

ABSTRACT

The Influence Mechanism of Corporate Governance and Firm Size on Firm Value With Firm Performance As an Intervening Variable in Indonesia Manufacturing Companies Listed in Indonesia Stock Exchange on Period 2010-2014

The mechanisms of corporate governance required in the company as the governance and oversight of management in order to improve firm performance, but the implementation of GCG within the company not necessarily become a necessity to increase firm value in the eyes of investors. This raises the question whether the GCG is absolutely needed by the company to improve its firm performance so impacts on firm value.

The purpose of this research is to analyze the influence mechanism of corporate governance and firm size on firm value with the firm performance as an intervening variable in Indonesian manufacturing company listed in Indonesia Stock Exchange on period 2010-2014. The analysis technique used multiple regression and path analysis.

The results showed: (1) the board of commissioners, board of directors, audit committee, managerial ownership, institutional ownership and firm size simultaneously affects firm performance, (2) the board of directors, managerial ownership, institutional ownership, and firm size partially affects firm performance, (3) the board of directors and audit committee partially does not affects firm performance, (4) the board of commissioners, board of directors, audit committee, managerial ownership, institutional ownership, firm size and firm performance simultaneously affects firm value, (5) firm size and firm performance affects firm value, (6) the board of commissioners, board of directors, audit committee, managerial ownership and institutional ownership does not effects firm value, (7) firm performance is not an intervening variable.

Research found that firm performance is not an intervening variable between the board of commissioners, board of directors, audit committee, managerial ownership, institutional ownership and firm size simultaneously to firm value to the value of the indirect effects is smaller than the direct effect ($-0.34263 < 0.219$).

Keywords: Mechanism of Corporate Governance, Board of Commissioners, Board of Directors, Audit Committee, Managerial Ownership, Institutional Ownership, Firm Size, Firm Value and Firm Performance.