

ABSTRACT

This study aims to examine the effect of corporate governance and leverage on firm performance using firm size, firm age, current ratio, and market to book value ratio as control variables. Firm performance as dependent variable projected by return on assets ratio, meanwhile the independent variables consists of leverage and corporate governance which projected by the size of directors board, audit committee size, ownership concentration, and audit reputation.

This study used secondary data with the population of 116 manufacturing companies listed in Indonesian Stock Exchange within the period of 2011 - 2018. The purposive sampling method has obtained 64 companies used as samples which analyzed using multiple linear regression with a significance level of 10%.

The result of this study found that the size of directors board, audit committee size, and ownership concentration have a significant positive effect on firm performance, while the effect of audit reputation and leverage on firm performance founded to be significant negative. The Adjusted R-Square value of 0,565 obtained from this study model indicated that the model used in this study has the ability to explained the firm performance of 56,5% while the remaining 43.5% can be explained by other variables apart from this model.

Keywords: Firm performance, corporate governance, size of board directors, audit committee size, ownership concentration, audit reputation, leverage.