

ABSTRACT

This study aims to examine the effect of voluntary risk management disclosure toward the firm value of property, real estate, and building construction sector firm that is listed in the Indonesia Stock Exchange (IDX) for the year of 2015. In addition, this study also examine whether with the existing of a more board disclosures by the firm would reduce the information asymmetry with the external information users that is needed for their decision making process. Based on signalling theory, which is about information asymmetry, if firms disclosed more informations, then they also should be having higher firm value.

The population of this study are property, real estate, and building construction firms listed in the Indonesia Stock Exchange for 2015. The sampling method is using purposive sampling method resulting in total 52 firms selected from 63 population. The analytical tools in this research is using multiple regression analysis.

The results show that voluntary disclosure of operational risk, strategic risk, and integrity risk have a significant and positive effect on the firm value while empowerment risk and information processing and technology risk have no significant effect on the firm value. With this result, it can be concluded that firms who disclose more information about their risk management will have higher firm value, the result of empowerment risk and information processing and technology risk are probably affected by other factors.

Keywords: Voluntary Risk Management Disclosure, Firm Value, Operational Risk, Strategic Risk, Integrity Risk, Empowerment Risk, Information Processing and Technology Risk