

ABSTRACT

This study aims to provide empirical evidence of the effect of corporate governance and ownership structure on financial performance. The dependent variable used in this study is financial performance as measured by return on equity, and the independent variable is corporate governance as measured by the proportion of independent commissioners, audit committees and directors' remuneration, while ownership structure is proxied by institutional ownership, public ownership and foreign ownership.

The population used in this study are manufacturing companies listed on the Indonesia Stock Exchange (BEI) from 2018-2019. The research sample was selected with purposive sampling. The samples used were 117 companies in 2018 and 131 companies in 2019 with a total sample of 248 samples. The analytical method used is the Partial Least Square (PLS).

The results showed that the variables of the proportion of independent commissioners, directors' remuneration and foreign ownership had a positive effect on financial performance, while the audit committee, institutional ownership and public ownership had no effect on the company's financial performance.

Keywords: Corporate Governance, Ownership Structure, Company Financial Performance