

## **ABSTRACT**

*Competition that more tight make the firms need an effective and efficient management, which indicate that the firms have a good performance. To carry out management activities, the firms need some capitals which considered through financing decision-making process. Management must consider the shareholder's interest in making some decisions. Thus, they need control inside the firms which performed by independent commissioner and audit committee.*

*This research aimed to determine the effect of good corporate governance which consist of independent commissioner and audit committee, and financing decision which is consist of capital structure and dividend policy, on firm performace measured by Altman Z-Score, either simultaneously or partialliy.*

*This research is descriptive verification and causality research. Unit analysis that used in this research is manufacturing firm basic industry and chemical sector. This research using sampel data which chosen through purposive sampling technique and there are 14 firms during five years, from 2010 to 2014. This research using multiple linear regression analysis technique.*

*The result shows that simultaneously, independent commissioner, audit committee, capital structure, and dividend policy have effect on firm performance. Partially, independent commissioner has no effect on firm performance. Audit committee and dividend policy have positive effect, while capital sructure has negative effect on firm performance.*

*Future researches can use the same independent variables with this research to know it's effect on firm performance in another industry. In addition, future researches can use another proxy for firm performance besides Altman Z-Score. For manufacturing firms basic industry and chemical sector, the firms should defend the healthy condition that refer on Altman Z-Score financial indicators which has been reached. For investors, they can use the results of this research, that is audit committee, capital structure, and dividend policy, as one of the investment decision base.*

**Keywords:** *good corporate governance, financing decision, Altman Z-Score*