

ABSTRACT

The purpose of this study is to examine the influence of corporate governance mechanisms and ownership structure to agency cost. The dependent variable is agency cost which is proxied as asset turn over (ATO). Independent variable are corporate governance mechanism which is proxied by size of the board of commissioners, size of the board of independent commissioners, size of the board of directors, size of the audit committee. Ownership structure which is proxied by managerial ownership and institutional ownership.

This study was used secondary data from annual reports of manufacturing companies which were listed on Indonesia Stock Exchange in 2010-2012. Samples were 40 manufacturing companies. This study used purposive sampling method and multiple linear regression as the analysis method. Before being conducted by regression test, it was examined by using the classical assumption tests.

The results of this study indicate that the size of the board of directions, size of the audit committee, managerial ownership, and institusional ownership did not have significant influence to the agency cost. The size of the board of commissioners and the board of independent commissioners have significant influence to the agency cost.

Keywords: agency cost, corporate governance mechanisms, ownership structure, size of the board of commissioners, size of the board of independent commissioners, size of the board of directors, size of the, audit committee, managerial ownership, and institusional ownership.