

ABSTRACT

This study aimed to analyze the influence of executive compensation, salary disparities and ownership structure on the operational performance and credit risk and market risk of banking in Indonesia. Studies on domestic banks and foreign banks in Indonesia period 2009-2011.

The data which are used in this study were obtained from the Indonesian Banking Directory in the year of 2009-2011. Samples were selected by purposive sampling method and finally obtained 32 banking companies per year that fulfill the criterias. The data were analyzed using multiple linear regression analysis model with autoregressive-based.

The results showed that compensation of the executive give the significant positive effects on the bank performance, while no effect on the risk. Employee salary disparity does not affect the performance and the bank risk. Different ownership structure has an influence on the performance and bank risk.

Keywords: executive compensation, ownership structure, bank performance, and bank risk.