

DOES CHIEF EXECUTIVE OFFICER CHARACTERISTICS AFFECT COMPANY DEBT POLICY? EVIDENCE FROM THE PROPERTY AND REAL ESTATE SECTOR IN INDONESIA

Sulistianingrum^{1*}, Andi Kushermanto², Inayah Risqi Alisa³

¹Department of Accounting, Faculty of Economics and Business, Pekalongan University, Pekalongan, Indonesia

²Department of Accounting, Faculty of Economics and Business, Pekalongan University, Pekalongan, Indonesia

³Department of Accounting, Faculty of Economics and Business, Gadjah Mada University, Yogyakarta, Indonesia

ABSTRACT

This research aims to analyze the influence of CEO characteristics on debt policy. The object of this research is property and real estate sector companies listed on the Indonesia Stock Exchange for the 2018–2022 period. Based on the purposive sampling, there were 46 companies that fulfilled the criteria. The analysis technique used in this study is PLS-SEM using Warp-PLS 8.0. The results of this research show that CEO duality and CEO age have a negative and significant effect on debt policy. Furthermore, CEO experience and CEO tenure have a positive and significant effect on debt policy. Meanwhile, CEO gender has no effect on debt policy. Theoretically, this study contributes to the upper echelon theory. Practically, this study has implications for the importance of factors from CEO characteristics that impact strategic decisions in the company relating to the debt policy.

ARTICLE INFO

Keywords:
CEO Duality, CEO Experience, CEO Age, CEO Gender, CEO Tenure, Debt Policy

* Author at Department of Management, Faculty of Economics and Business, Universitas Pekalongan, Jl. Sriwijaya No. 3 Kota Pekalongan, 51111, Indonesia

E-mail address: tianingrum50@gmail.com, andiunikal@gmail.com, inayahrisqialisa@mail.ugm.ac.id

1. Introduction

Globalization has an impact on the rapidly changing business environment, where companies are competing in their performance to maintain their sustainability. In this condition, most companies decide to use leverage as a step to increase their competitive advantage and maximize the company's value (Chua et al. 2022). In order to make this decision, companies need funds to fulfill their capital needs and increase their capacity to maintain their sustainability. Funding decisions are the most important decisions for a company's sustainability because they involve sources of capital (Khanna et al. 2015). This source can be either internal or external to the company. Internal sources can be obtained from the company's sources, such as income, retained earnings, and share capital, while external capital sources come from outside the company, such as the issuance of stock and loans in the form of debt (Nurkholik and Khasanah 2022). The decision to take funding using debt can provide company benefits related to tax savings; furthermore, using debt is an alternative to obtaining funds quickly compared to selling stock (Endri, Mustafa, and Rynandi 2019). The company's capital structure must be carefully considered as an important factor in assessing the company's securities. Therefore,

the characteristics of the chief executive officer, as the company's controller, are the main factor in the company's strategic decisions (Gan et al. 2021).

One of the international issues about the debt policy occurs in China. A property company from China experienced a default that caused the company to plummet (CNBC Indonesia 2021). In Indonesia, there are many property and real estate companies that have this debt policy issue. It can be seen that many property and real estate companies experienced a significant increase in debt in the 2019–2021 period, by around 20–50% more than normal, related to the pandemic condition of COVID-19. If the debt of the company is not managed well, it can cause the company to go bankrupt because of the difficulty of paying its obligations and the large nominal operational costs that must be spent. The importance of debt policy also depends on the company's ability to return its debts to creditors. Therefore, examining the issue of factors related to debt policy issues is still relevant in Indonesia.

The topic of debt policy has been examined in previous studies. Based on the research that has been carried out, there are factors that are analyzed for their influence on debt policy. The internal factors studied regarding debt policy are asset structure (Linda et al. 2017); Fitria (2020); Fahmie (2022), *free cash flow* (Linda et al. (2017); Zurriah (2018); Rezki and Anam (2020); Nofiani and Gunawan (2018); Oktariyani and Hasanah (2019); Fitriyani and Khafid (2019); Rezki and Anam (2020), company growth (Oktariyani and Hasanah (2019); Fitria (2020); Rezki and Anam (2020), liquidity Unnuriyah and Septriana (2021); Tarigan et al. (2022), company size (Sulistiani and Agustina (2019); Fitria (2020); Aminah and Wuryani (2021); Fahmie (2022); Tarigan et al. (2022), dividends (Fitriyani and Khafid (2019); Fahmie (2022), profitability Endri et al. (2019); Sulistiani and Agustina (2019); Fitriyani and Khafid (2019); Fitria (2020); Aminah and Wuryani (2021); Unnuriyah and Septriana (2021); Tarigan et al. (2022); Fahmie (2022), CEO duality Setyawan and Devie (2017); Naseem et al. (2020); Huang and Gao (2022), CEO tenure (Markus et al. (2019); Naseem et al. (2020); Owusu et al. (2022); Huang and Gao (2022), CEO age Tinga et al. (2015); (Naseem et al. 2020), CEO experience (Tinga et al. (2015); (Tanjaya and Santoso 2020); Chua et al. (2022), CEO gender (Tinga et al. (2015); Naseem et al. (2020); Huang and Gao (2022), foreign ownership (Oktariyani and Hasanah (2019); institutional ownership (Nofiani and Gunawan (2018); (Sulistiani and Agustina 2019); Fitriyani and Khafid (2019); Aminah and Wuryani (2021); Tarigan et al. (2022), managerial ownership (Zurriah (2018); Rezki and Anam (2020), Tarigan et al. (2022), sales growth (Endri et al. 2019); Sulistiani and Agustina (2019); Unnuriyah and Septriana (2021), *Investment Opportunity Set* (Linda et al. (2017); Nofiani and Gunawan (2018); Endri et al. (2019), tax rates and *non-debt tax shield* (Endri et al. 2019). The external factors studied regarding debt policy are, environmental uncertainty (Huang, Gao, and Chen 2020), and the financial crisis (Huang et al. 2020).

Chief executive officer (CEO) is someone who leads a company to carry out the company's operational activities. In Upper echelons theory, a leader is influenced by managerial background characteristics. To find out this, top management develops a strategy in making decisions, namely by assessing the observable characteristics of top management such as gender, age, education and work experience of the CEO (Tinga et al. 2015). So that by knowing the characteristics of a leader, management can formulate and determine strategic decisions for a company that can have a good influence on the company. Strategic decisions made by companies reveal the values and cognitive foundations of their executive ranks. One of the decisions that can be taken by management is determining a company's funding policy, namely debt policy.

From previous research, there are many factors that can influence debt policy. Based on this, researchers observe that there are limitations in previous research that need to be developed regarding CEO characteristic variables. Previous research may have only partially examined several aspects of CEO characteristics and not studied them comprehensively. Therefore, this research combines these three studies to examine the influence of CEO characteristics covering five aspects, namely: CEO Duality, CEO Experience, CEO Age, CEO Gender, and CEO Tenure on debt policy. Previous research that examined the influence of debt policy also discussed many factors related to CEO characteristics. The results of research conducted by Chua et al. (2022) found evidence that CEO

education and *CEO experience* have a positive effect on the debt ratio. Naseem et al. (2020) found evidence that *CEO duality* has a negative effect on the debt ratio, *CEO tenure* has a negative effect on the debt ratio, *CEO age* has a significant effect with older CEOs avoiding risk compared to younger CEOs, *CEO gender* with male CEOs -men have a significant influence on the debt ratio. Nguyen et al. (2021) also found that *CEO duality* had a negative effect and *CEO gender* had a positive effect on the debt ratio. Based on the argument regarding the important role of the CEO in strategic decision-making, this study examines the influence of CEO characteristics (*CEO duality*, *CEO experience*, *CEO age*, *CEO gender*, and *CEO tenure*) on debt policy.

2. Literature Review

2.1. Upper Echelons Theory

Upper Echelon Theory is a theory developed by (Hambrick and Mason 1984) which suggests that organizations are a reflection of top management. This theory states that the results of an organization's strategic choices and partly the level of performance are predicted by managerial background characteristics. (Tinga et al. 2015) suggests that upper echelon theory can be used to help explain that leaders are influenced by the knowledge abilities, beliefs and characteristics of each individual. Upper echelon theory provides some basis for the importance of studying the characteristics of Commissioners and Directors, because company performance is a reflection of top management. This theory emphasizes that the personal characteristics of top managers, such as age, tenure, and specialization, have a significant influence on strategic decisions and organizational performance. Thus, studying management characteristics is very important because it will determine company performance, one of which will have an impact on company policy. Upper Echelon Theory has been used to study the impact of top management team composition and processes on organizational outcomes, as well as the influence of CEO characteristics on corporate strategy and performance. The implication of this theory is that to understand the strategic decisions and performance of a company, we need to look more closely at who makes those decisions, namely the characteristics.

2.2. Hypothesis Development

1. The Influence of CEO Duality on Debt Policy

CEO duality is the term CEO who has two positions in a company, namely as Chairman of the Board (board of commissioners) and Chief Executive Officer (board of directors) (Naseem et al. 2020). *CEO duality* can increase CEO dominance and reduce commissioner independence. If we assume boards use the CEO position to gain more control over board decisions and reduce the monitoring role to control the optimal level of debt taken by management (Naseem et al. 2020). Previous research conducted by Nguyen et al. (2021) stated the results that *CEO duality* had a negative effect on the debt ratio.

H₁ : CEO duality has a negative effect on debt policy.

2. The Influence of CEO Experience on Debt Policy

CEO experience is the work experience of a CEO who can consider company strategy in choosing funding decisions for a company (Tanjaya and Santoso 2020). CEOs who have experience will tend to be more skilled and careful in deciding strategy than CEOs who do not have experience (Chua et al. 2022). Tinga et al. (2015) explained that years of work experience with the current and previous companies determines the CEO's expertise and thus influences the company's competitiveness. So a CEO who has longer experience will improve the decisions the company makes. Previous research conducted by Chua et al. (2022) state that *CEO experience* has a positive effect on debt policy.

H₂ : CEO experience has a positive effect on debt policy .

3. The Influence of CEO Age on Debt Policy

CEO age refers to the CEO's length of time lived since birth. Haider et al. (2020) stated that older CEOs have better ethical characteristics but are more likely to avoid choosing risky strategies than younger CEOs. So they prefer internal funding to external funding. Decision-making is influenced by the CEO's age, where younger CEOs use more debt for company operations while older CEOs use less debt to avoid future risk (Naseem et al. 2020). So it can be concluded that CEOs who are young are not afraid to make funding decisions and are braver to take risks than CEOs older. Research by (Tinga et al. 2015) shows that CEO age has a negative effect on the debt ratio. Therefore, this research proposes the following hypothesis:

H₃ : CEO age has a negative effect on debt policy.

4. The Influence of CEO Gender on Debt Policy

CEO gender is one of the CEO characteristics that can influence company policies and risks (Naseem et al. 2020). Usually in a company, the CEO is held by a man, but in determining company policies and risks, female CEOs are more likely to have stronger future predictions than male CEOs (Diantini 2022). According to Nguyen et al. (2021) female directors are superior in management, communication, and understanding public opinion than male directors. So that female leaders will provide added value to the company in the long term. The characteristics of a CEO with women on the board of directors will be more helpful in making decisions and reducing risks. Previous research conducted by Nguyen et al. (2021) stated that CEO gender has a positive effect on the debt ratio. Referring to this, the hypothesis proposed in this research is:

H₄ : CEO gender has a positive effect on debt policy.

5. The Influence of CEO Tenure on Debt Policy

CEO tenure is the length of a CEO's term of office in leading a company (Sudana and Dwiputri 2018). The CEO's term of office is determined based on the annual GMS. CEOs who perform well will be reappointed through the GMS, while CEOs who perform poorly will be dismissed through the annual GMS. The end of the CEO's term of office will result in a change of CEO. Because the CEO of a company is the party who has control over decisions regarding the company's accounting policies, changing a company's CEO also has an impact on the funding decisions made by the company's CEO. CEOs who have longer tenures tend to maintain debt-to-equity ratios (Owusu et al. 2022). CEOs who have a longer tenure maximize their ability to decide on a company's funding decisions (Markus et al. 2019). Research by Tinga et al. (2015) shows that the CEO's tenure has a positive effect on the debt ratio. The following hypothesis is proposed:

H₅ : CEO tenure has a positive effect on debt policy.

3. Method, Data, and Analysis

Sampling and Data Collection

This research is a causality study that aims to determine the influence of CEO characteristics on debt policy. The object of this research is property and real estate companies listed on the Indonesia Stock Exchange for the 2018–2022 period. Property and real estate companies are companies that operate in the service sector by providing convenience for regional development and industrial businesses. The stages of data sample collection are described as follows:

Table 1. Purposive Sampling

Sample criteria	Amount
Property and real estate companies listed on the Indonesia Stock Exchange for the 2018–2022 period	85

Companies that do not publish and publish annual reports with complete audited reports in the 2018–2022 observation period	(10)
Companies that do not present the data required in research	(29)
Number of samples that meet the criteria	46
Years of observation	5
Total observations processed	230

Variable Measurement and Technical Analysis

The variables in this study were measured as follows:

Table 2. Operational Definition of Variables

Variable	Measurement
Dependent	
Debt Policy (Huang and Gao 2022)	DAR ratio = $\frac{\text{Total Liabilities}}{\text{Total Asset}}$
Independent	
Duality CEO (Huang and Gao 2022)	Coded 1 if the CEO serves as chairman of the board, 0 otherwise
CEO Experience (Tinga et al. 2015)	Coded 1 if he served as a financial expert and CO-level executive (e.g., CEO, CFO, COO, or CIO) both internally and externally to the company under study and 0 otherwise
CEO Age (Tinga et al. 2015)	using the CEO's age in years.
Gender CEO (Tinga et al. 2015)	Dummy variable, coded 1 if the CEO is male, 0 otherwise
CEO Tenure (Huang and Gao 2022)	A dummy variable is given a value of 1 if the term of office is higher than the median value for the current year, and a term of office whose term is lower than the median value for the current year is given a value of 0

This research uses the Partial Least Squares Structural Equation Modeling (PLS-SEM) technique with WarpPLS 8.0 software as the technical analysis. To test the influence of CEO characteristics on debt policy, this research refers to previous research which has been explained by (Tinga et al. 2015), the equation model is explained as follows:

Equation

$$\text{DAR} = \rho_1\text{DUA} + \rho_2\text{EXP} + \rho_3\text{AGE} + \rho_4\text{GEN} + \rho_5\text{TEN} + \epsilon$$

ρ : Regression coefficient

DAR = Debt to Asset Ratio

TWO = CEO Duality

EXP = CEO Experience

AGE = CEO Age

GEN = CEO Gender

TEN = CEO Tenure

£= Error

4. Result and Discussion

4.1. Descriptive statistics

Table 3. Descriptive Statistics

Variable	Minimum	Maximum	Average	Standard Deviation
D.P	-21.06	6.73	.6426	1.97178
CEOD	.00	1.00	-	-
CEOEX	.00	1.00	-	-
CEOAGE	34	80	59.12	9.358
CEOGEND	.00	1.00	-	-
CEOTEN	.00	1.00	-	-

Based on Table 3, the data description of each variable in this study is relatively varied. The distribution of debt policy (DP) data shows that debt policy in the research has a maximum value of 6.73, a minimum value of -21.06, an average value of 0.6426, and a standard deviation of 1.97178. The standard deviation value of 1.97178 indicates that the debt policy data in this study varies because this standard deviation value is greater than the average of 0.6426. The distribution of CEO duality data (CEOD) shows that the CEO duality data in the study has a maximum value of 1.00 and a minimum value of 0. The CEO duality variable is proxied by a dummy, where code 1 is given if the CEO also holds the position of chairman of the board and 0 otherwise. So that in the results of the analysis in this study duality CEOs who hold concurrent positions as chairman of the board are 27% and duality CEOs who do not hold concurrent positions as chairman of the board are 73%. The distribution of CEO experience (CEOEX) data shows that CEO experience in this study has a maximum value of 1.00 and a minimum value of 0. The CEO Experience variable is proxied by a dummy, where code 1 is given if the CEO's experience in a position has been held in another company, and 0 if on the contrary. So in the results of this research analysis, the CEO experience who have held positions in other companies is 71% and CEOs who have no previous experience are 29%. The distribution of CEO age data (CEOAGE) shows that the CEO age data in this study has a maximum value of 80 years old and a minimum value of 34 years old. The average value is 59.12, and the standard deviation value is 9.358. The standard deviation value of 9.358 indicates that the CEO age data in this study is less varied because this standard deviation value is smaller than the average of 59.12. The distribution of CEO gender data (CEOGEND) shows that the CEO gender data in this study has a maximum value of 1.00 and a minimum value of 0. The CEO gender variable is proxied by a dummy, where code 1 is given if the director is male and 0 if female. So, in the results of this research analysis, the gender of the CEO is 95% male and the CEO gender is 5% female. The distribution of CEO tenure data (CEOTEN) shows that the CEO tenure data in the study has a maximum value of 1.00 and a minimum value of 0. The CEO tenure variable is proxied by a dummy, where code 1 is given if the CEO with a tenure of 1.00 is higher than the median value for the current year and 0 if it is lower than the median value for the current year. So the results of the analysis in this research show that CEO tenure with a term of office that is higher than the median value for the current year is 55% and those with a term of office that are lower is 45%.

4.2. Model Fit

Table 4. Model Fit

Criteria	Mark	Sign.	Rule of Thumb	Notes
Average Path Coefficient (APC)	0.153	P= 0.003	P<0.05	Satisfying
Average R-Square (ARS)	0.134	P = 0.006	P<0.05	Satisfying
Average Adjusted R-Squared (AARS)	0.111	P = 0.015	P<0.05	Satisfying
Average block VIF (VIF)	1,080		≤3.3 if ≤5	Satisfying
Average Full Collinearity VIF (AAVIF)	1,134		≤3.3 if ≤5	Satisfying
Tenenhaus Go (Go)	0.366		Small ≥ 0.1 Medium ≥ 0.25 Large ≥ 0.36	Large

The first step in this analysis is to evaluate the model fit indicators. Based on the model fit indicator output presented in Table 4, the six indicators used in this research model meet the criteria. The APC = 0.153, the ARS = 0.134, and the AARS = 0.111, so all indicators are significant with a P value <0.05. The AVIF = 1.080 and AFVIF = 1,134 indicators have a lower than the minimum criteria limit value of < 3.3. The GoF indicator has a value of 0.366, meaning it is included in the large model category because it is higher than 0.36.

4.3. Explanatory Power

Table 5. R-squared dan Q-squared, and Effect Size

R-Squared = 0.134			
Q-Squared = 0.160			
Effect size			
Variable	Path Coefficients	Information	Rule of Thumb
CEOD	0.009	Very weak	> 0.02 weak
CEOEX	0.015	Very weak	> 0.15 moderate
CEOAGE	0.015	Very weak	> 0.35 large
CEOGEND	0.015	Very weak	
CEOTEN	0.080	Weak	

The inner model describes the relationship between latent variables based on substantive theory. The evaluation of the structural model uses the R-square method for dependent constructs. The R2 value can be used to determine whether a particular endogenous or exogenous variable has a substantive influence (Ghozali, 2014). The R-squared category is weak < 0.25, moderate < 0.45, and strong < 0.70. Based on table 5, the R-squared result for the debt policy measurement is 0.134, which shows that 13.4% of the variation in the dependent variable can be explained by the variables (CEO duality, CEO experience, CEO age, CEO gender, and CEO tenure), while 86.6% is explained by other

variables outside the research. The Q-squared result in this study was 0.160 in the debt policy measurement. This result shows good predictive validity because it has a value above 0. The next explanation is the effect size indicator.

The research results show that the effect size of variable CEO duality of 0.009 or 0.9%, means that the individual contribution of the variable CEO duality on the R-squared value is categorized as very weak from a practical view. The value of effect size CEO experience of 0.015 or 1.5%, means that the interaction of the individual contribution of the variable CEO experience on the R-squared value is categorized as very weak from a practical view. The value of effect size variable CEO age is 0.015 or 1.5%, means that the individual contribution of the variable CEO age on the R-squared value is categorized as very weak from a practical view. The value of effect size CEO gender of 0.015 or 1.5%, means that the individual contribution of the variable CEO gender on the R-squared value is categorized as very weak from a practical view. The value of effect size CEO tenure of 0.080 or 8%, means that the individual contribution of the variable CEO tenure on the R-squared value is categorized as weak from a practical view.

4.4. Path Coefficient and P-value

Table 6. Path Coefficients and P-Values

Variable	Path Coefficient	P-value	Descriptive
CEOD	-0.122	0.020	Accepted
CEOEX	0.121	0.021	Accepted
CEOAGE	-0.136	0.011	Accepted
CEOGEND	0.095	0.053	Rejected
CEOTEN	0.289	<0.001	Accepted

The next stage is to evaluate the path coefficient and P-value of the output which are summarized in Table 6. The CEO duality (CEOD) path coefficient is -0.122, negative and significant with P = 0.020; The path coefficient for the CEO Experience variable (CEOEX) is 0.121, positive and significant with P = 0.021; CEO Age (CEOAGE) path coefficient of -0.136 is negative and significant with P = 0.011; CEO Gender (CEOGEND) path coefficient of 0.095 is positive and not significant with P = 0.053; CEO Tenure (CEOTEN) path coefficient of 0.289 is positive and significant with P<0.001.

DISCUSSION

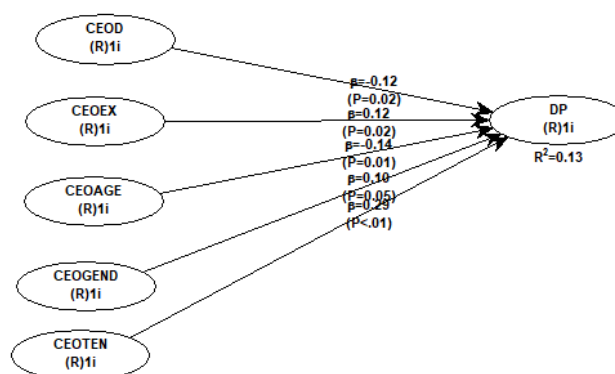


Figure 1. Path Diagram

Based on Figure 1, it shows that CEO duality has a negative and significant effect on debt policy. This can be seen from the CEO duality path coefficient of 0.020 with $P = 0.020$, meaning that hypothesis 1 (H1) is accepted. These results are in line with research conducted by Huang and Gao (2022) and Naseem et al. (2020), which shows that CEO duality has a negative effect on debt policy. CEO duality can make it possible for the CEO to act in accordance with the interests of shareholders. CEO duality can make it possible for the CEO to act in accordance with the interests of shareholders. CEOs tend to be opportunistic and prioritize personal personality when they have more power. In situations where the CEO has greater control, the likelihood of a conflict of interest increases, as the CEO may make decisions that benefit themselves rather than maximizing company value or shareholder wealth. CEO duality can also be the reason for the separation of the board of directors or the board of commissioners according to functions and duties according to position.

Further explanation in Figure 1 shows that CEO experience has a positive effect on debt policy. This can be seen from the CEO experience path coefficient of 0.121 with $P = 0.021$, meaning that hypothesis 2 (H2) is accepted. These results are in line with research conducted by Tanjung and Santoso (2020) and Chua et al. (2022) which shows that CEO experience has a positive effect on debt policy. CEOs who have more experience tend to prefer debt to fund company operational activities. CEOs who have more experience are less likely to make decisions that could harm management and shareholders. By emphasizing the importance of broad experience in the CEO selection process, companies can improve their ability to find leaders who are able to use financial leverage effectively to increase company value. Optimized financial leverage can help companies increase growth and profitability, ultimately increasing shareholder wealth.

Then the CEO's age in Figure 1 shows that it has a negative influence on debt policy. This can be seen from the CEO age path coefficient of -0.136 with $P = 0.011$ meaning hypothesis 3 (H3) is accepted. These results are not in line with research (Naseem et al. 2020) because young CEOs do not describe limited knowledge and experience. Old age also does not reflect existing policies and limitations in determining funding. CEOs with extensive experience tend to be more careful and strategic in decision making, including in terms of financing. They may be more aware of the risks associated with excessive use of debt and its impact on a company's financial stability.

The next explanation is the gender of the CEO. Figure 1 shows that CEO gender has a positive effect on debt policy. This can be seen from the CEO gender path coefficient of 0.095 with $P = 0.053$, meaning that it has no effect because the value is >0.05 or $\alpha = 5\%$ (significant in 5% and 1%). So hypothesis 4 (H4) is rejected, in line with research by this perspective, it means that both male and female CEOs tend to have a similar approach in terms of using debt as an alternative to company funding. Nguyen et al. (2021) that preferences in funding decisions using debt are not related to gender. Based on this perspective, it means that both male and female CEOs tend to have a similar approach in terms of using debt as an alternative to company funding. Factors such as business strategy, market conditions, and the company's financial structure play a greater role in this funding decision than gender factors.

Variable CEO tenure (Figure 1) shows that CEO tenure has a positive effect on debt policy. This can be seen from the CEO tenure path coefficient of 0.289 with $P > 0.001$, meaning that hypothesis 5 (H5) is accepted. These results are in line with research conducted by Huang and Gao (2022), Naseem et al. (2020), and Tinga et al. (2015). The longer the CEO's tenure, the more optimal the company's funding decisions are and the more likely it is to maintain the debt ratio. A CEO who has a longer tenure means he also has more experience, so as to be able to make risk-taking decisions to increase company value.

5. Conclusion, Limitations, Recommendations

CEO duality has a negative and significant effect on debt policy. Hypothesis 1 (H1) is accepted. CEO duality can make it possible for the CEO to act in accordance with the interests of shareholders. CEO duality can also be the reason for the separation of the board of directors or the board of

commissioners according to functions and duties according to position. CEO experience has a positive and significant effect on debt policy. Hypothesis 2 (H2) is accepted: CEOs who have more experience tend to prefer debt to fund the company's operational activities. CEO age has a negative effect on debt policy; hypothesis 3 (H3) is accepted. Old age also does not reflect the policies and limitations that exist in determining funding. Therefore, CEO characteristics in terms of age cannot be an indicator that a CEO has more experience. CEO gender has a positive and insignificant effect on debt policy; hypothesis 4 (H4) is rejected. So that the CEO's gender does not influence a company's decision on funding for operational activities. CEO tenure has a positive and significant effect on debt policy, so hypothesis 5 (H5) is accepted. CEOs who have tenure tend to have longer experience, so they can make decisions within a company more optimally.

Theoretically, this research contributes to the upper echelons theory. A leader is influenced by a person's abilities and personal characteristics. It is important for a company to know the background of the directors or commissioners because it concerns the running of the company's operations. A company's funding decisions can be determined by company officials or CEOs, each of whom has their own characteristics. So it is necessary to know how the characteristics of a CEO have an influence on the company's organizational decisions and performance

The limitation of this research is that it only examines five CEO characteristics, namely CEO duality, CEO experience, CEO age, CEO gender, and CEO tenure. Another limitation is that the research year is only five years, and the research objects are only property and real estate companies. Further research can improve this research by adding other independent variables, adding research objects in other sectors, and extending the observation year so that the results are more relevant.

Reference

- Aminah, Nazula Nr, and Eni Wuryani. 2021. "Pengaruh Kepemilikan Institusional, Ukuran Perusahaan, Profitabilitas Terhadap Kebijakan Hutang Pada Perusahaan Manufaktur Di Bei Tahun 2014-2018." *Jurnal Riset Akuntansi Dan Keuangan* 9(2):337–52. doi: 10.17509/jrak.v9i2.29483.
- Chua, Meishan, Nazrul Hisyam Ab Razak, Anuar Md Nassir, and Mohamed Hisham Yahya. 2022. "Dynamic Capital Structure in Indonesia: Does the Education and Experience of CEOs Matter?" *Asia Pacific Management Review* 27(1):58–68. doi: 10.1016/j.apmr.2021.05.003.
- CNBC Indonesia. 2021. "Geger Utang Evergrande Rp 4.000 T, Emiten Properti RI Sehat?" *CNBC Indonesia*. Retrieved (<https://www.cnbcindonesia.com/market/20210921090310-17-277832/geger-utang-evergrande-rp-4000-t-emiten-properti-ri-sehat/1>).
- Diantini, Ni Nyoman Ayu. 2022. "Peran Ceo Perempuan Dalam Keputusan Struktur Modal Dan Optimasi Nilai Perusahaan." *E-Jurnal Manajemen Universitas Udayana* 11(7):1357. doi: 10.24843/ejmunud.2022.v11.i07.p05.
- Endri, Endri, Bob Mustafa, and Oscar Rynandi. 2019. "Determinants of Debt Policy of Real Estate and Property Companies Listed on the Indonesia Stock Exchange." *International Journal of Economics and Financial Issues* | 9(2):96–104.
- Fahmie, Arief. 2022. "Pengaruh Dividen, Struktur Aset, Profitabilitas Dan Ukuran Perusahaan Terhadap Kebijakan Hutang." *Jurnal Ilmiah Akuntansi Kesatuan* 10(1):123–30. doi: 10.37641/jjakes.v10i1.1264.
- Fitria, Bulan Tati. 2020. "Pengaruh Ukuran Perusahaan, Struktur Aset, Pertumbuhan Perusahaan, Profitabilitas Terhadap Kebijakan Utang." *Jurnal Program Studi Pendidikan Ekonomi Vol.9((No.1)):(34 – 41)*.
- Fitriyani, Ulfi Nihayah, and Muhammad Khafid. 2019. "Profitability Moderates the Effects of Institutional Ownership , Dividend Policy and Free Cash Flow on Debt Policy." 8(1):45–51. doi: 10.15294/aaj.v8i1.25575.
- Gan, Liu, Wujun Lv, and Yifei Chen. 2021. "Capital Structure Adjustment Speed over the Business Cycle." *Finance Research Letters* 39(May 2019):101574. doi: 10.1016/j.frl.2020.101574.
- Haider, Imran, Nigar Sultana, Harjinder Singh, and Yeut Hong Tham. 2020. "CEO Age and Analysts Forecast Properties." *Asian Review of Accounting* 28(1):1–23. doi: 10.1108/ARA-02-2019-0054.
- Hambrick, Donald C., and Phyllis A. Mason. 1984. "Upper Echelons : Of Reflection The Its Organization as Reflection of Its Top Managers." *Management* 9(2):193–206.
- Huang, Zhen, and Weiwei Gao. 2022. "The Effects of Formal and Informal CEO Power on Debt Policy Persistence." *North American Journal of Economics and Finance* 62(August 2021):101748. doi: 10.1016/j.najef.2022.101748.
- Huang, Zhen, Weiwei Gao, and Liying Chen. 2020. "Does the External Environment Matter for the Persistence of Firms' Debt Policy?" *Finance Research Letters* 32(127). doi: 10.1016/j.frl.2018.12.021.
- Khanna, Sakshi, Amit Srivastava, and Yajulu Medury. 2015. "The Effect of Macroeconomic Variables on the Capital Structure Decisions of Indian Firms: A Vector Error Correction Model/Vector Autoregressive Approach." *International Journal of Economics and Financial Issues* 5(4):968–78.
- Linda, Maya Febrianty Lautania, and Muhammad Arfandynata. 2017. "Determinan Kebijakan Hutang (Bukti Empiris Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia)." *Jurnal Dinamika Akuntansi Dan Bisnis* 4(1):91–112. doi: 10.24815/jdab.v4i1.6628.
- Markus, Schmid, Limbach Pater, Francois Brochet, and Scholz-Danesghari Meik. 2019. "CEO Tenure and Firm Value." (16).
- Naseem, Muhammad Akram, Jun Lin, Ramiz ur Rehman, Muhammad Ishfaq Ahmad, and Rizwan Ali. 2020. "Does Capital Structure Mediate the Link between CEO Characteristics and Firm Performance?" *Management Decision* 58(1):164–81. doi: 10.1108/MD-05-2018-0594.
- Nguyen, Thao, Min Bai, Yang Hou, and Manh Chien Vu. 2021. "Corporate Governance and Dynamics Capital Structure: Evidence from Vietnam." *Global Finance Journal* 48:100554. doi:

- 10.1016/j.gfj.2020.100554.
- Nofiani, Rika, and Barbara Gunawan. 2018. "Pengaruh Kepemilikan Institusional, Free Cash Flow (FCF), Dan Investment Opportunity Set (IOS) Terhadap Kebijakan Hutang (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bei Tahun 2014-2016)." *Reviu Akuntansi Dan Bisnis Indonesia* 2(2):144–52. doi: 10.18196/rab.020228.
- Nurkholik, and Kharirotul Khasanah. 2022. "Pengaruh Free Cash Flow, Struktur Aset, Likuiditas, Profitabilitas, Pertumbuhan Penjualan, Dan Risiko Bisnis Terhadap Kebijakan Hutang." *Dinamika Akuntansi, Keuangan Dan Perbankan* 11(1):1–21.
- Oktariyani, Oktariyani, and Afriyanti Hasanah. 2019. "Pengaruh Free Cash Flow, Likuiditas Dan Kepemilikan Asing Terhadap Kebijakan Hutang Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia." *Journal of Applied Managerial Accounting* 3(1):20–35. doi: 10.30871/jama.v3i1.928.
- Owusu, Andrews, Frank Kwabi, Ernest Ezeani, and Ruth Owusu-Mensah. 2022. "CEO Tenure and Cost of Debt." *Review of Quantitative Finance and Accounting* 59(2):507–44. doi: 10.1007/s11156-022-01050-2.
- Rezki, Yuliana, and Hairul Anam. 2020. "Pengaruh Kepemilikan Manajerial, Pertumbuhan Perusahaan Dan Free Cash Flow Terhadap Kebijakan Utang." *JURNAL AKUNTANSI DAN BISNIS : Jurnal Program Studi Akuntansi* 6(1):77–85. doi: 10.31289/jab.v6i1.3010.
- Setyawan, Angelia Meysi, and Dan Devie. 2017. "Pengaruh CEO Duality Terhadap Firm Value Dengan Financial Performance Sebagai Variabel Intervening." *Business Accounting Review* 4(1):325–36.
- Sudana, I. Made, and Elka Dwiputri. 2018. "Karakteristik CEO Dan Kinerja Perusahaan Non-Keuangan Yang Teraftar Di Bursa Efek Indonesia." *Jurnal Manajemen Dan Bisnis Indonesia* 5(3):299–314. doi: 10.31843/jmbi.v5i3.169.
- Sulistiani, Ana, and Linda Agustina. 2019. "Analysis Journal Determinants of Debt Policy with Profitability as a Moderating Variable." *Accounting Analysis Journal* 8(3):184–90. doi: 10.15294/aaj.v8i3.35181.
- Tanjaya, Felix Leonardo, and Eko Budi Santoso. 2020. "ASOSIASI KARAKTERISTIK CEO TERHADAP POTENSI KESULITAN KEUANGAN PERUSAHAAN." *Media Akuntansi Dan Perpajakan Indonesia* 1(number 2):153–68.
- Tarigan, Vitryani, Djuli Sjafei Purba, and Sri Martina. 2022. "Pengaruh Ukuran Perusahaan , Likuiditas Dan Profitabilitas Terhadap Kebijakan Hutang Pada Perusahaan Pertambangan." *Owner: Riset & Jurnal Akuntansi* 6:4291–4300.
- Tinga, Irene Wei Kiong, Noor Azlinna Binti Azizan, and Qian Long Kweh. 2015. "Upper Echelon Theory Revisited: The Relationship between CEO Personal Characteristics and Financial Leverage Decision." *Procedia - Social and Behavioral Sciences* 195:686–94. doi: 10.1016/j.sbspro.2015.06.276.
- Unnuriyah, Ulfah, and Ira Septriana. 2021. "Pengaruh Likuiditas, Profitabilitas, Dan Pertumbuhan Penjualan Terhadap Kebijakan Hutang (Studi Empiris Pada Perusahaan Food and Beverage Yang Terdaftar Di BEI)." *ECONBANK: Journal of Economics and Banking* 3(2):87–96. doi: 10.35829/econbank.v3i2.180.
- Zurriah, Rezki. 2018. "Pengaruh Free Cash Flow Dan Kepemilikan Manajerial Terhadap Kebijakan Hutang (Studi Pada Perusahaan Yang Terdaftar Di Jakarta Islamic Index)." *JURNAL AKUNTANSI DAN BISNIS : Jurnal Program Studi Akuntansi* 4(2):31. doi: 10.31289/jab.v4i2.1664.