# ABSTRACT

The research aims to determine the effect of *corporate governance mechanisms* and *audit quality* on *the cost of debt* about the size and profitability as control variables. *The cost of debt* measured by dividing the average interest on loans during the period (Francis, et al., 2010).

The population for this research are sub-sectors property and real estate companies listed in Indonesia Stock Exchange 2009-2014 by using purposive sampling technique as many as 19 companies. The method has been used for analyzing data are descriptive statistical analysis, test classic assumptions and hypothesis testing.

These results indicate that corporate governance mechanisms and audit quality have a significant effect simultaneously on the cost of debt. The partial test results showed that *audit quality* has a negative effect on the cost of debt. While the size of board directors, the proportion of independent commisioner, managerial ownership, the size of audit committee, the proportion of independent audit committee, and frequency of meeting of audit committee is not affected by the cost of debt. However, *frequency of meeting of board directors* has a positive effect on the cost of debt.

**Keyword:** *corporate governance mechanism, frequency of meeting board of directors, audit quality, the cost of debt.*

# ABSTRAKSI

Penelitian ini bertujuan untuk menguji pengaruh dari mekanisme *corporate governance* dan kualitas audit terhadap biaya hutang dengan ukuran perusahaan dan profitabilitas sebagai variabel kontrol. Biaya hutang diukur dengan membagi beban bunga atas rata-rata pinjaman berbunga dalam satu periode (Francis, *et al.*, 2010).

Populasi penelitian ini adalah perusahaan properti dan *real estate* yang terdaftar di Bursa Efek Indonesia periode 2009-2014 dengan menggunakan teknik *purposive sampling* sebanyak 19 perusahaan. Metode analisis data menggunakan analisis statistik deskriptif, uji asumsi klasik dan pengujian hipotesis.

Hasil penelitian ini menunjukkan bahwa mekanisme *corporate governance* dan kualitas audit berpengaruh signifikan secara simultan terhadap biaya hutang. Hasil pengujian parsial menunjukkan bahwa kualitas audit berpengaruh negatif terhadap biaya hutang. Akan tetapi, ukuran dewan direksi, proporsi komisaris independen, kepemilikan manajerial, ukuran komite audit, dan proporsi komite audit independen tidak berpengaruh signifikan terhadap biaya hutang. Sementara, frekuensi pertemuan dewan direksi berpengaruh positif terhadap biaya hutang.

**Kata Kunci:** mekanisme *corporate governance*, frekuensi pertemuan dewan direksi, kualitas audit, biaya hutang.