# ***ABSTRACT***

*Gisela Giovanni / 2019 / The Role of Agency Cost in Mediating the Characteristic of the Board of Commisssioners on Firm Value with the Agency Theory Approach (A Case Study in Manufacturing Companies Listed on the Indonesia Stock Exchange from 2015 to 2017) / M. Budi Widiyo Iryanto, Dr.*

*Several studies have been conducted on the effect of board commissioner characteristics on firm value. However, the results obtained have not been consistent. Therefore, this research investigates the influence of the board of commissionaries characteristic on firm value with agency cost as an intervening variable in manufacturing companies listed in Indonesia Stock Exchange (IDX) in the period 2015-2017.*

*Agency theory is used in this research. The assumption underlying agency theory is that agents tend to be selfish opportunists who, unless monitored effectively, will exploit owner-principals for their personal importance.*

*Data sample of this research is manufacturing companies listed in Indonesia Stock Exchange (IDX) during the period 2015-2017 as many s 117 companies or 351 unit of analysis. Sampling technique to be used is the Non-Probability Sampling technique using Judgement / Purposive Sampling. Data analysis technique, to test each variable and hypotheses are using Structural Equation Model (SEM). And data processing techinques are using Partial Least Square (PLS) through Smart PLS Software Version 3.2.8.*

*In the analysis and discussion, the outer model and inner model were tested. The outer model test results show that the number of board of commissioners and attendance frequency are valid as indicators of the characteristics of the board of commissioners. Then from the results of the inner model test it can be seen that the value of T statistics for the characteristics of the board of commissioners on the firm value is 1.719. The influence of the characteristics of the board of commissioners on agency costs is 0.199. And the effect of agency costs on firm value is 0.03 at a significance level of 15%. Whereas in this study there was no single test because it did not meet the requirements.*

*This research generates results that the board of commissionaries characteristic gave a positive significant effect to firm value, the board of commissionaries characteristic gave a positive not significant effect the agency cost, and agency cost gace a positive not significant effect the firm value. Moreover, agency cost can not mediate the relationship between the board of commissionaries characteristic and value of firm*

*Keywords : Board of Commissionaries Characteristic, Agency Cost, Firm Value*