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How principal in the agency relationship protects again the opportunistic behavior of the agent and the agent's response to this. There are two costs that will be implemented by the principal towards the opportunistic agent behavior. First is monitoring cost which is the cost to monitor an agent's behavior. In the practice to control the opportunistic agent behavior, the principal will use the price protection concept. In this concept, the remuneration that will be received by the agent is base on their performance.

The agent will suffer loss since principal will cut their remuneration in order to pay for monitoring cost. The higher monitoring cost, the lower remuneration will be pay to the agent. For example, if the agent not satisfied the principal interest, thus the principal will pay lower salary to the agent. Therefore, the agent then will be more specific in performing their roles in maximizing shareholder's wealth or to fulfill the best interest of the principal to avoid from getting lower payment of remuneration.

Second methodology use by the principal to control the opportunistic agent behavior is bonding cost. Bonding cost is the cost that associated with the establishing and complying with the act for principal best interest. The agent will voluntarily provide principal with related information to serve their interest such as providing the quarterly financial report that required the agent effort. Usually the agent will bear the bonding cost in order to guarantee their behavior towards principal.

For example, the agent will produce quarterly annual report and disclose the important information to the principal from time to time to prove they behave in the best interest of principal. As a result, the agent will act in line

with the principal interest because if they are act in contrary with principal's interest, they might know from the report provided by the agent. Thus, the agent will ensure all disclosure made in the report will fulfill principal's interest in whole.