ABSTRACT

This study discusses the influence between corporate governance mechanisms with the company's financial performance. The measurement method using multiple linear regression analysis to determine the corporate governance gave positive effect on the financial performance of the company or not. The sample used is a company that has consistently registered in LQ45. The indicators of corporate governance mechanisms in this study is to measure the influence of corporate governance on company financial performance, the mechanisms are : the board of commissioners, board of independent commissioners, board of directors, audit committee and institutional ownership with Tobin's Q is used to measure the financial performance of companies based on market and Cash Flow Return On Assets (CFROA) as a measure of performance based on the company's operations.

The sample used in this study were 18 companies that consistently registered as a company LQ45 period 2005 to 2009. The data samples taken from the company's financial statements that have been published. The sampling method used is purposive sampling.

The results of this research indicate that the institutional ownership has a significant positive on the company's financial performance, independent commissioners gave significant negative effect, the board of commissioners is not significant positive, the board of directors has positive but not significant effect on the operational performance, while for the market has a significant negative effect, and the audit committee is not significant negative effect on the market but significant negative affect based on company operations.

Keywords: *corporate governance, Tobin's Q, Cash Flow Return On Assets (CFROA) and corporate financial performance.*