

~~The~~ A key advantage of agency theory ~~mainly~~ primarily serves to is that it ~~reduces~~ limit the parameters of ~~the research study~~ to ~~only~~ consideration of two ~~aspects~~ participants only parties: (1) the agent and (2) the principal, which makes ~~This renders the perspective of~~ shareholders' (i.e. principals)' concerns easier to be characterized, simpler for analysis ~~because since their main driver,~~ as they are primarily motivated by ~~is~~ the return on investment or ~~firm~~ company value. The ~~general view of the~~ agency theory ~~assumes~~ is that conflicts of interest ~~occur between the two parameters when arise in the relationship due to the divergence of managers', who are seen (assumed as rational but opportunistic entities,) get sidetracked, thus failing to satisfy the~~ from principals the shareholders' interest. The theory ~~offers a sound scientific platform~~ provides a powerful theoretical basis and ~~allows for the development of~~ testable hypotheses to ~~analyze~~ for explaining manager-shareholder ~~the relationships~~ interactions and ~~come up~~ formulate with effective ~~suggesting actions to resolve~~ solutions for the ~~any~~ conflict between the two ~~relevant to~~ in terms of agency ~~problems~~ issues, ultimately ~~improving~~ between shareholders and managers to mitigate agency ~~conflicts and enhance~~ shareholder returns and the company's overall ~~resulting in~~ better firm performance ~~of the company~~ (Fama & Jensen, 1983; Jensen & Meckling, 1976).

The ownership structure ~~OS~~ of firms, ~~namely with regards to~~ particularly in terms of the board of directors, is the ~~main~~ foremost primary element ~~factor resolving~~ feature mitigating the ~~inherent~~ innate principal-agent contrast in a company to ~~enhance the~~ its dichotomy between principals and agents to improve firm performance. ~~The~~ Organizational ~~factors affecting~~ elements that influence a ~~company's~~ firm performance ~~include~~ are the number of board ~~members~~ size, CEO

duality, independent directors and the Board of directors, in addition to as well as mechanisms related to the ownership structure OS processes, like such as O such as ownership concentration, and institutional ownership and managerial ownerships.

2.2.1 Agency theory:-

It is a presumption to analyze a supposition that explains the principal-agent relationship interactions between principals and agents in business settings. The Agency theory aims to eliminate dilemmas occurring is concerned with resolving problems that can exist in agency affairs relationships; that is, between principals (such as like shareholders) and their agents of the principals (for example, like company executives).

Large-scale Big companies Large corporations, especially particularly publicly publicly-listed companies ones, usually typically adopt generally have an organizational structure framework wherein that features a clear divide there is a fundamental separation of between ownership and control between exerted by principals and agents. Briefly In the relationship between them, the structure involves the owners (principals) appointing hire managers (agents) to make the company work run the firm in a way that in their best serves the best interests former's s' interests. They award the agents a compensation, mainly of a financial nature the latter for their efforts, generally in pecuniary form (e.g. salary and bonuses), for the work done. (Hart, 1995; Jensen & Meckling, 1976; Sappington, 1991). Hence, Conflicts of interest would occur between the two parties in case the can arise in this relationship due to the divergence of the interests of managers and shareholder each- are not aligned did not meet eye to