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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 possesses abundant natural resources, with mining occupying a strategic position in national economic development. The sector contributes to state revenue, employment, regional growth, and export earnings, while also attracting strong interest from domestic and foreign investors. Because mining activities require large capital, advanced technology, and long production cycles, companies operating in the sector must demonstrate sound financial management. Financial performance becomes a key measure for evaluating how efficiently a company manages assets, controls costs, and generates sustainable profits while maintaining investor confidence (Jumantari et al., 2022). A strong financial position also reflects managerial capability in responding to commodity price fluctuations, regulatory changes, and operational risks. Among the indicators commonly applied to assess financial performance, Return on Equity (ROE) has particular relevance. ROE measures the ability of a company to generate profit from shareholders' capital. A higher ROE generally indicates better effectiveness in using equity to create value. For mining companies, ROE is important because profitability is closely linked to capital structure, production efficiency, market conditions, and long-term business continuity.

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.

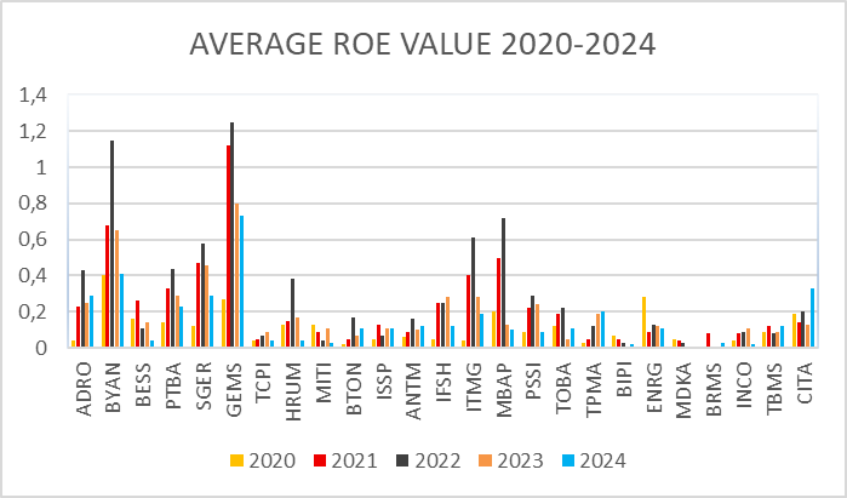

Figure 1. Average Return on Equity 2020-2024

Figure 1 shows the average Return on Equity (ROE) of mining companies during the 2020–2024 period. The movement of ROE indicates differences in the ability of companies to generate profit from shareholders' equity each year. Changes in financial performance may be influenced by commodity price movements, production costs, financing policies, operational efficiency, and managerial decisions. To explain these variations, several internal factors are examined, including corporate risk disclosure, company size, leverage, and the financial expertise of the board of commissioners. Risk disclosure has an important role in supporting transparency because it provides information about operational and financial risks faced by the company. Fitria (2023) explains that risk disclosure refers to information related to management assessments, estimates, and reliance on accounting policies. Adequate disclosure may reduce information asymmetry, strengthen investor confidence, and support better decision-making. However, previous findings show inconsistent results. Ardina and Novita (2023), as well as Supriyadi and Setyorini (2020), found that risk disclosure has a significant effect on financial performance, while Salsabila *et al.* (2023) found no significant effect.

Another factor associated with financial performance is company size. Company size is commonly measured through total assets and reflects the capacity of a company to manage resources, obtain external funding, expand business activities, and face operational or financial risks (Hery, 2023). Companies with larger asset ownership usually have stronger financial capacity, better production facilities, wider market access, and greater bargaining power with creditors, suppliers, and investors. In the mining sector, company size becomes particularly important because business activities require substantial capital investment, advanced equipment, skilled labor, and long-term operational planning. Larger companies are generally considered more capable of maintaining production stability, absorbing cost increases,

and responding to changes in commodity prices. In addition, large companies tend to gain higher trust from investors because they are perceived as having better business prospects, stronger internal control systems, and more stable cash flows (Jumantari *et al.,* 2022). Easier access to funding can support business expansion and improve profitability when resources are managed efficiently. However, large asset ownership does not always guarantee better financial performance. Poor asset management, high operating costs, inefficient investment decisions, or excessive bureaucracy may reduce profitability. Previous studies also report inconsistent findings. Injayanti *et al.* (2023) and Jumantari et al. (2022) found that company size has a significant effect on financial performance, while Cahyana and Suhendah (2020) found different results.

Leverage is an important indicator used to assess the extent to which a company relies on debt to finance its assets and business activities (Kasmir, 2016 in Jumantari *et al.,* 2022). Debt can support business expansion, asset acquisition, production improvement, and operational needs when managed properly. In the mining sector, leverage has a crucial role because companies generally require large amounts of capital for exploration, heavy equipment, infrastructure development, and long-term projects. An optimal level of leverage may help companies increase profitability by using borrowed funds to generate higher returns. However, excessive debt may increase financial risk, especially when interest expenses, debt repayments, and declining commodity prices place pressure on cash flow. High leverage can also reduce managerial flexibility because part of the company's earnings must be allocated to fulfill debt obligations. Investors and creditors often consider leverage when assessing financial stability, risk level, and business continuity. Therefore, debt management requires careful planning so that financing decisions can support company growth without reducing profitability. Previous studies still show different findings. Aden and Idayati (2023), as well as Rahmadita and Amri (2024), found that leverage has a significant effect on financial performance, while Cahyana and Suhendah (2020) reported that leverage has no effect.

The financial expertise of the board of commissioners is an important factor in strengthening corporate governance and improving company performance. Based on POJK No. 33/POJK.04/2014, the board of commissioners is responsible for supervising company policies, monitoring operational activities, and providing advice to the board of directors. Commissioners with financial expertise are expected to perform supervisory duties more effectively because they have an understanding of accounting principles, financial reporting, risk assessment, and investment decisions. Financial competence may be reflected in educational background, professional certification, or work experience in accounting, finance, banking, auditing, or economics (Susmanto et al*.,* 2021). Such competence enables commissioners to evaluate financial statements more accurately, identify potential irregularities, assess debt policies, and ensure that managerial decisions remain aligned with shareholder interests. In the mining sector, financial expertise is highly relevant because companies face large capital needs, commodity price fluctuations, and complex operational risks. A board with strong financial competence can support better supervision and encourage more careful strategic decisions. However, previous studies show different findings. Ujunwa (2012) found that board financial expertise has a significant effect on performance, while Wahyuni (2021) found no effect.

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 contractual relationship between shareholders as principals and management as agents. The relationship occurs when shareholders delegate authority to management to operate the company and make decisions on their behalf. Although such delegation is necessary for business continuity, it may create conflicts of interest because managers do not always have the same objectives as shareholders. Managers may prioritize personal benefits, job security, or short-term targets, while shareholders expect higher firm value and sustainable returns. Agency theory explains the need for monitoring and control mechanisms to reduce opportunistic behavior and information asymmetry. One important mechanism is the supervisory role of the board of commissioners. In corporate governance, the board of commissioners oversees managerial policies, evaluates strategic decisions, and ensures that company activities remain aligned with shareholder interests. Commissioners with financial expertise can strengthen supervision because they understand financial reports, risk exposure, debt policies, and investment decisions. Such competence helps the board detect potential irregularities, encourage accountability, support transparent decision-making, and improve the quality of financial oversight practices overall in daily governance activities.

According to Brigham and Houston (2019), signal theory explains that companies convey information to investors through actions, policies, and reports that reflect management's assessment of future prospects. Signals may appear in

financial information, such as profitability, leverage, liquidity, and cash flow, or in non-financial information, such as governance practices, sustainability programs, and risk management. Investors use such information to evaluate company quality, compare performance with competitors, and estimate potential returns. Positive signals can strengthen market confidence, while weak or unclear information may increase investor uncertainty. Risk disclosure is one form of signal that reflects management's ability to recognize, manage, and communicate operational and financial risks. Adequate disclosure indicates that the company is prepared to face business uncertainty, regulatory changes, market volatility, and operational challenges. For mining companies, risk disclosure is especially important because business activities are closely related to commodity price fluctuations, environmental issues, and large capital needs. Clear disclosure may support better investment decisions and help investors assess long-term profitability and business stability with confidence (Ardina & Novita, 2023).

The basic accounting equation is a core principle in accounting because it provides the foundation for recording and classifying financial transactions. The equation explains the balanced relationship between assets, liabilities, and equity, which reflects a company's financial position during a certain accounting period. According to Sudarman (2019), every financial transaction must be recorded based on the basic accounting equation because each transaction affects at least two accounts and changes the company's financial structure. The balance must always be maintained to ensure that financial records remain accurate and reliable. Assets represent economic resources owned by the company, liabilities represent obligations to external parties, while equity represents owners' residual claims after liabilities are deducted from assets. Mathematically, the basic accounting equation is expressed as Assets = Liabilities + Equity, which serves as the basis for preparing financial statements for business entities today.

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.

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

Through such measurement, companies can reflect their level of transparency, accountability, and commitment to sound corporate governance. The results also help stakeholders assess whether relevant information has been disclosed properly, especially regarding risks, policies, and managerial responsibilities that may affect trust, decision-making, and the company's long-term financial performance in practice.

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:

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

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

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

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

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

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:

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

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.

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

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:

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

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.

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

3 | METHOD

This study applies a positivist quantitative approach, where analysis is directed toward hypothesis testing using numerical data and statistical procedures (Sugiyono, 2023). The approach is considered suitable because the research examines the relationship between measurable variables and financial performance in mining companies. Each variable is defined operationally to ensure clear measurement and consistent interpretation. The independent variables consist of corporate risk disclosure, company size, leverage, and financial expertise of the board of commissioners. Corporate risk disclosure is measured using a disclosure item index developed by Fitria (2023), while company size is measured through the natural logarithm of total assets as explained by Hery (2023). Leverage is measured using the Debt to Equity Ratio, which compares total debt with total equity (Kasmir, 2016). Financial expertise of the board of commissioners is measured by the proportion of commissioners with educational background or professional experience in finance, accounting, or economics (Dwiharyadi, 2017). The dependent variable is financial performance, measured by 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

The multiple linear regression test was performed after the classical assumption requirements were fulfilled. The test results indicated that the data were normally distributed and free from multicollinearity, autocorrelation, and heteroscedasticity. After these conditions were satisfied, regression analysis could be used to examine the effect of corporate risk disclosure, company size, leverage, and board financial expertise on financial performance. The B column displays the constant value (α) and the regression coefficient for each independent variable. These coefficients show the direction and magnitude of the relationship between each variable and Return on Equity. The resulting regression equation is 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 multiple regression analysis of mining companies listed on the Indonesia Stock Exchange (IDX), the research examines the influence of corporate risk disclosure, company size, leverage, and financial expertise of the board of commissioners on financial performance. Financial performance is measured using Return on Equity (ROE), which reflects the company's ability to generate profit from shareholders' capital. The analysis is conducted to determine whether each independent variable has a significant role in explaining differences in profitability among mining companies. The results offer empirical evidence regarding the relationship between disclosure practices, company characteristics, financing structure, governance quality, and financial performance. The following discussion explains the research findings for each variable and compares them with previous studies.

4.2.1 The Effect of Corporate Risk Disclosure on Financial Performance

The analysis results show that corporate risk disclosure has no significant effect on financial performance, with a coefficient value of 0.050 and a significance value of 0.569, which is greater than 0.05. The result indicates that the extent of risk information disclosed by mining companies does not directly influence their ability to generate profits. Risk disclosure is part of financial statement transparency and aims to explain uncertainties, estimates, and management policies in dealing with potential risks (Fitria, 2023). However, the result does not support signaling theory, which states that disclosure can act as a positive signal for investors (Brigham and Houston, 2019). The insignificant effect may occur because investors tend to pay greater attention to profitability, commodity price movements, production efficiency, sales growth, and capital structure than risk information disclosed in annual reports. In addition, risk disclosure is often descriptive and general, so it may not provide strong consideration for investors in assessing company performance. Mining companies also face external pressures, such as global demand, exchange rate changes, environmental regulations, and operational costs, which may have a stronger influence on financial performance than disclosure practices. The finding is in line with Salsabila et al. (2023), who found that risk disclosure does not significantly affect performance during or after the pandemic. Based on the result, corporate risk disclosure has not become a direct determinant of financial performance, although it remains important for transparency, accountability, and stakeholder trust.

4.2.2 The Effect of Company Size on Financial Performance

Company size was found to have no significant effect on financial performance, with a coefficient value of 0.170 and a significance value of 0.057, which is greater than 0.05. Company size, measured by total assets, is often associated with a firm's capacity to obtain funding, expand operations, and bear higher business risks (Jumantari et al., 2022). Larger companies are generally expected to have stronger resources, broader market access, and better opportunities to increase profitability. However, the result indicates that asset ownership does not always lead to stronger financial performance. Large assets may become less productive when management is unable to use them efficiently, especially in mining companies that require high maintenance costs, large capital expenditure, and long production cycles. The result is not in line with agency theory, which explains that larger companies usually face more complex agency problems and require stronger monitoring mechanisms to maintain performance (Silaban & Suryani, 2020). Weak supervision, inefficient asset utilization, high operating expenses, and slow decision-making may reduce the benefits of large company scale. The finding supports Cahyana and Suhendah (2020), who state that company size is not always a determinant of success. Smaller companies may achieve better performance through efficient management, effective cost control, and productive asset use, while larger companies may experience declining profitability when governance and operational efficiency are weak.

4.2.3 The Effect of Leverage on Financial Performance

The analysis shows that leverage has no significant effect on financial performance, with a coefficient value of 0.079 and a significance value of 0.365, which is greater than 0.05. Leverage describes the extent to which a company uses debt financing to support assets, operations, and business expansion. Theoretically, higher debt may encourage management to work efficiently because the company must fulfill interest and principal payment obligations. However, the result does not support agency theory, which views debt as a mechanism that can discipline management behavior and reduce agency problems. The finding indicates that debt level is not the main factor determining profitability in mining companies. In practice, financial performance may be influenced more by commodity prices, production efficiency, sales volume, cost control, and asset utilization than by capital structure. Companies with strong risk management may maintain stable performance even when debt levels are high. Conversely, low debt does not always guarantee better profitability. The finding is consistent with Wahyuni (2021), who found that leverage does not significantly affect financial performance.

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 value of 0.285 and a significance value of 0.001, which is lower than 0.05. The result indicates that a higher proportion of commissioners with financial or accounting backgrounds can improve company performance. Commissioners with financial expertise have better ability to understand financial statements, evaluate financing policies, assess investment decisions, and monitor cost efficiency. Such competence also helps the board identify financial risks, detect potential irregularities, and provide relevant advice to management in decision-making processes (Arif, 2022). The finding supports agency theory, which explains that effective supervision can reduce conflicts of interest between shareholders and management. A financially competent board of commissioners can strengthen monitoring mechanisms because members are able to evaluate whether managerial decisions are aligned with shareholder interests. In mining companies, financial expertise is highly important because business activities involve large capital needs, high operational costs, commodity price fluctuations, and long-term investment risks. Better financial supervision may help companies maintain profitability and avoid inefficient resource allocation. The result is consistent with Susmanto et al. (2021) and Ujunwa (2012), who found that board financial expertise has a positive effect on company performance. Financial competence at the strategic supervisory level is an important factor in improving firm value, strengthening governance quality, and maintaining sustainable financial performance.

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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