ABSTRACT

The purposes of this study is to provide empirical evidence about the effects of corporate governanve which proxied with managerial ownership, independent commisioner on firm's profitability. This study also tested three control variables, there are firm's size, leverage, and firm's age.

Data used in this study is secondary, financial reporting 2009-2012 from Indonesia Stock Exchange. The population of this study are manufacturing companies listed in Indonesia Stock Exchange from 2009-2012. The sample of this study are 33 companies in four years, total are 132 observations. The sample drawn by purposive sampling and fulfill sample selection criterion. Statistical analysis used data panel regression analysis with Pooled OLS Model and Fixed Effect Model.The appropriate model of this study is Pooled OLS Model.

The results of statistical test with Pooled OLS Model showed that: managerial ownership and firm's size has a significant positive effect on profitability, leverage has a significant negative effect on profitability, while independent commisioner and firm's age have no significant effect on profitability.

Keywords: corporate governance, managerial ownership, independent commisioner, firm's size, leverage, firm's age, profitability