RESEARCH ARTICLE

The Effect of Corporate Risk Disclosure, Company Size, Leverage, And Financial Expertise of The Board of Commissioners On Financial Performance

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Abstract

This study aimed to determine the effect of corporate risk disclosure, company size, leverage, and the board of commissioners' financial expertise on financial performance. The corporate risk disclosure variable is measured using a 37-item risk disclosure index. The company size variable calculation used the natural logarithm of total assets. The leverage variable measurement used the total debt-to-equity ratio. The board of commissioners' financial expertise variable is measured using the proportion of board of commissioners with financial expertise to the total board of commissioners, while the financial performance variable is measured using return on equity (ROE). This research is quantitative, using panel data and analyzed using SPSS 26 software. The sampling technique used was purposive sampling, with mining companies listed on the Indonesia Stock Exchange (IDX) in 2020-2024 as the sample. The sample used in this study was 25 companies. The results of this study indicate that (1) there is a positive and insignificant effect of Financial Corporate Risk Disclosure on Financial Performance. (2) There is a positive and insignificant effect of Company Size on Financial Performance. (3) There is a positive and insignificant effect of Leverage on Financial Performance. (4) There is a positive and significant effect of the Financial Expertise of the Board of Commissioners on Financial Performance. (5) There is a simultaneous effect of Corporate Risk Disclosure, Company Size, Leverage, and Financial Expertise of the Board of Commissioners on Financial Performance.

Keywords

Corporate Risk Disclosure; Company Size, Leverage; Financial Expertise of the Board of Commissioners; Financial Performance.

1 | INTRODUCTION

Indonesia is a country with abundant natural resources, especially in the mining sector. This condition makes the mining sector one of the main pillars of the national economy as well as the center of attention for domestic and global investors. In this context, a company's financial performance is an important aspect in assessing its ability to manage resources effectively, maintain business sustainability, and increase value for shareholders (Jumantari *et al.*, 2022). Financial performance describes the economic condition of a company and its level of success in generating profits. One of the main indicators widely used is Return on Equity (ROE), which is a measure of a company's effectiveness in managing shareholder capital to generate profits. ROE is particularly relevant in the mining sector, which is capital-intensive and sensitive to changes in global commodity prices.

The 2020–2024 period has been a challenging time for the mining industry due to the COVID-19 pandemic, which has caused operational disruptions, market uncertainty, and fluctuations in global demand. This is reflected in the ROE values of mining companies listed on the Indonesia Stock Exchange (IDX), which show significant fluctuations in performance between companies and between years. Some companies, such as GEMS, BYAN, and MBAP, showed high ROE in several periods, while other companies, such as MITI, BTON, and BIPI, recorded low and relatively stable ROE. This variation shows that a company's ability to maintain profitability is greatly influenced by internal and external factors.
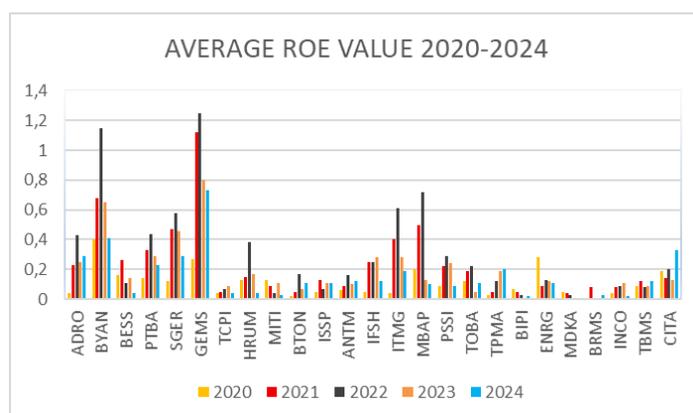

Figure 1. Average Return on Equity 2020-2024

Figure 1. Average Return on Equity 2020-2024To explain these variations in financial performance, a number of internal factors were considered, including corporate risk disclosure, company size, leverage, and the financial expertise of the board of commissioners. Risk disclosure plays an important role in creating transparency and providing an overview of the operational and financial risks faced by the company. According to (Fitria, 2023), risk disclosure is the presentation of information related to management's assessments, estimates, and reliance on accounting policies. Previous studies have shown mixed results; some found that risk disclosure has a significant effect on financial performance (Ardina & Novita, 2023; Supriyadi & Setyorini, 2020), while others found no significant effect (Salsabila *et al.*, 2023).

Another factor that influences financial performance is company size. Company size is generally measured using total assets and is considered to reflect a company's capacity to obtain funding, carry out operations, and deal with risks (Hery, 2023). Large companies tend to have broader access to funding and higher levels of trust from investors (Jumantari *et al.*, 2022). Previous studies have also shown inconsistent findings, company size has been shown to have a significant effect on financial performance (Injayanti *et al.*, 2023; Jumantari *et al.*, 2022), but some studies have found the opposite (Cahyana & Suhendah, 2020).

Leverage is an important indicator that shows the extent to which a company uses debt to finance its assets (Kasmir, 2016 in Jumantari *et al.*, 2022). An optimal level of leverage can increase profitability, but high leverage also increases financial risk (Sekarrini & Ghazali, 2023). Similar to other variables, previous studies have also shown varying results; some have found a significant effect on financial performance (Aden & Idayati, 2023; Rahmadita & Amri, 2024), but other studies have stated that leverage has no effect (Cahyana & Suhendah, 2020).

In addition, the financial expertise of the board of commissioners also plays an important role in improving the effectiveness of corporate governance. Based on POJK No. 33/POJK.04/2014, the board of commissioners has the responsibility to oversee company policies and operations. Financial competence including educational background and experience in accounting, finance, or economics improves the board's ability to evaluate financial reports, identify risks, and provide strategic direction (Susmanto *et al.*, 2021). Previous studies have shown mixed results, some have found a significant effect on performance (Ujunwa, 2012), while others have found no effect (Wahyuni, 2021).

The inconsistency of previous research results indicates a research gap that needs to be further explored, especially in the mining sector, which has a high level of risk, is capital intensive, and is vulnerable to external fluctuations. In addition, the potential for earnings management practices or financial statement manipulation in this sector can also affect the quality of financial information presented to the public. Based on these issues, this study was conducted with the aim of analyzing the effect of corporate risk disclosure, company size, leverage, and the financial expertise of the board of commissioners on the financial performance of mining companies listed on the IDX for the period 2020–2024

2 | BACKGROUND THEORY

According to (Jensen *et al.*, 1976) agency theory explains the relationship between management (agents) and shareholders (principals). An agency relationship arises when one party (the principal) authorizes another party (the agent) to act and make decisions on their behalf. However, this relationship often gives rise to conflicts of interest due to differences in objectives between the agent and the principal. Therefore, agency theory seeks to minimize agency problems through oversight and control mechanisms. One implementation of this theory can be seen in the supervisory role of the board of commissioners. In corporate governance, the board of commissioners serves as the main internal mechanism that supervises management actions and protects the interests of shareholders. Board members with expertise in finance can increase the effectiveness of supervision because they are able to identify opportunistic behavior and ensure accountable and transparent decision-making.

According to (Brigham and Houston, 2019), signals are actions taken by companies to convey information to investors regarding management's views on the company's future prospects. These signals can be financial or non-financial information that shows the quality of the company compared to its competitors. The information conveyed by the company will serve as a signal for investors in assessing the company's condition and prospects. In this context, risk disclosure is an important signal because it shows how the company manages operational uncertainty. Risk disclosure provides an overview of management's readiness to face potential threats, which can influence investment decisions (Ardina & Novita, 2023).

The basic accounting equation is a fundamental concept that forms the basis of the accounting recording process. This equation describes the balanced relationship between assets, liabilities, and equity, which collectively reflect the financial position of a company in a given period. According to (Sudarman, 2019), all financial transactions are recorded based on this equation because every transaction that occurs will affect the financial structure and must be reflected in a balanced manner. Mathematically, the basic accounting equation is expressed as:

$$Aset = Liabilitas + Ekuitas$$

This equation confirms that the total value of a company's resources (assets) must always equal the company's total obligations to external parties (liabilities) plus the rights of the company's owners (equity). Thus, every transaction recorded must maintain this balance. The basic accounting equation serves not only as a formula, but also as a way to understand how business activities affect the financial health of a company. Assets reflect economic resources such as cash, accounts receivable, inventory, and fixed assets. Liabilities are obligations to third parties such as accounts payable or bank loans. Equity includes owner's capital, retained earnings, and other components. When a company acquires new assets, this can occur through an increase in liabilities (e.g., debt) or through additional capital from owners. Conversely, if a company experiences a decrease in assets, this can result from debt repayment, capital withdrawal, or operating losses.

Corporate risk is a threat or opportunity that can hinder the achievement of organizational goals. This risk can arise from internal business decisions, external conditions, or unexpected events such as theft or fire (Ardina & Novita, 2023). In general, risks are classified into internal risks, which include financial, operational, and technological risks, and external risks, which are influenced by market dynamics, regulatory changes, and macroeconomic conditions. To manage these uncertainties, companies implement risk management as a systematic process that involves the entire organizational structure. According to (Supriyadi & Setyorini, 2020), risk management includes the activities of identifying, assessing, and controlling risks so that companies can minimize negative impacts and allocate resources more effectively. The implementation of good risk management also plays an important role in maintaining business sustainability and increasing the company's readiness to face rapid environmental changes. In the context of financial reporting, risk disclosure is part of the qualitative information included in the notes to the financial statements. (Fitria, 2023) states that risk disclosure provides explanations related to estimates, assessments, uncertainties, and accounting policies used by companies in responding to certain risks. In Indonesia, risk disclosure practices are regulated by Bapepam-LK Regulation No. KEP-347/BL/2012 and PSAK 60 (IAI, 2015), which regulate mandatory and voluntary disclosures in accordance with the company's transparency needs. The level of a company's risk disclosure is usually measured using a content analysis index based on 37 risk information items as developed by (Achmad *et al.*, 2017). Each item is given a score of 1 if disclosed and 0 if not, then added up to obtain a risk disclosure index value. The formula for calculating a company's risk disclosure index is as follows.

$$IPR = \frac{\text{Number of items disclosed}}{\text{Maximum number of items}} \, x \, 100\%$$

Through this measurement, companies can demonstrate their level of transparency and commitment to good governance and the provision of relevant information to stakeholders.

Company size is generally measured using the natural logarithm (Ln) of total assets. This approach is used because it normalizes asset data, which usually varies greatly between companies, thereby facilitating the analysis process. Based on the measurement results, the Ln value of total assets shows a significant variation in company size, ranging from 25 to 33. Companies with large total assets, such as ADRO, PTBA, INCO, and MDKA, have Ln values above 31, reflecting a broader scale of operations and high resource capacity. Conversely, companies such as MITI, BESS, and TBMS have lower Ln values, indicating that these companies operate on a smaller scale compared to the group of large companies. This variation shows differences in capital structure, production capacity, and financial strength between companies in the sample.

Leverage is a financial ratio used to measure the extent to which a company uses debt-financed funds to finance its assets and operations. According to (Kasmir, 2016), leverage reflects the relationship between a company's debt and capital, thereby indicating the company's level of dependence on external financing. A high level of leverage indicates that the company is using more debt as a source of funding, which can lead to increased interest expenses. This large interest expense has the potential to reduce net income and increase financial risk if the company has difficulty meeting its interest and principal payment obligations. However, if managed effectively, the use of leverage can also provide benefits in the form of increased operational efficiency and opportunities to increase company profitability (Sekarrini & Ghazali, 2023). For investors, increased use of debt can be seen as an indication that the company is trying to expand its business without having to increase capital from owners. However, excessive leverage remains a risk signal because it indicates a greater burden of liabilities that the company must bear. An imbalance in debt usage can worsen financial performance, especially when economic conditions are unstable or the company's cash flow is insufficient. Therefore, companies need to maintain a healthy funding structure by balancing the use of debt and equity in order to maintain optimal financial performance (Sekarrini & Ghazali, 2023). In measuring leverage, there are several ratios that can be used to assess the extent to which a company relies on debt-based financing. Each ratio provides a different perspective on the company's capital structure and financial risk. These ratios are as follows.

1) Debt to Equity Ratio (DER) compares total debt to total equity to see the extent to which own capital is able to cover liabilities. Formula:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

2) Debt to Total Asset Ratio (DAR) shows the proportion of a company's assets that are financed by debt. Formula:

$$DAR = \frac{\text{Total Assets}}{\text{Total Debt}}$$

3) The Time Interest Earned Ratio (TIE) measures a company's ability to pay interest expenses using earnings before interest and taxes (EBIT). Formula:

$$TIE = \frac{\text{EBIT}}{\text{Interest Expenses}}$$

4) The Long-term Debt to Equity Ratio (LTDtER) compares long-term debt to equity to see the ability of own capital to support long-term liabilities. Formula:

$$LTDtER = \frac{\text{Total Equity}}{\text{Long−Term Debt}}$$

In general, a company's leverage level can be measured through various financial ratios, such as Debt to Equity Ratio (DER), Debt to Total Asset Ratio (DAR), Time Interest Earned (TIE), and Long-term Debt to Equity Ratio (LTDtER) (Astuti, 2021). Each ratio provides an overview of the company's ability to meet its financial obligations and its level of dependence on debt. However, in the context of this study, the measurement of leverage is focused on the Debt-to-Equity Ratio (DER), which is the ratio that compares total debt to total company equity. DER shows how much of the company's own capital is used to cover debt, so that the higher the DER value, the higher the financial risk faced by the company.

The financial expertise of the board of commissioners includes the ability to read and interpret financial statements, evaluate capital structure, understand market risks, and assess the effectiveness of internal controls. These competencies are generally obtained through education in accounting, finance, auditing, or relevant professional experience. This expertise is important so that the board of commissioners can perform its supervisory function optimally, particularly in relation to financial policies adopted by management. According to (Arif, 2022), the presence of commissioners with a financial background can improve a company's ability to respond to external pressures, especially in crisis conditions such as a pandemic, because they can provide critical assessments of financing, cost efficiency, and risk mitigation strategies. The financial expertise of the board of commissioners is measured by looking at the proportion of board members who have financial competence compared to the total number of board members. This method refers to (Dwiharyadi, 2017), who states that financial expertise can be assessed through educational background and professional experience in related fields. The formula used is.

$$X = \frac{\text{Number of Board Members with Financial Expertise}}{\text{Total Number of Board Members}} \times 100\%$$

Financial performance is a reflection of a company's ability to manage its resources to achieve operational goals and generate profits within a certain period. According to (Fahmi, 2020), financial performance is evaluated to see the extent to which a company carries out its activities in accordance with the correct rules and principles. Good financial performance attracts investors because it reflects the effectiveness of asset management and business stability. (Hery, 2023) emphasizes that financial performance is reflected in financial reports as a form of management accountability to company owners and as an indicator of operational success. Overall, financial performance indicates the health of a company, especially in terms of its ability to generate profits on a sustainable basis. Financial performance is generally measured using profitability ratios such as Return on Assets (ROA) and Return on Equity (ROE). ROA measures a company's ability to generate profits from all of its assets, using the formula:

$$ROA = \frac{\text{Profit before tax}}{\text{Total Assets}} \times 100\%$$

The higher the ROA value, the more effectively the company utilizes its assets to generate profits. Meanwhile, ROE measures a company's ability to generate profits from its owners' invested capital, using the formula.

$$\text{Return On Equity} = \frac{\text{Profit after tax}}{\text{Total Equity}} \times 100\%$$

3 | METHOD

This study uses a positivist-based quantitative approach, with analysis focused on testing hypotheses through numerical data (Sugiyono, 2023). The research variables are described through operational definitions, which include independent variables, namely corporate risk disclosure, company size, leverage, and the financial expertise of the board of commissioners. Risk disclosure is measured using the disclosure item index (Fitria, 2023), company size using the natural log of total assets (Hery, 2023), leverage using the Debt to Equity Ratio (Kasmir, 2016), and the financial expertise of the board of commissioners is measured based on the proportion of members with a financial background (Dwiharyadi, 2017). The dependent variable is financial performance, which is measured using Return on Equity (ROE) (Fahmi, 2020).

The research population consisted of 65 mining companies listed on the IDX during the 2020–2024 period. The sample was selected using purposive sampling based on certain criteria, namely companies listed on the IDX during the research period, publishing annual reports consecutively, and earning profits. Based on these criteria, 25 companies were obtained as research samples with a total of 125 observations. The data used is secondary data in the form of panel data derived from company annual reports and other official sources.

Table 1. Sample Criteria

No	Criteria	Total
1	Mining companies listed on the Indonesia Stock Exchange (IDX) 2020-2024	65
2	Mining companies that did not publish annual reports consecutively for the period 2020-2024	(6)
3	Mining companies that did not earn a profit during 2020-2024	(34)
	Total of research samples	25
	Years of observation	5
	Sample x years of observation = 25 companies x 5 years	
	Total of research observers	125

Source: Data processed by researcher, 2025

Data analysis was performed using multiple linear regression with the help of IBM SPSS Statistics version 26. The regression model was used to test the effect of risk disclosure variables (X1), company size (X2), leverage (X3), and the financial expertise of the board of commissioners (X4) on financial performance (Y). Before performing the regression analysis, this study also presented descriptive statistics to provide an overview of the characteristics of the data used. After that, classical assumption tests were conducted to ensure that the regression model met the BLUE criteria. These tests included a normality test using Kolmogorov-Smirnov, a multicollinearity test by looking at the tolerance and VIF values, an autocorrelation test using Durbin-Watson, and a heteroscedasticity test. Hypothesis testing was then carried out using the F test to see the simultaneous effect of the independent variables, the t test to see the partial effect of each variable, and the coefficient of determination (R^2) to assess the model's ability to explain the dependent variable.

4 | RESULTS AND DISCUSSION

4.1 Results

4.1.1 Descriptive Analysis Results

Descriptive statistical analysis in this study provides an overview of the characteristics of each variable through minimum, maximum, mean, and standard deviation values. Data processing results using SPSS 26 show that the Financial Performance variable has a minimum value of 0.002, a maximum of 1.250, a mean of 0.200, and a standard deviation of 0.227. The Corporate Risk Disclosure variable shows a minimum value of 0.430 and a maximum of 0.920, with an average of 0.745 and a standard deviation of 0.0950, indicating a relatively low level of data variation. Meanwhile, the Company Size variable has a minimum value range of 25.080 to a maximum of 32.750, with an average value of 29.646 and a standard deviation of 1.669. Furthermore, the Leverage variable shows a minimum value of 0.040 and a maximum of 5.360, with an average of 0.859 and a standard deviation of 0.957, which indicates considerable variation in the company's funding structure. The Board of Commissioners' Financial Expertise variable has a minimum value of 0.000 and a maximum of 1.000, with an average value of 0.589 and a standard deviation of 0.255. These findings indicate differences in the level of financial expertise among board members in the companies sampled in the study.

4.1.2 Classical Assumption Test

The classical assumption tests in this study consist of normality, multicollinearity, autocorrelation, and heteroscedasticity tests. The normality test was performed using the Kolmogorov-Smirnov test with the criterion that the data is considered normally distributed if the Asymp. Sig. (2-tailed) value is greater than 0.05. Value obtained was 0.691 > 0.05, so it can be concluded that the data is normally distributed and there is no significant difference between the empirical data and the standard data. Furthermore, the multicollinearity test was performed to see the relationship between independent variables through the Tolerance and Variance Inflation Factor (VIF) values. All variables have tolerance values > 0.10 and VIF < 10, namely corporate risk disclosure (tolerance 0.955; VIF 1.047), company size (tolerance 0.932; VIF 1.073), leverage (tolerance 0.960; VIF 1.042), and board of commissioners' financial expertise (tolerance 0.964; VIF 1.037). These results indicate that there is no multicollinearity in the regression model. Autocorrelation testing was performed using the Durbin-Watson (DW) statistic to see if there was a relationship between residuals in the previous period. With a sample size of 125 and four independent variables, the values obtained were dL = 1.642 and dU = 1.774 at a significance level of 0.05. The Durbin-Watson value obtained from the analysis was 1.706, which was between dL and dU (1.642 < 1.706 < 1.774) and therefore fell within the inconclusive zone. However, because the DW value is close to 2, it can be assumed that the regression model does not experience significant autocorrelation, and the test can be considered satisfied. Next, a heteroscedasticity test was performed using scatterplots to observe the residual distribution pattern.

4.1.3 Multiple Linear Regression Test

Multiple linear regression tests were conducted after all classical assumption tests were met, namely the data was proven to be normally distributed, and there was no multicollinearity, autocorrelation, or heteroscedasticity. The values in the B column indicate the magnitude of the constant (α) and the coefficients of each independent variable. The multiple linear regression equation that is formed can be written as follows.

$$Y = -0{,}740 + 0{,}119X_1 + 0{,}023X_2 + 0{,}019X_3 + 0{,}254X_4$$

The equation shows that a constant of –0.740 indicates that if all independent variables, namely corporate risk disclosure, company size, leverage, and financial expertise of the board of commissioners, are zero, then financial performance will be –0.740. The corporate risk disclosure coefficient of 0.119 indicates that each one-unit increase in the value of X_1 will increase financial performance by 0.119. Furthermore, the company size coefficient of 0.023 means that a one-unit increase in X_2 will increase financial performance by 0.023. The leverage coefficient of 0.019 indicates that a one-unit increase in X_3 will increase financial performance by 0.019. The board of commissioners' financial expertise coefficient of 0.254 indicates that each one-unit increase in X_4 will increase financial performance by 0.254. Thus, the four independent variables are proven to contribute differently to changes in company financial performance in accordance with the direction and magnitude of each variable's coefficient.

4.1.3 Hypothesis Test Results

The results of the coefficient of determination test show that the Adjusted R Square value is 0.129 or 12.9%, which means that the variables of corporate risk disclosure, company size, leverage, and financial expertise of the board of commissioners are able to explain 12.9% of the variation in financial performance, while the remaining 87.1% is influenced by other factors outside the research model. Furthermore, the F statistical test shows that the calculated F value of 4.462 is greater than the F value of 2.45, so it can be concluded that all independent variables simultaneously affect financial performance. This indicates that the regression model used is feasible for further analysis. Based on the t-test

results, each variable was tested individually to determine its effect on financial performance. The corporate risk disclosure variable had a significance value of 0.569 and the company size variable had a significance value of 0.057, both of which were greater than 0.05. Therefore, it was concluded that these variables did not have a significant effect on financial performance, even though the direction of the effect was positive. The leverage variable also did not show a significant effect with a significance value of 0.365, even though it had a positive direction. In contrast to these three variables, the financial expertise of the board of commissioner's variable has a significance value of 0.001, which is less than 0.05, so it is stated to have a positive and significant effect on financial performance. Thus, only the financial expertise of the board of commissioners is proven to make a significant contribution to improving the company's financial performance, while the other variables do not show a significant partial effect.

4.2 Discussion
Based on the results of multiple regression analysis conducted on mining companies listed on the IDX, this study examines the effect of Corporate Risk Disclosure, Company Size, Leverage, and Financial Expertise of the Board of Commissioners on Financial Performance. The main findings of this study are described in the following discussion.

4.2.1   The Effect of Corporate Risk Disclosure on Financial Performance
The analysis results show that corporate risk disclosure does not have a significant effect on financial performance, with a coefficient value of 0.050 and a significance value of 0.569 (>0.05). This finding indicates that the level of risk information disclosure does not directly affect a company's ability to generate profits. Risk disclosure is part of financial statement transparency, which aims to provide an overview of uncertainties, estimates, and management policies in dealing with risks (Fitria, 2023). However, these results do not support the signaling theory, which states that companies use disclosure as a positive signal to investors (Brigham and Houston, 2019). This insignificance indicates that the risk information conveyed may not be considered relevant or sufficiently in-depth to influence investors' assessment of company performance. These results are consistent with the research by (Salsabila *et al*., 2023), which states that risk disclosure does not have a significant effect during or after a pandemic. Thus, risk disclosure has not become a factor that can directly improve financial performance in the context of this study.

4.2.2   The Effect of Company Size on Financial Performance
Company size was also found to have no significant effect on financial performance, with a coefficient value of 0.170 and significance of 0.057 (>0.05). Company siz measured by total asset is often associated with a company's ability to access funding and bear greater risks (Jumantari *et al*., 2022). However, the results of this study show that the size of a company's assets does not automatically reflect better financial performance. This finding is also inconsistent with agency theory, which explains that large companies tend to have more complex conflicts of interest, thus requiring stronger oversight mechanisms to maintain performance (Silaban & Suryani, 2020). This is consistent with the research by (Cahyana and Suhendah, 2020), which shows that company size is not always an indicator of success. Small companies can achieve high performance if managed efficiently, while large companies can experience a decline in performance if their governance and efficiency are low.

4.2.3   The Effect of Leverage on Financial Performance
The analysis shows that leverage does not have a significant effect on financial performance, with a coefficient of 0.079 and significance of 0.365 (>0.05). Leverage describes the extent to which a company uses debt-based financing to support its operational activities. Theoretically, a high level of leverage should encourage companies to improve efficiency due to interest payment obligations. However, the results of this study again do not support agency theory, because the existence of debt cannot be an effective disciplinary mechanism for management. This indicates that the level of debt is not a major determining factor in improving a company's financial performance. This study is consistent with the findings of (Wahyuni (2021), who states that leverage does not have a significant effect on financial performance. Companies with good risk management are able to maintain financial stability even with high debt, so leverage is not always a strong performance indicator.

4.2.4   The Influence of Board of Commissioners' Financial Expertise on Financial Performance
The results show that the financial expertise of the board of commissioners has a significant effect on financial performance, with a coefficient of 0.285 and a significance value of 0.001 (<0.05). This means that the greater the proportion of board members with a background in finance or accounting, the better the company's financial performance. This expertise enables the board to provide sharper oversight of financing policies, cost efficiency, and risk management (Arif, 2022). This finding supports agency theory, in which the competence of the board of commissioners helps reduce conflicts between principals and agents through more effective oversight mechanisms. The results of this study are also supported by research by (Susmanto *et al*., 2021) and (Ujunwa, 2012), which states that the financial expertise of the board of commissioners contributes positively to improving company performance. Thus, financial competence at the

strategic oversight level is an important factor in creating value and maintaining performance sustainability.

4.2.5 Simultaneous Influence of Variables on Financial Performance

Simultaneously, the F test results show that corporate risk disclosure, company size, leverage, and the financial expertise of the board of commissioners have a significant effect on financial performance, with a calculated F value of 4.462 > F 2.45 and significance of 0.002 (<0.05). This indicates that these four variables collectively contribute to changes in financial performance. This finding supports agency theory, which emphasizes the importance of governance, transparency, corporate structure, and oversight mechanisms in ensuring that management acts in the interests of shareholders. Risk transparency, corporate asset structure, debt management, and board of commissioners' competence are important elements in minimizing conflicts of interest and maintaining optimal financial performance.

5 | CONCLUSIONS AND FUTURE WORK

Based on the results of the study, it was found that corporate risk disclosure has a positive but insignificant effect on financial performance, indicating that the risk information presented is not sufficiently relevant to influence investor perceptions and decisions. Firm size also shows a positive but insignificant effect, suggesting that the magnitude of a company's assets does not directly determine its financial performance, as managerial effectiveness and operational strategies also play an important role. In addition, leverage demonstrates a positive but insignificant effect on financial performance, indicating that the use of debt has not fully provided a real impact on improving corporate profitability. Meanwhile, the financial expertise of the board of commissioners has a positive and significant effect, confirming that financial competence within the supervisory structure supports strategic decision-making and enhances organizational performance. Simultaneously, corporate risk disclosure, firm size, leverage, and the financial expertise of the board of commissioners collectively have a positive and significant effect on financial performance, suggesting that transparency, firm characteristics, capital structure, and governance quality jointly contribute to driving financial performance in mining sector companies. However, the findings also show that the independent variables in this study explain only 12.9% of the variation in financial performance, while the remaining 87.1% is influenced by factors outside the proposed research model. This indicates the need for further research development. Therefore, future researchers are encouraged to incorporate additional variables that may provide greater explanatory power, such as Cash Ratio, Capital Structure, and Working Capital Management, so that subsequent studies can produce more comprehensive insights and better capture the overall condition of the firms.

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