Abstract

This study examines the mediation effect of capital structure on relationship between board attributes, ownership structure and firm performance for a sample of Indonesia Stock Exchange non-financial companies during the period of 2013 to 2017. The firm performance is measured by Return on Equity (ROE) and capital structure is measured by financial leverage. The characteristics of board attributes and ownership structure used in this study namely board size, board independence, managerial ownership and institutional ownership.

This study has selected 370 companies as a research sample using the purposive sampling method which data was collected by secondary data from Indonesia Stock Exchange homepage. The test results show that the capital structure have a partial mediation effect on the relationship between board independence, managerial ownership, institutional ownership and firm performance. Nevertheless, the capital structure does not have effect on the relationship between board size and firm performance.

Keywords: board size, board independence, ownership structure, capital structure, firm performance.