

ABSTRACT

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THE INFLUENCE OF GOOD CORPORATE GOVERNANCE ON THE CAPITAL STRUCTURE (STUDY ON MINING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE 2015-2017)

(xv + 73 pages; 5 figures; 13 tables; 5 appendices)

Capital structure has become one of the most important aspects for every company to conduct or run a business for the long-term period. Capital sources both from internal or external sources is aimed to maintain the sustainability of the company. To finance its assets, or to finance the operating business activities.

Good corporate governance exist to help the company to reduce any agency conflict that may appear and to provide an optimal way for company from various aspects to obtain capital sources in order to enhance the economic stability of the company.

This research is conducted with the intention to study the influence of good corporate governance which proxied by managerial ownership, institutional ownership and size of board of commissioners on the capital structure. This research itself will be conducted on mining companies listed on Indonesia Stock Exchange (IDX) during the period of 2015 – 2017. This research uses quantitative method with secondary data such as annual report or financial report as the sources of data. This research used purposive sampling technique to obtain the 56 selected samples.

The data analysis method used in this research is multi linear regression. This research showed the result that managerial ownership and size of board of commissioners have positive significant influence on capital structure, while institutional ownership has a negative insignificant influence on capital structure. Another result also showed that managerial ownership, institutional ownership and size of board of commissioners have positive significant influence on capital structure simultaneously.

Keywords: Capital Structure, Good Corporate Governance, Managerial Ownership, Institutional Ownership, Board of Commissioners

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