

ABSTRACT

This study aims to analyze the factors which influential the establishment of Risk Management Committee (RMC) in non financial firms. The factors that use in this study are audit committee characteristic and board characteristic that consist of audit committee independency, audit committee size, audit committee activity, audit committee expert, board size, proportion of independence commissioners and board dilligence. This study also use other factors such as firm size, business complexity, leverage and auditor reputation.

Sample of this study were non financial firms listed on Indonesian Stock Exchange which the data detectable on Bloomberg for the observation period of 2009 until 2011. A number of 74 firms to be sample in this research that choosing by purposive sampling method. Statistical method that used for the hypotesis is logistic regression analysis.

The result for this study is founded that audit committee size, audit committee activity and board activity is related positive and significant to the establishment RMC. Firm size and bussiness complexity as control variabel also related positive and significant to the establishment RMC.

Keywords: Risk Management Committee, corporate governance, audit committee, board commisioner