Abstract

**Objectives** This research will provide information to decision makers and other interested parties regarding the degree to which Indonesian companies have implemented good corporate governance. Furthermore, this research helps to identify the determining factors of good corporate governance by using firm characteristics as benchmarks.

**Method** The sample will be taken from Kompas-100 index for August 2008 to February 2009 period. The financial institutions are excluded in this study. The content analysis on annual report from respective company will be conducted to complete the scoring questionnaire prepared by BPKP and Ministry of SOE. The result will represent how well the company has implemented corporate governance, based on disclosed information in the annual report. Then, multiple regression analysis will be performed to determine whether there is any association between firms’ characteristics.

**Results** The result shows that only firm size and ownership status affect corporate governance ratings of firms in Indonesia. Even though some remaining characteristics show expected direction of correlation, the results are not significant.

**Conclusion** Firm size matters in determining the quality of corporate governance practice because larger firms are likely to have excess resources to devote in order to enhance their GCG practice and gain investors’ trust in the long run. Ownership status matters in determining the quality of corporate governance implementation mainly because SOE is under extensive and stricter monitoring by the various regulatory bodies. This makes overall quality of corporate governance of SOE is superior to other companies.

**Key words**
Corporate Governance, Indonesia