ABSTRACT

EFFECT OF CHIEF EXECUTIVE OFFICER REPLACEMENT TOWARD COMPANY’S PERFORMANCE WITH GOOD CORPORATE GOVERNANCE AS MODERATING VARIABLE

BY

ESTI EKA FARIDAYANI

The objective of this research are: (1) to empirically prove the effect of CEO replacement toward company’s performance, (2) to obtain empirical evidence concerning corporate governance proxied by managerial ownership toward company’s performance, (3) to obtain empirical evidence concerning corporate governance proxied by the proportion of independent commissioner toward company’s performance, (4) to obtain empirical evidence concerning the effect of corporate governance proxied by managerial ownership toward the relation of CEO replacement and company’s performance, (5) to obtain empirical evidence concerning the effect of corporate governance proxied by the proportion of independent commissioner toward the relation of CEO replacement and company’s performance.

This research was conducted on the transport company listed on the BEI in 2010, 2011, and 2012. Samples were taken by looking at companies that CEO replacement turnover during the period of research and document company’s performance (ROA) was taken a year after the change of CEO that year in 2011, 2012, and 2013. Analysis of the data used in this study included descriptive statistical tests, linear analysis, and classical assumption.

The conclusions are: (1) the CEO replacement have positive to company’s performance, (2) the managerial ownership have statistically positive influence to company performance, (3) the proportion of independent commissioner have statistically positive influence to company performance, (4) corporate governance proxied by managerial ownership have positive influence toward the relation of CEO replacement and company’s performance, (5) corporate governance proxied by the proportion of independent commissioner have positive influence toward the relation of CEO replacement and company’s performance.

Keyword: CEO Replacement, GCG, Company’s Performance (ROA).