

ABSTRACT

This research is purposed to analyzed the quality and function of *Good Corporate Governance* empirically on a company and analyzed the effect of *Good Corporate Governance* toward financial performance. This research have three hypothesis that are: (1) Institutional ownership have positive effect toward profitability ratio. (2) Independent commissioners have positive effect toward profitability ratio. (3) Audit committee have positive effect toward profitability ratio. Population in this research are all of the company listed on BEI periods 2008,2009,2010. Sample are 171 manufacturer companies. This research use secondary data. The analysis technique is regression with classic assumption.

Based on the result and discussion, so the conclusion of this research are: (1)Institutional ownership have not positive effect toward profitability ratio. (2)Independent commissioners have positive effect toward profitability ratio. (3)Audit committee have significant effect toward profitability ratio.

Key words:*Profitability, institutional ownership, independent commissioners,audit committee.*