

## ABSTRACT

**Maria. Effect Mechanism of Corporate Governance In Internal and External on Financial Performance (Studies in Banking Companies Listed in Indonesia Stock Exchange from 2009 to 2011) (under the guidance of Anthony Singgih S, SE, M.Si).**

This study aimed to examine the effect of corporate governance mechanisms of internal and external financial performance. Internal Corporate Governance Mechanisms measured by independent commissioners, institutional ownership and management ownership. Mechanism of Corporate Governance is measured by the quality of the external audit. While financial performance in this study was measured by Return On Equity (ROE).

The population in this study is a banking company listed on the Indonesia Stock Exchange Year 2009-2011. Samples were determined by using purposive sampling. The research sample was obtained by 8 companies with 3-year period, so that the total sample is 24. This type of research used in this study is an empirical study. The method of hypothesis testing used is multiple linear regression analysis.

The results showed that the first hypothesis (H1) which states that the independent commissioner effect on financial performance, acceptable. The second hypothesis (H2) states that institutional ownership affects financial performance, acceptable. The third hypothesis (H3) states that management ownership affects financial performance, acceptable. The fourth hypothesis (H4) states that audit quality had no effect on financial performance. rejected.

Keywords: Independent Commissioner, Institutional Ownership, Ownership Management, Audit Quality and Financial Performance.