ABSTRACT

This study aims to examine the effect of Corporate Governance (CG) consisting of Board Independence (BI), Board Diversity (BD) on Firm Performance (FP) consisting of Return on Assets (ROA) and Return on Equity (ROE) mediated by the Working Capital (WC) at Indonesia Manufacture Company during the current year 2017–2019.

Purposive sampling method was used to determine the number of research samples, namely a number of 21 companies engaged in manufacturing production. With a total sample of 63 samples from 2017–2019. The analytical technique used is multiple linear regression for each research model with the SPSS:25 program which previously passed the classical assumption test.

The results of the hypothesis in this study that in the first research model company the BI has a positive and not significant effect at the level of 5% on WC and BD has a positive and significant effect on the 5% level of WC. Variable BI has a positive and not significant effect on the 5% level. ROA and BD have a positive and not significant effect at the level of 5% on ROA and WC has no effect on ROA then finally in the third model the BD has a positive and significant effect at the level of 5% on ROE. Variable BD has a positive and significant effect at the level of 5% on ROE and then the last variable WC has no effect on ROE. This study explains the direct and indirect effect of the independent variables on the dependent with the result that the direct effect is greater than the indirect effect between variables.

Keywords : *Corporate Governance, Board Independence, Board Diversity, Working Capital, Firm performance*