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FINANCIAL PERFORMANCE AND CORPORATE VALUE WITH GOOD CORPORATE GOVERNANCE AS A MODERATION OF HIGH AND LOW PROFILE COMPANIES

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ABSTRACT

This study aims to analyze how much influence Enterprise Risk Management, Intellectual Capital, and Sustainability Report have on Company Financial Performance and Their Impact on Company Value with Good Corporate Governance as moderator in High Profile and Low Profile Companies listed on the Indonesia Stock Exchange. The population of this study is 80 High Profile and Low Profile companies listed on the Indonesia Stock Exchange for the 2018-2020 period. Determination of the sample was carried out using purposive sampling and obtained 20 companies as samples in this study for 3 years so that a total sample of 60 companies. The data analysis technique used is Stata software. The results of this study indicate that the company's financial performance has an effect on firm value, meanwhile, enterprise risk management, intellectual capital and sustainability reports have no effect on firm value. Enterprise risk management, intellectual capital, and sustainability reports have no effect on the company's financial performance. Good corporate governance is able to moderate the effect of enterprise risk management on firm value

1. INTRODUCTION

Globalization has participated in shifts in business practices and changes in the business environment across all industrial sectors. The number of existing companies and developing companies in the face of tighter business competition both domestically and globally. This causes companies to compete and maintain their business(Blocher E, Stouth D, Juras P, 2019). The development of companies in the era of globalization is an important thing to pay attention to. Companies that only seek profit (profit oriented) will result in various economic, social and environmental issues. This can cause environmental issues such as the company Aneka Tambang Tbk (ANTM). In 2016, PT Antam's mining activities in Sarolangun Regency, Jambi were considered to have polluted five major rivers and 95 tributaries in the area. Activities from PT Antam's mine that use chemicals have an impact on the downstream area of the Batang Asai District, Sarolangun Regency, various types of fish along the Mempenau River, Ampar River, Batang Sai River, and Sako Merah River are affected by mining activities(Aziz, 2016). This case is an example of the fact that companies only focus on the goal of increasing profits without paying attention to the interests of the environment, consumers, society and employees. This phenomenon occurs as a result of the company's activities. That way the company PT. Antam must disclose a Sustainability Report so that in the future the company can minimize environmental damage. The purpose of disclosing the Sustainability Report is to make it easier for companies to optimize the desired performance and profit and be balanced with company practices in paying attention to environmental and social dimensions without reducing investor confidence

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According to(Yusoff, YM, Omar, MK, Kamarul Zaman, MD, & Samad, 2019), the company is the center of input and output operations that aim to maximize profits for the present. One of the company's main goals is to increase the value of the company and prosper the company owners and shareholders(Saputra, 2018). However, in increasing value, companies need to make improvements by innovating technology, accelerating activities with various limitations and advantages, and making competition in the business world more competitive.

Firm value is defined as the selling value of a company that is currently operating. The existence of excess sales value over liquidation value is the value of the management organization that runs the company. Corporate value is a condition that has been achieved by the company as a form of public trust because it has gone through a process of activities since the company was founded until now(Siregar, 2019). For companies that have gone public, an indicator of company value is reflected in the price of shares traded on the capital market. The company's performance can be seen from its share price, if the share value is high, the company value is also high(Siregar, 2019). Information about stock prices can be used by investors to make investment decisions. However, investment decisions that only focus on financial statement information cannot guarantee that the investments made are correct. Currently, the disclosure of information other than financial is also considered very important as a guide in considering investment(Siregar, 2019). Non-financial disclosures can also include information on Enterprise Risk Management, Intellectual Capital and Sustainability Reports. Companies will be considered better if they can provide information more broadly if they provide information in a transparent manner(Siregar, 2019).

ERM is risk management information carried out by the company in disclosing its impact on the company's future. Companies can provide financial and non-financial information to outsiders about risk profiles through ERM disclosures(Devi, 2017). Risk management aims to create a system within the organization so that all activities that have risks to the company can be anticipated and managed to increase the value of the company. Companies are now starting to realize that competition is not only seen in the ownership of large tangible assets, but rather in organizational management, information systems, organizational resources owned, and innovation.(Siregar, 2019). The source of value from the ERM program arises because of the increased information regarding the company's risk profile. The existence of ERM disclosure makes companies that are financially closed to be more informed to the public regarding the company's risk profile. Increased disclosure of corporate risk management will reduce the cost of regulatory oversight expectations and external capital(Devi, 2017). One of the phenomena of business risk is the case of fraud at the financing institution SNP Finance (Liputan 6) in 2017 which was found to have engineered financial reports, causing losses to 14 banks in Indonesia(Emar, S, E, A., 2020). The phenomenon of fraud is an example of internal company risk that can occur due to weak company risk management. Implementation of Enterprise Risk Management within a company can help control management activities so that the company can minimize the occurrence of fraud.

*Intellectual Capital (IC)*is the approach used to value intangible assets in the form of knowledge. Stakeholders need information about IC because this information describes the company's capabilities in the future. In Indonesia, IC developments are outlined in PSAK No. 19 of 2018 concerning intangible assets(Rahayu, 2020). And explained that intangible assets are non-monetary assets that can be identified without a physical form. Although it is not clearly exemplified in PSAK No. 19 of 2018 concerning IC, but indirectly IC is believed to be part of intangible assets. IC is part of the intangible assets which consist of three main organizational components, namely human capital, organizational capital (structural capital), and customer capital. These three components are important aspects needed by the company to improve company performance. The ability to compete also lies in the knowledge of human resources, innovation, and information systems that are owned(Devi, 2017). The company's mastery of knowledge and technology is generally not followed by an adequate report on the mastery of this knowledge because Intellectual Capital is an intangible asset so it is not easy to measure, assess and manifest it in the form of numbers.(Devi, 2017).

Companies that have the goal of increasing corporate value need to disclose a Sustainability Report. The goal is for the company to get sustainability in the future, making it easier for companies to maximize the desired performance and profit by balancing it with company practices in paying attention to environmental and social dimensions.(Yusoff, YM, Omar, MK, Kamarul Zaman, MD, & Samad, 2019). Sustainability Report is a refinement of the concept of Corporate Social Responsibility (CSR). Sustainability Report is defined as a public report in which the company provides an overview of the company's position and activities in economic, environmental and social aspects to its internal and external stakeholders. Since 2000, Indonesia has implemented the Sustainability Report and the Global Report Drafters guidelines as a reference for preparing company reports.

Companies listed on the Indonesia Stock Exchange are required to make reporting and disclosure publicly to the public (investors). Reporting obligations, such as annual reports and financial statements published through the Indonesia Stock Exchange or on the respective company's website. The annual report includes a corporate social responsibility report, and very few companies disclose it in a separate report. Companies carrying out social responsibility are limited to lip service, and only comply with the rules (Pérez et al., 2017).

In essence, corporate social responsibility is the obligation of corporate organizations to participate in activities aimed at protecting and enhancing social welfare as a whole. The purpose of the sustainability report is to provide other information regarding the company's activities, and to give a signal to stakeholders. Signaling discusses the encouragement of companies to disclose information to external parties due to a lack of information between management and external parties. Therefore, all company information, both financial and non-financial information must be disclosed by the company. One such information is about Corporate Social Responsibility activities carried out by the company to be disclosed in the company's annual report.(Saputra, 2018).

Before discussing sustainability reports, many companies have carried out corporate social responsibility in the hope of increasing corporate value. This research is a replication of previous research conducted by(Siregar, 2019). Another reason for replication of this research is because Enterprise Risk Management and Intellectual Capital variables do not have a significant effect on firm value. In this study using a different research period with research conducted by(Siregar, 2019).

Research related to firm value has also been carried out by several researchers. Research conducted by(Pramita, 2021)using the Sustainability Report and Intellectual Capital variables as independent variables shows the results that both have an effect on firm value. This is in line with research(Devi, 2017)and(Kharima, 2020). On research(Devi, 2017)using Enterprise Risk Management and Intellectual Capital variables as independent variables. The results of this study revealed that both variables had an effect on firm value. Meanwhile in research(Kharima, 2020)using the variable Sustainability Report as an independent variable. The results of this study reveal that SR has an effect on firm value.

Other research was also conducted by(Sawitri, 2017)and(Saputra, 2018). Based on research results(Sawitri, 2017), Sustainability Report variables and financial performance have no effect on firm value. Meanwhile, financial performance influences firm value. Based on research from(Saputra, 2018), the audit committee has an effect on firm value. Meanwhile, the proportion of independent commissioners, CSR, and Intellectual Capital has no effect on firm value. Overall, the variables used in previous research provide inconsistent results. This research uses Enterprise Risk Management, Intellectual Capital, and Sustainability Report variables. This study uses High Profile and Low Profile companies for research, because High Profile companies are companies that have high potential directly into the environment while Low Profile companies are the opposite. The purpose of this study is to analyze how much influence Enterprise Risk Management, Intellectual Capital,

This study contributes by adding a moderating variable, namely good corporate governance. In a company, corporate governance is also needed or what is commonly called Good Corporate Governance (GCG) to control and run the company. According to(Sulistyaningsih & Gunawan, 2018), improving corporate governance is one way that can be used to reduce corporate risk. According to(Puspitasari, 2017), GCG is implemented to fulfill the public trust which is used as the basis for the company to develop.

LITERATURE REVIEW

Agency Theory (Agency Theory)

Agency theory (agency theory) is a contract between the owner (principal) and management (agent), in which the agent is given more authority to run the company's operations and is responsible for the resources entrusted to management (Jensen and Meckling, 1976 in Saptiti Adharia, 2013). Agency theory states that there is a separation between owners as shareholders and managers as agents who run the company. Agents are contracted to perform certain tasks and have responsibility for the tasks assigned by the owner. Owners are assumed to be only interested in the financial returns obtained from their investment in the company. Meanwhile, the agent is assumed to receive satisfaction not only from financial compensation but also from other additions involved in the agency relationship.

Legitimacy Theory

Legitimacy Theory is a company management system that is based on the community, individual government, and community groups(Saputra, 2018). As a system that promotes partiality to the community, the company's operations must comply with the expectations of the community. According to legitimacy theory, the actions of a company must have activities and performance that can be accepted by society. Legitimacy theory explains that the disclosure of social responsibility is carried out by companies to gain legitimacy from the community where the company operates. This legitimacy causes the company to avoid things that are not desirable and can increase the value of the company (Saputra, 2018).

Signal Theory (Signalling Theory)

*Signaling theory*focuses on the importance of information that describes the condition of a company, where this information is used as a basis for making investment decisions. Investors in the capital market will analyze the information published by the company as a good signal (good news) or bad signal (bad news). The company certainly

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expects that the company's shares are in demand and purchased by investors by using an open and transparent disclosure strategy in the annual report to attract investors' investment interest (Devi et al., 2016). Investors will use the information as a basis for deciding on portfolio diversification and making investment combinations with the desired risk preference even though the information provided is private.(Oktari, IGAP, Handajani, L., & Widiastuty, 2016)states that the signal theory indicates that companies will try to provide signals in the form of positive information to potential investors through various disclosures in their financial statements. Disclosure can be in the form of Information on Enterprise Risk Management, Intellectual Capital, and Sustainability Reports. These disclosures can not only be found in the company's annual report, but can also be found on the company's website.

Stakeholder Theory

*Stakeholder theory*explains that a company is not an entity that only operates for its own sake but must provide benefits to its stakeholders. This stakeholder group is the main consideration for companies in disclosing or not disclosing information in the annual report(Ulum, 2017). In theory, stakeholders describe explicitly how the impact of disclosure policies is if there are different stakeholder groups within a company. Disclosure of information by companies is used as material by management to manage the information needs needed by various groups (stakeholders). The company believes that stakeholder theory ignores the influence of the wider community on the existence of laws and regulations that require the disclosure of certain information.

Hypothesis

*Enterprise Risk Management (ERM)*or Company risk management according to the Committee of Sponsoring Organizations (COSO) is a process that is influenced by company management in implementing every company strategy and is designed to provide adequate information in order to achieve company goals. According to(Fahmi, 2018)Risk management is a science that discusses how a company applies measures in overcoming various problems by applying a comprehensive and systematic management approach. Based on stakeholder theory, companies with a high level of risk will disclose more information to provide justification and explanation of what is happening in the company. So, the higher the company's risk level, the more the company must disclose the risks that occur, because management needs to explain the causes of risk, the impacts, and how the company manages these risks.(Siregar, 2019). Stakeholders have the right to obtain information about any activities carried out by the company in minimizing losses that may arise for stakeholders. One of the information that is needed by stakeholders is information about the company's risk profile and risk management (ERM). ERM implementation in a company can help control management activities so that the company can minimize fraud that can harm the company and stakeholders. Based on the theoretical study, this is supported by signal theory, where signal theory explains that information is important for investors to know that there is risk in a company. The positive view of investors on the company will certainly make investors give a high price to the company so that the company's value will be high. This is in line with research conducted by(Devi, 2017)which states that ERM has a positive influence on firm value.

H1: Enterprise Risk Management has a positive effect on firm value.

*Intellectual Capital*is the capital owned by companies based on knowledge. Intellectual Capital is the interaction created by human capital, organizational capital, and customer capital(Ulum, 2017). Intellectual Capital that is well run will generate useful economic benefits for the company in the future. Thus investors will invest in companies that have economic benefits in the future. Intellectual capital is often also referred to as the value of intangible assets, especially in the research literature. IC is the value of knowledge, skills, ideas, business training of company employees, which are not listed in the balance sheet. In this day and age, it is stated that not only the products produced by companies but also their intangible assets are valued as a source of economic value(Nguyen, AH, & Doan, 2020). This is the reason for discussing and examining the relationship between intellectual capital and firm value because companies recognize the importance of intangible assets and the existence of intellectual capital for stakeholders(Ulum, 2017). Based on theoretical studies, this is supported by signal theory, where the higher the Intellectual Capital Disclosure, the higher the firm value because investors can catch the positive signals given by the company. The results of research by Nguyen & Doan (2020) show a positive relationship between value added intellectual capital (VAIC) and company value measured by (Tobin's Q). This is also in line with research conducted by(Pramita, 2021)and(Devi, 2017), which states that IC has a positive influence on firm value.

H2: Intellectual Capital has a positive effect on firm value.

According to (Utama & Mirhard, 2016), one of the goals of companies publishing sustainability reports is to provide additional information related to company activities. The Sustainability Report is a medium for companies to inform the organization's performance in its economic, social and environmental aspects to all stakeholders(Gunawan, 2016). This additional information will be useful for companies to disclose transparency to stakeholders so that later it will increase the value of the company related to intellectual capital. Based on the definition of intellectual capital, IC consists of 3 components, namely human capital, structural capital, and relational capital. Information about these IC components can be found in the annual report and sustainability report. The annual report shows the number of these

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components, while the sustainability report explains in detail the IC components (Utama & Mirhard, 2016). Based on the theoretical study, this is supported by stakeholder theory, where companies need to establish relationships and fulfill stakeholder requests in providing information about the Sustainability Report. Then on legitimacy theory, companies must be responsible and operate in accordance with the rules that apply in the environment where companies operate by issuing a Sustainability Report. This is in line with research conducted by(Pramita, 2021),(Siregar, 2019), and(Kharima, 2020)which states that SR has a positive influence on firm value.

H3: Sustainability Report has a positive effect on firm value.

Good company financial performance will have an impact on increasing the value of a company. This good company value will attract investors to invest in the company in the hope that they will get profits (dividends). If the company gets a large profit this year, the amount of dividends distributed will also be even greater, automatically in the coming year investors will flock to invest in the company so that they will also benefit. They will be more motivated to invest in the company in the future. So that the greater the investors who invest in the company, the higher the share price of the company as well as the greater the number of outstanding shares. These two things can increase the value of the company. The value of a company is determined by the earning power of the company's own assets. The results of research from Muliani in 2014 showed that ROA has a significant effect on Tobins Q. From the results of the partial test of ROA on firm value it is known that ROA has an effect on firm value. According to IAI (2007), company performance information, especially profitability, is needed to assess potential changes in the future. Performance information is also useful for predicting a company's capacity to generate cash flow from existing resources. And also useful in the formulation of considerations about the effectiveness of companies in utilizing resources. Based on the research results from the elaboration above, it can be concluded that the better the financial performance of a company, the higher the company's ability to generate profits. When the profits generated continue to increase, the dividends received by investors will also increase or it can be said that the welfare of the shareholders increases. Investors whose welfare is maintained will automatically give a good assessment of the company.

H4: Financial performance has a positive effect on firm value

The application of ERM disclosure is related to the implementation of good corporate governance (GCG), especially one of the GCG principles, namely transparency which requires monitoring and risk management activities within the company to be carried out thoroughly (Agista & Mimba, 2017). Agency theory explains that role separation occurs between agents (managers) and principals (shareholders) so that it can cause agency conflicts. Where there are differences in interests that can encourage agents to do things that are not in the interests of shareholders or principals. One of them is the occurrence of information asymmetry or information imbalance where the agent is in a position that has more information about the company so that it can encourage agents to hide some information that is not known to the principal. Muslih & Mulyaningtyas (2019), explained that to reduce risk, a system is needed that can direct and control a company such as corporate governance. Good GCG implementation can reduce agency conflicts and is expected to create sustainable corporate value through healthy growth patterns in the long term. Improving corporate governance is one way that can be used to reduce company risk explained that to reduce the risk, we need a system that can direct and control a company such as corporate governance. Good GCG implementation can reduce agency conflicts and is expected to create sustainable corporate value through healthy growth patterns in the long term. Improving corporate governance is one way that can be used to reduce company risk explained that to reduce the risk, we need a system that can direct and control a company such as corporate governance. Good GCG implementation can reduce agency conflicts and is expected to create sustainable corporate value through healthy growth patterns in the long term. Improving corporate governance is one way that can be used to reduce company risk(Sulistyaningsih & Gunawan, 2018). The smaller the potential business risk, the safer it is for the company to run its business(Suryanata et al., 2019). GCG aims to increase the value of the company in the long term by taking into account the interests of shareholders. Companies that implement GCG can face threats and risks from internal and external companies. Through supervision and control carried out by GCG, it is believed that it can increase transparency in the risk management disclosures carried out. Disclosure of enterprise risk management shows that good corporate governance has been implemented properly.

According to agency theory, agency conflicts can occur between principals and management which makes principals' trust in management decrease so that it has an impact on firm value. Therefore a supervisory mechanism is needed, namely a management structure or good corporate governance that regulates and controls the company in order to convince the principal that the agent is working in the interests of the principal. One of the principles of GCG is transparency or openness in disclosing material and relevant information about a company or organization. The implementation of GCG is expected to encourage companies to disclose information on the company's intellectual capital. According to Suparsa et al. (2017), the implementation of good corporate governance or GCG can give a positive signal to investors thereby increasing the value of the company. Disclosure of intellectual capital can improve

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company performance so that company value can be increased. The wider the disclosure of IC made, the higher the value of the company. Verawaty et al. (2017), examined the effect of intellectual capital on firm value with GCG as a moderating variable. The results showed that the GCG variable can moderate the effect of intellectual capital on firm value. This shows that GCG is able to create corporate value by disclosing intellectual capital. The wider the disclosure of IC made, the higher the value of the company. Verawaty et al. (2017), examined the effect of intellectual capital on firm value with GCG as a moderating variable. The results showed that the GCG variable can moderate the effect of intellectual capital on firm value. This shows that GCG is able to create corporate value by disclosing intellectual capital. The wider the disclosure of IC made, the higher the value of the company. Verawaty et al. (2017), examined the effect of intellectual capital on firm value with GCG as a moderating variable. The results showed that GCG variable can moderate the effect of intellectual capital on firm value. This shows that GCG is able to create corporate value by disclosing intellectual capital.

H5: good corporate governance strengthens the effect of ERM disclosure on firm value.

H6: good corporate governance strengthens the effect of IC disclosure on firm value.

H7: good corporate governance strengthens the effect of SR disclosure on firm value.

Based on agency theory, the relationship between the managerial party (agent) and the shareholders (principle) must be carried out properly so that the company can produce good performance. This is supported by the existence of stakeholder theory in which companies must benefit stakeholders so that companies gain trust in running their business. One thing that can be done by the company is to disclose Enterprise Risk Management (ERM). The effect of Enterprise Risk Management (ERM) on company performance has been explained by Rustam (2017) that the implementation of Enterprise Risk Management (ERM) will benefit the performance of a company where company performance will experience improvement after implementing Enterprise Risk Management (ERM). This is also supported by several studies which state that there is a positive influence on the relationship between Enterprise Risk Management (ERM) and company performance, one of which is the research by Shad et al. (2019) which shows an increase in the implementation of Enterprise Risk Management (ERM) has a positive impact on company performance.

H8: Enterprise Risk Management has a positive effect on financial performance.

The resource-based view of the firm (RBV) or resource-based theory states that companies will excel in business competition and obtain good financial performance by owning, controlling and utilizing important strategic assets (tangible assets). and intangible). Intellectual Capital is intellectual property that is centered on human resources which functions to increase the competitiveness of companies. If the ability of human resources is getting better, it is hoped that it will produce good performance for the company, so that the profitability of Return On Assets will increase. Research conducted by Zuliyati (2011) shows that intellectual capital has a positive effect on company profitability. Therefore, if the company can manage and develop Intellectual Capital properly, it will improve the company's financial performance. These conditions will generate a competitive advantage for the company. Intellectual Capital is measured by the VAIC™ method. Ulum et al., (2008), Intellectual Capital is believed to play an important role in increasing company value and financial performance. Research by Firmansyah (2012), Kurniawan (2013) proves that Intellectual Capital (VAICTM) has a positive effect on the company's financial performance (ROA). Based on the results of this study, the following hypothesis is proposed: Intellectual Capital is believed to play an important role in increasing corporate value and financial performance. Research by Firmansyah (2012), Kurniawan (2013) proves that Intellectual Capital (VAICTM) has a positive effect on the company's financial performance (ROA). Based on the results of this study, the following hypothesis is proposed: Intellectual Capital is believed to play an important role in increasing corporate value and financial performance. Research by Firmansyah (2012), Kurniawan (2013) proves that Intellectual Capital (VAICTM) has a positive effect on the company's financial performance (ROA). Based on the results of this study, the following hypothesis is proposed:

H9: Intellectual Capital has a positive effect on company performance.

With a sustainability report that raises a sustainable economic dimension, it can provide an explanation of the organization's impact on the economic conditions of stakeholders and on the economic system at the local, national and global levels. Aspects that are reported on a sustainable economy are more on the company's contribution to the size of the economic system. A recent study by National Geographic and the international polling company Globe Scan regarding sustainable consumption patterns in 14 countries stated that with today's public awareness of products that do not damage the environment and are socially responsible, opportunities arise for companies, by disclosing sustainability reports with From the economic aspect, companies are motivated to produce products that are environmentally and socially concerned. So that the product can be accepted by the public, which will enhance the company's image through the company's value which will also increase followed by increased profitability. This is supported by Cahyandito (2009) who revealed that economic performance in a company's sustainability report will increase company transparency which will also increase stakeholder and investor confidence so that it will also increase the company's image.

The environmental dimension of sustainability is the impact generated through the company's production activities on the environment which includes materials used, energy and consumption, ecosystems, soil, air and water and consumption, disposal-emissions-waste release (liquid, solid, gas), transport. The existence of cases related to the environment experienced by several companies is currently also one of the triggers for stakeholder demands such as the Lapindo Brantas case which is the source of the mudflow in the Sidoarjo area (Sari, 2013). Companies must maintain relationships with their stakeholders by accommodating the wishes and needs of their stakeholders (Chariri and Ghozali, 2007). Therefore, it is necessary to disclose a sustainability report to answer the demands of stakeholders.

The social dimension in the sustainability report concerns the impact of organizations on the communities in which they operate, and explains the risks from interactions with other social institutions that they manage. The company's concern in anticipating issues related to society such as community, corruption, public policy, anti-competitive such as anti-trust and monopoly. This social dimension is divided into four aspects, namely human rights, society, product and labor responsibility and decent work. According to research by Guthrie and Parker (1989, in Chariri, 2008) states that by practicing social performance disclosure is for the purpose of gaining legitimacy as a response to public pressure.

H10: Sustainability Report has a positive effect on company performance.

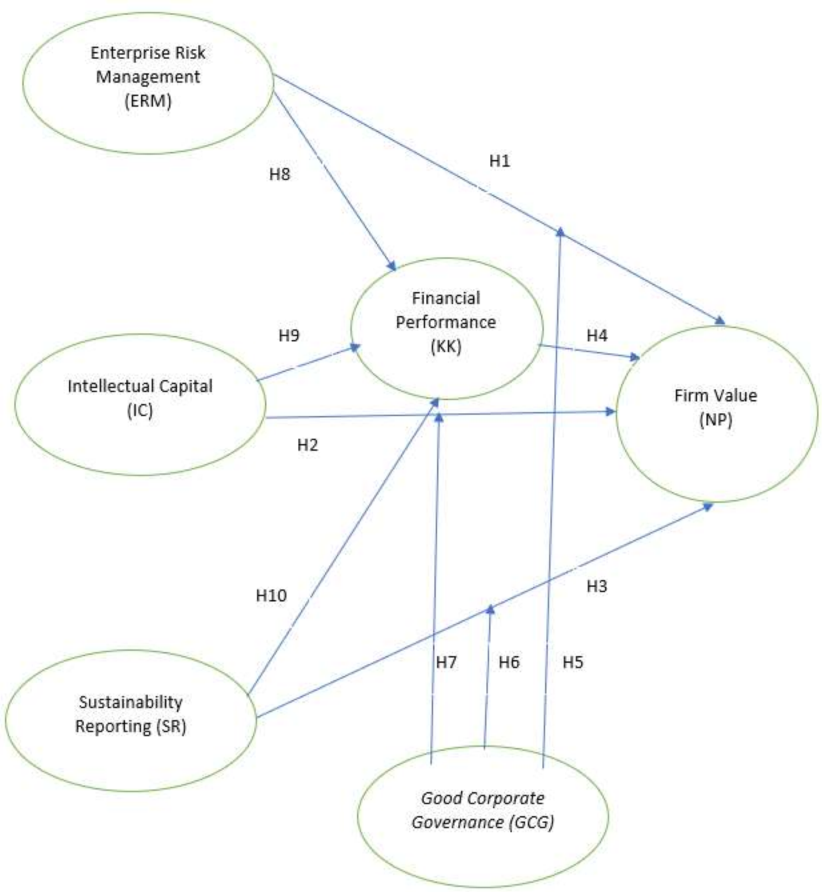

Image 1.
Research Concept

3. METHODS

This research was conducted on High Profile and Low Profile companies listed on the Indonesia Stock Exchange (IDX). This research was conducted by collecting data from the Indonesia Stock Exchange (IDX) through

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the website www.idx.co.id, and accessing each issuer's website to determine the level of SR disclosure. The research period was taken from 2018 to 2020. The object of research in this study is corporate value in High Profile and Low Profile companies listed on the IDX and explained by Sustainability Reporting Disclosure. The population in this study were 80 High Profile and Low Profile companies listed on the Indonesia Stock Exchange in 2018-2020 which were accessed viawww.idx.co.id.The method of determining the sample used in this study is a non-probability sampling method with purposive sampling, namely the technique of taking data sources using criteria based on certain considerations(Sugiyono, 2017).

Table 1. Stage of Determining the Number of Samples of High Profile and Low Profile Companies Listed on the Indonesia Stock Exchange (IDX)

No	DETERMINATION CRITERIA SAMPLE	AMOUNT SAMPLE A LISTED ON IDX
1.	High Profile and Low Profile companies listed on the IDX for 2018-2020	80
2.	Companies that do not publish sustainability reports in a row, namely 2018-2020	(60)
	Final Sample Amount	**20**
	Observation Year	**3**
	Number of Observations	**60**

Source: Processed data, 2022

Based on the stages of determining the number of samples as shown in table two, the sample in this study used as many as 20 companies

Table 2. Research Sample

NO	STOCK CODE	COMPANY NAME
1	ANTM	Aneka Tambang Tbk
2	ASII	Astra Motor Tbk
3	BBKP	Bank Bukopin Tbk
4	BBNI	Bank Negara Indonesia Tbk
5	BBRI	Bank Rakyat Indonesia
6	BBTN	State Savings Bank Tbk
7	ELSA	Elnusa Tbk
8	EXCL	XL Axiata Tbk

9	INCO	Vale Indonesia Tbk
10	INDY	Indika Energy
11	ITMG	Indo Tambang Raya Megah Tbk
12	JSMR	Jasa Marga Tbk
13	KLBF	Kalbe Farma Tbk
14	LSIP	London Sumatra Indonesia Tbk
15	MEDC	Medco Energy Internasional Tbk
16	PTBA	Bukit Asam Tbk
17	PTRO	Petrosea Tbk
18	SIMP	Salim Ivomas Pratama Tbk
19	TINS	Timah Tbk
20	UNVR	Unilever Tbk

Source: Processed data, 2022

ERM disclosure is the level of disclosure of the company's risk management, and is proxied by using the ERM disclosure index. IC is measured based on Value Added created by Value Added Physical Capital (VACA), Value Added Human Capital (VAHU), Structural Capital Value Added (STVA). The combination of the three Value Added is symbolized by the name VAIC. VAIC calculation stages. This SR variable is measured through the Sustainability Reporting Disclosure Index (SRDI) with the GRIG4 benchmark. Financial Performance with ROA ratio. ROA is the ratio between net income and total assets and is presented as a percentage. In this study, company value is measured using Price Book Value (PBV), namely the ratio of stock prices to the book value of shares per share. The data analysis technique is Stata. The GCG proxy in this study uses one of the GCG proxies, namely the independent board of commissioners. The formula for calculating the proportion of independent commissioners is: Number of independent commissioners/total number of commissioners) x 100%.

The data used in this study is secondary data taken from the company's annual report. Data Analysis Techniques Data analysis in this study used a quantitative approach, in this study a statistical software tool, Stata, would be used. Equation 1 to test hypothesis 1 to hypothesis 7:

NPits =βoh +β1X1it+β2X2it +β3X3it +β4X1M1it+β5X2M1it+β6X3M1it + εit

Equation 2 to test hypotheses 7 to 10:

KKit =βoh +β1X1it+β2X2it +β3X3it + εit

Information:

NPit= Firm value

KKit=Financial performance of the company

X1it=Enterprise risk management

X2it=Intellectual capital

X3it=Sustainability reporting

X1M1it=Enterprise risk management interaction with good corporate governance

X2M1it=Intellectual capital interaction with good corporate governance

X3M1it=interaction of sustainability reporting with good corporate governance

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4. RESULTS AND DISCUSSION

Table 3. Descriptive statistics

	n	mean	SD	min	max
ERM	60	0.3788333	0.1018655	0.19	0.62
VAIC	60	40,467	78.81291	-2.01	468.18
SR	60	0.7433333	0.1425514	0.45	99
PBV	60	4.452333	11.8538	0.29	60.67
KK	60	8.339333	15.31673	-4.23	49.76

Source: Processed data, 2022

Table 3 presents a descriptive statistical analysis of the sample data in this study.

Table 4. Normality test

Variable	Observations	Prob>chi
Res	60	0.0078

Source: Processed data, 2022

Normality test using Skewnes Kurtosis Test. Based on Table 4, it explains that the residual value in probability is 0.078, which means > 0.05. It can be concluded that based on the Skewnes Kurtosis test the data is normally distributed.

Table 5.Collinearity test

Variable	VIF	1/VIF
ERM	1.78	0.561274
VAIC	1.73	0.579542
SR	1.29	0.772501
KK	1.06	0.941404
VIF means	1.29	

Source: Processed data, 2022

Based on the results of the multicollinearity test in the table above the calculation of the variance inflation factor (VIF) value shows that in this test it has a VIF value <10, it can be concluded that there are no symptoms of multicollinearity between the independent variables in the regression model.

Table 6. Heteroscedasticity Test Results

Chi2(1)	Prob > chi2
4.36	0.368

Source: Processed data, 2022

Based on Table 6 of the heteroscedasticity test above, the independent variable is said to be free from heteroskedasticity symptoms if the prob value > chi2 is greater than the α value, which is 0.05. From the results above it can be seen that the prob value > chi2 is 0.368 which means it is greater than 0.05 so that the data is free from symptoms of heteroscedasticity.

Table 7. Regression Equation Test Results 1

hypothesis	Variables	coefficient	Std. error	t-statistics	t-value	Hypothesis Decision
H1	ERM	-82.80318	50.85772	-1.63	0.110	Rejected
H2	VAIC	0.0939102	0.109958	0.85	0.397	Rejected
H3	SR	35.08431	31.63299	1.11	0.273	Rejected
H4	KK	0.4018631	0.0783852	5.13	0.000	Received
H5	ERM*GCG	2.021166	0.9213243	2.19	0.033	Received
H6	IC*GCG	-0.010546	0.001263	-0.84	0.408	Rejected
H7	SR*GCG	-0.6050744	0.613942	-0.99	0.329	Rejected
Number of obs		60				
F(8, 51)		10.15				
Prob > F		0.0000				

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R-squared	0.6142
Adj R-squared	0.5537

Source: Processed data, 2022

Based on Table 7, the results of the t-test statistic for the ERM variable obtained a t-value of 0.110 greater than 0.05. It can be concluded that Enterprise Risk Management has no effect on firm value. These results indicate that ERM disclosure is not a variable that affects firm value. The signal theory states that information is an important element for investors in making decisions. ERM is a very important approach to identify, analyze, and monitor risks or opportunities within and outside the environment faced by a company. But that's not enough for investors to use ERM information as a consideration in investing. Investors tend to take other factors into consideration. The results of this study are in line with research conducted by Rivandi (2018), Naomi (2017) and Siregar (2019) who found that ERM disclosure has no effect on company value. Investors do not see information about risk management in making decisions to invest.

Based on Table 7, the results of the t-test statistic for the VAIC variable obtained a t-value of 0.397 greater than 0.05, so it can be concluded that Intellectual Capital has no effect on firm value. This is not in accordance with the Signal Theory, where the higher the Intellectual Capital Disclosure, the higher the firm value because investors can perceive the positive signal given by the company between value added intellectual capital (VAIC) and firm value as measured by (Tobin's Q). Companies in Indonesia are more focused on the efficient use of physical and financial assets to contribute to financial performance. This is because investors look more at how big the assets they own and how efficiently the company uses its physical assets rather than looking at how companies manage invisible assets such as intellectual capital (Saputra, 2018). This is not in accordance with Ulum (2017: 1) where IC is also an important asset in increasing company value. A large allocation of funds for IC can be less effective because it will reduce cash which reduces the cash allocation for dividends as expected by investors (Saputra, 2018). The results of this study are in accordance with research conducted by A large allocation of funds for IC can be less effective because it will reduce cash which reduces the cash allocation for dividends as expected by investors (Saputra, 2018). The results of this study are in accordance with research conducted by A large allocation of funds for IC can be less effective because it will reduce cash which reduces the cash allocation for dividends as expected by investors (Saputra, 2018). The results of this study are in accordance with research conducted by(Siregar, 2019)and(Saputra, 2018)which states that Intellectual Capital has no effect on Firm Value.

Based on Table 7, the results of the t-test statistic for the SR variable obtained a t-value of 0.273 greater than 0.05, so it can be concluded that SR has no effect on firm value. This is not in accordance with Stakeholder Theory, where companies need to establish relationships and fulfill stakeholder requests in providing information about the Sustainability Report. Disclosures of SR made by companies do not affect stakeholder decision making (Stakeholders are more interested in achieving financial performance (profitability) compared to disclosures made by companies. In addition, disclosures of sustainability reports for economic, environmental and social dimensions only explain activities that have been company, besides that the results of the activities carried out cannot be felt by stakeholders in the short term, for stakeholders this disclosure only results in additional costs, so that it will affect the reduction of stakeholder prosperity (Sawitri, 2017). This is not in accordance with Gunawan (2016: 2) where the Sustainability Report is expected to be a medium for stakeholders in informing organizational performance in economic, social and environmental aspects to increase corporate value. The results of this study are in accordance with research conducted by (Aristha Purwanthari, 2017). 2) where the Sustainability Report is expected to become a medium for stakeholders in informing organizational performance in economic, social and environmental aspects to increase corporate value. The results of this study are in accordance with research conducted by (Aristha Purwanthari, 2017). 2) where the Sustainability Report is expected to become a medium for stakeholders in informing organizational performance in economic, social and environmental aspects to increase corporate value. The results of this study are in accordance with research conducted by (Aristha Purwanthari, 2017).

Based on Table 7, the results of the t-test statistic for the KK variable obtained a t-value of 0.000, which is less than 0.05. It can be concluded that financial performance has a positive effect on firm value. Good company financial performance will have an impact on increasing the value of a company. This good company value will attract investors to invest in the company in the hope that they will get profits (dividends). If the company gets a large profit this year, the amount of dividends distributed will also be even greater, automatically in the coming year investors will flock to invest in the company so that they will also benefit. They will be more motivated to invest in the company in the future. So that the greater the investors who invest in the company, the higher the share price of the company as well as the greater the number of outstanding shares. These two things can increase the value of the company. The value of a company is determined by the earning power of the company's own assets. The results of research from Muliani in

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2014 showed that ROA has a significant effect on Tobins Q. From the results of the partial test of ROA on firm value it is known that ROA has an effect on firm value. According to IAI (2007), company performance information, especially profitability, is needed to assess potential changes in the future. Performance information is also useful for predicting a company's capacity to generate cash flow from existing resources. And also useful in the formulation of considerations about the effectiveness of companies in utilizing resources. Based on the research results from the elaboration above, it can be concluded that the better the financial performance of a company, the higher the company's ability to generate profits. When the profits generated continue to increase, the dividends received by investors will also increase or it can be said that the welfare of the shareholders increases. Investors whose welfare is maintained will automatically give a good assessment of the company. Based on the research results from the elaboration above, it can be concluded that the better the financial performance of a company, the higher the company's ability to generate profits. When the profits generated continue to increase, the dividends received by investors will also increase or it can be said that the welfare of the shareholders increases. Investors whose welfare is maintained will automatically give a good assessment of the company. Based on the research results from the elaboration above, it can be concluded that the better the financial performance of a company, the higher the company's ability to generate profits. When the profits generated continue to increase, the dividends received by investors will also increase or it can be said that the welfare of the shareholders increases. Investors whose welfare is maintained will automatically give a good assessment of the company.

Based on Table 7, the ERM*GCG variable obtained a p-value of 0.033, which is less than 0.05. It can be concluded that GCG is able to moderate the effect of ERM on firm value. The application of ERM disclosure is related to the implementation of good corporate governance (GCG), especially one of the GCG principles, namely transparency which requires monitoring and risk management activities within the company to be carried out thoroughly (Agista & Mimba, 2017). Agency theory explains that role separation occurs between agents (managers) and principals (shareholders) so that it can cause agency conflict. Where there are differences in interests that can encourage agents to do things that are not in the interests of shareholders or principals. One of them is the occurrence of information asymmetry or information imbalance where the agent is in a position that has more information about the company so that it can encourage agents to hide some information that is not known to the principal. Muslih & Mulyaningtyas (2019), explained that to reduce risk, a system is needed that can direct and control a company such as corporate governance. Good GCG implementation can reduce agency conflicts and is expected to create sustainable corporate value through healthy growth patterns in the long term. Improving corporate governance is one way that can be used to reduce company risk Sulistyaningsih & Gunawan (2018). The smaller the potential business risk, the safer it is for companies to run their business (Suryanata et al., 2019). GCG aims to increase the value of the company in the long term by taking into account the interests of shareholders. Companies that implement GCG can face threats and risks from internal and external companies. Through supervision and control carried out by GCG, it is believed that it can increase transparency in the risk management disclosures carried out. Disclosure of enterprise risk management shows that good corporate governance has been implemented properly. Companies that implement GCG can face threats and risks from internal and external companies. Through supervision and control carried out by GCG, it is believed that it can increase transparency in the risk management disclosures carried out. Disclosure of enterprise risk management shows that good corporate governance has been implemented properly. Companies that implement GCG can face threats and risks from internal and external companies. Through supervision and control carried out by GCG, it is believed that it can increase transparency in the risk management disclosures carried out. Disclosure of enterprise risk management shows that good corporate governance has been implemented properly.

Based on Table 7 the variables VAIC*GCG and SR*GCG obtained p-values of 0.007, 0.387 and 0.181 greater than 0.05, it can be concluded that GCG is not able to moderate the effect of Intellectual Capital and Sustainability Reporting on firm value. The signal theory states that information is an important element for investors in making decisions. Intellectual capital and sustainability reports are not enough for investors to use this information as a consideration in investing. Investors tend to take other factors into consideration.

The calculation results show an adjusted r-square value of 0.5537 or 55.37% indicating that the diversity of data can explain the model by 56.21% or in other words the information contained in the data is 55.37% can be explained by the model, while the remaining 44 .63% is explained by other variables (which are not included in this model) and error.

Table 8. Regression Equation Test Results 2

hypothesis	Variables	coefficient	Std. error	t-statistics	t-value	Hypothesis Decision
H8	ERM	-11.72252	23.40944	-0.50	0.619	Rejected
H9	VAIC	0.0491841	0.0311135	1.58	0.120	Rejected
H10	SR	3.585056	15.35252	0.23	0.816	Rejected

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Number of obs	60
F(3, 56)	1.1341
Prob > F	0.0000
R-squared	0.0940
Adj R-squared	0.4555

Source: Processed data, 2022

Based on Table 8, the results of the t-test statistic for the ERM variable obtained a t-value of 0.619 greater than 0.05, it can be concluded that ERM has no effect on the company's financial performance. In practice, in companies in Indonesia, ROA only functions as a management tool in viewing the ability of company assets to provide returns/profits, besides that ROA also functions as a benchmark in budget planning and the efficiency of the use of funds (Munawir, 2007), without including risk as a priority indicator. in asset returns.

Based on Table 8, the results of the t-test statistic for the VAIC variable obtained a t-value of 0.120 greater than 0.05, so it can be concluded that IC has no effect on the company's financial performance. The results of this study are in line with the findings of Firer and Williams (2003) who conducted research on the relationship between IC and firm performance in companies in South Africa.

Based on Table 8, the results of the t-test statistic for the SR variable obtained a t-value of 0.816 greater than 0.05, so it can be concluded that SR has no effect on the company's financial performance. The results of the economic performance disclosure test have no effect on the company's financial performance. It could be that the time period used is relatively short and also many items are not disclosed that will affect financial performance. Adams (2010) in(Nofianto, E., & Agustina, 2014)said that sustainability reporting will have a significant influence over a long period of time. This is in accordance with research(N. Burhan & Rahmanti, 2012)who explained in his research that disclosure of economic performance has no effect on financial performance because the study uses a short time period. The results of this study are also in line with the results of the study(Nofianto, E., & Agustina, 2014)states that the company's economic performance has no significant effect on financial performance because the research is conducted in the short term. Then, also supported by research,(N. Burhan & Rahmanti, 2012), Taringa and Samuel (2014), Sujana, Yuniarta, Karyawati (2017), and Sejati and Prastiwi (2015) argue that economic performance has no effect on financial performance. Disclosure of environmental performance shows no effect on financial performance. Environmental performance reveals information in the form of environmental issues related to the community around the company. Usually, sustainability reporting in disclosing environmental performance will affect company value and market response. In the estimated disclosure, stakeholders do not tend to see sustainability reporting but are more likely to see annual reporting which is more likely to see a good level of market response. Similar to previous research, Nofianto and Agustina (2014) explained that disclosure of environmental performance has no effect on financial performance. Not only that, Burhan and Rahmanti (2012), Simbolon and Sueb (2016), Sujana, Yuniarta, Karyawati (2018), and Sejati and Prastiwi (2015)) also argues that environmental performance has no effect on the company's financial performance. The results of the social performance disclosure test show that it has no effect on the company's financial performance as measured using ROA. The size of the ROA is influenced by the level of sales. On the other hand, the level of sales also does not have an impact on sustainability reporting disclosures because stakeholders have no connection with sales activities to consumers. According to Bukhori and Shopia (2017) disclosure of social performance will have an impact on company value with a good market response and will affect financial performance. The process of short-term social performance does not affect financial performance, but the long-term performance process does. on the company's financial performance. Sujana, Yuniarta, Karyawati (2017) and Sejati and Prastiwi (2015) also argue that social performance has no influence on the company's financial performance.

5. CONCLUSION

The conclusion of this study is that the company's financial performance has an effect on firm value, meanwhile, enterprise risk management, intellectual capital and sustainability reports have no effect on firm value. Enterprise risk management, intellectual capital, and sustainability reports have no effect on the company's financial performance. Good corporate governance is able to moderate the effect of enterprise risk management on firm value.

Suggestions based on the results of this study are for investors/prospective investors, to make financial performance variables a variable to be considered in determining their investment if company value is one of the prioritized elements in investing. For future researchers, it is advisable to increase the number of samples and a longer study period in order to get significant results.

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