ABSTRACT

Good corporate governance is one factor for the company to improve its performance and maximize shareholder value. The principles of transparency, accountability, responsibility, independence, and fairness are guidelines that must be used by all corporate entities in every company activities; therefore, they can run effectively and efficiently. However, the data shows that the implementation of good corporate governance in Indonesia is still low. Policies and regulations made by the government and companies can improve the low level of good corporate governance. Hence it can improve company performance, especially in terms of financial performance.

This study aims to determine the effect of implementing good corporate governance on the financial performance of transportation sector companies listed on the Indonesia Stock Exchange for 2017 - 2019. The variables of implementing good corporate governance are proxied by Managerial Ownership, Independent Commissioners, and the Board of Directors. Meanwhile, the company's financial performance is proxied by Return on Assets (ROA).

The phenomena in this study were explored using case study and quantitative methods. The data collection technique is secondary data collection. Secondary data is used in audited financial reports and published by each transportation sub-sector company listed on the Indonesia Stock Exchange from 2017 to 2019. The data is in the form of company characteristics data that consist of managerial ownership, independent commissioners, board of directors, ROA in each company during the 2017-2019 period. The effect of Good Corporate Governance on the company's financial performance is analyzed through panel data regression analysis. It is to determine the effect of independent variables, namely managerial ownership, independent commissioners, and board of directors on the company's financial performance, through Return On Asset in the transportation sub-sector companies listed on the Indonesia Stock Exchange the year 2017 to 2019 partially and simultaneously.

The results showed that managerial ownership, independent commissioners, and the board of directors had no simultaneous effect on financial performance through Return On Assets. Meanwhile, partially it shows that managerial ownership has no significant influence on financial performance. At the same time, independent commissioners also has no significant influence on financial performance. The board of directors also has no significant influence on financial performance.

For further researchers, it is suggested to expand and add to the research period, change the object of research, and add other variables or change the proxies used in the independent variables. It is recommended to obtain different results and determine the effect on financial performance.

Keywords: Good Corporate Governance, Managerial Ownership, Independent Commissioner, Board of Directors, Financial Performance