

## ***ABSTRACT***

### **THE EFFECT OF CORPORATE GOVERNANCE ON DECISION OF CAPITAL STRUCTURE: CASE STUDY IN MANUFACTURE COMPANIES IN INDONESIA STOCK EXCHANGE**

*The purpose of this research is to analyze the effect of corporate governance on the capital structure decisions on manufacturing companies listed on Indonesia Stock Exchange for the period 2013-2017. The sampling technique used was purposive sampling. Data samples of 155 observational data have been tested for classical assumptions which include normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Using the panel data regression method with ordinary least square (OLS) method to determine the effect of CEO duality, board size, independent directors, and managerial ownership on the total debt ratio with control variables such as firm size, asset tangibility, profitability, growth, and firm age. The results showed that board size and managerial ownership have a negative and significant effect on capital structure decisions. Independent directors were found to be insignificant towards the capital structure. This supports the decision of the Indonesia Stock Exchange to eliminate the obligation of public companies to have independent directors. Control variables such as firm size, asset tangibility, profitability, and firm age have a significant effect on the total debt ratio. Firm size and asset tangibility have a positive effect while profitability and firm age have a negative effect. The findings of this study are in line with the capital structure theory.*

*Keywords: Corporate governance, Capital Structure, Indonesia Stock Exchange, Manufacture*

## ABSTRAK

### PENGARUH CORPORATE GOVERNANCE TERHADAP KEPUTUSAN STRUKTUR MODAL: STUDI KASUS PADA PERUSAHAAN MANUFAKTUR DI BURSA EFEK INDONESIA

Penelitian ini bertujuan untuk menganalisis pengaruh *corporate governance* terhadap keputusan struktur modal pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia periode 2013-2017. Teknik sampling yang digunakan adalah *purposive sampling*. Sampel data sebanyak 155 data observasi telah dilakukan uji asumsi klasik yang meliputi uji normalitas, uji multikolinieritas, uji heteroskedastisitas, dan uji autokorelasi. Menggunakan metode regresi data panel dengan model *ordinary least square* (OLS) untuk mengetahui pengaruh CEO *duality*, ukuran dewan direksi, direktur independen, dan kepemilikan manajerial terhadap rasio total hutang dengan variabel kontrol ukuran perusahaan, *asset tangibility*, profitabilitas, growth, dan umur perusahaan. Hasil penelitian menunjukkan ukuran dewan direksi dan kepemilikan manajerial berpengaruh negatif dan signifikan terhadap keputusan struktur modal. Direktur independen ditemukan tidak signifikan terhadap struktur modal. Hal tersebut mendukung keputusan Bursa Efek Indonesia menghilangkan kewajiban perusahaan terbuka untuk memiliki direktur independen. Variabel kontrol ukuran perusahaan, *asset tangibility*, profitabilitas, dan umur perusahaan memiliki pengaruh yang signifikan terhadap rasio total hutang. Ukuran perusahaan dan *asset tangibility* berpengaruh positif sedangkan profitabilitas dan umur perusahaan berpengaruh negatif. Temuan dari penelitian ini sejalan dengan teori struktur modal.

Kata kunci: Corporate governance, Struktur modal, Bursa Efek Indonesia, Manufaktur