

INTRODUCTION

The increasingly fierce commercial competition between banks has forced many banking companies to try to improve the quality of their performance to realize the company's goals. The primary purpose of the company is to generate maximum profit and increase the value of the company. Firm value is the market value that can provide the most significant benefit to shareholders when the

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company's share price rises (Ardianto & Rivandi, 2018). Meanwhile, according to Siregar & Safitri (2019), the value of the company is a value that grows along with the increasing level of public trust in the company's business processes.

Good quality risk management will help increase the value of the company. Corporate risk management is a systematic process created and implemented by the company to analyze and manage all risks that have the potential to harm the company's business processes so that they can be collected and accepted by management at a certain level where the risk can be overcome by the company (Siregar & Safitri, 2019)

In this case, quality management and disclosure of corporate risk are beneficial for controlling management activities to reduce the level of risk and uncertainty faced by investors. To minimize the level of risk faced by companies in business processes, companies need financial information and non-financial information such as risk management disclosures. Positive or negative news about the quality of the company's business can signal investors to determine their business decisions with the company through quality risk management disclosures (Ardianto & Rivandi, 2018).

Investors need to understand the company's value by obtaining financial data from the company's financial statements. Excellent and complete financial data will make it easier for investors to assess how well the company's business management is achieving its goals. According to Devi et al. (2017), financial information alone is not enough to support investor analysis related to their investment decisions for that investors also need to use non-financial information to make more appropriate investment decisions.

Information related to the company's risk profile and risk management procedures is one example of non-financial information needed by investors in making investment decisions. Mariani & Suryani (2018) stated that in the investment process, stakeholders need information related to risk disclosure by the company to assist the analysis process. Disclosure of quality risk management will illustrate that risk management and internal controls of the company are running well, forming a positive market perception of the company's business.

As a non-financial factor, risk management disclosure can also impact the company's profitability. Supriyadi & Setyorini (2020) found that risk management disclosure had a significant positive effect on profitability. This research shows that a company that can control any risks that arise in achieving its goals (risk appetite) will positively impact its profitability. Management of banking company assets also requires implementing good risk management to generate higher net interest income. The increase in interest income is an indication that the level of risk faced by banking companies is getting smaller, and this will help increase bank profitability (Supriyadi & Setyorini, 2020).

In addition to risk management disclosure, profitability can also affect the company's value because an increase in profits will increase the company's value, which can be seen as an indication of the rise in the company's stock price in the market. Ayu & Suarjaya (2017) stated that investors would see the level of profitability as one of the main factors in assessing the company's business performance. The amount of profitability will show how well the company can generate profits for investors and how strong the company's financial performance is to create high profits bigger in the future. In addition, the increase in the company's income will signal that the company's financial performance and business prospects are improving and will impact increasing the company's value in the future. This is similar to the results of research by Mariani & Suryani (2018), which states that the level of profitability that continues to increase in a company will be a positive signal that the company can improve its financial performance prospects for the better in the future.

Based on the description above, the writer wants to examine the effect of risk management disclosure on firm value with profitability as a moderating variable. Further testing is necessary because of the inconsistency in the results of previous studies. This study focuses on the purpose of risk management disclosure using the Committee on Sponsoring Organization of the Treadway Commission (COSO) framework and changes in the value of banking entities in Indonesia with profitability as a determinant. COSO assists organizations in anticipating risks as early as possible, opening up opportunities for options in mitigating risks, identifying new risks and opportunities, and increasing trust in the information received, and the quality of reports produced more comprehensively (Rahman, 2018). This study will focus on the financial statements of banking in Indonesia from 2018-2020, and the sample of this study will use banking entities listed on the Indonesia Stock Exchange during 2018-2020 period and banking entities that publish complete and consecutive financial statements in the 2018-2020 period. The banking industry is chosen as a sample because it is a business sector that tends to be stable but has experienced a slowdown in liquidity in recent years. As published in the online media OKEZONE.com, according to Credit Analyst Standard & Poor's Rating Service, Cheul Soo Cho assesses the Indonesian banking industry as a sector with relatively high risk (Fajar, 2019). However, the value of the company offered by banking companies shows good development due to significant cash flows from public funds into the banking industry in the form of credit and interest income, as well as improving performance and assistance from Bank Indonesia as a regulator of the national banking industry which can be a good indicator from investor assessment (Helen, 2014).

According to signal theory the company is said to be able to control and overcome the risks it faces is the result of good risk management disclosure where a positive signal will be given so that stakeholders continue to provide support to the company's business performance (Supriyadi & Setyorini, 2020). Meanwhile, according to Stakeholder theory, risk disclosure that is supported by stakeholders will increase the level of business performance, because the investment capital is getting bigger and larger, risk disclosure can better manage risk and opportunities in the business. This is similar to the results of research from Supriyadi & Setyorini (2020) which proves that profitability can be improved by good risk management, in this case companies can take advantage of information and communication technology systems to encourage quality risk management performance and company-owned business opportunities. So, the first hypothesis is:

H1: Risk Management Disclosure Has Positive Effect on Profitability

Based on signal theory, the presentation of complete information can send apositive signal to investors (Solikhah & Hariyati, 2018). The presentation of information related to enterprise risk management (ERM) disclosure in the company's annual report is a positive signal for investors because the more and more complete risk management items are presented, the better the Firm Value (Supriyadi & Setyorini, 2020). Companies that are able to present ERM disclosure information are attractive to stakeholders because ERM disclosure icomplementary information in making investment decisions (Devi et al., 2017).

According to Mariani & Suryani (2018), ERM disclosure is a reflection of the implementation of good risk management so that it can be used as investment guarantee for investors. A good ERM can have a positive impact on stakeholders. This positive impact can be in the form of giving a high price to the company. This theory explains that more risk management information will be produced by companies with a high level of risk in the application of ERM disclosure. The higher the risk, the more explanation for the stakeholders. This will ultimately decide their investing decision (Siregar & Safitri, 2019). So, the second hypothesis is:

H2: Risk management disclosure has a positive effect on firm value

The company's performance capacity to earn a profit in operating performance that runs for a period to ensure the company's future is called profitability (Supriyadi & Setyorini, 2020). The high profitability of the company will encourage investors to increase the demand for shares because the company is considered to have good performance in the future. The increase in demand for shares made by investors is also supported by other reasons, namely companies that have high profitability shows that the company is able to provide a larger returns so as to ensure the prosperity of shareholders (Solikhah & Hariyati, 2018).

Based on signal theory, a positive response for investors can be created with good financial performance and generate high profitability. Good financial performance and high profitability shows good company development, this can lead to increase in firm value, and is ultimately a good signal for the investors (Sampurna & Sari, 2018). The third hypothesis is:

H3: Profitability has a positive effect on firm value

According to signal theory, good risk management and good financial performance can help companies send positive signals to investors. Positive signals can help investor to make investment decisions. Effective risk management is one of the advantages offered by implementing risk management disclosures, this can also create opportunities to generate new sources of profit for greater profit levels (Solikhah & Hariyati, 2018).

The effect of risk management on increasing firm value can be mediated through good and consistent financial performance. Profits from good financial

performance will make the market react by giving a higher rating; this condition can be achieved if the company's business processes receive positive support from stakeholders (Supriyadi & Setyorini, 2020). This situation is a sign of good implementation of risk management, as it can generate large profits and value to the company. So, the fourth hypothesis is:
H4: Risk management disclosure affects firm value through profitability

METHOD

The company's performance capacity to earn a profit in operating performance that runs for a period to ensure the company's future is called profitability (Supriyadi & Setyorini, 2020). The high profitability of the company will encourage investors to increase the demand for shares because the company is considered to have good performance in the future. The increase in demand for shares made by investors is also supported by other reasons, namely companies that have high profitability shows that the company is able to provide a larger returns so as to ensure the prosperity of shareholders (Solikhah & Hariyati, 2018).

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METHOD

This research is quantitative research with the aim of analyzing the causal relationship that arises from the relationship between variables. The independent variable in this study is the disclosure of the company's risk management. The dependent variable in this study is firm value. The moderating variable in this study is profitability. The research design used is a hypothesis that analyzes the effect of corporate risk management disclosure on firm value with profitability as amoderating variable.

The populations in this study are banking companies listed on the Indonesia Stock Exchange (IDX) in 2018–2020. Sampling in this study used a purposive sampling technique with the following conditions:

1. Banking companies that have been listed on the Indonesia Stock Exchange (IDX) in 2018–2020.
2. Banking companies that publish annual reports in a row during 2018–2020.
3. Banking companies that publish financial reports in rupiah currency during 2018–2020.

According to COSO (Pamungkas, 2019), corporate risk management disclosure is measured using the ERM disclosure index, which consists of 108 items. It includes strategies, (3) performance, (1) governance and culture, (2) setting goals and five dimensions, namely: (4) review and revision, and (5) information, communication, and reporting. Each item is given a value of 1 if disclosed and 0 if not disclosed. The ERM disclosure index can be formulated as follows (Devi et al., 2017):

$$\text{ERMDI} = \frac{\sum \text{ij Ditem}}{\sum \text{ij ADitem}}$$

Information:

ERMD : Enterprise risk management (ERM) disclosure index

$\sum$ij Ditem : Total score of enterprise risk management items disclosed

ij ADitem: Total score of enterprise risk management items that should be disclosed

According to Devi et al. (2017) firm value can be measured using Tobin's Q, where Tobin's Q is a measurement ratio containing the calculation of debt and share capital aspects. In addition, according to Siregar & Safitri (2019), the company's value can be seen from the comparison between the market price per share and the book value per share, namely the price to book value (PBV) ratio. So the measurement of firm value in this study uses two types of measures, namely Tobin's.

Information:

Tobin's Q: Firm value

MVS : Market value of shares obtained by multiplying the number of shares outstanding with the share price at the end of the year as of December 31

D : Market value of debt obtained from the proceeds (current liabilities – current assets + long-term liabilities)

$$\text{PBV} = \frac{\text{HSit}}{\text{NBEit/shares}}$$

Information:

HSit : Share price as of December 31, company i in year t

NBEit/shares: Total equity divided by number of shares outstanding

Companies that have high profitability can increase investor confidence, as profitability indicates good performance. According to Ikhwal (2016) in measuring the level of profitability of a company, it can use the return on asset (ROA) measurement:

$$\mathrm{ROA} = \frac{\text{Net Profit Before Tax}}{\text{Total Assets}}$$

This study uses multiple linear regression analysis with the help of SPSS(Statistical Product and Service Solution) version 23 software. This software is used to assist data analysis techniques. The stages of data analysis in this research are:

1. Determine the linear regression equation model

   The linear regression equations used in this study are:

   $P = \alpha + \beta_1$ ERMDI + e ....(Model 1)
   NP (Tobin's Q) = α + β1 ERMDI + β2 P + e..................(Model 2)
   NP (PBV) = α + β1 ERMDI + β2 P + e...........................(Model 3)

   Information:
   NP : Firm value
   α : Constant
   β : Regression coefficient
   ERMDI : Enterprise risk management disclosure index
   P : Profitability
   e : Error

2. Descriptive statistics

   Descriptive statistics are carried out to describe the processed data using theaverage value, standard deviation, variance, maximum, minimum, sum, range,kurtosis, and skewness (Ghozali, 2016).

3. Classical assumption test

   The classical assumption test is carried out to test whether or not a data isfeasible before testing the hypothesis. This test aims to ensure that all data are normally distributed, regardless of heteroscedasticity and multicollinearity. This test consists of several tests (Ghozali, 2016):

   a) Normality test
   b) Heteroscedasticity test
   c) Multicollinearity test

4. Model feasibility test of the model can be measure by several tests, namely (Ghozali, 2016).
   a) Coefficient of determination test (R)
   b) Model feasibility test (F test)
5. Hypothesis test (t test)
   This test was conducted to determine how far the influence of one independent variable in explaining the variation of the dependent variable. If the significance value is <0.05, it can be concluded that the independent variable can affect the dependent variable (Ghozali, 2016).
6. Path analysis
   Path analysis is an analysis used to test and determine the direct effect of the independent variable on the dependent variable and the indirect effect of the independent variable on the dependent variable through the intervening variable. In this study, path analysis is used the sobel test calculator (Soper, 2021).

RESULTS

Descriptive Statistics

Table 1 Descriptive Statistical Result

Variables	N	Minimum	Maximum	Mean	Standard Deviation
Tobin's Q	88	0,76336	1,36888	1,0263868	0,1256845
PBV	88	0,21137	3,29043	1,2378789	0,7224168
ROA	88	0,00018	0,03904	0,0135602	0,0101432
ERMDI	88	0,45370	0,78704	0,5744949	0,0883545

Classical Assumption Test

Table 2 Normality Test Results

Monte Carlo Sig. (2-tailed)	Unstandardized Residual
Regression Model 1	0,830
Regression Model 2	0,875
Regression Model 3	0,102

The results obtained for model 1, model 2, and model 3 are 0.830, 0.875, and 0.102, respectively. This means that the variables contained in the 3 regression models are normally distributed, as evidenced by the residual value ≥ 0.05.

Table 3 Heteroscedasticity Test Results

Regression Model	F	Significance
Regression Model 1	0,203	0,653
Regression Model 2	0,474	0,624
Regression Model 3	0,539	0,586

The results of the current research significance are 0.653 in model 1, then 0.624 in model 2 and 0.586 in model 3. Therefore, this research is free fromheteroscedasticity because it is not below 0.05 and is homoscedastic so that theresearch is good to continue.

Table 4 Multicollinearity Test Results

Regression Model	Independent Variables	Tolerance	VIF
Regression Model 1	ERMDI	1,000	1,000
Regression Model 2	ERMDI	0,332	3,014
	ROA	0,332	3,014
Regression Model 3	ERMDI	0,594	4,362
	ROA	0,594	4,362

The results of all variables that affect the dependent value have a tolerance value of not more than 1 and the VIF value below 10. This proves that this study does not have multicollinearity.

Model Feasibility Test

Table 5 Coe fficient of Determination Test Results

Regression Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Regression Model 1	0,952	0,096	0,095	0,00313
Regression Model 2	0,233	0,054	0,052	0,04974
Regression Model 3	0,305	0,093	0,072	0,69599

Based on Table 5, it is known that the adjusted R square value has a value of 0.095 in model 1, then 0.052 in model 2, and 0.072 in model 3. This means that in model 1 the ERMDI variable can explain the dependent variable ROA of 9.5%, while the remaining 90.5% can be explained by other variables outside the current study. In model 2, the ERMDI and ROA variables can explain the dependent variable TobinQ of 5.2% and the remaining 94.8% can be explained by other variables outside the current study and in model 3 the ERMDI and ROA variables can explain the dependent variable PBV of 7, 2% then the remaining 92.8% can be explained byother variables outside of this study.

Table 6 F Test Results

Regression Model	F	Significance
Regression Model 1	8,261	0,000
Regression Model 2	2,437	0,033
Regression Model 3	4,365	0,016

Based on Table 6, the F test is known to have a significance value of 0.000 for model 1, then 0.033 for model 2, and 0.016 for model 3 so that the current study is declared feasible because the significance value is ≤0.05.

Hypothesis Test (t test)

Table 7 Regression Model 1 t Test Result

Model	Unstandardized Coefficients		t	Sig.	Result
	B	Std. error			
1. (Constant)	- 0,049	0,002	-2,262	0,000	
ERMDI	0,109	0,004	2,727	0,000	Positive influence

Regression Model 1:
P = -0,049 + 0,109 ERMDI + e

Based on the results in Table 7, it can be seen that the coefficient of the corporate risk management disclosure variable (ERMDI) is 0.109 with a sig. value of 0.000, which means the sig. value is <0.05, so that the corporate risk management disclosure variable (ERMDI) is declared to have a positive effect on the profitability variable (ROA). Then hypothesis 1 is declared accepted.

Table 8 Regression Model 2 t Test Result

Model	Unstandardized Coefficients		t	Sig.	Result
	B	Std. error			
1. (Constant)	- 0,128	0,095	-1,343	0,183	
ERMDI	0,148	0,105	1,792	0,037	Positive influence
Log_ROA	- 0,014	0,019	-0,721	0,473	No effect

Regression Model 2:
NP (Tobin Q) = -0,128 + 0,148 ERMDI – 0,014 P + e

Based on the results in Table 8, it can be seen that the coefficient of the corporate risk management disclosure variable (ERMDI) is 0.148 with a sig. value of0.037, which means the sig. value is <0.05, so that the corporate risk management disclosure variable (ERMDI) is declared to have a positive effect on the firm value variable (Tobin Q). Then hypothesis 2 is declared accepted.

In addition, the results in Table 8 also show that the coefficient of the profitability variable (ROA) -0.014 with a value of sig. of 0.473 which means the sig. value is > 0.05, so the profitability variable (ROA) is declared to have no effect on the firm value variable (Tobin Q). Then hypothesis 3 is declared rejected.

Table 9 Regression Model 3 t Test Result

Model	Unstandardized Coefficients		t	Sig.	Result
	B	Std. error			
1. (Constant)	- 1,265	1,276	- 0,991	0,225	
ERMDI	2,908	2,749	1,785	0,048	Positive influence
ROA	- 6,541	6,671	- 0,976	0,332	No effect

Regression Model 3:
NP (PBV) = -1,265 + 2,908 ERMDI – 6,541 P + e

Based on the results in Table 9, it can be seen that the coefficient of the corporate risk management disclosure variable (ERMDI) is 2,908 with a sig. value of 0.048, which means the sig. value <0.05, so that the corporate risk management disclosure variable (ERMDI) is declared to have a positive effect on the firm value variable (PBV). Then hypothesis 2 is declared accepted.

In addition, the results in Table 9 also shows that the coefficient of theprofitability variable (ROA) -6.541 with a sig. value of 0.332 which means the sig.value > 0.05, so the profitability variable (ROA) is declared to have no effect on the firm value variable (PBV). Then hypothesis 3 is rejected.

Path Analysis

Table 10 Sobel Test Results Regression Model 2

Description	Result
Sobel test statistic	-0,65299955
One-tailed probability	0,25687828
Two-tailed probability	0,51375657

Table 10 shows that the sobel test statistic value is -0.65299955, and the two-tailed probability value is 0.51375657. Because the sobel statistic is negative, the disclosure of corporate risk management (ERMDI) has a negative effect on firmvalue (Tobin Q) through profitability (ROA). Because of the results of two-tailed probability > 0.05, profitability (ROA) does not affect the value of the company. Then hypothesis 4 is declared rejected.

Table 11 Sobel Test Results Regression Model 3

Description	Result
Sobel test statistic	- 0,71911183
One-tailed probability	0,23603601
Two-tailed probability	0,47207202

Based on Table 11, the sobel test statistic value is -0.71911183, and the two-tailed probability value is 0.47207202. Because the sobel statistic is negative, the disclosure of corporate risk management (ERMDI) has a negative effect on firmvalue (PBV) through profitability (ROA), and because the results of two-tailed probability > 0.05, profitability (ROA) does not affect firm value. Then hypothesis 4 is rejected.

DISCUSSION

The Effect of Risk Management Disclosure on Profitability

Based on the hypothesis testing that has been done in Table 7, it can be seen that the disclosure of corporate risk management has an influence on profitability, so that hypothesis 1 in this study is accepted. Disclosure of corporate risk management is a way to analyze and understand every risk faced by the company, so that it can be controlled or minimized for better company business processes and the end result of maximum company goals.

The results of this study, the study by Supriyadi & Setyorini (2020), and the study by Mariani & Suryani (2018) shows similar and consistent result, which states that the disclosure of corporate risk management has a positive effect on profitability. This is because the risks that are able to be managed properly by the company can increase the confidence of investors to invest through purchasing company shares and can increase the company's profitability (Supriyadi & Setyorini, 2020).

This is also aligned with the grand theory used in this study, namely signal theory and stakeholder theory. According to signal theory, the result of risk analysis and risk management disclosure can be a positive signal to attract investors. Meanwhile, according to stakeholder theory, according to stakeholder theory, a company must maintain a good relationship with its stakeholder. Good relationship can improve the quality of the business process, good business process can greatly influence the company's profitability.

The Effect of Risk Management Disclosure on Firm Value

Based on the hypothesis testing in Table 8 and Table 9, it can be seen that the disclosure of corporate risk management has an influence on firm value, so hypothesis 2 in this study is accepted. Disclosure of risk management itself is used to assess important things in the company and the risks that may arise in the company's business processes.

The results of this study are aligned with the results of research conducted by Supriyadi & Setyorini (2020), then research by Devi et al. (2017), as well as research by Solikhah and Hariyati (2018), in which these studies explain that the disclosure of corporate risk management has a positive effect on firm value. This is because when the company is able to provide good risk disclosure information, it can be an indication that the market can respond positively and is willing to buy company shares, which will increase Firm value (Solikhah & Hariyati, 2018).

This is also aligned with the grand theory used in this study, namely signal theory and stakeholder theory. According to signal theory, risk management disclosure can be a positive signal to attract market interest, where important information related to risks and matters related to the company's business can be used by investors to assess the company's future prospects. Meanwhile, according to stakeholder theory, stakeholders can encourage companies to disclose information related to business risks, this is to minimize the impact of losses that may happen. Disclosing the company's risk management in the annual report can also be a form of company commitment in managing all its business risks and also as a form of responsibility towards stakeholders.

The Effect of Profitability on Firm Value

Based on the hypothesis testing that has been done in Table 8 and Table 9, profitability has no effect on firm value, so hypothesis 3 in this study is rejected. Profitability itself can show the company's ability to generate profits and show how well the company's financial performance is, this is because profitability is often used by investors as an indication to see the company's business prospects, especially in terms of making profits.

The results of this study are aligned with research conducted by Supriyadi & Setyorini (2020), which explains that profitability has no effect on firm value. This is because fluctuating profitability has not been able to be a factor driving the increase in firm value and this is also reinforced by the news in the Tempo.co media with the author Widyastuti (2020) explained that in the last few years the company's profitability tends to slow down. In 2020, there is a Covid-19 pandemic, so there are often problems related to bad loans or non-performing loans that hinders the increase of profitability. In addition, the results of this study are contradicting with the grand theory used, namely signal theory and stakeholder theory.

The Effect of Risk Management Disclosure on Firm Value through Profitability

Based on the results of the Sobel test conducted in Table 10 Table 11, it was found that risk management disclosure has no effect on firm value through profitability, so hypothesis 4 in this study is rejected. This can be interpreted that the size of profitability does not affect the rise and fall of firm value and theinfluence relationship between risk management disclosures will still occur where it is known that risk management disclosure has a positive effect on firm value.

The results of this study are aligned with research conducted by Supriyadi & Setyorini (2020) as well as research by Solikhah and Hariyati (2018), which explains that profitability, is not an indicator in assessing the rise and fall of firm value, because the significance of the effect generated by profitability as a moderating variable has not yet been determined. According to stakeholder theory, a company must maintain a good relationship with its stakeholder. Good relationship can improve the quality of the business process, good business process can greatlyinfluence the company's profitability. In addition, the results of this study are also contradictive with the grand theory used, namely signal theory and stakeholder theory.

This study examined the effect of corporate risk management disclosure on firm value through profitability. Based on the results of hypothesis testing, sobel testresults, and discussion, the company's disclosure of risk management can positively contribute to the growth of profitability in the company's business. In addition, this also proves that the use of the 2017 COSO framework accompanied by detailed disclosures and information from the company can assist in analyzing and managing existing risks. The active role of company management can provide detailed information regarding important matters in the company's business, which is administered by implementing risk management disclosures. Risk management disclosures can help attract investors to invest in the company's business to increase company value significantly.

On the other hand, profitability does not affect firm value, which shows that the increase or decrease in profitability has not been able to become a driving factor in increasing the firm's value. The result was also due to the fluctuating nature of the profitability in 2020 when COVID-19 pandemic hits, which significantly impacted all business industries. This is also the result of disclosure of risk management doesn't impact firm value through profitability. The result shows that the size of the profitability obtained by the company will not be an obstacle for the company in managing its risk disclosure to increase the value of the company. It is proven in this study that the disclosure of company risk management can positively affect the frm's value without the need for mediation from other variables such as profitability.

There are limitations in this study. First, the sample in this study is limited to the banking industry. Thus, further research is expected to expand the research sample to other sectors, such as the non-financial industry. Second, the measurement of the firm value only uses market value, book value approaches, Tobin's Q and PBV. Further research is expected to use other approaches such as capitalized value, deductive judgment, or adjusted net worth. Third, profitability as a mediation variable can be replaced by the different financial performance measurements, such as gross profit margin, net profit margin, or working capital.

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