

ABSTRACTS

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THE EFFECT OF BUSINESS STRATEGY TOWARDS COST OF EQUITY CAPITAL: OWNERSHIP STRUCTURE AS MODERATING VARIABLE

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This research aims to prove empirically the effects of business strategy (prospector, analyzer, defender) towards cost of equity capital. In addition, to prove empirically that ownership structure has a moderating role in the relationship between prospector business strategy and cost of equity capital. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange in 2012-2017, using purposive sampling with a total final sample of 300 manufacturing company year observations. Data analysis method used is multiple regression analysis. The result shows that prospector business strategy had positive effect towards cost of equity capital while analyzer and defender business strategy had no significant effect towards cost of equity capital. Furthermore, ownership structure has a moderating role in weakens the relationship between prospector business strategy and cost of equity capital.

References: 48 (2003-2017)

Keywords: business strategy, cost of equity capital, prospector, analyzer, defender, ownership structure.