

## **ABSTRACT**

*This study aims to analyze the influence of Enterprise Risk Management (ERM) and Capital Adequacy on firm value in the banking sector listed on the Indonesia Stock Exchange during the 2021–2023 period. The research is motivated by a paradigm shift in how investors assess company performance—from a short-term financial focus to a more comprehensive approach that considers risk management and capital adequacy. Additionally, control variables such as firm size and leverage are included to provide a more thorough understanding of the determinants of firm value. The findings are expected to offer both theoretical and practical contributions, particularly for bank management in formulating effective risk management strategies, as well as serving as a reference for investors and regulators in evaluating a firm's credibility and financial resilience through disclosures related to ERM and capital adequacy in annual reports.*

*This study employs a quantitative method using multiple linear regression analysis and includes control variables such as firm size and leverage. Data were obtained from the annual reports of 47 banking companies selected through purposive sampling over the 2021–2023 period. From an initial total of 141 observations, 106 data points were deemed valid after outlier identification using the Casewise Diagnostics feature. The study uses secondary data collected from the official websites of the Indonesia Stock Exchange and each respective company. Data analysis was conducted using descriptive statistics, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), and multiple linear regression to test the influence of independent variables on firm value.*

*The results of the study indicate that ERM has a positive and significant effect on company value, emphasizing the importance of integrated and transparent risk management in creating long-term value. Conversely, capital adequacy does not show a significant effect, indicating that this ratio is not necessarily a key indicator for investors in assessing company value. The limitations of the study include subjectivity in measuring ERM and a limited scope to the banking sector. Further research is recommended to use a more objective approach and expand the scope to include other industries for more generalizable results.*

*Keywords: Enterprise Risk Management, Capital Adequacy, Firm Value*