

DOI: [10.55643/fcapter.6.59.2024.4536](https://doi.org/10.55643/fcapter.6.59.2024.4536)
Helmi Yazid

PhD in Economics, Associate Professor of the Department of Accounting, University of Sultan Ageng Tirtayasa, Serang, Indonesia;
 e-mail: helmiyazid@untirta.ac.id
 ORCID: [0000-0001-8738-8113](https://orcid.org/0000-0001-8738-8113)
 (Corresponding author)

Tubagus Ismail

PhD in Economics, Professor of the Department of Accounting, University of Sultan Ageng Tirtayasa, Serang, Indonesia;
 ORCID: [0000-0002-2559-6926](https://orcid.org/0000-0002-2559-6926)

Lia Uzliawati

PhD in Economics, Associate Professor of the Department of Accounting, University of Sultan Ageng Tirtayasa, Serang, Indonesia;
 ORCID: [0000-0002-0747-5514](https://orcid.org/0000-0002-0747-5514)

Muhamad Taqi

PhD in Economics, Associate Professor of the Department of Accounting, University of Sultan Ageng Tirtayasa, Serang, Indonesia;
 ORCID: [0000-0001-8232-169X](https://orcid.org/0000-0001-8232-169X)

Munawar Muchlish

PhD in Economics, Associate Professor of the Department of Accounting, University of Sultan Ageng Tirtayasa, Serang, Indonesia;
 ORCID: [0000-0002-1089-5552](https://orcid.org/0000-0002-1089-5552)

Nawang Kalbuana

Candidate of Economy Sciences, Associate Professor of the Department of Accounting, University of Sultan Ageng Tirtayasa, Serang, Indonesia;
 ORCID: [0000-0002-2985-2923](https://orcid.org/0000-0002-2985-2923)

Received: 22/08/2024

Accepted: 11/11/2024

Published: 31/12/2024

© Copyright
 2024 by the author(s)



This is an Open Access article distributed under the terms of the [Creative Commons CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/)

THE EFFECT OF PROFITABILITY, CORPORATE SOCIAL RESPONSIBILITY, CORPORATE GOVERNANCE MECHANISMS, AND FIRM SIZE ON DEBT POLICY

ABSTRACT

Good corporate governance practices can provide additional trust to external parties and investors, especially in corporate debt policy. This research aims to investigate the relationship between profitability, corporate social responsibility, corporate governance mechanisms, and firm size on corporate debt policy. The research method used is quantitative analysis using ordinary least squares and robust regression on data from companies listed on the Jakarta Islamic Index from 2017 to 2022. The results showed that profitability and an independent audit committee significantly negatively affect debt policy, while corporate social responsibility, independent commissioners, and firm size have a positive impact on debt policy. These findings provide important insights for companies in making smart debt policy decisions by business dynamics. The study also confirms the importance of agency theory in explaining how such elements help resolve conflicts of interest between management and shareholders, as well as enhance honesty, transparency, and better risk management in financial decision-making. By strengthening corporate governance and enhancing corporate social responsibility, companies can reduce the risk of conflicts of interest, increase integrity, and promote transparency in financial decision-making. This not only creates a more ethical working environment but also strengthens relationships with investors and society.

Keywords: debt policy, profitability, corporate social responsibility, audit committees, independent commissioners, firm size

JEL Classification: Z1, G34, M42

INTRODUCTION

Debt policy is an important aspect of corporate financial management (Avabruth & Padhi, 2023; Chen & Peng, 2020), which determines the future of the firm (Bhattacharya et al., 2020). This policy reflects a commitment to sustainable operations (Ho, Lu, & Lucianetti, 2021) and growth strategies (Shahwan & Fathalla, 2020) and has a significant impact on the company's market value (Kalbuana et al., 2022). A good debt policy can promote growth and expansion through funding profitable projects, while a bad policy can hinder investment and corporate development (Wasiuzzaman & Nurdin, 2019). Therefore, debt policy planning should be done carefully (Trong & Nguyen, 2021), including evaluation of capital requirements, risks, and sustainable strategies. Companies need to balance risks and returns to achieve long-term goals (Amosh et al., 2022; Rahayu et al., 2020).

The net profit influences the company's liquidity as a percentage of sales (Migliaccio & De Palma, 2023). More profitable companies tend to have more options in debt policy-making (Aldubhani et al., 2022). High Profitability can allow companies to get loans at lower interest rates (Beltrame et al., 2023; Panda & Nanda, 2018), While companies with low profitability may have to pay higher interest (Tayachi et al., 2023) or have limited access to debt markets (Mehzabin et al., 2022). Research results by (Sunardi et al., 2020; Sulistiani & Agustina, 2019; Wahyudin & Salsabila, 2019; Nurfitriana &

Fachrurrozie, 2018; Umbarwati & Fachrurrozie, 2018) demonstrate the impact of Profitability on debt policy, despite the categorization of study findings to the contrary (Nugraha, Mohammad, 2020; Nurdani & Rahmawati, 2020).

Commitment to CSR can influence a company's preference regarding funding sources (Mu, Xu, & Chen, 2023; Tiep Le, Ngo, & Aureliano-Silva, 2023). Some companies may prefer funding from parties supporting their CSR initiatives, such as social or green bonds (Zadeh et al., 2023). The decision to use this type of debt can have to do with the image of the company and its social responsibility (González-Ramos, Donate, & Guadamillas, 2022). Research results (Benlemlih, 2017; La Rosa et al., 2018; Santos Jaén et al., 2021), the findings indicate that CSR does not have any influence on debt policy, despite claims to the contrary from proponents of CSR (Yao, Qi, & Guo, 2022; Oware & Mallikarjunappa, 2021; Magnanelli & Izzo, 2017).

There may be a correlation between a company's degree of openness and accountability and the existence and effectiveness of an independent audit committee (Aksoy & Yilmaz, 2023; Alodat et al., 2023; Farooque et al., 2020). Companies with strong and effective audit committees tend to have more trust from outside parties (Hassan et al., 2017), including creditors (Neves et al., 2022). This can affect the price and terms of the debt received by the company (Velte, 2023; Alhababsah, 2022). Research results (Dionne & Triki, 2005; Khalid, et al., 2020) show that the presence of an independent audit committee affects debt policy, while other studies have shown that such a committee's formation does not affect borrowing decisions (Azizah & Nurcahyani, 2020; Bacha, 2019; Nimer et al., 2012).

Independent commissioners act as company supervisors and can play a role in debt policy-making (Ahmad & Mahmood, 2023). Good governance practices and an influential supervisory role of independent commissioners can provide additional confidence to external parties and investors (Harmono et al., 2023). This can create a more supportive environment for companies in debt negotiation (Amonhaemanon, 2023). Research results (Wahyuni, Dwi, 2019; Junus et al., 2022; Utami, 2021) suggested that the appointment of an independent commissioner affects debt policy, while other studies found the opposite to be true (Rahma & Firmansyah, 2022; Ramadhan & Firmansyah, 2022).

Firm Size can also influence debt policy as part of a broader business strategy (Sunardi et al., 2020; Vieira, 2017). Larger companies may have the flexibility to choose whether to adopt aggressive or conservative debt policies (Fajarwati, 2023; Nurdani & Rahmawati, 2020; Nurfitriana & Fachrurrozie, 2018), depending on their goals for growth and expansion (Safitri & Wulanditya, 2017; Esperança et al., 2003;). Conversely, smaller companies may have limitations in terms of financing options (Nurfitriana & Fachrurrozie, 2018) and may have to take on more debt to support their growth (Bandanuji & Khoiruddin, 2020; Umbarwati & Fachrurrozie, 2018; Wahyudin & Salsabila, 2019). Research results (Bandanuji & Khoiruddin, 2020; Sunardi et al., 2020; Wahyudin & Salsabila, 2019) claims that firm size affects debt policy are at odds with study findings that show no correlation between firm size and debt (Fajarwati, 2023; Nurdani & Rahmawati, 2020; Nurfitriana & Fachrurrozie, 2018; Umbarwati & Fachrurrozie, 2018; Safitri & Wulanditya, 2017; Vieira, 2017; Paulo et al., 2003).

This study presents a new perspective in assessing the impact of profitability, CSR, independent audit committees, independent commissioners and firm size on corporate debt policy. By focusing on these key factors, the study aims to provide a deeper understanding of how debt decisions can be influenced by crucial business aspects while making a valuable contribution to corporate financial management knowledge. As such, this research is useful to complement the understanding of the role of debt policy in corporate financial management, explaining how these factors contribute to shaping corporate debt policy.

The structure of this paper is as follows. Section 2, an overview of the reviewed literature is presented. Section 3 outlines the methodology employed in this study. Finally, Section 4 contains the results and discussion, while Section 5 contains the paper's conclusions.

LITERATURE REVIEW

Agency Theory

The originator of agency theory is (Jensen & Meckling, 1976), giving a significant structure to figuring out the perplexing connection between corporate administration and capital proprietors (Kalbuana et al., 2023). Identifies conflicts of interest and information asymmetry as central issues in this relationship (Uzliawati et al., 2023). Conflicts of interest arise when management has objectives that may not always align with the interests of capital owners (Kalbuana, et al., 2022). Information asymmetry refers to situations where management has more profound knowledge of company operations than capital (Kalbuana et al., 2022).

Agency theory emphasizes the need for control mechanisms, including monitoring, incentives, and transparency, used by capital owners to guarantee that management serves the interests of businesses and capital owners in overcoming these obstacles (Jensen & Meckling, 1976). Along with the development of agency theory, the role of corporate social responsibility (CSR) in shifting the power dynamic between managers and shareholders is discussed, as is the value of accountability and openness in resolving agency problems (Prasetyo et al., 2021). A few distinct fees are associated with working with an agency (Jensen & Meckling, 1976). The three assumptions of human nature that underpin agency theory are that people are greedy, incapable of foreseeing the future, and fear taking risks (Eisenhardt, 1989).

Profitability Has a Positive Influence On Debt Policy

High Profitability can also reflect good management quality and transparency in the financial reporting (Nugraha, 2020). It can affect outsiders' perceptions, including creditors and investors (Uzliawati et al., 2023), who may be more inclined to provide favourable debt conditions to companies with strong financial performance (Sulistiani & Agustina, 2019). As a result, a company's long-term development and expansion may be affected by its strong profitability, which may encourage it to embrace more aggressive debt strategies (Sunardi et al., 2020). Research that has been carried out by (Sunardi et al., 2020; Sulistiani & Agustina, 2019) demonstrates the link between Profitability and Debt Management, A hypothesis is derived from the introduced theory:

H₁ = Profitability positively significantly affects Debt Policy

Corporate Social Responsibility Has a Positive Influence on Debt Policy

Companies focusing on CSR might also consider their debt policies' social and environmental impact (Magnanelli & Izzo, 2017). They can be more careful in minimizing financial risks that could jeopardize their CSR commitments. In other words, they may choose financially beneficial debt policies (Zadeh et al., 2023) in line with the company's social and environmental goals (Oware & Mallikarjunappa, 2021). Companies that are considered active in CSR may benefit additionally in terms of image and reputation (González-Ramos, Donate, & Guadamillas, 2022). This can increase the confidence of shareholders and other stakeholders, affecting the price and terms of the debt received by the company (Santos-Jaén, Madrid-Guijarro, & García-Pérez-de-Lema, 2021).

Corporate Social Responsibility can influence companies' choices in their debt policy-making, considering the long-term benefits of a good image and firm shareholder and market support (Yao et al., 2022; La Rosa et al., 2018). Investigations conducted (Santos-Jaén et al., 2021;) exhibit the effect of CSR on government borrowing practices; a hypothesis is derived from the introduced theory:

H₂ = Corporate Social Responsibility positively significantly affects Debt Policy

Independent Audit Committee Influences Debt Policy Positively

The Independent Audit Committee assists in managing company risks (Bacha, 2019). When the audit committee can provide effective oversight of the company's financial aspects, including debt management, it can assist the company in identifying and managing financial risks that may arise from the debt policy adopted. It can affect how companies design their debt policies, including the level and type of debt taken on (Farooque et al., 2020).

The existence and quality of independent audit committees can influence how companies design and manage their debt policies (Farooque et al., 2020). An influential audit committee can create a more conducive environment for companies to obtain debt with favourable conditions, assist in managing risks, and make better financial decisions related to debt (Alodat, Al Amosh, Khatib, & Mansour, 2023). Research results (Khalid et al., 2020), the theoretical framework allows us to derive the following hypothesis, predicated on the idea that the presence of an independent audit committee affects debt policy:

H₃ = Independent Audit Committee positively significantly affects Debt Policy

Independent Commissioners Influence Debt Policy Positively

Independent commissioners can assist in making more objective decisions related to debt policy (Junus, Harymawan, Nasih, & Anshori, 2022). They tend to have a broader view and do not have a direct conflict of interest in corporate financial policy (Dwi Wahyuni, 2019). Independent commissioners can also play a role in monitoring management performance related to debt management (Ahmad & Mahmood, 2023). They can assess the extent to which companies can manage debt well and identify risks that may arise (Harmono, Haryanto, Chandrarin, & Assih, 2023). Research results (Junus et al., 2022; Utami, 2021; Wahyuni, Dwi 2019) stated that the presence of an independent commissioner on the board of directors can affect the company's debt policy-making by allowing for better oversight, more objective decisions,

and more effective monitoring of management performance in debt management, a hypothesis is derived from the presented theoretical framework:

H₄ = Independent Commissioners positively significantly affect Debt Policy

Firm Size Influences Debt Policy Positively

Larger companies tend to have more financial resources available (Sunardi et al., 2020). A larger size may reflect more assets, income, and market capitalization (Esperança et al., 2003). With more significant resources, companies can more easily access the capital market to borrow funds at lower interest rates (Nurdani & Rahmawati, 2020). Therefore, more giant corporations may have lower debt levels since they can run their businesses with more readily available equity capital (Nurfitrana & Fachrurrozie, 2018).

Firms can also affect debt policy as part of a broader business strategy (Fajarwati, 2023). Larger companies may have the flexibility to choose whether to adopt aggressive or conservative debt policies, depending on their goals for growth and expansion (Fajarwati, 2023). Research results (Bandanuji & Khoiruddin, 2020; Sunardi et al., 2020) stated that Firm size can influence debt policy through its influence on financial resources, business risk, access to capital markets, and strategic decisions. Based on the theory given, a hypothesis is derived on the link between business size and debt policy, which considers the exact nature of this relationship will differ from one firm to the next and from one financial strategy to the next.

H₅ = Firm Size has a positive significant effect on Debt Policy

AIMS AND OBJECTIVES

This research aims to investigate the impact of various factors on corporate debt policy. In particular, the study examines the relationship between profitability, corporate social responsibility, corporate governance mechanisms and the size of the firm with corporate debt policy.

METHODS

This research uses a quantitative approach to test the theory by measuring variables numerically and analysing them using statistics. This research is descriptive and explanatory to see the relationship or influence between the independent and dependent variables. The population in this study consisted of 30 companies listed on the Jakarta Islamic Index during the 2017-2022 period. All data from these companies were used as the main sample in this study. This study uses a ratio scale to measure each independent and dependent variable. In this study, the variables used are Profitability, Corporate Social Responsibility, Independent Audit Committee, Independent Commissioners, Firm Size, and Debt Policy. The measurement of each variable can be seen in the following Table 1.

No.	Variable	Measurement	Source	Scale
1.	Debt Policy (DP)	DP = Total liability. Total equity	(Migliaccio & De Palma, 2023), (Beltrame, Grasseti, Bertinetti, & Scip, 2023; Panda & Nanda, 2018), (Tayachi, Hunjra, Jones, Mehmood, & Al-Faryan, 2023)	Ratio
2.	Profitability (Profit)	ROA = Net profit. Total assets	(Migliaccio & De Palma, 2023), (Beltrame et al., 2023; Panda & Nanda, 2018), (Tayachi et al., 2023)	Ratio
3.	Corporate Social Responsibility (CSR)	CSR = N. k	(Yao et al., 2022),	Ratio
4.	Independent Audit Committee (IAC)	IAC = Total of the independent audit committee. Total of the audit committee	(Ferriswara, Sayidah, & Buniarto, 2022), (Purbawangsa, Solimun, Fernandes, & Mangesti Rahayu, 2020)	Ratio
5.	Independent Commissioners (IC)	IC = Total of independent commissioners. Total of commissioners	(Susbiyani et al. (Susbiyani et al., 2022), (Purbawangsa et al., 2020)	Ratio
6.	Firm Size (FZ)	FZ = Log (Fixed assets)	(Sunardi et al., 2020)	Ratio

After the stage of selecting and collecting research data, the next step involves data testing techniques, which include examining the research data. The main purpose of data analysis is to measure the quantitative effect of changes in one event on another and forecast or anticipate future events. In this context, data analysis was conducted using the OLS Regression model and Robust method simultaneously through Stata statistical software. Using panel data regression analysis, this research examines the interplay between profitability, Corporate Social Responsibility (CSR), Independent Audit Committee, Independent Commissioner, and Firm Size as independent variables concerning corporate debt policy-making. We can formulate an equation model that will serve as the primary tool in testing the research hypothesis:

$$DP_{i,t} = \beta_0 + \beta_1 \text{Profit}_{i,t} + \beta_2 \text{CSR}_{i,t} + \beta_3 \text{IAC}_{i,t} + \beta_4 \text{IC}_{i,t} + \beta_5 \text{FZ}_{i,t} + \epsilon \quad (1)$$

The description of the variable is given in Table 2.

Table 2. Description of Variable.		
Data		Description of Variable
i	=	Company cross-section data
t	=	Company time series data
DP	=	Debt Policy
Profit	=	Profitability
CSR	=	Corporate Social Responsibility
IAC	=	Independent Audit Committee
IC	=	Independent Commissioners
FZ	=	Firm Size
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$	=	Regression coefficients of variables Profit, CSR, IAC, IC, FZ
ϵ	=	Error

RESULTS

Descriptive Statistics

Descriptive statistics provide a range of presentation options, including the sampled company's data's lowest, maximum, mean, and standard deviation. Information for the year 2017-2022 is shown in Table 3 below, based on a sample of Jakarta Islamic Index enterprises.

Table 3. Descriptive Statistics. (Source: Processed data, 2024)									
Variables	Obs	Mean	Std. Dev.	Min	Max	p1	p99	Skew.	Kurt.
DP	150	.423	.179	.029	.773	.126	.768	.074	2.303
Profit	150	-1410000	6090000	-48800000	-.232	-27000000	-.291	-5.066	31.758
CSR	150	.004	.001	.002	.009	.002	.009	1.336	6.8
IAC	150	.305	.077	.143	1	.167	.333	4.505	45.632
IC	150	.385	.119	.167	.833	.167	.833	1.336	6.8
FZ	150	12.549	2.135	6.462	14.565	6.502	14.546	-1.69	4.608

The result table above (Table 3) shows that there were 150 observations (N), the lowest value of Debt Policy was .029, and the highest value was .773. Maximum Profitability is -.232, lowest Profitability is -.48,800,000, and the mean value is -1,410,000 based on 150 observations. CSR value (minimum) is .002, and the highest is .009; the mean value (based on 150 observations) is .004, and the standard deviation is .001. The smallest IAC is .143, and the highest IAC is 1, with a mean value of .305 and a standard deviation of .077 based on 150 observations. The lowest value of IC is .167, the maximum value of IC is .833, and the mean value of 150 observations is .385 with a stand. Deviation of .119. Based on

150 samples, the mean value is 12.549, and the standard deviation is 2.135 the lowest FZ value is 6.462, and the highest is 14.565.

Pearson Correlation Test

The effects of Profitability, Corporate Social Responsibility, an Independent Audit Committee, Independent Commissioners, and Firm Size on debt policy were tested using the Pearson correlation coefficient. A value of r (correlation coefficient) greater than 0.05 (five per cent) signifies a substantial correlation with the independent variables.

Table 4. Pearson Correlation Test. Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. (Source: Processed data, 2024)

Variable	(1)	(2)	(3)	(4)	(5)	(6)
(1) DP	1.000					
(2) PROFIT	-0.152 (0.064)	1.000				
(3) CSR	0.160 (0.050)	-0.110 (0.181)	1.000			
(4) IAC	-0.308 (0.000)	-0.086 (0.296)	-0.076 (0.358)	1.000		
(5) IC	0.160 (0.050)	-0.110 (0.181)	1.000 (0.000)	-0.076 (0.358)	1.000	
(6) FZ	0.051 (0.533)	0.636 (0.000)	-0.026 (0.754)	-0.240 (0.003)	-0.026 (0.754)	1.000

The result table above (Table 4) shows Debt Policy is the dependent variable in this table. As a result, the conceptual framework for this study indicates that Profitability, Corporate Social Responsibility, an Independent Audit Committee, Independent Commissioners, and Firm Size all have values greater than 0.05 (5%). So, all of these factors are good enough to use in model validations. The results above of the reliability tests justify values higher than 0.05 (5%). It proves that all relevant factors produce the same outcomes when tested.

Multicollinearity

The multicollinearity test is a tool to assess whether there is a strong correlation between the independent variables in the regression model.

Table 5. Multicollinearity Test. (Source: Processed data, 2024)

Variables	VIF	1/VIF
PROFIT	1.75	0.571085
CSR	1.48	0.676815
IAC	1.09	0.917295
IC	1.17	0.854033
FZ	1.95	0.511722
Mean VIF	1.49	

Based on the results of the multicollinearity test (Table 5), it can be seen that the VIF for all five variables is almost close to the number 1. It can be concluded that these five variables have a very small. In other words, this model is free from multicollinearity, because the value of VIF is less than 10% ($VIF < 10$).

Goodness of Fit Models

The results of the Goodness of Fit Models test are presented in the following Table 6.

Table 6. Testing the Goodness of the Fit Model. Note: Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1. (Source: Processed data, 2024)

Variables	(Model 1)	(Model 2)
	Ordinary Least Square Test	Robustness Test
PROFIT	-6.69e-09**	-6.690e-09**
	2.93e-09	2.12e-09
	0.024	0.002
CSR	.2751309**	.27513094**
	.124148	.126296
	0.028	0.031
IAC	-.70921687***	-.70921687**
	.1829269	.2204344
	0.000	0.002
IC	.26875047**	.26875047
	.1227522	.1470676
	0.030	0.070
FZ	.01835611**	.01835611**
	.0088299	.0075476
	0.039	0.016
Constant	.22293051	.22293051
Observations	150	150
R-squared	.18106532	.18106532
Number of Years	5	5

The result table above (Table 6) shows that Debt Policy is the dependent variable in this table. The results showed that profitability and an independent audit committee significantly negatively affect debt policy, while corporate social responsibility, independent commissioners, and firm size have a positive impact on debt policy.

DISCUSSION

Profitability Has a Positive Influence on Debt Policy

A pessimistic coefficient estimate will provide a positive profit if the original hypothesis is correct. The t-test explains why Profitability negatively and substantially influences debt policy in the OLS and Robustness models, with a p-value of $0.024 \leq 0.05$ (5%). Proposed continuation of the original idea in light of further supporting evidence from earlier studies (Sunardi et al., 2020; Sulistiani & Agustina, 2019). Results from empirical tests show that better Profitability is associated with less debt policy, and poorer Profitability is associated with more debt policy.

These empirical findings confirm that Profitability plays an essential role in corporate debt policy-making, and companies tend to reduce their debt policies when Profitability increases and increase debt policies when Profitability decreases (Nugraha, 2020). These results make an essential contribution to understanding the factors influencing corporate debt policy in the context of this study. Agency theory, a theoretical framework often applied to the interaction between management (as agents) and shareholders (as principals) in a corporation, is responsible for these empirical results. According to agency theory, managers who run a firm day-to-day may have competing interests with those of the shareholders who put money into the business (Jensen & Meckling, 1976).

In the context of debt policy, a high level of Profitability can be interpreted as an indication that management has managed to generate sufficient profits to meet the company's financial needs without relying on funding through debt (Nurdani & Rahmawati, 2020). In other words, management is incentivized to reduce debt policies when Profitability is high because they can better use internal resources for financing (Sunardi et al., 2020).

However, at low levels of Profitability, management may face pressure to seek additional funding sources, and one option is to increase debt policy. Profitability might lead to tensions between management, who may prioritize long-term financial

security, and shareholders, who may prioritize short-term profit maximization via increased reliance on debt financing. As a result, these results lend credence to agency theory since they describe how Profitability, one of the elements determining debt policy, may mirror the dynamics of conflicts of interest between management and shareholders (Jensen & Meckling, 1976). Also provides a further understanding of how companies adapt to changing profitability conditions in the context of debt policy-making.

Corporate Social Responsibility Has a Positive Influence On Debt Policy

The positive coefficient estimate findings in CSR demonstrate the validity of the null hypothesis. The t-test explains that OLS and Robustness models find a positive and statistically significant influence of Corporate Social Responsibility on debt policy, with a p-value of $0.028 \leq 0.05$ (5%). Proposed continuation of the original idea in light of further supporting evidence from earlier studies (Santos-Jaén et al., 2021; La Rosa et al., 2018). Empirical tests show that a greater level of Corporate Social Responsibility is associated with a more liberal debt policy. In contrast, a lower level of CSR is associated with a more restrictive debt policy.

These results from the real world prove the significance of CSR in the decision-making process of corporations' debt policies (Magnanelli & Izzo, 2017). Companies with a solid commitment to CSR often have more generous debt policies that can be put toward various CSR projects. Low CSR companies are more likely to adhere to stringent credit regulations. CSR demonstrates the company's dedication to corporate social responsibility and its effect on its bottom line (La Rosa et al., 2018).

The results also support the idea that businesses focusing on CSR are more likely to receive financial backing for the debt policies they create. Agency theory explains these empirical results, particularly in the context of CSR. Management (agents) and stockholders (principals) sometimes have competing interests in business, which are highlighted by agency theory (Jensen & Meckling, 1976). In this case, a high level of CSR can be interpreted as management's efforts to meet shareholder demands related to social and environmental responsibility.

Companies can improve their standing with various constituencies, including shareholders, by adopting a CSR ethos in their debt policy deliberations (Oware & Mallikarjunappa, 2021). Shareholders may be more inclined to support a more significant debt policy if they believe the company conducts socially responsible business practices (Yao et al., 2022). It can incentivize management to adopt more extensive debt policies to strengthen the company's image and meet shareholder expectations.

However, it is essential to remember that there is an element of conflict of interest in this, where management may have to consider improving debt policies without compromising the company's financial stability. Therefore, the interplay between CSR and debt policy illustrates the nuanced interplay among management, shareholders, and CSR. These findings provide a further understanding of how CSR affects debt policy within the framework of agency theory.

Independent Audit Committee Influences Debt Policy Positively

The Audit Committee of Independent presented the initial hypothesis' pessimistic coefficient estimate findings. A negative and statistically significant influence of the Audit Committee on debt policy was found in the OLS and Robustness models, as determined by the t-test, with a p-value of $0.000 \leq 0.05$ (5%). Presenting the initial hypothesis's proposed course of action in light of prior studies' findings that point in a similarly positive direction (Khalid et al., 2020). The empirical tests show that the Independent Audit Committee's composition affects debt policy positively or negatively, depending on the direction of the test.

These results from the field show that the Independent Audit Committee is an integral part of the corporate debt policy-making process. A more cautious debt policy may emerge due to an Independent Audit Committee's increased scrutiny of the company's financial dealings (Khalid et al., 2020). It is because the idea that the Independent Audit Committee should protect the reliability of the company's financial statements and mitigate the dangers of overly aggressive debt strategies is widely accepted (Bacha, 2019).

Agency theory explains these observed phenomena, particularly in light of the Independent Audit Committee's function as an internal check and balance designed to mitigate tensions of interest between the company's management (the agents) and its owners (the principals) (Jensen & Meckling, 1976). In agency theory, an Independent Audit Committee is considered an oversight tool that can help reduce the potential for an undesirable agent or management behaviour incompatible with shareholder interests (Eisenhardt, 1989).

Investors can be assured that the company's financial activities are being closely watched due to the existence and influential function of the Independent Audit Committee (Khalid et al., 2020). It incentivizes management to pursue a more

conservative debt policy, as they know their actions will be subject to rigorous scrutiny and evaluation by an Independent Audit Committee. The attempts to lessen conflicts of interest and increase openness and accountability in the company's financial decision-making are reflected in the Independent Audit Committee's connection to the debt policy (Herrera-Barriga & Escandon-Barbosa, 2023).

The results also support the argument that an Independent Audit Committee can help safeguard shareholders' interests by mitigating dangers posed by harmful financial policies or practices like taking on too much debt. Thus, these findings corroborate the basic concepts of agency theory in corporate supervision and control.

Independent Commissioners Influence Debt Policy Positively

The Independent Commissioner presented the findings of the original hypothesis' optimistic coefficient estimation. A t-test explains that the Independent Commissioner has a positive and statistically significant effect on debt policy at the 5% significance level in both the OLS and Robustness models, with a p-value of $0.030 \leq 0.05$ (5%). Proposed continuation of the original idea in light of further supporting evidence from earlier studies (Wahyuni, 2019; Junus et al., 2022; Utami, 2021). The empirical test results reveal that the greater the composition of the Independent Commissioner, the greater the influence on raising debt policy, and in reverse, the lower the influence the Independent Commissioner has on reducing debt policy.

These results give empirical evidence for the significance of the role of Independent Commissioners in establishing corporate debt policy. An Independent Commissioner is associated with increased debt policy because of increased scrutiny and control of the company's financial activity (Wahyuni, 2019). It is a direct result of the Independent Commissioner's duty to protect the company's and its shareholders' financial interests and the honesty and reliability of the company's accounting practices (Junus et al., 2022).

These results can be explained by agency theory, which emphasizes the Independent Commissioner's function as an external watchdog to reduce potential conflicts of interest between management (the agent) and shareholders (the principal). According to agency theory, stockholders worry that management will make decisions counter to their best interests. (Jensen & Meckling, 1976).

With an independent commissioner who has authority and autonomy in supervising the company's financial actions, shareholders can feel more confident that the debt policy taken by management will be in their best interests (Ramadhan & Firmansyah, 2022). Increased numbers of Independent Commissioners on the board of directors have been shown to improve the quality of oversight and the openness of the organization's financial decision-making processes (Rahma & Firmansyah, 2022).

External oversight, as emphasized by agency theory, is crucial in lowering the risk of harmful agent conduct, and studies have shown that the presence of an Independent Commissioner has a favourable effect on debt policy. These results support the view that Independent Commissioners are crucial in reducing the potential for bias in corporate debt regulation.

Firm Size Influences Debt Policy Positively

The optimistic coefficient estimation is reflected in the company's size, consistent with the null hypothesis. The findings of the t-test demonstrate that Firm significantly affects debt policy in both the OLS and Robustness models, with a p-value of $0.016 \leq 0.05$ (5%). Submitting a first hypothesis in a positive direction based on the outcomes of prior studies (Bandanuji & Khoiruddin, 2020; Sunardi et al., 2020). Has been shown through empirical analysis that a greater emphasis on debt is adopted when the Firm is large, and the opposite is true when the Firm is small.

These empirical results show that firm size is critical in corporations' debt policy decisions (Safitri & Wulanditya, 2017). Larger companies tend to have more significant debt policies, which can be used to support various corporate activities and initiatives that require more significant financial resources (Esperança et al., 2003). Conversely, according to their financial capacity, smaller companies tend to have more conservative debt policies.

One of the factors influencing debt policy is the company's size. The inherent tension between management (as agents) and shareholders (as principals) is a crucial idea in agency theory (Jensen & Meckling, 1976). Management tends to have the motivation to take lower risks and maintain more conservative policies to maintain the stability of the company, while shareholders may have an interest in optimizing the value of the company by leveraging debt for growth or investment (Bandanuji & Khoiruddin, 2020).

In this context, the finding that larger companies have more significant debt policies fits with agency theory. Larger companies may have better access to financial markets and more options for managing their financial resources. Therefore, they tend to be more comfortable paying more debt to support their growth and business initiatives. Conversely, smaller

companies may have limited access to financial markets and be more cautious about using debt to avoid high financial risks. It is by the principles of risk reduction in agency theory. Thus, these findings corroborate the concept of conflict of interest in agency theory and how factors such as Firms can influence debt policy to address such conflict.

CONCLUSIONS

This empirical finding confirms that profitability significantly negatively affects debt policy; higher profitability impacts decreasing debt policy, and conversely, lower profitability impacts increasing debt policy. It indicates that profitability is important in making debt policy, and companies tend to reduce their debt when profits increase.

Second, corporate social responsibility (CSR) has a significant positive effect on debt policy; the higher the Corporate Social Responsibility has an impact on increasing debt policy, and conversely, the lower the Corporate Social Responsibility has an impact on decreasing debt policy. Companies with high levels of CSR tend to have better debt policies, which can be used to promote corporate social responsibility. Firms with low CSR tend to comply with strict credit regulations.

Third, the Independent Audit Committee significantly negatively affects debt policy; a higher Independent Audit Committee impacts decreasing debt policy, and conversely, a lower Independent Audit Committee impacts increasing debt policy. This indicates that A more conservative approach to debt results from more oversight of a company's finances by an independent Audit Committee. Fourth, Independent Commissioners have a significant positive effect on debt policy; the higher Independent Commissioners have an impact on increasing debt policy, and conversely, the lower Independent Commissioners have an impact on decreasing debt policy. The more prestigious the Independent Commissioners, the more stringent the company's debt policy. It directly results from the Independent Commissioner's efforts to reduce the potential for bias and promote more effective debt policy-making. Finally, Firm Size have a significant positive effect on debt policy; the higher Firm Size impacts increasing debt policy, and conversely, the lower Firm Size impacts decreasing debt policy. Larger companies tend to have more significant debt policies, while smaller companies tend to have more conservative ones.

The findings of this study provide a complete picture of the interaction between Profitability, Corporate Social Responsibility (CSR), Independent Audit Committee, Independent Commissioner and firm size on debt policy, Given the importance of financial stability and CSR to modern businesses, the results of this study can provide useful insights for companies in managing their objectives and policies. These findings, which are based on agency theory, highlight the importance of solid governance, transparency, and risk management in upholding sound debt policies that benefit firms' long-term survival and growth.

Future Research

This study is important for future research because it provides in-depth insights into how various factors affect corporate debt policy. The results of this study can be the basis for further studies that explore the mechanism behind the influence of these factors on debt policy. Future research can extend these findings by testing other variables that may be influential, such as market conditions, government regulations, and risk management practices.

Research Limitations

This study has several limitations that need to be considered. First, this study only uses data from Jakarta Islamic Index companies listed on the Indonesia Stock Exchange, so the results may not be generalizable to other sectors or companies in other countries.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

ACKNOWLEDGMENT

The authors would like to express their sincere appreciation to Sultan Ageng Tirtayasa University for the financial support provided in the conduct of this research. This support has enabled us to conduct the research required for the preparation of this paper.

FUNDING

The Authors received no funding for this research.

CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

REFERENCES

- Ahmad, Z., & Mahmood, Z. (2023). Corporate governance regulation in regulatory space of a developing country: actors, strategies and outcomes. *Journal of Accounting in Emerging Economies*, 14(1), 99-124. <https://doi.org/10.1108/JAEF-11-2021-0362>
- Al Amosh, H., Khatib, S. F. A., Alkurdi, A., & Bazhair, A. H. (2022). Capital structure decisions and environmental, social and governance performance: insights from Jordan. *Journal of Financial Reporting and Accounting*, 22(4), 972-989. <https://doi.org/10.1108/JFRA-12-2021-0453>
- Al Farooque, O., Buachoom, W., & Sun, L. (2020). Board, audit committee, ownership and financial performance – emerging trends from Thailand. *Pacific Accounting Review*, 32(1), 54-81. <https://doi.org/10.1108/PAR-10-2018-0079>
- Alodat, A. Y., Al Amosh, H., Khatib, S. F. A., & Mansour, M. (2023). Audit committee chair effectiveness and firm performance: The mediating role of sustainability disclosure. *Cogent Business & Management*, 10(1). <https://doi.org/10.1080/23311975.2023.2181156>
- Avabruth, S. M., & Padhi, S. K. (2023). Earnings management by family firms to meet the debt covenants: evidence from India. *Journal of Accounting in Emerging Economies*, 13(1), 93-117. <https://doi.org/10.1108/JAEF-12-2020-0331>
- Bacha, S. (2019). Corporate Governance Practices and Audit Quality: Do They Matter for the Cost of Debt? *Theoretical Economics Letters*, 09(07), 2262-2282. <https://doi.org/10.4236/tel.2019.97143>
- Bandanuji, A., & Khoiruddin, M. (2020). The Effect of Business Risk and Firm Size on Firm Value with Debt Policy as Intervening Variable. *Management Analysis Journal*, 9(2), 200-210. <https://doi.org/10.15294/maj.v9i2.37812>
- Beltrame, F., Grassetti, L., Bertinetti, G. S., & Sclip, A. (2023). Relationship lending, access to credit and entrepreneurial orientation as cornerstones of venture financing. *Journal of Small Business and Enterprise Development*, 30(1), 4-29. <https://doi.org/10.1108/JSBED-07-2021-0281>
- Bhattacharya, S., Momaya, K. S., & Iyer, K. C. (2020). Benchmarking enablers to achieve growth performance: a conceptual framework. *Benchmarking*, 27(4), 1475-1501. <https://doi.org/10.1108/BJL-08-2019-0376>
- Chen, T. H., & Peng, J. L. (2020). Statistical and bibliometric analysis of financial innovation. *Library Hi Tech*, 38(2), 308-319. <https://doi.org/10.1108/LHT-09-2018-0140>
- Dwi Wahyuni, P. (2019). Good Corporate Governance and Firm Size on Cost of Debt: Evidence from Indonesian Listed Companies. *International Journal of Academic Research in Accounting*, 9(2), 257-265. <https://doi.org/10.6007/IJARAFMS/v9-i2/6173>
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of management review*, 14(1), 57-74. <https://doi.org/10.2307/258191>
- Fajarwati, D. (2023). The Effect of Tax Avoidance, Company Size, and Good Corporate Governance on the Cost of Debt. *Paradigma*, 20(1), 114-129. <https://doi.org/10.33558/paradigma.v20i1.7003>
- Ferriswara, D., Sayidah, N., & Buniarto, E. A. (2022). Do corporate governance, capital structure predict financial performance and firm value? (empirical study of Jakarta Islamic index). *Cogent Business and Management*, 9(1). <https://doi.org/10.1080/23311975.2022.2147123>
- González-Ramos, M. I., Donate, M. J., & Guadamillas, F. (2022). The interplay between corporate social responsibility and knowledge management strategies for innovation capability development in dynamic environments. *Journal of Knowledge Management*, 27(11), 59-81. <https://doi.org/10.1108/JKM-08-2022-0637>
- Grove, H., Clouse, M., & Xu, T. (2023). Board guidance for company climate opportunities. *Corporate Board role duties and composition*, 18(3), 33-44. <https://doi.org/10.22495/cbv18i3art4>
- Harmono, H., Haryanto, S., Chandrarin, G., & Assih, P. (2023). Financial Performance and Ownership Structure: Influence on Firm Value Through Leverage, 33B, 63-85. <https://doi.org/10.1108/S1571-03862023000033B005>
- Hendijani Zadeh, M., Naaman, K., & Sahyoun, N. (2023). Corporate social responsibility transparency and trade credit financing. *International Journal of Accounting and Information Management*, 31(2), 247-269. <https://doi.org/10.1108/IJAIM-05-2022-0099>
- Herrera-Barriga, R., & Escandon-Barbosa, D. (2023). Boards of Directors and Firm Internationalization: a Bibliometric Review. *Corporate Governance and Organizational Behavior Review*, 7(3 Special issue), 318-334. <https://doi.org/10.22495/cgobrv7i3sip8>
- Ho, J., Lu, C., & Lucianetti, L. (2021). Does engaging in corporate social responsibility activities influence firm performance? The moderating effects of risk preferences and performance measurement systems. *Management Decision*, 59(13), 15-37. <https://doi.org/10.1108/MD-07-2020-0925>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership

- structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
22. Junus, O., Harymawan, I., Nasih, M., & Anshori, M. (2022). Politically Connected Independent Commissioners and Independent Directors on the Cost of Debt. *International Journal of Financial Studies*, 10(2). <https://doi.org/10.3390/ijfs10020041>
 23. Kalbuana, N., Kusiayah, K., Supriatiningsih, S., Budiharjo, R., Budyastuti, T., & Rusdiyanto, R. (2022). Effect of profitability, audit committee, company size, activity, and board of directors on sustainability Effect of profitability, audit committee, company size, activity, and board of directors on sustainability. *Cogent Business & Management*, 9(1), 1–17. <https://doi.org/10.1080/23311975.2022.2129354>
 24. Kalbuana, N., Taqi, M., Uzliawati, L., & Ramdhani, D. (2022). The Effect of Profitability, Board Size, Woman on Boards, and Political Connection on Financial Distress. *Cogent Business and Management*, 9(1), 0–22. <https://doi.org/10.1080/23311975.2022.2142997>
 25. Kalbuana, N., Taqi, M., Uzliawati, L., & Ramdhani, D. (2023). CEO narcissism, corporate governance, financial distress, and company size on corporate tax avoidance. *Cogent Business and Management*, 10(1). <https://doi.org/10.1080/23311975.2023.2167550>
 26. Khalid, M., Abbas, Q., Malik, F., & Ali, S. (2020). Impact of audit committee attributes on financial distress: Evidence from Pakistan. *International Journal of Financial Engineering*, 07(01), 2050005. <https://doi.org/10.1142/s242478632050005x>
 27. La Rosa, F., Liberatore, G., Mazzi, F., & Terzani, S. (2018). The impact of corporate social performance on the cost of debt and access to debt financing for listed European non-financial firms. *European Management Journal*, 36(4), 519–529. <https://doi.org/10.1016/j.emj.2017.09.007>
 28. Magnanelli, B. S., & Izzo, M. F. (2017). Corporate social performance and cost of debt: The relationship. *Social Responsibility Journal*, 13(2), 250–265. <https://doi.org/10.1108/SRJ-06-2016-0103>
 29. Mangesti Rahayu, S., Suhadak, & Saifi, M. (2020). The reciprocal relationship between profitability and capital structure and its impacts on the corporate values of manufacturing companies in Indonesia. *International Journal of Productivity and Performance Management*, 69(2), 236–251. <https://doi.org/10.1108/IJPPM-05-2018-0196>
 30. Migliaccio, G., & De Palma, A. (2023). Profitability and financial performance of Italian real estate companies: quantitative profiles. *International Journal of Productivity and Performance Management*, 73(11), 122–160. <https://doi.org/10.1108/IJPPM-02-2023-0075>
 31. Mohammad Nugraha, N. (2020). The Influence of Company Size, Asset Structure, Company Growth and Profitability on Debt Policy in The Food and Beverage Industry Sub-Sector. *Economica*, 9(1), 34–41. <https://doi.org/10.22202/economica.2020.v9.i1.4433>
 32. Nguyen Trong, N., & Nguyen, C. T. (2021). Firm performance: the moderation impact of debt and dividend policies on overinvestment. *Journal of Asian Business and Economic Studies*, 28(1), 47–63. <https://doi.org/10.1108/JABES-12-2019-0128>
 33. Nimani, A., Zeqiraj, V., & Spahija, D. (2022). The Importance of Corporate Social Responsibility for Companies: the Developing Market Study. *Journal of Governance and Regulation*, 11(4 Special Issue), 314–320. <https://doi.org/10.22495/jgrv11i4s1art11>
 34. Nurdani, R., & Rahmawati, I. Y. (2020). The Effect of Firm Sizes, Profitability, Dividend Policy, Asset Structure, Sales Growth and Free Cash Flow on Debt Policy. *AMAR (Andalas Management Review)*, 4(1), 100–119. <https://doi.org/10.25077/amar.4.1.100-119.2020>
 35. Nuredini, B., & Matoshi, R. (2022). Business Ethics and Corporate Social Responsibility Comparative Approach Between Capitalism, Socialism and Islamic Economy. *Corporate Governance and Organizational Behavior Review*, 6(4 Special Issue), 208–220. <https://doi.org/10.22495/cqobr6i4sip2>
 36. Nurfitriana, A., & Fachrurrozie, F. (2018). Profitability in moderating the effects of business risk, company growth and company size on debt policy. *Journal of Accounting and Strategic Finance*, 1(2). <https://dx.doi.org/10.33005/jasf.v1i02.18>
 37. Otman, K. (2021). Corporate Governance: a Review of the Fundamental Practices Worldwide. *Corporate Law and Governance Review*, 3(2), 53–66. <https://doi.org/10.22495/clgrv3i2p5>
 38. Oware, K. M., & Mallikarjunappa, T. (2021). Corporate social responsibility and debt financing of listed firms: a quantile regression approach. *Journal of Financial Reporting and Accounting*, 19(4), 615–639. <https://doi.org/10.1108/JFRA-07-2020-0202>
 39. Panda, A. K., & Nanda, S. (2018). Working capital financing and corporate profitability of Indian manufacturing firms. *Management Decision*, 56(2), 441–457. <https://doi.org/10.1108/MD-07-2017-0698>
 40. Paulo Esperança, J., Matias Gama, A. P., & Azzim Gulamhussen, M. (2003). Corporate debt policy of small firms: An empirical (re)examination. *Journal of Small Business and Enterprise Development*, 10(1), 62–80. <https://doi.org/10.1108/14626000310461213>
 41. Prasetyo, I., Aliyyah, N., Rusdiyanto, Kalbuana, N., & Rochman, A. S. (2021). Corporate Social Responsibility Practices In Islamic Studies In Indonesian. *Journal of Legal, Ethical and Regulatory Issues*, 24(Special Issue 1), 1–15. <https://www.abacademies.org/articles/corporate-social-responsibility-practices-in-islamic-studies-in-indonesian.pdf>
 42. Purbawangsa, I. B. A., Solimun, S., Fernandes, A. A. R., & Mangesti Rahayu, S. (2020). Corporate governance, corporate profitability toward corporate social responsibility disclosure and corporate value (comparative study in Indonesia, China and India stock exchange in 2013-2016). *Social Responsibility Journal*, 16(7), 983–999. <https://doi.org/10.1108/SRJ-08-2017-0160>

43. Rahma, R. A., & Firmansyah, A. (2022). Does independent commissioner have a role in the relationship between sustainability disclosure, debt policy, and tax avoidance? *Journal of Contemporary Accounting*, 4(2), 65–79. <https://doi.org/10.20885/jca.vol4.iss2.art1>
44. Ramadhan, M. A., & Firmansyah, A. (2022). The Supervision Role of Independent Commissioner in Decreasing Risk From Earnings Management and Debt Policy. *Accounting Analysis Journal*, 11(1), 31–43. <https://doi.org/10.15294/aaaj.v11i1.58178>
45. Safitri, L. A., & Wulanditya, P. (2017). The effect of institutional ownership, managerial ownership, free cash flow, firm size and corporate growth on debt policy. *The Indonesian Accounting Review*, 7(2), 141. <https://doi.org/10.14414/tiar.v7i2.958>
46. Santos-Jaén, J. M., Madrid-Guijarro, A., & García-Pérez-de-Lema, D. (2021). The impact of corporate social responsibility on innovation in small and medium-sized enterprises: The mediating role of debt terms and human capital. *Corporate Social Responsibility and Environmental Management*, 28(4), 1200–1215. <https://doi.org/10.1002/CSR.2125>
47. Shahwan, T. M., & Fathalla, M. M. (2020). The mediating role of intellectual capital in corporate governance and the corporate performance relationship. *International Journal of Ethics and Systems*, 36(4), 531–561. <https://doi.org/10.1108/IJOES-03-2020-0022>
48. Sulistiani, A., & Agustina, L. (2019). Analysis Journal Determinants of Debt Policy with Profitability as a Moderating Variable. *Accounting Analysis Journal*, 8(3), 184–190. <https://doi.org/10.15294/aaaj.v8i3.35181>
49. Sunardi, N., Husain, T., & Kadim, A. (2020). Determinants of Debt Policy and Company's Performance. *International Journal of Economics and Business Administration*, VIII(4), 204–213. <https://doi.org/10.35808/ijeba/580>
50. Susbiyani, A., Halim, M., & Animah, A. (2022). Determinants of Islamic social reporting disclosure and its effect on firm's value. *Journal of Islamic Accounting and Business Research*, 416–435. <https://doi.org/10.1108/JIABR-10-2021-0277>
51. Tayachi, T., Hunjra, A. I., Jones, K., Mehmood, R., & Al-Faryan, M. A. S. (2023). How does ownership structure affect the financing and dividend decisions of firm? *Journal of Financial Reporting and Accounting*, 21(3), 729–746. <https://doi.org/10.1108/JFRA-09-2021-0291>
52. Tran, N. H. (2023). Impact Factors on the Adoption of Corporate Social Responsibility: Empirical Evidence From an Emerging Market. *Corporate Governance and Organizational Behavior Review*, 7(2 Special Issue), 350–359. <https://doi.org/10.22495/oaobrv7i2sip13>
53. Umbarwati, U., & Fachrurrozie, F. (2018). Profitability as the Moderator of the Effects of Dividend Policy, Firm Size, And Asset Structure on Debt Policy. *Accounting Analysis Journal*, 7(3)(3), 192–199. <https://doi.org/10.15294/aaaj.v7i3.22725>
54. Utami, S. W. (2021). The Effect of Institutional Ownership, Managerial Ownership, Family Ownership, and Independent Commissioners on Cost of Debt. *International Journal of Management Studies and Social Science Research*, 209(1), 209–219. <https://www.ijmsssr.org/paper/IJMSSSR00415.pdf>
55. Uzliawati, L., Kalbuana, N., Budyastuti, T., Budiharjo, R., Kusiayah, & Ahalik. (2023). The power of sustainability, corporate governance, and millennial leadership: Exploring the impact on company reputation. *Uncertain Supply Chain Management*, 11, 1275–1288. <https://doi.org/10.5267/j.uscm.2023.3.020>
56. Uzliawati, L., Taqi, M., Muchlish, M., & Kalbuana, N. (2023). The Transformation of Corporate Reputation Driven by Corporate Governance, Environmental Social, and Governance (ESG), Business Activity, and Profitability in Indonesia. *Review of Economics and Finance*, 21, 1295–1305. <https://doi.org/10.55365/1923.x2023.21.142>
57. Wasiuzzaman, S., & Nurdin, N. (2019). Debt financing decisions of SMEs in emerging markets: empirical evidence from Malaysia. *International Journal of Bank Marketing*, 37(1), 258–277. <https://doi.org/10.1108/IJBM-12-2017-0263>
58. Wedayanti, M. D., & Pulungan, B. I. (2023). Corporate Social Responsibility Political Interaction Strategy: a Case Study. *Corporate and Business Strategy Review*, 4(3), 56–65. <https://doi.org/10.22495/cbsrv4i3art6>
59. Yao, J. jing, Qi, Y. ang, & Guo, B. (2022). Corporate social responsibility, debt financing cost and enterprise innovation. *Scientific Reports 2022 12:1*, 12(1), 1–13. <https://doi.org/10.1038/s41598-022-26076-3>

Язід Х., Ісмаїл Т., Узляваті Л., Такі М., Мучліш М., Калбуана Н.

ВПЛИВ ПРИБУТКОВОСТІ, КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ, МЕХАНІЗМІВ КОРПОРАТИВНОГО УПРАВЛІННЯ ТА РОЗМІРУ ФІРМИ НА ЇЇ БОРГОВУ ПОЛІТИКУ

Належна практика корпоративного управління може забезпечити додаткову довіру зовнішнім сторонам та інвесторам, особливо у сфері політики корпоративного боргу. Це дослідження спрямоване на вивчення взаємозв'язку між прибутковістю, корпоративною соціальною відповідальністю, механізмами корпоративного управління та розміром фірми на боргову політику корпорації. Використовуваний метод дослідження – кількісний аналіз із використанням звичайних найменших квадратів і стійкої регресії даних компаній, зареєстрованих у Ісламському індексі Джакарти з 2017 до 2022 року. Результати показали, що прибутковість і незалежний аудиторський комітет мають суттєвий негативний вплив на боргову політику, тоді як корпоративна соціальна відповідальність, незалежні коміснери та

розмір фірми позитивно впливають на неї. Ці результати надають компаніям важливу інформацію для прийняття розумних рішень щодо боргової політики за динамікою бізнесу. Дослідження також підтверджує важливість агентської теорії для пояснення того, як такі елементи допомагають вирішувати конфлікти інтересів між менеджментом та акціонерами, а також підвищують чесність, прозорість і краще управління ризиками при прийнятті фінансових рішень. Зміцнюючи корпоративне управління та посилюючи корпоративну соціальну відповідальність, компанії можуть знизити ризик виникнення конфлікту інтересів, підвищити добросовісність і сприяти прозорості прийняття фінансових рішень. Це не тільки створює більш етичне робоче середовище, але й зміцнює відносини з інвесторами та суспільством.

Ключові слова: боргова політика, прибутковість, корпоративна соціальна відповідальність, аудиторські комітети, незалежні комісари, розмір фірми

JEL Класифікація: Z1, G34, M4