International Journal of Business and Management Invention (IJBMI)
ISSN (Online): 2319-8028, ISSN (Print):2319-801X
www.ijbmi.org || Volume 9 Issue 9 Ser. III || September 2020 || PP 27-34

The Influence of Foreign Director on Firm Value with Debt Policy as an Intervening: A Study in Manufacturing Companies in Indonesia

Agustina Ratna Dwiati
STIE Perbanas Surabaya

ABSTRACT: *This research aims to examine the influence of foreign director on firm value with debt policy as an intervening variable. The dependent variable of this research is foreign director. The independent variable of this research is firm value. The intervening variable of this research is debt policy. The research sample is a manufacturing company listed on the Indonesia Stock Exchange (IDX) in 2014-2016. The total number of samples is 408 samples starting from 2014-2016.*
This research employs three simplelinear regression to answer three hypothesis using t-test. The significance result of t-test from three simple linear regression will be used to answer 4th hypothesis by looking at the direct and indirect effects between variables. The results of this study indicate that the presence of foreign director can increase firm value. Debt policy can also affect firm value where the high value of debt decreases firm value. Meanwhile, foreign director did not influence the debt policy so that debt policy could not mediate the influence of foreign director on the value of the company.
KEY WORDS*: Foreign Director, Debt Policy, Firm Value*

Date of Submission: 13-09-2020 Date of Acceptance: 29-09-2020

I. INTRODUCTION

In 2016, ASEAN Economic Community already started in Indonesia. The main purpose of ASEAN Economic Community is to make ASEAN a single market and production base where there are a free flow of goods, services, investments, and labor also capital flows.

In the context of the MEA, competition in the business world will become tighter. The flow of goods and services, investment and labor can easily enter other countries. In the case of labor, there will be free competition between workers. Workers can work in other countries easily because of this free competition. This open and tight competition will trigger companies to increase their firm value so they will not lose the competition.

The firm value is important to improve because one of the company's goals is to maximize the value of the company which can be reflected through the stock price. If the value of the firm increases, it implies that the prosperity of shareholders also increases. This can encourage other investors to invest their capital into the company. That way the company can be superior in facing business competition.

Firm value can be affected through the application of good corporate governance. The practice of good corporate governance can increase firm value because the application of good corporate governance will provide a positive signal (Black et al., 2006). In addition, the application of good corporate governance can also reduce agency problems. Good corporate governance will provide an effective supervisory function on the performance of managers so that managers will work in the interests of the company. This can improve company performance as well as company value.

The good corporate governance mechanism that can affect the firm value is foreign director. There are many foreign companies, local companies, and mixed companies in Indonesia that use director and commissioners from abroad and this make foreign workers at these two levels increase. Based on data from the Ministry of Manpower and Transmigration, the number of foreign workers in Indonesia as a board of director reached 11,468 people, an increase of 2,568 (28.9%) from the end of 2015. Meanwhile, foreign workers in commissioner positions in November 2016 increased by 408 (33.9%) to 1,612 workers from the end of 2015 position, which is 1,204 workers. The number of foreign workers in Indonesia as of November 2016 reached 74,183 workers, an increase of 7.5 percent from the position in December 2015 of 69,025 workers. Foreign workers with position levels as professionals dominate foreign workers in Indonesia, reaching 31 percent ("2016, Indonesia Impor 2.500 Direksi dan 400 Komisaris," 2016, p. 500).

This research uses agency theory to explain the effect of foreign director on firm value. Agency theory explains that owners and managers have different interest, and this causes agency problems. Managers have a personal interest in maximizing their welfare and this causes managers to ignore the interests of the owner (Jensen and Meckling, 1976). As a result, the firm's performance can decline. If the firm's performance decreases, the firm's value will also decrease. To overcome the agency problem and indirectly prevent a decline in firm value, the company needs to conduct supervision.

Other than agency theory, this research also uses signaling theory. Signaling theory explains why companies have the urge to provide financial statement information to external parties. The company's push to provide information is due to the information asymmetry between managers and investors regarding information about the company's prospects. Compared to investors, managers know well about the company's prospects in the future because managers have more accurate information about the condition of the company. Lack of information for investors regarding the company's prospects causes investors to protect themselves by providing low prices for the company. Companies can increase company value, by reducing information asymmetry. One way to reduce information asymmetry is by giving signals to outsiders. The signal provided can be in the form of reliable financial information and will reduce uncertainty about the prospects of the company.

Gulamhussen and Guerreiro (2009) state that board members with foreign nationalities can bring new knowledge ideas to help improve the company's operational effectiveness and efficiency. Foreign director can act as management supervisors to improve management monitoring and can represent and protect shareholders from inefficient decision making. The diversity of citizenship in board members suggests that companies are preparing to change a tighter corporate governance system that allows to increase firm value (Bremholm, 2015). The presence of foreign director also signals that companies are willing to escape from managerial ties with majority shareholders and increase board independence and expertise so that the presence of foreign director can increase firm value (Mi Choi et al., 2012). Pradono and Widowati (2016) study states that foreign director increases intellectual capital. However, the results of Astuti's (2017) research show that foreign director do not affect the firm value.

The difference in research results can be caused by the presence of other variables that can mediate the influence of the board of director on the value of the company. The study will add intervening variable to mediate the influence of the board of director towards firm value. The intervening variable used is debt policy. Debt policy can affect a company's value and can be influenced by the existence of a board of director.

Nyamweya's (2015) research examined the characteristics of the board of director and company structure. The results state that the higher number of male board of director will make the company's debt higher. Siromi and Chandrapala's (2017) study also shows that the existence of a director will have a positive effect on the company's debt ratio. The board of director can reduce agency problems by choosing a high debt policy that causes monitoring of creditors. This supervision will prevent managers to be opportunistic at work. Debt can also reduce the conflict of managers and shareholders because debt reduces free cash flow available to managers (Cheng and Tzeng, 2011).

Lixin and Lin (2010) research shows that high debt gives a signal that the company's performance is not good and can reduce the firm value. But on the other hand, high debt value can also signal to investors that the company's business is good and can increase firm value (Ogbulu and Emeni, 2012; Akhtar et al., 2016; Adenugba et al., 2016).

This research aims to determine the effect of foreign director on firm value through debt policy in Indonesia. Therefore, there are four hypotheses in this research. First, foreign director affects the firm value. Second, foreign director affects debt policy. Third, debt policy affects firm value. Fourth, foreign director affects firm value through debt policy.

This research is expected to contribute to accounting science by providing empirical evidence regarding the effect of foreign director, debt policy and firm value. The results of this research are expected to be useful for future study and can be used by companies to study the role of foreign director on firm value.

II. THEORETICAL FRAMEWORK AND HYPOTHESIS

2.1 Agency Theory

Agency theory explains the relationship between principal and agent. Shareholders are the owner of the company and they act as the principal. Meanwhile, the managers act as an agent. Shareholders assigns tasks to managers so that managers can run the company as well as possible. In its implementation, sometimes what shareholders want are different from what managers want. This is happened because shareholders and managers may have different interests. This difference of interests causes a conflict called agency conflict (Jensen and Meckling, 1976).

Manager as the person who manages the company has the responsibility to optimize the company profits in the interest of the shareholder. On the other hand, manager also has a personal interest to support their own personal welfare. This causes managers not to act in the best interests of the owner.

Shareholder as the owner of the company wants the manager to do their job for the benefit of the shareholder. However, in reality shareholder does not have to directly participate in the company, so it is difficult to supervise managerial activities on a daily basis. It also difficult to ensure that the manager work for shareholder benefits.

In this principal dan agent relationship, it appears that principal (shareholder) have less information while agent (manager) have more information about company business. This is referred to as information asymmetry. The shareholder does not have adequate information about manager performance because they are not participating directly in the management of the company. On the other hand, managers have more information about the company business because they work directly in company.

Foreign director can act as management supervisors to improve management monitoring, represent and protect shareholders from inefficient decisions (Choi et al., 2012). Monitoring and protection for shareholders can overcome agency problem and information asymmetry. High debt policy can reduce agency problems (Siromi and Chandrapala, 2017). Debt can reduce conflict between shareholders and managers because debt reduces the cash flow available to managers (Cheng and Tzeng, 2011).

2.2 Signaling Theory

Signaling theory explains why companies have the urge to provide financial statement information to external parties. The company's push to provide information is due to the information asymmetry between managers and investors regarding information about the company's prospects. Compared to investors, managers know well about the company's prospects in the future because managers have more accurate information about the condition of the company.

Lack of information for investors regarding the company's prospects causes investors to protect themselves by providing low prices for the company. Companies can increase company value, by reducing information asymmetry. One way to reduce information asymmetry is by giving signals to outsiders. The signal provided can be in the form of reliable financial information and will reduce uncertainty about the prospects of the company.

One signal that can be given is through the company's debt policy. The presence of foreign director also signals that companies are willing to escape from managerial ties with majority shareholders and increase board independence and expertise so that the presence of foreign director can increase company value (Choi et al., 2012). The use of debt can also signal to investors that the company's business is good so that stock prices rise and increase the value of the company (Xin and Lin, 2010).

2.3 Foreign Director and Firm Value

Agency theory explains that owners and managers have different interests, and this causes agency problems. Managers have a personal interest in maximizing their welfare and this causes managers to ignore the interests of the owner. As a result, the firm's performance can decline. If the firm's performance decreases, the firm’s value will also decrease. To overcome the agency problem and indirectly prevent a decline in firm value, the company needs to conduct supervision.

Foreign director can act as management supervisors to improve management oversight and can represent and protect shareholders from inefficient decision making. Choi et al. (2012) study show that the presence of foreign director can increase the firm value.

Based on the explanation above, it can be concluded that foreign director affects the firm value. The hypothesis is therefore stated as follows:

H_1: Foreign director affects the firm value

2.4 Foreign Director and Debt Policy

Agency problems can occur due to differences in interests between the owner of the company and the manager. Managers usually behave opportunistically by working for their own sake rather than the interests of the company.

The board of director can reduce agency problems by choosing a high debt policy that causes supervision from creditors. This supervision will prevent managers to be opportunistic at work. Gulamhussen and Guerreiro (2009) stated that board members with foreign nationalities can bring new knowledge ideas and ideas to help improve the company's operational effectiveness and efficiency. Siromi and Chandrapala's (2017) study also shows that the existence of a director will have a positive effect on the company's debt ratio.

Based on the explanation above, it can be concluded that foreign director affects debt policy. The hypothesis is therefore stated as follows:

H_2: Foreign director affects debt policy

2.5 Debt Policy and Firm Value

Signaling theory explains why companies have the urge to provide financial statement information to external parties. This is done to reduce information asymmetry between company owners (investors) and managers. Lack of information for investors regarding the company's prospects causes investors to protect themselves by providing low prices for the company. Companies can increase company value, by reducing information asymmetry. One way to reduce information asymmetry is by giving signals to outsiders.

One signal that can be given is through the company's debt policy. Xin and Lin's research (2010) shows that high debt gives a signal that the company's performance is not good and can reduce the value of the company. But on the other hand, high debt value can also signal to investors that the company's business is good and can increase company value (Ogbulu and Emeni, 2012; Akhtar et al., 2016; Adenugba et al., 2016).

Debt can also reduce the conflict of managers and shareholders because debt reduces the value of free cash flow available to managers due to debt payments. Good quality companies can get loans easily from banks and get low interest rates, thereby reducing capital costs and increasing company value (Cheng and Tzeng, 2011).

Based on the explanation above, it can be concluded that debt policy affects firm value. The hypothesis is therefore stated as follows:

H_3: Debt policy affects firm value

2.6 Foreign Director, Debt Policy and Firm Value

The problem of agency between managers and shareholders can be reduced by supervision. Foreign director can act as management supervisors to improve management supervision and can represent and protect shareholders from inefficient decision making (Choi et al., 2012). One source of supervision that can be done is through debt policy.

The existence of a debt policy can lead to supervision of the creditors. Debt policy can also reduce conflicts between managers and shareholders because with the payment of debt, it will reduce the value of free cash flow available to managers. Good quality companies can get loans easily from banks and get low interest rates, thereby reducing capital costs and increasing company value (Cheng and Tzeng, 2011). On the other hand, high debt value can also signal to investors that the company's business is good and can increase the value of the company (Ogbulu and Emeni, 2012; Akhtar et al., 2016; Adenugba et al., 2016).

Based on the explanation above, it can be concluded that foreign directorinfluences the value of the company through debt policy. So, from that the hypothesis made is:

H_4: Foreign director affects firm value through debt policy

III. RESEARCH METHOD

This research examines whether the board of director influence firm value and tests whether the foreign director can affect firm value through debt policy. Therefore, this type of research is a type of hypothesis testing research. Hypothesis testing research aims to test hypotheses generally is a research that explains phenomena in the form of relationships between variables (Indriantoro and Supomo, 2002:89).

This research uses secondary data, namely data obtained indirectly through intermediary media (obtained and recorded by other parties). The data sources of this research come from annual reports including financial statement such as statement of financial position, income statement, statement of change in equity, statement of cash flows and notes to financial statement. This report can be obtained through the Indonesia Stock Exchange website or directly from company website.

This research using three variables to explain the effect of foreign director on firm value with debt policy as an intervening variable. The dependent variable is firm value. Firm value can be reflected in the price of its shares. Every firm certainly wants a high corporate value as it also indirectly shows the prosperity of shareholders. High corporate value can increase prosperity for shareholders, so that shareholders will invest their capital in the company. High stock prices will increase firm value and increases market confidence not only in the firm's current performance but also in the firm's prospects in the future.

The independent variable is foreign director. Members of the board of director from other countries are called foreign director. In Indonesia, foreign director are members of the board of director that have nationality from other country than Indonesia.

The intervening variable is debt policy. Debt policy is a policy carried out by the firm to fund its operations using financial debt. This financial debt is carried out with the aim of financing company activities both in terms of company operations and investment.

The proxy for all variables in this research will be shown in table 1. Table 1 present the information about variables used in the study along with the description.

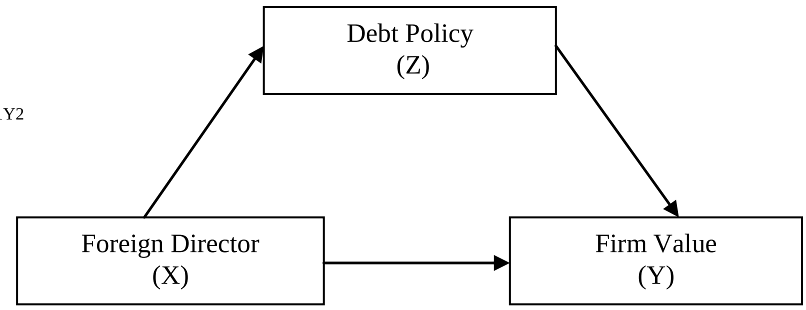
Table 1: Variables of the Study

Variable	Nature	Proxy	Measurement
Firm Value	Dependent	Tobin's Q	$Q = \frac{(EMV + D)}{(EBV + D)}$ Information: Q = firm value EMV = equity market value (closing price × number of shares outstanding) EBV = book value of total equity D = book value of total debt
Foreign Director	Independent	Foreign Director	The number of foreign director (other than Indonesian Citizens) divided by the total board of director.
Debt Policy	Intervening	Debt to Equity Ratio (DER)	Total debt divided by total equity

The relationship between variables will be shown in Figure 1. Figure 1 present information about research model and the relationship between the variables.

Figure 1: Research Model

$P_{Y2X1}P_{Y1Y2}$
(3) (2)



P_{Y1X1}
(1)

The research model in Figure 1 will be tested using 3equations:
(1) Y = $P_{Y1}x_1$ X + e
(2) Y = P_{Y1Y2} X + e
(3) Z = P_{Y2X1} X + e

The equations above will be used to answer all the hypotheses in this research. The testing of hypotheses 1, 2 and 3 are done using the t test from regression numbers 1, 2 and 3. The t-test aims to determine the magnitude of the influence of each independent variable individually on the dependent variable. The hypothesis is accepted if p-value (in the Sig. Column) <0.05.

Hypothesis 4 is done by looking at the significance of regression 1, 2 and 3. Regression 1 must be significant to be able to consider the mediating effect of intervening variable. In other words, hypothesis 1 must be accepted. After regression 1, the significance of regression 2 and 3 also important. If one of the regression between regression 2 and 3 is not significant, then hypothesis 4 is rejected. If it is significant, then the comparison value between indirect effects and total influence is sought. If the result is less than 20%, then there is no mediation between variables. If the result is between 20% and 80%, then there is a partial mediation. If the results are above 80%, then there is a perfect mediation (Effendi, 2018).

IV. RESEARCH RESULT

4.1 Descriptive Statistic Result

Descriptive statistics provide information about data from the minimum, maximum, mean and standard deviation values. The results of the descriptive statistical calculations can be seen in Table 2.

Table 2: Descriptive Statistic

Variable	N	Minimum	Maximum	Mean	Standard Deviation
Firm Value	408	0.29200	18.64037	1.7761292	2.34830929
Foreign Director	408	0.000	1.000	0.17934	0.262523
Debt Policy	408	-230.0000	51.43478	0.6559537	12.06268790

Minimum value of firm value is 0.292, while the maximum value is 18.64. Mean value for firm value is 1.7761292. It can be seen that the gap between the minimum value and maximum value is quite far and the mean value also quite low compared to maximum value. In terms of firm value, 40.44 per cent of the total manufacturing company have higher firm value than its mean value. It means that about 59.56 per cent of the total manufacturing company have lower firm value than its mean value.

For foreign director, the minimum value is 0 while the maximum value is 1. Mean value for foreign value is 0.179. The gap between the minimum value and maximum value is big. In terms of foreign director, 34.56 per cent of the total manufacturing company have higher number of foreign director than its mean value. It means that about 65.44 per cent of the total manufacturing company have lower number of foreign director than its mean value.

Compared to the firm value and foreign director, debt policy has the biggest gap between the minimum value and the maximum value. The minimum value of debt policy is -230 while the maximum value is 51.43478. In terms of debt policy, 58.82 per cent of the total manufacturing company have higher debt value than its mean value. It means that about 41.18 per cent of the total manufacturing company have lower debt value than its mean value.

4.2 Regression and Hypotheses Result

This research use three ordinary regression to answer the hypotheses. Table 3 shows the resume of the result of regression. Hypotheses acceptance or rejection will be based on the result of regression. Significance value is 5%. If significance value is ≥5% then the result is not significant.

Table 3: Resume of Regression Result

Regression	t-value	Significance	Information
1	4.169	0.000	Significant at 5%
2	-3.313	0.001	Significant at 5%
3	0.711	0.477	Not significant

The results of hypotheses testing are done by looking at the result from regression 1,2 and 3 from table 3. If the significant value is less than 5%, then the regression is significant. Significance value will determine whether hypotheses is accepted or not. Table 4 will show the result of the research hypotheses testing.

Table 4: Hypotheses Testing Result

Hypothesis	Regression	Information
H_1	1	Accepted
H_2	3	Rejected
H_3	2	Accepted
H4	2,3	Rejected

Hypotheses 1, 2, 3 will be seen from regression 1, 2 and 3 while hypotheses 4 will be seen from regression 2 and 3. Hypothesis 1 is accepted because regression 1 is significant at 5%. Hypothesis 2 is rejected because regression 3 is not significant. Hypothesis 3 is accepted because regression 2 is significant at 5%. Hypothesis 4 is rejected because regression 3 is rejected even though regression 2 is accepted.

V. RESEARCH DISCUSSION

5.1 Discussion of Foreign Director and Firm Value

Hypothesis 1 is accepted, and it means that foreign director had effect on firm value. The positive effect showed that the higher number of foreign directors will maximize firm value and lower number of foreign director will minimize firm value. According to agency theory, there is a possibility that manager is maximizing their own welfare and ignore the interests of the owner. As a result, the firm's performance can decline. To overcome the agency problem, the company needs to conduct supervision. The existence of foreign director is considered capable of increasing the value of the company. Foreign director can act as management supervisors to improve management oversight and can represent and protect shareholders from inefficient decision making. The presence of foreign director also signals that companies are willing to escape from managerial ties with majority shareholders and increase board independence and expertise so that the presence of foreign director can increase company value (Mi Choi et al., 2012).

5.2 Discussion of Foreign Director and Debt Policy

Hypothesis 2 is rejected, and it means that foreign director had no effect on debt policy. Foreign director can bring new knowledge and ideas to help improve the company's operational effectiveness and efficiency (Gulamhussen and Guerreiro, 2009). But this is not in accordance with the results of this research which states that foreign director had no effect on debt policy. High debt value is expected to provide tighter supervision. Foreign director can act as management supervisors to improve management oversight and can represent and protect shareholders from inefficient decision making. Foreign director can choose to have high debt policy because if company debt is high, the money available for company also low so it will minimize the possibility that manager will do fraud. At the same time, creditor also give tight supervision towards the company. This research showed that foreign director have no effect on debt policy. The company's decision on debt policy can indeed be influenced by the director, but the citizenship of the board of director is not a significant matter in determining debt policy. The idea or idea of new knowledge brought by foreign director is not related to the company's debt policy.

5.3 Discussion of Debt Policy and Firm Value

Hypothesis 3 is accepted, and it means that debt policy had effect on firm value. The negative effect showed that high debt policy will minimize firm value and low debt policy will maximize firm value. Signaling theory explains why companies have the urge to provide financial statement information to external parties. One signal that can be given is through the company's debt policy. Lixin and Lin's (2010) research shows that high debt gives a signal that the company's performance is not good and can reduce the value of the company. When the company have high debt, it means that the company needs money and that can also be a signal as bad performance. It can lead to declining firm value.

5.4 Discussion of Foreign Director, Debt Policy and Firm Value

Hypothesis 4 is rejected because regression 3 is rejected and therefore foreign director have no effect on firm value through debt policy. Foreign director had direct effect on firm value but had no indirect effect on firm value through debt policy because even though debt policy had effect on firm value but foreign director had no effect on debt policy. The citizenship of the board of director is not a significant matter in determining debt policy.

VI. CONCLUSION

This research aims to examine whether foreign director affect firm value with debt policy as an intervening variable. The following are the results of the research conclusions. First, foreign director affects firm value where the presence of foreign directorcan increase the value of the company. The presence of foreign director also signals that companies are willing to escape from managerial ties with majority shareholders and increase board independence and expertise so that the presence of foreign director can increase company value (Mi Choi et al., 2012). It is interesting to know that the higher presence of foreign director will increase the firm value especially that now is ASEAN Economic Community (MEA) era that encourage people to work outside their own country.

Second, foreign director does not affect debt policy. The company's decision on debt policy can indeed be influenced by the director, but unfortunately the citizenship of the board of director is not a significant matter in determining debt policy. The idea or idea of new knowledge brought by foreign director is not related to the company's debt policy. Even if the company have their own policy regarding debt, but the decision maker whether the debt is accepted is still in the hand of creditor. So, nationality is not significant matter.

Third, debt policy affects the value of the company. High debt policy can affect the low value of firm. High debt signals that the company's performance is not good and can reduce the value of the company. Fourth, foreign director does not affect firm value through debt policy. This is because foreign director has no influence towards firm value through debt policy where the citizenship of a director does not affect the company's debt policy.

This research has several limitations, namely that the results of this study can only be used for manufacturing companies in Indonesia so that it cannot be generalized. In addition, there are still many other independent variables that can affect the firm value. Based on the limitations, suggestions that can be given are conducting research with different samples. In addition, research can also be conducted on firm value with different independent variables.

BIBLIOGRAPHY

[1]. 2016, Indonesia Impor 2.500 Direksi dan 400 Komisaris. (2016, December 21). Retrieved February 23, 2017, from https://databoks.katadata.co.id/datapublish/2016/12/21/2016-indonesia-impor-2500-direksi-dan-400-komisaris

[2]. Adenugba, A. A., Ige, A. A., & Kensiro, O. R. (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.

[3]. Akhtar M, W., Khan, F. A., Shahid, A., & Ahmad, J. (2016). Effects of Debt on Value of a Firm. *Journal of Accounting & Marketing*, *05*(04), 1–4. https://doi.org/10.4172/2168-9601.1000202

[4]. Astuti, E. P. (2017). Pengaruh Diversitas Dewan Direksi Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia Periode 2008-2011. *KREATIF Jurnal Ilmiah Prodi Manajemen Universitas Pamulang*, *4*(2), 159–179. http://dx.doi.org/10.32493/jk.v4i2.y2017.p%25p

[5]. Black, B. S., Jang, H., & Kim, W. (2006). Does Corporate Governance Predict Firms' Market Values? Evidence from Korea. *Journal of Law, Economics, and Organization*, *22*(2), 366–413. https://doi.org/10.1093/jleo/ewj018

[6]. Bremholm, A. (2015). *Foreign ownership and foreign director—The Effects on Firm Performance in Japan* (Lund University). Retrieved from http://lup.lub.lu.se/student-papers/record/7363282

[7]. 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.

[8]. Effendi, M. B. (2018). Environmental Performance Analysis of Mining Companies in Indonesia with SEM-PLS. *Journal of Advanced Management Science*, *6*(1), 45–49. https://doi.org/10.18178/joams.6.1.45-49

[9]. Gulamhussen, M. A., & Guerreiro, L. (2009). The influence of foreign equity and board membership on corporate strategy and internal cost management in Portuguese banks. *Management Accounting Research*, *20*(1), 6–17. https://doi.org/10.1016/j.mar.2008.10.006

[10]. Hartono, J. (2008). *Metodologi Penelitian Sistem Informasi*. Yogyakarta: CV Andi Offset.

[11]. Indriantoro, N., & Supomo, B. (2002). *Metode Penelitian Bisnis*. Yogyakarta: BPFE.

[12]. Jensen, M. C., & Meckling, W. H. (1976). Theory of The Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

[13]. Lixin, X., & Lin, C. (2010). The Relationship Between Debt Financing and Market Value ofCompany: Empirical Study of Listed Real Estate Company of China. *Proceedings of the 7th International Conference on Innovation & Management*, 2043–2047. Wuhan, China: Wuhan University of Technology Press.

[14]. Mi Choi, H., Sul, W., & Kee Min, S. (2012). Foreign board membership and firm value in Korea. *Management Decision*, *50*(2), 207–233. https://doi.org/10.1108/00251741211203533

[15]. Nyamweya, S. A. (2015). Relationship between the Board of Director' Characteristics and the Capital Structures of Companies Listed In Nairobi Securities Exchange. *IOSR Journal of Business and Management (IOSR-JBM)*, *17*(2), 104–109. https://doi.org/10.9790/487X-1723104109

[16]. Ogbulu, O. M., & Emeni, F. K. (2012). Capital Structure and Firm Value: Empirical Evidence from Nigeria. *International Journal of Business and Social Science*, *3*(19), 252–261. https://doi.org/10.30845/ijbss

[17]. Pradono, N. S. H., & Widowati, E. H. (2016). Pengaruh Komisaris Asing, Direktur Asing dan Kepemilikan Asing Terhadap Kinerja Intellectual Capital. *KINERJA*, *20*(2), 132. https://doi.org/10.24002/kinerja.v20i2.840

[18]. Siromi, B., & Chandrapala, P. (2017). The Effect of Corporate Governance on Firms' Capital Structure of Listed Companies in Sri Lanka. *Journal of Competitiveness*, *9*(2), 19–33. https://doi.org/10.7441/joc.2017.02.02

Agustina Ratna Dwiati. "The Influence of Foreign Director on Firm Value with Debt Policy as an Intervening: A Study in Manufacturing Companies in Indonesia." *International Journal of Business and Management Invention (IJBMI)*, vol. 09(09), 2020, pp. 27-34. Journal DOI- 10.35629/8028