ABSTRACT

Good Corporate Governance is one of the key elements that has an important role in running of a company, GCG can escalate each company value that implements it. However, it is undeniable that there are still GCG violations committed by authorized Human Resources in the company with the status of a State-Owned Enterprise and affect the company's health and performance. Therefore, this study discusses the effect of GCG on the financial performance of SOEs in the year of 2016-2020.

This research is a quantitative research conducted with a descriptive approach with Good Corporate Governance consisting of Institutional Ownership, Managerial Ownership, Independent Commissioner, and Audit Committee Size as the independent variable and with of financial performance represented by Return On Assets as a profitability ratio as the dependent variable. Panel Data Regression Test are used with a sample selection technique, the non-probability sampling. The sample is 20 state-owned companies with a period of 5 years.

The result of this research is that there is no significant effect between Institutional Ownership, Independent Board of Commissioners, and Size of the Audit Committee on the financial performance of SOEs companies. However, for the Managerial Ownership proxy there is a significant effect on financial performance. For the results of the Good Corporate Governance mechanism simultaneously has a significant influence on the financial performance of SOEs companies.

Keywords: *Good Corporate Governance, Return on Assets, State-Owned Enterprises*