

ABSTRACT

The value of the company reflects the results of management's performance in managing the company where the results will describe the investor's perception of the company which is associated with stock prices, when the stock price is high then the company value is high. Good company performance will usually be reflected in the increase in the company's stock price. The higher the value of the company can increase market confidence not only on the company's current performance but also can reflect the company's prospects in the future.

This study aims to examine the effect of the mechanism of Good Corporate Governance on Corporate Values on manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the period 2013-2017.

The sampling method uses purposive sampling method with a total sample of 7 companies and a research period of 5 years so that the number of sample units is 35 data. The data analysis technique uses descriptive statistics and hypothesis testing using panel data regression analysis using the Eviews 9.0 software application.

The test results obtained from this study simultaneously show managerial ownership, institutional ownership, and board diversity significantly influence Price to Book Value. Partially managerial ownership and institutional ownership have a positive influence on Price to Book Value, and board diversity has no effect on Price to Book Value.

Based on the results of this study, it is expected that the next researcher uses independent and dependent variables in addition to the variables present in this study. Likewise for companies, it is expected to increase the value of managerial ownership and institutional ownership so that the value of price to book value can increase. For investors and prospective investors, it is expected to make investment decisions in companies that have a high proportion of managerial ownership and institutional ownership, because the value of the company will increase so that the return generated by the company will be high.

Keywords; Board Diversity; Firm Value; Institutional Ownership; Managerial Ownership