# ABSTRACT

Lia Farametha Lyvia / 33150584 / 2019 / Effect of the Mechanism of Good Corporate Governance on the Performance of Bank Companies Listed on the Indonesia Stock Exchange (IDX) Period 2015-2017 / Advisor : Mulyani, S.E., M.Si.

Economic development in the world is very rapid, this is marked by the progress of the economy in developed countries and developing countries as experienced by Indonesia. Progress in the economic field must be supported by companies that will adequately support the company. Because the general goal of the company is to develop its business and provide maximum prosperity for shareholders by optimizing the performance of the company. Implementation and management of good corporate governance or better known as good corporate governance can be used by interests. With good corporate governance, it is expected that the company's performance will also be good. This study aims to determine whether the mechanism of Good Corporate Governance consisting of audit committee, board of directos, independent commissioners, institutional ownership, and managerial ownership has a positive effect on the performance of the company.

The theory underlying this research in agency theory. Agency theory is a theory that explains how the parties involved in the company will behave, because basically between the agent and the principal have different interests that caused the agency conflict. This conflict occurs when the manager’s decision is not in line with the interest of shareholders and only to maximize their interests.

The sample was a public company listed banking industry in Indonesia Stock Exchange (IDX) during the period 2015-2017. Total sample used was 34 company for three years. Sampling technique that will be used in Non-Probability Sampling technique using purposive sampling method, that sampling technique with a superbly consideration certain criteria determined in advance by the researcher. The researcher execute the assumptions of classical, multiple regression analysis, F statistics, t statistics, coefficient of determination R2 and dummy test with α value 0,05.

The result of this study prove that the board of directors (B= 0.275; sig 0.004) proved to be a significant positive effect on the performance of the company. While the audit committee (B= -0,237; sig 0,203), the propotion of independent commissioners (B= 1,719; sig 0,391), institutional ownership (B= -0,287; sig 0,642), and managerial ownership (B= 0,520; sig 0,704) was not enough evidence affect the performance of the company.

The conclusion of this study is the corporate governance mechanism that consists of audit committees, the propotion of independent commissioners, institutional ownership, and managerial ownership do not affect the performance of the company. While the board of directors significant positive effect on firm performance.

Keywords: Good Corporate Governance, Corporate Performance, ROA, Audit Committee,

Board of directors, Independent Commissioner, Institutional Ownership, Managerial Ownership.