

ABSTRACT

**THE ANALYSIS OF MORAL HAZARD MANAGER AND
ITS INFLUENCE TO THE EXTERNAL PRIVATE DEBT
PAYMENT FOR PUBLIC FIRM IN INDONESIA**

By

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The study is aimed at analyzing the level of moral hazard and its influence on External debt Payment of Private Companies registered in Indonesian Capital Market. This study was on observational study using time series data and cross sectional data design, called data panel or data pooling. The purpose of the study was to examine simultaneously the relationship between financial characteristic construct, corporate condition construct, moral hazard level construct and external private debt payment construct.

The number of samples were 55 public companies registered in Indonesian Capital Market. Companies financial ratio of seven years as with financial reports were used along with the data which collected from questionnaire. Then the data was analyzed using SPSS release 10 and AMOS 4 for factor analysis, regression analysis and Path analysis.

The result of the study showed that the level of moral hazard at majority of companies influenced significantly to the external debt payment of private company. However, financial characteristics did not influence the external debt payment and corporate condition were influence significant positively to external private debt payment.

Based on the modified model, it was obtained that there are the direct influenced and the indirect influence of between those four constructs that financial characteristic, corporate condition, moral hazard level and external private debt payment. There are the direct influence between financial characteristic and corporate condition, there are the direct influence between financial characteristic and moral hazard level and there are the direct influence between financial characteristic and external private debt payment. Then there are not indirect influence between financial characteristic and corporate condition and there are the indirect influence between financial characteristic and moral hazard level, and there are the indirect influence between financial characteristic and external private debt payment.

According to corporate condition, there are the direct influence between corporate condition moral hazard level, and there are the direct influence between corporate condition and external private debt payment.

Then there are only indirect influence between corporate condition and external private debt payment. According to moral hazard level, there are the only direct influence between moral hazard level and external private debt payment and are not indirect influence between moral hazard level to others constructs.

The result of the study could be support to the next study for the environmental perspective, ownership perspective and others perspective for getting the more satisfied results.

Key Words

Moral hazard

External private debt

Financial characteristics

Corporate Condition

External private debt payment

