

ABSTRACT

This study aims to determine the direct influence between Corporate Governance on firm performance mediated by financial slack. This research uses the size of the board directors, the size of the board commissioners, & proportion of independent commissioners as independent variable, ROA as variable dependent and financial slack as mediation variable.

The data used in this study is secondary data with population of manufacturing companies that listed in Indonesia Stock Exchange in the 2015 – 2020 period. This study used purposive sampling method in order to obtain 98 companies that have met the criteria set as research variables. The data were processed and analysed using regression analysis with the SPSS version 25 program.

The results of the study show that the size of the board directors and proportion of independent commissioners have no effect on firm performance. While the size of the board commissioners has a negative effect on company performance. The size of the board directors, the size of the board commissioners and proportion of independent commissioners have positive effect on financial slack. Financial slack has positive effect on firm performance. This study also find that financial slack unable to mediate the influence of the size of board directors, the size of the board commissioners and proportion of independent commissioners on firm performance.

Keywords: *Corporate governance, board of directors, board of commissioners, independent commissioners, financial slack, firm performance.*