ABSTRACT

This study aims to analyze the effect of corporate governance mechanisms on firm performance. This study consisted of five (5) independent variables, one (1) dependent variable, and three (3) control variables. The independent variables in this study are board size, the proportion of independent commissioner, audit committee, managerial ownership, and institutional ownership. The dependent variable in this study is firm performance as measured by Adjusted Tobin's Q. The control variables in this study are firm size, firm age, and leverage.

The sample used in this study were companies listed on the Indonesia Stock Exchange (IDX) during the period of 2016 to 2019. The number of samples used in this study was 100 samples. The sampling technique used is purposive sampling method. The research data was obtained from the company's annual report. This study uses multiple regression analysis method which operated through data processing program IBM SPSS Statistics 25.

The results of this study showed that the proportion of independent commissioner, audit committee, and institutional ownership had a positive and significant effect on Adjusted Tobin's Q. Meanwhile, board size and managerial ownership found to had no effect on Adjusted Tobin's Q. Firm size and firm age as control variables found to had a positive effect on Adjusted Tobin's Q, while leverage found to had no effect on Adjusted Tobin's Q.

Key words:corporate governance, firm performance, board size, independent commissioner, audit committee, managerial ownership, institutional ownership