

UNIVERSITAS INTERNASIONAL BATAM

Faculty of Economy
Undergraduate of Accounting
Odd Semester 2019/2020

ANALYSIS OF INSTITUTIONAL OWNERSHIP INFLUENCE AND POLITICAL CONNECTIONS ON DEBT COSTS IN COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aimed to investigate the effect of institutional ownership and political connections on debt costs in companies listed on the Indonesia Stock Exchange. The variable institutional ownership and political connection were independent variables in the study. ROA, sales growth, current ratio, operating cash flow, audit committee, auditor, and leverage variables are the control variables in the study.

Secondary data used in this study were financial statements and annual reports of the company from the period 2014 to 2018. The companies tested were 325 companies with 1,725 data. The research model used panel regression investigating and testing variables by ratio.

The results of this study found that institutional ownership has no influence on debt costs. Political connection variables, ROA, auditors, sales growth, leverage, audit committee have significant negative effect on debt costs, while operating cash flow and current ratios have significant positive effect on debt costs.

Keywords: *Institutional ownership, political connections, debt costs.*