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Do Risk Management Disclosure Able to Enhance Company's Performance?
Indonesia Marine Logistic Transport

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Abstract:- This research aims to investigate the factors that able to influence risk management disclosure which consists of company's size, leverage, auditor type, and board size as well as the impact of risk management disclosure with company's performance. The population of this research is 19 marine transportation companies listed in Indonesian Direct Exchange (IDX) in 2016 – 2018. The sample selection uses a purposive sampling technique so 13 samples are obtained. The analytical method used was regression analysis using SPSS 24. The finding of this study reveals that is a relationship between a company's size and type to risk management disclosure, also risk management disclosure to the company's value. However, there is no relationship between leverage and board size to risk management disclosure.

Keywords:- *Risk management disclosure; company's size; leverage; auditor type; board size; company's performance Introduction.*

I. INTRODUCTION

The development of domestic and foreign investment in Indonesia is increasing from year to year. According to the Indonesian Investment Coordinating Board, investment realization in the third quarter of 2019 reached Rp 601.3 trillion. Realization of domestic investment of IDR 283.5 trillion and foreign investment of IDR 317.8 trillion. Investment realization in 2019 has increased by 12.3% compared to 2018 in the same period.

This circumstance encourages companies to attract investor's intentions and get additional capital to develop their business. To get the investment, companies try to provide information that shows if companies are in the best condition and make investors have no reason to worry about failure risk that might happen.

One of the information that should be given by the company is a financial statement. The financial statement shows how a company is taking action in managing its profitability, solvency and risks aspect that associated with the company's operation. If we talking about risk, it cannot be separated from the case of Enron and his accounting firm Arthur Anderson in 2002.

In Enron's case, moral hazard behaviour was identified, include manipulation of financial statements by recorded a profit of 600 million US dollars even though the company suffered losses. Manipulation of profits due to the desire of companies to keep investors interested in its shares. Because of Enron incident, investors consider that financial statement is not enough due to the easiness for the company to manipulate, so other reports are needed as a basis for investors to make decisions. Another case related with risk is the world financial crisis in 2007. The root cause of the crisis was the lack of proper risk disclosure that avail to investors (Al-Maghzom et al, 2016). Based on the cases, besides financial statements, another important information that must be known by investors is a company's risk management report.

Information about risk or risk disclosure is an important tool that able to improve capital market efficiency, because, with risk disclosure companies can monitor manager behaviour and reduce uncertainty among investors relating to future cash flows (Easley and O'Hara, 2004; Kothari et al., 2009). Information about risk management is very useful for stakeholders, especially to create risk analysis so investors can know the types of risk that they will face and how to deal with it to meet their expected returns. The impact availability of risk disclosure in a company is they will have a good image for the investor, and give investors adequate time to appraise companies' risk profile, so the time to make a decision is faster, and as a result company's profit will increase (Abraham and Cox, 2007)

According to previous studies, the researcher identifies some research gaps. Previous research about risk management disclosure in developing countries especially Indonesia is limited. Most research was conducted in developed countries. The Majority of previous researches object are in banking non-finance, and manufacturing sector. This research will focus on marine transportation companies in Indonesia because Indonesia consist of islands that separated by waters so proper marine logistic is very needed and play a vital role in connecting Indonesia to propagate society's need. As a sector that play a vital role, absolutely shipping has risks that should manage to prevent failures.

This research aims to investigate the factors that influence risk management disclosure which consists of company's size, leverage, auditor type, and board size as well as the impact of risk management disclosure with company's value. The result of the research is expected to contribute to related prior empirical studies and contribute to the development of risk management disclosure especially in Indonesia.

II. LITERATUR REVIEW AND HYPOTHESIS DEVELOPMENT

➢ *Signalling Theory*

Signalling theory focuses on decreasing asymmetry information between two parties (Spence, 2002). Morris (1987) says that to minimize asymmetry that occurs in the market, signalling theory is applied. Signalling theory according to Brigham and Houston (2011: 186) is an action taken by the management of a company in term giving instructions to investors about how management assesses the company's prospects and explaining the reasons why the company has a focus on the importance of information that is issued by companies against other party investment decision.

➢ *Agency Theory*

According to Jensen and Meckling (1976) Agency theory explains the relationship between an agent or management of a business and principal or can be referred to as a shareholder. The emergence of conflict due to a relationship that occurs between the two parties is a very common thing, this is because, between agents and principals each have different interests so the asymmetric information arises.

➢ *Risk Management Disclosure*

Risk disclosure is an important tool that can improve capital market efficiency, because with risk disclosure, the company can monitor manager behaviour and reduce uncertainty among investors relating to future cash flows (Barakat & Hussainy, 2013). Voluntary disclosure of risk can promote the stability of a company's system, the effectiveness of market discipline, maintain social support from stakeholders and enhance legitimacy and reputation of the company (Oliveira et al., 2011c). Disclosure of risk can also improve operational performance (Elbannan & Elbannan, 2014). Besides, risk disclosure is one of the most effective tools in reducing crisis, especially in the banking sector (Financial Stability Board, 2012).

➢ *Company's Size and Risk Management Disclosure*

One important variable that able to influence risk management disclosure is the company's size (Mokhtar and Mellett,2013).

Oliveira et al (2011) said that a bigger company will consider risk management disclosure as one of way to enhance a company's reputation. Stakeholder assumes larger size company will able to provide important information according to the needs of shareholders, and it will be part of investor's consideration in deciding whether they want to invest or not (Linsley and Shrives, 2006). Besides, Bassam and Scachler (2009) said that information asymmetry between managers and shareholders can be reduced by disclosing more accurate information so the misunderstanding can be minimized. This is in line with agency theory which states that larger companies should disclose more information to different users to reduce the risk of asymmetry information and agency costs (Watts and Zimmerman, 1983). Companies need to disclose more information to convince investors if they can face the risks that will arise so they can get extra fund from investors (Elzahar and Hussainey, 2012).

Previous research conducted by Barokah and Fachrurrozie (2019) states that company size has a significant relationship to Risk Management Disclosure , this is contrary to research conducted by lshirah et al (2019) states that company's size has no significant relationship on Risk Management Disclosure.

Based on the description above, the following is the hypothesis that will be tested in this study is

H1: There is a significant relationship between company size and risk management disclosure

➢ *Leverage and Risk Management Disclosure*

Agency theory says that companies will be forced to disclose more information when their creditors have high debt risk (Amran et al, 2009). The higher the debt a company has, the more speculative the company is (Oliviera et al, 2011). Therefore, disclosure of the information is needed to minimize asymmetric information that may occur among several parties. Foster (1986) argues to show that a company does not violate certain provisions and agreements, the company with a high debt ratio should disclose certain information. The signalling theory says that the current ratio and debt have a positive relationship with corporate risk disclosure (Jensen and Meckling, 1976).

The theory outlined above is aligned with several studies, Oliveira et al (2011) and Elghaffar et al (2019) They found that leverage has a significant relationship to risk management disclosure. However, different research results are shown by lshirah (2019) and Barokah and Fachrurrozie (2019), they found that leverage has insignificant relationship to risk management disclosure.

Based on the description above, the following is the hypothesis that will be tested in this study.

H2: There is a significant relationship between leverage and risk management disclosure

➢ *Auditor Type and Risk Management Disclosure*

Subramaniam et al (2009) stated that auditors are the key to external monitoring in an organization and recently become a special concern in risk management. According to agency theory, conflicts that occur between internal (management) and external (shareholders) can be minimized if the company is audited by high-quality auditors (e.g. "Big-4" auditors) because they will reveal more information than unaudited companies (DeAngelo, 1981). Mokhtar and Mellett (2013) suggested that one of the important factors that influence the level of risk management disclosure in a company is the size of the auditor firm. Audit firms with higher quality tend to be invited to cooperate with companies with high agency costs (Jensen and Meckling, 1976). Besides, to enhance the company's reputation, competitive advantage, and independence, a large auditor firm will force its clients by applying international accounting standards (Dumontier and Raffournier, 1998).

In line with theories above, Buckby et al (2015) states that there is a significant relationship between auditor type and risk management disclosure, while research conducted by Subramaniam et al (2009) and Deumes and Knechel (2008) stated that the type of auditor and risk management disclosure did not have a significant relationship.

Based on the description above, the following is the hypothesis that will be tested in this study.

H3: There is a significant relationship between auditor Type and risk management disclosure

➢ *Board Size and Risk Management Disclosure*

The greater the number of boards in a company, the less efficient the company, and it has a low impact on the level of the company's risk management disclosure (Allegrini and Greco, 2013). Agency theory states that in terms of improving company's performance and disclosure, the greater the board size of a company, will be shaky and corrupt, on the contrary, the smaller the board size of a company will be more effective and efficient (Jensen and Meckling, 1976). Jensen (1993) said that the problem that would arise if the size of the board in a company is too large are free-riding between executives, decision time is getting longer, increasing costs, and poor communicating and monitoring. Another opinion was expressed by Elzahar and Hussainey (2012) who argued that a greater number of boards with more expertise inside, would contribute more to the company. This means that a large number of boards and the expertise that company have is very helpful because the larger number of boards in the company, the more able company to make collaboration in running a business.

Previous studies conducted by Elghaffar et al (2019) and Alqurdi et al. (2019) showed that board size has a relationship with risk management disclosure. Different results are shown from research conducted by Elzahar and Hussainey (2012) and Coles et al. (2008) state that there is no relationship between board size and risk management disclosure.

Based on the description above, the following is the hypothesis that will be tested in this study.

H4: There is a significant relationship between board size and risk management disclosure

➢ *Risk Management Disclosure and Company's Performance*

Abdullah (2019) said that risk management disclosure is very helpful not only to enhance a company's reputation but also to help the investor in understanding a company's business deeply. It means increasing the company's value and investor willing to invest are occur when the company is trusted by investors. There are two types agencies conflict, there are compensation contracts and owner-debt holder contracts (Jensen and Meckling, 1976), they are said that these two conflicts can be minimized by disclose information and accounting report of a company, the other result of information disclosure is increasing shareholder's confidence level and reduce information asymmetry. Foerster et al (2013) said that disclosure of earing by management able to reduce firm risk and change investor's perception about the firm's future cash flows.

The number of studies linking risk management disclosure and firm performance is limited. Nahar et al. (2016) report that there is a significant relationship between risk disclosure and the company's performance.

Based on the description above, the following is the hypothesis that will be tested in this study.

H5: There is a significant relationship between leverage and risk management disclosure.

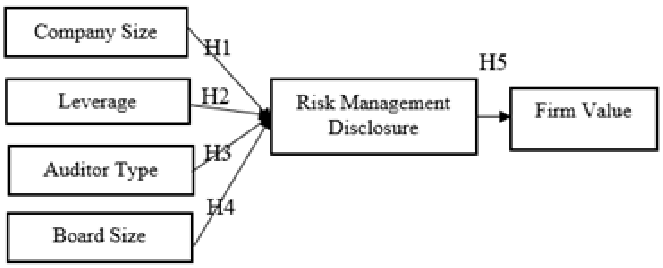

Fig 1

III. RESEARCH METHODOLOGY

The data were obtained from secondary sources by examining annual reports of listed companies in Indonesia Direct Exchange (IDX) over three-years period. The research object will focus on marine transportation companies in Indonesia since Indonesia consist of islands that separated by waters and proper marine logistic is very needed and play a vital role in connecting Indonesia. According to Indonesian Direct Exchange, there are 19 listed marine transportation companies, six of them has incomplete data. Therefore, the researcher can state that a total of 13 listed marine transportation companies are included in this study. All the annual reports were collected from the companies' homepages, with some of the variables were collected from IDX's site. The selected annual reports cover the period from 2016 to 2018 This study covers three years period to give greater time coverage for the analysis and to allow a deeper examination of the trends.

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Prior research of risk disclosure used content analysis as a method to determine risk management disclosure (Dyah and Ajar, 2018; Al-Maghzom et al, 2016; Abdullah et al., 2015). These studies analyse information content disclosed in annual reports and acknowledge words and themes within the textual material (Beattie et al., 2004). Bowman (1984) said that content analysis enables the collection of rich data since it can reveal relationships that other techniques cannot. Therefore, content analysis method will be used in this research to determine risk management disclosure.

The study uses six variables (one dependent variable, four independent variables and one Intervening variable). Following the operational definition of each variable:

- *Company's size*

In general, large companies will provide more extensive information compared to small companies. The size of the company in this study was measured using total assets owned by the company.

Company's size= Company's total asset (1)

- *Leverage*

Value of leverage found by dividing total debt to total assets.

$$Leverage = \frac{Total\ Debt}{Total\ Asset} \qquad (2)$$

- *Auditor Type*

An auditor's reputation is an auditor who has a good name and maintains his reputation by providing high audit quality as a sign of the quality of a company

Auditor type measured by a dummy variable, 1 if companies being audited by accounting firms associated with one of the Big 4, 0 if companies being audited by another accounting firm.

- *Board Size*

The board of commissioners is tasked with providing oversight of the directors' policies in running the company and providing advice to the directors. In this study, the size of the board of commissioners is measured by adding up the total members of the board of commissioners in the company (Meizaroh and Lucyanda, 2011).

- *Risk Management Disclosure*

Risk management disclosure measured by using Enterprise Risk Management (ERM) index framework of International Standard Organization (ISO) 31000:2009 with 25 items and divide into five dimensions namely mandate and commitment, planning of the risk management framework, applying risk management, monitoring and reviewing the framework risk management and continuous improvement of the risk management framework. The research using dichotomous value approach by giving a score on each disclosure item, they were coded as 1 if disclosed or 0 if not disclosed. Then, risk management disclosure index can be found by dividing the number actual item disclosed by the number item that should be disclosed. It can be stated as:

$$RMD\ Index = \frac{\sum Number\ item\ disclosed}{\sum Number\ item\ that\ should\ be\ disclosed} \qquad (3)$$

- *Company's value*

Company's value can be found by using stock price of company

To test the hypotheses, this research will use path analysis technique to. According to Ghozali (2007), path analysis is an extension of multiple linear regression analysis or path analysis is the use of regression analysis to estimate causal relationships between variables (causal models) that have been predetermined based on theory. Meanwhile, according to Noor (2011), path analysis is the relationship or influence between independent variables, intervening variables and dependent variables where the researcher clearly defines that a variable will be the cause of other variables that are usually presented in diagram form. Path analysis technique illustrates the relationship of multiple regression with the variables to be measured. In this research testing model is illustrated as follows:

$$RMD = \alpha + \beta 1CoSize + \beta 2Lev + \beta 3Aud + \beta 4Bzise + \varepsilon \qquad (4)$$

$$CoVal = \alpha + \beta 5RMD + \varepsilon \qquad (5)$$

where:

α	= Constanta
β1- β5	= Regression coefficient
RMD	= Risk management disclosure
CoVal	= Companies value
CoSize	= Companies size
Lev	= Leverage
Aud	=Auditor Type
Bzise	= Board Size
ε	= Error term

IV. RESULT AND DISCUSSION

A. Research Result

- *Descriptive statistic*

Table 1 shows the descriptive statistic result of this research. The measurement of descriptive statistic include sum, mean, maximum, minimum, variance and standard deviation value. We found that the mean risk management disclosure of marine transportation companies in Indonesia is 0.797 with a range from 0.72 to 0.92. Auditor type has mean 0.38 with minimum value 0 and maximum value 0. Mean value of leverage is 0.55 with range 0.09 to 1.06. Company size which is represented by asset has mean value 2.63 with minimum value 0.43 and maximum value 8.37. The mean of board size is 7.08 with range from 4 to 9 and the company's value which is represented by stock price has mean 562.5 with range 50 to 2,108.

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
AuditorType	13	0.00	1.00	0.385	0.506
Leverage	13	0.09	1.06	0.558	0.225
RMD	13	0.72	0.92	0.797	0.068
Asset	13	0.43	8.37	2.623	2.614
BoardSize	13	4.00	9.00	7.078	1.355
StockPrice	13	50.00	2,108.00	562.46	587.46
Valid N (listwise)	13				

Table 1: Descriptive statistic result
Source: SPSS Result

➢ *Normality test*

Normality test is used to test whether in the regression model, the dependent variable and the independent variables are normally distributed or not. Normality test in this study is using kolmogorof smirnov test, where data is normal distributed when significant value is greater than 0.05

Kolmogorov-Smirnov Test Reg 1		
N		13
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	0.02582303
Most Extreme Differences	Absolute	0.154
	Positive	0.154
	Negative	-0.122
Test Statistic		0.154
Asymp. Sig. (2-tailed)		.200[c,d]
Kolmogorov-Smirnov Test Reg 2		
N		13
Normal Parameters[a,b]	Mean	0.0000000
	Std. Deviation	477.73704436
Most Extreme Differences	Absolute	0.173
	Positive	0.173
	Negative	-0.137
Test Statistic		0.173
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Table 2: - Normality test result
Source: SPSS Result

Based on table 2, significant value of each regression model are 0.154 and 0.173, greater than 0.05. Therefore, this study conclude that data is normal distributed.

➢ *Autocorrelation test*

Autocorrelation test is used to test whether there is a correlation or not between the error in period t and error in period t-1 (before) in the regression model or not. This research using Durbin-Watson (D-W) to test autocorrelation.

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Reg1	.926[a]	0.86	0.79	0.03	2.14
Reg2	.582[a]	0.34	0.28	498.98	2.59
1. Predictors: (Constant), BoardSize, Auditortype, Asset, Leverage					
Dependent Variable: RMD					
2. Predictors: (Constant), RMD					
Dependent Variable: StockPrice					

Table 3: - Autocorrelation result
Source: SPSS Result

In table 3 line 1 shows that Durbin-Watson or d value is 2.140, where dl value is 0.574 and du value is 1.815. it means that there is no positive autocorrelation since d > du (2.140 > 1.815) and there is no negative autocorrelation since 4-d > du (1.860 > 1.815). So, there is no autocorrelation in regression model 1. In table 3 line 2 shows that Durbin-Watson or d value is 2.594, where dl value is 1.009 and du value is 1.340. it means that there is no positive autocorrelation since d > du (2.594 > 1.340) and there is no negative autocorrelation since 4-d > du (1.406 > 1.340). So, there is no autocorrelation in regression model 2

➢ *Multicollinearity test*

Multicollinearity test is used to test whether in the regression equation there is a correlation between independent variables or not. Multicollinearity test in this study was conducted by measure the value of Tolerance and Variance Inflation Factor (VIF), if the tolerance value <0.1; and VIF value> 10 means, there is no multicollinearity in this research.

Coefficients[a]								
Model		Unstandardized Coefficients		Stand-Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Cons	0.815	0.064		12.68	0.000		
	Asset	0.016	0.004	0.600	4.26	0.003	0.90	1.10
	Lev	0.000	0.044	0.001	0.01	0.992	0.86	1.15
	Aud	0.079	0.019	0.586	4.20	0.003	0.92	1.08
	BSize	-0.013	0.007	-0.253	-1.72	0.123	0.83	1.20
2	Cons	-3430. 053	1687.905		-2.03	0.067		
	RMD	5009.912	2110.897	0.582	2.37	0.037	1.00	1.00
1. Dependent Variable: RMD								
2. Dependent Variable: StockPrice								

Table 4:- Multicollinearity test result
Source: SPSS Result

Based on Table 4, the tolerance value of all independent variables in this study are greater than 0.10 and the VIF (Variance Inflation Factor) value for all variables is less than 10, it can be concluded that there is no multicollinearity in the study.

➢ *Heteroscedasticity test*

Heteroscedasticity test is used to test whether there is an inequality of residual variance from one observation to another or not. To test heteroscedasticity using the Glejster test, if the sig value> 0.05 then heteroscedasticity does not occur. Table 5

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.034	0.032		1.069	0.316
	Asset	-0.001	0.002	-0.229	-0.731	0.486
	Leverage	0.017	0.022	0.257	0.802	0.446
	Auditortype	-0.005	0.009	-0.172	-0.553	0.596
	BoardSize	-0.003	0.004	-0.230	-0.703	0.502
2	(Constant)	-1083.874	688.613		-1.574	0.144
	RMD	1863.088	861.181	0.546	2.163	0.053
1. Dependent Variable: Abs_RES						
2. Dependent Variable: Abs_RES1						

Table 5:- Heteroscedasticity test result
Source: SPSS Result

Shows that there is none of the independent variables were statistically significant influencing the dependent variable (sig > 0.05). So, it can be concluded that heteroscedasticity does not occur.

➢ *F- Test*

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.048	4	0.012	11.966	.002[b]
	Residual	0.008	8	0.001		
	Total	0.056	12			
2	Regression	1402467.028	1	1402467.028	5.633	.037[b]
	Residual	2738792.203	11	248981.109		
	Total	4141259.231	12			
1. Dependent Variable: RMD						
Predictors: (Constant), BoardSize, AuditorType, Asset, Leverage						
2. Dependent Variable: StockPrice						
Predictors: (Constant), RMD						

Table 6: - F test result
Source: SPSS Result

F test is used to know whether there is a simultaneous effect from an independent variable or not. Table 6 shows that all Independent variables has a simultaneous effect on the dependent variable (sig value > 0.05)

➢ *Regression Analysis*

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.815	0.064		12.685	0.000
	Asset	0.016	0.004	0.600	4.263	0.003
	Leverage	0.000	0.044	0.001	0.010	0.992
	Auditortype	0.079	0.019	0.586	4.205	0.003
	BoardSize	-0.013	0.007	-0.253	-1.727	0.123
a. Dependent Variable: RMD						

Table 7:- Regression 1 test result
Source: SPSS Result

Based on the regression test that is shown in table 7, we can state that the first regression equation as follows

RMD = 0.815 + 0.016 CoSize + 0.00 Lev + 0.079Aud - 0.013Bzise +ε (6)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3430.053	1687.905		-2.032	0.067
	RMD	5009.912	2110.897	0.582	2.373	0.037
a. Dependent Variable: StockPrice						

Table 8:- Regression 2 test result
Source: SPSS Result

Based on the regression test that is shown in table 8, we can state that the second regression equation as follows

RMD = -3430 + 5009 RMD + ε (7)

B. Discussion

Based on table 7, we found that significant value of company's size against risk management disclosure that is represented by total asset is 0.003 less than alpha 0.05 (0.003< 0.05) it's mean that company's size has a relationship on risk management disclosure. Consistent with previous research that are conducted by Barokah and Fachrurrozie (2019), Abdullah (2019), and by Elghaffar et al (2019) which showed that is an impact of company's size to risk management disclosure. The finding of this research can be explained by a company that has a larger size will able to provide important and diverse information based on the needs of shareholders, and the information will be part of investor's consideration to invest their fund (Linsley and Shrives, 2006). The finding is aligned with agency theory which states that larger companies should disclose more information to different users to reduce the risk of asymmetry information and agency costs (Watts and Zimmerman, 1983). Therefore, hypothesis number one is accepted.

Table 7 shows that significant value of leverage against risk management disclosure is 0.992 greater than alpha 0.05 (0.992 > 0.05) it's mean that leverage does not have a relationship with risk management disclosure. The finding is consistent with previous researches that are conducted by lshirah (2019) and Barokah and Fachrurrozie (2019) which showed that is no relationship between leverage and risk management disclosure. Company with high leverage tend to be more careful in carrying out business activities including disclosing risk management. The cost that company will spend in disclosing risk management is quite high, therefore the company will prefer to use the fund according to priority, so that will give impact to risk management disclosure (Tarantika and Solikhah,2019). Therefore, hypothesis number two is rejected.

Based on table 7, we found that significant value of auditor type against risk management disclosure is 0.003 less than alpha 0.05 (0.003< 0.05) it's mean that auditor type has a positive effect on risk management disclosure. The finding in line with previous research that is conducted Buckby et al (2015). Mokhtar and Mellett (2013) said that one of the important factors that influence the level of risk management disclosure in a company is the size of the auditor firm. The finding is aligned with agency theory that said conflicts that occur between internal (management) and external (shareholders) can be minimized if the company is audited by high-quality auditors (e.g. "Big-4" auditors) because they will reveal more information than unaudited companies. Therefore, hypothesis number three is accepted.

Table number 7 shows significant value of board size against risk management disclosure is 0.123 greater than alpha 0.05 (0.123 > 0.05) it's mean that leverage does not have a relationship with risk management disclosure. The finding is consistent with previous studies that are conducted by Elzahar and Hussainey (2012) and Coles et al. (2008) state that there is no relationship between board size and risk management disclosure. This finding is support Agency theory that state in terms of improving company's performance and disclosure, the greater the board size of a company, will be shaky and corrupt, on the contrary, the smaller the board size of a company will be more effective and efficient (Jensen and Meckling, 1976). This means, when a company has a large number of boards, it will create a bigger problem for the company since each board has their point of view in running a business. Therefore, hypothesis number four is rejected.

According to table number 8, the significant value of risk management disclosure against company's value is 0.037 less than alpha 0.05 (0.037 > 0.05). It's mean that risk management disclosure has a positive effect on a company's performance that is represented by the stock price. This result is aligned with a previous study that is conducted by Nahar et al (2016). Availability of risk disclosure in a company is creating a good image for the investor, and give investors adequate time to appraise companies' risk profile, so the time to make a decision speeds up that and it increases the value of a company (Abraham and Cox, 2007). Therefore, hypothesis number five is accepted.

V. CONCLUSION

The objective of this study is to investigate the factors that influence risk management disclosure which consists of a company's size, leverage, auditor type, and board size as well as the impact of risk management disclosure with company's value in Indonesia listed marine transportation companies from 2016 to 2018. The empirical finding of this study reveals that is a relationship between a company's size to risk management disclosure, auditor type to risk management disclosure, and risk management disclosure to company's value. However, there is no relationship between leverage and board size to risk management disclosure.

The findings of this paper have several important implications. Risk management disclosure in the marine transportation sector is important for stakeholders, such as investors. Risk disclosure is important to provide information about the behavior of a company and as a tool for an investor to assess whether this company is worthy to invest or not.

Finally, this study also contains limitations and suggestions for further research. The first limitation of this research is this research only cover three years period of time and still needed further research which use a longer period to know exactly risk management disclosure level in Indonesia. Second, this research only focuses on marine transportation company may not be sufficient to measure the level of risk management disclosure in Indonesia. Third, this research only using four independent variables, there are company's size, leverage, auditor type, and board size meanwhile there are other variables that might influence risk management disclosure in a company. Future research may use a larger period, sample, and variables to create a comprehensive result of risk management disclosure level in Indonesia. It's recommended for future research to make a comparison between risk disclosure level in each industry in Indonesia and use the latest ISO measurement standards namely ISO 31000: 2018 about Risk Management - Principles and Guidelines.

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