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Family Ownership and *Borrowing Costs* in Family Businesses: The Moderating Role of Women Directors

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A B S T R A C T

This study aims to analyze the influence of family ownership on borrowing costs and examine the role of female directors as a moderating variable. This study uses a quantitative approach with secondary data in the form of financial statements of family businesses listed on the Indonesia Stock Exchange (IDX) for the 2019-2024 period, with a sample selection technique using purposive sampling, so that 372 observations were obtained. This study uses panel data regression analysis and moderated regression Analysis (MRA) methods. The results of the study showed that (1) family ownership had a positive and significant effect on borrowing costs, (2) female directors moderated the influence of family ownership on borrowing costs, which was proven to have a significant negative effect. The negative coefficient shows that the higher the proportion of female directors, the weaker the influence of family ownership in increasing borrowing costs. These findings indicate that the existence of female directors plays a role as quasi-moderation (pseudo-moderation) in the influence between family ownership and borrowing costs. The implications of this study show that family businesses need to strengthen governance, particularly through increasing gender diversity on the board of directors, to reduce borrowing costs and increase creditor confidence. In addition, investors and creditors need to analyze the family ownership structure along with the supervisory mechanism, as it affects the risk and cost of the loan.

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1. INTRODUCTION

A family business is defined as an entity that the family controls through ownership and involvement in management, and has a cross-generational sustainability orientation. (Zellweger et al., 2013). This characteristic is reflected in the strong family values and identity in company policies, as well as the importance of non-financial aspects such as reputation and social relationships in supporting business sustainability (García-Meca et al., 2023; Miller et al., 2011). In addition, family companies also tend to be achievement-oriented socioemotional wealth (SEW), such as maintaining control, identity, and business continuity across generations (Gómez-Mejía et al., 2007; Murphy et al., 2019).

In line with these characteristics, family companies are generally more cautious in making financial decisions, especially in the use of debt (Ogunode, 2022). Family owners tend to avoid risk, so leverage is used more conservatively to maintain financial stability and reduce the potential for bankruptcy (Miller et al., 2008; Miroshnychenko et al., 2021). This condition makes family companies perceived to have lower risk by creditors, so they have the potential to obtain loan costs (borrowing cost) lower compared to non-family companies.

Borrowing Cost It basically reflects the level of risk perceived by creditors to the company. The higher the estimated risk of default, the higher the loan costs charged, as creditors will seek compensation for the risk in the form of higher interest rates (Amin et al., 2023). On the other hand, if the company is considered low risk, creditors tend to provide loans at lower cost. Thus, borrowing cost can be seen as a direct indicator of the company's perception of risk in the eyes of lenders (Suryana, 2016).

Data collected from non-financial family companies listed on the Indonesia Stock Exchange during the 2019–2024 period show that there are variations in the level of borrowing costs between companies. This variation reflects the differences in the characteristics of companies, both in terms of ownership structure and financial policies applied. The following is a table of borrowing cost analysis in several family companies in Indonesia during the research period.

Table 1
Borrowing Cost of Several Indonesian Family Companies in 2019-2024

Company Name	Borrowing Cost					
	2019	2020	2021	2022	2023	2024
Ace Hardware Indonesia Tbk	2,982	2,249	3,795	3,846	4,297	4,441
Multi Indocitra Tbk	6,922	7,732	5,648	5,161	6,149	5,574
Indofood CBP Sukses Makmur Tbk	0,384	1,234	2,874	3,688	3,514	3,603
Mayora Indah Tbk	3,886	4,160	3,746	4,122	3,523	3,979
Indal Aluminium Industry Tbk	4,248	3,979	4,847	4,751	5,813	7,940

Source: Annual Report, 2019-2024

Based on Table 1, there is a difference in the level of loan costs (borrowing cost) among family companies during the study period. PT Ace Hardware Indonesia Tbk increased from 2,982 in 2019 to 4,441 in 2024, while PT Multi Indocitra Tbk decreased from 6,922 to 5,574, and PT Indofood CBP Sukses Makmur Tbk was relatively lower despite increasing from 0,384 to 3,603. On the other hand, PT Mayora Indah Tbk showed fluctuations in the range of 3.0–4.2, while PT Indal Aluminium Industry Tbk recorded the highest level with an increase from 4,248 to 7,940. The variation suggests that family companies are not always perceived to have the same risk by creditors (Jensen & Meckling, 1976). Risk assessment is influenced by factors such as ownership concentration, quality of governance, funding policies, and transparency of financial reporting (Joni et al., 2019). Thus, family ownership can reduce risk through strong

supervision, but without the support of good governance, it can actually increase risk perception and have an impact on the height of the borrowing cost (Ali et al., 2021; Villalonga & Amit, 2020).

Nonetheless, the relationship between family ownership and borrowing costs (borrowing cost) still shows inconsistent results in the literature. Several studies have found that family companies have lower borrowing costs due to higher levels of supervision and long-term orientation, which increases creditor confidence (Anderson et al., 2019; Berrone1 et al., 2012; González et al., 2013; Yen et al., 2015). However, other studies have shown that the concentration of family ownership can actually increase the risk of agency conflicts between controlling families and creditors, thus driving up borrowing costs (Volpentesta et al., 2020). This inconsistency shows that there is a research gap, especially related to governance factors that can strengthen or weaken the relationship.

In the context of corporate governance, the existence of female directors is one of the factors that is getting more attention. Gender diversity in the board of directors is believed to improve the quality of decision-making through more diverse perspectives and improve the supervisory function (Purwati & Irianto, 2025; Surbakti & Sari, 2024). Female directors are generally associated with higher levels of prudence, a commitment to transparency, and the ability to reduce managerial opportunistic behavior (Amin et al., 2023; Wei et al., 2019). In the context of family companies, this role is becoming increasingly important because it can help balance family dominance in decision-making and reduce potential conflicts of interest with creditors (Srinidhi et al., 2011). Thus, the existence of female directors has the potential to reduce the perception of creditors' risk and have an impact on the decline in borrowing cost (Lamido et al., 2023; Zhu et al., 2022)

Nevertheless, empirical evidence on the effectiveness of female directors in influencing borrowing cost still shows mixed results, especially in developing countries. Several studies have found that the existence of female directors can reduce loan costs through improving the quality of governance (Amin et al., 2023), while other research suggests that these influences are not always significant due to cultural and institutional factors that limit the effectiveness of women's roles on boards (Aljughaiman et al., 2022). This condition shows that the role of female directors as a moderation variable in the relationship between family ownership and borrowing cost still needs further testing, especially in the Indonesian context.

Based on this, this study aims to test the influence of family ownership on borrowing costs in family companies in Indonesia by including female directors as a moderation variable. This research is expected to contribute to the development of the literature by integrating the perspective of ownership structures and gender diversity in corporate governance. In addition, the results of this study are also expected to provide practical implications for companies, investors, and creditors in understanding how the combination of family ownership and the presence of female directors can affect the efficiency of funding costs and the perception of corporate risk.

2. METHOD

a. Type, Object, Population, and Research Sample

This study uses a quantitative approach with a causality design to test the influence of family ownership on borrowing cost with female directors as a moderating variable. This approach was chosen because it allows for objective testing of relationships between variables through statistical analysis (Indriantoro & Supomo, 2018). The object of the research is a family company listed on the Indonesia Stock Exchange (IDX) for the period 2019–2024.

The research population includes all family companies in the IDX, with purposive sampling techniques based on data completeness criteria, status as a family company, and availability of information related to research variables. Based on these criteria, 62 companies were obtained with a total of 372 observations. The data used is secondary data in the form of annual reports and financial statements collected through the documentation method. Secondary data is a source of data that is not obtained directly by the researcher, but through another party or from previously available documents (Scott, 2019).

According to Amin et al. (2023), The determination of a family company is based on several specific criteria, namely (1) the family has a share ownership of at least 20% of the company's total shares, (2) at least one family member is sitting on the board of directors, and (3) one family member serves as the chairman of the board of directors. These criteria are used to ensure that the family not only has significant ownership, but also has direct involvement in the management and decision-making of the company, so that it is in accordance with the characteristics of the family company that was the focus of this study.

b. Operational Definition and Variable Measurement

To avoid differences in interpretation of the research variables, the following is presented with operational definitions and indicators of each variable:

Table 2 Research Variables and Operational Definitions

Variable	Indicator	Remarks	Scale	Source
Dependent Variable				
Borrowing Cost	$BORROWCOST = \frac{Interest\ Expense}{Total\ Debt} 100\%$	Interest Expense = The interest expense paid by the company on the use of debt for a period Total Debt = Total interest liabilities of the company	Ratio	(Amin et al., 2023)
Independent Variables				
Family Ownership	$FAMOWN = \frac{Family\ Shares}{Total\ Shares} x100\%$	Family Shares = Number of shares owned by the company's controlling family Total Shares = All outstanding shares of the company	Ratio	(Amin et al., 2023)
Moderator Variable				
The Existence of a Female Director	$FEMDIR = \frac{Number\ of\ Female\ Directors}{Total\ Directors}$	Number of Female Directors = Total female members of the board of directors Total Directors = All members of the company's board of directors.	Ratio	(Amin et al., 2023)
Control Variables				
Firm Size	SIZE=ln(Total Assets)	Ln = natural logarithm is used to simplify the scale of total asset data Total Assets = All assets owned by the company	Ratio	(Amin et al., 2023)
Leverage	$LEV = \frac{Total\ Debt}{Total\ Assets}$	Total Debt = Total interest liabilities of the company Total Assets = All assets owned by the company	Ratio	(Amin et al., 2023)
Profitability (ROA)	$ROA = \frac{Net\ Income}{Total\ Assets}$	Net Income = The company's net profit after deducting all expenses, including taxes	Ratio	(Amin et al., 2023)

		Total Assets = All assets owned by the company		
Company Age	AGE=Research Year−IPO Year	Research Year = Year of observation of the company's financial data used in the research IPO year = The first year the company listed its shares on the Indonesia Stock Exchange	Ratio	(Amin et al., 2023)

c. Analytical Techniques

The analysis technique used in this study is a panel data regression analysis technique with the help of computer application software, namely the Eviews program. The panel data regression analysis was combined with Moderated Regression Analysis (MRA) to test whether the Female Director variable could moderate the relationship between Family Ownership and Loan Costs.

3. RESULTS AND DISCUSSIONS

a. Descriptive Analysis

Descriptive statistical analysis provides an overview or descriptive of the data, as seen from the mean value (mean), variance, maximum, minimum, sum, average, range, kurtosis, and skewness (Ghozali & Imam, 2018). This study used panel data consisting of a combination of time series and cross-sectional data for five years (2019-2024) from 62 sample companies, with a total of 372 observations analyzed. This is also the final sample amount used in this study.

The following is a description of the research variables over six years, from 2019 to 2024:

Table 3 Descriptive Statistics of Variables

	FAM_OWN	BORROW_COST	FEM_DIR
Red	62,39108	3,125559	0,153208
Maximum	92,45000	11,37200	0,667000
Minimum	21,34000	0,012000	0,000000
Std. Deviation	16,62449	2,278600	0,171375
Observations	372	372	372

Source: Eviews13 2026

In this study, Borrowing Cost (BORROW_COST) is measured using the ratio of interest expense to total company debt. Based on Table 3, the average value of BORROW_COST of 3.125559 shows that during the 2019–2024 period, borrowing costs were relatively high. The maximum value reached 11.37200, while the minimum value was 0.012000, which shows that there is a fairly wide variation between companies. The standard deviation of 2.278600 indicates that the data spread is moderate.

Family ownership (FAM_OWN) is measured based on the percentage of shares owned by the family. Based on Table 3, the average value of 62.39108 shows that family ownership in the sample company is relatively high. A maximum value of 92.45000 reflects strong family

dominance, while a minimum value of 21.34000 indicates a lower variation in ownership. The standard deviation of 16.62449 indicates a considerable data spread.

Female directors (FEM_DIR) are measured based on the proportion of the number of female directors on the board of directors. Based on Table 3, the average value of 0.153208 shows that around 15.32% of the board members are women. A maximum value of 0.667000 indicates the existence of a company with a fairly high proportion of women, while a minimum value of 0.000000 indicates that there are still companies without female directors. The standard deviation of 0.171375 indicates a fairly diverse variation in the data.

b. Inductive Analysis

1) Chow Test

The Chow test is used to determine the best model between the Common Effect Model and the Fixed Effect Model. If the probability > 0.05, the Common Effect Model is chosen, while if the probability < is 0.05, the Fixed Effect Model is used and continued with the Hausman test. By using Eviews13, the following results were obtained:

Table 4 Chow Test Results

Effect test	Statistic	D.F	Prob.
Cross-section F	11.416997	(55,225)	0.0000
Cross-section Chi Square	381.118670	55	0.0000

Source: Eviews13 2026

The probability value is 0.0000 < 0.05, which means that the selected model is the Fixed Effect Model (FEM). So it is necessary to do the Hausman Test.

2) Hausman Test

The Hausman test is used to choose between a Fixed Effect Model and a Random Effect Model. If the probability > 0.05, the Fixed Effect Model is used, while if the probability < is 0.05, the Random Effect Model is selected.

Table 5: Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. D. f	Prob.
Cross-section random	4.886832	5	0.4298

Source: Eviews13 2026

The probability value is 0.4298 > 0.05. This means that the selected model is the Random Effect Model (REM). So it needs to be continued to the Lagrange Multiplier (LM) Test.

3) Test *the Lagrange Multiplier*

The Lagrange Multiplier test is used to choose between the Random Effect Model (REM) and the Common Effect Model (CEM). If the probability > 0.05, CEM is chosen, while if < 0.05,

REM is used. If REM is selected, then the classical assumption test does not need to be performed (Gujarati & N, 2006)

Table 6 Multiplier Langrange Test Results

Test Hypothesis			
	Cross-section	Time	Both
Breusch-Pagan	166.5455	2.095161	168.6407
	(0.0000)	(0.1478)	(0.0000)
Honda	12.90525	-1.447.467	8.101877
	(0.0000)	(0.9261)	(0.0000)
King-Wu	12.90525	-1.447.467	2.459929
	(0.0000)	(0.9261)	(0.0069)
Standardized Honda	13.88095	-1.273.719	3.728566
	(0.0000)	(0.8986)	(0.0001)
Standardized King-Wu	13.88095	-1.273.719	-0.526823
	(0.0000)	(0.8986)	(0.7008)
Gourieroux, et al.	--	--	166.5455
			(0.0000)

Source: Eviews13 2026

The probability value is 0.0000 < 0.05. This means that the selected model is a Random Effect Model (REM), so there is no need to perform a classical assumption test.

b. Panel Data Regression Test

The panel data regression test was used to analyze the influence of independent variables on dependent variables with combined time series and cross-section data, as well as to test the influence of Family Ownership (X) on Borrowing Cost (Y) with Female Director (Z) as the moderation variable.

Table 7 Regression Analysis Test Results

Variable	Coefficients	*p-value*	Conclusion
X (Family Ownership)	0.004358	0.1299	Insignificant (Rejected)
Z (Female Director)	-2.078345	0.0053	Significant (Accepted)

Source: Eviews13 2026

Based on Table 7, Family Ownership (X) has no effect on Borrowing Cost (Y) with a p-value of 0.1299 (>0.05), although the coefficient is positive of 0.004358, which shows a tendency to increase borrowing costs. Meanwhile, female directors (Z) had a significant effect with a p-value of 0.0053 (<0.05) and a coefficient of -2.078345, which shows that the higher the proportion of female directors, the more borrowing costs tend to decrease.

Table 8 Results of the Moderation Regression Analysis Test

Variable	Coefficients	*p-value*	Conclusion
X*Z (Family Ownership & Female Director)	-0.015438	0.0039	Significant (Accepted)

Source: Eviews13 2026

The results in Table 8, show that Female Directors (Z) significantly moderate the relationship between Family Ownership (X) and Borrowing Cost (Y), with a coefficient of -0.015438 and a p-value of 0.0039 (<0.05). This negative coefficient shows that the existence of female directors weakens the relationship, so that the higher the proportion of female directors, the lower the cost of borrowing. This indicates that female directors play a role in increasing supervision and prudence, thereby reducing the perception of creditor risk and company borrowing costs.

c. Moderated Regression Analysis (MRA) Test

Moderated Regression Analysis (MRA) is a development of multiple linear regression that incorporates elements of interaction between variables (Liana, 2009). In this study, MRA was used to test whether Female Directors (Z) moderated the relationship between Family Ownership and Borrowing Cost.

1) Model I equation

$$BorrowingCost = \beta 0 + \beta 1\ FamilyOwn + \beta 2\ FemaleDir + \beta 3\ SIZE + \beta 4\ LEV + \beta 5\ ROA + \beta 6\ AGE + \mu + \varepsilon$$

This equation was used to test the direct influence of family ownership and the presence of female directors in family companies on borrowing *costs*.

Table 9 MRA Test Results Equation I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.702772	0.563185	4.799082	0.0000
X	0.004358	0.002835	1.537326	0.1299
Z	-1.078345	0.371099	-2.905816	0.0053
F_AGE	-0.014075	0.006970	-2.019305	0.0483
F_SIZE	-0.039919	0.015532	-2.570092	0.0129
LEV	-0.141955	0.019450	-7.298500	0.0000
LONG	-0.058626	0.367841	-0159378	0.8740

Source: Eviews13 2026

In the first equation of Table 9, Family Ownership (X) had no significant effect on Borrowing Cost (coefficient 0.004358; p-value 0.1299), although the direction was positive. On the other hand, female directors (Z) had a significant negative effect (coefficient -1.078345; p-value

0.0053), which suggests that an increase in the proportion of female directors can reduce borrowing costs, so this variable is more dominant in influencing borrowing costs.

2) Model II equation

BorrowingCost = β0 + β1 FamilyOwn + β2 (FamilyOwn×FemaleDir) + β3 SIZE + β4 LEV + β5 ROA + β6 AGE + μ + ε

Table 10 MRA Equation II Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.591007	0.557284	4.649347	0.0000
X	0.006259	0.003048	2.053303	0.0448
XZ	-0.015438	0.005125	-3.012262	0.0039
F_AGE	-0.014310	0.006958	-2.056755	0.0445
F_SIZE	-0.040638	0.015255	-2.663849	0.0101
LEV	-0.140285	0.016792	-8.354295	0.0000
LONG	-0.050756	0.365953	-0.138696	0.8902

Source: Eviews13 2026

In the second equation of Table 10, Family Ownership (X) has a significant effect on Borrowing Cost (coefficient 0.006259; p-value 0.0448), indicating that an increase in family ownership tends to increase borrowing costs. Meanwhile, the interaction (XZ) was significant with a coefficient of -0.015438 and a p-value of 0.0039, which means that the female director moderated by weakening the positive influence, so that the higher the proportion, the greater the decrease in the impact of family ownership on borrowing costs.

d. Hypothesis Test Results

Based on the results of the main regression test and the moderation regression, the following are the conclusions of the hypothesis testing in this study:

1) T test

The t-test was carried out to see the influence of each independent variable on the Borrowing Cost individually. Here are the results of the t-test:

Table 11 Test Results t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.591007	0.557284	4.649347	0.0000
X	0.006259	0.003048	2.053303	0.0448

XZ	-0.015438	0.005125	-3.012262	0.0039
F_AGE	-0.014310	0.006958	-2.056755	0.0445
F_SIZE	-0.040638	0.015255	-2.663849	0.0101
LEV	-0.140285	0.016792	-8.354295	0.0000
LONG	-0.050756	0.365953	-0.138696	0.8902

Source: Eviews13 2026

Based on Table 11, the results of the t-test show that Family Ownership (X) has a significant effect on the Borrowing Cost (t-count 2.05 > t-table 1.97; sig. 0.04), so H01 is rejected. In addition, the interaction variable (XZ) was also significant (t-count 3.01; sig. 0.0039), which suggests that Female Directors moderate the influence of Family Ownership on Borrowing Cost, so H02 was rejected.

2) F Test

The F test is used to test whether the independent variables together affect the dependent variables.

Table 12 Test Results F

R-squared	0.134323	Mean dependent var	0.338971
Adjusted R-squared	0.115706	S.D. dependent var	0.303048
S.E. of regression	0.292311	Sum squared resid	2.383934
F-statistic	7.215161	Durbin-Watson stat	1.299197
Prob(F-statistic)	0.000000		

Source: Eviews13 2026

Based on Table 12, the F-calculated value is 7.215161 > F-table 2.034756 with a sig. 0.000000 < 0.05, so that the model is significant and all variables simultaneously affect the Borrowing Cost. However, the R-squared value of 0.134323 shows that the model was only able to explain 13.43% of the variation in Borrowing Cost, while 86.57% was influenced by other factors outside the study.

3) Coefficient Determination (R2)

The determination coefficient is used to measure how much independent variables in the model can explain the variation of dependent variables (Borrowing Cost).

Table 13 Determination Coefficient Results

R-squared	0.134323	Mean dependent var	0.338971
Adjusted R-squared	0.115706	S.D. dependent var	0.303048

S.E. of regression	0.292311	Sum squared resid	2.383.934
F-statistic	7.215.161	Durbin-Watson stat	1.299.197
Prob(F-statistic)	0.000000		

Source: Eviews13 2026

Based on Table 16, the adjusted R-square value of 0.115706 shows that the variables in the model are only able to explain 11.57% of the variation in Borrowing Cost, while the remaining 88.43% is influenced by other factors outside the study.

e. Discussion

1) The Influence of Family Ownership on Borrowing Cost

This study aims to test the influence of family ownership on borrowing costs with female directors as a moderating variable in family companies in Indonesia. The results of the study show that family ownership has a positive and significant effect on Borrowing Cost (coefficient 0.006259; p-value 0.0448), which means that the higher the family ownership, the more borrowing costs tend to increase due to increased risk perception by creditors. These findings are in line with research Volpentesta et al. (2020) This shows that the concentration of family ownership actually increases the unfair expropriation or taking of profits by the ruling party, which is detrimental to other parties. This causes creditors to ask for higher risk premiums. However, this result is different from the research of Amin et al (2023), which shows that family ownership harms borrowing costs, where companies with higher levels of family ownership tend to have lower borrowing costs because they are considered to have better supervision and less risk by creditors.

This finding can be explained through the perspective of Agency Theory, which states that agency conflicts occur not only between managers and shareholders, but also between controlling shareholders and creditors (Jensen & Meckling, 1976). In family companies, the high concentration of ownership leads to centralized power in the family, raising creditors' concerns about the potential for opportunistic and less transparent decision-making. This condition increases the perception of risk, so creditors tend to set higher borrowing costs.

In addition, from the perspective of Socioemotional Wealth Theory, family companies are not only oriented towards financial goals, but also towards non-financial interests such as maintaining control and reputation (Berrone1 et al., 2012). This orientation can encourage less-than-optimal decision-making economically and increase uncertainty for creditors. In the context of developing countries such as Indonesia, limited governance and transparency further strengthen information asymmetry, so creditors respond by increasing risk premiums.

Empirically, the results show that high family ownership is related to greater borrowing costs, which indicates that family dominance is perceived as a source of risk by creditors. Thus, without strong governance support, family ownership tends to increase borrowing costs compared to decreasing them.

2) The Role of Female Directors in Moderation on the Influence of Family Ownership and *Borrowing Costs*

The interaction between Family Ownership and Female Directors had a negative and significant effect (coefficient -0.015438; p-value 0.0039), which suggests that Female Directors were able to weaken the positive influence of Family Ownership on Borrowing Cost. This means that the existence of female directors can reduce loan costs through increased prudence, transparency, and quality of supervision. In addition, female directors also have a direct influence on Borrowing Cost, so it is categorized as quasi-moderation. These findings are in line with research by Amin et al. (2023), which shows that female directors can reduce borrowing costs through improving governance and creditor trust. However, these results differ from Aljughaiman et al. (2022), who found that the influence is not always significant, especially in developing countries.

This result can be explained through the perspective of Agency Theory, which emphasizes the importance of supervisory mechanisms in reducing agency conflicts. In a family company, ownership dominance has the potential to increase conflicts between controlling shareholders and creditors. However, the presence of female directors on the board of directors can act as an additional supervisory mechanism that improves the quality of monitoring. Women directors tend to be more careful, independent, and committed to transparency and accountability, thus being able to suppress opportunistic behavior and reduce creditors' risk perception (Mansour et al., 2023).

In addition, from the perspective of Socioemotional Wealth Theory, female directors play a role in balancing the non-financial orientation of family companies, such as maintaining control and reputation, which, in some conditions, can encourage economically less than optimal decisions. Their presence provides a more rational and diverse point of view, so that the resulting decisions become more objective and efficient, including in funding policies (Murphy et al., 2019). On the other hand, increased transparency and quality of financial reporting also help reduce information asymmetry, thereby lowering uncertainty for creditors.

Overall, these findings suggest that female directors are an effective governance mechanism in moderating the relationship between family ownership and borrowing costs. Their existence is able to reduce the negative impact of family domination, increase creditor confidence, and support the efficiency of company funding costs.

4. CONCLUSION

Based on the results of data analysis and discussion, it can be concluded that family ownership has a positive and significant effect on *borrowing costs*, which means that the higher the family ownership, the more borrowing costs tend to increase. This shows that the dominance of the family in the company is perceived to increase risk by creditors. However, female directors have proven to be able to moderate these relationships negatively, so their existence can suppress the increase in borrowing costs. In addition, female directors also have a direct influence on *borrowing costs*, so they play a role as *a quasi-moderator*. Thus, the existence of female directors is able to suppress the effect of domination of family ownership; from the perspective of dominating family creditors seems undesirable. The existence of female directors is able to create a good impression from the perspective of creditors through improving overall corporate governance.

For future researchers, it is recommended to add other variables and expand the sample and research period to make the results more comprehensive. For companies, it is recommended to increase the diversity of directors, especially by involving female directors, in order to reduce borrowing costs.

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