

## ABSTRACT

This study investigates the simultaneity and trade-off of five financial variables that are hypothesized to control agency costs. It builds a model showing that debt, dividend, insider ownership, institutional ownership and risk are determined simultaneously as each of the variables is hypothesized to affect agency cost. The statistical method used by this research is non-linear regression. The study proved that debt, dividend, insider ownership and institutional ownership was determined simultaneously and partially by the other agency control variables, while risk was not. Finally, this study reveals that there is a trade-off and simultaneity in the financial decision making variables to control the agency cost.

**Keyword:** Agency Problem, Dividend Payout, Debt, Managerial Ownership,  
Institutional Ownership, and Risk