ABSTRACT

One of the goals of establishing a company is to get as much profit as possible. Various strategies can be carried out by the company to obtain benefits to improve quality so that it has superior appeal. One strategy that can be used is by increasing firm financial performance.

The purpose of this study is to analyze what factors can affect the company in improving its financial performance. This study intends to determine the effect of independent variables namely principle-based corporate governance (managerial ownership, independent director, and business risk) with control variables dividend policy, audit and remuneration committees both simultaneously and partially on the dependent variable that is firm financial performance measured with Tobin's Q Ratio.

The population in this study are manufacturing sector companies listed on the Indonesia Stock Exchange for the period 2014-2017. The sampling technique used was purposive sampling and obtained 30 companies with a research period of 4 years, so total sample data are 120.

The method of data analysis in this study is panel data regression analysis using software eviews 10. The random effect model was chosen after going through 3 test selection test panel data regression models.

Based on the tests that have been conducted, it can be concluded that simultaneous managerial ownership, independent director, business risk, dividend policy, audit and remuneration committees affect firm financial performance. Partially, only managerial ownership and audit committee variables affect firm financial performance.

Keyword: *managerial ownership, independent director, business risk, dividend policy, audit committee, remuneration committee, and firm financial performance.*