

CHAPTER V

CONCLUSION AND SUGGESTION

5.1 Conclusion

This research aims to investigate the effect of family-owned bank, family aligned board and political connection to the implementation of good corporate governance in banking industry along 2014 to 2017 period. This research used secondary data sourced by annual reports of bank website. The number of sample is 58 banks each year. The analysis technique method used multiple regression analysis. From the discussion in the fourth chapter, the result of this study is summarized as bellow:

1. Based on F test, it can be concluded that family ownership, family aligned board, and political connection simultaneously have effect to good corporate governance in banking industry.
2. Based on t-test, it shows that family ownership have positive non-significant effect to good corporate governance in banking industry.
3. Based on t-test, it shows that family aligned board has positive non-significant effect to good corporate governance in banking industry.
4. Based on t-test, it shows that political connections have negative significant effect to good corporate governance in banking industry.

5.2 Research Limitation

Based on this research, a researcher has research limitation as below:

1. The sample of this research is not matched observed bank based on bank type whether it is foreign exchange bank and non-foreign exchange bank.
2. The criteria of political connection are only limited in members of parliament (MPR) and member of ministry.
3. The measurement of good corporate governance is used composite score as result from self-assessment, yet sometime there is occurred difference assessment score between Financial Service Authority and the banks itself so the bank must do revised.
4. Lack of data and information provided regarding the closeness a board of director or commissioner or ultimate shareholder with government such as parliament, ministry or even president.
5. The model of this research only able to explain 27.9% of the variation in the dependent variable (good corporate governance). While the rest (72.1% of 100 percent) is influenced by another determinant factors.

5.3 Recommendation

Based on result findings, the researcher has some recommendations for shareholder and future research as below:

1. For Shareholder

The assessment of good corporate governance score should be highlighted thing to be considered in investment. Because more good the bank in implementing good corporate governance, it reflect the

bank has awareness, and responsibility toward each stakeholder and shareholder.

2. For Future Research

Future research is expected to conduct next research by:

- a. Match the observed sample based on bank type such foreign exchange bank and non-foreign exchange bank.
- b. Adding the criteria of political connection in order to get representative result like parties members, and campaign successful team.
- c. Using another index score as measurement of good corporate governance such as ASEAN Corporate Governance Scorecard or Corporate Governance Perception Index (CGPI).
- d. Adding the independent variable for example like profitability, leverage, and ownership structure.

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