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THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AND OWNERSHIP CONCENTRATION TO THE DISCLOSURE OF ENTERPRISE RISK MANAGEMENT

(Study on Banking Companies Registered at Indonesia Stock Market)

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ABSTRACT

This study aimed to determine the influence of good corporate governance and ownership concentration to the disclosure of enterprise risk management. The elements of good corporate governance consisting of independent directors board size, the presence of risk management committee, auditor reputation and ownership concentration have an important role to the disclosure of enterprise risk management. Enterprise risk management is needed because of the increasing complexity of business activity resulted in the increasing complexity of business risks that must be faced by the company. In Indonesia, the study upon the enterprise risk management has not been much conducted even though its development has been increasing. Therefore, research on enterprise risk management is very interesting to be conducted since the issue of enterprise risk management is still up to date. Populations used in this study were the registered banking companies at Indonesia stock exchange disclosure at the annual reports from 2009 to 2011. The samples were determined using purposive sampling method with 16 banking companies as the research object. Data of the companies were obtained from Indonesia stock exchange and then analyzed using multiple regression analysis. The results of this study indicated that the presence of independent directors and the risk management committee had negative influence to the disclosure of enterprise risk management. While the board size factor, auditor reputation and ownership concentration had positive influence to the disclosure of enterprise risk management.

Keywords: enterprise risk management, good corporate governance, ownership concentration