

ABSTRACT

This study focuses on firm performance and the analysis was conducted by examining the influence of corporate governance, firms characteristics, and financial reporting quality as intervening variables, on executive compensation to based on agency theory frameworks. Research objectives are to analyze the role of corporate governance mechanisms regarding the quality of financial reporting and corporate performance with dividend policy as a moderating variable. In this research, the sample is the manufacturing companies that listed on IDX period 2009-2014. The method of data analysis used in this research is regression analysis with moderating variable and intervening variable. Based on the analysis data, the conclusion in this research are: Remuneration and compensation practices has affects on financial reporting quality. Audit committee expertise has no affects on financial reporting quality. Managerial shareholding has affects on financial reporting quality. Institutional shareholding has affects on financial reporting quality. Executive compensation has no effects on financial reporting quality. Shareholder's right and equitable treatment has no effects on financial reporting quality. Shareholder's involvement has effects on financial reporting quality. Disclosure and transparency has no affects on financial reporting quality. Role of stakeholders has no affects on financial reporting quality. Financial reporting quality has positive affects on firms performance. Internal mechanism corporate governance has positive affects on firms performance but not significant. External mechanism corporate governance has affects on firms performance. Dividend policy cannot strenghten the relationship between internal and external mechanism of corporate governance and financial reporting quality. Financial reporting quality mediate the relatoinship between internal and external corporate governance mechanism on firm performance.

Keywords: *Financial reporting quality, Internal mechanism corporate governance, External mechanism corporate governance, Dividend policy.*

