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The Effect Of Institutional Ownership, *Leverage*, Company Size And Tax Planning On The Cost Of Debt In The Financial Sector

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Abstract

Purpose: *This study aims to test and analyze the relationship between Institutional Ownership, Leverage, Company Size and Tax Planning on Cost of Debt.*

Design/methodology/approach: *This study uses quantitative data, the sample in this study is a financial sector company listed on the Indonesia Stock Exchange in the 2017-2023 period as many as 46 companies. The analysis technique used to test the hypothesis is multiple regression analysis using eviews 9 software.*

Findings: *The results of this study indicate that the Institutional Ownership variable has no effect and is statistically insignificant to the cost of debt, the Leverage variable has an effect and is statistically significant to the cost of debt, the Company Size variable has no effect and is statistically insignificant to the cost of debt, and the Tax Planning variable has an effect and is statistically significant to the cost of debt.*

Research limitations/implications: *This research discusses the Cost of Debt and other factors such as Institutional Ownership, Leverage, Company Size and Tax Planning that focus on the financial sector*

INTRODUCTION

In the era of globalization, turmoil in the global economy can have a direct impact on the resilience of the domestic financial sector , such as political and policy uncertainty that can potentially affect financial market stability and overall economic growth. One of the main challenges is the Covid-19 (*https://mediaindonesia.com) pandemic*. The Covid-19 pandemic is still happening in the world, including Indonesia, which was also hit by the second wave of the pandemic. This is due to the emergence of the delta variant of the coronavirus that is spreading rapidly. This situation puts pressure on the economic sector, including the financial sector in the country.

The Covid-19 pandemic has affected various economic sectors, including the financial

sector. Indonesia's economic growth in 2020 contracted by 2.07% year *on year*, and in the fourth quarter of 2020, economic growth was recorded at -2.19% year *on year*. This condition forces the government to make great efforts to find financing, which has an impact on increasing state debt and interest expenses that must be borne by the state (www.djkn.kemenkeu.go.id, 2021).

Bank Indonesia (BI) has issued various policies related to banking during the Covid-19 pandemic, such as liquidity injection into the money and banking markets, credit restructuring, and a reduction in the Minimum Reserve Requirement (GWM). This policy aims to deal with the impact of the pandemic on banking financial performance. OJK issued a credit restructuring policy to help debtors affected by the pandemic. This policy is in the form of a stimulus offer in the form of fund placement in the context of the implementation of the National Economic Recovery (PEN) in several banks. The Covid-19 pandemic has also increased liquidity risks in banks, due to a decrease in debtors' cash flows and an increase in credit risk. This condition has caused banks to be more cautious in distributing credit, so that credit distribution has contracted compared to pre-pandemic conditions. Risk analysis of banking credit shows that the Covid-19 pandemic has increased credit and liquidity risks. This condition causes banks to be more cautious in distributing credit, so that credit distribution has contracted compared to pre-pandemic conditions (www.cnbcindonesia.com, 2021).

During the Covid-19 pandemic storm that hit various sectors, the financial sector in Indonesia actually showed an interesting phenomenon. The cost of corporate debt in the financial sector experienced a drastic decline during the period. Data from the Financial Services Authority (OJK) shows that the average interest cost of issuers listed on the Indonesia Stock Exchange (IDX) plummeted from 6.29% in the first quarter of 2020 to 5.71% in the fourth quarter of 2020. This decline continued in 2021, with the average interest cost in the fourth quarter of 2021 reaching 5.39%. This decrease in debt costs also raises some concerns. One of them is the potential for increased credit risk. When companies easily get cheap funding, they may be tempted to take on greater risks. This can increase the risk of future defaults. In addition, the reduction in debt costs can also slow down the credit restructuring process for companies affected by the pandemic. With the low cost of debt, the company may delay restructuring and choose to add new debt (www.ojk.go.id).

The company's basic goal is to improve the welfare of shareholders, this is done by increasing the company's value, one of which is through funding policy, which is one of the important indicators of this funding policy can be seen from the company's capital structure consisting of debt and capital. One of the costs incurred on the source of funding is the cost of debt. (Lawita, 2022).

The ability of the company to manage debt costs is very necessary. *Cost of Debt* can be interpreted as the rate of return expected by creditors when making funding in a company. The cost of debt will be the company's interest expense at the end of each period. The burden then reduces revenue and eventually makes the company's profit decrease. The higher the level of the company's debt cost, the higher the interest expense that the company will bear. The higher the company's interest expense, the lower the company's profit. (Suryani & Wirianata, 2019).

In the previous research on debt costs, many studies have been carried out whose results are different (*research gap*). Previous research on the effect of institutional ownership

on debt costs from (Pebrina Swissia, 2018) and (Erniawati et al., 2019) stated that institutional ownership has an influence on debt costs. Meanwhile, in contrast to research (Meiriasari, 2017) and (Sherly & Fitria, 2019) institutional ownership has no effect on debt costs. The results of research from (Lie & Ruslim, 2020) state that *leverage* with *Debt to Asset Ratio* has an influence on debt costs. The results of the study according to (Novari, 2022) and (Suryani & Wirianata, 2019) stated that the size of the company had an influence on the cost of debt, while the research from (Aminah & Wuryani, 2021) stated that the size of the company had no effect on the cost of debt.

The development of variables in this study is carried out because previous studies need to be developed to more accurately describe the phenomenon being studied and ensure accurate research results that are relevant to the current situation in the domestic financial sector, the variable developed in the study is tax planning. Tax planning is an effort by taxpayers not to do taxable acts or efforts that are still within the framework of the provisions of tax laws and regulations to reduce the amount of tax owed. Tax planning through efforts to minimize tax burden is part of profit management, namely profit management which is carried out by minimizing the tax payable to the state and achieving optimal profit before tax. The relationship between tax planning and debt costs is that companies that carry out tax planning effectively can improve their financial position, increase liquidity, reduce risk, and ultimately can have an effect on reducing their debt costs (Lawita, 2022).

LITERATUR REVIEW

Agency Theory

An agency relationship occurs when one of the principals hires another party (agent) to perform a service and delegates the authority to make decisions to the agent. One element of agency theory is that principals and agents have different preferences or goals. Managers are given power by the owner of the company, namely the shareholders, to make decisions, which creates a potential conflict of interest known as agency theory (Pebrina Swissia, 2018).

Debt Costs

According to (1002/KMK.04.1984, 1984) debt is the result of calculation of the average balance derived from long-term and short-term debt at the end of each month and this does not include accounts payable. Meanwhile, according to (Sujarweni, 2017) Debt costs are corporate debts that must be paid to other parties who provide loans within a certain period of time.

Institutional Ownership

According to (Sulistyo, 2018) institutional ownership is the percentage of company share ownership owned by institutional investors such as the government, investment companies, banks, insurance companies and ownership of other institutions and companies. Meanwhile, according to (Pebrina Swissia, 2018) institutional ownership is part of the principles of *good corporate governance.* Institutional ownership is the party that monitors companies with large institutional ownership (more than 5%) identifying their ability to

monitor greater management.

Leverage

In the book (Irfani, 2020) on Financial Management and Business Theory and Application, it is stated that etymologically *leverage* comes from the word *lever* which means lever or jack, while termologically *leverage* can be interpreted as leverage from fixed operating costs and financial fixed expenses on the use of foreign capital to increase profits. According to (Krisyadi & Mulfandi, 2021), *leverage* is a metric that measures the ability of long-term and short-term debt to pay off a company's assets. A company with a high level of debt indicates that the company is dependent on external credit or debt, while a company without a high level of debt can manage the assets it owns.

Company Size

According to (Romdhoni, 2022) company size is a scale that describes the size of a company in terms of total assets, sales volume, average total sales, and average total assets. In general, the size of a company is divided into several categories, namely large companies, medium companies and small companies. The size of a company affects its tax burden. This is because large companies tend to make higher profits than small companies, which has a big impact on corporate taxes. Meanwhile, according to (Wati, 2019) the size of the company is one of the factors that consider investors in making investments. The larger the size of a company, the better the technology and systems in the company and the ease of management in using company assets will encourage the use of company assets will encourage the improvement of company performance.

Tax Planning

According to (Pohan, 2013) in his book entitled Tax and Business Planning Strategy, tax planning is a process of organizing taxpayers' businesses in such a way that their tax debts, both income tax and other taxes, are in a minimum amount, as long as it does not violate the provisions of the law. *Tax planning* is part of tax management in general.

Hypothesis Development

According to (Aripin, 2015) in his research found that there was a significant influence between institutional ownership and debt costs. With institutional ownership, it is expected that there will be more transparency in the management of the company and reduce manipulation in managers' strategic decision-making so as to encourage the implementation of better corporate governance. With good governance, it can reduce company risk and increase creditor confidence, so it can reduce debt costs. In addition, (Elyasiani et al., 2017) states that institutional ownership plays an important role in debt costs because institutional investors are in a better position to study the condition of the company and obtain greater benefits. The attention of institutional investors can improve a company's reputation in the capital market, which allows the company to acquire lower debt costs. This hypothesis is in line with previous research conducted by (Erniawati et al., 2019; Novari, 2022; Pebrina Swissia, 2018) which states that institutional ownership affects the cost of debt. However, it is inversely proportional to the research conducted by (Robiansyah et al., 2019; Sherly &

Fitria, 2019) which states that institutional ownership has no effect on the cost of debt. Based on the previous research above and the explanation of the influence of institutional ownership on debt costs, the researcher takes a hypothesis
H_1: Institutional ownership affects the cost of debt.

Leverage should be low because a high leverage value indicates that the company is not able to make enough money to meet its debt obligations so that the cost of debt will be high. This will be more convincing for creditors in accepting credit applications. However, companies with high growth opportunities tend to be burdened with a higher *cost of debt* due to the possibility that managers will receive a greater *net present value of their investments*. This will have an impact on when the company's loans are higher, the *cost of debt* will also be higher. Thus, *the debt to asset ratio* affects the cost of debt because the company must use debt as well as possible so that the cost of debt incurred is not too large and does not have a negative impact on the company's financial performance (Lie & Ruslim, 2020). This hypothesis is in line with previous research conducted by (Lie & Ruslim, 2020) which states that *leverage* affects the cost of debt. However, in contrast to research conducted by (Simarmata, 2021), the higher the leverage value, the greater the cost that the company will finance with debt. This means that the company has more assets financed by debt, so the cost of debt incurred by the company also increases. Based on the previous research above and the explanation of the effect of *debt to asset ratio* on debt costs, the researcher takes a hypothesis
H_2: *Debt to Asset Ratio* affects debt costs

The size of the company reflects the high and low level of the company's operating activity. Large companies have assets that can be used as collateral to pay off their obligations. When it comes to lending funds, creditors usually pay attention to the size of the company. The risks that larger companies have tend to be undervalued, as companies are considered to have shown good and trustworthy performance. With the lower risk, creditors then set lower debt costs (Novari, 2022). This hypothesis is in line with previous research conducted by (Ayu & Soebagyo, 2022; Lie & Ruslim, 2020; Novari, 2022; Suryani & Wirianata, 2019) which states that the size of the company affects the cost of debt. However, it is inversely proportional to the research conducted by (Aminah & Wuryani, 2021; Irawan & Kusuma, 2019) which states that the size of the company has no effect on the cost of debt. Based on the previous research above and the explanation of the influence of company size on debt costs, the researcher took a hypothesis.
H_3: The size of the company affects the cost of debt.

Tax planning and debt costs are interrelated, meaning that companies can use debt costs or interest costs as tax deductible expenses. Thus, the cost of debt incurred can be reduced and reduce the tax costs that must be paid (Dinda & Darmawati, 2021). In addition, tax planning can also optimize tax credits that are allowed to reduce tax costs, for example, companies can credit taxes that have been deducted as long as they do not deviate from regulations. So that this reduction in tax burden can increase the company's net profit, which in turn increases the company's ability to pay interest and loan principal. Creditors tend to give lower interest rates to companies that show strong and stable cash flow. Companies

that carry out effective tax planning can improve their financial position, increase liquidity, reduce risk, and ultimately can have an effect on reducing their debt costs. This hypothesis is inversely proportional to previous research conducted by (Lawita, 2022) which states that tax planning has no effect on debt costs. Based on the previous research above and the explanation of the influence of tax planning on debt costs, the researcher takes a hypothesis H_4: Tax *planning* affects debt costs

RESEARCH METHOD

This study aims to find out the possibility of a relationship regarding the influence of independent variables of Institutional Ownership, *Leverage*, Company Size and Tax Planning on the dependent variable of Debt Cost. The research paradigm used in this study is positivism as a method that is systematically arranged using deductive logic from the beginning of hypothesis formulation. The type of data used in this study is using quantitative data. Quantitative methodologies generally measure consumer behavior, knowledge, opinions, or attitudes. The methodology answers questions related to how much, how often, how much, when, and who (Cooper & Schindler, 2014). As for the research strategy, it uses case studies, where these case studies are aimed at investigating and studying events or phenomena about something, and for analysis units use organizations with minimal researcher involvement. The sampling design in this study is probability sampling using cluster sampling. For the background of the study, the researcher did not find any intervention in this study (*non-contrived*). For the implementation time, Patel data was used which is a combination of *cross-section* and *time series* using data analysis, namely hypothesis testing.

As for the measurement of secondary data used, it is made in a table as shown in the following example:

Table 1. Measuring instruments and variable measurement sources

No	Variable	Formula	Source
1	Institutional Ownership (X1)	Institutional Ownership = Number of Institutional Shares / Total Outstanding Shares x 100%	(Graham & Dood, 2009)
2	*Leverage* (X2)	DAR = Total Liabilities/Total Assets	(Fabozzi & Drake, 2009)
3	Company Size (x3)	Size = Ln (Total Asset)	(Klapper & Love, 2004)
4	Tax Planning (x4)	PP = Tax Expense / Total Profit Before Tax	(Cnossen, 2003)
5	Debt Cost (Y)	COD = Annual Interest Expense/Average Short- and Long-Term Debt	(Kholbadalov, 2012)

This study uses a type of secondary data, where the data source in this study is sourced from financial statements in the financial sector listed on the Indonesia Stock Exchange. The data used was obtained from www.idx.co.id websites and websites of each company. The population used in this study is all companies in the financial sector, investment companies

and investment banks & trade intermediaries listed on the Jakarta Stock Exchange (IDX). Sampling was carried out by *random sampling* method. The population is 106 and those who meet the criteria are 46 companies.

RESULTS

Table 2. Descriptive Statistical Test Results

	COD	KI	DAR	SIZE	PP
Mean	0.110685	0.750607	0.662832	30.06443	0.220153
Median	0.071350	0.789200	0.749500	30.42900	0.221950
Maximum	1.536800	1.000000	3.453400	35.31500	0.971200
Minimum	0.000400	0.321900	0.002500	18.28100	0.000800
Std. Dev.	0.176376	0.171457	0.287012	3.293907	0.120352
Skewness	4.539215	-0.597952	2.160526	-1.181682	1.837358
Kurtosis	29.05113	2.419469	29.53598	5.031772	13.63556
Jarque-Bera	10211.15	23.70994	9697.967	130.3240	1698.801
Probability	0.000000	0.000007	0.000000	0.000000	0.000000
Sum	35.64050	241.6954	213.4320	9680.745	70.88920
Sum Sq. Dev.	9.985847	9.436620	26.44273	3482.794	4.649523
Observations	322	322	322	322	322

Source: *Output Eviews9* (2024)

Selection of the Best Panel Data Model

Chow Test

The criteria for making Chow test decisions are as follows:

1. If the probability (Prob) on Cross *Section* F < 0.05 then a better model is *Fixed effect*
2. If the probability (Prob) on Cross *Section* F > 0.05 then a better model is *Common effect*

Table 3. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.622560	(45,272)	0.0000
Cross-section Chi-square	326.601825	45	0.0000

Sumber: *Output Eviews9* (2024)

Based on the results of the Chow Test using *Eviews9*, it is stated that the *probability value of Cross Section* F is 0.000 which is less than the significance level value (α= 0.05). This means that the best model used is *the Fixed Effect Model* (FEM). Therefore, the Hausman Test is needed in order to choose the best model between *the Fixed Effect Model* and *the Random Effect Model*.

Uji Hausman

The criteria for making decisions on the Hausman test are as follows:

1. If the Probability (Prob) < 0.05 then a better model is *Fixed effect*
2. If the Probability (Prob) > 0.05 then a better model is *Random effect*
3.

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	18.686032	4	0.0009

Source: *Output Eviews9* (2024)

Based on the results of the Hausman Test, the probability value is 0. 0009 where this result is less than the significance level value (α= 0.05). In this case, it means that the best model used is *the Fixed Effect Model* (FEM). Therefore, there is no need for a *Lagrange Multiplier* Test in order to choose the best model between *the Common Effect Model* and *the Random Effect Model*.

Multiple Regression Analysis

Table 5. Results of Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.548081	0.270731	2.024445	0.0439
TO	0.160728	0.107452	1.495817	0.1359
BUT	-0.235968	0.032854	-7.182361	0.0000
SIZE	-0.010236	0.008599	-1.190407	0.2349
PP	-0.426435	0.065236	-6.536804	0.0000

Description: COD = *Cost of Debt*, KI = Institutional Ownership, DAR = *Debt to Asset Ratio*, *SIZE* = Company Size, PP = Tax Planning.
Source: *Output Eviews9* (2024)

The results of the panel data regression estimation using *the Fixed Effect Model (FEM)* show the results of the test with panel data regression, so from these results the following model equation is obtained.

COD = 0.55 + 0.16*KI - 0.24*DAR - 0.01*SIZE - 0.43*PP + ε

Coefficient of Determination Test

Table 6. UJi Coefficient of Determination

R-squared	0.663903	Mean dependent var	0.110685
Adjusted R-squared	0.603356	S.D. dependent var	0.176376

S.E. of regression	0.111081	Akaike info criterion	-1.415303
Sum squared resid	3.356211	Schwarz criterion	-0.829192
Log likelihood	277.8638	Hannan-Quinn criter.	-1.181309
F-statistic	10.96512	Durbin-Watson stat	1.360587
Prob(F-statistic)	0.000000		

Source: *Output Eviews9* (2024)

R-Squared shows a value of 0.663903 which means that 66.4% of the variables of institutional ownership, *debt to asset ratio*, company size and tax planning can explain the Cash *Of Debt variable*.

Partial Test (t-Test)

Table 8. Partial Test (t-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.548081	0.270731	2.024445	0.0439
KI	0.160728	0.107452	1.495817	0.1359
DAR	-0.235968	0.032854	-7.182361	0.0000
SIZE	-0.010236	0.008599	-1.190407	0.2349
PP	-0.426435	0.065236	-6.536804	0.0000

Source: *Output Eviews9* (2024)

The results of the test using *the Fixed Effect Model* (FEM) can be summarized as follows:

1. The independent variable of Institutional Ownership with a probability value of 0.1359, more than the level of significance at the level of α = 5% (0.05), can be interpreted that the variable of Institutional Ownership has no effect on the *Cost of Debt*.
2. The independent variable *Debt to Asset Ratio* with a probability value of 0.0000, less than the significance level at the level of α = 5% (0.05), can be interpreted that the *Debt to Asset Ratio* variable has an effect on the *Cost of Debt*.
3. The independent variable of Company Size with a probability value of 0.2349, more than the level of significance at the level of α = 5% (0.05), can be interpreted that the variable of Company Size has no effect on the *Cost Of Debt*.
4. An independent variable of Tax Planning with a probability value of 0.0000, less than the level of significance at the level of α = 5% (0.05), can be interpreted that the variable of Tax Planning has an effect on the *Cost Of Debt*.

DISCUSSIONS

Institutional Ownership of Debt Costs

From the statistical results, it can be stated that hypothesis one (H1) is rejected and it can be concluded that the institutional ownership variable has no effect on the cost of debt. Institutional ownership has no effect on debt costs can be interpreted as a lower proportion of institutional ownership compared to family ownership or other proportions that support corporate governance, so that the presence of institutions does not have too much impact on the company's debt costs. In addition, there is a possibility that the institution does not carry out supervisory measures because these actions require considerable costs (Aripin, 2015). Institutional shareholders as the largest shareholders prefer to finance the company with debt because it does not reduce their rights. In other words, institutional ownership is incapable of supervising the company's managers, which means they are unable to resolve agency issues between the company's managers and owners. They are also incapable of overseeing management, which means they are unable to reduce management's opportunistic behavior (Sherly & Fitria, 2019). This research is in line with the findings (Sherly & Fitria, 2019) and (Aripin, 2015) which state that institutional ownership has no effect on debt costs, where the study examined manufacturing sector companies.

Debt to Asset Ratio to Debt Cost

From the statistical results, it can be stated that hypothesis one (H2) is accepted and it can be concluded that the leverage variable has an effect on the cost of debt. Companies with high *leverage* have higher agency costs because the need for information about the company's ability to pay its obligations to creditors increases (Widati & Wigati, 2017). This condition shows that the *leverage* that exists in a company can determine the level of debt it will take. A company's debt cost is affected by *leverage*, which is a measure of borrowed capital or debt used to finance a company's assets. The company's management must supervise the use of debt in conditions of a fairly high debt ratio because if not managed properly, debt can carry the risk of bankruptcy as a result of increased interest costs (Wahyuni, L., Fahada, R., Atmaja, 2019). According to research (Lie & Ruslim, 2020) states that the DAR ratio should be low because if the DAR value is high, it indicates that the company is not able to make enough money to meet its debt obligations so that the cost of debt will be high. This research is in line with the findings (Lie & Ruslim, 2020) and (Idawati & Wisudarwanto, 2021) which state that the *debt to asset ratio* affects the cost of debt.

Company Size to Debt Costs

From the statistical results, it can be stated that hypothesis one (H3) is rejected and it can be concluded that the variable size of the company has no effect on the cost of debt. The size of a large company does not always guarantee the company to borrow funds to meet its funding needs, because the company may use internal funds in its funding. Large companies have assets that can be used as collateral to pay off their obligations. When it comes to lending funds, creditors usually pay attention to the size of the company. The risks that larger companies have tend to be undervalued, as companies are considered to have shown good and trustworthy performance. With the lower assessed risk, the creditor then sets a lower cost of debt (Novari, 2022). The size of the company, which is measured based on total assets, does not directly affect the cost of debt. There are other factors that can affect the cost of debt. Large companies may have several advantages in financial stability, such other factors such as the quality of management, and market conditions have a more decisive role in

determining the cost of a company's debt. This research is in line with the findings (Aminah & Wuryani, 2021) stating that company size has no effect on debt costs. However, in contrast to the findings (Suryani & Wirianata, 2019) and (Novari, 2022) which examined food and beverage and health companies, where they found that company size affects debt costs.

Tax Planning on Debt Costs

From the statistical results, it can be stated that hypothesis one (H4) is accepted and it can be concluded that tax planning variables affect debt costs. Tax planning and debt costs are interrelated, meaning that companies can use debt costs or interest costs as tax deductible expenses. Thus, the cost of debt incurred can be reduced and the tax costs that must be paid can be reduced. Companies that carry out effective tax planning can improve their financial position, increase liquidity, reduce risk, and ultimately can have an effect on reducing their debt costs (Dinda & Darmawati, 2021). Regarding the development of this tax planning variable, the author has not found any research that supports the results of this study, namely stating that tax planning affects debt costs. However, based on the findings (Lawita, 2022), it was found that tax planning had a negative effect on debt costs.

CONCLUSIONS

Based on the results of the research conducted on the influence of tax planning, *leverage*, company size and tax planning on debt costs, it can be concluded that Institutional Ownership has no effect on debt costs, *Leverage* has an effect on debt costs, Company Size has no effect on debt costs and Tax Planning has an effect on debt costs.

IMPLICATIONS AND LIMITATIONS

1. Through the results of this research, it can add to the academic literature and be used to develop a more comprehensive theoretical model in understanding debt cost practices, especially in financial sector companies.
2. Company management needs to be more careful in carrying out debt costs to avoid the threat of public perception and potential penalties from regulators such as the Indonesia Stock Exchange.
3. The results of this study can assist regulators and the government in formulating accounting policies that improve the quality of financial information and prevent unethical management practices on the Indonesia Stock Exchange.

Research Limitations

This research was carried out with several research limitations that can affect the results of the research, namely the type of data in this study is secondary data in the form of numbers in the financial statements that have been published by the company. In addition, not all companies publish financial statements, so research samples are needed. The desired data is difficult to obtain or there is a restriction on access to the data. Limited time and resources are also an obstacle in this study, so the number of samples used is relatively small.

Suggestions for the next researcher

1. Researchers can then consider other variables that have the potential to affect debt costs such as other corporate *governance* such as audit quality, size of the board of directors, dividend policy and other factors.

2. Compare the financial sector with other sectors such as the technology or transportation sectors, to find out whether these variables have a negative or positive effect on the cost of debt between these sectors.
3. Researchers can then make moderation variables and mediation variables from the relationship between institutional ownership, *leverage*, company size and which tax planning has a role as moderation or mediation.

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