

The Effect of Profitability, Liquidity, and Asset Structure on Debt Policy with PSAK 71 as a Moderating Variable in Basic Material Sub-Sector Companies Listed on the Indonesia Stock Exchange for the Period 2020-2024

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Background: Indonesia's post-COVID-19 economic recovery requires companies to implement appropriate financial policies, particularly in debt management as an external funding source. The basic material sector is characterized by substantial capital requirements, thus tending to rely on external debt financing. Previous studies show inconsistent results regarding the effects of profitability, liquidity, and asset structure on debt policy. Additionally, the implementation of PSAK 71 since 2020, which regulates the recognition and measurement of financial instruments, potentially moderates these relationships through enhanced financial reporting transparency.

Purpose: his study aims to analyze the effects of profitability, liquidity, and asset structure on debt policy, and to examine the moderating role of PSAK 71 in basic material sub-sector companies listed on the Indonesia Stock Exchange for the 2020-2024 period.

Methodology: This quantitative study uses a sample of 29 basic material companies from a population of 109 on IDX for 2020-2024 (145 observations). Analysis employs panel data regression with Moderated Regression Analysis (MRA) to examine the effects of profitability (ROA), liquidity (CR), and asset structure on debt policy (DER) with PSAK 71 moderation.

Finding: Results show profitability and asset structure have positive significant effects, while liquidity has a negative significant effect on debt policy. PSAK 71 significantly moderates the relationships between profitability, liquidity, asset structure and debt policy, strengthening the effects of profitability and asset structure while weakening liquidity's effect.

Limitation: Limitations include: (1) sample limited to basic material sector; (2) observation period encompasses pandemic conditions; (3) limited variables; and (4) PSAK 71 measurement uses dummy variable.

Originality: This research is original in its use of PSAK 71 as a moderating variable in examining the relationship between profitability, liquidity, and asset structure on debt policy. The study focuses on Basic Material sub-sector companies listed on the IDX during 2020–2024, a period rarely explored under PSAK 71 implementation after the pandemic. Therefore, this study provides a new contribution to understanding the impact of accounting standards on corporate financing policies in Indonesia.

Keywords: Profitability, Liquidity, Asset Structure, Debt Policy, PSAK 71, Basic Material Sector, Indonesia Stock Exchange