

## **ABSTRACT**

*This study examines the effect of corporate governance efficiency on earnings management and firm performance. 288 non financial firms listed on Indonesia Stock Exchange in 2018 were used as a sample. Analysis of data used path analysis with WarpPLS version 6. The result shows that corporate governance efficiency has no effect on accrual earnings management, however it has a negative effect on real earnings management. Other result suggest that corporate governance efficiency affects firm performance as measured by return on assets and Tobin's Q, also earnings management influence firm performance. The outcome of the analyses advocated that apply with efficient corporate governance practices can expect to achieve higher accounting and market performance. It implies that efficiency corporate governance leads to reduced agency costs. Hence, it is concluded that firms can possibly enhance their performance and minimize earnings management practices by implementing efficient good coporate governance.*

*Keywords : corporate governance efficiency, accrual earnings management, real earnings management, firm performance.*