ABSTRACT

Good Corporate Governance (GCG) is something that is considered important in an organization or company. Companies that pay attention to a good governance system are proven to be able to continuously improve their company performance. When good corporate governance has been created, a company can establish good relationships with stakeholders. From the existence of a good relationship, it will lead to trust from stakeholders to invest so that it is expected to improve the company's performance in terms of profitability and market performance. The purpose of this study is to determine and provide empirical evidence regarding the effect of good corporate governance (GCG) on profitability and market performance. Good Corporate Governance (GCG) in this study is proxied by institutional ownership, managerial ownership, board of directors, independent commissioners, and audit committee. Profitability in this study is proxied by ROE (Return On Equity) and market performance is proxied by tobins'q.

The population in this study are insurance companies listed on the Indonesia Stock Exchange for the 2014-2020 period. The sampling method in this research is using purposive sampling which is sampling with certain predetermined criteria. The number of companies that are used as samples are 15 insurance companies. The method of analysis in this study is the method of multiple linear analysis.

The results of this study indicate that institutional ownership has a positive and significant effect on profitability, while it has a negative and significant effect on market performance. Managerial ownership has a positive and significant effect on profitability, while it has a negative and significant effect on market performance. The board of directors has a positive but not significant effect on profitability, while it has a negative and insignificant effect on market performance. Independent commissioners have a negative and insignificant effect on profitability, while they have a positive and significant effect on market performance. The audit committee has a negative and insignificant effect on profitability, while it has a positive and significant effect on market performance. The results showed that GCG simultaneously had a significant effect on profitability and market performance.

Keywords: good corporate governance , institutional ownership, managerial ownership, board of directors, independent commissioner, audit committee, profitability, market performance.