

ABSTRACT

This study aims to examine the effect of corporate governance as independent variable to financial performance and financial distress as dependent variables, this study also use firm size, leverage, book-to-market ratio, capital intensity, current ratio, return on sales, ownership concentration, institutional ownership, and ownership type as control variables.

This study used secondary data from financial statement and financial report of manufacturing firms which had been listed in Indonesia Stock Exchange in 2016. There are 90 firms used as sample from 144 total manufacturing firms listed. The method that had been used for this study was purposive sampling

The results of this study show significant positive relationship between corporate governance and financial performance and corporate governance negatively and significantly affect the financial distress.

Keywords: Corporate governance Index, Firm Performance, Financial distress.