



Enterprise Risk Management, the Balancing Act: Navigating Growth with Financial Health

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Abstract: This study aims to determine the effect of *Enterprise Risk Management* (ERM), Company Size (SIZE), *Debt to Equity Ratio* (DER) and Profitability (ROA) on Company Value at BUMN Commercial Banks on the Indonesia Stock Exchange. The data used is secondary data and the method used is multiple linear regression analysis using the SPSS 20 program to obtain a comprehensive picture of the relationship between one variable and another. The sample of this study consisted of 4 banks from 2012 - 2019 using *saturated sampling* as a sampling method. The results of this study indicate that the ERM, Company Size and Profitability variables have a significant effect on the Value sometimes with a significance level of less than 5%, while DER partially has no significant effect. The results of simultaneous regression analysis show that ERM, SIZE, DER and ROA together affect Firm Value. The coefficient of determination (Adjusted R Square) of the results of this study is 0.665, which means that the four variables are able to influence 66.50% and the rest is influenced by other proportions that are not variables in this study.

Keywords: Company Value, Enterprise Risk Management, Company Size, Debt to Equity Ratio, Profitability

INTRODUCTION

Many companies are unable to deal with economic problems, this will have an impact on the company. If the Company Value is high, it will increase prosperity for shareholders, therefore shareholders will invest their capital in the company. Firm value is a factor that investors need to know as a consideration in making an investment decision because it is able to explain the company's performance and has a close relationship with the capital market. Firm value is important because the increasing prosperity of shareholders can be seen from the high value of the company. Shareholder wealth is represented by the stock market price, which is a reflection of investment, financing and asset management decisions. The market price of the

company's shares formed between buyers and sellers at the time of the transaction is called the company's market value, because the stock market price is considered to reflect the true value of the company's assets. The value of the company reflects how the company is in the eyes of investors, the value of the company as measured by Price Book Value (PBV) is the value of the company reflected in the stock market price in relation to its book value, the higher the market price with book value, the higher the value of the company.

Enterprise risk management is a strategy used to evaluate and manage all risks within an organization. The approach to managing organizational risk is often called risk management. The high demand for ERM findings by investors and shareholders makes this ERM survey interesting to research, considering that ERM is a new issue despite many developments. A company's annual report contains not only financial components but also non-financial components. This is because financial information alone is not enough to take into account when making business decisions. Non-financial components provide additional information to *stakeholders*, including their relationship with company risk (Ruwita, 2012). PSAK No. 1 of 2010 states that the use of financial statements as a supporting tool in making important decisions that will affect the company. In addition, financial reports are considered as a means of management accountability to shareholders, creditors and the government as well as other interested parties for the resources entrusted to them. However, the many problems regarding the manipulation of financial statements make the reliability of financial statements doubtful.

LITERATURE REVIEW

Agency Theory

Agency theory is a theory that explains the relationship between company owners and company managers. Agency relationships arise when one or more people hire another person to provide a service and then delegate the agent power to make decisions on behalf of the director (Jensen and Meckling, 1976). Agency theory is a series of mechanisms that unify interests between shareholders and managers, such as internal control mechanisms by the board of commissioners, supervision of majority shareholders, and internal control. The above control system is designed to monitor company performance and is expected to explain the agency conflict that occurs (Meisaroh and Lucianda, 2011).

Signaling Theory

In signaling theory, it is stated that the information released by the company is important for parties outside the company. This theory arises because of the asymmetric information problems that occur from stakeholders and management. In signal theory, it is suggested that companies are moved to make information disclosure to outsiders (Setiawan, 2016). Signaling theory emphasizes the importance of information that describes the state of the company, where the information is the basis for making investment decisions. Capital market players will analyze the information announced by the company as good news or bad news. The company certainly hopes that the company's shares will be attracted and purchased by investors by using a disclosure strategy in the annual report in an open and transparent manner to attract investors' investment interest (Devi et al., 2016).

Risk Management

Risk is an integral part of business and inherent in the company's activities (Arifina, 2019). Risk refers to the uncertainty of future events and outcomes. Risk is defined as something that can create obstacles in achieving organizational goals (Pradana & Rikumahu, 2014). Risk Management is an approach that adopts a consistent system to manage all risks faced by the company (Prayoga & Almilia, 2013). Risk management is an integral component of good management and decision making at every level in an organization. Risk management

is concerned with making decisions that contribute to the achievement of an organization's goals. The vision, mission and goals of the organization get more support along with cultivating risk management in the organization (Ratnawati, 2012).

Risk management can be defined as a system of managing the risks faced by the organization in a comprehensive manner with the aim of improving company performance (Pradana & Rikumahu, 2014). Risks that must be assessed consist of 8 (eight) types of risks, namely credit risk, market risk, operational risk, liquidity risk, legal risk, strategic risk, compliance risk, and reputation risk (Pradana & Rikumahu, 2014). Risk management principles consist of 8 principles, namely integrated, structured, tailored to the needs of its users, inclusive, dynamic, best available information, cultural and human factors.

Company Value

Company value is the achievement of a company as an illustration of public trust after the company goes through a long process, namely from the company was founded until now (Denziana and Monica 2016). Many investors argue that Company Size can affect Company Value, because the larger the company, the easier the company is in terms of funding by both investors and creditors. A large and increasing size can reflect the level of future profits (Michell Suharli, 2006). Corporate debt policy is one of the thoughts of investors in making investment decisions. One of the ratios used is DER. This is because many investors believe that the debt policy pursued by management will have an impact on the level of return that will be generated due to the higher interest costs on management. In addition, investors assume that the higher the debt, the riskier the investment. Warren et al. (2004) argue that the lower the DER value, the better the company's ability to survive in unfavorable conditions.

Enterprise Risk Management

The objectives of Enterprise Risk Management (ERM) can be achieved if ERM can be implemented properly in a company. According to Marchetti (2012), the key success factors for ERM implementation are executive support, development of a smart culture for risk management, incorporation of risk into strategy, initial definition of *risk appetite*, thinking about building an ERM program at certain stages, focus on agreed high-level risks, using initial work as a platform for ERM development and development of initial monitoring processes. In Kristiono's research (2014) states that risk disclosure is an effort by the company to inform users of the annual report about what threatens the company, so that it can be used as a consideration factor in decision making. This ERM discovery is an illustration of the company's risk management implementation, it is hoped that more items will be disclosed so that risk management can be implemented effectively in the company.

In the research *The Relationship Between Enterprise Risk Management (ERM) and Firm Value* by Izah Mohd Tahir and Ahmad Rizal Razali (2011) suggests that ERM has a positive and insignificant effect on firm value. Iswanjuni et al (2018) state that Enterprise Risk Management has a significant positive effect on firm value. So it can be concluded that the more companies disclose enterprise risk management, the greater the value of the company.

Company Size

Company size is the total amount of assets owned by a company. Meanwhile, according to (Brugham and Houston 2001) company size is the average total net sales for the year in question up to several years. In this case sales are greater than variable costs and fixed costs, the amount of pre-tax income will be obtained. Conversely, if sales are smaller than variable costs and fixed costs, the company will experience losses. The size of the company can be reflected in the total ownership of total assets, the more assets the company has, the greater the size of the company and vice versa (Zulkarnaini, 2007). Research by Iswanjuni, Soegong

Soetedjo and Ariana Manasik (2018) shows that company size has a significant positive effect on firm value.

Company size shows experience and indicates the ability of company growth to manage risk levels (Sanjaya and Linawati, 2015). According to Murdoko and Sularto (2007), company size is expressed in total assets, sales and market capitalization. So that the greater the total assets, sales and market capitalization, the greater the size of the company. In this study, company size is measured using the normal log proxy of total assets owned by the company to maintain data normality (Hoyt and Liebenberg in Layyinatasy, 2013).

Debt to Equity Ratio

Leverage is a funding policy related to the composition chosen by the company in financing a company. The greater the leverage of the company, the higher the investment risk faced by the company. According to Brigham and Houston (2010) the debt ratio or also known as leverage is a ratio used to measure the extent to which companies use funding through debt. This ratio measures how much the company is financed through debt. Research conducted by Li et al. (2014) states that leverage has a positive effect on firm value. The same results were found by Kumairoh et al. (2016), Sudiyanto and Ellen (2010) that Leverage has a positive effect on firm value, so that the greater the use of debt, the greater the company value. Then there is a significant influence between leverage and firm value from the research of Ryzga Al'Akbar (2016). Leverage is a measure of the amount of assets financed with debt to finance assets that come from creditors, not from shareholders or investors.

According to Toto Prihadi (2012: 163) defines Debt to Equity Ratio is a ratio that is a comparison between debt and equity. The higher this ratio, the higher the risk of company bankruptcy. And according to Sutrisno (2012: 218), states that DER, namely the debt to equity ratio, is the balance between the company's debt and its own capital. The higher this ratio means that there is less equity capital compared to the debt.

Profitability

Profitability is the ability of a bank to generate profits, both those derived from operational activities and those derived from non-operational activities. According to Tri Hendro S.P and Conny Tjandra Rahardja (2014) Profitability is one of the factors considered in assessing the health of a bank in addition to capital, asset quality, management and liquidity factors. In the research of Bertinetti et al (2013) there is a significant influence between profitability and firm value. In addition, research by Muhardi (2008), Sujoko and Soebiantoro (2007) proves that there is a significant positive influence between profitability and firm value.

The relevant profitability analysis used in examining the profitability of a bank is Return on Asset (ROA). ROA is an indicator of the ability of banks to earn profits on a number of assets owned by banks (Pandia, 2012: 71). Return on assets is a profitability ratio that measures the effectiveness of the company in generating profits from the assets used. The level of ROA depends on the management of the company's assets, which reflects the efficiency of the company's operations.

METHOD

The population used in this study were BUMN Commercial Banks listed on the IDX for the period 2012 - 2019. The sample technique used in this research is saturated sampling. In this study are all BUMN Commercial Banks listed on the IDX totaling 4 Banks, namely PT. Bank Rakyat Indonesia (Persero) Tbk (BBRI), PT. Bank Negara Indonesia (Persero) Tbk (BBNI), PT. Bank Tabungan Negara (Persero) Tbk (BBTN) and PT. Bank Mandiri (Persero) Tbk. This type of research is quantitative research, so to collect data obtained in this study the authors used secondary data obtained from documentation. The secondary data sources used

were obtained through the official website of the Indonesia Stock Exchange (IDX) and the official websites of banking companies as research samples.

The data collection technique in this study was obtained and obtained by means of the documentation method and the literature study method, namely in the form of annual reports from BUMN Commercial Banks on the IDX for the period 2012-2019. Data downloaded through the site www.idx.co.id, used for the calculation of variables in this study, namely Firm Value, Enterprise Risk Management (ERM), Company Size, Debt to Equity Ratio and Profitability. The data analysis method used in this research is quantitative analysis. In quantitative research, data analysis is grouping data in variables to perform calculations as an answer to the problem formulation.

The data used is secondary data, therefore to determine the validity of the model, it is necessary to test several classical assumptions used, namely: Normality Test, Multicollinearity Test, Heteroscedasticity and Autocorrelation Test, Multiple linear regression is a development of simple linear regression, which is also a tool that can be used to predict future demand based on past data or to determine the effect of one or more independent variables on the number of dependent variables.

The multiple regression analysis equation is formulated as follows:

$$NP = \alpha + \beta_1ERM + \beta_2SIZE + \beta_3DER + \beta_4ROA + \varepsilon$$

Description:

NP = Company Value (PBV)

a = Constant

β_1 - β_4 = Coefficient

ε = Error term

F Test

The F test is carried out to test simultaneously the independent variables that affect the dependent variable. If $F_{count} > F_{table}$ or $sig < 0.05$ indicates that the regression model can be used to test the effect of the independent variable on the dependent variable. If $F_{count} > F_{table}$ or $sig > 0.05$ indicates that the model used cannot test the effect of the independent variable on the dependent variable. The confidence level in hypothesis testing is 95% or (a) 0.05.

T Test

In conducting hypothesis testing, the t-test was conducted. This test is used to see the effect of each variable individually on the independent variable to see the significant value of each estimated parameter. The testing criteria are as follows:

- a. If $t_{count} > t_{table}$, or $t_{count} < t_{table}$ then the hypothesis is accepted.
- b. If $t_{count} < t_{table}$, or $t_{count} > t_{table}$ then the hypothesis is rejected.

In addition to these criteria, to see the effect of the independent variable on the dependent variable, it can be determined by looking at the significant level with 0.05. If the significant level $< \alpha$ means the hypothesis is accepted. Conversely, if the significant level > 0.05 means the hypothesis is rejected.

Coefficient of Determination

The determination coefficient test (Adjusted R Square) essentially measures the level of accuracy of multiple linear regression, namely the percentage contribution (goodness of fit) of the independent variable to the dependent variable. In this study, Adjusted R square was used because the independent variable used was more than one. The purpose of measuring Adjusted R square is to measure how far the measurement of the model's ability to explain the variation in the dependent variable.

The coefficient of determination is between 0 (zero) and 1 (one). A small AdjR² value (zero) means that the ability of the independent variables to explain the variation in the dependent variable is very limited. Vice versa, a value (AdjR²) close to 1 (one) means that the independent variables provide almost all the information needed to predict variations in the dependent variable (Ghozali, 2006).

RESULTS AND DISCUSSION

Company Value

PBV in this study provides a diverse picture of the growth of company value each year. Based on the findings, the company with the highest PBV value is Bank Rakyat Indonesia with a value of 3.34 in 2012 and the lowest for Bank Tabungan Negara in 2014. The highest average occurred in 2012 which was 2.41 and the lowest in 2017 was 1.51.

Enterprise Risk Management

The ERM of SOE Commercial Banks, namely in 2014 and 2016, was the lowest year, while in 2012 it increased. In 2013 it decreased again, 2015 increased again. Then in 2017 and 2018 it increased. Finally in 2019 it decreased again.

Company Size

The size of the company in BUMN Commercial Banks has increased and decreased erratically but not significantly every year for each bank in BUMN Commercial Banks. The highest Company Size was Bank Rakyat Indonesia in 2019 by 14.08%. While the lowest SIZE in 2012 was 11.4% by Bank Tabungan Negara. The size of the BUMN Commercial Bank Company sampled in this study, namely from 2012 to 2013, increased slightly, then in 2014 it decreased. Furthermore, from 2015 to 2018 it has increased continuously. But in 2019 there was a decline again.

Debt to Equity Ratio

Debt to Equity Ratio at BUMN Commercial Banks which includes the highest debt used is by Bank Tabungan Negara in 2016 is 11.4. While the lowest was by Bank Negara Indonesia in 2012 amounting to 4.32. A high DER level will cause the company to ask the auditor to postpone the audit schedule, with the intention of extending the audit process, the audit results by the auditor will be delayed. The development of the DER value of BUMN Commercial Banks used in the sample in this study has increased and decreased alternately each year but not too significantly. The lowest average was in 2012 at 5.68 and the highest in 2015 at 7.56.

Profitability

The development of Profitability (ROA) of BUMN Commercial Banks in 2012 decreased, while in 2013 and 2014 ROA experienced a slight increase, then in 2015, 2016 and 2017 it decreased consecutively. Next in 2018 experienced an increase. However, in 2019 it again experienced a significant decline.

Descriptive Statistical Analysis

The results of descriptive statistical testing of the four independent variables for one dependent variable are in accordance with table 1 below:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company_Value	32	,87	3,34	1,9103	,64248

ERM	32	,61	1,00	,8569	,10846
SIZE	32	11,40	14,08	13,1556	,75427
DER	32	4,32	11,40	6,6022	1,91467
ROA	32	1,14	5,15	2,9613	1,12968
Valid N (listwise)	32				

Table 1 shows that the number of units of analysis in the study (N) in 2012 - 2019 was 32. The Company Value (PBV) of the company sample has a minimum value of 0.87 obtained from Bank Tabungan Negara (BBTN) in 2014 and a maximum value of 3.34 obtained from Bank Rakyat Indonesia (BBRI) in 2012. The average for the Company Value (PBV) variable is 1.9103 and the standard deviation is 0.64248. ERM from the company sample has a minimum value of 0.61 obtained from State Savings (BBTN) in 2014 and a maximum value of 1.00 obtained from several banks, namely Bank Negara Indonesia (BBNI), Bank Tabungan Negara (BBTN) and Bank Mandiri (BMRI) with different years. The average ERM is 0.8569 or 85.69%.

The standard deviation of 0.10846 means lower than the average value. This shows that the distribution of Enterprise Risk Management (ERM) variable data tends to be moderate, so it can be concluded that the sample companies make disclosures that are not much different or almost the same. The independent variable Company Size has a minimum value of 11.40 from Bank Tabungan Negara (BBTN) in 2012. The maximum value is 14.08 from Bank Rakyat Indonesia (BBRI) in 2019. The Company Size variable has an average of 13.1556 with a standard deviation of 0.75427. The DER variable which has a minimum value of 4.32 from Bank Negara Indonesia (BBNI) in 2012 and a maximum value of 11.40 from Bank Tabungan Negara (BBTN) in 2016. The DER variable has an average of 6.6022 with a standard deviation of 1.91467.

The Profitability variable which has a minimum value of 1.14 from Bank Tabungan Negara (BBTN) in 2015 and a maximum value of 5.15 from Bank Rakyat Indonesia (BBRI) in 2013. The Profitability variable has an average of 2.9613 with a standard deviation of 1.12968.

Normality Test

When testing normality, it is usually detected by graphical or statistical tests. Graphical analysis testing is carried out using the Histogram Graph and Probability Plot (P-Plot) method. The histogram test results can be seen in Figure 1 below:

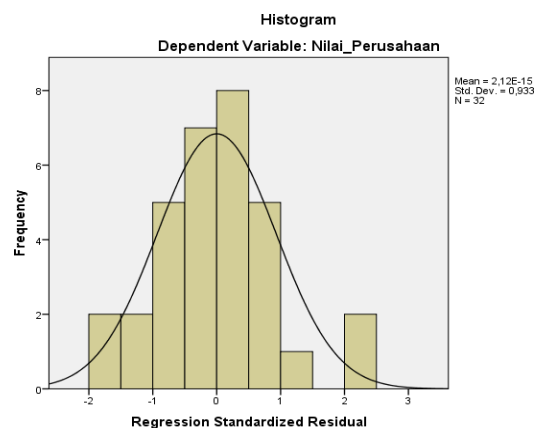


Figure 1. Histogram Graph

Source: Processed Data, 2021

Following the direction of the diagonal line, as displayed in Figure 1 as well as with the appearance of the histogram graph, it can be concluded that the histogram graph provides a distribution pattern that is close to normal. However, by only looking at the histogram, this can

give dubious results, especially for small sample sizes. A reliable method is to look at the normal probability plot as shown below:

Table 2. Kolmogorov-Smirnov (K-S) Test

		Unstandardized Residuals
N		32
Normal Parameters ^{a,b}	0E-7	0E-7
Most Extreme Differences	,34692950	,34693781
Kolmogorov-Smirnov Z	,099	,099
Asymp. Sig. (2-tailed)	,099	-,068
	-,054	,559
		,913

a. Test distribution is Normal.

b. Calculated from data.

Source: Processed Data, 2021

In Table 2, the Kolmogorov-Smirnov Z value is 0.559 with a significant level of 0.913 which means above the significant value of 0.05 ($0.913 > 0.05$), it can be concluded that the alternative hypothesis is accepted with interpretation. Residual data is normally distributed and this research data fulfills the assumption of normality.

Multicollinearity Test

According to the regression model, there is no tendency for multicollinearity symptoms is the number of VIF which is less than 10 and tolerance is more than 0.10 (Ghozali, 2011). The results of testing the regression model obtained VIF values for each of these variables can be seen in Table 3 on the following page:

Table 3. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 ERM	,861	1,162
SIZE	,539	1,855
DER	,612	1,635
ROA	,679	1,474

Dependent Variable: Firm Value

Source: Processed Data, 2021

Based on table 3 above, it can be seen that the VIF value in ERM is 1.162, SIZE is 1.855, DER is 1.635 and ROA is 1.474 which means that there is no multicollinearity. Then the tolerance value on ERM is 0.861, SIZE 0.539, DER 0.612, and ROA 0.679, which means that the four variables show a tolerance value above 0.1, which means that the data does not occur multicollinearity between independent variables.

Heteroscedasticity Test

In this study, the heteroscedasticity test was carried out using a scatter plot graph analysis between the predicted value of the dependent variable ZPRED and 107 residues of SRESID. From the scatter plot graph, it can be seen that the points spread randomly above or below the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity in the regression model (Ghozali, 2011).

The results of the heteroscedasticity test using the scatter plot are shown in Figure 2 below:

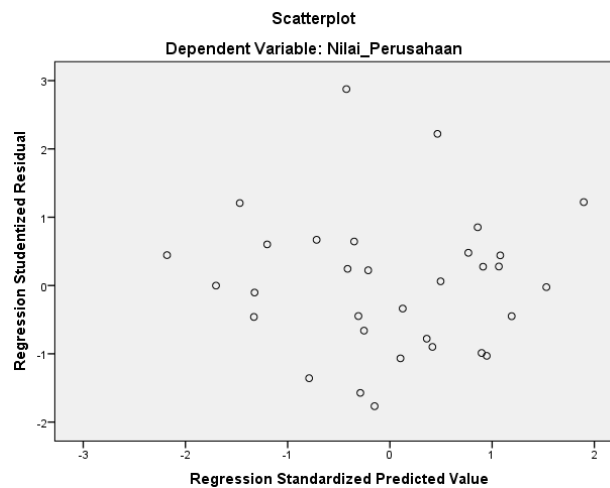


Figure 2. Heteroscedasticity Test - Scatterplot Chart
Source: Processed Data, 2021

Figure 2 Scatterplot test shows that the sample data is randomly distributed and does not represent a particular pattern. The data is scattered above or below 0 on the Y-axis. This indicates that there is no heteroskedasticity.

Autocorrelation Test

Autocorrelation is done using the Durbin Watson (DW) test. This test aims to determine whether in the model there is a knowing if there is a disturbing error in a certain period with the previous period. A regression model that is not a regression model is based on the mass of autocorrelation. More about the results of the automatic autocorrelation test can be seen in Table 4 below:

Table 4. Autocorrelation Test Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,842 ^a	,708	,665	,37174	1,442

a. Predictors: (Constant), ROA, ERM, DER, SIZE

b. Dependent Variable: Firm Value

Source: Processed Data, 2021

From table 4, the D-W value is 1.442. Based on the D-W table with a significance level of 5%, it can be determined that the upper limit value (du) is 1.7323. Thus, based on the value of $dl < d < 4-du$, it turns out that the DW value of 1.442 is higher than the upper limit (dl) of 1.1769 and smaller than 2.2677 ($4-1.7323$), it can be concluded that there is no Autocorrelation problem.

Multiple Linear Regression Analysis .

This research was conducted with multiple regression analysis. The value of each regression coefficient can be seen from table 5 below:

Table 5. Multiple Linear Regression Analysis Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-4,261	1,612		-2,643	,014
ERM	1,659	,664	,280	2,501	,019
1 SIZE	,251	,121	,295	2,084	,047
DER	,055	,045	,163	1,224	,231
ROA	,366	,072	,643	5,099	,000

a. Dependent Variable: Firm Value
Source: Processed Data, 2021

Based on table 5, the regression equation can be as follows:

$$Y = -4.261 + 1.659X_1 + 0.251X_2 + 0.055X_3 + 0.366X_4$$

Hypothesis testing uses the F test for simultaneous tests and the T test for partial tests.

F Test

The simultaneous test can be seen by conducting an F statistical test. The F statistical test is used to determine whether the independent variables together or simultaneously can affect the independent variable. The F statistical test can be seen in table 6 below:

Table 6. Simultaneous Test (F Test)

Model	Sum of Squares	f	Mean Square	F	Sig.
Regression	9,065	4	2,266	16,399	,000 ^b
1 Residuals	3,731	27	,138		
Total	12,796	31			

a) Dependent Variable: Firm Value
b) Predictors: (Constant), ROA, ERM, DER, SIZE
Source: Processed Data, 2021

From table 6, the F count value is 16.399 and the F table is 2.947. So that $16.399 > 2.947$, it is concluded that H1 is accepted and H0 is rejected. Thus, the independent variables together have a significant effect on the dependent variable.

T Test

Partial testing of the regression model is done with the t test, using a significance level (sig. t) of 95% ($\alpha = 0.05$). The basis for decision making for partial testing is if T count < T table then H0 is accepted if T count > T table then H0 is rejected. T table value at 5% significance level. Tests of each independent variable are as follows:

Table 7. Partial Test (T Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-4,261	1,612		-2,643	,014
ERM	1,659	,664	,280	2,501	,019

1	SIZE	,251	,121	,295	2,084	,047
	DER	,055	,045	,163	1,224	,231
	ROA	,366	,072	,643	5,099	,000

c) Dependent Variable: Firm Value

Source: Processed Data, 2021

Based on table 7, the t test shows that there are two variables that affect the independent variable, namely Company Size (SIZE) and Debt to Equity Ratio (DER) partially on the dependent variable, namely Company Value. This can be proven by the significance level obtained by the independent variable < 0.05 . In the Enterprise Risk Management (ERM) and Profitability (ROA) variables, the significance value is > 0.05 so that it does not have a significant effect on the dependent variable Company Value (PBV).

The Effect of ERM on Firm Value

Based on the test results above, it can be seen that the t value is 2.501. When compared with the t table value at the 5% significance level of 2.048, the calculated t value (absolute) is greater than the table ($2.501 > 2.048$). The signal value of 0.019 in the table above shows that the effect of ERM on firm value is significant, because the signal value of 0.019 is smaller than the value of $\alpha = 5\%$. Based on hypothesis testing by examining the t-count and sig values, the first hypothesis is accepted which states that ERM has a significant positive effect on firm value.

The Effect of Company Size on Company Value

Based on the test results above, it can be seen that the t value is 2.084. When compared with the t table value at a significance level of 5%, which is 2.048, the calculated t value (absolute) is greater than the t table ($2.084 > 2.048$). The sig value of 0.047 in the table above shows that the effect of Company Size (SIZE) on Firm Value is significant, because the sig value of 0.047 is smaller than the value of $\alpha = 5\%$. Based on this hypothesis test by looking at the t-count and sig values, the third hypothesis which states that Company Size (SIZE) has a Significant Positive Effect on Firm Value at BUMN Commercial Banks on the Indonesia Stock Exchange for the 2012-2019 Period, is accepted.

The Effect of Debt to Equity Ratio on Company Value

Based on the test results above, it can be seen that the t value is 1.224. When compared with the t table value at a significance level of 5%, which is 2.048, the t value is smaller than the t table ($1.224 < 2.048$). The sig value of 0.231 in the table above shows that the effect of DER on firm value is not significant, because the sig value of 0.231 is greater than the $\alpha = 5\%$ value. Based on this hypothesis testing by paying attention to the t-count value and sig value, the third hypothesis which states that DER has a positive insignificant effect on the value of BUMN commercial banks on the Indonesia Stock Exchange for the 2012-2019 period, is rejected.

The Effect of Profitability on Company Value

Based on the test results above, it can be seen that the t value is 5.099. When compared with the t table at the 5% significance level of 2.048, the t (absolute) value is greater than the table ($5.099 > 2.048$). The sig value of 0.000 in the table above shows that the effect of profitability (ROA) on firm value can be ignored, because the sig value of 0.000 is smaller than the value of $\alpha = 5\%$. Based on hypothesis testing by paying attention to the t-count value and sig value, the fourth hypothesis is accepted which states that profitability (ROA) has a significant positive effect on the solid value of BUMN commercial banks on the Indonesia Stock Exchange for the 2012-2019 period.

Coefficient of Determination (Adjusted R²)

The coefficient of determination is 0 and 1. However, the use of the coefficient of determination has the fundamental weakness of being biased towards the number of independent variables included in the model. For every single additional independent variable, the adjusted R² will increase regardless of whether the variable has a significant influence on the dependent variable. Therefore, the adjusted R² value is used in this study, because the adjusted adj R² value can increase if independent variables are added to the model (Ghozali, 2005). The following are the test results:

Table 8. Test Results of the Coefficient of Determination (Adjusted R²)

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	,842 ^a	,708	,665

a. Predictors: (Constant), ROA, ERM, DER, SIZE

b. Dependent Variable: Firm Value

Source: SPSS 20 output, 2021

From Table 8, the coefficient of determination (Adjusted R²) is 0.665, which means that the relationship between the independent variable and the dependent variable is 66.5%, and the remaining 33.50% is influenced by other variables not included in this study. The results of the F test between the independent variables ERM, SIZE, DER and ROA on the dependent variable Company Value obtained an F value of 16.399 > 2.947 which if interpreted H₀ is rejected and H₁ is accepted which means that there is a simultaneous influence between Enterprise Risk Management (ERM), Company size, Debt to Equity Ratio (DER) and profitability on Company Value at BUMN Commercial Banks on the Indonesia Stock Exchange.

Based on the statistical t test, the independent variable ERM with a significant level of 0.019 < 0.05, Company Size (SIZE) 0.047 < 0.05 and profitability 0.000 < 0.05 which means H₁ is accepted and rejected, which affects firm value in state-owned commercial banks on the Indonesia Stock Exchange. Then there is a Debt to Equity Ratio (DER) variable which is partially insignificant, namely where 0.231 > 0.05, which means that H₁ is rejected and H₀ is accepted and this variable has no effect on the value of BUMN commercial banks on the Indonesia Stock Exchange. The coefficient of determination (Adjusted R²) is 0.665 or 66.50%. This means that the relationship between the independent variable and the dependent variable Enterprise Risk Management (ERM), Company size, Debt to Equity Ratio (DER) and Profitability affects the value of the company by 66.50% while the remaining 33.50% is influenced by other factors not included in this study.

The Effect of Enterprise Risk Management (ERM) on Firm Value

The results of the research on Enterprise Risk Management (ERM) variables affect the company's value. Because this is based on the results of statistical testing which shows a variable significant number of 0.014 smaller than 0.05. Then the 1st hypothesis is accepted. Attracting investor confidence so that they are more confident can be done by conveying a lot of information from the company. Through Enterprise Risk Management information, investors can assess the company's prospects well because ERM is a positive signal because. The results of this study are in line with Handayani's (2017) research that Enterprise Risk Management has a positive influence on Firm Value. Likewise, research by Bertinetti (2013) which states that the implementation of enterprise risk management has an impact on firm value, it can be concluded that the greater the company discloses enterprise risk management, the greater the value of the company.

The Effect of Company Size (SIZE) on Company Value

The results showed that company size affects firm value with a significant level of 0.019

smaller than 0.05, which means that the 2nd hypothesis is accepted. By increasing the total property ownership, it will make the company bigger and attract the attention of creditors, so that more creditors will be interested, which will increase company profits. From this research it can be seen that a large company size can guarantee that the company value will be high too, because a large company dares to make a new investment related to expansion, before its obligations have been paid off. This research is in line with that conducted by Iswajuni et al, (2018), namely that Company Size has a positive effect on Company Value.

The Effect of Debt to Equity Ratio (DER) on Company Value

The results showed that DER has no effect on Firm Value. This is because the statistical test results show that the insignificant number is 0.231 which means greater than 0.05. So the 3rd hypothesis is rejected. The DER ratio is used to provide an overview of the capital structure owned by the company, so that it can be seen the level of risk of uncollectible debt. This research is in line with research by Chyntia et al, (2015), namely leverage has no effect, meaning that an increase in DER will reduce the company's value.

The Effect of Profitability (ROA) on Company Value

The results explain that profitability has an effect on firm value with a significant level of 0.000 smaller than 0.05, which means that the 4th hypothesis is accepted. This is because the company is stable in managing its assets. This research is the same as that conducted by Meva Monica (2014), where the results of ROA have a significant effect on firm value. This ratio is a bank profitability ratio used to measure the bank's ability to increase company value, which is determined by the strength of the company's assets against stock returns in the following year (Ardimas, 2014).

The Effect of ERM, SIZE, DER and ROA on Company Value

ERM, SIZE, DER and ROA variables have a significant effect on firm value. This can be seen from the Fcount value greater than the Ftable value ($16.399 > 2.947$) at the 5% significance level. In addition, the value of ERM, SIZE, DER and ROA is smaller than the significant value of $\alpha = 5\%$ ($0.00 < 0.05$), which means that the variables ERM, SIZE, DER and ROA have a significant effect. The coefficient of determination (Adjusted R^2) of 0.665 means that the company value is influenced by variations in ERM, SIZE, DER and ROA by 66.50%, and the remaining 33.50% is influenced by other variables not explained in this study. The constant value of -4.261 indicates that if the ERM, SIZE, DER and ROA variables are considered constant, the company value will be 4.261. So, the fifth hypothesis in this study is accepted.

CONCLUSIONS

Based on the results of simultaneous tests using the F test, the Enterprise Risk Management (ERM), Company Size (SIZE), Debt to Equity Ratio (DER) and Profitability (ROA) variables have a significant effect on Firm Value at BUMN Commercial Banks on the Indonesia Stock Exchange. Enterprise Risk Management (ERM), Company Size and profitability partially have a significant positive effect on Firm Value at BUMN Commercial Banks on the Indonesia Stock Exchange. Partially, Debt to Equity Ratio has a positive and insignificant effect on Firm Value at BUMN Commercial Banks on the Indonesia Stock Exchange. The coefficient of determination seen from the Adjusted R Square is 0.665. Thus, the magnitude of the impact based on the Enterprise Risk Management (ERM), Company Size, Debt to Equity Ratio and Profitability variables on firm value is 66.50%, while the remaining 33.50% is influenced by other factors not included in this study.

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