THE INFLUENCE OF CORPORATE GOVERNANCE PERCEPTION INDEX TOWARDS COMPANY PERFORMANCE DURING FINANCIAL CRISIS

FERRY LINTONG SIMBOLON
Amalia Rizki, SE.,M.Si.,Ak
KKB KK A 216 11 Sim t

ABSTRACT
This study examines the influence of corporate governance towards corporate performance. This study employs a multiple regression to test the hypothesis that corporate governance and corporate performance are positively related. The rating of corporate governance perception index (CGPI) for 2007 until 2009 by the Indonesian Institute for Corporate Governance is used to measure the corporate governance implementation, and Tobin’s q as a market performance measurement (Klapper and Love, 2002) and return on equity (ROE) as financial performance measurement (Klapper and Love, 2002). The analysis shows that there is no significant influence between corporate governance index and Tobin’s q. But, there is a significant influence between corporate governance index and return on equity. It means that corporate governance implementation affects the financial performance, but market does not respond the implementation of corporate governance immediately during crisis.

Keywords: corporate governance, performance, tobin’s q and return on equity.