



**ACCOUNTING DEPARTMENT**

**UNIVERSITAS ANDALAS  
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**ANDALAS UNIVERSITY**

**THESIS**

**THE EFFECTS OF CORPORATE GOVERNANCE AND FIRM RISK-  
TAKING TOWARDS THE TENDENCY TO CHOOSE MALUS AS THE  
EXECUTIVE COMPENSATION POLICY**

**BY:**

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## **THE EFFECTS OF CORPORATE GOVERNANCE AND FIRM RISK-TAKING TOWARDS THE TENDENCY TO CHOOSE MALUS AS THE EXECUTIVE COMPENSATION POLICY**

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### **ABSTRACT**

*This paper examines the effect of corporate governance in the scope of board structure, and firm risk-taking in the certain risk profile of banking companies towards the tendency of a company to choose malus as executive compensation policy in banking sector companies that are listed in Indonesia Stock Exchange. We find that firms with strong governance (boardindep, boardmeet) are negatively associated with the probability of using malus. We also find that firms with high on firm risk-taking (higher loans, and lower equityrat) have a higher probability of choosing Malus as executive compensation policy. Using the logistic regression analysis, we find that firms with weak governance and high on firm risk-taking are suggested to choose malus as executive compensation policy.*

**Keywords:** *compensation, holdback, malus, clawback*