# ABSTRACT

Jenni Andrianni / 29150193 / 2019 / The Effect of Board Commissioners Characteristics on Firm Value Mediated by Agency Costs ( A Case Study at Manufacturing Sector Companies Listed in Indonesia Stock Exchange from 2016 to 2018 ) / M. Budi Widiyo Iryanto, Dr.

Some research which has been researched the influence of board commissioners characteristics on firm value. However, the results obtained are not consistent. Therefore, this research investigates the influence of board commissioners characteristic on company value mediated by agency costs in manufacturing sector companies on the Indonesia Stock Exchange (IDX) for the period of 2016-2018.

The theory underlying of this research is agency theory. Agency theory states that managers will tend to prioritize their personal interests and utilize shareholders for their own sake, unless effective supervision is carried out.

The sample of this research is manufacturing companies listed on the Indonesia Stock Exchange (IDX) during 2016-2018 period as many as 104 companies or 312 units of analysis. The sampling technique used is the Non-Probability Sampling technique using Judgment / Purposive Sampling method. Data analysis techniques to test each variable and test hypotheses are using the Structural Equation Model (SEM). Data processing techniques using Partial Least Square (PLS) through Smart PLS Version 2.0 M3 software.

In the analysis and discussion, the outer model and inner model were tested. The outer model test results show that the frequency of attendance of meeting and competence of the board of commissioners are valid as indicators of the characteristics of the board of commissioners. From the results of the inner model test can be seen that the value of T statistics for the characteristics of the hoard of commissioners on the firm value is 0.284. The influence of the characteristics of the board of commissioners on agency costs is 0.556 and the effect of agency costs on firm value is 0.715 at a significance level of 15%. Where as in this study there was no single test because it did not meet the requirements.

This research generates results that the board of commissioners characteristics have not a significant positive effect on firm value. The board of commissioners characteristics have no significant negative effect on agency costs, Agency costs have not a significant positive effect on Firm value. In addition, agency costs are not able to mediate the relationship between the board of commissioners characteristics and the value of firm.

Keywords: Board of Commissioners Characteristics, Agency Costs, Firm Value