ABSTRACT

This study aims to examine the effect of good corporate governance on the company's capital structure. Good corporate governance is measured by the size of the board of directors, independent commissioners, institutional ownership, managerial ownership and audit committee, and capital structure is measured by the Debt to Equity Ratio (DER). Good corporate governance is a concept based on agency theory which is expected to reduce agency conflicts and optimize company funding.

This research is a quantitative research with secondary data taken by documentation technique. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019. Samples taken by purposive sampling amounted to 136 companies. The analytical method in this study uses multiple linear regression analysis with the help of the SPSS 25 program.

The results of this study indicate that the number of the board of directors has a negative effect on the capital structure. Meanwhile, independent commissioners and audit committees have a positive but not significant effect. Institutional ownership and managerial ownership have a significant positive effect on capital structure.

Keywords: GCG, board of directors size, independent commissioner, institutional ownership, managerial ownership, audit committee, capital structure.