# *ABSTRACT*

(Delivia Imelda / 23150377/2019 / *Effect of Dividend Policies and Debt Policies on Corporate Values ​​Mediated by Agency Cost in Non-Services Companies Listed on the Stock Exchange in 2015-2017* / Drs. Wiwin Prastio M.M.,)

*Agency cost is a relationship contract where the principal orders the agent to do a service on behalf of the principal and authorizes the agent to make the best decision. Agency costs arise as a result of conflicts between principals and agents becoming increasingly unavoidable. Many ways are done by companies to reduce agency costs. Among them is by maximizing dividend policies and debt policies owned by the company. In addition, by reducing agency costs, the value of the company can increase because investors will consider the company to have a good performance.*

*The theories used to support this thesis research are theories about Agency Theory, Signaling Theory, Trade-Off Theory, Agency Cost, Dividend Policies, Debt Policies, and Firm Value. In addition, the results of previous studies on the relationship of dividend policies with firm value, the relationship of debt policies with firm value, dividend policies and debt policies relations with agency cost, the relationship of agency cost and firm value, and agency cost ability to mediate the relationship of dividend policies and the debt policies to agency cost. Thus, the framework for this research is the relationship of working capital with profitability, where liquidity is thought to act as a mediating variable.*

*The method used by the author is PLS (Partial Least Square) because the research model uses structural equations. However, the variable used is dividend payout ratio as an indicator of dividend policies, debt to equity ratio as an indicator of debt policies, total asset turn over as an indicator of agency cost, and price to book value as an indicator of firm value. The object of this research is non-service companies listed on the Indonesia Stock Exchange in the period 2015-2017 with 39 companies as the sample.*

*Based on the research conducted, some research results were obtained. The finding of a significant positive relationship on the relationship of dividend policies and debt policies with firm value, a negative relationship on the relationship of dividend policies and debt policies with agency cost, a significant negative relationship on the relationship of agency cost and firm value, and agency cost as a mediating variable proved to strengthen policies relations dividends and debt policies with firm value.*

*The conclusion of this study is that dividend policies and debt policies have a significant positive effect on firm value, dividend policies and debt policies have a negative effect on agency cost, agency cost has a significant negative effect on firm value, and agency cost is able to mediate the relationship between dividend policies e to firm value, but it can not mediate the relationship between debt policies to firm value.*

*Keywords: Dividend Policies, Debt Policies, Agency Cost and Firm Value.*