

ABSTRACT

The purpose of this paper is to examine the impact of corporate governance structure, leverage, and firm size on the performance of finance and banking companies proxied by TOBIN'S Q in Indonesia stock exchange for period 2011 - 2014 in order to determine which of the variable enhances performance of finance and banking companies in Indonesian stock exchange.

The population of the study comprises firms listed under finance and banking sector of the Indonesian stock exchange. The number of finance and banking firms listed on the Indonesian stock exchange as at the time of data collection (2016) was 38. By using purposive sampling technique, the sample is obtained by 36 companies. The list of the finance and banking companies for the period 2011-2014 is obtained from the web site of Indonesian stock exchange. The data analysis technique used in this study is multiple linear regression analysis.

The findings suggest a significant positive relationship between independent commissioner, firm size and finance performance while board of director, institutional ownership, leverage are significant and negatively related with finance performance. The result supports agency theory which suggests that independent commissioner provide effective monitoring of the management thereby enhancing profitability and reducing possibility for opportunistic behavior by the management and ultimately enhancing performance. In addition audit committee and managerial ownership have no significant effect on finance performance.

keywords : board of director, independent commissioner, audit committee, managerial ownership, institutional ownership, leverage, firm size, financial performance.