Abstract

This study aimed to examine the effect of corporate governance mechanisms of the cost of public debt in Indonesia during 2008-2013 by using the control variable size companies. This study uses the yield spread as one of the indicators used to measure the cost of public debt where the yield spread reflects the risk premium borne by the investors because of the risks of investing in a public company. This study used a sample of bonds in non-financial public corporate and government bonds issued in the period 2008-2013 are listed on the Indonesia Stock Exchange (IDX). This research method is purposive sampling technique that uses multiple regression analysis ($\alpha = 5\%$). The results show that institutional ownership variable, audit committee and board size are significant negative effect on the cost of public debt while the variable quality of the audit, the independent commissioner, and firm size is not a significant positive effect on the cost of public debt.

Keywords: corporate governance mechanisms, firm size, yield spread.