

ABSTRACT

The purpose of this study is to examine and analyze the effect of Good Corporate Governance mechanisms on profitability. Profitability is measured using Return On Assets (ROA), while Good Corporate Governance mechanisms are determined by variables such as board of directors, independent board of commissioners, board of commissioners, managerial ownership, ownership concentration, with leverage as a control variable.

The sample for this study consists of banking companies listed on the Indonesia Stock Exchange for the 2020-2023 period. A total of 139 companies were selected using purposive sampling. The analysis method employed in this research is multiple regression analysis.

Agency theory underpins the concept of good corporate governance in business management, where good corporate governance is expected to minimize conflicts through the supervision of agents performance. This study seeks to demonstrate that good corporate governance influences profitability, with leverage as a control variable

This study examines six hypotheses. Based on data analysis and discussion, the conclusion drawn from this research is that managerial ownership has a significant positive effect on profitability, as proxied by ROA. Meanwhile, other corporate governance mechanism-namely the board of directors, independent board of commissioners, board of commissioners, audit committee, and ownership concentration-do not affect profitability as proxied by ROA.

Keywords: *Profitability, Good Corporate Governance, board of directors, independent board of commissioners, board of commissioners, managerial ownership, ownership concentration, leverage*