THE DETERMINANTS OF SHAREHOLDER VALUE CREATION IN INDONESIAN BANKING

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no materials previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

THE DETERMINANTS OF SHAREHOLDER VALUE CREATION

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This research advances the study of Fiordelisi & Molyneux (2010) and Radic (2015) by examining the determinants of shareholder value creation in Indonesian listed banks between 2009 and 2014. By incorporating the study of Fu, Lin, and Molyneux (2014), a forward-looking, market-based performance measure is used to assess shareholder value, namely Tobin's Q. This measurement of shareholder value is then used in a panel data analysis as a linear function of various bank-risk, bank-specific, and macroeconomic variables. Efficiency, credit risk, and income diversification are found to be the most important and significant factors in explaining shareholder value creation in Indonesian banking.

Keywords: Shareholder value, Efficiency, Risk-taking, Bank-specific, Indonesian banking.

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DEDICATION

This thesis is dedicated to my parents.

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First and foremost, I would like to thank Allah SWT for providing me this opportunity and granting me the capability, strength, and determination to proceed successfully. This thesis appears in its current form due to the assistance and guidance of several people. Therefore, I would like to offer my sincere gratitude to all of them.

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