ABSTRACT

Purpose of this study was to examine the effect of the implementation of Good Corporate Governance (GCG) on the company's performance with bank risk as an intervening variable and company age as a control variable. GCG is proxied by Commissioners, Independent Commissioners, Board of Directors, Audit Committee. The company's performance is proxied by Return on Assets (ROA), Return on Equity (ROE). Bank risk is proxied by NPL, BOPO, LDR, CAR.

Population used in this study are public banks listed on the Indonesia Stock Exchange during the 2015-2020 period as many as 47 banks. The sampling technique in this study used purposive sampling method so that a sample of 44 companies was obtained. The analytical method used in this study uses Partial Least Square (PLS) with the outer model and inner model tests using the SmartPLS version 3.2.9 application. And the Sobel test to test the indirect effect between the independent variables on the dependent variable through the intervening variable.

The results showed that Good Corporate Governance (GCG) had a positive but not significant effect on financial performance. Meanwhile, Good Corporate Governance (GCG) has a significant negative effect on bank risk. Bank risk has a significant negative effect on company performance. This study shows that bank risk can mediate the significant positive indirect effect of Good Corporate Governance (GCG) on company performance.

Keywords: Good Corporate Governance (GCG), Commissioners, Independent Commissioners, Board of Directors, Audit Committee, Return on Assets (ROA), Return on Equity (ROE), Bank Risk, NPL, BOPO, LDR, CAR