

The Effect of Leverage, Agency Cost, and Firm Size on Firm Value

Gusni*, Nadia Nur Aufa Ameldinata, Sofia Felesia Riska Sugiarto, Sherina Gunawan, Zakiyyatun Nisa

Department of Management, Economic and Business Faculty, Widyatama University, Bandung, Indonesia

*gusni.tanjung@widyatama.ac.id

ABSTRACT

Maximizing the value of the firm is the main responsibility that must be performed by the company management since the firm value is a reflection of a company's market price, which will maximize shareholder wealth. The objective of this study is to analyze the effect of leverage, agency cost, and firm size on firm value in the property and real estate companies listed in the Indonesia Capital Market; and understand which variables that have a strong influence on the firm value. This study used secondary data collected from the official website of the Indonesia Stock Exchange for the period of 2013–2019. The sample used in this research is 38 companies that were selected by using purposive sampling technique. A panel data regression was used to determine the effect of leverage, agency cost, and firm size on firm value. The study result shows that only agency cost has a strong effect on the firm value. Meanwhile, leverage and firm size has no effect on the firm value. These findings contribute to the firm management as information and consideration in the way to maximize firm value.

Keywords

Leverage, agency cost, firm size, firm value, capital market

Article Received: 18 October 2020, Revised: 3 November 2020, Accepted: 24 December 2020

Introduction

The main goal of the firm in its business activities is to increase the affluence of the shareholders, which can be interpreted by increasing the company's share price. One of the factors that can encourage an increase in the firm stock price is the increase in firm value because it is a reflection of the firm market price. The firm value has a prominent part for the firm because this value can reflect the overall performance of the company that can influence investors' views of the company. Firm value indicates the investor's perception of the corporate's achievement rate, which is often connected with the share price (Sambora, 2014). An increase in the company's share price will sway the worth of the firm, which will encourage an increase in shareholder wealth (Handriani & Robiyanto, 2018; Bala et al., 2020). The value of the firm always changes from time to time, which is influenced by various factors. Several studies try to explain the influence of leverage, agency cost, and firm size on the firm value (Cheng & Tzeng, 2011; Siahaan, 2013; Rizqia et al., 2013; Antwi et al., 2012; Handriani, 2020; Adetunji et al., 2016; Xiao & Zhao, 2012; Ibrahim & Isiaka, 2020; Budiharjo, 2020) but the result are still mixed.

The link among leverage and firm value is still into the debate in the financial literature because the results are still controversial (Aggarwal & Padhan, 2017). The decision in determining the best leverage for the company has an important role because it is related to the level of profit and possible loss that will be faced by the company's shareholders. Leverage describes the combination of debt and equity that is used by a company to finance assets (Titman & Wessels, 1988). Trade-off theory proposed by Modigliani and Miller (1963), which puts forward an important part of the obligation that can reduce costs from being attracted and recommends companies to consider costs and benefits by utilizing obligations and values to meet their company's capital needs and organize the proportion of target liabilities in the company's capital structure (Jalilvand & Harris, 1984; Mazur, 2007). Furthermore, they mention that firm value and leverage has positive relationship (Antwi et al., 2012). Jensen and Meckling (1976) with their agency cost mention that companies need to use debt in their capital

structure to mitigate free cash flow that can decrease disputes over interests between agents and principals then increase principal's trust which can drive an increase in company value. Myers (1977) suggested that companies have optimal leverage which the firm can achieve to increase firm financial performance and firm value (Mazur, 2007). Cheng and Tzeng (2011) state that leverage has a positive relation with firm value and tend to be stronger when the company has better financial quality. Different research results point that firm value is negatively affected by leverage (Ibrahim & Isiaka, 2020).

Firm value can also be affected by agency cost and firm size. Agency cost arises because of the separation between principals and agents through a contract, which creates a conflict of interest. Jensen and Meckling (1976) mention that these agency costs are unavoidable in the event of a segregation of ownership and control, and call these costs "inefficiencies". Agency costs are costs related to management supervision, costs for creating financial information systems, costs for auditing financial statements, and others to ensure that management acts consistently following the company's contractual agreements with principals as well as for the welfare of shareholders. Classens et al. (2002); Lemmon and Lins (2003); Bennedsen and Nielsen (2010), explain that agency cost negatively affects the firm value. Corporate size shows the large or small of the total assets owned by the firm. The larger of assets owned by the company, then the greater of company's ability to increase firm value (Zhu & Lin, 2017). A large firm has easy access to get funds from an external source compare to a small firm and has a great opportunity to increase company performance and firm value. Large firms have preferable access to outer information rather than small firms because they have better resources in increasing firm value (Siahaan, 2013). Several studies verify that firm value is positively influenced by firm size (Krause & Tse, 2016; Bhat et al., 2018; Garner & Lacina, 2019).

This paper objective is to find out the effect of leverage, agency cost, and firm size on the firm value. This paper is diverse from other research, due to it applies the leverage variable which is still controversial and the agency cost variable which

is infrequent studied in Indonesia, so it is still interesting to study.

Hypotheses Development

Leverage and Firm Value

The discussion about the relation among leverage and firm value is still often debated both theoretically and in empirical studies. The debate that often occurs is linked to the proportion or level of debt used in the company's capital structure's that is relevant or irrelevant to the value of the company (Hatfield et al., 1994). The use of leverage can increase the company's profits, but at the same time, it can also be a threat to the company if it experiences losses (Weston et al., 2004). Modigliani and Miller (1963) mention that by including the tax element the use of debt will increase the firm value because debt interest costs can reduce tax payments (tax-deductible expense), so that the more sources of funding that come from debt, the more the company value will be increased. Based on market timing theory, shareholders will benefit from issuing equity when the share price is high, but on the other hand, when the equity price is low, the utilize of liabilities to meet the company's capital needs is favoured (Pastry specialist and Wurgler, 2000). This theory places more emphasis on maximizing value for shareholders (Cheng & Tzeng, 2011). The level use of debt and equity in the company's capital structure must pay attention to their reaction on firm value. If leverage can influence firm value, then the firm wants to have a capital structure that maximizes value for shareholders (Pandey, 2004). Excessive use of debt more than equity will only bring losses to the company and the result is a lowering in the firm value (Myers, 1984).

Several research shows that leverage has a positive relation with the firm value as empirical studies of Gill and Obradovich (2013) in American companies found that American firm's value influenced positively by leverage. Cheng and Tseng (2011); Adetunji et al. (2016); Rizqia et al. (2013); Budiharjo (2020) Aggarwal and Padhan (2017) state that leverage has a positive impact on the firm value. Meanwhile, Ibrahim and Isiaka (2020) mentioned that firm value negatively affected by leverage. Different study

results show that leverage has no relation with firm value (Siahaan, 2013).

Hypothesis 1: Leverage affect firm's value positively

Agency Cost and Firm Value

Agency theory explains the agent relation, to be specific the relationship among the shareholder (Principals) and the Manager (Agents) through a contract (Eisenhardt, 1989; Jensen & Meckling, 1976). In an agency relationship, one party (principal) will delegate tasks or activities to another party (agent). Agency theory explicitly discusses the contractual arrangement of the relation between the principals and the agents, in order to carry out their duties efficiently. Agency problems arise from the inability to make a perfect contract for every possible action the agent may take whose decisions affect his own well-being and that of his principal (Brennan, 1995). One of the problems that arise in agency theory is that managers bear all the costs of their own failure of the job, but only get a part or a fraction of the benefits. This inefficiency is reduced if managerial incentives to make decisions that maximize value can be increased (Jensen & Meckling, 1976). Agency problems will affect the company's reputation in the financial market and will be reflected in the company's share price. Agency cost arises from the value of the loss to the principal, due to discrepancy in interests among shareholders and company managers. Jensen and Meckling (1976) divide agency costs into three main points; monitoring cost, bonding cost, and residual loss. Furthermore, they said that these agency costs are unavoidable in the event of a segregation of ownership and control, and mention these costs as "inefficiencies". Grossman and Hart (1988); Harris and Raviv (1988); Bennedsen and Nielsen (2010) trying to expand a theoretical model that indicates that firm value can decrease when there is a segregation among firm ownership and control.

Several studies denote that firm value positively influenced by agency cost (Wardani & Susilowati, 2017; Adityamurti & Ghozali, 2017), which means that the greater the agency cost, the more controlled the agent's activities so that it can increase the firm's performance and value. Meanwhile, Classens et al. (2002); Lemmon and

Lins (2003); Bennedsen and Nielsen (2010) explain that agency cost has a negative relation with the firm value. It means that the greater the agency cost, the fewer company profits, which have an impact on firm performance and value.

Hypothesis 2: Agency cost has a positive relationship with the firm value.

Firm Size and Firm Value

The size of a company describes the large or small the firm's, which can be assessed by using the amount of assets owned, assets average, total sales, and sales average. Larger companies generally have lower business risk when compared to small companies, because they have better resources and controls to enlarge firm value (Siahaan, 2013). Larger companies have the appeal of attracting investors, thereby increasing share prices and firm value. The larger of capital owned by the firm, the greater the opportunity for the firm to improve the firm financial performance and the higher the market appreciation for the firm which can encourage higher firm value (Handriani, 2020). A large company size denote that the corporate is experiencing growth, where investors will react positively to the company, and the firm value will go up. Small-scale companies tend to conduct transactions with uncertainty and often react more quickly to sudden changes than bigger companies, which lean to be more cautious (Budiharjo, 2020).

Several empirical studies denote that firm value is positively influenced by company size (Nurhayati, 2013; Novari & Lestari, 2016; Rizqia et al., 2013; Krause & Tse, 2016; Bhat et al., 2018; Garner & Lacina, 2019; Siahaan, 2020; Handriani, 2020). Meanwhile, Budiharjo (2020) mention that firm value is not influenced by company size, similar to the research result performed by Setiadewi and Purbawangsa (2015).

Hypothesis 3: Firm size has a positive relation with the firm value.

Methodology

This research is applied research with a quantitative approach, which is used to explain whether leverage, agency cost, and firm size have an effect on the firms' value. The research design was chosen because it allows any linkages

between the variables used to be identified (Warner, 2013). This design is suitable for explaining any potential relationships that may exist between the variables studied. The type of data used in this paper is quantitative data calculated using formulas in the financial literature sourced from textbooks and journals. The data used in this study is secondary data obtained from financial reports, annual reports, and other related information of the property and real estate industry listed firms during 2013-2019 period. The data used in this study is a mix of cross-section and time-series data or well known as panel data.

The population for this paper is companies in the property and real estate industry listed on the Indonesia capital market during 2013 – 2019 period, consisting of 41 companies. The number of samples taken to meet the objectives of this research was 38 companies selected based on the purposive sampling method. The variables used in this study consist of the dependent variable (firm value) and the independent variables (leverage, agency cost, and firm size). Table 1 describes all the variables used in this study:

Table 1. Notation and measurement of variables		
Variables	Notations	Measurement
Dependent Variable		
Firm Value	FVE	Market Value + Debt / Total Asset
Independent Variables		
Leverage	LVE	Total Debt / Total Asset
Agency Cost	ACT	Total Sales / Total Asset
Firm Size	FSE	Ln Total Asset

In order to test the proposed hypothesis, we will use a panel data regression model with the below equation:

$$FVE = a + \beta_1LVE + \beta_2ACT + \beta_3FSE + e$$

where a is a constant, β_1 , β_2 , β_3 are parameters, and FVE, LVE, ACT and FSE are the dependent and independent variables used in this paper and have been described in table 1.

Panel data analysis in this study begins with a classical assumption test consisting of multicollinearity test using Variance Inflation Factor (VIF) and heteroscedasticity tests using Breusch Pagan Godfrey (BPG) with the aim of ensuring, the regression model that is formed not biased in the estimates. Furthermore, the model testing performed is including of F test and the coefficient of the determination, in order to know whether the proposed model is fix or not and explain the ability of the independent variables used to explain changes in the dependent variable. The last test is the hypothesis test to determine the effect of variables leverage, agency cost, and firm size on the firm value in error level of 5 %.

Results and Discussion

Research Finding

The multicollinearity test denote that there is no multicollinearity problem between the dependent variable or it means that all independent variables use in this paper have no relation due to the value of the $VIF < 10$. The results of the heteroscedasticity test indicate that $P\text{-value obs} * R\text{-square} > 0.05$, which describes is no heteroscedasticity problem. The Random Effect Model is the right and suitable panel data regression model to explain this paper objective based on the Chow, Hausman, and Lagrange multiplier tests.

Table 2. Random effect model test result and VIF

Independent Variables	Regression Coefficient	VIF
Leverage	0.035055	1.011
Agency Cost	2.272467**	1.004
Firm Size	0.036727	1.009
Adjusted R ²	0.057986	
F-statistic	6.437428	
Prob. (F-statistic)	0.000320	

** Significant at 1%

Sources: Financial statements, annual reports, data processed

The empirical test output in the table above denote that panel data regression model formed is appropriate with the Prob. F-Statistic < 0.05 , describes that there is a linear relation among the leverage, agency cost, and firm size variables with firm value. The coefficient of determination test

shows that the ability of the leverage, agency cost, and size variables to explain changes in the firm value variable is 5.79%, the rest of described by other variables not include in this paper. Hypothesis test finding denote that only the agency cost variable has a positive effect on the firm value, meanwhile, other variables uses not affect companies value.

Discussion

Firm value has a necessary part for the corporate due to it reflect the overall performance of the company that can influence firm value. The enhancement or reduction in the firm value is predicted cause by several factors, including leverage, agency cost, and firm size. The relation among leverage and firm value is still often debated and controversial. The use of leverage can increase the company's profits, but at the same time, it can also be a threat to the company if it experiences losses (Weston et al., 2004). The tax element benefit from the using debt will increase the company value because debt interest costs can reduce tax payments (tax-deductible expense), so that the more sources of funding that come from debt, the more the company value will be increased. Research finding state that firm value is not affected by leverage. It describes a larger or smaller credit levels used in the company's capital structure not affect the increase and decrease in firm value. This research finding denote that MM theorem of capital structure irrelevance to the value of the company. The statement of Modigliani and Miller (1963) in the trade-off theory regarding the tax benefits of using debt in companies can increase firm value is not proven in this paper. Investors do not make leverage as a factor that will influence their perception of the firm's future fruitfulness rate. They believe that the firm's management will regulate the use of debt according to the company's needs, to avoid losses that have predispose to the firm's management performance appraisal by shareholders.

This paper finding is in line with the empirical result of Siahaan (2013) that states leverage does not affect the firm value. The empirical finding not in line with research performed by Gill and Obradovich (2013); Cheng and Tseng (2011); Adetunji et al. (2016); Rizqia et al. (2013);

Budiharjo (2020); Aggarwal and Padhan (2017) that leverage affects firm value positively, Ibrahim and Isiaka (2020) mention that leverage affects firm value negatively.

Agency costs are expenses associated with monitoring management's actions to ensure those actions are suitable with contractual agreements among managers, shareholders, and creditors (Jensen & Meckling, 1976). Agency cost arises because of the separation between principals and agents through a contract, which creates a conflict of interest. Empirical finding denotes that agency cost influence firm value positively. Investors believe that high agency costs can increase the value of the company because in agency theory a conflict of interest between the agents and the principals will result in excess costs, that are expected to be able to monitor the agent's behavior and reduce certain actions by the agent that can harm the principal. Agency costs can reduce shareholder concerns because the agency cost issued is used to reduce shareholder risk, which will affect the increase in company value.

This paper results in line with research conduct by Wardani and Susilowati (2017); Adityamurti and Ghazali (2017) found that agency cost affects the firm value positively. Meanwhile, this research result disagrees with Classens et al. (2002); Lemmon and Lins (2003); Bennedsen and Nielsen (2010) study results.

Firm size indicates a larger or smaller company, which is valued based on asset owned by the firm. Larger companies generally have lower business risk when compared to small companies, because they have better resources and controls to enlarge firm value (Siahaan, 2013). The larger of assets have by the company, then the greater of company's ability to increase firm value (Zhu & Lin, 2017) due to a large firm has easy access to get funds from an external source compare to a small firm and has a great opportunity to increase company performance and firm value. Hypothesis test results indicate that firm size does not affect firm value. Large or small assets have by the firm cannot influence the increase or decrease of firm value. Investors' perceptions of the company are not based on the large or small size of the total assets owned by the company but focus on how these assets are properly managed by the company

so that it can increase investor confidence in the level of company performance achievement and the company's prospects in the future. Assets are only tools that investors should make the best use of to maximize shareholder wealth as the owner of the company. This study results in line with Budiharjo (2020) found that firm size does not affect the firm value. This result different with research performed by Nurhayati (2013); Novari and Lestari (2016); Rizqia et al. (2013); Krause and Tse (2016); Bhat et al. (2018); Garner and Lacina (2019); Siahaan (2020) and Handriani (2020) mention that company's size affect firm's value positively.

Conclusion

The purpose of this study was to determine the impact of leverage, agency cost, and company size on the firm value in the property and real estate sub-sector listed firms for the period 2013 - 2019 by using 38 companies as a sample selected by using purposive sampling technique. The empirical research finding denote that the leverage variable has no relation with firm value, which means that investors not concern to the company's capital structure. The agency cost variable affects the firm value positively, which means that investors pay attention to agency costs incurred by the company. Meanwhile, the company size variable does not affect firm value, which means that total asset owned by the company is not the main concern of investors in assessing the company. Refer to the three variables that have been analyzed, there is only one variable that has a strong impact on the firm value, that is the agency costs variable.

This study has some of the limitations that are likely to have an influence on the paper findings that is limited sample size and independent variables uses. Therefore, for further researchers it is suggested to use a wider variety of research samples and more independent variables based on corporate financial theory and other related research findings.

References

- [1] Adetunji, A., A., Akinyemi. I., A., & Rasheed, K., O. (2016). Financial Leverage and Firms' Value: A Study of

- Selected Firms in Nigeria. *European Journal of Research and Reflection in Management Sciences*, 4(1), 14–32.
- [2] Adityamurti, Enggar and Imam Ghozali. 2017. The Effect of Tax Avoidance and Agency Costs on Firm Value [Pengaruh Penghindaran Pajak dan Biaya Agensi Terhadap Nilai Perusahaan]. *Jurnal Akuntansi Diponegoro*, 6(3), 1-12.
- [3] Antwi, S., Mills, E., F., E., A., & Zhao, X. (2012). Capital Structure and Firm Value: Empirical Evidence from Ghana. *International Journal of Business and Social Science*, 3(22), 103–111.
- [4] Aggarwal, D., & Padhan, P., C. (2017). Impact of Capital Structure on Firm Value: Evidence from Indian Hospitality Industry. *Theoretical Economics Letters*, 7, 982–1.000.
- [5] Baker, M., & Wurgler, J. (2000). The Equity Share in New Issues and Aggregate Stock Returns. *The Journal of Finance*, 55(5), 2219–2257.
- [6] Bala, H., Amran, N. A., & Shaari, H. (2020). Audit Committee Attributes and Cosmetic Accounting in Nigeria the Moderating Effect of Audit Price. *Managerial Auditing Journal*, 35(2), 177–206.
- [7] Bennedsen, M., Nielsen, K.M. (2010). Incentive and entrenchment effects in European ownership. *Journal of Banking and Finance*, 34, 2212–2229.
- [8] Bhat, K. U., Chen, Y., Jebran, K., & Bhutto, N. A. (2018). Corporate Governance and Firm Value: A Comparative Analysis of State and Non-State Owned Companies in the Context of Pakistan. *Corporate Governance: International Journal of Business in Society*, Vol. 18 No. 6, pp. 1196-1206.
- [9] Budiharjo, R. (2020). Effect of Firm Size and Leverage on Firm Value with Return on Equity as Intervening Variables. *SSRG International Journal of Economics and Management Studies*, 7(4), 148–155.
- [10] Cheng, M.-C., & Tzeng, Z.-C. (2011). The Effect of Leverage on Firm Value and How the Firm Financial Quality Influence on This Effect. *World Journal of Management*, 3(2), 30–53.
- [11] Claessens, S., Djankov, S., Fan, J., Lang, L.H.P. (2002). Disentangling the incentive and entrenchment effects of large shareholdings. *Journal of Finance*, 57, 2741–2772.
- [12] Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57–74.
- [13] Garner, S. A., & Lacina, M. J. (2019). Environmental Disclosures and Changes in Firm Value: New Evidence from the BP Oil Spill. *Accounting Research Journal*, 32(4), 610–626.
- [14] Grossman, S., Hart, O. (1988). One-share, one-vote, and the market for corporate control. *Journal of Financial Economics*, 20, 175–202.
- [15] Hatfield, B. G; T. W. Cheng; and N. W. Davidson. (1994). The Determination of Optimal Capital Structure: The Effect of Firm and Industry Debt Ratio on Market Value. *Journal of Financial and Strategic Decision*, 7(3), 1–14.
- [16] Handriani, E., & Robiyanto, R. (2018). Corporate Finance and Firm Value in the Indonesian Manufacturing Companies. *International Research Journal of Business Studies*, 11(2), 113–127.
- [17] Handriani, E. (2020). The Role of Ownership in Increasing Firm Value of Manufacturing Industry in Indonesia. *Jurnal Organisasi dan Manajemen*, 16(1), 83–98.
- [18] Harris, M., Raviv, A., 1988. Corporate governance: Voting rights and majority rules. *Journal of Financial Economics*, 20, 203–235.
- [19] Ibrahim, U., A., & Isiaka, A., Q. (2020). Effect of Financial Leverage on Firm Value: Evidence from Selected Firms Quoted on the Nigerian Stock Exchange. *European Journal of Business and Management*, 12(3), 124–135.

- [20] Jalilvand A., & Harris R. (1984). Corporate behavior in adjusting to capital structure and dividend targets: An econometric study. *Journal of Finance*, 39(1), 127–45.
- [21] Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behaviour, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305–360.
- [22] Krause, T. A., & Tse, Y. (2016). Risk Management and Firm Value: Recent Theory and Evidence. *International Journal of Accounting and Information Management Risk*, 24(1), 56–81.
- [23] Lemmon, M. L., Lins, K.V. (2003). Ownership structure, corporate governance, and firm value: evidence from the East Asian financial crisis. *Journal of Finance*, 58, 1445–1468.
- [24] Mazur K. (2007). The Determinants of Capital Structure Choice: Evidence from Polish Companies. *International Atlantic Economic Society* 13, 495 – 514.
- [25] Myers, S. (1977). Determinants of corporate borrowing. *Journal of Financial Economics*, 5, 147–175.
- [26] Myers, S.C., 1984. The capital structure puzzle. *Journal of Finance*, 39(3), 574–592.
- [27] Novari, Putu Mikhy & Putu Vivi Lestari. (2016). The Effect of Firm Size, Leverage, and Profitability on Firm Value in the Property and Real Estate Sector [Pengaruh Ukuran Perusahaan, Leverage, dan Profitabilitas Terhadap Nilai Perusahaan Pada Sektor Properti dan Real Estate]. *E-Jurnal Manajemen Unud*, 5(9), 5671–5694.
- [28] Nurhayati, M. (2013). Profitability, Liquidity, and Company Size Impact on Dividend Policy and Company Value in the Service Sector [Profitabilitas, Likuiditas, dan Ukuran Perusahaan Pengaruhnya Terhadap Kebijakan Dividen dan Nilai Perusahaan Sektor Jasa]. *Jurnal Keuangan dan Bisnis*, 5(2), 144–153.
- [29] Pandey I. M. (2004). *Financial Management*. Indian Institute of Management. Ahmedabad: Vikas Publishing. House Pvt. Ltd.
- [30] Rizqia, D., A., Aisjah, S., & Sumiati. (2013). Effect of Managerial Ownership, Financial Leverage, Profitability, Firm Size, and Investment Opportunity on Dividend Policy and Firm Value. *Research Journal of Finance and Accounting*, 4(11), 120–130.
- [31] Sambora, M. N., Handayani, S., R., & Rahayu, S., M. (2014). The Effect of Leverage and Profitability on Firm Value (Study on Food and Beverages Companies Listed on the Indonesia Stock Exchange for the Period of 2009 - 2012) [Pengaruh Leverage dan Profitabilitas Terhadap Nilai Perusahaan (Studi Pada Perusahaan Food & Beverages yang Terdaftar di Bei Periode Tahun 2009 – 2012)]. *Jurnal Administrasi Bisnis*, 8(1), 1–10.
- [32] Siahaan, F., O., P. (2013). The Effect of Good Corporate Governance Mechanism, Leverage, and Firm Size on Firm Value. *GSTF Journal on Business Review*, 2(4), 137–142.
- [33] Titman, S., & Wessels, R. (1988). The determinants of capital structure choice. *Journal of Finance*, 43(1), 1–19.
- [34] Wardani, D. K., & Susilowati, W. T. (2017). Effect of Agency Cost on Firm Value with Information Transparency as a Moderation Variable [Pengaruh Agency Cost terhadap Nilai Perusahaan dengan Transparansi Informasi sebagai Variabel Moderasi]. *Jurnal Akuntansi Universitas Kristen Maranatha*, 12(1), 1–12.
- [35] Warner, R. M. (2013). *Applied statistics: From bivariate through multivariate techniques*. California: Sage Publications.
- [36] Weston, J., F., Copeland, T., E., & Shastri, K. (2004). *Financial Theory and Corporate Policy*. New York: Pearson Addison Wesley.
- [37] Xiao, S., & Zhao, S. (2012). How do Agency Problems Affect Firm Value? Evidence from China. *Durham-EJF Conference on Chinese Capital Markets*.