

ABSTRACT

This study aims to examine the effect of corporate governance on company performance. This study uses components of corporate governance, namely, independent ownership, concentrated ownership, board independence and board size as independent variables. For company performance, two dependent variables are used. Return on assets to see the company's performance from the accounting side and stock return to see the company's performance from the market side.

This research population is companies listed on the Indonesia Stock Exchange (IDX). The sample taken is companies from the manufacturing sector from 2016 to 2019 collected 540 time series data. Data analysis in this study includes classical assumption test, hypothesis testing and coefficient of determination.

Based on the results of the research analysis, the board independence and board size variables have a significant positive effect on the return on assets variable. These results provide support for agency theory. The concentrated ownership variable shows an influence on stock returns which provides support for signal theory.

Keyword : *Corporate Governance, Return on Assets, Stock Return, Concentrated Ownership, Institutional Ownership, Boards Independence, Boards Size, Agency Theory, Signalling Theory*

