

CHAPTER V

CONCLUSION

5.1 Conclusion

Based on the result of this study, tax avoidance, institutional ownership, and leverage are related to the cost of debt. Creditors pay more attention to tax avoidance activities, monitoring carried out by institutions on management, and risks arising in every company activity for every debt contract. This can happen because non-financial companies in Indonesia take advantage of tax regulation loopholes to avoid taxes as a substitute for using debt, each company has a large amount of institutional ownership, and most companies use debt as a source of funding so that the company has a high risk. Thus, within ten years, this research can explain to non-financial companies in Indonesia that every cost of debt arises from tax avoidance, institutional ownership, and leverage.

5.2 Limitations

Based on the analysis and conclusion results, this study has several limitations that require improvement and development for future research to obtain better results on the same topic. In general, these limitations are described as follows. First, data collection is hand collected from the annual report for institutional ownership variables, so errors in data input are possible. Second, data collection is hampered because several companies do not publish complete financial reports.

5.3 Suggestions

Based on the conclusion and limitations of the research that has been described, the author can give the following suggestions to further researchers. First, future research is expected to add proxies for each independent financial variable to obtain various results regarding factors related to the cost of company debt. This independent financial variable is very easy to get, so that it will reduce errors in data input, for example, investment efficiency, shareholder activism, and cash holding. Second, future research is expected to extend the sample to all companies on the Indonesia Stock Exchange.

