

## **THE EFFECT OF ENTERPRISE RISK MANAGEMENT DISCLOSURE, BONDING COST REDUCTION, AND MANAGERIAL OWNERSHIP ON FIRM VALUE**

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### **Abstract**

Firm value refers to the total economic value of a company and serves as an important indicator reflecting its performance, profitability potential, growth, and competitiveness in the market. This study aims to provide empirical evidence regarding the effect of enterprise risk management (ERM) disclosure, bonding cost reduction, and managerial ownership on firm value. The study was conducted on technology sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. A total of 72 observations were obtained using non-probability sampling, specifically purposive sampling. Data were collected through non-participant observation by accessing the official IDX website and the respective companies' websites. The analytical method employed was multiple linear regression analysis. The results show that ERM disclosure and managerial ownership have a positive effect on firm value, while bonding cost reduction has no significant effect. These findings reinforce agency theory and the economics of information theory, highlighting the important role of ERM disclosure and managerial ownership in enhancing firm value through reducing agency conflicts and information asymmetry. Meanwhile, the findings regarding bonding cost reduction provide theoretical development opportunities and open avenues for evaluating the long-term effectiveness of internal monitoring mechanisms.

**Keywords:** Firm Value, Enterprise Risk Management Disclosure, Bonding Cost Reduction, Managerial Ownership

### **INTRODUCTION**

Firm value is a key indicator in assessing a company's performance and sustainability from a financial perspective. It represents the total economic worth of a firm, reflecting its profitability potential, growth, and competitiveness within market dynamics. This value indicates how the market evaluates the company based on its assets, financial performance, and future business prospects. In today's increasingly competitive business environment, companies must be able to enhance shareholder wealth by maximizing firm value, which can be achieved through sustainable profit growth to ensure long-term survival (Syafitri et al., 2023). Firm value is also perceived as an investor's assessment of a company's success, often

associated with stock prices traded in the capital market (Rosyid et al., 2022). A rising stock price increases firm value, and vice versa. This relationship illustrates how financial performance provides useful information for investors in making investment decisions.

Stock prices, as the market value of traded shares, are influenced by short-term factors such as market sentiment, global economic conditions, corporate news, and investor speculation. Market prices are believed to reflect firm value since investor assessments can be observed through stock price movements (Christian & Frecky, 2019). Firms with high firm value are more trusted not only for their current performance but also for their long-term prospects. Companies with favorable future outlooks are more attractive to investors, who base their evaluations on growth potential (Suniantari & Yasa, 2022). Therefore, firm value can be seen as a key indicator of a company's overall condition. The enhancement of firm value requires effective collaboration between management, shareholders, and stakeholders in formulating policies aimed at optimizing working capital (Kusumawati & Setiawan, 2019).

On January 25, 2021, the Indonesia Stock Exchange (IDX) officially replaced its industrial classification system from JASICA (Jakarta Stock Exchange Industrial Classification) to IDX-IC (Indonesia Stock Exchange Industrial Classification). This new system categorizes companies into 12 main sectors: Energy, Basic Materials, Industrials, Consumer Non-Cyclicals, Consumer Cyclicals, Healthcare, Financials, Properties & Real Estate, Technology, Infrastructure, Transportation & Logistics, and Listed Investment Products. Since its implementation, fluctuations in firm value have been observed across sectors, reflecting market conditions influenced by both internal and external factors.

Price-to-Earnings Ratio (PER) is directly linked to firm value, as it reflects how the market perceives growth and profitability prospects. A higher PER is associated with profit growth, which in turn positively influences firm value (Wiratno & Yustrianthe, 2022). Sustained profit growth is vital for firm value enhancement, as it signals sound financial performance, attracts investors, and supports future expansion and innovation (Anggreni et al., 2021). A higher firm value thus reflects shareholder prosperity and enhances market confidence in both current and future performance.

Firm value is influenced by both internal and external factors, including corporate governance, firm size and age, institutional ownership, board composition, intellectual capital disclosure, leverage, corporate social responsibility, sales growth, dividend policy, profitability, liquidity, ERM disclosure, bonding cost reduction, and managerial ownership. According to agency theory, agency conflicts may arise when management, as the agent, and shareholders, as the principals, have misaligned interests. Such conflicts may undermine performance stability and reduce firm value. Therefore, management's role in enhancing firm value is crucial, particularly in risk management and operational efficiency. This justifies the selection of ERM disclosure, bonding cost reduction, and managerial ownership as research variables.

ERM disclosure demonstrates management's ability to identify, manage, and communicate risks to enhance stakeholder trust and firm stability. Bonding cost reduction indicates efficiency and transparency, allowing optimal resource utilization. Meanwhile, managerial ownership aligns managers' interests with shareholders through financial incentives directly tied to firm performance, motivating managers to act in shareholders' best interests. These variables provide insights into how managerial decisions affect firm value, with direct implications for corporate management practices.

From the principle of proportionality, higher firm value is associated with greater risks (Lechner & Gatzert, 2017). Both internal and external risks may threaten firm value, and companies without effective risk management may struggle to maintain business continuity (Syafitri et al., 2023). Risk management has thus become a strategy to safeguard going concern, maintain performance, and enhance firm value (Lestari et al., 2020). Effective corporate governance, particularly in transparent risk management disclosure, reflects a company's commitment to shareholder satisfaction. ERM implementation enables better managerial control, thereby reducing potential conflicts of interest that could harm the firm (Devi et al., 2017).

Well-structured risk management not only strengthens business capacity but also enhances a firm's competitive advantage. Previous studies (Syafitri et al., 2023; Iswajuni et al., 2018; Lechner & Gatzert, 2017; Fitriana & Wardhani, 2020; Putri & Makaryanawati, 2023) consistently show that ERM disclosure positively affects firm value by improving shareholder trust. However, other studies (Anggreni et al., 2021; Cristofel & Kurniawati, 2021; Rahmi & Wijaya, 2022) suggest otherwise, arguing that investors may not prioritize ERM information when making investment decisions.

Bonding cost reduction may also influence firm value, as reducing agency costs can increase profits, thereby enhancing firm value (Fauziyah & Kustinah, 2023). Prior studies (Liu et al., 2016) confirm a positive link, showing that efficient cost reduction builds a positive reputation and investor trust, consistent with agency theory's conflict resolution mechanism. However, contradictory findings (Nurmalasari & Yani, 2021; Fauziyah & Kustinah, 2023) argue that managerial ownership weakens this relationship, as it already reduces agency conflicts.

Managerial ownership also plays an important role. By aligning managerial and shareholder interests, it reduces agency conflicts and functions as an internal monitoring mechanism (Suniantari & Yasa, 2022). A higher proportion of managerial ownership incentivizes managers to enhance company performance (Putra & Yasa, 2021), as they benefit directly from value appreciation. Studies (Suniantari & Yasa, 2022; Putra & Yasa, 2021; Vijayakumaran, 2019; Rismayanti & Putri, 2021) support this positive effect, although other studies (Dwicahyani et al., 2022; Adinegara & Herliansyah, 2023) find no significant relationship.

This study differs from previous works by simultaneously examining ERM disclosure, bonding cost reduction, and managerial ownership in their effect on firm value. It focuses specifically on technology companies, a sector underexplored compared to manufacturing, finance, consumer non-cyclicals, or mining (Fauziyah & Kustinah, 2023; Lestari et al., 2020; Syafitri et al., 2023; Suniantari & Yasa, 2022).

Given research inconsistencies and limited studies in the technology sector, this study aims to fill the gap by analyzing these variables in IDX-listed technology firms.

## RESEARCH METHOD

This study employed a quantitative causal-associative approach to examine the effect of enterprise risk management (ERM) disclosure, bonding cost reduction, and managerial ownership on firm value. The research object was technology companies listed on the Indonesia Stock Exchange during 2020–2023. Samples were selected using purposive sampling based on criteria such as the availability of audited annual and financial reports. Secondary quantitative data were collected through non-participant observation of official documents obtained from the IDX website ([www.idx.co.id](http://www.idx.co.id)) and respective company websites (Sugiyono, 2019:16; 126–133).

Firm value was measured using Tobin's Q ratio, which captures overall market value (Chung & Pruitt, 1994). ERM disclosure was assessed using the COSO ERM index, consisting of 20 disclosure items across five key risk management principles (COSO, 2020). Bonding cost reduction was measured by annual differences in operating expense ratios as an indicator of management efficiency, while managerial ownership was measured by the proportion of managerial shareholding relative to total outstanding shares (Nguyen et al., 2020; Zamzamir et al., 2021).

The collected data were analyzed using descriptive statistics and multiple linear regression analysis with SPSS software. Prior to regression, classical assumption tests including normality, multicollinearity, autocorrelation, and heteroscedasticity were performed. The significance of independent variables' effects on firm value was tested using F-tests (simultaneous effects) and t-tests (partial effects), supplemented with coefficient of determination ( $R^2$ ) analysis (Ghozali, 2018:97–176; Sugiyono, 2019:206). This approach is expected to reveal the extent to which ERM disclosure, bonding cost efficiency, and managerial ownership contribute to enhancing firm value in the technology sector.

## RESULTS AND DISCUSSION

### Results of Descriptive Statistical Analysis

**Tabel 1. Results of Descriptive Statistical Analysis**

| Variable | N  | Minimum | Maximum | Mean  | Standard Deviation |
|----------|----|---------|---------|-------|--------------------|
| TOBINS Q | 72 | -50,82  | 194,74  | 42,03 | 42,75              |
| ERMDI    | 72 | 65,00   | 95,00   | 79,37 | 7,82               |
| OER      | 72 | -28,45  | 212,57  | 6,92  | 29,40              |
| MO       | 72 | 0,00    | 75,09   | 16,02 | 22,61              |

*Sumber: data processed, 2025*

The general description of each variable used in this study based on Table 1 is as follows:

1. Firm Value (Tobin's Q)

The firm value variable, proxied by Tobin's Q, has a minimum value of -50.82, recorded by PT Hensel Davest Indonesia Tbk. (HDIT) in 2022. This indicates that in that year, the company's current assets exceeded its market capitalization, suggesting that the firm was undervalued. Conversely, the maximum value of 194.74 was recorded by PT Global Sukses Solusi Tbk. (RUNS) in 2021, implying that its market capitalization exceeded both its liabilities and total assets. The mean value of Tobin's Q is 42.03, which is positive, indicating that most sample firms had a higher market capitalization compared to their liabilities and possessed relatively high total assets. The standard deviation of 42.75, which exceeds the mean, suggests high variability in firm value across the 72 observations.

2. Enterprise Risk Management Disclosure (ERMDI)

The ERM disclosure variable, proxied by ERMDI and measured using the COSO ERM Framework (2020), has a minimum score of 65.00, recorded by PT DCI Indonesia Tbk. (DCII), PT Indointernet Tbk. (EDGE) in 2022, PT Tourindo Guide Indonesia Tbk. (PGJO) in 2021, and PT Sat Nusapersada Tbk. (PTSN) in 2022. This score indicates that these companies disclosed 13 out of 20 components of the COSO ERM Framework. The maximum score of 95.00 was recorded by PT Bukalapak.com Tbk. (BUKA) from 2021 to 2023, indicating disclosure of 19 out of 20 ERM components. The mean value of 79.37 suggests that, on average, companies disclosed 16 out of 20 ERM components. The standard deviation of 7.82, which is lower than the mean, indicates relatively homogeneous disclosure levels across the 72 observations.

3. Bonding Cost Reduction (OER)

The bonding cost reduction variable, proxied by the operating expenses ratio (OER), has a minimum value of -28.45, recorded by PT Elang Mahkota Teknologi Tbk. (EMTK) in 2022. This indicates that the company's operating expenses increased by 28.45% in 2022 compared to 2021. The maximum value of 212.57 was recorded by PT Tourindo Guide Indonesia Tbk. (PGJO) in 2021, indicating a 212.57% decrease in operating expenses compared to 2020. The mean value of 6.92, which is positive, indicates that most companies in the sample experienced a decrease in operating expenses ratio during 2020–2023, although the percentage decline was relatively small. The standard deviation of 29.40, which is higher than the mean, indicates high variability in OER across the 72 observations.

4. Managerial Ownership (MO)

The managerial ownership variable, measured by the proportion of shares held by management, has a minimum value of 0.00, recorded by several companies including PT Indointernet Tbk. (EDGE) in 2023, PT Hensel Davest Indonesia Tbk. (HDIT) in 2021, PT Kresna Graha Investama Tbk. (KREN) in 2023, PT Multipolar Technology Tbk. (MLPT), PT Telefast Indonesia

Tbk. (TFAS), and PT Sentral Mitra Informatika Tbk. (LUCK) in 2021. This indicates that these firms had no managerial ownership in the respective years. The maximum value of 75.09 was recorded by PT Zyrexindo Mandiri Buana Tbk. (ZYRX) in 2023, meaning that 75.09% of its outstanding shares were held by management. The mean value of 16.02 indicates that, on average, managerial ownership across the sample was below 20 percent. The standard deviation of 22.61, which exceeds the mean, suggests high variability in managerial ownership across the 72 observations.

## Classical Assumption Test

### 1) Normality Test

The normality test is used to determine whether research data is normally distributed. A good research study is one in which the regression model is normally distributed or nearly so. The Kolmogorov-Smirnov test was used to test for normality at a 5% significance level. The results of the normality test in this study are presented in Table 2 below.

| <b>Table 2. Normality Test Results</b>    |       |
|---|-------|
| <b>One-Sample Kolmogorov-Smirnov Test</b> |       |
| N   | 72    |
| Significance                              | 0.200 |

Source: processed data, 2025

Based on Table 2, a significance value of 0.200 was obtained, which is greater than the 5% significance level (0.05). Based on this, it can be concluded that the residuals in the regression model in this study are normally distributed.

### 2) Multicollinearity Test

A multicollinearity test is conducted to determine the correlation between independent variables. A good regression model should not have any correlation between variables. If the independent variables are correlated with each other, then these variables are not orthogonal. Multicollinearity can be seen from the tolerance value and the variance inflation factor (VIF) value. The testing criteria are: if the tolerance value is greater than or equal to 10 percent (0.10) or the VIF value is less than or equal to 10, then it can be said that there is no multicollinearity symptom in the regression model, and vice versa. The results of the multicollinearity test in this study are presented in Table 3 below.

| <b>Table 3. Multicollinearity Test Results</b> |           |       |                             |  |
|--|-----------|-------|-----------------------------|--|
|  | Tolerance | VIF   | Information                 |  |
| ERMDI  | 0.918     | 1,089 | Free from multicollinearity |  |
| OER  | 0.982     | 1,019 | Free from multicollinearity |  |
| MO   | 0.903     | 1,108 | Free from multicollinearity |  |

Source: processed data, 2025

Based on Table 3, it can be seen that all variables show a tolerance value of more than 10 percent (0.10) and a VIF value of less than 10. Thus, it can be concluded

that there are no symptoms of multicollinearity in the regression model of this study.

### 3) Autocorrelation Test

Autocorrelation testing is conducted to determine the correlation between the current and previous periods in the time series. A regression model is considered good if there are no autocorrelation problems. The autocorrelation test used in this study is the Durbin-Watson (DW-test). A regression model can be concluded to have no autocorrelation problems if the Durbin-Watson value is between dU and 4-dU. The results of the autocorrelation test in this study are presented in Table 4 below.

**Table 4. Autocorrelation Test Results**

| Test Statistics    | Mark  |
|--------------------|-------|
| Durbin-Watson (DW) | 1,856 |

Source: processed data, 2025

Based on Table 4, it can be seen that the Durbin-Watson (DW) value of the regression model in this study is 1.856. The Durbin-Watson (DW) table value at a significance level of 5% for a sample (n) of 72 and the number of independent variables (k) of 3 is 1.5323 (dL) and 1.7054 (dU), and the 4-dU value is 2.2946. The Durbin-Watson (DW) value in the regression model of this study is between the limits or upper bound (dU) and (4-dU) namely  $1.7054 < 1.856 < 2.2946$ . Based on this, it can be concluded that the regression model used does not have symptoms of autocorrelation.

### 4) Heteroscedasticity Test

The heteroscedasticity test was conducted to determine whether the regression model contained unequal variances from residuals from one observation to another. In this study, the heteroscedasticity test used the Breusch-Pagan-Godfrey (BPG) test. In the BPG test, independent variables are regressed using squared residual values. The regression equation is considered free from heteroscedasticity if the significance value obtained is greater than the 5% or 0.05 level. The results of the heteroscedasticity test in this study are presented in Table 5 below.

**Table 5. Results of Heteroscedasticity Test**

|       | Significance | Information                |
|-------|--------------|----------------------------|
| ERMDI | 0.143        | Free of heteroscedasticity |
| OER   | 0.384        | Free of heteroscedasticity |
| MO    | 0.520        | Free of heteroscedasticity |

Source: processed data, 2025

Based on Table 5 above, the results of the Breusch-Pagan-Godfrey (BOG) test show that the significance levels for the enterprise risk management disclosure, bonding cost reduction, and managerial ownership variables are 0.143, 0.384, and 0.520, respectively. This means that statistically, none of the independent variables affect the squared residual value. With a significance level greater than 0.05, it can

be concluded that the regression equation model is free from heteroscedasticity symptoms.

#### Model Feasibility Test (F Test)

The F-test in this study was conducted to determine the effect of ERM disclosure, bonding cost reduction, and managerial ownership simultaneously on firm value and to assess whether the regression model used was feasible for analysis. If the significance value (probability value or p-value)  $F < 0.05$ , then the regression model is feasible to use and the independent variables together have a significant effect on firm value. Conversely, if the significance value of the p-value of  $F > 0.05$ , then the independent variables together have no effect on firm value. The results of the F-statistical test can be seen in Table 5 below.

**Table 6. Model Feasibility Test Results**

| Model |            | Sum of Squares | df | Mean Square | F     | Sig.  |
|-------|------------|----------------|----|-------------|-------|-------|
| 1     | Regression | 22,086,636     | 3  | 7,362,212   | 4,650 | 0.005 |
|       | Residual   | 107,669,316    | 68 | 1,583,372   |       |       |
|       | Total      | 129,755,952    | 71 |             |       |       |

Source: processed data, 2025

Table 6 shows a significance value of 0.005. This means the significance value is less than 0.05, thus concluding that this regression model is suitable for analyzing the relationship between variables. All independent variables used in this study, including ERM disclosure, bonding cost reduction, and managerial ownership, simultaneously influence firm value.

#### Coefficient of Determination Test (R<sup>2</sup>)

The R<sup>2</sup> test in this study was conducted to determine the ability of the independent variables in the regression model to explain variations in the value of the dependent variable. An R<sup>2</sup> value that is closer to 1 (one) indicates that the independent variables are better able to explain the dependent variable.(Ghozali, 2018:97)This study uses Adjusted R Square to evaluate the goodness of fit of the model. The results of the determination coefficient test in this study are shown in Table 7 as follows.

**Table 7. Results of the Determination Coefficient (R<sup>2</sup>) Test**

| Model | R     | R Square | Adjusted Square | R | Standard Error of the Estimate |
|-------|-------|----------|-----------------|---|--------------------------------|
| 1     | 0.413 | 0.170    | 0.134           |   | 39,792                         |

Source: processed data, 2025

The results of the coefficient of determination test with adjusted R<sup>2</sup> presented in Table 7 indicate a significant influence of the independent variables on the dependent variable of 0.134. This value means that 13.4% of the variation in the value of technology sector companies listed consecutively on the IDX during the period 2021 to 2023 can be explained by ERM disclosure, agency cost reduction, and managerial ownership, while the remaining 86.6% is explained by other factors not included in this research model.



### Multiple Linear Regression Analysis

Multiple linear regression analysis in this study was conducted to determine the extent to which two or more independent variables influence the dependent variable. This study consisted of three independent variables: enterprise risk management disclosure, bonding cost reduction, and managerial ownership, and the dependent variable, firm value. The results of the multiple linear regression analysis are presented in Table 8 below.

**Table 8. Multiple Linear Regression Results**

| Variables        | Coef.    | Std. Error | t      | P Value |
|------------------|----------|------------|--------|---------|
| ERMDI            | 2,089    | 0.630      | 3,317  | 0.001   |
| OER              | -0.036   | 0.162      | -0.219 | 0.827   |
| MO               | 0.551    | 0.220      | 2,508  | 0.015   |
| (Coef. Constant) | -132,372 | 51,388     | -2,576 | 0.012   |

Source: processed data, 2025

Based on Table 8, the constant ( $\alpha$ ) is -132.372; the regression coefficient of ERMDI ( $\beta_1$ ) is 2.089; the regression coefficient of OER ( $\beta_2$ ) is -0.036; and the regression coefficient of MO ( $\beta_3$ ) is 0.551. Thus, the multiple linear regression equation in this study is as follows:

$$\text{Tobin's Q} = -132,372 + 2,089\text{ERMDI} - 0,036\text{OER} + 0,551\text{MO}$$

1. The constant value ( $\alpha$ ) of -132.372 indicates that if all independent variables (ERM disclosure, bonding cost reduction, and managerial ownership) are equal to zero, then the constant value of firm value, proxied by Tobin's Q, is -132.372 percent.
2. The regression coefficient  $\beta_1$  of 2.089, which is positive, implies that if ERM disclosure proxied by ERMDI with reference to the COSO ERM Framework 2020 increases by 5 percent, firm value will increase by 10.445 percent, assuming other variables remain constant.
3. The regression coefficient  $\beta_2$  of -0.036, which is negative, indicates that if bonding cost reduction proxied by the operating expenses ratio increases by 1 percent, firm value will decrease by 0.036 percent, assuming other variables remain constant. Moreover, the standard error value is higher than the regression coefficient, indicating a high degree of uncertainty in estimating the relationship between bonding cost reduction (proxied by OER) and firm value. Thus, OER does not provide sufficient evidence of its influence on firm value.
4. The regression coefficient  $\beta_3$  of 0.551, which is positive, indicates that if managerial ownership, proxied by the proportion of shares held by management, increases by 1 percent, firm value will increase by 0.551 percent, assuming other variables remain constant.

### Hypothesis Testing (t-Test)

The t-test is used to examine the individual effect of each independent variable on the dependent variable. In this study, the t-test was employed to test the effect of ERM disclosure, bonding cost reduction, and managerial ownership on firm value. The test was conducted using a significance level of  $\alpha = 0.05$ . If the

significance value of an independent variable coefficient is less than or equal to 5% (0.05), the hypothesis is supported, indicating that the independent variable has a partial effect on the dependent variable.

Based on the partial significance test (t-test) presented in Table 8, the results can be explained as follows:

1. The effect of ERM disclosure on firm value

The regression analysis shows that ERMDI has a significance value of 0.001, which is less than 0.05. This indicates that ERM disclosure has a significant effect on firm value, and therefore, the first hypothesis is supported. It can be concluded that ERM disclosure based on the COSO ERM Framework 2020 positively affects the firm value of technology sector companies during the 2021–2023 period.

2. The effect of bonding cost reduction on firm value

The regression analysis shows that OER has a significance value of 0.827, which is greater than 0.05. This indicates that bonding cost reduction does not significantly affect firm value, and therefore, the second hypothesis is rejected. It can be concluded that bonding cost reduction proxied by the operating expenses ratio has no effect on the firm value of technology sector companies during the 2021–2023 period.

3. The effect of managerial ownership on firm value

The regression analysis shows that MO has a significance value of 0.015, which is less than 0.05. This indicates that managerial ownership significantly affects firm value, and therefore, the third hypothesis is supported. It can be concluded that managerial ownership, measured by the proportion of managerial shareholding to the total outstanding shares, has a positive effect on the firm value of technology sector companies during the 2021–2023 period.

## Discussion and Findings

### The Effect of Enterprise Risk Management Disclosure on Firm Value

The results of the multiple linear regression analysis and t-test show that ERM disclosure has a positive effect on firm value. This finding indicates that the higher the level of ERM disclosure, the greater the firm value, as it enhances investor confidence in the company's ability to comprehensively manage risks, ultimately contributing to value creation. The hypothesis stating that ERM disclosure positively affects firm value is thus supported. These findings are consistent with Iswajuni et al. (2018), Syafitri et al. (2023), and Marthadevi & Mimba (2023), who state that ERM disclosure serves as a risk management strategy that strengthens shareholder trust.

From the perspective of agency theory, ERM disclosure can be regarded as a monitoring mechanism that reduces conflicts of interest between management and shareholders. By providing transparent information about risk management, companies reduce uncertainty and enhance investor confidence. This finding is also in line with the economics of information theory by George A. Akerlof (1970), which emphasizes that incomplete information or uncertainty affects market behavior.

ERM disclosure reflects sound governance and preparedness in managing strategic, operational, and financial risks. According to Syafitri et al. (2023), ERM disclosure provides added value by strengthening investor trust in companies that effectively manage risks.

### **The Effect of Bonding Cost Reduction on Firm Value**

The results indicate that bonding cost reduction does not affect firm value. This suggests that efforts to reduce operating costs have not significantly influenced firm value. The hypothesis that bonding cost reduction positively affects firm value is therefore rejected. This finding is inconsistent with Liu et al. (2016), who reported that reductions in agency costs, measured by OER, enhance firm value. However, it aligns with Fauziyah & Kustinah (2023) and Nurmalasari & Yani (2021), who found no significant effect of bonding cost reduction on firm value.

Contrary to agency theory which suggests that reducing operational costs demonstrates managerial commitment to shareholder interests and thereby increases investor trust this study finds no such effect. The implication is that the level of bonding cost reduction, proxied by OER, does not significantly influence firm value. This may be because the market does not consider bonding cost reduction a direct indicator of performance or risk management, especially in the technology sector, where high operational costs are often necessary for innovation and development.

### **The Effect of Managerial Ownership on Firm Value**

The regression results show that managerial ownership positively affects firm value. This indicates that the greater the proportion of shares held by management, the higher the firm value. This supports the hypothesis that the alignment of managerial and shareholder interests reduces conflicts of interest and enhances firm value. These findings are consistent with Shan (2019), Kusumawati & Setiawan (2019), and Suniantari & Yasa (2022), who argue that when managers are also shareholders, it reassures investors, as managers share the same goal of increasing firm value.

In line with agency theory, managerial ownership is an internal mechanism that aligns managerial and shareholder interests. The greater the managerial ownership, the stronger the incentive for managers to optimize resource allocation and make value-enhancing decisions, since they directly benefit from or bear the consequences of those decisions (Suniantari & Yasa, 2022). This creates incentives for efficiency and accountability, leading the market to respond positively to firms with significant managerial ownership.

## **CONCLUSION**

Based on the analysis and discussion, the following conclusions are drawn:

1. ERM disclosure, proxied by the COSO ERM Framework, positively affects firm value. This supports agency theory and the economics of information theory, which state that risk disclosure transparency reduces information asymmetry and strengthens market confidence.

2. Bonding cost reduction, proxied by the operating expenses ratio, does not affect firm value. This suggests that operational efficiency is not considered a critical determinant of firm value in the technology sector, which typically requires high expenditure for innovation and development.
3. Managerial ownership, proxied by the proportion of shares held by management, positively affects firm value. This supports agency theory, which emphasizes that managerial shareholding aligns management and shareholder interests, thereby enhancing operational performance and firm value.

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