

## **ABSTRACT**

The purpose of this study is to examine the influence of corporate governance to firm performance with agency cost as the intervening variable. The hypotheses which are proposed in this study include: The commissioner board independency, the commissioner board competency, the commissioner board activity, the audit committee competency, and the audit committee activity have a negative influence on agency costs. The commissioner board independency, the commissioner board competency, the commissioner board activity, the audit committee competency, the audit committee activity, and agency cost have a positive influence on firm performance. Agency cost mediate the influence of the commissioner board independency, the commissioner board competency, the commissioner board activity, the audit committee competency, the audit committee activity on firm performance.

The dependent variable consists of agency cost and firm performance. The independent variables in this study consist of corporate governance in which the proxies are commissioner board independency, the commissioner board competency, the commissioner board activity, the audit committee competency, and the audit committee activity. This study uses secondary data from the company's annual report in the non-financial sector which is listed on the IDX in 2016-2018. This study used a purposive sampling method which resulted in 1.061 data. The research hypothesis was tested using the Ordinary Least Squares Regression method with the Eviews application.

The results showed that the commissioner board independency and the commissioner board competency, the commissioner board activity, the audit committee competency, and the audit committee activity had no influence on reducing agency cost. The commissioner board independency and the commissioner competency has a significant positive effect on firm performance. The commissioner board activity, the audit committee competency, the audit committee activity, and agency cost have no significant influence on firm performance. Agency cost does not mediate the influence of the commissioner board independency, the commissioner board competency, the commissioner board activity, the audit committee competency, and the audit committee audit activity on firm performance.

**Keywords:** firm performance, agency cost, the commissioner board independency, the commissioner board competency, the commissioner board activity, the audit committee competency, the audit committee activity.