

# THE EFFECT OF CORPORATE GOVERNANCE ON RETURN OF STOCK PRICE WITH COMPANY SIZE AS CONTROL VARIABLE

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**Abstract:** Good Corporate Governance (GCG) has a close relationship with public trust in a company. When a company implements GCG, it will provide security to shareholders. The safer shareholders feel, the more likely it will be for them to invest funds into the company sustainably. This should stabilize the company's stock price. This study aims to examine the effect of GCG on stock price returns. In this study, secondary data was used, and linear regression was used to test the effect. The results of this study indicate that GCG has no effect on stock price returns.

**Keywords:** corporate governance, good corporate governance, return, stock price

## 1. BACKGROUND

Corporate Governance is one of the most important economic pillars (Budiharjo, 2019). Corporate governance is the relationship between the stakeholders in determining the direction to be taken by the company. According to Pratiwi and Suryanawa (2014), Good Corporate Governance (GCG) is one of the pillars of the market economy system. GCG has a close relationship with public trust in the company. When a company implements GCG, it will provide a sense of security to shareholders. The company's goal in implementing GCG is to optimize the profitability of all stakeholders in the long run. The Indonesian Institute for Corporate Governance (IICG) is an institution formed to monitor the implementation of GCG in Indonesia. IICG ranks companies that implement GCG in Indonesia. The results of the commemoration conducted by the IICG are

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