ABSTRACT

The objective of this study is to analyse the influence of capital structure (DER), company size (SZE), insider ownership (MNJ), and Agency Cost on company performance (ROE) on property, real estate, and construction companies that listed in Indonesian Exchange period 2009 – 2013. This study based on phenomena gap and research gap between researchers Fachruddin (2011), Intan (2014), Bilal, et al. (2011), Amelia (2010), Bambang (2009), Handayani, et al. (2009), Jensen, et al. (1976), and Myers, et al.

By using purposive sampling method, it is gained sample amount of 12 property, real estate, and construction companies that listed in Indonesian Exchange period 2009 – 2013. Data source was taken from Indonesian Capital Market Directory and Financial Statement which downloaded from www.idx.go.id. The analysis technique used here is regression analysis and path analysis. There are two regression model which to be tested. In first model regression, the influence of agency cost as dependent variable is to be tested on DER, SZE, and MNJ as independent variables for period 2009 – 2013. In second model regression, the influence of ROE as dependent variable is to be tested on DER, SZE, MNJ, and agency cost as independent variables for period 2009 – 2013. This study will also test agency cost as variable intervening.

The result shows DER and SZE have influence and significant towards agency cost, DER and agency cost have positive influence and significant towards DER, MNJ have no influence towards agency cost and DER. The result also shows agency cost variable is only able to mediate correlation between DER and ROE. Agency cost variable is not able to mediate correlation between SZE and ROE, and correlation between MNJ and ROE.

Keywords   : debt to equity ratio, company size, insider ownership, agency cost, and return on equity.