

ABSTRACT

This study aimed to determine the effect of corporate governance mechanism towards the cost of debt (cost of debt) with a voluntary disclosure as a mediating variable. Corporate governance mechanisms include managerial ownership, institutional ownership, the proportion of independent directors and audit committee. The mechanism of corporate governance and information disclosure is expected to increase the confidence of creditors against the company so as to reduce the level of debt costs. This study used a non-probability sampling technique by purposive sampling method. A total sample of 24 companies listed in the LQ45 index in the Indonesia Stock Exchange 2013-2015 period.

In this study, the method used is path analysis (path analysis) trimming model to test the effect of corporate governance mechanisms towards the cost of debt (cost of debt) with a voluntary disclosure as a mediating variable. The results of this study is that the proportion of managerial ownership is a significant negative effect directly to the cost of debt (cost of debt) and no influence indirectly between corporate governance mechanisms towards the cost of debt (cost of debt) with a voluntary disclosure as a mediating variable

Keywords: Corporate Governance Mechanism, Voluntary Disclosure, Cost of Debt (Cost of Debt), Impact of Mediation.