ABSTRACT

Santoso, Brian Dwi 2015, THESIS. Title: The Analysis of Influence of Good Corporate Governance Mechanism and Property Right Structure on BUMN’s Post-Privatization Financial Performance

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Keywords : Good Corporate Governance, Property Right Structure, Privatization

The purpose of this research is to find out the influence of good corporate governance mechanism and property right structure on BUMN’s post-privatization financial performance.

In this research, good corporate governance mechanism is measured using commissary board, education background of managing commissaries, and auditor quality. Whereas the property right structure only examines the government institution property structure. Financial performance in this research employs net profit margin (NPM) to find out the net income of BUMN after its privatization. The population consists of privatized BUMNs. The sample itself takes BUMNs privatized during 2007 until 2011 which published their financial statements. The data is examined using classical assumption test to find out whether it is suitable for further analysis. Then, the researcher examines it using F test and T test.

The result of the research shows that from four independent variables, the variable of commissaries board and educational background of managing commissaries significantly and positively influence the financial performance. Whereas the auditor quality and property right structure of government institutions has no influence on the financial performance. The big size of commissaries board and a managing commissary who has business educational background is in accordance with the financial performance growth. The auditors’ quality negatively influences the financial performance. It is most probably due to factors influencing their quality including the size of their agency, competency and independency. Whereas property rights of government institution has no significant influence. It means that the smaller the right owned by government institution, the higher its financial performance is.