The Determinants of Company Financial Performance: Evidence from Indonesian stock exchange on Mining Sector

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Abstract

Mining companies have a corporate image that is not compatible with environmental preservation. However, on the other hand the corporate social responsibility program must be carried out to account for the company's activities against environmental damage that occurs. This phenomenon is an interesting thing to study, with the motivation to illustrate that mining companies also have a social responsibility to protect their environment from damage caused by company activities. Enterprise risk management is also an important component to provide the company with a strategy for dealing with risk. The participants in this study were taken from all shares of mining companies listed on IDX in 2018-2021. The data analysis technique used was the panel data regression test with Eviews. The results showed that Corporate Social Responsibility has a significant positive effect on the company's financial performance as measured by ROE and OPM proxies. Enterprise Risk Management has a significant positive effect on the company's financial performance as measured by ROE and ROI proxies.

Keyword: Financial performance; CSR disclosure; ERM disclosure

INTRODUCTION

One measure of a company's success that can be used as a benchmark for assessing a company is financial performance. Financial performance is an output resulting from a company's ability to obtain financial benefits so that it becomes a measure of the potential development that can be achieved by a company (Faisal, 2017). Measuring the business' financial execution can be done by measuring the monetary ratios in the company's financial statements. These financial ratios result from an analysis of the company's financial balance sheet, especially concerning the calculation of company profits and losses, as a reflection of the company's financial trajectory during a specific time period of time (Aisyiah et al., 2018). In addition, the presence of financial ratio analysis is useful for providing signals or information to outsiders about the company's financial health position. This can be one of the considerations for investors to invest in companies, on the other hand, company management can use this financial information as a form of evaluating

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management performance so that efforts to improve performance can be carried out optimally (Lorensa, 2019).

The phenomenon of financial performance occurs at PT. Timah (TINS), the financial statements of the TINS company actually show the losses experienced by the company, this is different from the company's financial condition in the same period for the previous year where the previous period the company was able to generate financial profits of up to IDR 205.29 billion (www.cnnindonesia.com) . Similar to the financial performance produced by the company PT Aneka Tambang Tbk, with another name is Antam, that the net profit after tax generated for the first half of 2020 showed a decrease of up to 80.18 percent compared to the net profit obtained in 2019 for the same period (www.cnnindonesia.com). Based on this phenomenon, it can be seen that the financial performance of PT. TINS and PT. ANTAM is getting weaker.

Financial performance is often associated with company value where the reported financial performance will be a benchmark for assessing company value, stable company financial performance means that it does not show significant fluctuations, meaning that the company has good work ability, so this is indicated to increase company value. Jensen (2001) explains that the company's financial performance is also an indication of the performance of management, to produce satisfactory financial performance, company management is required to produce policies and decisions that embrace all the interests of stakeholders so that their interests can be realized (www.cnnindonesia.com).

Changes in the current industrial era which prioritizes the use of digital technology and information cause challenges and risks that must be faced by companies, this is done so that companies can survive amidst the intense business competition that occurs (Puspitasari, 2017). Facing the existing challenges and risks, the company is expected to be able to implement a risk management system, known as enterprise risk management (ERM) as a preventive step to overcome the risks it faces. According to the Committee of Sponsoring Organization (COSO), ERM itself is actions that can be taken by companies as an effort to deal with risks due to changing times and developing technological eras, so companies will have a strategy prepared so that companies can maintain their sustainability in this era of globalization (COSO, 2017).

The development of companies in the business world cannot be separated from the existing competitive atmosphere, basically healthy competition will have a positive impact on the company. The company seeks to achieve a competitive advantage so that the company can be encouraged to have systems and strategies that are relevant to existing developments. However, in practice, of course, there are risks that must be faced and solved by company management, with existing risks, companies must be more vigilant and prepare for better performance so that companies can maintain their existence (Ping and Muthuveloo, 2015).

Implementing risk management or ERM in a company will provide an opportunity for management to identify what risks exist and what efforts must be made to deal with these risks. Enterprise Risk Management (ERM) is a structured and continuous process designed in such a way by the company, especially by the company's management, to ensure that the company is ready to face financial risks that may be faced either now or in the future. Risk management is important for an

organization or company as an effort to anticipate losses that may be experienced due to existing risks, so that the company can have a more mature and more focused work plan (Hery, 2015).

Enterprise Risk Management (ERM) functions as a tool to minimize risk, one of which is the risk of fraud within the company. However, fraud is one of the financial risks that will be faced by companies, therefore risk mitigation is important to minimize the possibility of fraud occurring in the company's financial management. In addition, for financial managers, risk management can be used as an assessment tool for the quality of policies issued by management or company managers and their conformity with the interests of existing stakeholders (Puspitasari, 2017).

It is important for companies to disclose risk management (ERM), as an expression of management that management performance to anticipate risk is real and can actually function as part of responsible company management. Research conducted by Florio & Leoni (2017) shows that corporate risk management or ERM can improve a company's financial performance. In line with the research conducted by Malik et al., (2020) on companies listed on the UK capital market, it is found that risk management carried out by companies can make the company's financial performance experience a significant increase. Furthermore, these results are also in line with the research expressed by Songling (2018), Sax (2015), Kashif (2019). Different research results were revealed and stated by Adi (2020), González (2020) Ali (2019) and Senol (2017) that the opposite of the previous results where risk management (ERM) cannot significantly affect the company's financial performance.

Arrangements for a company's risk management or ERM policy are submitted by regulatory agencies in Indonesia, where it is emphasized that disclosing how a company carries out risk management is an obligation that must be carried out by the company and set forth in the annual report. PSAK No. 60 (Revised 2010) and Decree of the Chairman of Bapepam LK Number: Kep-431/BL/2012 are regulations issued relating to the submission of the company's obligation to submit detailed explanations to prospective investors by the company through an annual report with the aim that there is continuity of the business that has been and will be carried out by the company in the face of risk. The lack of detailed explanation of risk management carried out by the company has an impact on investor confidence in the company, so the company always provides accurate information on the risks that exist in the company's development process in the future (Puspitasari, 2017).

Apart from ERM, Corporate Social Responsibility (CSR) is another important factor which is indicated to have an impact on the company's financial performance. There is a tendency where investors are currently concerned about environmental issues, so companies that implement CSR will be more attractive to investors. Eipstein and Freedman (1994) explain that investors have several unique characteristics, one of which is their interest in CSR reports disclosed in financial reports or annual reports, companies that make CSR disclosures are considered to have the ability to be responsible for their surroundings. CSR shows that companies are not only based on mere profit-making efforts, but also take into account the impacts that they can produce on the social environment and the

physical environment around the company. CSR must be carried out continuously or sustainably within the company to provide a protective impact on environmental degradation that occurs (Wahyuni, 2015).

There are various problems faced by the company, related to social issues, the company must synergize its interests with the interests of the community and the surrounding environment. The company's ability and concern for the environment will be one of the aspects highlighted in the company, this causes the company to have its own attractiveness for the community and investors. Companies that seek profit from their activities as part of improving financial performance have another side that is concerned with preserving the social environment, so that this in itself is considered to be profitable for the company, especially in improving the company's financial performance (Pamudji, 2013).

Disclosure of Corporate social responsibility (CSR) is a form of corporate responsibility in an effort to provide protection or repair against damage that may be caused by company activities on the surrounding environment. Higher disclosure of CSR causes companies to receive a positive image from society, because companies are considered to have social responsibility towards their environment, conditions cause companies to always have a positive image and the impact is a domino effect where consumers or investors will be attracted and their loyalty can be increased. (Priantinah, 2012).

Based on the Global Reporting Initiative, sustainability reports (SR) provide assistance to companies in terms of developing and establishing strategies and objectives for managing the company, the aim is to produce better company operations or activities. Various companies in Indonesia make sustainability reports as reports that help companies provide information to stakeholders related to company performance. Investors who invest certainly boost the company's value on the stock market, resulting in more shares being issued by the company (Mariani, 2018).

Corporate Social Responsibility (CSR) implementation can enhance a company's financial performance, Maryanti (2017) states that CSR has a large and favorable impact on the business's financial succes, CSR disclosure encourages investment will, the higher the investment, the greater the opportunity to enhance the financial performance of the business. the higher, this also affects the company's image for the better. This is in line with research by Suciwati (2016), Rahmawati (2016), Sari (2016), Replaceno (2016), Evans (2017) This asserts that CSR has a profoundly beneficial impact on financial performance. In contrast to the results of research by Sari (2016) and Parengkuan (2017) shows that CSR disclosure has a significant negative effect on financial performance. Many factors affect financial performance besides CSR disclosure and ERM disclosure including leverage and company size (Naomi, 2015).

Leverage shows that the company has a good ability to fulfill its immediate obligations, meaning that the a business is able to pay short-term debt. This explains that the company has a stable cash flow, because the leverage ratio reveals how the company uses cash or assets to meet its obligations. In addition, the business's size which is reflected in the size is a factor which is also indicated to be one that influences the business's financial results. The extent of a large company shows that the total assets owned are also large, so that the opportunity

for increased financial performance is also one of the things that is expected (Panggabean, 2018).

LITERATURE REVIEW

Effect of Corporate Social Responsibility on the Financial Performance of the Company

Alburquerque (2018), Frederiksen (2018), Sol (2020), Hao (2020), Naseem (2019) and Maryanti (2017) state that CSR has a positive effect on the business's financial results, meaning that the business's financial results will increase if the company discloses CSR is continuous because the trust of society and investors grows in the company. This is evident from the results of research from Suciwati's research (2018) showing that CSR disclosure has a favorable and substantial impact on financial success which is proxied by the ratio of ROA and ROE, because when corporate social responsibility disclosure will increases, when disclosure of Corporate Social Responsibility improves, the rate of return on assets will rise, and vice versa, when disclosure declines, the rate of return on assets will also decline. According to Rahmawati's research from 2017, Corporate Social Responsibility (CSR), as measured by Return on Assets (ROA), has a large simultaneous impact on financial success. This result demonstrates that greater corporate social responsibility disclosure is associated with improved business performance. Evans' research (2017) explains how CSR disclosure can positively influence financial performance, financial performance is a goal that companies want to improve, efforts to improve financial performance can be done in various ways, one of which is convincing the public that companies have a moral responsibility to the social environment of society, so that the image and value of the company can be increased.

H1: Corporate Social Responsibility Impacts the Financial Performance of the Company.

Effect of Enterprise Risk Management on the Company's Financial Performance

Based upon stewardship theory, the LPD manager as a steward is Enterprise risk management is based on agency theory, this risk management is an attempt by company management to map risks based on the interests of stakeholders with a view to improving financial data for the business performance. Mapping risks is very important for companies to provide companies with an overview and strategies for carrying out activities that can improve financial performance based on failures that may be encountered. This is evident from the research results from the research of Farrell & Gallagher (2015) showing that ERM has a substantial impact on the value of company, where companies that have effectively incorporated ERM principles into tactical actions and everyday routines demonstrate expertise in communicating dependencies and risk correlations across the organization to boost corporate value. Mohammed's research (2016) discovered that in businesses with higher levels of intellectual capital investment, total risk management and corporate financial success are positively correlated. Zou & Hassan's research (2017) demonstrates that ERM significantly improves financial performance.

Florio's research (2017) shows that companies with advanced higher performance is demonstrated by ERM implementation in terms of both financial performance and market evaluation. Berry & Xu's research (2018) these findings demonstrate that ERM considerably lowers the company's cost of capital, demonstrating that one way in which ERM can provide value to a company is by lowering the cost of capital. Farhan's research (2019) discovered that ERM effectiveness has a significant and favorable impact on business performance. Shad's research (2019) claims that the four ERM framework components—a supportive corporate environment, goal setting, control, and monitoring activities—were discovered to be favorable and substantial determinants of the firm's financial performance.

H2: Enterprise risk management affects the company's financial performance.

METHOD

This study examines Corporate Social Responsibility along with enterprise risk management (ERM) disclosures the financial performance of the company as measured by ROE, ROI, ROCE, OPM with control variables company size and leverage. The research was conducted on all shares of mining companies listed on IDX in 2018-2021.

Corporate Social Responsibility (X1), disclosed as an effort of responsibility and empathy from the company towards the environmental conditions around the company, by carrying out maintenance and activities related to its social responsibility. The measurement of the Corporate Social Responsibility variable from www.globalreporting.org is:

$$CSRI = \sum (\sum Xij)/Nj$$

Enterprise Risk Management (X2), is an information activity carried out by the company about the risks faced by the company and the company's management so that it can become the preparation of the right strategy to deal with these risks. Measurement of the Enterprise Risk Management ratio according to (COSO, 2017) is:

$$ERMDI = (\sum ij \; Ditem)/(\sum ij \; ADitem)$$

Company Financial Performance (Y), defined Financial performance in this study is measured using financial ratios, where the financial ratios used are profitability. Profitability financial ratios can assist management in evaluating the company's financial and operational policies and determining the right business strategy to increase company profitability. Profitability ratios consist of: Income from Equity (ROE), Profit from Investment (ROI), Capital Employed Return (ROCE) and Margin of Operating Profit (OPM) (Makatita, 2016).

Return on Equity (ROE), is defined being the ratio for measuring net income after taxes with own capital in the form of equity. ROE measures how effectively a company uses invested funds to generate net profit. The Return on Equity (ROE) ratio formula according to (Kasmir, 2019) is as follows:

$$Return \; on \; Equity = (Earning \; After \; Tax)/Equity \; x \; 100\%$$

ROI, or return on investment, is a gauge of the effectiveness of the investment made by the company, meaning how much profit the company gets as a result of the investment made by the company within a certain period of time. The Return on Equity (ROE) ratio formula according to (Kasmir, 2019) is as follows:

Return on Investment = (Earning After Tax)/Sales x 100%

Capital Employed Return (ROCE) is a measure of how well a business uses capital to produce income. The Return on Capital Employed (ROCE) ratio formula according to (Kasmir, 2018). are as follows:

Return On Capital Employed = (Total Aset)/(Current Liabilities) x 100%

Operating Profit Margin (OPM), is the profit that the company gets as a result of the sales operations carried out. This OPM is the profit that the company receives when the company sells the products they have, whether in the form of services or goods so as to generate profits that the company can use. The operating profit margin (OPM) ratio formula according to (Kasmir, 2018). are as follows:

Margin of Operating Profit = (Laba Operasi)/(Penjualan) x 100%

Firm size as one of the control variables has a favorable rapport with ERM and the business's financial results. Companies that have high total assets indicate that the company's size is also large, causing the bussinesse to be able to carry out higher operating activities. The natural log of total assets is used to calculate the size of the business, (Budiasih, 2016).

SIZE = Log N (Total Asset)

Leverage is a capability possessed by a company as a form of short-term accountability, meaning that The business is able to produce profits in its assets to pay off debts owned by the company due to the company's increased activity. This ratio allows the business to have rotating assets to help the company generate short-term profits for the benefit of paying its debts (Kasmir, 2017).

DER = (Total Debt)/(Total Asset) x 100%

This study uses all shares of mining businesses indexed on IDX from 2018 to 2021. Purposive sampling, a type of sampling that is used in this study, is a sample determination using several considerations, then sample participants will be chosen in a manner that allows the sample to accurately reflect the characteristics of the population (Sugiyono, 2018) using the following criteria: (1) Listed mining businesses on the IDX that issue and publish complete annual financial reports (annual reports) for the period 2018-2021. (2) Companies disclose information on responsibility that company take's on environment (CSR) and ability to manage the risk of financial work (ERM) in their annual reports for the 2018-2021 period.

Data analysis was carried out using multiple linear regression with the aim of finding the influence that occurs between the independent variables of this

study consisting of Corporate Social Responsibility (X1) and ability to manage the risk of financial work (ERM) (X2) disclosures on financial performance of the company (Y) as measured by ROE, ROI, ROCE, OPM with control variables firm size and leverage. Given that this test uses panel data, it was conducted with the aid of the Eviews 10 application.

RESULTS AND DISCUSSION

The Chow test, Hausman test, and Langrange multiplier test findings support the fixed effect model as the most effective model for this investigation. Table 1 displays the outcomes of the model choice.

Table 1. Panel Data Test Results

		Testing	Hypotesis	Final Result
Structure (Variable ROE	1 Y1-	Chow Test	CEM vs FEM	FEM
		Hausman test	REM vs FEM	REM
		LM test	REM vs CEM	REM
Structure (Variable ROI	2 Y2-	Chow Test	CEM vs FEM	FEM
		Hausman test	REM vs FEM	FEM
Structure (Variable ROCE	3 Y3-	Chow Test	CEM vs FEM	FEM
		Hausman test	REM vs FEM	REM
		LM test	REM vs CEM	CEM
Structure (Variable OPM	4 Y4-	Chow Test	CEM vs FEM	FEM
		Hausman test	REM vs FEM	REM
		LM test	REM vs CEM	REM

Source: Research Data, 2023

The outcomes of choosing a panel data model show that the Fix Effect Model (FEM) model was selected for the ROI variable test structure (Y2), while the ability to manage the risk of financial work (REM) model for the ROE (Y1) and OPM (Y4) variable test structure, as well as the Common Effect model The model (CEM) was selected for the ROCE test structure (Y3) which is the best model to answer the research objectives of the regression model.

Descriptive statistics in research aim to describe the data obtained in research from a data point of view based on the highest and lowest values, the average value of the data, the standard deviation of the data and the amount of data observed in a research. This data also provides a clearer description of the condition of the population or sample used in the research. The characteristic data is presented to provide certainty that the data obtained is in accordance with the amount of data observed in one study period. The Table 2 provides descriptive information from this investigation.

Table 2. Descriptive Statistics of Research Variables

	CSR	ERM	SIZE	DER	ROE	ROI	ROCE	OPM
Mean	0.492	0.374	21.374	46.121	14.609	10.703	557.933	22.283
Max.	0.769	0.639	30.540	114.900	211.970	49.180	2445.140	66.650
Min.	0.286	0.204	15.550	8.800	-254.340	-62.380	146.800	-53.700

	CSR	ERM	SIZE	DER	ROE	ROI	ROCE	OPM
Std. Dev	0.121	0.091	3.900	21.904	42.263	16.417	363.459	18.389
Observ.	88	88	88	88	88	88	88	88

Source: Processed data, 2023

With the use of the eviews 10 program, the panel data regression test results were processed to produce the results shown in Table 3.

Table 3. Regression Analysis Results

Variable	ROE	ROI	ROCE	OPM
X1_CSR	0.222539 (0.0189)**	0.146866 (0.2567)	0.013701 (0.6201)	0.455054 (0.000)**
X2_ERM	0.247809 (0.0058)**	0.445929 (0.0006)**	0.004416 (0.8730)	0.084104 (0.2025)
C1_SIZE	1.381841 (0.0481)**	0.540317 (0.5230)	0.390035 (0.1940)	0.079009 (0.9482)**
C2_DER	0.345198 (0.6140)	1.242298 (0.1293)	0.562433 (0.000)**	0.044411 (0.8898)
C	2.306301 (0.0007)**	1.812639 (0.0120)**	7.017136 (0.000)**	1.163429 (0.7582)
R-squared	0.181660	0.544758	0.279409	0.373583
Adjusted R-squared	0.142221	0.361192	0.244681	0.343395
F-statistic	4.606196	2.967650	8.045792	12.37492
Prob(F-statistic)	0.002080	0.000270	0.000016	0.000000

Source: Processed Data, 2023
Keterangan:
* = 0.10
** = 0.05
*** = 0.01

Table 2 demonstrates that the F test's findings regarding the company's financial performance variable are significant, so the t test is significant on the company's financial performance variable. This means that all independent variables consisting of Corporate Social Responsibility (X1) and disclosure of ERM (X2) with the control variable firm size and leverage have an influence on the business's monetary performance. These results mean that the company's financial performance measurement model is appropriate for shares of mining companies listed on IDX in 2018-2021.

Discussion of Research Results

The analysis's findings, which are presented in Table 2, demonstrate that CSR significantly improves a company's financial performance as indicated by ROE and OPM proxy. This indicates that greater CSR will result in greater public trust, which will drive an improvement in the company's financial performance. These

findings confirm previous studies of Maryanti (2017) where this research explains that high company financial performance is in fact influenced by the implementation of CSR by the company itself, CSR disclosure causes companies to gain empathy from the surrounding environment so that companies become attractive to investors, this is also causes the company to have consumers who are loyal to the company itself. These results are also in line with research by Suciwati (2016), Rahmawati (2016), Sari (2016), Gantino (2016), Evans (2017), Alburquerque (2018), Frederiksen (2018), Sol (2020), Hao (2020), Naseem (2019) which shows that CSR affects the business's financial results. These outcomes are consistent with stakeholder theory that accounts for that stakeholders will be attracted to companies that are able to provide information to them regarding corporate responsibility to the environment and society, these stakeholders will have companies that are able to be responsible for their actions as well as the effects of their actions on the environment. Thus it can be concluded that companies that disclose CSR in their financial statements are of particular interest to corporate investors so that the company's financial performance will be significantly improved. Disclosure of CSR can also give companies a positive image, where companies are considered to have empathy for the environment so that companies can get consumers who are loyal to their products, because consumers feel that the companies they use their products will always pay attention to environmental impacts if they provide benefits for the company.

Furthermore, the analysis results in Table 2 show that the financial performance of the corporation is unaffected by corporate social responsibility as measured by ROI and ROCE proxies. These results indicate that the changes that occur in the disclosure of the company's The Return on Investment (ROI) and Return on Capital Employed (ROCE) measurements are not significantly impacted by corporate social responsibility. These results support Sari's research (2016) which states that CSR has no impact on the financial performance of the business. These results also support Parengkuan's research (2017) which found results that CSR has no significant effect on ROI. The results of CSR disclosure that have no effect on company performance are backed by the claim that CSR initiatives are a business expense that either reduces or has no impact on a company's net profit.

The analysis's findings are shown in Table 2 show that Enterprise Risk Management significantly enhances the business's financial performance as evaluated by ROE and ROI proxies. This means that the higher the ERM, the ROE and ROI of the company will increase. These results indicate that the higher and better the risk management, the more the company's financial performance will improve. This is because investors need great confidence from the company that the company has implemented good risk management (ERM). Investors will have the courage to make larger investments if the company is able to provide confidence that the level of risk from the investment activity has been properly managed. This research is in in keeping with the agency hypothesis (Jensen & Meckling, 1976) which declares one of the factors that influence a company's financial performance is the company's success in managing the risks faced by the company. With risk management, companies can avoid potential losses or reduce the impact of the risks they face. Thus, financial performance will increase with the management of these risks. These results support research conducted by Kashif

(2019) which found that The benefits of enterprise risk management are substantial for company financial performance. The longer or higher the Enterprise Risk Management, the higher the profitability of the business. These results are in line with studies by Farrell and Gallagher (2015) Farhan (2019), Zou and Hassan (2017), Florio (2017), Berry and Xu (2018) Frederiksen (2018), Sol (2020), Hao (2020), Malik (2020) Songling (2018), Sax (2015), Damayanti (2022), Mungawanah (2018), Eastman and Xu (2021), Ghazieh and Chebana (2021), Faisal, Abidin, and Haryanto (2021) who discovered a favorable link between ERM and the business's financial results.

Furthermore, the analysis results in Table 2 show that Enterprise Risk Management has no impact on the business's monetary performance as determined by ROCE and OPM proxies. These results indicate that changes in the company's Enterprise Risk Management disclosure ratio have no significant effect on Capital Employed Return (ROCE) and Margin of Operating Profit (OPM) measures. These results support the research of Ali (2019) and Adi (2020) which found results that CSR has no impact on the financial performance of the business. There is no impact of ERM on the business's financial results as measured by Capital Employed Return (ROCE) and Margin of Operating Profit (OPM). in LQ45 has a good level of risk management disclosure as well.

According to the analysis' findings in Table 2, the largest R Square value is 14.22 percent for variations in company financial performance with ROE proxies affected by variations in Corporate Social Responsibility and Enterprise Risk Management disclosures. The R Square value of 36.11 percent for variations in company financial performance with ROI proxies is influenced by variations in Corporate Social Responsibility and Enterprise Risk Management disclosures. The R Square value of 24.46 percent for variations in company financial performance with ROCE proxies is influenced by variations in Corporate Social Responsibility and Enterprise Risk Management disclosures. And the last R Square value for variations in company financial performance with OPM proxies is influenced by variations in Corporate Social Responsibility and Enterprise Risk Management disclosures of 34.33 percent.

CONCLUSION

According to metrics used to evaluate corporate social responsibility, it significantly improves the financial success of the organization by ROE and OPM proxies. This means that higher levels of corporate social responsibility result in higher levels of public trust so that it will encourage increased profitability and financial performance of the company in terms of Income from Equity (ROE) and Margin of Operating Profit (OPM). Furthermore, the studies' findings demonstrate that CSR has no impact on the business's financial performance as determined by ROI and ROCE proxies. These findings suggest that variations in mining companies' CSR disclosure ratios don't significantly affect their ability to generate returns on investment (ROI) and returns on capital employed (ROCE).

Enterprise Risk Management has a considerable favorable impact on the financial performance of the organization as measured by ROE and ROI proxies. This means that the higher the ERM, the ROE and ROI of the company will increase. Furthermore, the results of the analysis show that ERM has no impact on the

business's monetary performance as determined by ROCE and OPM proxies. These results indicate that changes in the company's Enterprise Risk Management disclosure ratio have no significant effect on ROCE and OPM measures.

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