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## **FIRM PERFORMANCE EFFECTS ON CORPORATE GOVERNANCE: EVIDENCE FROM INDONESIA**

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### **ABSTRACT**

The objective of this paper is to investigate the effect of firm performance on corporate governance in Indonesian listed manufactured companies in the year 2008-2015. In Indonesia, there are much companies with increment firm performance but did not have a good corporate governance reports. A total of 147 manufactured companies listed on Indonesia Stock Exchange were used for this paper. Corporate governance mechanism is being measured by board size, CEO duality, and audit expenditure. While firm performance is being measured by return on assets. The analysis use panel data analysis. The result of this analysis shows that firm performance have a significant effect on the corporate governance mechanism by using firm size, debt ratio, and firm age as the variable control . A contrary view, negative change in firm performance significantly related to a decrease in the corporate governance mechanism. Practical applications in boards of directors whether bigger boards with less corporate governance mechanism is appropriate when the performance advance.

**Keywords:** *Financial Performance, Corporate Governance, Manufacturing company*

