

ABSTRACT

This research aims to examine effectiveness corporate governance for firms performance and firms risk. Based on index that have been developed from certain criteria by The Indonesian Institute for Corporate Governance (IICG), examining 61 firms performance and firms risk as samples.

This research using purposive sampling method for non-financial firms that being participants of Corporate Governance Perception Index (CGPI) and listed in Indonesia Stock Exchange. This research using regression analysis.

A significant relationship was observed between CGPI as corporate governance measurement and ROI as firms performance measurement. This result showed that higher CGPI will bring higher ROI for the firms. A negative significant relationship was observed between CGPI as corporate governance measurement and total leverage as firms risk measurement. This result showed that higher CGPI will bring lower firms risk significantly.

Keywords: corporate governance, firms performance, firms risk, return on investment (ROI), total leverage.