

*Faculty of Economics
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***ANALYSIS THE INFLUENCE OF CORPORATE GOVERNANCE MECHANISM
ON AGENCY COSTS IN COMPANIES LISTED IN
INDONESIAN STOCK EXCHANGE***

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ABSTRACT

This research aimed to analyze the effect of corporate governance on the agency costs of companies listed in Indonesian Stock Exchange. The operational expenses ratio was the method used to measure the dependent variable, namely agency costs. The independent variables used were the board size of directors, independent board of commissioners, remuneration structure, managerial ownership, institutional ownership, ownership concentration and the size of the audit committee. This research also used leverage, company size, and company age as control variables.

This research samples were 463 listed companies in period of 2014-2018 which selected by using purposive sampling method. The data examined in this study were secondary data types. The hypothesis was processed using panel regression method.

This research produces information that the ownership concentration and company size had significant negative effect on agency costs. Leverage and company age variable have significant positive effect on agency costs. Other variables such as the board size of directors, independent board of commissioners, remuneration structure, managerial ownership, institutional ownership, and the size of the audit committee do not contribute significant effect on agency costs.

Keywords: *corporate governance mechanism, agency costs*