ABSTRACT

The purpose of this study is to examine the influence of corporate governance mechanisms to variability of stock return. The dependent variable is variability of stock return which is proxied as standard deviation of stock return and Independent variable are corporate governance mechanism which is proxied by size of the board of commissioners, size of the board of independent commissioners, size of the audit committee, size of the board of directors and ownership structure used in this study are managerial ownership and institutional ownership. Control variabel are return on asset, leverage and size.

The population of this study are companies listed on the Indonesia Stock Exchange (BEI) in the year 2012-2014. Total sample is 1239 companies. This study used purposive sampling method and multiple linear regression as the analysis method. Before being conducted by regression test, it was examined by using the classical assumption tests.

The results of this study indicate that the size of the board of independent commissioners, size of the audit committee, managerial ownership and return on asset did not have significant influence to the variability of stock return. Size of the board of commissioners, size of the board of directors, institutional ownership, leverage and size have significant influence to the variability of stock return.

Keywords: variability of stock return, corporate governance mechanisms, size of the board of commissioners, size of the board of directors, size of the board of independent commissioners, size of the audit committee, size of the board of directors, managerial ownership, institutional ownership, return on asset, leverage and size.