***ABSTRACT***

*Viano Mercy Putri / 29150562 / 2019 / The Effect of Family Firm Ownership on Firm Value Mediated by Good Corporate Governance / Advisor: Dr. M. Budi Widiyo Iryanto, M.E.*

*Family Firm Ownership is a general organization form in the world and not only in developed countries, but also in developing countries. The involvement of the founders in a family firm ownership can have positive effect on firm value, but can have negative effect on firm value as there is a conflict between agent and shareholder which is called agency problem. One of the efficient ways that can reduce agency problem is having Good Corporate Governance that can help family firm ownership to increase the firm value.*

*The theories used to support this research are Agency Theory and Good Corporate Governance Theory. In addition, the results of previous studies indicate the relationship of family firm ownership to firm value, family firm ownership to good corporate governance, and relationship of good corporate governance to firm value. Thus, the framework for this research is a relationship of family firm ownership to firm value, where good corporate governance is thought to act as a mediating variable.*

*Data sample of this research is family firm manufacturing sector listed in Indonesia Stock Exchange in the period of 2015 – 2017 as many as 35 companies or 105 unit of analysis. This study used non-probability purposive sampling. Data were then tested using Structural Equation Model (SEM) and data processing techniques are using Partial Least Square (PLS) through Smart PLS Software Version 3.2.7.*

*This research shows that family firm ownership has a positive significant effect on firm value, family firm ownership has a positive not significant effect on good corporate governance, good corporate governance has a positive significant effect on firm value, and good corporate governance can mediate the relationship between family firm ownership and firm value.*

*The conclutions of this research are family firm ownership has a positive significant effect on firm value, family firm ownership has a positive not significant effect on good corporate governance, good corporate governance has a positive significant effect on firm value, and good corporate governance can mediate the relationship between family firm ownership and firm value. The existence of family firm ownership and good corporate governance can increase the firm value.*

*Keywords: Family Firm Ownership, Good Corporate Governance, and Firm Value.*