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Research Paper

The Effectiveness Of The Board Of Directors' Performance And The Moderation Effect Of Corporate Risk Management On The Company's Financial Performance

Dea Tiara Monalisa Butar-Butar[1]*, Doni Indrianto[2]

[12]Accounting, Business and Management, Batam International University, Batam, Indonesia
* Corresponding Author: dea@uib.ac.id

ABSTRACT

Purpose –This study aims to analyze the relationship between variables of the Board of Directors (BOD) effectiveness, specifically board size, board independence, and gender with the financial performance of companies measured through Tobin's Q. The study also considers the role of the chief risk officer as proxy for enterprise risk management (ERM) as moderating variable.
Research Method –The data used is sourced from the financial reports of LQ45 listed companies on the Indonesia Stock Exchange for the period 2018-2022 with a total of 44 companies as the sample. The analytical method employed is multiple linear regression using the Eviews software.
Findings –The results indicate that board gender and board independence have a negative significant effect on Tobin's Q, while board size has no significant effect. The result of regression test with moderating variables shows that the enterprise risk management as a moderating variable has significant effect of board independence on Tobin's Q.
Implications –The existence of the board of directors has an important and vital role in managing the company's transactions, determining the company's management policies, and controlling operations to ensure the company's efficiency. To develop strategies, manage risks, and drive confidence to achieve organizational goals in order to create effectiveness and efficiency, companies and consider establishing enterprise risk management. In this study, it is proven that the existence of enterprise risk management can improve the company's financial performance.

Keywords: Tobin's Q, Board Size, Board Independence, Gender, Board of Directors

JEL code: A11, B41, G20

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INTRODUCTION

The Board of Directors is an elected institution that occupies the role of the highest management body in an organization or company. Directors are selected based on their qualifications, skills and experience, and are responsible for making strategic decisions that will shape the direction and goals of the company. Directors have significant responsibilities in representing various parties who have an interest in the company, including shareholders, employees, business partners and the general public (Al-Adeem & Al-Sogair, 2019). By holding this very important role, directors are expected to be able to carry out their duties with integrity and sustainability, in order to create long-term value for all parties involved. Through wise policies and decisions, directors play a role in maintaining the company's sustainability and making positive contributions to the surrounding community and other stakeholders. Board effectiveness is a crucial element in working on internal corporate governance mechanisms. The level of success of a company is often closely related to how well the board of directors can carry out its functions. This success is determined not only by board independence, but also by a number of other key characteristics, such as board size, non-CEO duality, and frequency of board meetings (Pugliese et al., 2015). Board integrity is a key element to ensure objective oversight and wise decisions, avoid potential conflicts of interest, and focus more on the interests of the company as a whole. Additionally, board size plays a vital role in decision dynamics, with boards that are too large facing difficulty achieving efficient consensus, while boards that are too small may lack the diversity of views necessary for balanced decision making. Non-CEO duality, which includes the separation of the positions of Chairman of the Board and Chief Executive Officer (CEO), also plays a significant role in determining board effectiveness by preventing excessive concentration of power in one individual, allowing for more open decision making. Finally, the frequency of board meetings reflects the level of involvement and readiness of the board to deal proactively with critical issues. By carefully considering these characteristics, companies can design the structure and dynamics of their boards of directors to improve the quality of decision making and support sustainable growth.

COSO, which stands for Committee of Sponsoring Organizations of the Treadway Commission, details the concept of enterprise risk management as a collaborative process between management, the board of directors, and all employees to design strategies that cover all layers of the organization. The main focus of this strategy is to recognize potential events or changes in the environment that may affect company performance. Through these steps, companies not only aim to identify potential risks, but also to manage them effectively. Thus, COSO's version of enterprise risk management is not only preventive, but also involves proactive actions to ensure adequate confidence in achieving strategic goals. With this comprehensive approach, COSO provides a solid foundation for companies in facing the complex and dynamic challenges in today's business world. (Bertinetti et al., 2013, Hoyt and Liebenberg, 2011, and Li et al., 2014) links enterprise risk management (ERM) with company value. The results of their research show that ERM implementation includes holistic risk management across various company layers and functions. This includes identifying, evaluating, controlling and monitoring risks that may affect the company's objectives and performance. By integrating this approach, companies can more effectively manage uncertainty and anticipate potential adverse impacts on financial and operational performance. A significant positive impact on company value can come from several factors, including increased operational efficiency, reduced costs, increased competitiveness, investor confidence, and increased resilience to changing economic or market conditions. Thus, these findings underline the importance of ERM as a strategy that can increase overall company value through integrated and proactive risk management. The implications of these findings provide a deeper understanding of the importance of implementing ERM in the context of corporate risk management, which in turn can increase overall corporate value. This research provides a strong

foundation for considering and implementing ERM strategies as an approach that has a positive impact on company performance and value.

The government's role in influencing the implementation of Enterprise Risk Management (ERM) in the Indonesian public sector is very significant (Shatnawi et al., 2020). Through policies and regulations, the government can provide guidance and direction for public agencies to carry out ERM practices effectively. Technical support and training provided to officials and workers are also a means of increasing understanding regarding risk management. In addition, the government can create incentives and reward systems that encourage sustainable adoption of ERM, creating an organizational culture that prioritizes risk management as an integral part of policy and daily operations. With active government involvement, it is hoped that ERM practices can become an inseparable part of public sector culture, increasing organizational resilience and performance in facing complex risks. Enterprise risk management (ERM) is an approach that includes comprehensive threat management, involving the identification, evaluation and management of risks in various operational, financial and strategic aspects. ERM is not only limited to identifying risks related to company operations, but also includes financial aspects that can affect the company's financial health, as well as strategic risks related to achieving long-term goals. In addition, ERM also involves establishing the direction of the company's risk management policy, which provides guidance and framework for the entire organization in facing and managing risks. Managers who manage these risks collectively make the final decision to implement risk management (Dabari & Saidin, 2016). Organizations usually have an established ERM strategy in terms of policies, costs, accounting, policies and long-term forecasting to manage assets and revenues effectively (Shad et al., 2019; Zou et al., 2019). This research aims to test six hypotheses involving various aspects of corporate governance. First, this research will evaluate the effect of board size on Tobin's Q, an indicator of financial performance. Second, this research will examine the effect of board independence on Tobin's Q, exploring the impact of the existence of independent board members on company performance. Furthermore, the research will also examine whether the gender composition of the board has an influence on Tobin's Q, in an effort to understand the role of gender in the context of corporate finance. In addition, this research will explore the role of enterprise risk management (ERM) as a moderating variable in the relationship between board size, board independence, and board gender composition on Tobin's Q. The research is expected to provide benefits for companies and shareholders who wish or plan to implement the concept of corporate risk management by considering the effectiveness of company performance.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Board of Directors (BOD) is defined as the company's elected team and is the highest body representing the company's stakeholders (Al-Adeem & Al-Sogair, 2019). BOD has an important and vital role in managing company transactions, determining company management policies, and controlling operations to ensure company efficiency (Al-Adeem & Al-Sogair, 2019). (Rani & Zergaw, 2017) stated that among all financial indicators, return on equity (ROE) is the most important indicator for corporate investors. This ratio measures an investor's return on the money invested in the company. This shows how efficiently the company can generate profits (Kapaya & Raphael, 2016). Investors often see ROE as a benchmark for measuring a company's level of profitability. The higher the ROE, the better the company's ability to generate profits for shareholders. Therefore, when a potential investor analyzes various investment options, ROE becomes a critical factor that helps them choose companies that have growth potential and good financial health. Not only that, ROE also provides an overview of the extent to which the company can provide adequate returns on investment. Investors looking for long-term investments often pay attention to ROE as an indicator of business stability and growth. By considering ROE, potential investors can make more informed and intelligent

investment decisions, by looking at the company's ability to provide satisfactory returns for the capital invested by shareholders. Therefore, ROE is one of the ratios that prospective investors use as a reference when making investment decisions.

Return on Assets (ROA) is one of the ratios that is the main consideration for potential investors in making investment decisions. ROA measures the extent to which a company is able to utilize its assets to generate profits. This ratio is calculated by dividing the company's net profit by the total assets it owns. By paying attention to ROA, investors can evaluate management efficiency in using assets to achieve optimal profitability. ROA is relevant because it provides an overview of how well a company manages its assets to create added value. Investors tend to see a high ROA level as an indicator of good investment potential, because it shows the company's ability to generate profits with the assets it owns. On the other hand, a low ROA can be a signal of potential risk or inefficiency in asset management. (Kasmir, 2014) states that ROA is the ratio of profit (profitability) to total assets to measure the return on total assets. Next, Tobin's Q is calculated as the ratio of the market value of assets to the book value of assets, where the market value of assets is total debt plus market value. Market value is the ratio of market value to equity, where equity is defined as the difference between the company's net worth and total debt (Haque & Arun, 2016).

COSO, or the Committee of Sponsoring Organizations of the Treadway Commission, defines enterprise risk management as a process that involves various parties, including management, the board of directors, and other employees. This process is designed to develop strategies that span through all layers of the organization. The focus lies on identifying events that have the potential to affect organizational performance and stability. More than just identifying risks, this process also includes efforts to manage those risks effectively. In addition, COSO emphasizes the importance of sufficient confidence among relevant stakeholders in achieving organizational goals. By involving all relevant parties, COSO recognizes that risk management is an integral aspect in achieving long-term success and sustainability for a company. (Bertinetti et al., 2013, Hoyt and Liebenberg, 2011), and Li et al., 2014) shows that ERM implementation has a significant positive impact on increasing company value. By implementing holistic and integrated risk management practices, companies are able to identify, measure and manage risks more effectively. In this context, ERM not only acts as a tool to protect companies from potential losses, but also as a driver of growth and sustainability. The analysis results imply that companies that adopt an ERM approach tend to achieve better financial performance, attract investors, and gain the trust of stakeholders. Thus, implementing ERM is not only a necessity to reduce risk, but also an effective strategy to increase overall company value. Risk management is one of the most important mitigation and management tools to overcome potential risks (Beasley & et al, 2006). Company business risk management, especially at Waskita Beton Precast Tbk (WSBP), needs to be given better attention. Currently, there are weaknesses in the implementation of risk management, and this can have a significant impact on company performance. If an unforeseen situation or hazard occurs, the company needs to prove its ability to complete the work on time. Therefore, it is important for PT WSBP to strengthen its business risk management system so that it can overcome challenges efficiently and ensure the company's operations run smoothly. Thus, improved risk management will become a solid foundation for PT WSBP in maintaining its reputation and business sustainability.

Different approaches have been used to measure company performance based on market prices, accounting ratios and total factor profitability (Bocean and Barbu, 2007) and based on accounting and market performance (Achim and Borlea, 2014). (Achim and Borlea, 2014) show an approach to measuring organizational performance that can be done through two main aspects, namely by using accounting-based financial performance measures and market-based financial performance measures. Accounting-based financial performance measures help depict

the extent of an organization's internal efficiency. The main indicators used involve critical aspects such as profitability, efficiency, liquidity, growth, return on sales, return on assets (ROA), return on equity (ROE), asset turnover, leverage, ratio of equity to fixed assets, working capital, flexibility and growth ratios, as well as cash flow returns on assets. Profitability provides an overview of an organization's ability to generate profits from its operations. Efficiency refers to the ability to utilize resources optimally. Liquidity reflects the availability of funds to meet short-term obligations. Growth provides insight into the company's development over time. Profit on sales reflects the company's effectiveness in managing its operational costs. ROA and ROE measure a company's success in generating profits based on its assets and equity. Asset turnover shows the extent to which a company can generate income from the assets it owns. Leverage describes the level of company debt in the financial structure. The ratio of equity to fixed assets and working capital provides a view of the company's capital structure and ability to pay debts. The flexibility and growth ratio measures how well a company can adapt to market changes and grow over time. Cash flow return on assets reflects the extent to which a company can generate cash flow from its investments. On the other hand, market-based financial performance measures are reflected in the Tobin's Q indicator, a significant metric in assessing the overall performance and added value of an organization. Tobin's Q is used as an evaluation tool that provides an idea of the extent to which a company's market value exceeds or is less than the book value of its assets. In this context, the value provided by the market is the main determinant in measuring how efficient an organization is in creating value for its shareholders. Tobin's Q reflects the market's perception of a company's management quality, growth potential, and competitiveness. The higher the Tobin's Q value, the better the market assessment of the company's performance and future prospects. Conversely, a low score may reflect distrust or concern regarding the organization's direction and strategy.

RESEARCH METHODS

This research is quantitative, using cause-and-effect research methods. This approach was chosen with the aim of analyzing the causal relationship between the independent and dependent variables. In the sample selection process, a purposive sampling method was adopted to ensure that the sample taken purposively represents the population relevant to the research objectives. The sample in this research was obtained from companies listed in the LQ45 index on the Indonesian Stock Exchange. The use of secondary data is the main basis, with reference to the financial reports of these companies. The observation period covers a period of five years, from 2018 to 2022. The total number of samples taken was 44 companies, and each company contributed five data, so that in total there were 220 data used as the basis for the analysis in this research. By adopting this method and approach, this research aims to present insightful and in-depth findings regarding the relationship between the variables studied in the context of company financial performance.

Research variable

This study has several variables identified to analyze the impact of board size, board independence, and board size on Tobin's Q as the dependent variable. Apart from that, a moderating variable in the form of Enterprise Risk Management (ERM) is also included to see its influence on the relationship between the independent and dependent variables. The details can be seen in Table 1, where the independent variables include board size, board independence, and board size, while the dependent variable is Tobin's Q. Furthermore, the moderating variable used is ERM. Data regarding these variables has been collected and is detailed in Table 1 below:

Table 1. Operational Research Variables

Variable	Definition	Measurement
Board size	Board size refers to the total number of directors on a company's board (Al-Adeem & Al-Sogair, 2019).	Total board of directors
Board independence	Board independence refers to the composition of the board in terms of independent directors (Al-Adeem & Al-Sogair, 2019).	Total independent board of directors/total board of directors
Gender Board	Gender, in the context of corporate governance, refers to the representation of men and women on boards and high-level management positions (Al-Adeem & Al-Sogair, 2019).	Total female board of directors/total board of directors
Tobin's Q	Tobin's Q is a measure used in economics and finance to assess the market value of a company compared to the book value of its assetscompany (Haque & Arun, 2016).	*Equity market value + liability market value/total asset replacement value*
ERM	ERM, or Enterprise Risk Management, refers to an integrated approach to managing all the risks an organization may face (Li et al., 2014).	Dummy variable If the company implements ERM it is considered 1 and if the company does not implement ERM it is considered 0

Source: Various Sources, (2023)

RESEARCH RESULTS AND DISCUSSION

Descriptive statistics

Descriptive statistical analysis has an important role in providing a comprehensive overview of research data. By using this approach, we can detail and explain the main characteristics of the data that has been collected. Evaluation of data descriptions is carried out by considering certain factors, such as standard deviation values to measure the level of data variation, maximum and minimum values to describe the range of observed values, and average (mean) as an indicator of the middle value of the data distribution. By paying attention to these elements, descriptive statistical analysis not only provides a comprehensive view, but also allows researchers to understand variations and central trends in the data that is the focus of the research. The variables used in this research are independent variables which include board size, board independence, and board gender, the dependent variable is financial performance as measured by Tobin's Q, and the moderating variable namely enterprise risk management (ERM).

Table 2. Descriptive statistics

Variable	N	Min	Max	Std. Deviation	Mean
Board Size (X1)	220	3,000	15,000	2.5274	6.8818
Board independence (X2)	220	0,000	0.333	0.0719	0.0265
Board Gender (X3)	220	0,000	0.600	0.1610	0.1231
Tobin's Q (Y)	220	0.220	18,340	2.1911	1.8544

Enterprise Risk Management (Mo)	220	0,000	1,000	0.3295	0.8767

Source: Processed Data, (2023)

As can be seen in Table 2 above, there are two variables that have a mean value higher than the standard deviation. This indicates that there is a significant gap between the highest and lowest values and that there are outliers between the data sets. Based on the results of these data, it can be seen that there are 220 observations with varying characteristics. Board size ranges from 3 to 15 members, with an average of 6.9. Strikingly, board independence and board gender in the table are relatively low, with an average board independence of 0.03 and an average board gender of only 0.12. This is in contrast to the higher average Tobin's Q value of 1.85, indicating the presence of significant intangible assets in these companies. However, enterprise risk management practices appear constant, with an average score of 0.88. Overall, these data suggest potential improvements in board diversity and risk governance practices, while recognizing the existence of valuable intangible assets.

Table 3. Chow Test Results

Effect Test	Prob.	Results
Chi-square cross-section	0.0000	Fixed Effect Model

Source: Processed Data, (2023)

Based on the Chow test results contained in Table 3, it can be concluded that the Probability (Prob.) value obtained is smaller than 0.05. The existence of this significance value provides an indication that there is a significant difference between the models tested. Thus, it can be concluded that the most optimal model for estimation and approximation is the fixed effect model. This conclusion is based on the significance of the Prob value, which shows that the fixed effects model makes a greater contribution in explaining the variability of the data compared to the other models tested. Therefore, the selection of a fixed effects model can be considered the best approach in the context of this research.

Table 4. Hausman Test Results

Effect Test	Prob.	Results
Random cross-section	0.0032	Fixed Effect Model

Source: Processed Data, (2023)

Based on the Hausman test results listed in Table 4, it can be concluded that the Probability (Prob.) value found is below 0.05. This fact shows a high level of statistical significance, indicating that there is a significant difference between the fixed effect model and the random effect model. As a result, it can be concluded that the best model for estimating in this situation is the fixed effects model. With this significant probability, the Langrange multiplier test can be ignored because it is not needed. In other words, selecting a fixed effect model can be used as the best approach without the need to carry out additional testing. These findings provide confidence that the approach is adequate and appropriate to the nature of the observed data.

Moderated Regression Analysis

Moderation regression analysis is used to evaluate the extent to which moderating variables influence the relationship between independent and dependent variables in a statistical model. The aim is to determine whether the moderating variable strengthens or weakens the influence of the independent variable on the dependent variable. This method helps in understanding the complexity of relationships between variables by identifying whether the

presence of moderating variables provides additional effects that strengthen or weaken existing relationships. Therefore, moderated regression analysis becomes an important tool in empirical research, enriching the understanding of the dynamics of variables in a particular context and providing a more contextual contribution to the understanding of the phenomenon being studied.

Table 5. Multiple Linear Regression

Model	Unstandardized Coefficients		t-Statistics	Prob.
	B	Std. Error		
(Constant)	2.1955	0.8305	2.6435	0.0090
BODGEN	-4.808	1.6216	-2.9649	0.0058
BODIN	-6.307	1.9229	-3.2801	0.0017
BODSIZE	0.0607	0.1129	0.5380	0.5912
ERM	1.2609	1.9067	0.6613	0.0492
BODGEN*ERM	2.1701	3.0581	0.7096	0.0043
BODIN*ERM	0.3029	8.4727	0.0357	0.0002
BODSIZE*ERM	-0.1835	0.3492	-0.5256	0.5697

Source: Processed Data, (2023)

Based on the results of the MRA analysis, it was found that ERM had a significant effect on the Tobin's Q variable. From Table 5 it was found that the effect of the interaction between the moderator variable ERM and the independent variable board gender on Tobin's Q had a prob value. is 0.0043, the interaction with the board independence variable is 0.0002, while the interaction with the board size variable is 0.5697. This reflects that the independent variables board gender and board independence are smaller than 0.05 so they have an effect on Tobin's Q, while the board size variable is bigger than 0.05 so they have no effect on Tobin's Q. So, it can be concluded that the ERM variable is a moderator or can moderate the influence between the variables independent board gender and board independence with the dependent variable Tobin's Q.

$$Tobin's\ Q = 2.1955 - 4.808\ BODGEN - 6.307\ BODIN + 0.0607\ BODSIZE + 1.2609\ ERM + 2.1701\ BODGEN * ERM + 0.3029\ BODIN * ERM - 0.1835\ BODSIZE * ERM + \varepsilon$$

Hypothesis Testing Results

Coefficient of Determination

The purpose of using the coefficient of determination is to measure the extent to which the independent variables are able to explain the variations contained in the dependent variable in a regression model. The coefficient of determination provides information regarding how large a percentage of the variation in the dependent variable can be explained by the independent variables contained in the model. In other words, the coefficient of determination provides an idea of the extent to which the regression model can provide an adequate explanation of the behaviour of the dependent variable. The results of testing the coefficient of determination can then provide an indication of the suitability between the regression model and the observed data, as well as how effective the model is in explaining the variations that occur. Therefore, the results of testing the coefficient of determination are key in evaluating the quality and accuracy of a regression model.

Table 6. Coefficient of Determination

Model	R2	Percentage
1	0.626914	62.69%

Source: Processed Data, (2023)

Based on the results of the table above, the coefficient of determination value is obtained and it is known that the magnitude of the influence of the independent variables (board gender, board independence, and board size) on the dependent variable (Tobin's Q) is 0.626914 or 62.69%. This means that 62.69% of the variation in the Tobin's Q variable can be explained by the independent variables, namely board gender, board independence and board size. Meanwhile, the remaining 37.31% is explained by other variables that were not studied by researchers and were not included in the regression model.

T Test

The t-Test is a statistical method used to identify the relationship between the independent variable and the dependent variable, with the assumption that the other independent variables are considered constant. Through this test, we can evaluate the extent of influence of the independent variable on the dependent variable, by controlling for other factors that can influence the results. The results of the t test provide a clear picture of the significance of the relationship between these variables, allowing us to make more accurate conclusions regarding the existing correlation pattern. The results of the t test are as follows.

Table 7. T Test

Variable	Coefficient	Prob.	Results	Hypothesis
(Constant)	2.1955	0.0090		
BODGEN	-4.808	0.0058	Significant	Accept
BODIN	-6.307	0.0017	Significant	Accept
BODSIZE	0.0607	0.5912	Not significant	Reject
ERM	1.2609	0.0492	Significant	Accept
BODGEN*ERM	2.1701	0.0043	Significant	Accept
BODIN*ERM	0.3029	0.0002	Significant	Accept
BODSIZE*ERM	-1.835	0.5697	Not significant	Reject

Source: Processed Data, (2023)

Based on Table 8, it can be seen that, this study reveals that there is a significant influence between the gender composition of the board of directors (board gender) on the company's Tobin's Q value. The results of statistical analysis show a significance level of 0.0058, which is lower than the conventional threshold value of 0.05. Thus, we can conclude that the research hypothesis (H1) is accepted. This means that, partially, the gender composition of the board of directors has a significant influence on the company's Tobin's Q. The importance of gender diversity on boards of directors is further illustrated by these findings, providing a basis for debate regarding company policies in strengthening gender representation. Following these results, stakeholders can better understand that the presence of women in corporate decision making not only has a positive impact on corporate value, but is also a key factor in improving overall organizational performance. The influence of the level of board independence on the value of Tobin's Q in the company has been tested with a significance level of 0.0017, which is much lower than the generally accepted significance limit, namely 0.05. With these findings, it can be concluded that the second research hypothesis (H2) is accepted. This means that the variable board independence has a significant influence on the value of Tobin's Q. This indicates that the existence of an independent attitude has a strong positive impact on the company's financial performance, which is reflected in the value of Tobin's Q. This result strengthens the importance of an independent board structure in achieving a level of efficiency. and higher profitability. Therefore, implementing board of directors' independence practices can be considered an effective strategy to increase company value in the financial market.

Based on the research results, it also shows that the effect of board size on Tobin's Q has been analyzed, and the statistical test results show a significance level of 0.5912, which is greater than the significance limit value of 0.05. Therefore, based on these results, we can conclude that the null hypothesis (H3) should be rejected. In other words, there is not enough evidence to support the view that board size has a significant influence on Tobin's Q. In this context, it is found that board size does not have a significant influence on company performance as reflected in Tobin's Q. It is important to remember that this result contains significant implications related to the dynamics of decision making and the company's organizational structure. However, further research needs to be carried out to understand in more depth other factors that might influence the relationship between board size and Tobin's Q. This research investigates the influence of Enterprise Management Risk (ERM) on the relationship between gender composition in the board of directors (board gender) with Tobin's Q, a measure of company performance. The results of statistical analysis show that the significance level value is 0.0043, which is lower than the significance limit of 0.05. Thus, it can be concluded that the null hypothesis (H0) is rejected and the alternative hypothesis (H4) is accepted. This means that, partially, ERM has a significant influence on the relationship between gender composition in the board of directors and Tobin's Q. The importance of this finding can be seen from the perspective of risk management and corporate governance. Corporate risk management is becoming increasingly important in facing complex and dynamic challenges in today's business world. Gender involvement in boards of directors has also become a focus of attention in the context of inclusive corporate governance. Therefore, these findings provide an important contribution to our understanding of how corporate risk management can moderate the relationship between gender on the board of directors and corporate performance.

The influence of enterprise management risk (ERM) on the relationship between board independence and Tobin's Q has been analyzed, and the research results show a significance level of 0.0002, which is lower than the significance level that has been set at 0.05. Therefore, it can be concluded that H5 is accepted. These findings indicate that enterprise risk management (ERM) has a significant influence on Tobin's Q through its relationship with board independence. These results provide an important contribution in the context of corporate risk management, because they highlight the importance of the role of board independence in managing risk and its impact on company value as measured through Tobin's Q. Opinions related to these findings can reflect the urgency of implementing enterprise risk management (ERM) practices and increasing independence board of directors in the context of corporate finance. By highlighting these significant influences, organizations can better understand the importance of integrating effective risk management and board independence in achieving optimal financial performance. This also underscores the need for companies to develop policies that support good corporate governance and proactive risk management practices, so as to optimize company value in the long term. In this research, statistical analysis regarding the influence of enterprise risk management (ERM) on the relationship between board size and Tobin's Q produces a significance level of 0.5912, which clearly exceeds the conventional alpha value of 0.05. In other words, there is no strong statistical support to confirm the relationship between these variables. Therefore, the conclusion that can be drawn is that the null hypothesis (H0) in this study, which states that enterprise risk management (ERM) does not have a significant influence on the relationship between board size and Tobin's Q, cannot be rejected. These results indicate that other factors may have a more dominant role in influencing a company's financial performance, beyond what has been considered in the context of enterprise risk management (ERM) and board size. As further in-depth research, researchers can explore additional variables that may significantly influence Tobin's Q. As for the practical implications

of these findings, company management needs to consider more carefully other factors that can contribute to increasing company value.

CONCLUSIONS AND SUGGESTIONS

Based on the hypothesis testing that has been carried out, it can be concluded that board gender and board independence have a negative and significant influence on the Tobin's Q variable, while the other independent variable, namely board size, has no significant influence on Tobin's Q. Furthermore, the use of the Enterprise Risk Management (ERM) variable which is measured using the Chief Risk Officer (CRO) proxy as a moderating variable shows the role of ERM in moderating the relationship between board independence and Tobin's Q.

For future researchers, it is recommended to consider several aspects to improve the quality and generalization of research findings. First, researchers can expand the scope of the sample to reflect a wider diversity of industries or business sectors, so that research results can be more generally applied. Second, it is important to expand the variables considered and consider external factors that may influence a company's financial performance, such as market conditions or regulatory changes. This will provide a more comprehensive understanding of the factors that influence the dependent variable. Third, future researchers are advised to pay more attention to data quality and data collection methods. The use of reliable data sources and careful methods can increase the validity of research results. Additionally, using different data collection methods or diversifying data sources can provide a broader perspective. By taking these suggestions into account, it is hoped that future research will make a greater contribution to the understanding of the factors that influence corporate financial performance.

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