

ABSTRACT

This study aims to examine the mediating effect of corporate risk in influencing the direct relationship between CSR (Corporate Social Responsibility) and the GCG (Good Corporate Governance) mechanism on the company's financial performance. The independent variables in this study are CSR (Corporate Social Responsibility) and the GCG (Good Corporate Governance) mechanism. The mediating variable in this study is company risk. Meanwhile, the dependent variable used in this study is the company's financial performance.

This study uses secondary data from annual reports and financial information of non-financial companies listed on the Indonesian Stock Exchange and the Bloomberg database. The sampling method used was purposive sampling. The selected sample consists of 92 non-financial companies that publish their annual reports and are listed on the Indonesia Stock Exchange in 2018-2019. The analytical method used in this study is the partial least square method.

The results show that CSR (Corporate Social Responsibility) has a positive effect on the company's financial performance. The GCG (Good Corporate Governance) mechanism has a positive effect on the company's financial performance. Furthermore, company risk is empirically proven that it is not significant as a mediating variable in influencing the direct relationship between CSR (Corporate Social Responsibility) and the GCG (Good Corporate Governance) mechanism on the company's financial performance.

Keywords : Corporate Risk, Corporate Social Responsibility, Corporate Financial Performance