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This study examines the relationship between corporate governance and corporate performance. This study employs a multiple regression to test the hypothesis that corporate governance and corporate performance are positively related. The rating of corporate governance perception index (CGPI) for 2001 to 2005 by the Tobin's Q as a market performance measurement. The analysis shows that there is no significant relationship between corporate governance index and Tobin's Q. But there is a significant positive relationship between corporate governance index and return equity. It means that corporate governance implementation affect the operational performance. But market does not respond the implementation of corporate governance immediately.

