

INFLUENCE OF ENTERPRISE RISK MANAGEMENT DISCLOSURE AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE TO FIRM VALUE: INDEPENDENT COMMISSIONER AS MODERATION

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ABSTRACT

This study aims to examine the influence of Enterprise Risk Management Disclosure and Corporate Social Responsibility Disclosure on firms value, US well US to evaluate the moderating role of independent commissioners in non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX) during the 2018–2022 period. The research method employed is moderated regression analysis (MRA) using Eviews software. The results reveal that both Enterprise Risk Management Disclosure commissioners do not moderate the relationship between Enterprise Risk Management Disclosure and firm value. Conversely, independent commissioners strengthen the relationship between Corporate Social Responsibility Disclosure and firm value. These findings support agency theory, suggest that transparent disclosure and effective governance contribute to higher firm value by reducing information asymmetry and enhancing managerial oversight.

Keywords: Enterprise Risk Management Disclosure, Corporate Social Responsibility Disclosure, Independent Commissioner, Firm Value, Agency Theory

1.0 INTRODUCTION

Mark company reflect how much big benefit Which obtained Shareholders. One of the main goals of management according to agency theory is to maximize firm value. Firm value can be seen from stable share prices. as well as experience increase in term long because increase price shares are similar to the increase in the prosperity of agents and the increase in firm value (Yulinda et al, 2020).

The occurrence of increases and decreases in firm value This can be caused by various factors. In the business world, uncertainty must be faced. Uncertainty can originate from both internal and external sources. Uncertainty can reduce a company's value, both in assets and other assets. This uncertainty is known as risk. Companies cannot avoid this risk; rather, it must be managed effectively, which is known as Enterprise Risk Management. Enterprise Risk Management continues to evolve over the years, and more and more companies are implementing it, both in Indonesia and other countries, both financial and non-financial. Companies that provide more extensive Enterprise Risk Management Disclosure tend to be more appreciated by investors. This is because a greater quantity of disclosure items is considered a signal of a stronger company commitment to managing its risks (Hoyt & Liebenberg, 2011).

Furthermore, in an era of increasing corporate growth, awareness of the implementation of social responsibility has become important along with the increasing concern of the global community for environmentally friendly products or goods. Corporate Social Responsibility Disclosure is very important for companies, because Corporate Social Responsibility is a form of responsibility to improve the company's image, activities Corporate Social Responsibility This can used as one of superiority competitive company Which can increase sale because it can attract a consumer.

In addition, in general fundamentals exist a number of aspects Which influence firm Value, one of which is the aspect of Corporate Governance. Corporate Governance is a system of supervision and control of a company that is expected to optimize firm value for shareholders. The implementation of Corporate Governance can be carried out through a supervisory mechanism to conserve various benefits and protect various interests. Proxies used to measure Corporate Governance In this study, namely the Independent Board of Commissioners, the Board of Commissioners is an effective Corporate Governance mechanism to resolve agency problems because independent commissioners can explain to managers regarding shareholder objectives (Oktari et al., 2018).

This study aims to examine the influence of Enterprise Risk Management Disclosure, Corporate Social Responsibility Disclosure on firm value. Furthermore, this study also aims to further examine the relationship between Independent Commissioners as a moderating variable that can play a role in strengthening or weakening the relationship between Corporate Social Responsibility Disclosure and firm value.

2.0 THEORETICAL REVIEW AND HYPOTHESIS

2.1. Agency Theory

Jensen and Meckling (1976) stated that agency theory is the “nexus of contracts” of an organization. Agency theory assumes that both principals and agents tend to act in their own self-interest. This difference in goals can potentially create conflicts of interest. In practice, managers often prefer projects or investments that offer high short-term returns, rather than long-term projects that are more profitable and can sustainably improve shareholder welfare.

Agency theory views the relationship between owners (principals) and management (agents) as a contract that has the potential to give rise to conflicts of interest and information asymmetry. Disclosure and governance mechanisms play a crucial role in reducing agency costs, aligning interests, and improving market decisions. In this context, Enterprise Risk Management Disclosure and Corporate Social Responsibility Disclosure are two forms of non-financial disclosure that have the potential to reduce information asymmetry and improve investor perceptions, thus impacting firm value . Independent commissioners further serve as a monitoring mechanism that can strengthen (or sometimes even diminish) the effects of such disclosure.

2.2. Enterprise Risk Management Disclosure

Enterprise Risk Management Disclosure is the disclosure of information regarding policies, processes, and results of integrated company risk management, which generally refers to

frameworks such as COSO Enterprise Risk Management or ISO 31000. From an agency theory perspective (Jensen & Meckling, 1976), Enterprise Risk Management Disclosure plays a role in reducing information asymmetry between management and shareholders through transparency of risks and mitigation strategies, thereby reducing agency costs and increasing investor confidence. This disclosure provides information that the company has effective risk governance, which ultimately can increase firm value.

$$\text{ERMDi} = \frac{\text{Total items disclosed}}{\text{Total items that should be disclosed}}$$

2.3. Corporate Social Responsibility Disclosure

Corporate Social Responsibility Disclosure Corporate Social Responsibility Disclosure is the disclosure of information related to a company's commitments and activities in environmental, social, and governance aspects, which usually refers to standards such as the Global Reporting Initiative (GRI) or ISO 26000. Based on agency theory (Jensen & Meckling, 1976), Corporate Social Responsibility Disclosure can reduce information asymmetry by providing evidence that management is not only oriented towards short-term profits, but also pays attention to the interests of stakeholders. Quality is a positive signal (signaling effect) for investors regarding the company's commitment to sustainability and social responsibility, which in turn increases legitimacy and reputation and has the potential to increase firm value.

$$\text{CSRDi} = \frac{\Sigma \text{Total items disclosed}}{\Sigma < \text{Total items for company}}$$

2.4. Independent Commissioner

Independent Commissioners are members of the board of commissioners who do not have financial, management, share ownership, or family relationships with controlling shareholders or management, so they can carry out their supervisory function objectively. Within the framework of agency theory (Jensen & Meckling, 1976), independent commissioners act as an internal governance mechanism that mitigates conflicts of interest between management and shareholders through supervision, evaluation, and enforcement of compliance with the principles of good corporate governance. The existence of effective independent commissioners can strengthen the relationship between Enterprise Risk Management Disclosure and Corporate Social Responsibility Disclosure with firm value, because they are able to ensure that the disclosure is accurate, relevant, and reflects real practices, not just formalities.

$$\text{IC} = \frac{\Sigma \text{Independent commissioner member}}{\Sigma \text{Board Commissioner member}} \times 100\%$$

2.5. Firm Value

Firm value reflects the market's perception of a company's value, which is generally measured through indicators such as Tobin's Q. This value is influenced by financial performance, growth prospects, capital structure, and the quality of corporate governance. From an agency theory perspective (Jensen & Meckling, 1976), firm value increases when information asymmetry and

agency costs can be reduced through effective disclosure and oversight mechanisms. Enterprise Risk Management Disclosure and Corporate Social Responsibility Disclosure play an important role in building investor trust through risk transparency and sustainability commitments, while independent commissioners can strengthen the credibility of these disclosures.

$$\text{Tobin's Q} = \frac{MVS + D}{\text{Total Assets}}$$

2.6 Enterprise Influence Risk Management Disclosure towards the Firm Value

Within the framework of agency theory (Jensen & Meckling, 1976), there is a potential conflict of interest between management (agent) and shareholders (principal) triggered by information asymmetry. Enterprise Risk Management Disclosure is a mechanism to reduce information asymmetry by providing transparency regarding the risks faced by the company and their mitigation strategies. This disclosure lowers agency costs and increases investor confidence because it demonstrates that management is proactive in systematically managing risks. High transparency serves as a positive signal to the market that the company has good risk governance, thereby enhancing perceptions of stability and long-term prospects, ultimately increasing firm value.

H1: Enterprise Risk Management Disclosure has a positive effect on Firm Value.

2.7 Influence Corporate Social Responsibility Disclosure towards the Firm Value

From an agency theory perspective (Jensen & Meckling, 1976), management has more information than shareholders, potentially creating information asymmetry and agency cost. Corporate Social Responsibility Disclosure serves as a disclosure mechanism that narrows this information gap by providing evidence that the company is not solely focused on short-term profits but also considers the interests of stakeholders. This transparency enhances the company's legitimacy and reputation, builds investor confidence, and serves as a positive signal (signaling effect) regarding sustainability and good governance. Thus, strong Corporate Social Responsibility Disclosure can drive increased firm value through more positive market perceptions.

Based on these arguments, the following hypothesis can be proposed:

H2: Corporate Social Responsibility Disclosure has a positive effect on Firm Value.

2.8 Independent Commissioner Moderates

The existence of effective independent commissioners can strengthen the positive impact of Enterprise Risk Management Disclosure on Firm Value, because they can ensure that risk disclosures are accurate, relevant, and reflect real risk management practices, not just formalities.

Similarly, independent commissioners can strengthen the influence of Corporate Social Responsibility Disclosure on Firm Value by ensuring that Corporate Social Responsibility

Disclosure activities are actually implemented and beneficial to stakeholders, thereby increasing the credibility of the disclosure and positive investor perceptions. Therefore, the hypothesis is:

H3: Independent Commissioners positively moderate the relationship between Enterprise Risk Management Disclosure. and Firm Value.

H4: Independent Commissioners moderate the relationship between Corporate Social Responsibility Disclosure and Firm Value positively.

3.0 METHOD

This research uses a quantitative approach, with the population comprising all non-cyclical consumer sector companies listed on the Indonesian Stock Exchange from 2018 to 2024. Based on the sampling criteria, the sample size comprised 216 observational data.

The regression model in this study is as follows:

$$FV_{it} = \alpha_0 + \alpha_1 E_{it} + \alpha_2 C_{it} + \alpha_3 I_{it} + \alpha_4 E_{it} * I_{it} + \alpha_5 C_{it} * I_{it} + \alpha_6 L_{it} + \alpha_7 A_{it} + \alpha_8 D_{it} + e_{it}$$

Information:

- FV = Firm Value (Tobin's Q)
- E = Enterprise Risk Management Disclosure
- C = Corporate Social Responsibility Disclosure
- I = Independent Commissioner
- α_0 = Constant
- $\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6, \alpha_7, \alpha_8$ = Coefficient regression
- e_{it} = Error
- L = Liability (Var. Control)
- A = Asset (Var. Control)
- D = Leverage (DER) (Var. Control)
- i = Entity certain
- t = Time or period

4.0 RESULTS AND ANALYSIS

4.1. Results

Table 1. Statistics Descriptive

Variable	Minimum	Maximum	Mean	Std. Deviation
ERMD	0	0.87037	0.67425	0.08255
CSR	0	0.73626	0.36401	0.18632
DER	-2.12734	21.97968	1.29854	2.04270
Long Distance Relationship	0.00289	7.38737	0.28692	0.68242

Total Asset	25.25778	32.85992	29.65480	1.53617
Indep. Com	0.00104	0.57691	0.07020	0.08216
Firm Value	0.03214	17.67833	2.08341	2.47317

Source: Data exercise Eviews (2025)

Based on the table above the average Firm Value is 2.08341, with a standard deviation of 2.47317. This means that the firm value Which tall in a way average indicates performance market Which Good from non-cyclical sector companies, reflecting a positive perception of long-term prospects. Average Value of Enterprise Risk Management Disclosure This means that in the context of non-cyclical sectors, relatively high but less varied Enterprise Risk Management Disclosure reflects the tendency of companies to follow minimum disclosure standards, instead of developing a proactive and differentiated risk management approach.

Average value Corporate Social Responsibility Disclosure is 0.36401, with standard deviation of 0.18632. This means that in the non-cyclical sector, which is generally considered a more stable and responsible sector, the low average Corporate Social Responsibility Disclosure is an important finding and indicates that there are still gaps in the integration of social and environmental values into corporate reporting practices. Independent Average Commissioners is 0.07020, with a standard deviation of 0.08216. This result shows that the low proportion of independent commissioners in general in sector non-cyclical, which ironic remember sector This own expectations of long-term stability and governance.

Table 2. T test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ERMD	1.975756	0.940586	2.100559	0.0369
CSRD	0.977050	0.406574	2.403126	0.0171
DER	0.033699	0.034638	0.972914	0.3317
Long Distance Relationship	-0.165410	0.107167	-1.543474	0.1242
Total Assets	-0.100161	0.051098	-1.960180	0.0513
Indep. Com	-0.068781	1.122206	-0.061291	0.9512
Indep. Com * ERMD	0.026337	0.044387	0.593346	0.5536
Indep Com * CSRD	14.88120	3.875582	3.839733	0.0002
Constanta	1.500025	1.500952	0.999382	0.3188

Source: Results Exercise Software E-reviews 10

Based on Table 4.12, obtained equality regression linear multiple as follows.

$$Y = 1.500025 + 1.975756X_1 + 0.977050X_2 + 0.033699C_1 - 0.165410C_2 - 0.100161C_3 - 0.068781M + 0.026337MX_1 + 14.88120MX_2 + e$$

5.0 DISCUSSION

H1 – The Effect of Enterprise Risk Management Disclosure on Firm Value

The results of this study indicate that Enterprise Risk Management Disclosure has a positive and significant effect on firm value. This finding supports agency theory, which states that transparent risk disclosure can reduce information asymmetry between management and shareholders. By providing clear information regarding risk identification, mitigation, and management, management sends a positive signal to the market regarding the company's ability to maintain business sustainability (Ngatno et al., 2022). These results align with research by Hoyt and Liebenberg (2011) and Baxter et al. (2013), which found that comprehensive Enterprise Risk Management Disclosure increases investor confidence and impacts firm value.

H2 – The Effect of Corporate Social Responsibility Disclosure on Firm Value

This study found that Corporate Social Responsibility Disclosure has a positive and significant effect on firm value. Within the agency theory framework, Corporate Social Responsibility Disclosure serves as a tool for management to demonstrate commitment to sustainability and stakeholder interests, thereby reducing suspicion of opportunistic behavior by managers. This disclosure also increases the company's legitimacy in the eyes of the public and investors. The results of this study align with the findings of Mahoney et al. (2013), Reverte (2016), Nadeem et al. (2017), and Nguyen et al., (2021), which show that Corporate Social Responsibility information disclosure is positively correlated with increased reputation and market valuation.

H3 – The Moderating Role of Independent Commissioners in the Relationship between Enterprise Risk Management Disclosure and Firm Value

The results of the study indicate that independent commissioners do not play a significant role in moderating the influence of Enterprise Risk Management Disclosure on firm value. This indicates that the supervision carried out by independent commissioners on the Enterprise Risk Management aspect has not been able to significantly improve the credibility of risk disclosure in the eyes of investors. From an agency theory perspective, this ineffectiveness may be due to the limited technical competence of independent commissioners in understanding complex risk management, or their role tends to be formalistic. This finding differs from Rashid's (2018) study, which emphasized the importance of the independent board's role in risk oversight, but is consistent with Ahmed & Hamdan's (2015) study, which found that the effectiveness of independent commissioners is highly dependent on their expertise and level of involvement. Putra & Utami's (2023) study shows that the board's oversight role is more effective when combined with other GCG mechanisms, such as audit committees, to strengthen the impact of disclosure on firm value.

H4 – The Moderating Role of Independent Commissioners in the Relationship between CSR and Firm Value This study found that independent commissioners

significantly strengthen the influence of Corporate Social Responsibility Disclosure on firm value. This indicates that the independent oversight role is effective in ensuring that disclosed Corporate Social Responsibility Disclosure activities are actually carried out and provide benefits to stakeholders. In the context of agency theory, this reduces the risk of window dressing in CSR disclosures and increases the credibility of information in the eyes of investors. This finding supports the research of Fama & Jensen (1983) and Rashid (2018) which confirms

that the presence of competent independent commissioners can improve the quality of disclosure and strengthen its positive influence on firm value.

6.0 CONCLUSION AND POLICY RECOMMENDATIONS

The results of this study indicate that Enterprise Risk Management Disclosure and Corporate Social Responsibility Disclosure have a positive and significant influence on firm value in non-cyclical sector companies in Indonesia. This finding is in line with agency theory which asserts that information disclosure can reduce information asymmetry and agency costs, thereby increasing investor confidence. This study also found that independent commissioners strengthen the influence of Corporate Social Responsibility Disclosure on firm value, but do not significantly moderate the relationship between Enterprise Risk Management Disclosure and firm value. This condition indicates that the effectiveness of independent commissioner supervision is more prominent in the aspect of Corporate Social Responsibility Disclosure, while Enterprise Risk Management supervision requires more specialized technical competencies.

Practically, these results provide an important signal for management to optimize the quality of Enterprise Risk Management Disclosure and Corporate Social Responsibility Disclosure, not only for regulatory compliance, but also as a strategy to improve reputation and market trust. The board of commissioners, especially independent commissioners, needs to expand their competencies and understanding of risk management so that oversight of Enterprise Risk Management Disclosure can be effective. From the regulator's perspective, policies are needed that encourage the standardization of Enterprise Risk Management Disclosure and Corporate Social Responsibility that are more measurable and transparent, and ensure that the role of independent commissioners is carried out substantively, not merely as a formality.

For future research, it is recommended to expand the study to cyclical sectors to compare the dynamics of relationships between variables in more volatile market conditions. Research could also include mediating variables such as corporate reputation or litigation risk to understand the relationship mechanisms more deeply. Furthermore, measuring independent commissioner effectiveness could be expanded with qualitative indicators, such as level of engagement, meeting attendance, and expertise relevant to risk management and sustainability.

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