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Company Characteristics, Corporate Governance and Risk Disclosure

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ABSTRACT: This study aims to examine the effect of company characteristics (company age, leverage) and corporate governance (proportion of independent commissioners, board gender diversity, family ownership, quality of external auditors) on risk disclosure. The population in this study are manufacturing companies listed on Indonesia Stock Exchange (IDX) for the 2019-2021 period. The sampling technique in this study used a purposive sampling method, obtained 34 company samples so that the total data used was 102 data. This research is a quantitative study using multiple regression analysis with the help of SPSS 22. The results showed that the proportion of independent commissioners, family ownership and quality of external auditors had a positive effect on risk disclosure. Meanwhile, company age, leverage and board gender diversity have no effect on risk disclosure.

KEYWORDS: Risk Disclosure, Company Characteristics, Corporate Governance

I. INTRODUCTION

Every company running a business is certainly inseparable from the existence of a risk that is of concern to stakeholders to avoid accounting fraud. Companies are encouraged not only to report on their activities but also to report on the level of company risk and how well they are able to manage risk (Mazaya & Fuad, 2018). Regulations governing risk disclosure in Indonesia which companies report in the annual report. As stated in PSAK No. 60 (Revised 2014) regarding disclosure of information in financial statements is intended so that users can evaluate financial position and performance, the extent to which the entity is exposed to risk and the way the entity manages risk. Another regulation is the decision of the chairperson of the Capital Market and Financial Institution Supervisory Agency Number: Kep-431/BL/2012 that companies are required to present an explanation of risks that could affect the continuity of the company's business and the efforts that have been made to manage these risks.

Risk disclosure is an important aspect in the implementation of risk management because it helps users of financial statements to assess current and future risks (Miihkinen, 2013). In Indonesia there are still companies that do not anticipate the risks that exist. An example is the case of *PT Jamu Cap Nyonya Meneer*, which went out of business due to financially unhealthy conditions, strategic and operational risks that were not handled for a long time and problems arose due to the considerable number of family elements in the company causing indecision in the division of roles and responsibilities. Furthermore, there is *PT Tiga Pilar Sejahtera* case which occurred because of violations committed by the old management, it was found that there was an overstatement, an alleged flow of funds of IDR 1.78 trillion to parties suspected of being affiliated with the old management, and inadequate disclosure was found to stakeholders. These cases show that there is still low transparency within a company which includes information regarding risk disclosure.

A difference in characteristics is believed to influence the amount of company risk disclosure, because company characteristics are also related to the company's ability both financially and non-financially (Shagan, 2022). Characteristics of the company, such as the age of the company where companies that have older ages have the responsibility to disclose deeper information to maintain and enhance the reputation and image of their company in the market (Halbouni & Yasin, 2016). Furthermore, highly leveraged firms have strong incentives to encourage management to disclose more information (Amran et al, 2009).

To reduce the existence of risk cases, we need a system that can control and direct a company such as corporate governance (Susilo, 2017:168). The realization of good corporate governance will encourage high corporate risk disclosure (Fitania & Firmansyah, 2020). The part of corporate governance that is the focus of research is the proportion of independent commissioners as part of the implementation of good corporate governance, which may influence the company's risk disclosure practices (Mubarok & Rohman, 2013). The next aspect related to the board of directors is the board gender diversity, the existence of diverse opinions is expected to put enough pressure on management to engage in more disclosure (Bufarwa et al, 2020). Furthermore, family-owned companies that wish to continue their business for the next generation by maintaining the company's reputation, management is required to provide transparent and quality information (Wang, 2006). Finally, the quality of the external auditor is the main factor that determines the extent of risk disclosure (Mazaya & fuad, 2018). Companies that use the services of the Big Four will get higher pressure (Chen et al, 2009) and affect risk disclosure.

Risk disclosure is still an under-researched area despite the high demand from investors and shareholders for risk disclosure. Previous researchers have examined the relation between company characteristics and corporate governance on risk disclosure. However, the research results are still mixed (inconsistent). Therefore, the aim of this study is to examine the effect of company characteristics and corporate governance on risk disclosure in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2019 and 2021 periods.

II. LITERATURE REVIEW

2.1 Signal Theory

Signal as a form of information conveyed by agents to the market which usually includes company information. A signal is an observable action (or structure) that is used to indicate a hidden characteristic (or quality) of the signaler (Salama et al, 2010). Signal theory argues that because of the responsibility of managers to disclose useful information to the market, managers uniformly disclose additional risk information in the annual reports presented (Haniffa & Cooke, 2002). The application of risk management and its disclosure in the company's annual report is one of the signals given by the company in the implementation of corporate governance (Swarte et al, 2017). In some situations, managers may reluctantly or intentionally send misinformation to the market that is the exact opposite of the actual situation (Aryani & Hussainey, 2017).

2.2 Agency Theory

Agency theory explains the relation of one or more parties (principal) who have agreed with another party (agent) to provide services, authority over the agent to make decisions (Jensen & Meckling, 1976). In the relation between the principal and the agent there is a difference of interest (Jensen & Meckling, 1976). Based on agency theory, to reduce agency problems, managers must present relevant information to prove their actions in the interests of shareholders and creditors (Healy, & Palepu, 2001). Agency theory argues that increased disclosure leads to reduced information asymmetry and higher investor confidence (Jensen & Meckling, 1976). Disclosure of information given by the company in each of its financial statements can help reduce agency conflicts between owners and managers. Managers can disseminate risk disclosure information to convince shareholders about risk management actions to overcome negative consequences and maintain shareholder satisfaction that the company has a risk management system (Salem et al, 2019).

2.3 Risk Disclosure

The risk disclosure analysis consists of mandatory risk disclosures that include financial items and voluntary risk disclosures that include non-financial items that are disclosed in the company's annual report (Geraldina, 2017). Risk disclosure is an important aspect of implementing risk management because it helps users of financial statements to assess current and future risks (Miihkinen, 2013). Risk disclosure is presented in an annual report as part of the company's responsibility to its stakeholders which provides information about future cash inflows and outflows, helps investors and creditors assess potential risks, and assess the return on their investment.

2.4 Company age

According to Arisadi, et al (2013) Company age is the number of years the manufacturing company was founded. The age of the company is something that is of concern to investors in investing, which shows that the institution continues to survive and is proof that the institution can flank and can take advantage of the opportunities that exist in the economy (Bestivano, 2013). Companies that have more experience will know more about investors' needs for information about their companies.

2.5 Leverage

According to Rahma & Almilia (2018) leverage is a way to measure the amount of debt used to finance investments. According to Soebyakto et al, (2018) the debt to asset ratio shows the size of the company's liabilities used to finance assets in the company's operations. A high debt-to-asset ratio is the same as a company's heavy dependence on external parties, such as creditors.

2.6 Proportion of independent commissioners

According to Tulung et al (2018) Independent commissioners are members of the commissioner's board who have no affiliation with the directors, other members of the commissioners board, and controlling shareholders and who are independent from business relations or other relationships that may affect their ability to act independently. The percentage of independent board members is one of the most crucial factors affecting the level of risk disclosure. By increasing board size and hiring independent professional commissioners, companies will benefit from their expertise and experience.

2.7 Board gender diversity

Board diversity refers to features such as gender, age, nationality, professional experience, and education of board members (Haldar et al, 2020). Gender diversity makes a significant contribution to the board and the importance of gender diversity has been raised in most corporate governance codes (Liao et al, 2015). Gender diversity on the board provides new insights and perspectives that improve company performance (Bravo, 2018).

2.8 Family Ownership

Family ownership or company ownership is mostly owned by the family. According to Paiva et al (2015) in family companies, because the family dominates the ownership and management of the company, they are actively involved in the business. Fan & Wong (2002) found that the proportion of families in listed companies in Indonesia is one of the highest in East Asia.

2.9 Quality of external auditors

External auditors as a governance mechanism that can affect the level of disclosure. According to Elder et al, (2012:19) External auditors are auditing professions that carry out audit tasks on financial reports from companies, governments or other organizations that have independence from the company being audited, for example external auditors coming from public accountants are carried out by public accounting firms. According to Nindita & Siregar (2012) Big four public accounting firms, which have an enormous size are considered to have good audit quality.

2.10 Hypothesis

The Effect of Company Age on risk disclosure

Disclosure of company information varies from time to time (Talpur et al, 2018). Signaling theory shows that the longer the institution has been established, the wider the company's risk disclosure is made by the institution's managers (Rujiin & Sukirman, 2020). Therefore, the age of the company can also be a factor affecting company disclosures including risk information (Amrin, 2019). Companies that are older, have more experience in publishing financial statements, will be more aware of investors' needs for information about their companies. Research result of Shivaani, et al (2019) shows that company age has a significant positive effect on disclosure of company risk management.

H_1: The company age affects the risk disclosure.

The effect of leverage on risk disclosure

Too high Leverage levels will create a risk of being taken over by creditors when the company cannot fulfill its obligations. From the perspective of agency theory, creditors from companies with high leverage have strong incentives to encourage management to express more information (Amran et al, 2009). A prominent level of leverage shows that companies will express their risks, because when the obligation is high, the creditor will urge the company to conduct a risk disclosure faced by the company (Nahar et al, 2016). Companies with high leverage may have more incentives to express their risks to show good signals in completing their debts (Naser et al, 2002). Therefore, in terms of risk disclosure, the company is expected to actively express its risk. Research result of Rahma & Almilia (2018) showed that leverage has a positive effect on risk disclosure.

H_2: Leverage affects the risk disclosure.

The influence of the proportion of the commissioner's independent board on risk disclosure

Companies with a high proportion of independent commissioners will usually receive demands to provide more information to balance the level of risk of their personal reputation. Therefore, a higher level of disclosure is expected from the company with a higher proportion of the independent board (Oliveira et al., 2011). Based on agency theory which predicts that the independent board of commissioners who function in company supervision can influence management to increase the area of disclosure, where the area of disclosure will increase along with the increase in the proportion of independent commissioners in a company (Utomo & Chariri, 2014). This theory is supported by research of Mokhtar & Mellett (2013) which states that the commissioners independent board has a significant and positive impact on risk disclosure.

H_3: The proportion of the commissioner's independent board affects the risk disclosure.

The influence of the board gender diversity on risk disclosure

Gender diversity in a company refers to the existence of a commissioner or female director as a member of the board (Saggar et al, 2017). Agency theory Jensen & Meckling (1976) suggested the board with diverse gender in order to increase independence and increase managerial supervision. Gender diversity with proxies to measure the existence of female as director of the company is a gender diversity that causes diversity of opinions and can influence decision making by the Company Board, one of which is a decision in disclosing the company's risk (Saggar & Singh, 2017). Research result of Salem, et al (2019) revealed that the presence of female in the Directors Board influenced the board's decision positively.

H_4: The board gender diversity affects the risk disclosure.

The influence of family ownership on risk disclosure

When the family owner holds most of the company's shares, they bear more consequences if the company does not go well (Jensen & Meckling, 1976). According to Louie et al, (2019) Family companies can use risk disclosure as a mitigation mechanism to reduce agency conflicts between family owners and minority shareholders and signal to the market regarding their growth potential and comply with government regulations to increase their reputation. Based on the discussion above, an argument can be stated that high family ownership can affect managers in terms of risk disclosure. Research result of Elamer, et al (2019) find a positive relation between family share ownership and the quality of disclosure.

H_5: Family ownership affects the risk disclosure.

The effect of the quality of external auditors on risk disclosure

Based on agency theory shows that companies audited by high quality auditors such as Big Four auditors will get higher pressure and affect disclosure (Jensen and Meckling, 1976). In addition, the selection of the Big Four KAP gives a signal to investors that the contents of the annual report are audited with high quality. Big 4 has higher knowledge about IFRS accounting standards, so they tend to motivate companies to express more information to maintain the company's reputation and express the company's risk attributes (Fukukawa & Kim, 2017). Research results of Amrin (2019), Mazaya & Fuad (2018) showed that the quality of external auditors affects the risk disclosure.

H_6: The quality of external auditors affects the risk disclosure.

III. RESEARCH METHODOLOGY

3.1 Population and Sample

The population in this study was a manufacturing company listed on the Indonesia Stock Exchange (IDX) with a total of 144 companies. The sampling technique in this study was a purposive sampling technique, to obtain a sample of 34 companies according to the criteria with the total sample final used was 102 samples from 2019-2021.

3.2 Data collection techniques

The method used to analyze the problems in this study is a quantitative method. The type of data used in this study is secondary data obtained from the Annual Report and Financial Statements of Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) in 3 periods, namely from 2019-2021 which was documented on the official *Indonesian Stock Exchange* (www.idx.co.id) and the official website of each company sampled in research.

3.3 Research Model

Testing in this study was conducted using multiple regression analysis which is commonly used to determine the direction of the relation of independent variables with dependent variables. The regression model used in this study with the following formula:

$$\mathbf{RD} = \alpha + \beta_1\mathbf{UM} + \beta_2\mathbf{DAR} + \beta_3\mathbf{DKI} + \beta_4\mathbf{BGD} + \beta_5\mathbf{FAM} + \beta_6\mathbf{AUD} + \varepsilon$$

Information:

RD : Risk Disclosure

α : Constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$: Regression Coefficient

UM : Company Age

DAR : Leverage

DKI : Independent Board of Commissioners

BGD : Board Gender Diversiy

FAM : Family Ownership

AU : quality of external auditor

ε : Eror

3.4 Research Variables and Measurements 3.4.1 Dependent Variable: Risk Disclosure

This study uses a sentence approach to calculate the company's risk disclosure (Amran et al, 2009; Mokhtar & Mellett, 2013). Disclosure categorized in 6 (six) categories includes financial risks, operational risks, empowerment risks, information processing and technology risks, integrity risk, and strategic risks with 40 total items (Mokhtar & Mellett, 2013; Miihkinen, 2013). Measurement using scoring with a score of 1 for the item revealed and a score of 0 if not disclosed. The formula used to calculate the risk disclosure index is as follows:

$$\mathrm{RD} = \frac{\text{the number of risk disclosure that the company was done}}{\text{total risk disclosure items}}$$

3.4.2 Independent Variables

Table 1. Variable Measurement

Variable	Measurements
Company Age	Current year - year of company founding
Leverage	Total debt/ total assets
Proportion of the Commissioners Independent Board	The number of independent commissioners is divided by the total number of members of the Commissioners Board
Board Gender Diversity	Total number of female directors divided by the total number of directors
Family Ownership	The ratio of shares owned by family members is divided by the total number of outstanding shares
Quality of external auditor	Dummy variable = 1 external auditor was a member of the "Big Four" accounting firms and 0 otherwise

IV. RESULT

4.1 Descriptive Analysis

All data obtained are then tabulated and analyzed statistics to determine the description of data and statistical testing to determine the relationship between variables as a basis for testing hypotheses. From the calculation results with SPSS version 22, the data description is obtained as follows.

Table 2. Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
Company Age	102	18	204	77,24	53,314
Leverage	102	,06	4,50	,6357	199,27414
Proportion of the Commissioners Independent Board	102	,25	,67	,4204	8,32144
Board Gender Diversity	102	,00	,67	,1873	18,74981
Family Ownership	102	,05	,99	,6975	,19565
Quality of external auditor	102	0	1	,61	,491
Risk Disclosure	102	,28	,98	,7441	,12245
Valid N (listwise)	102				

The dependent variable, the minimum risk disclosure, reaches (0.28), maximum (0.98), mean (0.7441) and Std. Deviation (0.12245). That is, the lowest company discloses 28% risk and the highest as much as 98% of the total items of the company's risk disclosure with an average company discloses a risk of 0.7441 or 74%, showing that Indonesian manufacturing companies still have high awareness in expressing risks. Based on the results of descriptive analysis shows that the company's age has an average of 77.24 so that it can be said that the average company is 77 years old. The company's leverage variable that has a minimum leverage of 0.06 is the company *PT Fajar Surya Wisesa Tbk* in 2019 while a company that has a maximum leverage of 4.50 is the company *PT. Hanjaya Mandala Sampoerna Tbk* in 2021. The proportion of the Commissioners Independent Board has an average of 0.4204 so that it can be said that the average proportion of the commissioner's board is 4 people in manufacturing companies. The statistical results show that the average female's participation in the directors' board is 0.1873 or 18% during the 2019-2021 period can still be said to be low. The family ownership variable has an average value of 0.69, which concludes that the family has an average of around 69% of the sample company. External auditors have a minimum value of 0 that do not use external Big Four auditors, while the maximum value 1 shows the company uses the services of the Big Four auditor which averaged around 61% of the sample company.

4.2 Regression Analysis

The calculation of multiple regression analysis is carried out with the help of the computer program SPSS for Windows Release 22, the results of the analysis obtained are as follows:

Table 3. Regression Test Result

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta		Sig.
1	(Constant)	.426	.056		7.674	.000
	Company Age	.000	.000	-.144	-1.538	.127
	Leverage	.003	.014	.017	.220	.827
	The Commissioners Independent Board	.398	.128	.275	3.116	.002
	Board Gender Diversity	-.024	.052	-.036	-.456	.650
	Family Ownership	.152	.059	.243	2.586	.011
	Quality of external auditor	.120	.020	.479	5.908	.000

Based on the results of the regression analysis above, the following equation can be arranged:

RD = 0,426+ 0,000 (UM) + 0,003 (DAR) +0,398 (DKI) -0,024 (BGD) +0,152 (FAM) + 0,120 (AUD) + e

The constant value is 0.426, meaning that if the company age, leverage, the Commissioners Independent Board, board gender diversity, family ownership, the quality of external auditors does not change or is considered constant, then the amount of risk disclosure shows a value of 0.426.

4.3 Statistical test (t-test)

Table 4. Test Results (T Test)

Variables	tcount	t_{table}*	p-*value*	Description
Company Age	-1,538	1.69092	0,127	Rejected
Leverage	0,220	1.69092	0,827	Rejected
Proportion of the Commissioners Independent Board	3,116	1.69092	0,002	Accepted
Board Gender Diversity	-0,456	1.69092	0,650	Rejected
Family Ownership	2,586	1.69092	0,011	Accepted
Quality of external auditor	5,908	1.69092	0,000	Accepted

This study uses a significance level of 0.05, t_{table} at a significance level of 5% is 1,69092. The value of the company's age coefficient (UM) has a large positive value of 0,000. From the regression results, the value of t_{count} = -1,538 with p = 0.127. P. 0.05 then H_1 is rejected. The presence or absence of company age variables is unable to raise or reduce the risk disclosure variable. The coefficient of leverage (DAR) has a large positive value of 0.003. From the regression results obtained the value of t_{count} = 0.220 with p = 0.827. P. 0.05 then H_2 is rejected. Shows the presence or absence of the leverage variable is unable to raise or reduce the risk disclosure variable. The coefficient of the proportion of the Commissioners Independent Board (DKI) has a large positive value of 0.398. From the regression results obtained the value of t_{count} = 3,116 with p = 0.002. p 0.05, then H_3 is accepted. Shows the proportion of the commissioner's board independently has a positive and significant effect on risk disclosure. The value of the board gender diversity coefficient (BGD) has a large negative value -0.024. From the regression results obtained the value of t_{count} = -0.456 with p = 0.650. P. 0.05, then H_4 is rejected. This means that the board gender diversity has a negative effect, although it is not significant on risk disclosure. Shows the presence or absence of the board gender diversity variables is unable to raise or reduce the risk disclosure variable. The value of family ownership coefficient (FAM) has a large positive value of 0.152. From the regression results obtained the value of t_{count} = 2,586 with p = 0.011. p 0.05, then H_5 is accepted. Shows family ownership has a positive and significant effect on risk disclosure. The quality coefficient of external auditor (AUD) has a large positive value of 0.120. From the regression results obtained the value of tcount = 5.908 with p = 0,000. p 0.05, then H_6 is accepted. Shows the quality of external auditors has a positive and significant effect on risk disclosure.

4.4 Test Results (F Test)

Table 5. Test Results (F Test)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.641	6	.107	11.620	.000[b]
	Residual	.873	95	.009		
	Total	1.514	101			

Based on the table obtained the results of F_{count} = 11,620 while the F_{table} at a significance level of 5% is 2.45 with a p-value of 0,000. Because the F value is greater than F table (11,620 2.45) with p 0.05. This means the influence of the company's age, leverage, proportion of independent board of commissioners, board gender diversity, family ownership, quality of external auditor, factors that affect risk disclosure.

4.5 Determination Coefficient Test (R^2)

Table 6. Determination Coefficient Test Results (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,651[a]	,423	,387	,09589

Based on the results of testing with multiple regression analysis that has been carried out, the adjusted R^2 value is 0.387. This shows that the pressure of the independent variable is the age of the company, leverage, the proportion of the board of commissioners, board gender diversity, family ownership, and auditor quality have a level of influence on risk discsoure by 38.7% while the remaining 61.3% is explained by other variables outside this study.

4.6 Discussion of Analysis Results

4.6.1 The effect of company age on risk disclosure

The results of the company's age hypothesis testing showed a significance level of 0.127 0.05 then H_1 was rejected. It shows the company's age has no effect on risk disclosure, due to the increasing age of the company, managers tend to be satisfied and thus reduce their risk disclosure. This explains that the longer the company publishes the annual report, the company is more aware of information needs for its user through the risk disclosure reported in the annual report so that the company only has a positive influence on the company, as a tool for supervision of the company's performance so that the company's business continuity still there. The results of this study are in accordance with the results of the study (Amrin, Arfan 2019) which shows that the company's age has a negative impact on the practice of risk disclosure.

4.6.2 The effect of leverage on risk disclosure

The results of the leverage hypothesis testing showed a significance level of 0.827. 0.05 then H_2 was rejected. This means leverage does not affect risk disclosure, due to the company's elevated level of leverage, meaning it is dependent on external loans or creditors to finance its assets. In conditions with a large debt ratio the company tends to not be able to provide information related to the transparent risk disclosure and even tends to be closed to attract investors to keep investing. This is because the high Leverge will make investors hesitate in making the decision to invest in the company. The results of this study are in line with (Miihkinen, 2013); (Aryani & Hussainey, 2017) which showed that the level of leverage does not affect the disclosure of the company's risk.

4.6.3 The influence of the proportion of the commissioner's independent board on risk disclosure

Testing Results of Hypothesis Proportion of the Commissioners Independent Board with a significance level of 0.002 0.05, then H_3 is accepted. This means that the proportion of the Commissioners Independent Board has a positive and significant effect on risk disclosure, this is because the independent board of commissioners who function in the company's supervision can influence management to enlarge the area of disclosure, because the independent commissioner has fewer personal interests to receive demands to provide more information. Where the area of disclosure will increase along with the increase in the proportion of independent commissioners in a company. The results of this study are in line with (Mokhtar & Mellett, 2013); (Neifar & Jarboui, 2018) which states that the commissioners independent board has a significant and positive impact on risk disclosure.

4.6.4 The influence of the board gender diversity on risk disclosure

The results of testing the gender diversity hypothesis of the board value significance level of 0.650. 0.05, then H4 is rejected. This means that the board gender diversity has no effect on risk disclosure, the possible explanation for this finding is that the presence of female is still limited to a small part of the company, because the board in manufacturing companies is mostly dominated by the board of directors with male gender. Therefore, the low presence of female on the directors board is considered a minority, so that female are less visible and unable to have a significant impact on risk disclosure. The results of this study are in line with what was conducted (Allini et al, 2014).

4.6.5 The influence of family ownership on risk disclosure

The results of testing the hypothesis of family ownership with a significance level of 0.011 0.05, then H_5 is accepted. This means that family ownership has a positive and significant effect on risk disclosure. This is because companies with family ownership as shareholders tend to disclose more information, because families want to improve their family's image and position and to create prestige in society. Family concentrated ownership has an effective involvement in company management, which may influence board decisions such as risk disclosure decisions. The results of this study are in line with research conducted by Elamer, et al (2019) find a positive relation between family share ownership and the quality of disclosure.

4.6.6 The effect of the quality of external auditors on risk disclosure

The results of testing the quality hypothesis of the external auditor's with a significance level of 0.000 0.05 then H_6 is accepted. This means the quality of external auditors has a positive and significant effect on risk disclosure. This is because the company audited by high quality auditors, the Big Four auditor, will get higher pressure and affect the risk disclosure in their annual report. External auditors included in the Big Four tend to motivate the company to reveal more information to maintain their image and reputation. The results of this study are consistent with what was carried out by Amrin, Arfin (2019) and Mazaya & fuad (2018) showed that the quality of external auditors affects the risk disclosure.

CONCLUSIONS

This study aims to examine the effect of company age, leverage, proportion of independent commissioners, board gender diversity, family ownership, quality of external auditors on risk disclosure through the company's annual report. The sample in this study used 102 samples from manufacturing companies listed on the IDX for 2019-2021. The test results in this study indicate that company characteristics proxied by company age and leverage have no significant effect on risk disclosure. In addition, corporate governance which is proxied by the proportion of independent commissioners, family ownership, and the quality of external auditors has a positive and significant effect on Risk Disclosure. Meanwhile, Board Gender Diversity variable shows no significant effect on Risk Disclosure.

This study has several limitations. First, the sample in this study is limited to manufacturing companies which are included in family owned companies. Second, this study measures risk by calculating sentences related to risk disclosure required by the index, so it is considered risk information disclosure and gets a score of 1.

Some suggestions are provided for further researchers. First, for future researchers it is better to add an observation period. Second, you can use or add independent variables that affect risk disclosure considering that the independent variables in this study can only explain 38.7% of the dependent variable, while the remaining 61.3% is explained by other variables outside the model studied.

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