A B S T R A C T

The purpose of this research is to develop new theoretical approaches in order to overcome conceptual controversy regarding credit risk mitigation and company performance. The research gap is whether credit risk mitigation is enhancing company performance or not. Initial researches have declared that Risk Mitigation is enhancing company performance by handling companies risk, reduce non performing loan, reduce operational cost, increasing profit, value added to shareholders and company, and useful as company strategy. A quality management operation system which increasing product quality, decreasing operational cost, increasing efficiency and company performance. Negative statements stated that risk mitigation needs high cost of resources and just reducing partial risk instead of totally.

Several software were used in this research, such as *WarpPLS* ver. 3.0 (multivariate regression), IBM SPSS Statistic 21 (T-Test), Microsoft Excel 2010 (Successive Interval). This research was using 112 credit analysts at PT. Bank Negara Indonesia, Tbk. as sample, and performance indicators from loan centers. The proposition Quality Based Credit Risk Mitigation has developed five hypotheses. Hypotheses loan process efficiency has a positive impact on loan quality was rejected due to insignificant influence.

Important findings in this research are succeed to explain (1) the research gap about causal relationship credit risk mitigation and company performance, by using Quality Based Credit Risk Mitigation as new concept, (2) theoretic contribution to quality management, strategic management, and risk management literature about integrating Lean Six Sigma into company strategic will provide good impact to the company performance by increasing quality product, decrease process risk, and cost efficiency, (3) managerial implication to company in enhancing performance by Quality Based Credit Risk Mitigation through increasing credit quality and credit process efficiency.