

## ABSTRACT

*This study aimed to examine the effect of the corporate governance mechanism on the agency cost. Corporate governance mechanism such as managerial ownership, institutional ownership, foreign ownership, size of the board of commissioners and size of the board of directors. The population of this research is real estate, property and building construction companies listed on the Indonesia Stock Exchange in 2012-2016. Samples are 9 real estate, property and building construction companies were selected using purposive sampling technique.*

*This research used multiple regression linear analysis method include, statistic descriptive, the classical assumption test (normality test, multicollinearity test, heteroskedasticity test, and autocorrelation test), test F, test T and coefficient of determination with IBM SPSS Statistics program version 21. The results showed that the managerial ownership, institutional ownership, foreign ownership, size of the board of commissioners and size of the board of directors have no effect on agency cost.*

*Keywords : Managerial Ownership, Institutional Ownership, Foreign Ownership, Size of the Board of Commissioners, Size of the Board of Directors and Agency Cost*