

ABSTRACT

This research aims to investigate the influence of corporate governance mechanisms and profitability to bond ratings. Specifically, this research investigated the affect of institutional ownership, managerial ownership, board of commissioners size, proportion of independent commissioners, audit committees, audit quality, and profitability to bond ratings.

The sample in this study consisted of bonds issued by companies listed on the Indonesia Stock Exchange for the periode 2005-2008 and rated by PT Pefindo. This research uses ordinal logistic regression analysis model to examine the affect of corporate governance mechanisms and profitability to bond ratings.

The results of this research indicate that the size of the board of commissioners, the number of audit committees, audit quality, and profitability have a positive and significant affect to bond ratings. This research failed to prove that institutional ownership, managerial ownership, and the proportion of independent commissioners significantly affect to bond ratings.

Keywords: bond ratings, corporate governance mechanisms, profitability