

ABSTRACT

This study aims to examine and analyze the relationship between the application of corporate governance and company value and financial performance as a mediating variable. The dependent variable in this study is firm value (Tobin's Q), while the independent variables are corporate governance (CGPI) and financial performance as intervening variables.

The population of the data in this study were companies that followed the CGPI ranking listed on the Indonesia Stock Exchange in 2012, 2013, 2014, 2015 and 2016 respectively. The method used for sampling the study was purposive sampling and obtained 83 samples of companies that met the criteria.

This study uses multiple regression analysis to test the research hypothesis. The test results show that the application of corporate governance has a positive effect on firm value and financial performance. This study also show financial performance has a positive influence on company value. In addition, this research shows that financial performance is able to mediate the relationship between corporate governance and firm value.

Keyword : corporate governance, CGPI, firm value, financial performance, Tobin's Q, ROE.