ABSTRACT

THE INFLUENCE OF GOOD CORPORATE GOVERNANCE TO CORPORATE FINANCIAL PERFORMANCE
(Emphirical Study in LQ-45 Corporates that Has Been Listed in Indonesian Stock Exchange In 2012-2014)

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This research aimed to analyze the implementation of good corporate governance that affected the corporate financial performance. The factors in this research were the transparency, the institutional ownership, the managerial ownership, and the independent commissioner as independent variables, then the corporate financial performance was measured by return on asset, debt to asset ratio and cash ratio as dependent variables.

This research was using purposive sampling method and was obtained 14 corporates in the LQ-45 members that conformed the criteria in this research. The data used was secondary data, that was the annual report of the corporates in 2012 to 2014. In order to prove the hypothesis, writer did regression testing that began with the classical assumption.

The results showed that the institutional ownership had positive effect to the financial performance, but the independent commissioner had no effect to the financial performance, meanwhile the transparency and the managerial ownership had a negative influence to the financial performance.

Keywords: return on assets, debt to asset ratio, cash ratio, transparency, institutional ownership, managerial ownership, and independent commissioner.