

The Effects of Enterprise Risk Management on Bank Performance : Evidence from Indonesian Public Listed Companies

by Hamdi Agustian

Submission date: 20-Feb-2020 01:56PM (UTC+0800)

Submission ID: 1260682533

File name: prosiding_5th_AICIF.pdf (7.68M)

Word count: 3913

Character count: 21011



جامعة السلطان الشريف علي الإسلامية
UNIVERSITI ISLAM SULTAN SHARIF ALI
SULTAN SHARIF ALI ISLAMIC UNIVERSITY



5th ASEAN ¹⁹ UNIVERSITIES INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE

THEME:

ISSUES, CHALLENGES
AND FUTURE PROSPECT OF
ISLAMIC BANKING AND FINANCE



24 - 25 Rabiulawal 1439H
13th - 14th December 2017



Parkview Hotel, Jerudong,
Brunei Darussalam

STRATEGIC PARTNER:



مركز بحوث وحفظ التراث
Kementerian Kebudayaan, Kesenian dan Warisan

SUPPORTING PARTNERS:

CIBFM



amanah
Institute of Islamic
Finance and Economics

SPONSORS:



SECRETARIAT:



19



Scan QR CODE
PROGRAMME BOOK

5TH ASEAN Universities International Conference On Islamic Finance
(5th AICIF)

<http://www.unissa.edu.bn/news-events/downloads/>



Scan QR CODE
PROCEEDING

5TH ASEAN Universities International Conference On Islamic Finance
(5th AICIF)

<http://www.unissa.edu.bn/news-events/downloads/>

Contents

SEKAPUR SIRIH	9
SEJAMBAK KASIH	11
SPEECH FROM CO-ORGANISERS	13
INTERNATIONAL ISLAMIC UNIVERSITY OF MALAYSIA	13
STATE ISLAMIC UNIVERSITY SUNAN KALIJAGA YOGYAKARTA, INDONESIA	14
SULTAN AGUNG ISLAMIC UNIVERSITY, SEMARANG, INDONESIA ...	15
UNIVERSITY OF DARUSSALAM GONTOR, INDONESIA	17
MINDANAO STATE UNIVERSITY, PHILIPPINES	19
PROGRAMME SCHEDULE	21
CONFERENCE PROGRAMME	25
LIST OF PAPER PRESENTATIONS	28
DINNER TALK	38
FAREWELL DINNER	40
ABOUT KEYNOTE SPEAKERS	41
ABOUT PENALISTS AND MODERATOR	43
STEERING COMMITTEE	47
WORKING COMMITTEE	53
MAPS	58
PROGRAMMES OFFERED BY FIEF	63
THE PRAYERS TIME	67
TRANSPORTATION INFORMATION	67
PLACES OF INTEREST	68

10.30 am – 12.00 pm		
Session 4B – Theme: Human Capital & Education		
Session Chair: Assoc Prof Dr Buerhan Saiti		
4B-1	10.30 – 10.50	Improved The Performance Of Islamic Banking With Developing Intellectual Capital Innovation Concepts Luffi Nurchohis
4B-2	10.50 – 11.10	Performance And Innovation Capability Of Sharia Banks Through Knowledge Sharing And Knowledge Absorption Heru Sulisty
4B-3	11.10 – 11.30	Nature And Scale Of Conversion From Conventional Banking To Islamic Banking In Asean: Recent Conversion Models & Challenges Makhtar bin Abdullah, Abdul Nasir bin Haji Abdul Rani
4B-4	11.30 – 11.50	Developing Framework For Improving Indonesian Islamic Banking Performance Through The Construct Of Service Innovation Ruspita Rani Pertiwi, Jann Hidajat Tjakratmadja, Hary Febriansyah
4B-5	11.50-12.10	A Study on the Determinants of unemployment amongst Graduates in Brunei Darussalam Ummi Humaira Bte Hj Kamis
	12.10 – 12.20	Question and Answer

14 December 2017 Thursday Room 605 (Level 6), Parkview Hotel 8.30 am – 10.00 am		
Session 3C – Theme: Capital Market		
Session Chair: Dr Bomber Joko Setyo Utomo		
3C-1	8.30 – 8.50	The Effects of Enterprise Risk Management on Bank Performance : Evidence from Indonesian Public Listed Companies Hamdi Agustin, Azwirman, Siska
3C-2	8.50 – 9.10	The Influence Of Intellectual Capital On Financial Performance Of Banking Industry Listed In Indonesia Stock Exchange Sri Indrastuti, Amris Tanjung, Hamdi Agustin
3C-3	9.10 – 9.30	The Effect Of Institutional Ownership, Profitability And Company Size On Islamic Social Reporting Sutapa
3C-4	9.30 – 9.50	Determinant Liquidity Factors Of Project Based Sukuk In Secondary Market Wafi Azkia Zahidah, Rizal Nazarudin Firli
	9.50 – 10.00	Question and Answer
10.30 am – 12.00 pm		
Session 4C – Theme: Islamic Banking (Performance)		
Session Chair: Dr Norazlina Abd Wahab		
4C-1	10.30 – 10.50	Implications of Islamic Corporate Social Responsibility (ICSR) and Corporate Social Responsibility (CSR) on Firm Value: a conceptual model (Comparative study of Islamic Banking versus Conventional Banking) Muhammad Jafar Shodiq
4C-2	10.50 – 11.10	Earning Management of Indonesian Islamic Banks Saiful
4C-3	11.10 – 11.30	Legal Documentation in Islamic Home Financing in Malaysia: Concepts, Conundrums, and Contextualization Syarah Syahira Mohd Yusoff
4C-4	11.30 – 11.50	Determining the Causes of Bank Runs in Sharia Banking in Indonesia Sunaryati, Garnis Segi RA
	11.50 – 12.00	Question and Answer

Working Committee

CHAIRMAN

Dr Abdul Nasir bin Haji Abdul Rani
Dean
Faculty of Islamic Economics and
Finance

DEPUTY CHAIRMAN

Hajah Norliza binti Dato Seri Setia
Haji Mahalle
Deputy Dean
Faculty of Islamic Economics and
Finance

SECRETARY

Haji Mohd Hussaini bin Pehin
Penyurat Haji Ahmad
Assistant Registrar
Faculty of Islamic Economics and
Finance

FINANCIAL COMMITTEE

Chairman

Aruan bin Haji Md Yusof

Members

Muzdalifah binti Awang Ahmad
Lydiana binti Daim
Dk Nor Rozalina binti Pg Haji Gazali
Masdiana binti Haji Maidin
Hajah Faridah binti Haji Md Jawie

CONFERENCE SUPERVISORS COMMITTEE

Chairman

Muhd Khairul Hidayatullah bin Haji
Basir

Members

Ak. Ahmad Shafee Kamal Ariffin bin
Pg Jarus Kamal Ariffin (15B0816)
Mohammad Azizan bin Jofri
(15B0804)
Abdul Wafi bin Adanan (14B0801)

Mohamad Aisamuddin bin Ali Omar
(14B0811)

Ak Muhd Abdul Khaliq bin Pg Roseli
(15B0801)

Nurul Naqibah binti Haji Jainudin
(15B0420)

Mursyedah Almahsoonah (15B0905)

Dk Misliha Nur Rasyidah binti Pg
Haji Samsudin (15B0802)Hajah
Amal Wajihah binti Haji Hanifah
(15B0819)

Nurul Majidah binti Haji Abas
(15B0822)

Siti Nurzahirah binti Awang Besar
(15B0904)

Siti Nurzahidah binti Rosdy
(15B0907)

Siti Nurzahidah binti Rosdy
(15B0907)

Rifhan binti Haji Mohd Salleh
(15B0910)

Dzakirah Afifah binti Haji Mohd.
Said (15B0803)

Siti Nadiyah binti Abu Bakar
(15B0813)

Nor Hafiqah binti Tahmit (15B0806)

REVIEWER AND RAPORTEUR COMMITTEE

Chairman

Profesor Dr Abdul Ghafar bin Ismail

Members

Dr Kamaru Salam bin Yusof

Dr Muhd Zaki bin Haji Zaini @
Jaineh

Dr Hajah Rose binti Abdullah

Dr Hakimah binti Yaacob

Hajah Nurul Nabilah binti Haji Ali
Muhd Khairul Hidayatullah bin Haji
Basir

Makhtar bin Haji Abdullah
(15MR504)
Abu Hason bin Yusoh (15MR506)
Hassnian Ali (16MR501)
Fatma Seif Moh'd (15MR507)
Qaisar Ali (16MR503)
Umami Humaira binti Haji Kamis
(16MR502)

**PROGRAMME BOOK AND
PROCEEDINGS COMMITTEE**

Chairman

Dr Hajah Rose binti Abdullah

Members

Julia binti Radin
Siti Nur Zuhaidah binti Haji
Abdullah
Rasidah binti Abdul Razak
Makhtar bin Haji Abdullah
(15MR504)
Abu Hason bin Yusoh (15MR506)
Hassnian Ali (16MR501)
Fatma Seif Moh'd (15MR507)
Qaisar Ali (16MR503)
Umami Humaira binti Haji Kamis
(16MR502)

**CERTIFICATE AND SOUVENIER
COMMITTEE**

Chairman

Haji Mohd Hussaini bin Pehin
Penyurat Haji Ahmad

Members

Muhd. Khairul Hidayatullah bin Haji
Basir
Haji Mohammad Syazwan Nizar bin
Haji Mat Zain
Haji Suhaimi bin Haji Bungsu
Hairozamney bin Md Zain
Nurdiyana binti Daud
Fazira binti Haji Kamis
Muhammad Fakhrur Razi bin Haji
Md Zapar (16B0808)
Muhammad Khairul Ikhwan bin
Jeffree (16B0805)

Ak Muhd Farid bin Pg Yahya
(16B0819)
Humaira binti Haji Mail (16B0816)
Siti Atiyah Safwanah binti Haji Abdul
Aziz (16B0820)
Siti Nur Hamizah binti Haji Hamdan
(16B0830)

**INVITATION AND RECEPTION
COMMITTEE**

Chairman

Hamirolizam bin Haji Hamzah

Members

Haji Mohammad Khairul Rijal bin
Begawan Mudim Haji Sapar
Haji Mohammad Asnawi bin Haji
Yakib
Yusof (14B0812)
Haji Khairul Idid bin Haji Zainal
Suhardi bin Haji Mahadi
Haji Suhaimi bin Haji Bungsu
Haji Mohd Yusry bin Dato Seri Setia
Haji Tasim
Muhammad Salihin bin Haji Morsidi
Adi Samsul bin Baha
Hirman bin Awang
Hasmahwati bin Mohamad
Nurdiyana binti Daud
Fazira binti Hj Kamis
Diani binti Hj Serudin
Nuraainaa Syairah binti Hj Suhaimi
Norlina binti Hj Ramle
Juliana binti Haji Mesri
Hajah Syedah Saadiyah binti Haji Syed
Anayatullah Shah
Norhanisah binti Suhaimi
Nuridah binti Abd Rahman
Siti Ernie binti Haji Damit
Nurul Izzati binti Maida
Dk Siti Nadirah binti Pg Md Suhut
Khadijah binti Awang
Nurul Jannah binti Khalidi
Nurafiqah Safwanah binti Julkipli
Hajah Hanita binti Haji Abu Bakar
Norfarizan binti Abdul Aziz



The Effects of Enterprise Risk Management on Bank Performance : Evidence from Indonesian Public Listed Companies

Hamdi Agustin¹
Azwirman²
Siska³

Abstract

The purpose of this paper is investigate the effect of the Enterprise Risk Management implementation (ERM) on firm performance, mainly focusing on the bank industry. The population and the sample consist of 24 public listed banks, only 15 banks were selected to be the sample. The time period of the study was from 2011 to 2015, the data are taken from banks' annual reports of fiscal year ends on December 31 of each year and the data set consists of 11 private banks and 4 government banks. In this study using panel data and using pooled ordinary least square (OLS) and random effect analysis. The results are surprised and controversial. We find a negative statistically significant effect between the ERM adaption and Tobin's Q, while positive effect on Return On Equity of bank performance. This study also shows that DGOVERNMENT and DERM play a significant factor in explaining the performance in Indonesia banks.

¹⁴
Keywords : Enterprise Risk Management, bank performance and Tobin's Q

^{1 2 3} Corresponding author; Faculty of Economics, University Islam of Riau, Jl. Kaharuddin Nasution 113 Pekanbaru Riau, 28284, Indonesia, Email: hamdiagustin@yahoo.com

A. INTRODUCTION

Demidenko and McNutt (2010) stated that risk management is a means to realize the company's goals and monitor the performance of management. Risk management is implemented because it will generate more information about organizational risks and result in better management, and better decision making (Kleffner et al., 2003).

⁵ Interest in Enterprise Risk Management (ERM) continues to grow in recent years. Increasing the number of bank that have implemented or are preparing for the ERM program, many consulting firms are established with specialization in Enterprise Risk Management and various academics have developed programs or training related to ERM (Hoyt & Liebenberg, 2011).

¹³ The efforts to improve the quality of risk management can be done through integrated risk management that is ERM implementation. ERM enables management to effectively address the uncertainties associated with risks and opportunities, as well as enhance the capacity to build corporate value.

⁹ ERM program has more benefits by providing more information about the company's risk profile. This is because outside factors are more likely to experience difficulties in assessing the financial and complex financial strengths and risks of a

company. The existence of ⁹ERM allows companies to provide this information accurately and accurately to outsiders about the risk profile and also serves as a signal of their commitment to risk management (Hoyt & Liebenberg, 2011).

The main objective of risk management is to eliminate the possibility of low income earned by the organization, and can help organizations move on capital optimization and ownership structures (Stulz, 2003). By applying risk management to the company, especially in the field of banking industry will surely get more value in business activities.

Beasley *et al.* (2008) in his research found that the impact of new ERM implementation is felt in the long run, where the company has implemented ERM thoroughly in the internal environment of the company and communicated to all management lines. The application of risk management needs to be guarded by certain principles, so that it works well and effectively. ⁷Most of the risks faced by the company must be managed by the company concerned. This makes risk management a must for company.

Despite this increasing interest in risk management, academic research in this area is still scant. ³A reason is the difficulty in developing a reliable measure for the ERM construct. Some authors (Beasley *et al.* 2008; Hoyt & Liebenberg, 2011) use the appointment of a chief risk officer (CRO) as a proxy for ERM implementation.

Others (like Gordon et al. 2009) develop their own index. Moreover, the majority of the empirical studies concerns the financial industry, in particular the insurance one (Bertinetti *et al.* 2013). ³ Results found so far are as follows: the implementation of ERM benefits firms by decreasing earnings and stock price volatility, increasing capital efficiency, and creating synergies between different risk management activities (Miccolis and Shah, 2000; Cumming & Hirtle, 2001; Lam, 2001; Meulbroek, 2002; Beasley et al. 2008). Furthermore, ERM adoption seems to promote increased risk awareness, which facilitates better operational and strategic decision-making.

² This purpose of this paper is to examine the effect of ERM implementation, and to establish whether firms adopting ERM actually achieve observable results consistent with the claimed benefits of ERM. We believe that our work is important and timely because although many surveys have stated the benefits of adopting ERM (Marsh and McLennan, 2005), ² there has been little empirical evidence on how ERM affects bank performance. We argue that the primary goal of ERM is to reduce the probability of financial distress and allow firms to continue their investment strategies by reducing the effect lower tail outcomes, whether earnings or cash flow, caused by unexpected events (Pagach and Warr, 2007). ² Having smoother, steadier earnings and cash flow performance allows the firm to increase leverage, pursue more growth options and perhaps be more profitable.

B. LITERATURE REVIEW

ERM's main goal is to maintain and enhance the value of the company. The traditional approach to risk management suggests both to implement hedging activities (mainly financial derivatives), and to buy corporate insurance. Many studies investigate the link between TRM and firm value, with controversial results.¹⁰ Allayannis and Weston (2001), Graham and Rogers (2002), Nelson et al. (2005), Carters et al. (2006), Pagach and Warr (2010), Bertinetti et al. (2013) show a positive relation between risk management and firm value. However, Guay and Kothari (2003) and Jin and Jorion (2006) discover that derivative positions of most non-financial companies are too small to significantly affect firm value. However Cynthia and Nanik (2015) and Izah and Ahmad (2011)) which found that the ownership structure of bank has no influence on Tobin's Q. ERM have higher corporate value than companies that do not implement ERM.

Another stream of research shows that risk management through hedging¹¹ mitigates incentive conflicts, reduces expected taxes, and improves the firm's ability to take advantage of attractive investment opportunities (Smith & Stulz, 1985; MacMinn, 1987; Campell & Kracaw, 1990; Nance et al. 1993), thus increasing their value. As far as the demand for corporate insurance is concerned, the literature shows that if considered⁵ as part of the company's financing policy, corporate insurance may create new value through its effect on investment policy, contracting costs, and the

company's tax liabilities (Mayers and Smith, 1982). The empirical evidence around ⁵ these theoretical predictions is mixed: Mayers and Smith (1990), Ashby and Diacon (1998), Hoyt and Khang (2000), and Cole and McCullough (2006) support this view; instead, Regan and Hur (2007).

¹ As suggested by Pagach and Warr (2007), ERM creates firm value if it will reduce negative net cash flows and firms will not suffer losses while selecting a single project. Studies from Hoyt and Liebenberg (2006, 2008) found that ERM was positive and significant at 1 percent level. The empirical results support that Enterprise Risk Management would increase firm's value by 3.6% (Hoyt and Liebenberg, 2006) and 17% (Hoyt and Liebenberg, 2008). The study suggests that, if the company practices Enterprise Risk Management, the value of the company is 3.6 percent (to 17 percent) higher than company which do not practice Enterprise Risk Management. Therefore, it is argued that Enterprise Risk Management is one of the factors that can add value to a firm.

⁶ Pagach and Warr (2010) we find little impact from ERM adoption on a wide range of firm variables. While our results could be due to lower power tests, they also raise the question of whether ERM is achieving its stated goals. Overall, our results fail to find support for the proposition that ERM is value creating, although further study is called for, in particular the study of how ERM success can be measured. Izah and Ahmad (2011) ⁸ Empirical results report that ERM is positively related to firm value but it is not significant. The results do not support the hypothesis that firms which practice ERM would have a higher Tobin's Q ratio than firms which are not.

Several studies have documented that the government bank has a lower asset, higher cost and lower asset quality rather than private banks (Berger et al., 2004; Berger et al., 2005; and Micco et al., 2004). Additionally, Cornett et al. (2010) stated that the government bank has a lower income, small capital and high-risk loans. La Porta et al. (2002) showed that the bank are controlled by local or domestic ownership typically have a large share in non financial companies and tend to lend money to the companies associated with them even if the loan is not competent (high risk).

Fu and Heffernan (2009) examined the bank in China for the years 1985-2002. The results showed that the private bank is more profitable than the government bank because the private bank has an income growth and higher efficiency rather than government bank, despite the private bank have smaller market share than government bank. Iannotta et al. (2007) examined three forms of bank ownership are private banks, joint venture banks and government banks within a sample of 181 banks in 15 European countries over the years 1999-2004. Bank performance is measured by gross profit. The results showed that government banks have smaller income rather than private banks because the government banks have lack of capital, less of deposits and less of lending, so that, the government bank cannot work optimally.

C. DATA AND METHODS

This research employs the data from financial statements which consist of 24 go public commercial banks operated in the Indonesia. The time period of the study was from 2011 to 2015, the data are taken from banks' annual reports of fiscal year ends on December 31 of each year and the data set consists of 11 private banks and 4 government banks. In this study using panel data and using pooled ordinary least square (OLS) and random effect analysis. While fixed effect did not used in the analysis because the number of banks has not changed during the period study and there were three dummy variables. The following model is estimated:

$$\text{Performance}_{it} = \alpha + \beta_1 \text{DERM}_{it} + \beta_2 \text{DGOVERNMENT}_{it} + \beta_3 \text{DER}_{it} + \epsilon_{it}$$

Where i refers to the bank, t refers to the years

- Performance_{it} : ⁴ Bank performance is measured by Tobin's Q and Return On Equity of bank (ROE)
- DERM_{it} : Dummy variable taking the value 1 for community development bank and 0 for otherwise bank.
- DGOVERNMENT_{it} : Dummy variable taking the value 1 for government bank and 0 for otherwise bank.
- DER_{it} : Book value of total liabilities to *market value of equity*

D. RESULT AND DISCUSSION

Table 1. The Result Regression analysis

Dependent Variable: Tobin's Q

Variable	OLS without standard errors		OLS with robust standard errors		Random Effect	
	Coef.	p-value	Coef.	p-value	Coef.	p-value
Constan	28.8396	0.000***	28.8396	0.000***	28.8639	0.000***
DERM	-7.7738	0.075*	-7.7738	0.152	-7.7729	0.399
DGOVERNMENT	3.4819	0.345	3.4819	0.252	3.4863	0.656
DER	-1.1995	0.370	-1.1995	0.033**	-1.2210	0.132
R-squared	0.0557			0.0557		0.0630
Adjusted R-squared	0.0158			-		-
Prob > F	0.2513			0.0801		-
Number observation	75			75		75

*, ** and *** denote significance at the 10%, 5% and 1% level, respectively, p-value in parentheses

DERM negative influence on Tobin's Q but positive influence on ROE. DERM has a negative effect on Tobin's Q due to the cost of the bank for ERM implementation is large enough to cause a negative response to shareholders. While ERM has a positive effect on ROE indicates that ERM is performing better because customers trust to save in bank. although Impact of ERM implementation can only be felt for long period of time, where the bank has implemented ERM as a whole in

internal environment of company and communicated to all line of management. This result different with ¹⁰ Allayannis and Weston (2001), Graham and Rogers (2002), Nelson et al. (2005), Carters et al., Rogers, and Simkins (2006), Pagach and Warr (2010), Bertinetti et al. (2013) which found that the enterprise risk management has positive influence on Tobin's Q..

Table 2. The Result Regression analysis

Dependent Variable: ROE

Variable	OLS without standard errors		OLSwith robust standard errors		Random Effect	
	Coef.	p-value	Coef.	p-value	Coef.	p-value
Constan	6.5812	0.006***	6.5812	0.084*	6.8846	0.124
DERM	7.2237	0.006***	7.2237	0.058*	7.2343	0.173
DGOVERNMENT	4.7119	0.032**	4.7119	0.004***	4.7670	0.290
DER	-1.0489	0.185	-1.0489	0.049**	-1.3171	0.008***
R-squared	0.2259			0.2259		0.2659
AdjustedR-squared	0.1932					
Prob > F	0.0004			0.0004		
Numberobservation	75			75		75

⁴ *, ** and *** denote significance at the 10%, 5% and 1% level, respectively, p-value in parentheses

DGOVERNMENT positive influence on ROE. The profitability of a government-owned bank is due to two factors. First, the government assures you will

help its bank if there is a problem like bad debts. Secondly, the government bank serves as a government fundraiser (state revenue and expenditure estimates or State Budget), where the funds can be used by government banks to reduce the risk and increase the loan amount. Results of the study consistent of Reaz (2005), Beck *et al.* (2005), Berger *et al.* (2005), Omran (2007), Micco *et al.* (2007), Iannotta *et al.* (2007), Fu and Heffernan (2008), Yu and Neus (2009) and Flamini *et al.* (2009). This result different with Hadad *et al.* (2003), Fernandez *et al.* (2005) and Chantapong (2005) which found that the ownership structure of bank has no influence on bank performance.

DER negative influence on Tobin's Q and ROE. This is indicated by decreasing leverage level will increase the value of the company and will attract investors to invest in the company. However, if the greater leverage leads to the greater likelihood that the company is experiencing financial distress and also the increased financial risks faced in fulfilling its obligation to pay interest and loan principal, it will have an impact on the declining value of the company. This results in less investor confidence in the company, so investors are less interested in investing in high levels of leverage and vice versa.

These results are consistent with those of Bertinetti *et al.* (2013), and Hoyt and Liebenberg (2008, 2011) found a negative relationship between leverage and firm value. Where illustrates that based on DER signal theory is expected to give a

negative signal to the investors, so the higher the value of the company. This is also due to the information asymmetry between the company and the investor and the decrease in DER affects the value of the company, this is because the debt made by the company's management is used to improve the bank's operations.

E. CONCLUSION

This purpose of this paper is ² to examine the effect of ERM implementation, and to establish whether firms adopting ERM actually achieve observable results consistent with the claimed benefits of ERM.. The results are surprised and controversial. We find a negative statistically significant effect between the ERM adaption and Tobin's Q, while positive effect on Return On Equity of bank performance. DERM has ¹² a negative effect on Tobin's Q due to the cost of the bank for ERM implementation is large enough to cause a negative response to shareholders. While ⁷ ERM has a positive effect on ROE indicates that ERM is performing better because customers trust to save in bank. This study also shows that DGOVERNMENT and DERM play a significant factor in explaining the performance in Indonesia banks.

REFERENCES

- Allayannis, G., & Weston, J.P. (2001). The use of foreign currency derivatives and firm value. *The Review of Financial Studies*, 14, 243-276.
- Ashby, S.G., & Diacon, S.R. (1998). The Corporate Demand for Insurance: A Strategic Perspective. *Geneva Papers on Risk and Insurance*, 23, 34-51.
- Beasley, M.S., Pagach, D.P., & Warr, R.S., (2008). Information conveyed in hiring announcements of senior executives overseeing enterprise-wide risk management processes. *Journal of Accounting, Auditing & Finance*, 23, 311-332.
- Beasley, M.S., Pagach, D.P., & Warr, R.S., (2008). Information conveyed in hiring announcements of senior executives overseeing enterprise-wide risk management processes, *Journal of Accounting, Auditing & Finance* 23, 311-332.
- Beck, T., Cull, R., & Jarome, A. (2005). Bank privatization and performance: Empirical evidence from Nigeria. *Journal of Banking and Finance*, 29, 2355-2379.
- Berger A. N., Demirguc-Kunt A., Levine R., & Haubrich J. G. (2004). Bank concentration and competition: An evolution in the making. *Journal of Money, Credit and Banking*, 36(3), 433-451.
- Berger, A. N., Clarke, G. R., Cull, R., Klapper, L., & Udell, G. F. (2005). Corporate governance and bank performance: A joint analysis of the static, selection, and dynamic effects of domestic, foreign, and state ownership. *Journal of Banking and Finance*, 29(8-9), 2179-2221.
- Bertinetti, G. S., Cavezzali, E., & Gardenal, G. (2013). *The Effect Of The Enterprise Risk Management Implementation On The Firm Value Of European Companies*. Venice. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2326195
- Campbell, T.S., & Kracaw, W.A. (1990), Corporate Risk Management and the Incentive Effects of Debt. *Journal of Finance*, 45, 1673-86.
- Carter, D.A., Rogers, D.A., & Simkins, B.J. (2006). Does hedging affect firm value? Evidence from the US airline industry. *Financial Management*, 35, 53-86.
- Chantapong, S. (2005). Comparative study of domestic and foreign bank performance in Thailand: The regression analysis. *Economic Change and Restructuring*, 3, 63-83.

- Chyntia, K.S., & Nanik, L. (2015). Pengaruh Penerapan *Enterprise Risk Management* dan Variabel Kontrol Terhadap Nilai Perusahaan di Sektor Keuangan. *Manajemen Keuangan. Journal Petra*, 3(1). 3-10.
- Cole, C.R., & McCullough, K.A. (2006). A Reexamination of the Corporate Demand for Reinsurance. *Journal of Risk and Insurance*, 73, 169-192.
- Cornett, M. M., Guo, L., Khaksari, S., & Tehranian, H. (2010). The impact of state ownership on performance differences in privately-owned versus state-owned banks: An international comparison. *Journal Financial Intermediation*, 19, 74-94.
- Cumming, C.M., & Hirtle, B.J., (2001). The Challenges of Risk Management in Diversified Financial Companies, *FRBNY Economic Policy Review*, March.
- Demidenko, E., McNutt, P. (2010), The ethical of enterprise risk management as a key component of corporate governance. *International Journal of Social Economic*, 37(10), 802-815.
- Don Pagach, D., & Warr, R. (2010). The Effects of Enterprise Risk Management on Firm Performance, Jenkins Graduate School of Management North Carolina State University Raleigh, NC. Retrieved from : <http://ssrn.com/abstract=1155218>
- Fernandez, A. I., Fonseca, A. R., & Gonzalez, F. (2005). Does ownership affect banks profitability? Some international evidence. In E.Klein (8th ed.), *Capital formation and banking* (157-178). Nova Science Publishers, Inc.
- Flamini, V., McDonald, C., & Schumacher, L. (2009). *The determinants of commercial bank profitability in Sub-Saharan Afrika* (IMF Working Paper 09/15). Washington, DC: International Monetary Fund . Retrieved from <http://www.imf.org/external/pubs/ft/wp/2009/wp0915.pdf>.
- Fu, X., & Heffernan, S. (2009). The effects of reform on China's bank structure and performance. *Journal of Banking and Finance*, 33, 39-52.
- Gordon, L.A., Loeb, M.P., & Tseng, C.Y., (2009). Enterprise risk management and firm performance: A contingency perspective, *Journal of Accounting and Public Policy* 28, 301- 327.
- Graham, J., & Rogers, D. (2002). Do firms hedge in response to tax incentives?. *Journal of Finance* 57, 815–839.
- Guay, W., & Kothari, S.P (2003). How much do firms hedge with derivatives?. *Journal of Financial Economics* 80, 423–461.
- Hadad. M. D., Santoso.W., & Arianto, B. (2003). *Indikator awal krisis perbankan*. Jakarta: Bank Indonesia. Retrieved <http://www.bi.go.id>.
- Hoyt, R. E., & Liebenberg, A. P. (2008). The Value of Enterprise Risk Management: Evidence from the U.S. Insurance Industry. Retrieved from <http://www.risknet.de>

- Hoyt, R. E., & Liebenberg, A. P. (2011). The Value of Enterprise Risk Management: Evidence from the U.S. Insurance Industry. *The Journal of Risk and Insurance*, 795-822.
- Hoyt, R.E., & Khang, H., (2000). On the Demand for Corporate Property Insurance, *Journal of Risk and Insurance*, 67, 91-107.
- Hoyt, R.E., & Liebenberg, A. P. (2006). The Value of Enterprise Risk Management: Evidence from the U.S. Insurance Industry. Retrieved from http://www.aria.org/meetings/2006papers/Hoyt_Liebenberg_ERM_070606.pdf
- Iannotta, G., Nocera, G., & Sironi, A. (2007). Ownership structure, risk and performance in the European banking industry. *Journal of Banking and Finance*, 31(7), 2127-2149.
- Izah, M. T., & Ahmad, R.R. (2011). The Relationship Between Enterprise Risk Management (ERM) And Firm Value : Evidence From Malaysian Public Listed Companies. *International Journal of Economics and Management Sciences* , 1(2), 32-41
- Jin, Y., & Jorion, P. (2006). Firm value and hedging: Evidence from U.S. oil and gas producers. *The Journal of Finance* 61, 893-919.
- Kleffner, A. E., Lee, R. B., & McGannon, B. (2003). The Effect of Corporate Governance on the Use of Enterprise Risk Management : Evidence From Canada. *Risk Management and Insurance Review*, 6(1), 53-73.
- La Porta , R., Lopez-de-Silanes, F., & Shleifer, A. R. (2002). Government ownership of banks. *Journal Finance*, 57, 265-302.
- Liebenberg, A., and R. Hoyt. (2003). The determinants of enterprise risk management: Evidence from the appointment of chief risk officers. *Risk Management and Insurance Review*, 6 (1), 37-52.
- MacMinn, R.D. (1987). Forward markets, stock markets, and the theory of the firm. *Journal of Finance* 42, 1167-1185.
- Marsh and McLennan Companies. (2005). A Qualitative Survey of Enterprise Risk Management Programs, New York.
- Mayers, D., & Smith, C.W. Jr., (1990). On the corporate demand for insurance: Evidence from the reinsurance market. *Journal of Business* 63, 19-40.
- Meulbroek, L. K. (2002). Integrated Risk Management for the Firm: A Senior Manager's Guide. Retrieved 2008, from Harvard Business School. Retrieved from www.hbs.edu/research/facpubs/workingpapers/papers2/0102/02-046.pdf
- Micco, A., Panizza, U., & Yañez, M. (2004). *Bank ownership and performance* (IDB Working Paper No. 429). Inter-American Development Bank, Research

- Department. Retrieved November, 2004, from SSRN: <http://ssrn.com/abstract=1818718> or <http://dx.doi.org/10.2139/ssrn.1818718>.
- Micco, A., Panizza, U., Yanez, M. (2007). Bank ownership and performance: Does politics matter?. *Journal of Banking and Finance*, 31, 219-241.
- Miccolis, J., & Shah, S., (2000). Enterprise Risk Management: An Analytic Approach, Tillinghast – Towers Perrin.
- Nance, D.R., Smith, C.W. Jr., & Smithson, C.W. (1993). On the determinants of corporate hedging. *Journal of Finance*, 48, 267-284.
- Nelson, J.H., Moffitt, J.S., & Affleck-Graves, J.,(2005). The impact of hedging on the value of equity. *Journal of Corporate Finance*, 11, 851-881.
- Omran, M. (2007). Privatization, state ownership and bank performance in Egypt. *World Development*, 35(4), 714-733.
- Pagach, D, and R. Warr. (2007). An Empirical Investigation of the Characteristics of Firms Adopting Enterprise Risk Management, *North Carolina State University working paper* Available at: http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID1010200_code58675.pdf?abstractid=1010200&mirid=1
- Reaz, M. (2005). *Linking Corporate Governance and Bank Performance: Evidence from Bangladesh*. Bangladesh: North South University. Retrieved from <https://docs.google.com/viewer?>.
- Regan, L., & Hur, Y. (2007). On the Corporate Demand for Insurance: The Case of Korean Nonfinancial Firms. *Journal of Risk and Insurance*, 74, 829-850.
- Smith, C.W. Jr., Rene M., & Stulz, R.M. (1985). The determinants of firms' hedging policies. *Journal of Financial and Quantitative Analysis* 20, 391-405.
- Stulz, R. (2003). Rethinking risk management, *The Revolution in Corporate Finance*, 4th Edition, Blackwell Publishing, 367-384.
- Yu, P., & Neus, W. (2009). *Market structure, scale efficiency and risk as determinants of German banking profitability*. Retrieved from <http://econstor.eu/bitstream/10419/22093/1/294.pdf>.



31

MAIN ORGANISER
SULTAN SHARIF ALI ISLAMIC UNIVERSITY



CO-ORGANISERS

UNIVERSITI ISLAM ANTARABANGSA, MALAYSIA
UNIVERSITAS ISLAM NEGERI SUNAN KALIJAGA, JOGJAKARTA, INDONESIA
UNIVERSITAS ISLAM SULTAN AGUNG, SEMARANG, INDONESIA
UNIVERSITAS DARUSSALAM GONTOR, INDONESIA
MINDANAO STATE UNIVERSITY, PHILIPPINES
FATONI UNIVERSITY, THAILAND

CERTIFICATE OF APPRECIATION

This certificate is awarded to

HAMDI AGUSTIN

for participating in the

فرسیدغن انتارابغسا كأواغن إسلام اونیورسیتی ۲ اسیان ك-۵

**5TH ASEAN UNIVERSITIES INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE
(5TH AICIF)**

as a

PRESENTER

On 24th & 25th Rabiulawal 1439H corresponding to 13th & 14th December 2017
Park View Hotel, Jerudong
Negara Brunei Darussalam

DR HAJI NORARFAN BIN HAJI ZAINAL
Rector
Sultan Sharif Ali Islamic University
Co-Chairman of Steering Committee the 5th AICIF
Negara Brunei Darussalam

DR ABDUL NASIR BIN HAJI ABDUL RANI
Dean Faculty of Islamic Economics and Finance
Sultan Sharif Ali Islamic University
Chairman of Working Committee the 5th AICIF
Negara Brunei Darussalam

Strategic Partner



اوتوریتی مونیتاری برونی دارالسلام
AUTORITI MONETARI BRUNEI DARUSSALAM

Supporting Partners



CIBFM

Sponsors



Parkview



Yayasan Sultan
Haji Hassanal Bolkiah



Secretariat



The Effects of Enterprise Risk Management on Bank Performance : Evidence from Indonesian Public Listed Companies

ORIGINALITY REPORT

31%

SIMILARITY INDEX

26%

INTERNET SOURCES

18%

PUBLICATIONS

23%

STUDENT PAPERS

PRIMARY SOURCES

1	www.omicsonline.com Internet Source	5%
2	Submitted to South Bank University Student Paper	5%
3	link.springer.com Internet Source	4%
4	thescholedge.org Internet Source	4%
5	go.galegroup.com Internet Source	3%
6	Submitted to Dhofar University Student Paper	2%
7	Submitted to Trisakti School of Management Student Paper	2%
8	ahmadrizal.com Internet Source	2%

9	jbrmr.com Internet Source	1%
10	Submitted to Taylor's Education Group Student Paper	1%
11	www.gloriamundi.org Internet Source	1%
12	Makoto Nakano, Pascal Nguyen. "Foreign ownership and firm performance: evidence from Japan's electronics industry", Applied Financial Economics, 2013 Publication	1%
13	www.emerald.com Internet Source	1%
14	soac.unb.br Internet Source	1%

Exclude quotes On

Exclude matches < 1%

Exclude bibliography On