ABSTRACT

This study aims to determine the effect of Corporate Governance, which is proxied by Board Compensation, Board Meeting Frequency, Board Age, Foreign Ownership, and Concentrated Ownership on the profitability of commercial banks listed on the Indonesia Stock Exchange (IDX) in Indonesia with the Firm Size control variable. Profitability is proxied by Return On Assets (ROA) as a measure of the company's ability to earn a profit from the use of all its resources or assets.

This study uses secondary data obtained from the annual reports of commercial banks listed on the Indonesia Stock Exchange (BEI) during the 2015-2019 period. The number of samples used was 26 with purposive sampling method, in order to obtain a total of 130 observations. This study uses multiple linear regression methods with the IBM SPSS 25 program consisting of the f statistical test, t statistical test, the coefficient of determination (R2) and the classical assumption test. During the observation period, it shows that the data in this study are normally distributed. This shows that the data used has met the requirements to use the multiple linear regression equation model.

The results of this study indicate that board compensation and board age have a positive and significant effect on bank profitability, and board meeting frequency and concentrated ownership have a negative and significant effect on bank profitability. Meanwhile, the results for foreign ownership show that there is no significant effect on bank profitability.

Keywords: Corporate Governance, Ownership Strcuture, Board of Director, Board Compensation, Board Meeting Frequency, Board Age, Foreign Ownership, Concentrated Ownership, Profitability, ROA