ABSTRACT

This study aimed to analyze the influence of executive compensation, salary disparities and ownership structure on the operational performance and credit risk and market risk of banking in Indonesia.Studies on domestic banks and foreign banks in Indonesia period 2009-2011.

The data which are used in this study were obtained from the Indonesian Banking Directory in the year of 2009-2011. Sampleswere selectedbypurposivesamplingmethodand finally obtained 32banking companies per yearthat fulfill the criterias.The data were analyzed using multiple linear regression analysis model with autoregressive-based.

The results showed that compensation of the excecutivegive the significant possitive effects on the bank performance, while no effect on the risk. Employee salary disparity does not affect the performance and the bank risk.Different ownership structure has an influence on the performance andbank risk.

Keywords:executive compensation, ownership structure, bank performance, and bank risk.

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