Abstract. This study aims to analyze the effect of Profitability, Leverage, and liquidity on Risk Management Disclosure with the object of research, namely property and real estate companies listed on the Indonesia Stock Exchange for the 2019-2022 period. This primary research uses secondary data in the form of annual financial statements. The population in this study is 73 property and real estate companies listed on the IDX for the 2019-2022 period. Sampling in this study used purposive sampling and obtained research samples of 9 companies with a research period of 4 years of observation into 36 samples. The data analysis technique in this study uses IBM SPSS 26 with statistical analysis of the Classical Assumption Test, Multiple Linear Regression Test, and Coefficient of Determination. The results of this study show that Profitability does not affect risk management disclosure, while leverage and liquidity affect risk management disclosure.

Keywords: Risk Management Disclosure, Profitability, Leverage & Liquidity

INTRODUCTION

The Indonesian nation is currently entering the development of the global economy, where companies in Indonesia are faced with conditions to be more transparent in disclosing their company risks. A market economy driven by sharp national competition will bring more advanced consequences in the future. Technological changes are one of the factors that make business risks companies face more complicated. Therefore, companies are required to be more transparent in disclosing information, not only financial information but also non-financial information, such as risk management.

Property and real estate companies are divided into two different things. Property is land or permanent buildings that become an object of owners and buildings, and real estate island in the form of something that refers to production, sale, and purchase. So that property and real estate companies can produce a product in the form of housing, character houses (shophouses), office buildings (office building), apartments, shopping centers such as plazas, malls, trade centers, and others.
Disclosure of corporate risk management is a process influenced by management and other organizational personnel, implemented in a strategy covering the entire organization, aimed at identifying potential events that affect the organization, providing assurance that organizational goals are achieved, and demonstrating that a good company can certainly increase risk. The value of the company attracts investors to invest in it.

Implementing risk management, from identifying risks to assigning tasks and responsibilities, requires the collaboration of all parties involved. Risk management disclosure can be interpreted as risk disclosure, where the company has managed or disclosed how it will control related risks in the future. Risk management disclosure can benefit analysts, investors, and stakeholders.

Risk disclosure is a must for companies as a form of reporting to users of the company's annual report. Indonesia has also begun to get serious about risk disclosure as evidenced by the enactment of government regulations, including PSAK No. 50 (Revised 2006) concerning financial instrument disclosure and the decree of the chairman of BAPEPAM and LK Number: Kep-134 / BL / 2006 concerning the obligation to submit annual reports for entities and public companies. Risk disclosure by the company is helpful for stakeholders in decision-making when investing shares through information about the risks that occur in the company. Shareholder demand for more transparent disclosures in reports led companies to expand their areas of disclosure in annual reports.

Risk management practices are a series of steps and strategies an organization uses to identify, analyze, measure, and manage potential risks that can affect the achievement of organizational goals. A risk management disclosure policy is a guide or framework used by organizations to regulate and explain how information related to risk management will be disclosed to interested parties, such as shareholders, investors, regulators, and the general public.

The following is data from Property and Real Estate sub-sector companies for the 2019-2022 period with the results of the calculation of risk management disclosure using the formula (PMR), which is as follows:

Property and Real Estate Company Risk Management Disclosure Data

Property and Real Estate Subsector Companies for the 2019-2022 period
Risk management can be expressed in the financial statements by using (PMR). If the item is disclosed, it will be given a score of 1, and if not disclosed, then the item is given a score of 0. Then the table above shows that the average risk management data in the Property and Real Estate sub-company is 0.40 or 40%, which means that the most disclosed disclosure value is in Agung Podomoro Tbk, PT (APLN). The risk management disclosure calculation results that show the results from 2019-2022 are in the company Pakuwon Jati Tbk, PT (PWON), with the amount disclosed at 0.22 or 22%. This shows that the company carries out risk management, which needs to be disclosed in the annual financial statements. This shows that the company shows that risk management practices are disclosed to the company, so the company is reported. So from the table above for the 2019-2022 period, all companies that are the research sample lack risk management disclosure in companies by not implementing risk management properly; this can be seen from the disclosure calculation, which shows positive results.

Property and real estate sub-sector companies are among the sectors listed on the Indonesia Stock Exchange. This sector was the most impacted during the Covid-19 pandemic. Based on data from the Central Statistics Agency, it was reported that the Global Property Guide reported that residential property sales rose 15.2% in the second quarter of 2022 from a year earlier, in stark contrast to the 10.1% y-o-y decline in the first quarter. The report also showed that property
demand is rising, with the residential property sector recording a 3.7% increase in house prices compared to the last quarter of 2022; Indonesia's residential property market remains sluggish, with the composite-16 property price index only rising 1.53% during the year to Q2-III 2022, when adjusted for inflation, according to Bank Indonesia. However, towards 2023, Indonesia's economic growth experienced a recovery period after contracting in 2020 at -2.07%.

Therefore, the property sector in Indonesia is expected to continue to grow until 2023, driven by strong economic growth and increasing demand for property. Investors need to monitor the situation closely to make informed investment decisions. This can be seen from how vital the role of property and real estate sub-sector companies as infrastructure, which is a means to help and facilitate the services needed in business activities or businesses carried out by individuals or companies engaged in property ownership that can be used as an asset, both in the form of land, buildings and all facilities and infrastructure contained therein. The availability of adequate and effective infrastructure and facilities, as well as the growth of the industry of provision, procurement, and maturation of land for the needs of industrial businesses, including the tourism industry. Efficient and highly competitive in every property and real estate sector, which determines the speed of Indonesia's economic growth in order to overcome increasingly fierce global competition. This is the reason researchers conduct research in property and real estate sub-sector companies as research objects.

Profitability is a ratio that evaluates the profitability of a company. High profitability indicates that the company has good prospects, and investors will respond positively and invest in the company. If the level of profitability is high, the company's stock price will rise, so the company will always try to improve the company's performance. (Saskara & Budiasih, 2018). Profitability can be interpreted as the company's ability to generate profits. The higher the level of profitability of a company, the better the company's financial performance. Companies with a high level of profitability tend to make more extensive risk management disclosures than companies that experience a decrease in profitability; companies with a high level of profitability will provide more information. This is because high profitability indicates how the company can manage risk well. This provides information and, at the same time, good signals to investors (Widya Puspitaningrum, 2020).

Leverage can be used to determine how dependent a company is on creditors in financing company activities. Companies with a high level of leverage rely heavily on creditors for their working capital. Companies use long-term debt to increase shareholder profits by making profits more significant than the cost of assets and funding sources. Leverage also increases profit risk.
Long-term debt will reduce shareholder profits if a company's profits exceed its fixed costs. (Rukmana Sari et al., 2021). Leverage provides funds to an investment company. The company's investment will incur the risk of loss; this will happen because the company has difficulty paying its debts to the party who lent the debt. So, when providing a loan, creditors see the risk of the investment in advance. Higher debt in a company will always be followed by the breadth of disclosure of the risks it bears (Rukmana Sari et al., 2021).

Liquidity is a ratio that measures a company's ability to meet its short-term obligations smoothly and on time. A company's liquidity is measured by its ability to meet short-term maturities. The current ratio is one of the financial ratios often used to measure a company's ability to meet its short-term obligations. A higher ratio indicates a higher level of liquidity. (Siska Priyandani Yudowati & Daru Ramdhani, 2023). The higher the level of liquidity, the higher and encourage disclosure of company risk. This is because a high level of liquidity will indicate good news for investors because of the company's strong financial condition in paying its short-term debt (Widya Puspitaningrum, 2020).

The results of research conducted by (Siska et al. and Daru Ramdhani, 2023) show that liquidity does not influence risk management disclosure. However, According to (Widya Puspitaningrum, 2020) and (Adi et al., 2017), the results of research show liquidity has a positive effect on risk management disclosure. Furthermore, research conducted by (Rukmana Sari et al., 2021), (Aulia & Hardiyanti, n.d.), (Widya Puspitaningrum, 2020) and (Sarwono et al., 2018) profitability do not affect risk management disclosure, but the results of research According to (Adi et al., 2017), (Utami, 2018) and (Saskara &; Budiasih, 2018), profitability has a positive effect on risk management disclosure.

Finally, there are studies conducted by (Widya Puspitaningrum, 2020), (Sarwono et al., 2018), (Saskara & Budiasih, 2018), and (Muhammad et al., 2019) Leverage has a positive effect on risk management disclosure (Rukmana Sari et al., 2021), and (Aulia &; Hardiyanti, n.d.) leverage does not affect risk management disclosure. The weakening risk management and public trust pressures management to increase its responsibility. Risk management disclosure is one solution to help restore public trust and guide management actions to minimize the occurrence of financial reporting fraud. Therefore, the research topic of risk management disclosure deserves further study. The reason for choosing a property and real estate company in Indonesia is rapid development, for example, in buildings, road construction, offices, and other areas. This creates an opportunity for investors to invest their funds in property and real estate.
companies. The difference between this research and previous research is that different sub-sectors or empirical studies and years of research get the latest data.

LITERATURE

According to (Agustia & and Eilly, 2018), leverage is a ratio used to assess how much of a company's assets are financed using debt. Companies with more assets financed by debt tend to take action to increase the amount of profit earned due to high-interest expenses. According to (Siska et al. and Daru Ramdhani, 2023), the liquidity ratio is a ratio that reflects the ability of a company to meet short-term debts or obligations. Companies with sufficient liquidity can reduce the risk of bankruptcy because they have sufficient cash reserves to meet their obligations.

Based on agency theory, it is explained that there is an agency problem between management (agent) and company owners (principal) because each of these parties increases its usefulness. Agency theory explains the relationship between Profitability and risk management disclosure management, where management (agent) performs risk management to get bonuses. The company has a good image of shareholders as company owners (principal) to continue to invest in the company so that it becomes a source of funding for the company; this is precisely prioritizing personal affairs because manipulation of financial statements will, As a result of investors who are harmed as principals, this has an impact on the lack of quality of financial statements so that they are not trusted for decision making.

Profitability is a ratio used to measure the company's ability to generate profits derived from company operations. Profit is often associated with the performance of a company. If the company's profit is high, it is concluded that the performance of the company is good. However, if the profit is low, then the company's performance will be considered harmful or less than optimal. Investors will be more interested in companies with high Profitability because if the management can achieve the target, they will get appreciation from the company owner. This appreciation will generally be in the form of bonuses in return for the performance of management. Usually, a bonus is one of the motivations of management in risk management. Research results According to (Adi et al., 2017), (Utami, 2018), (Saskara & Budiasih, 2018), and (Widya Puspitaningrum, 2020), Profitability has a positive effect on risk management disclosure.

H1: Profitability Affects Risk Management Disclosure

The Effect of Leverage on Risk Management Disclosure

Agency theory explains the relationship between management (agent) and company owners (principal) where management (agent) must constantly improve company performance,
the company’s ability, and the value of a company to generate profits, one of which is by showing higher assets with lower debt in order always to attract investors to invest in the company. Companies with a high amount of leverage due to the amount of debt compared to assets owned, then this company will carry out risk management disclosure actions because the need for information about the company’s ability to pay its obligations will be higher, which is likely to go bankrupt. One way to reduce agency costs and conflicts of interest is to present information disclosure through the company’s website.

Leverage is the ratio between the amount of debt and the amount of assets. The higher the leverage ratio, the higher the value of the company’s debt. Leverage as an effort to increase company profits can be a benchmark in seeing manager behavior in terms of risk management. Companies that have a high leverage ratio means that the company make large long-term loans that can increase bankruptcy, so the company will tend to do risk management by manipulating financial statements to avoid debt agreement violations and tend to regulate reported profits by increasing and decreasing profits; this happens when the company is at a high level of leverage, His goal is to cover losses. Results of Research conducted by (Widya et al., 2020), (Sarwono et al., 2018), (Saskara and Budiasih, 2018), and (Muhammad et al., 2019) Leverage has a positive effect on risk management disclosure.

**H2: Leverage Affects Risk Management Disclosure**

*The Effect of Liquidity on Risk Management Disclosure*

A liquidity ratio measures a firm’s short-term ability to pay overdue liabilities and meet unexpected cash needs. The higher the company’s liquidity, the higher its ability to pay off its short-term debt. The explanation related to the theory of agency on liquidity is that managers (agents) will try to maximize a company’s liquidity, which means that the company can pay its debts. So, it is unlikely that the company will default.

Liquidity can be used to see the company’s financial condition in fulfilling its short-term obligations, as seen from the comparison between current assets and current debt. Managers will disclose more information if liquidity is high to distinguish their skills in managing liquidity compared to other managers in companies with lower liquidity levels (Widya et al., 2020). In agency theory, agents or principals can be called economic people who have rationality and are motivated to meet their personal needs. This situation will trigger a conflict of interest between the agent and the principal. According to (Widya Puspitaningrum, 2020) and (Adi et al., 2017), liquidity positively affects risk management disclosure.
H3: Liquidity Affects Risk Management Disclosure

METHOD

This research is a type of basic research. The data used are secondary data with data collection techniques in this study using documentation and library techniques. The research method used is quantitative, using statistical tools like SPSS version 26. Data analysis techniques used in this study are (1) descriptive statistical analysis, (2) classical assumption test consisting of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test, (3) classical assumption test including normality test, multicollinearity test, and heteroscedasticity test, (4) multiple linear regression analysis, (5) t-test, and (6) determination coefficient test.

DISCUSSION

Descriptive Statistical Analysis

<table>
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<th>Measurement</th>
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<tr>
<td>(PMR= Risk Management Leverage) OJK Regulation (Bapepam-LK No.XK 6) (6 Risk Aspects, 32 Risk Management Items)</td>
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<td>(ROA=Return On Set)</td>
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<td>(Currant Rasio = CR)</td>
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</table>
1. The Profitability variable has a minimum value of -1.84 and a maximum value of 20.12. While the mean or average value is 5.2139 with a standard deviation of 5.23799, then the average value or mean is smaller than the standard deviation of 5.2139 > 5.23799, this means that the data is heterogeneous because the distribution of data varies which means that the average profitability has a high deviation.

2. The Leverage variable has a minimum value of 1.43 and a maximum value of 180.95. While the mean is 62.5060 with a standard deviation value of 54.92882, then the mean value or average value is greater than the standard deviation, which is 62.5060 < 54.92882, this means that the data is homogeneous because the distribution of data does not vary which can be interpreted as the average value of Leverage has a low deviation.

3. The Liquidity variable has a minimum value of 14.22 and a maximum value of 494.69. While the mean value or average value is 251.3358 with a standard deviation value of 108.61098, then the mean value is smaller than the standard deviation, which is 251.3358 > 108.61098, it can be interpreted that it means that the data is heterogeneous because the distribution of data varies, which means that the average liquidity has a high deviation.

4. The risk management disclosure variable has a minimum value of 21.74 and a maximum value of 40.00. While the mean value or average value is 32.9222 with a standard deviation value of 6.97430, then the mean value is greater than the standard deviation of 32.9222 < 6.97430, it can be interpreted that it means that the data is heterogeneous because the distribution of data varies, which means that the average risk management disclosure has low deviations.
The Effect of Profitability on Risk Management Disclosure

Based on the table of hypothesis test results above, the profitability variable does not affect Risk Management Disclosure. Thus, H1 is rejected because the p-value is 0.391 >0.05. In this study, profitability variables do not affect risk management disclosure. Based on profitability research data using return on assets (ROA), the profitability level in property and real estate companies for the 2019-2022 period shows a decline. Profitability is essential information for external parties with high profitability, making investors interested in investing in the company. Management is also considered successful in achieving targets and getting appreciation from the results of their performance in the form of bonuses. Agency theory explains the relationship between profitability and risk management, where management (agent) performs risk management to obtain information, and the company has a good image of shareholders as the owner of the company (principal) to continue to invest in the company so that it becomes a source of funding for the company.

Management is motivated to carry out risk management actions with the information provided by the company. With that, management will maintain its profits to look good in the eyes of investors. Because the higher the profitability, the better the company's performance will be, this shows that profitability affects the existence of risk management practices. The results of this study are consistent with research conducted by (Rukmana Sari et al., 2021), (Aulia & Hardiyanti, n.d.), (Widya Puspitaningrum, 2020), and (Sarwono et al., 2018), which state that profitability does not affect risk management disclosure. However, this research needs to be more consistent with research conducted by (Adi et al., 2017) (Utami, 2018) and (Budiasih, 2018), which state that profitability has a positive effect on risk management disclosure.

When viewed from the calculation of table 4.2, the majority of companies experience an increase in profitability, but profitability does not affect risk management disclosure. The increase in profitability is influenced by several factors, such as the size of the company, where every change in assets affects the level of profitability of the company. The level of liquidity of the company also affects changes in profitability. Although profitability increased, it did not affect the company's disclosure of market risk, credit, liquidity, interest rates, and exchange rates. The results of this study state that the profitability level does not affect the disclosure of risk management. This is different from the hypothesis formulated by researchers who assume that the higher the profitability of a company, the greater the risk processing carried out by company management. The researchers' hypothesis is formulated that a high level of company profitability has a low level of risk management disclosure, where every increase in profitability means that
the company has succeeded in reducing the risks that will occur, meaning that reduced risk management disclosure indicates that the company experiences no risk.

**The Effect of Leverage on Risk Management Disclosure**

Based on the hypothesis test results above, variable leverage affects Risk Management Disclosure. Thus, H2 is accepted because the p-value is 0.077 < 0.05. In this study, the variable leverage affects risk management disclosure. Based on leverage research data using the debt-to-equity ratio (DER), the level of leverage in property and real estate companies for the 2019-2022 period mostly shows an increase. Companies with a high level of leverage show that debt is more significant than company assets. Investors will prefer companies with a low level of leverage. Companies with a high level of leverage cannot be used as a reason for-profit management. Companies must consider considerable risks to meet their corporate debt obligations because they cannot avoid obligations to complete debt payments that must be met.

This research aligns with research (Rukmana Sari et al., 2021) and (Aulia & Hardiyanti, n.d.), which state that leverage does not affect risk management disclosure. However, contrary to research from (Widya Pusptaningrum, 2020), (Sarwono et al., 2018), (Saskara & Budiasih, 2018), and (Muhammad et al., 2019) state that leverage has a positive effect on risk management disclosure. When viewed from the calculation of Table 4.3, most companies experience an increase in leverage, but changes in the value of leverage affect risk management disclosure. The decrease influenced the increase in leverage in the value of long-term and Short-term liability and an increase in the company’s total equity level.

The results of this study state that the size of the leverage value affects the risk management disclosure. This is not in line with the hypothesis formulated by researchers who assume that the higher the leverage in a company, the higher the level of risk disclosure made by the company. Most companies studied experienced a decreased leverage, thus not encouraging employers to increase risk management disclosures. A decrease in leverage indicates that the company has a good equity ratio. However, the level of leverage can be a benchmark for risk management disclosure. However, the level of leverage is one of the guidelines for investors in investing, and the same as the level of risk management disclosure, leverage and risk management disclosure are two things that affect each other because regardless of changes in the level of leverage, Risk management disclosures must be reported truthfully and transparently.
The Effect of Liquidity on Risk Management Disclosure

Based on the results of the hypothesis test above, the Liquidity variable has a significant effect on Risk Management Disclosure. Thus, H3 is accepted because the p-value is 0.039 < 0.05. Based on the data processing results, the liquidity ratio affects risk management disclosure. This is because if the liquidity ratio is too high, the company has been able to meet its short-term obligations without doing risk management. The results of this study are consistent with research conducted by (Siska et al. and Daru Ramdhani, 2023), which state that liquidity does not affect risk management disclosure. However, this research needs to be more consistent with research conducted by (Widya Puspitaningrum, 2020) and (Adi et al., 2017), which state that liquidity positively affects risk management disclosure.

The results of this study state that liquidity has a significant effect on risk management disclosure. This is because the higher the liquidation of the company, the more companies that pay short-term debt. This statement is in line with the agency's theory where external parties need information disclosure of company risk management is a report that must be issued in the common interest; every company that has a short-term debt of a company must want to pay off its company's debt both in the financial statements and want a small risk of investment invested. Therefore, risk management disclosure is very much considered by the holder company.

CONCLUSION

This study aims to determine the effect of independent variables, profitability, leverage, and liquidity, on the dependent variable, namely risk management disclosure in property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period. This study used sampling with specific criteria (purposive sampling). The companies that met the criteria and became samples in this study were as many as nine property and real estate sub-sector companies. By using four years of research, namely from 2019-2022, the total samples in this study were 36. Based on the hypothesis test results with a partial test, conclusions can be drawn as follows: (1) Profitability has no effect on risk management disclosure. (2) Leverage affects risk management disclosure. (3) Liquidity affects risk management disclosure.

BIBLIOGRAPHY


