ABSTRACT

In measuring the financial performance of a company can be seen in several indicators including Earning per Share (EPS), Price Earning Ratio (PER), Return on Equity (ROE), Financial Leverage (FL), Debt to Equity Ratio (DER), Current Assets (CA), dan Return on Assets (ROA). Some of these indicators are used as a guideline for investors to assess the financial performance, but not all of the information that stated in the financial statements was stated properly. In the company that their corporate governance is not running well,, there can be a discrepancy between the information that stated in the financial statements with the fact that happen in company. Corporate governance mechanism is expected to minimize the agency problems so the financial performance can be increase. The purpose of this study is to analyze the effect of corporate governance mechanisms on financial performance.

The population in this study are all manufacturing companies listed on the Stock Exchange in 2011 until 2013. The sampling method used in this study was purposive sampling method.The total number of samples in this study were 90 research samples. This study used multiple linear regression as analysis instrument. Before doing the regression test, it's examined by using classical assumption test.

The results of this study indicate the size of the audit committee, managerial ownership, and the number of audit committee meetings do not affect the financial performance. While the number of board meetings significant negative effect. From this study only board size and independence of the board of commissioners that significant positive effect on financial performance.

Keywords: *corporate governance, earning per share, financial performance.*