



The Influence of Corporate Governance Perception Index, Managerial Ownership, Government Ownership and Sales Growth on Cost of Debt (Study in Non-Financial Companies Listed on IDX Year 2011-2014)

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Abstract

This study aims to determine the influence of corporate governance perception index, managerial ownership, government ownership, and sales growth to cost of debt. The samples of this study are the non-financial companies listed on IDX (Indonesian Stock Exchange) year 2011-2014. The Samples are collected using purposive sampling method and resulted 36 units of analysis as the final samples. The analytical method used is multiple linear regression analysis. The results of this study indicated that corporate governance perception index, managerial ownership, government ownership, and sales growth simultaneously influence the cost of debt. Partially, the research shows that corporate governance perception index, government ownership, and sales growth do not influence the cost debt. Meanwhile, the managerial ownership has positive significant influence on cost of debt.

Keywords: Corporate Governance Perception Index; Managerial Ownership; Government Ownership; Sales Growth; Cost of Debt.

1. Introduction

Every company needs funds to be able to grow and thrive. The fund may be obtained from different sources, it can be gathered either from the inside (internal) or outside (external). The source of internal funds derived from retained earnings while the source of external funding comes from creditors in the form of debt and in the form of capital as for owner. Debt is all financial obligations to other parties that have not been fulfilled (Munawir, 2004). Such obligations must be paid back at a certain time accompanied by a number of interest charged by the lenders. Funds provided by lenders to finance the company which incurring the cost of debt for the company, where the cost of debt is the interest rate received by the creditor as an implied rate of return.

Juniarti and Sentosa (2009) stated that on the condition of the company with high debt costs, the company tried to cover up the actual condition of the company in order to avoid drop in stock prices. On the other hand, investors require adequate disclosure to ensure the investment ratios in accordance with what was estimated. The demands from investors encourage companies to disclose financial statements more broadly.

Companies with high debt cases occurred in 2008 when PT. Suba Indah suffered delisting. In 2007, the company sued for bankruptcy by creditors for unpaid obligations. It recorded a debt to Bank Mandiri for Rp 773.88 billion. PT. Suba Indah also defaulted on promissory notes of US\$ 12 million to the Commodity Credit Corporation since 2004. The company overdue its debts to the US Department of Agriculture US\$ 11.89 million. Further, plus interest arising from the delay in payment of a debt of US\$ 3.23 million per December 31, 2006. Other debt cases also occur in the PT. Sekar Bumi in 2009 when the company's weakened in financial condition and failed to fulfill the obligations towards the creditors of around Rp 943 billion. Failure to meet its obligations also triggered the impact of financial crisis that also affects the company's financial performance which make the company suffered delisting.

The companies with high debt levels have many consequences. One of the consequences is that there will be inability of the company to pay its obligations. Further, companies need monitoring of performance from the company's management to solve the problem. Implementation of good corporate governance for the company can resolve and reduce management policies that will harm the company (Ashkhabi and Agustina, 2015). Thus, the cost of debt can also be affected by the implementation of good corporate governance in the company.

Corporate governance can be defined as a set of rules governing the relationship between shareholders, managers, creditors, government, employees, and stakeholders of other internal and external relating to the rights and obligations (FCGI, 2001). Good Corporate Governance (GCG) is a tool of ensuring the lender that the funds provided have been well-managed, transparent, and accountable which aims to protect the interests of creditors. Therefore, implementation of corporate governance in the company is very important to increase public confidence, especially the company's creditors and investors.

The Indonesian Institute for Corporate Directorship (IICD), an independent institute in Indonesia which has a role in the internalization of good corporate governance practices, consistently has conducted an assessment of the implementation of GCG on public firms in Indonesia. Every year, the IICD published Corporate Governance Perception Index (CGPI). The primary objective of CGPI published by IICD are as an analytical tool to improve the application of the principles of GCG. Another key goal is to provide information to investors and creditors in assessing the corporate governance practices of public companies in Indonesia. Companies that follow the CGPI survey showed a willingness to become a trusted and open. This effort should be perceived positively by stakeholders and creditors (Juniarti and Natalia, 2012). Several previous studies in Indonesia using score CGPI (Corporate Governance Perception Index) issued by IICG (Indonesian Institute of Corporate Governance) as a measure of the quality of corporate governance (Ashkhabi and Agustina, 2015; Juniarti and Natalia, 2012). Therefore, in this study, the Corporate Governance Perception Index published by IICD will be used as a proxy of the GCG implementation in public companies in Indonesia.

Prior studies have stated that the ownership structure of an enterprise also affects the cost of debt. Managerial ownership is one element in a company's corporate governance, in which the managerial ownership is a situation where a manager in a company also serves as a shareholder in the company. Improvement on managerial ownership will create a wealth of management personally, making them tied to corporate wealth, so the management will try to reduce the risk of losing his fortune (Tamba, 2011 in Ruwita, 2012). Therefore, the managers can make decisions that benefit shareholders, because the manager is also as a shareholder conflict of interest that occurs in the company can be prevented. Ismiyanti and Hanafi (2003) found that managerial ownership has positive influence and significant toward cost of debt. While Rozaliny (2014) proved that managerial ownership has a negative and significant impact on the cost of debt.

It was proven by Ramly (2013) that government ownership could be one of the factors that affected cost of debt. Government ownership is the number of shares owned by the government. Through its ownership, the government has the right to determine the company's director. Besides, the government can control measures taken by management to fit the interests/aspirations of the government. In order to survive, companies must be able to synchronize itself with the government (Amran and Devi, 2008). Government ownership can reduce the cost of debt due to the effective monitoring by the regulatory parties can lead to the use of debt to decline (Crutchley et al., 1999). Additionally, government ownership in large numbers made outside party the company do a closer scrutiny of the management so that management is encouraged to improve company performance. The increased performance of firms making company risks becoming smaller so the return desired by lenders are lower. Furthermore, the effect of government ownership is becoming stronger for companies that have high levels of information asymmetry (Wang and Zhang, 2009). Thus, government ownership can decrease the cost of debt.

Another variable that affected cost of debt is sales growth. Growth is an indicator of whether or not a company is making progress towards the future. A company that is in an industry that has a high growth rate should provide sufficient capital to fund the company (Salim, 2014). Companies that rapid in growth tend to use debt rather than slow-growing company. Sales growth is the success of the investment in the past period and predict investment in coming period, in assessing the success or predict the investment can be obtained from market opportunities. According to Amirya and Atmini (2008) the higher the growth rate of sales of the company, it will increase profits and the possibility to use the debt will be lower due to profit from such sales can cover operating costs in the coming year, so it tends to reduce debt. Therefore, the debtors may decrease the company cost of debt. Previous researches have tried to unveil the relationship between sales growth and cost of debt. Bauwhede, et al. (2015) found that sales growth has positive relationship with cost of debt. However, according to Juniarti and Natalia (2012) sales growth has no effect to cost of debt. Consequently, because of the inconsistency of previous researches results, it is interesting how sales growth will be affected cost of debt.

This research is a replication of Ashkhabi and Agustina (2015). Independent variables that used by Ashkhabi and Agustina was corporate governance, managerial ownership, institutional ownership and firm size. This research replacing the variables of institutional ownership into government ownership because the author wants to find another factor that affected cost of debt. The author also uses variable of sales growth as factor that affect the cost of debt instead of firm

size. While Ashkhabi and Agustina conducted the research in the financial statement's period of 2011-2013, this research adds another year which is year 2014.

2. Literature Review, Theoretical Framework and Hypotheses

2.1 Cost of Debt

The capital structure of the company generally consists of equity and debt. To obtain such capital, there are costs associated with the acquisition and compensation for capital providers, both short term and long term, which should be considered by the management in any financing decisions. All types of financing would lead to economic costs for the company. The cost of capital is closely related to the level of profit required (rate of return). From the investor side, high and low rate of return is the profit rate that reflects the risk level of assets owned. Meanwhile, for the company, the amount of rate of return is the capital costs to be incurred to obtain such capital (Astutik, 2015).

Debt is usually used as an alternative financing for the company because it gives the advantage of tax savings due to interest on the loan is tax deductible so that ultimately reduce the amount of tax to be paid by the company. According to Kraus and Litzenberger (1973), tax savings is a primary benefit of the use of debt. Debt occurs when a creditor agrees to lend the amount of their assets to the debtor. When making investment decisions, the lender will usually estimate the risk profile of the company. The risk profile will determine the required return desired by the creditor or collectively, the cost of debt (Blom and Schauten, 2006).

Based on the above explanation, the cost of debt can be interpreted as the rate of return expected by the lender when making funding in a company (Fabozzi, 2009). The cost of debt also includes the interest rate to be paid by the company when making loans. Meanwhile, according to Singgih (2008) in Juniarti and Sentosa (2009), the cost of debt is the interest rate before the tax paid by the company to the lender.

2.2 Corporate Governance

Claessens (2003) stated that the definition of corporate governance can be put into two categories. The first category, is more inclined to a set pattern of behavior of companies as measured by performance, growth, financing structures, the treatment of shareholders and stakeholders. The second category, rather look at a normative framework, that all provisions of the law, whether derived from the legal system, the judicial system, financial markets, and so forth that influence the behavior of companies. Thus, it can be concluded that corporate governance is a system built to direct and control the company so as to create a good relationship, fair, and transparent among the various parties that have an interest in the company. Related parties consist of an internal party tasked with managing the company and external parties including shareholders, creditors, and others.

Ineffective corporate governance is a major cause of the economic crisis and the failure of the various companies in Indonesia several years ago (Handayani, 2006). Implementation of effective corporate governance can make an important contribution to improve the condition of the economy and avoid a crisis and a similar failure in the future. Additionally, with the implementation of corporate governance, not only the interests of investors are protected, but also to be able to bring a lot of benefits and advantages for related companies and others that have direct or indirect relationship with the company.

The main benefit for companies that implement good corporate governance is gaining the trust of investors and the public. Companies that implement good corporate governance are recognized as improving the credibility and performance of the company (Wahyukusuma, 2009). Implementation of good corporate governance conducted by the company consistently from year to year can give a satisfactory result for the shareholders and stakeholders of the company.

2.2.1 Corporate Governance Perception Index

The Indonesian Institute for Corporate Directorship (IICD) is an independent institution in Indonesia which established to be a strategic partner in establishing good corporate governance by promoting ethical corporate behavior and improve the skills, knowledge, and the ability of directors and the board of directors of the company. IICD activities concentrate on professional education for directors and commissioners, research on the governance of companies, directors, and performance, as well as advocacy in education and research. IICD important role is the internalization of good corporate governance practices where the IICD has consistently been assessing the implementation of Good Corporate Governance (GCG) at public companies in Indonesia. This study began in 2005 initially involving 61 leading public companies in Indonesia. However, at this time, assessments by IICD has covered all public companies listed on the Indonesian Stock Exchange (IDX).

Based on the IICD-CIPE Indonesia GCG Scorecard (2007), the main purpose of the Corporate Governance Index published by the IICD, among others:

1. Provide analytical tools to improve the application of the principles of good corporate governance

2. Assist the regulators or governments to strengthen corporate governance practices and accountability
3. Provide information for investors and creditors in assessing the practice of corporate governance practices of public companies in Indonesia
4. As a benchmark corporate governance practices in Indonesia against similar practices in other Asian countries. It is hoped that this benchmark can be used to continuously improve the implementation of corporate governance practices in Indonesia

Evaluation of the implementation of good corporate governance refers to the International Standard Code on corporate governance set by the Organization for Economic Cooperation and Development (OECD) with due regard to the requirements of Bapepam-LK and the Indonesia Stock Exchange. Assessment category consists of five main aspects:

1. The rights of shareholders.
2. The equitable treatment of shareholders.
3. The role of stakeholders in corporate governance.
4. Disclosure and transparency.
5. The responsibilities of the board.

2.3 Managerial Ownership

Managerial ownership is also an effort that can be taken to reduce the conflict between principal and agent. Managerial ownership is the shareholder who is a party to internal company actively participate in the company's operations (Hanafi, 2004). According Wahidahwati (2002) managerial ownership is the level of management ownership and actively participate in decision-making, such as directors and commissioners. Managers who have a number of shares in the company means that the manager also serves as a shareholder in the company (Jensen and Meckling, 1976).

Jensen and Meckling (1976) also stated that managerial ownership is able to defuse the conflict between shareholders with management because the manager who had a small part stock companies have an incentive to bear the consequences and corporate profits. With share ownership, manager acts as the manager and owner of the company that will be motivated to improve their performance. This will affect both the company as well fulfill the wishes of the shareholders.

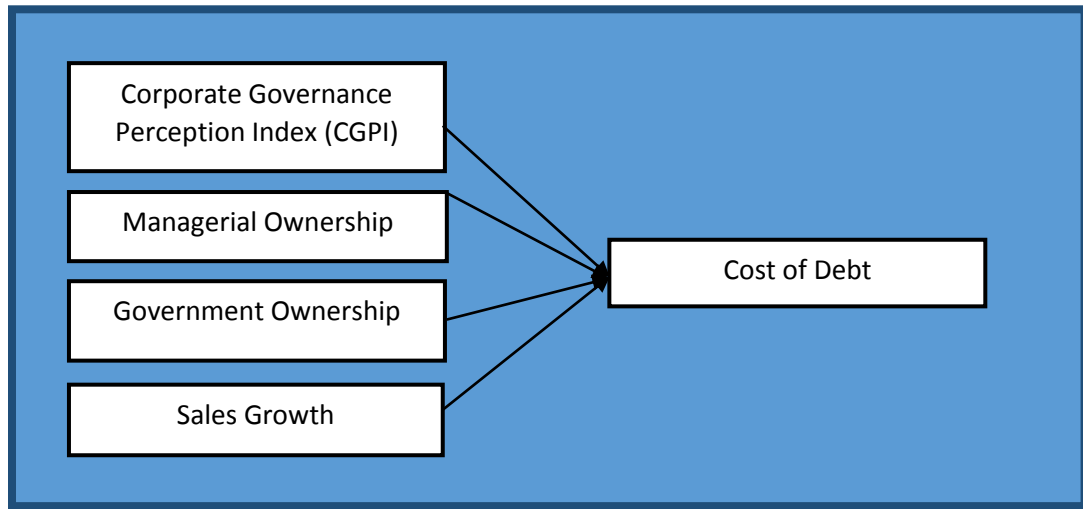
2.4 Government Ownership

Government ownership is the number of shares owned by the government. Through its ownership, the government has the right to determine the company's director. Besides, the government can control measures taken by management to fit the interests/aspirations of the government. In order to survive, companies must be able to synchronize itself with the government (Amran and Devi, 2008). The existence of government ownership in one company will encourage more optimal supervision of management performance because they have the voting power to make changes when management was considered no longer effective in managing the company (Asbaugh et al., 2004). Further, Government ownership is one way to reduce the conflict between the shareholders to the manager. Government ownership may affect the company's performance for their optimal oversight of management performance. Strict supervision of the government will improve performance management to demonstrate better performance of a company and can prevent the occurrence of fraud that will be carried out by the manager.

2.5 Sales Growth

Sales growth is a benchmark in the achievement of growth in the company's success in the future. The company growth rate was obtained from the increase in sales volume with an increase in sales prices which did the company, where the sale is an activity that carried the company to earn a profit. Sales growth in the company's considered stable and getting better if the end of each period experienced sales levels consistently. A company that is in a high growth industry rate should provide sufficient capital to finance the company. Companies with higher sales growth rate and profits have a tendency to use debt as a source of external funding compared with the company sales growth rate is low. According to Brigham and Houston (2001) in Sarasati (2013), companies with relatively stable in sales can more safely obtain more loans and burden remains higher than the company whose sales are not stable. From these definitions can be explained that sales growth is the level of stability in the number of sales made by the company for each period of the fiscal year.

Figure 1: Theoretical Framework



2.6 Hypothesis

Based on the framework it can be arranged hypotheses as follows:

- H₁: CGPI, managerial ownership, government ownership and sales growth simultaneously influence the cost of debt in non-financial company listed on the Indonesian Stock Exchange.
- H₂: CGPI partially influences the cost of debt in non-financial company listed on the Indonesian Stock Exchange.
- H₃: Managerial ownership partially influences the cost of debt in non-financial company listed on the Indonesian Stock Exchange.
- H₄: Government ownership partially influences the cost of debt in non-financial company listed on the Indonesian Stock Exchange.
- H₅: Sales growth partially influences the cost of debt in non-financial company listed on the Indonesian Stock Exchange.

3. Research Design

3.1 Data and Sample

This research exerts secondary data from the published audited financial statements of non-financial companies listed on Indonesian Stock Exchange for the period of 2011-2014. In addition to financial data, this study also used the Corporate Governance Index which published by SWA Magazine and can be obtained from SWA Website.

The purposive sampling technique is used to confine the specific companies that can provide the desired information in such a way that they conform to some criteria. The criteria set by the researcher are as follows:

- 1) Companies participated in CGPI survey during 2011-2014.
- 2) Non-financial sector companies listed in IDX during period 2011-2014.
- 3) Companies that have CGPI score year 2011-2014 consecutively.

Based on the two criteria cited above, the sample for banking companies used in this research is describe in the Table 3.1.

Table 1: Research Criteria

No	Criteria	Sample
1.	Companies participated in CGPI survey during 2011-2014	60
2.	Non-financial sector companies listed in IDX during period 2011-2014	(39)
3.	Companies that have CGPI score year 2011-2014 consecutively	(12)
Total of Sample		9
The Total Observations for 4 years		36

Source: Data Processed (2016)

3.2 Variables

3.2.1 Cost of Debt

The dependent variable in this study is the cost of debt. The cost of debt can be defined as the rate of return (yield rate) expected by the lender when making funding in a company (Fabozzi, 2009) or the interest rate to be paid by the company when making loans. Cost of debt is calculated from the amount of interest expense paid by the company within one year divided by the average interest bearing debt (Ashkhabi and Agustina, 2015; Juniarti and Natalia 2012; Juniarti and Sentosa, 2009). Interest expense can be obtained from the company's income statement. Interest bearing obtained by analyzing financial statements liabilities that contributed to the interest expense. Average Interest Bearing Debt is obtained from the average Interest Bearing Debt periods t and t-1. Calculation for the cost of debt can be formulated as follows (Juniarti and Natalia, 2012):

$$\text{Cost of Debt} = \frac{\text{Interest Expense}}{\text{Average Interest Bearing Debt}}$$

3.2.2 Corporate Governance Perception Index

The first independent variable in this study is a score of Good Corporate Governance (GCG) or Corporate Governance Index obtained from the IICD (Indonesian Institute for Corporate Directorship), which is an independent institution in Indonesia that play a role in the internalization of good corporate governance practices. IICD has consistently been assessing the implementation of GCG at public companies in Indonesia since 2005. Currently, the assessment conducted by the IICD has covered all public companies listed on the Indonesian Stock Exchange (BEI). Corporate Governance Index obtained from the IICD (Indonesian Institute for Corporate Directorship). GCG scores used were obtained from Indonesian Most Trusted Companies in 2011-2013 based on the value of the Corporate Governance Index in the previous year and the company's reports featuring scores Corporate Governance Index.

3.2.3 Managerial Ownerships

Managerial ownership is the number of shares held by the managers in a company. Jensen and Meckling (1976) in research states that one way to reduce agency cost is by increasing the amount of capital owned by the manager. The more the number of shares in a company owned by the manager will make the alignment of interests between stockholders (principal) and management (agent).

Therefore, Managerial ownership (Mown) is calculated as follow:

$$\text{MOwn} = \frac{\text{Total Managerial Shares}}{\text{Total Outstanding Shares}} \times 100\%$$

3.2.4 Government Ownerships

Government ownership refers to property interests that are vested in the state or a public body representing a community as opposed to an individual or private party. Government ownership is the number of shareholding by the government of the entire share capital managed (Farooque et al., 2007). Therefore, government ownership (Gown) is measured as follow:

$$G_{Own} = \frac{\text{Total Government Shares}}{\text{Total Outstanding Shares}} \times 100\%$$

3.2.5 Sales Growth

Sales growth is the percentage increase or decrease in sales from one period to the next. According Juniarti and Natalia (2012), sales growth is differences of the revenue of current year toward previous year divided by current year revenue. Similarly, Bauwhede, et al. (2015) say that year-over-year percentage growth in sales. The sales growth is calculated by the following formula:

$$\text{Sales Growth} = \frac{(\text{Current Year Sales} - \text{Previous Year Sales})}{\text{Previous Year Sales}}$$

3.3 Research Model

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + e$$

Description:

- Y : Cost of Debt
- a : Constants
- b_1, b_2, b_3, b_4 : Regression Coefficients
- X_1 : Corporate Governance Perception Index
- X_2 : Managerial Ownership
- X_3 : Government Ownership
- X_4 : Sales Growth
- e : Error Term

4. Result and Discussion

Table 2: F-Statistic

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.015	4	.004	11.679	.000
Residual	.010	31	.000		
Total	.026	35			

Table 2: T-Statistic

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.113	.044		2.553	.016
CGPI	-.103	.054	-.245	-1.909	.066
M Own	7.794	1.659	.641	4.699	.000
G Own	-.006	.010	-.069	-.583	.564
S Growth	-.010	.023	-.056	-.446	.659

Based on the results of the F-Statistic Test (Table 2), the significance value of F-Statistic Test is 0.000 and is smaller than the significance level of 0.05 (5%). As the results, all the independent variables simultaneously influence the dependent variable. Thus, the independent variable of corporate governance perception index, managerial ownership, government ownership, and sales growth have simultaneously influence the cost of debt. Therefore, **H₁ accepted**. It can be concluded that governance perception index, managerial ownership, government ownership, and sales growth influence the cost of debt.

Based on the results of the T-Statistic Test (Table 3), The corporate governance perception index (CGPI) has a value of t -1.909 with the significance level of 0.066 is higher than the significance level of 0.05 (5%). It shows that the corporate governance perception index does not have influence on the cost of debt in companies sampled in this study. This result is contradictive with the results from Ashkhabi and Agustina (2015) and Ramly (2013) which stated that the corporate governance perception index negatively influences the cost of debt. However, this results are the same with the results from Juniarti and Natalia (2012) that conducted the research in Indonesia on period 2004-2009. There are many possibilities that becomes the reasons for insignificant influences of the cost of debt. It seems that creditors ignore the company's GCG score in determining cost of debt. GCG score is not credible enough to creditor to justify the company's risk. As a new practice to evaluate GCG implementation, the GCG survey is still need times to prove as a credible indicator to be considered in assessing company risk. Since the participation in GCG survey has not been mandatory yet, the number of participant tend to be decline from year to year. This raises further doubt of creditor to use GCG score as one of the indicators in assessing the required return. Therefore, **H₂ is rejected**. So, it can be concluded that there is no influence between the corporate governance perception index and cost of debt.

The managerial ownership (MOwn) has a value of t 4.699 with the significance level of 0.000 is lower than the significance level of 0.05 (5%). It shows that the managerial ownership positively influences the cost of debt in this study. This result is contradictive with the results from Ashkhabi and Agustina (2015) and Ramly (2013) which stated that the managerial ownership is not significant in explaining the cost of debt. Meanwhile, this results are in accordance with the results from Ismiyanti and Hanafi (2003) which there are positive significant influences relationship between the managerial ownership and the cost of debt. The managerial ownership of shares in the company does not guarantee the creditors to lower their cost of debt, since the manager are likely to engage in activities that are detrimental to the interest of debt issuers. Debt issuers may charge a higher level of cost of debt for taking the risks linked to managerial ownership. Thus, even though companies should pay attention to the proportion of managerial ownership to strengthen the supervision of the company, the debt issuers do not consider on that matter. As the results, **H₃ is accepted**. So, it can be concluded that there is influences between the managerial ownership and cost of debt.

The government ownership (GOwn) has a value of t -0.583 with the significance level of 0.564 is higher than the significance level of 0.05 (5%). It shows that the government ownership does not have influence on the cost of debt in this study. This result is contradictive with the results from Ramly (2013) which stated that the government ownership positively influences the cost of debt. Meanwhile, this results are in accordance with the result from Boubakri and Ghouma (2010) who conducted the study in 22 countries for period 1994-2002. Debt issuers are not willing to impose lower charge on the funds provided, even though the government represents a wider interest of the society; hence, they need to ensure that their investment in listed entities is profitable. For investors, this can be consideration in determining and deciding the investment that will be done with proportion of government ownership, because every investor wants good prospects for the company in the future. Therefore, **H₄ is rejected**. So, it can be concluded that there is no influence between the government ownership and cost of debt of the company.

The sales growth (SGrowth) has a value of t -0.446 with the significance value 0.659 which is higher than the significance level of 0.05 (5%). It shows that sales growth does not have influence on the cost of debt in this study This result is contradictive with the results from Bauwhede, et al. (2015) which stated that sales growth has positive relationship with the cost of debt. Meanwhile, this result is in accordance with the Juniarti and Natalia (2012) research that di the research in the companies listed in Indonesia. The possibility of sales growth does not influence the cost of debt because debt issuers are not willing to take the risk just by considering the sales growth of the company while there are many factors that may be occur, such as the company may stumble upon losses. In other words, sales growth does not guarantee the going concern of the company. As the results, **H₅ is rejected**. So, it can be concluded that there is no influence between sales growth and cost of debt.

5. Conclusion and Suggestion

5.1 Conclusion

Based on the discussions of the research that previously have been explained, it can be concluded that:

- 1) The corporate governance perception index, managerial ownership, government ownership, and sales growth simultaneously influence the cost of debt in non-financial companies listed on IDX year 2011-2014.

- 2) The corporate governance perception index does not influence the cost of debt in non-financial companies listed on IDX year 2011-2014.
- 3) The managerial ownership influences the cost of debt in non-financial listed on IDX year 2011-2014.
- 4) The government ownership does not influence the cost of debt in non-financial companies listed on IDX year 2011-2014.
- 5) The sales growth does not influence the cost of debt in non-financial companies listed on IDX year 2011-2014.

5.2 Suggestion

Based on findings of this study, it is recommended that:

- 1) The research can be conducted in different sectors or broaden the research subjects to get more representative data from the population and the findings can be generalized to all types of companies.
- 2) Future researcher can use another measurement of GCG implementation, so the robustness problem in this current research could be fixed.
- 3) Future researchers can use another proxy to measure the cost of debt, for example, using the yield to maturity (YTM) to obtain the results of the company's debt costs more accurately.
- 4) The research can be done in the longer period to give more accurate and valid results.

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Appendix A. Differences and Similarities of Current Research with Previous Research						
Scope of Research	Previous Research					Current Research
	Ashkhabi and Agustina (2015)	Juniarti and Natalia (2012)	Ramly (2013)	Bauwhede, et al. (2014)	Ismiyanti and Hanafi (2013)	Saputra and Faizal (2015)
Cost of Debt	✓	✓	✓	✓	✓	✓
Corporate Governance Perception Index	✓	✓	✓	x	x	✓
Managerial Ownership	✓	x	✓	x	✓	✓
Government Ownership	x	x	✓	x	x	✓
Institutional Ownership	✓	x	✓	x	✓	x
Firm Size	✓	✓	x	x	x	x
Leverage	x	x	x	✓	x	x
Dividend Policy	x	x	x	x	✓	x
ROA	x	✓	x	x	x	x
Sales Growth	x	✓	x	✓	x	✓
Risk	x	x	x	x	✓	x
Debt to Asset Ratio	x	✓	x	x	x	x
Market to Book Ratio	x	✓	x	x	x	x
Accruals Quality	x	x	x	✓	x	x
CF Performance	x	x	x	✓	x	x
Age	x	x	x	✓	x	x
Sample	x	x	✓	✓	✓	✓
Population	✓	✓	x	x	x	x
Statistical Method						
Linear Regression	x	✓	✓	✓	✓	x
Multiple Linear Regression	✓	x	x	x	x	x
Simultaneous Regression	x	x	x	x	x	✓

Source: Data Processed (2016)

Appendix B. Descriptive Statistics Test Results					
	N	Minimum	Maximum	Mean	Std. Deviation
CGPI	36	.689	.906	.81781	.064353
MOwn	36	.00000	.00778	.0016075	.00222620
GOwn	36	.00000	.80000	.4425286	.32531605
SGrowth	36	-.33663	.32489	.0918553	.14689792
COD	36	.006	.105	.03797	.027081
Valid N (listwise)	36				

Source: Output SPSS 23.0 (2016)

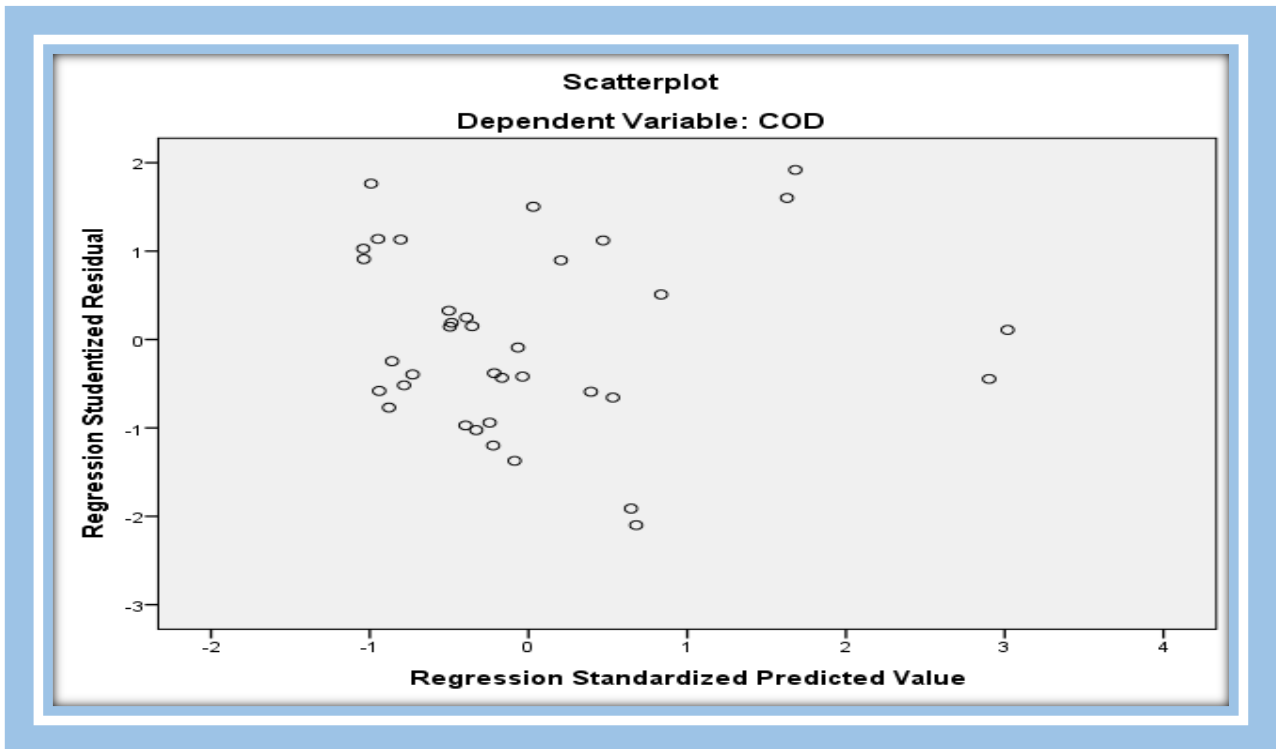
Appendix C. Normality Test Results		
One-Sample Kolmogorov-Smirnov Test (Residual)		Unstandardized Residual
N		36
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.01710374
Most Extreme Differences	Absolute	.119
	Positive	.119
	Negative	-.099
Test Statistic		.119
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Output SPSS 23.0 (2016)

Appendix D. Multicollinearity Test Results							
Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.113	.044		2.553	.016		
CGPI	-.103	.054	-.245	-1.909	.066	.781	1.280
MOwn	7.794	1.659	.641	4.699	.000	.692	1.445
GOwn	-.006	.010	-.069	-.583	.564	.916	1.091
SGrowth	-.010	.023	-.056	-.446	.659	.825	1.212

Source: Output SPSS 23.0 (2016)

Appendix E. Heteroscedasticity Test Results



Source: *Output SPSS 23.0 (2016)*

Appendix F. Autocorrelation Test Results

**Durbin-Watson Test Result
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.775 ^a	.601	.550	.018174	1.926

a. Predictors: (Constant), SGrowth, CGPI, GOwn, MOwn

b. Dependent Variable: COD

$du < d < 4-du = 1.7245 < 1.926 < 2.2755$

Source: *Output SPSS 23.0 (2016)*

Appendix G. Coefficient of Determination (R²)

**Coefficient Determination Result
Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.775 ^a	.601	.550	.018174	1.926

a. Predictors: (Constant), SGrowth, CGPI, GOwn, MOwn

b. Dependent Variable: COD

Source: *Output SPSS 23.0 (2016)*