

CHAPTER V

CONCLUSION, SUGGESTION AND RESEARCH

LIMITATION

A. Conclusion

This research examines the relationship between firm risk, remuneration and corporate governance on bank performance. The firm risk variable consists of credit risk which is measured by non-performing loan ratio (LDR), market risk which is measured by net interest margin ratio (NIM) and liquidity risk which is measured by loan to deposit ratio (LDR). The remuneration variable is measured by total director's remuneration and the corporate governance uses Corporate Governance Perception Index (CGPI) as the measurement. Total sample of this research is 31 banks consisting of bank which join CGPI ranking and listed in Indonesia Stock Exchange from 2012 – 2016. From the analysis result, it can be conclude that:

1. Credit risk negatively influences bank performance
2. Market risk positively influences bank performance
3. Liquidity risk has no influence on bank performance
4. Remuneration has no influence on bank performance
5. Corporate governance positively influences bank performance

B. Suggestion

From the result of test and analysis, there are some suggestions to improve the research in the future. Thus, the writer's suggestions are:

1. The next research should add more observation periods on their research since it will depict the condition of sample and derive a different result. Thus, they will have a true picture relationship of the variables and sample employed in the research.
2. The next research should add more variables which influence bank performance. Some of them are CAR (Capital Adequacy Ratio), differentiate the foreign bank and local bank and include the bank which is not listed in Indonesian Stock Exchange.
3. The next research should use different measurement of the variables employed. For example, use ROE (Return on Equity) to measure bank performance and use other indexes to measure corporate governance. The different measurement will depict different or maybe better picture of the relationship.

C. Research Limitation

This research has some limitation. They are:

1. There is only limited sample in the year of observation. This is because there is still a few numbers of companies which join CGPI ranking held by IICG (Indonesian Institute of Corporate Governance).

2. The firm risk variable only consists of three measurements by using credit risk, market risk and liquidity risk while the other risks are not included in this research.
3. The remuneration variable is limited only to the director's remuneration while the executive's remuneration is not included in this research.