

# THE DIVERSITY OF THE BOARD OF DIRECTORS AND CAPITAL STRUCTURE

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## ABSTRACT

This study focuses on the influence of the board of directors and capital structure policies. The performance of a company is strongly influenced by the policies taken by the leaders in the company. The board of directors or the board of directors is the most influential party in the progress of the company. The board of directors has the authority to make decisions on every policy taken by the company, including the capital structure policy. The company's capital policy is a policy that determines where the company's capital source comes from and its composition. The capital owned by the company can be obtained from two main sources, internal sources and external sources. It is the decision of the board of directors that determines which sources are taken and their composition. The decision of the board of directors is also influenced by the character of the board of directors. This research period lasts for 5 years 2017 to 2021. The dependent variable used is the capital structure proxied by leverage. While the independent variable used is the diversity of directors consisting of the number of boards of directors, independent directors, the number of female directors, the experience of the directors, the educational background of the directors and the number of meetings of the board of directors.

Hypothesis testing is done by using the fixed effects method. The results of this test show that the variable number of directors, independent directors, and female directors shows significant results on the capital structure. Robustness test is also carried out by replacing the dependent proxies of the capital structure variable with Long Term Debt to Total Assets and Short-Term Debt to Total Assets. The results of this test indicate that the variable number of directors, independent directors and female directors shows consistent results and directions. These three variables have a negative and significant effect on the capital structure. While other variables, namely the experience of the directors, educational background and the number of meetings of the board of directors did not show significant results

Kata Kunci: *Diversity of the Board of Directors, Capital Structure, Gender*