

## ABSTRACT

This study was conducted to examine the effect of ownership structure, and debt to total assets on agency costs. The purpose of this study was to determine how much influence of family ownership structure, institutional ownership structure, foreign ownership structure, and debt to total asset in predicting of agency costs in manufacturing company was listed on the Indonesian Stock Exchange.

This study population as much as 139 companies listed in Indonesia Stock Exchange and provide a full report on the ownership structure in the annual report period 2010 - 2012. Method of determining the population in this study was purposive sampling. Data were obtained from published financial statements in Indonesia Stock Exchange. Obtained a sample of 35 companies out of 139 companies listed in Indonesia Stock Exchange. The analysis technique used is multiple regression and hypothesis testing used is the t-statistic and F-statistic test with a confidence level of 5%. Before testing with multiple linear regression, the data is tested first with the classic assumption test. The result showed that there were no irregularities classical assumptions.

The results of the first regression equation is:  $OESR = 0.144 + 0,007\text{Family} - 0.043\text{Institutions} - 0,006\text{Foreign} - 0,037\text{DTA} + 0\text{Age}$ , while the second regression is:  $TAT = 0.332 - 0,230\text{Family} + 0.359\text{Institution} + 0.275\text{Foreign} + 0.193\text{DTA} + 0.023\text{Age}$ . The results of the analysis showed that the variables of family ownership structure has no effect on agency costs, institutional ownership structure negatively affect agency costs, foreign ownership structure negatively affect the agency costs of tat ratio, debt to total assets does not affect the agency costs, and firm age effect negatively on the agency costs of tat ratio. The results of the regression estimates showed that the predictive ability of the model using oesr ratio of 15.5% while the remaining 84.5% influenced by other factors outside of the model that are not entered into. Predictive ability of the model using tat ratio of 16.7% while the remaining 83.3% influenced by other factors outside of the model are not include in this study.

*Key Words: Family Ownership Structure, Institutional Ownership Structure, Foreign Ownership Structure, Debt to Total Asset, Age of the Firm, Operating Expenses to Sales Ratio, Total Asset Turnover*