

**THE EFFECTS OF GOOD CORPORATE GOVERNANCE ON  
COMPANY PERFORMANCE**

**(Empirical study on the Manufacturing Companies listed on Indonesia Stock  
Exchange During the Period 2007-2009)**

**Presented as Partial Fulfilment of the Requirements for the Degree of  
Sarjana Ekonomi (S1) in Accounting Program Faculty of Economics  
University of Atma Jaya Yogyakarta**



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**THE EFFECTS OF GOOD CORPORATE GOVERNANCE ON  
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**Yogyakarta, October 17, 2011**

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**THE EFFECTS OF GOOD CORPORATE GOVERNANCE ON  
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## **AUTHENTICITY ACKNOWLEDGEMENT**

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**THE EFFECTS OF GOOD CORPORATE GOVERNANCE ON  
COMPANY PERFORMANCE  
(Empirical study on the Manufacturing Companies listed on Indonesia Stock  
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**Is really my own thinking and writing. I fully knowledge that my writings  
does not contain others' or part (s) of others' writting, except for those that  
have been cited and mentioned in the bibliography.**

**Yogyakarta, October 17, 2011**

A handwritten signature in black ink, appearing to read 'Benny Lim', with a stylized flourish at the end.

**Benny Lim**

## ***Motto***

***"I will persist until I succeed. Always will I take another step. If that is of no avail I will take another, and yet another. In truth, one step at a time is not too difficult.... I know that small attempts, repeated, will complete any undertaking."***

***--- Og Mandino***

Sometimes  
it seems like god is difficult to find  
And impossibly far away.  
We get so caught up in our small daily duties  
and irritation that they become  
the only things that we can focus on.  
What we forget is that God's love and beauty  
are all around us, every day, every time  
if only we would take the time to look up and see them.

Matthias, correction Weblog, 11-01-03

## **ACKNOWLEDGEMENT**

Praise the God for the strength and blessing that He gave to me. It would be impossible and hard to accomplish my thesis and my study in Atma Jaya University without His blessing. I am also grateful for the people around me that He gave, who have given their time, support, advise, knowledge and encouragement. Therefore, in this opportunity I would like to express my deepest appreciation to those people who supported me during the time I needed to accomplish my thesis. I would like to say thank you to:

1. My most important persons, my lovely Lim family. My parent who always gives their love, care, advice and unlimited support in my life, I love you both. This thesis dedicated to both of you, who have given me the greatest love I ever had. My Sisters and Brother Santy Lim, Susana Lim, Yanti Lim, Joni Lim, and Nathalia for their encouragement and support. My Brother in laws Eddy and Agus, also my Sister in law Yi Shan. And last my 7 nieces and nephews.
2. My precious beloved one, Erika Kristiana. For all the time to support, love, care, understanding during the good times and bad times. Thank you for your smile that makes my life meaningful. And that's our dream to encourage me finish my thesis. Love you.
3. My advisor, Mrs Dra. Dewi Ratnaningsih, MBA., Akt, for the lecture, the guidance, and support in the class, in this thesis also the chance you gave me as an assistant to teach Principle of Accounting. Thank you for your willingness to spare time to guide me to finish this thesis. Your patience, suggestions, understanding and cooperation in guiding me through the process in compiling my thesis. All my lecturers in international class that I could not be

able to mention one by one. They teach me from the first semester until now so I can finish my study in University of Atma Jaya Yogyakarta.

4. Mr. Adit who always help, guide and wait patiently in international office.
5. Jokbur and KSPM friends that Pitik, Nana, Andre, and others that I can't mention one by one, helped me stay sane through these difficult years. Especially Mas cosmas that gave me a lot inspiration and knowledge.
6. My Best Friends ever in Jogja Sasa Liaw and Indra G, who pass the time for 8 semesters together. I'll miss that moment with you in the class. Wish you both could graduate as soon as possible and meet you at the other chance.
7. My good friends in international, Denis, Chancun, Yongki, Alex, Om Ervan, Harry, Arie, Yohan, Juve W, Davin, Edwin, Levina, Wulan, Putri, Olson, IFAP 2008 batch and other international student that I can't mention one by one who have support and care helped me overcome setbacks and stay focused on my graduate study. I greatly value their friendship and I deeply appreciate their belief in me. Also my 4-years-next-door friend Hendri Hencux that always help me in case of IT problem.
8. My good friends in Batam, Achunk, Terry, Willivent, Haryanto, Herman, and others that I couldn't mention all.
9. All my KKN's friends Rendy, Irwin, Icha, Andre, and others in Kebon Agung.
10. For all people that I could not mention one by one. Thank you for your support and care. No words can express my happiness to have all of you as parts of my life.

With love,

Benny Lim

## TABLE OF CONTENTS

<b>TITLE PAGE .....</b>	<b>i</b>
<b>APPROVAL PAGE .....</b>	<b>ii</b>
<b>COMMITTEE’S APPROVAL PAGE .....</b>	<b>iii</b>
<b>AUTHENTICITY ACKNOWLEDGEMENT .....</b>	<b>iv</b>
<b>MOTTO .....</b>	<b>v</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>vi</b>
<b>TABLE OF CONTENTS.....</b>	<b>viii</b>
<b>LIST OF TABLES .....</b>	<b>xi</b>
<b>LIST OF APPENDICES .....</b>	<b>xii</b>
<b>ABSTRACT .....</b>	<b>xiii</b>
<b>CHAPTER I: INTRODUCTION .....</b>	<b>1</b>
1.1. Background of the Research .....	1
1.2. Research Problems .....	7
1.3. Objectives and Benefits.....	7
1.4. Systematical Discussion.....	8
<b>CHAPTER II: GOOD CORPORATE GOVERNANCE AND</b>	
<b>HYPOTHESIS DEVELOPMENT .....</b>	<b>9</b>
2.1. Corporate Governance .....	9
2.1.1. Definition of Corporate Governance.....	9
2.1.2. Principles of Good Corporate Governance .....	10



2.1.3. Objectives and Benefits of Implementation of Good Corporate Governance .....	13
2.2. Company Performance.....	14
2.3. Agency Theory .....	16
2.4. Hypotheses Development and Previous Research .....	19
<b>CHAPTER III: RESEARCH METHODOLOGY .....</b>	<b>25</b>
3.1. Population and Sample.....	25
3.2. Data, Data Collection Method, and Sources of Data .....	26
3.3. Operational Definition and Measurement of Research Variables .....	26
3.4. Data Analysis .....	29
3.5. Hypothesis Testing Technique.....	31
<b>CHAPTER IV: RESULTS .....</b>	<b>34</b>
4.1. Descriptive Statistics Analysis.....	34
4.2. Classic Assumption Test.....	36
4.2.1.Normality Test .....	37
4.2.2.Multicollinearity Test.....	38
4.2.3.Heteroskedastisitas Test.....	40
4.2.4.Autocorrelation Test.....	40
4.3. Analysis of Hypothesis Testing .....	41
4.4. Determinant Analysis.....	42
4.5. Analysis Discussion .....	43

**CHAPTER V: CONCLUSION AND SUGGESTION..... 46**

5.1. Conclusion ..... 46

5.2. Implication and Suggestion..... 47

**REFERENCES**

**APPENDICES**



## LIST OF TABLES

Table 3.1	Sample 2007-2009 .....	26
Table 4.1	Descriptive Statistics .....	35
Table 4.2	Kolmogorov – Smirnov Test 1.....	37
Table 4.3	Kolmogorov – Smirnov Test 2.....	38
Table 4.4	VIF Test.....	39
Table 4.5	Spearman’s Rho Test .....	40
Table 4.6	Durbin Watson Test .....	41
Table 4.7	Coefficient Regression .....	41

## **LIST OF APPENDICES**

Appendix 1: ROE 2007 -2009

Appendix 2: Independent Variables Data

Appendix 3: Normality Test

Appendix 4: Multicollinearity Test

Appendix 5: Heteroskedastisitas Test

Appendix 6: Autocorrelation Test

Appendix 7: Regression

Appendix 8: Descriptive Statistics

Appendix 9: Durbin-Watson Test Value for alpha ( $\alpha$ ) =5%

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## **ABSTRACT**

This study is aimed to investigate the effect of Good Corporate Governance on company's performance. Samples in this study are manufacturing company listed in Indonesian Stock Exchange. Good Corporate Governance would be associated by using the managerial ownership; Institutional ownership; size of the board director; and the proportion of independent commissioners. The study also includes Return on Equity (ROE) ratio as dependent variable.

The result proves managerial ownership, Institutional ownership, and the proportion of independent commissioners have positively affect on companies' performance. While the size of board of director doesn't has negatively affect on company's performance. The results in this study complement previous studies and provide some understanding on the importance of practicing good corporate governance.

**Key words:** Good Corporate Governance; Managerial Ownership; Institutional Ownership; The Size of Board Director; Proportion of Independent Commissioners; Return on Equity;