

ABSTRACT

Good corporate governance mechanism is a step to enhance firm value. This study was conducted to obtain evidence regarding the effect of good corporate governance mechanisms (institutional ownership, management ownership, board of independent commissioners, audit committees and the size of the board of directors) firm value.

Objects in this study were manufacturing companies listed in Indonesia Stock Exchange during the years 2007-2009. Based on purposive sampling, acquired 25 companies in the sample, so as long as 3 years observation there were 75 annual reports were analyzed. Tool is the statistical analysis used multiple regression, where the dependent variable is firm value (measured by Tobin's Q), and the independent variable is institutional ownership, management ownership, board of independent commissioners, audit committees and the size of the board of directors.

The results of this study indicate that institutional ownership, management ownership and size of the board of directors affects firm value. However, an independent board and audit committee does not affect firm value.

Key words: firm value, Tobin's Q , institutional ownership, management ownership, board of independent commissioners, audit committees and the size of the board of directors.