

ABSTRACT

The performance and accountability of boards of directors and effectiveness of governance mechanisms continue to be a matter of concern. The company that their corporate governance is not running well inflict discrepancy reporting information in the financial statements with the fact that happen in company. Good corporate governance mechanism is expected to minimize the agency problems so the financial performance can be increase. The purpose of this study is to examine the effect of corporate governance structure, which is a size of the board of commissioner, independent commissioner, size of the board of directors, and turnover in the board of directors on the financial performance proxied Return on Assets (ROA) and Return on Equity (ROE) in the banks listed on the Indonesia Stock Exchange for period 2011 until 2015.

The population of the study comprises firms listed in banking sector of the Indonesian stock exchange. The number of banking companies listed in Indonesia Stock Exchange during the period 2011 until 2015 is 42. By using purposive sampling techniques, obtained a sample of 40 companies. The list of the banking companies for the period 2011-2015 is obtained from the web site of Indonesian stock exchange. The data analysis technique used in this study is multiple linear regression analysis.

The findings show size of the board of commissioner does not affect with financial performance proxied with ROA and ROE. Independent commissioner significantly negative effect on financial performance proxied by the ROA, while the independent commissioner has a negative, though insignificant, relationship with financial performance proxied by ROE. The size of the board of directors has a significantly positive effect on financial performance proxied by the ROA and ROE. Turnover in the board of directors significantly negative effect with financial performance proxied by the ROA, while turnover in the board of directors has a negative, though insignificant, relationship with financial performance proxied by ROE.

keywords : board of commissioners, independent commissioner, board of director, turnover in the board of directors, financial performance.