Abstract

EFFECT OF GOOD CORPORATE GOVERNANCE MECHANISM ON THE PERFORMANCE OF THE NATIONAL BANKING

(STUDY ON BANKING COMPANIES LISTED IN THE BANK INDONESIA 2009-2011)

by

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Coorporate Governance a problem that is quite complicated when his face monetary crisis in 1998 in Asia, especially Indonesia. Many of the bank closures and the decline in public confidence in the bank's own health became a serious problem that happens even to this day. Reform of the governance of financial institutions have applied the interests of shareholders and stakeholders. So that shareholders can more directly monitor the performance of the banking company. The purpose of this study was to measure the corporate governance and performance in the banking sector in particular to determine the mechanism of corporate governance.

Independent variables used in this study is the ownership structure consisting of a Board Size, Size the Board of Commissioners, the Board of Commissioners size independent, and CAR (Capital Adequacy Ratio). The sample of this study is the general banking company registered in Bank Indonesia 2009-2011. The data in this study come from the bank's annual report (annual report) 2009-2011 obtained from the website of the Stock Exchange of Indonesia, Directorate of Banking Indonesia, Indonesian Capital Market Directory (ICMD), as well as the official website of Bank Indonesia. The analytical method used is multiple linear regression line with previous studies that analyzed the purpose of effect of independent variables on the dependent variable. With purposive sampling method is used to determine the sampling option. From this study, a sample of 30 bank data used.

The results of the analysis showed that the Internal Control Mechanism Monitoring Board Size is positive but not significant effect on the performance of banking while the Board of Commissioners Size Independent negatively affect the company's performance. Both Ownership Monitoring mechanisms that size the Board of Commissioners negatively affect bank performance. Third Regulatory Monitoring Mechanism through reserve requirements or capital adequacy ratio (CAR) but significant negative effect on the performance of banks.

Key words: Good Corporate Governance, corporate performance, monitoring mechanisms.