SIMBA
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THE EFFECT OF LIQUIDITY, FREE CASH FLOW, SALES GROWTH, AND COLLATERALIZABLE ASSETS ON DEBT POLICY

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Abstrak

Penelitian ini bertujuan adalah untuk mengetahui pengaruh likuiditas, *free cash flow*, *sales growth*, dan *collateralizable assets* terhadap kebijakan hutang perusahaan sektor infrastruktur yang terdaftar di Bursa Efek Indonesia periode 2020-2024. Metode penelitian yang digunakan adalah kuantitatif. Populasi penelitian mencakup perusahaan di sektor infrastruktur yang tercatat di Bursa Efek Indonesia dan telah menerbitkan laporan tahunan atau laporan keuangan lengkap antara tahun 2020 dan 2024. Metode pengambilan sampel yang digunakan adalah *purposive sampling* sebanyak 70 perusahaan sektor infrastruktur yang menghasilkan 39 perusahaan sebagai sampel penelitian. Metode analisis data menggunakan analisis regresi linier berganda dengan *software* SPSS versi 25. Analisis data menggunakan analisis deskriptif, uji asumsi klasik, analisis regresi linier berganda, uji hipotesis, dan koefisien determinasi. Hasil penelitian menunjukkan bahwa likuiditas memiliki pengaruh negatif yang signifikan terhadap kebijakan hutang, *free cash flow* tidak memiliki pengaruh terhadap kebijakan hutang, *sales growth* tidak memiliki pengaruh terhadap kebijakan hutang, dan *collateralizable assets* memiliki pengaruh negatif yang signifikan terhadap kebijakan hutang.

Kata Kunci: *Collateralizable Assets, Free Cash Flow,* Kebijakan Hutang, Likuiditas, *Sales Growth*

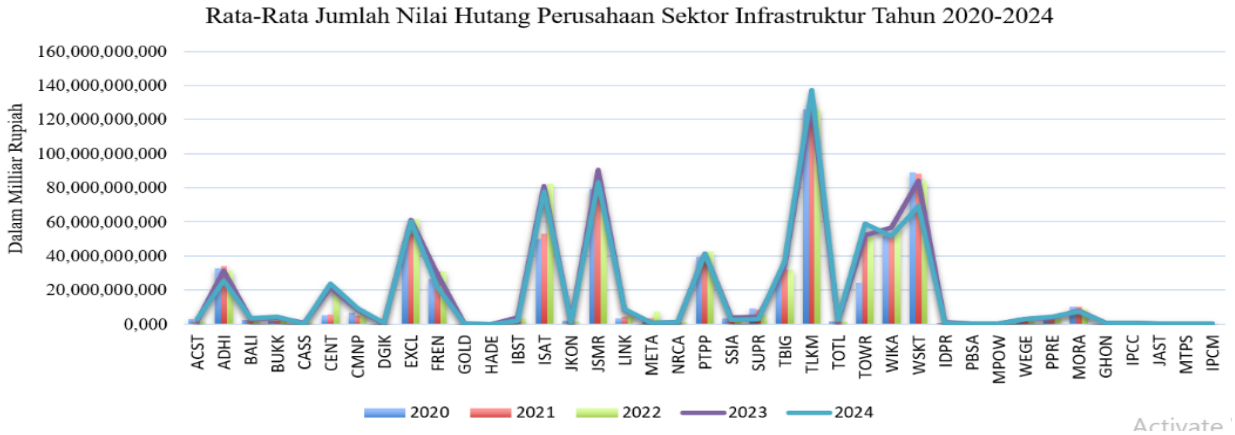
Abstract

This study aim is to determine the effect of liquidity, free cash flow, sales growth, and collateralizable assets on debt policy in the infrastructure sector companies listed on the Indonesia Stock Exchange for the 2020-2024 period. The method to this research used is quantitative. The study population includes companies in the infrastructure sector listed on the Indonesia Stock Exchange and have published annual reports or complete financial statements between 2020 and 2024. The sampling method used is purposive sampling of 70 infrastructure sector companies resulting in 39 companies as study samples. The data analysis method used was multiple linear regression analysis with SPSS software version 25. Data analysis uses descriptive analysis, classical assumption tests, multiple linear regression analysis, hypothesis testing, and coefficient of determination. The results show that liquidity has a significant negative effect on debt policy,

free cash flow has no effect on debt policy, sales growth has no effect on debt policy, and collateralizable assets have a significant negative effect on debt policy.
Keywords: Collateralizable Assets, Debt Policy, Free Cash Flow, Liquidity, Sales Growth.

A. INTRODUCTION

A company's ability to continue to innovate is no longer just for competitive advantage, but a must to remain relevant and grow amidst tight international business competition. Even in times of economic uncertainty, financial aspect play a critical role in maintaining business stability and sustainability while leveraging new opportunities. One of the goals is to achieve business progress if the availability of funds used in the company's operations is optimally fulfilled (Feryyanshah & Sunarto, 2022). Infrastructure sector companies are one of the sectors in Indonesia that requires large funds in developing operational activities compared to other sectors. Effectively managed debt will enable infrastructure companies to overcome internal capital limitations, accelerate project realization, and maintain the competitiveness of the infrastructure sector in close competition (Rahna & Murti, 2024).



Picture 1. Average Debt Value of Infrastructure Sector Companies in 2020-2024

Source: Indonesia Stock Exchange. Data Processed (2025)

Figure 1. shows the fluctuations in debt value from 2020 to 2024, with some companies experiencing significant increases. Infrastructure sector companies with the highest debt levels are

TLKM, JSMR, WSKT, WIKA, and ISAT. One of the phenomena related to debt policy is PT Waskita Karya Tbk (WSKT) which has experienced the suspension or cessation of stock trading carried out by the Indonesia Stock Exchange (IDX) due to its inability to pay principal debt and interest that has matured. WSKT's financial performance has recorded losses in its financial statements for 5 consecutive years. The financial report, which has been published by WSKT, reported disappointing results throughout 2023. The company's net loss jumped dramatically to reach IDR 4.02 billion (www.kompas.com).

In WSKT, the use of third-party funds or borrowed capital is very high, causing the company to be unable to return the amount of funds lent (debt). To avoid debt defaults in infrastructure sector companies, management in the company needs to implement debt policies appropriately to minimize the risks experienced by adjusting several aspects of the company and the risks experienced (Anita *et al*., 2023). Debt policy is very important to produce decisions on the right debt collection carried out by company management. In addition, can serve as a benchmark to the ability of infrastructure companies in their operational activities (Fardianti & Ardini, 2021).

Therefore, the objective of this study is to analyze the liquidity, free cash flow, sales growth, and collateralizable assets on debt policy of the infrastructure sector enterprises listed on IDX from 2020 to 2024. It is hoped that this will provide companies the possibility to make more optimal and sustainable funding decisions, better manage financial risks, and ensure business continuity and growth amid huge capital requirements and risks related to high debt amounts.

Literature Review

1. Trade-Off Theory

The trade-off theory provides an understanding of the size a debt from company relative to the capital it has, so that a balance is achieved between the costs incurred and the profits obtained. In the view of trade-off theory, before the company reaches the optimal point of its capital structure, the use of debt is considered more efficient than the issuance of new shares

because of the benefits of tax shields (Hamzah & Rizky, 2022). The trade-off theory explains that the amount of debt use can be determined through the number of a company's fixed assets because these assets could be used as collateral for the company's loans (Isnaeni *et al*., 2020).

2. Pecking Order Theory

Based on the idea of pecking order theory, businesses often prioritize the utilization of internal capital for example, retained earnings to fund operational activities, before switching to external capital sources (Nurkholik & Khasanah, 2022). Managers will refer to pecking order theory in making funding decisions, namely by relying on internal funds, debt, and stock issuance as the last option.

3. Debt Policy

Debt policy is defined as one of the strategies implemented by a company to obtain external financing sources to support the financing of all operations carried out by the company. With the implementation of policies, companies can determine the right proportion of debt to maintain business continuity and funding efficiency (Nurkholik & Khasanah, 2022). Debt policy is measured by the formula, as follows (Feryyanshah & Sunarto, 2022):

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

4. Liquidity

Liquidity is measured using a ratio which is interpreted as a way to assess the extent of each company's ability to meet its obligations, including business debt, dividend debt, tax debt, and other short-term liabilities (Setiyani, 2022). If the company's liquidity is high, it reflects that the company has a large enough amount of current assets, so that its financial condition can be categorized as stable or healthy. Liquidity is measured using a proxy current ratio (CR), the formula is:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

5. Free Cash Flow

Free cash flow is the amount of money a business has available to use to conduct various business activities. This free cash flow calculation uses the money remaining after operating activities are adjusted for reinvestment purposes. Free cash flow reflects the capacity to generate remaining capital after meeting its operational investment needs (Nurkholik & Khasanah, 2022). The free cash flow measurement is calculated using the following formula:

$$\text{FCF} = \frac{\text{AKO} - \text{PM} - \text{MKB}}{\text{Total Assets}}$$

Information:

FCF = Free Cash Flow

AKO = Operating Cash Flow

PM = Capital Expenditure

SMEs = Net Working Capital

6. Sales Growth

Sales growth is defined as the result of the calculation of the difference in sales between two periods compared to the sales figures in the previous period (Heresta & Salim, 2023). In simple terms, sales growth shows how much an increase or decrease in revenue a company has managed to achieve from its sales activities in two different time periods. As the sales growth rate increases, the amount of sales that can be converted into profit after the related costs are converted increases. Sales growth is calculated using the formula:

$$\text{SG} = \frac{\text{Sales}_t - \text{Sales}_{t-1}}{\text{Sales}_{t-1}}$$

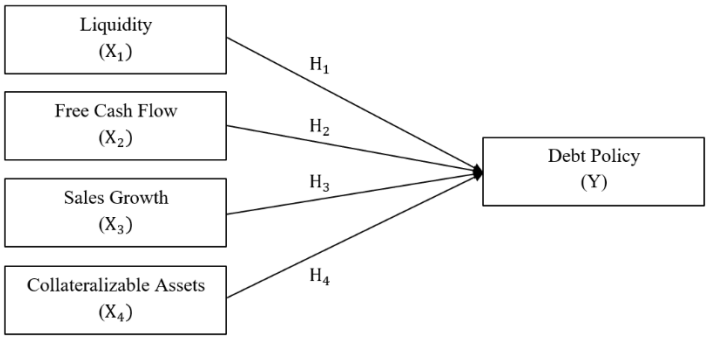
7. Collateralizable Assets

Collateralizable assets Is tangible assets (tangible assets) (Rampini & Viswanathan, 2025). Tangible assets are also defined as assets that are used as collateral to support companies in obtaining funding from debt. According to Khaidir (2022), collateralizable assets is a company asset that can be used as collateral for creditors to borrow a company's loan. With the existence of

collateralized assets, creditors have the right to confiscate or sell these assets if the company fails to fulfill its obligations to pay off the debt and interest that has been agreed. Collateralizable assets can be calculated with formulas, (Khaidir, 2022):

$$\text{COLLAS} = \frac{\text{Fixed Assets}}{\text{Total Assets}}$$

Conceptual Framework and Hypothesis



Picture 2. Conceptual Framework

From conceptual framework above, the research hypothesis is:

H_1 : Liquidity affects debt policy

H_2 : Free cash flow affect debt policy

H_3 : Sales growth affect debt policy

H_4 : Collateralizable assets affect debt policy

B. METHOD

In the tests carried out in this study, a method known as quantitative was used. The secondary data use is financial data or annual reports from companies and websites officially affiliated with the IDX. Population usage is taken from all infrastructure sector companies listed at IDX between 2020 to 2024, which totals 70 companies. The research sample used the purposive

sampling method to obtain a sample in accordance with the criteria. Sample that has met the criteria is 39 infrastructure companies. With following criteria:

1. Infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during 2020-2024.
2. Infrastructure sector companies that publish complete financial statements or annual reports during 2020-2024.
3. Infrastructure sector companies that have complete financial statement data related to the calculation of the variables to be used.

Data analysis use the software from SPSS (Statistical Package for the Social Sciences) version 25. Data analysis techniques used in research are descriptive statistical analysis, classical assumption test, multiple linear regression analysis, hypothesis test, and determination coefficient test.

C. RESULTS AND DISCUSSIONS

Descriptive Statistical Test

Descriptive statistics is defined as one of the approaches in data analysis that aims to find out minimum (lowest), maximum (highest), mean value, and standard deviation of variables.

Table 1. Descriptive Statistical Test Results (After Outliers)

Descriptive Statistics

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Likuiditas	148	.182	3.239	1.12610	.772417
Free Cash Flow	148	-.521	.647	.04034	.232295
Sales Growth	148	-.394	.489	.04879	.186434
Collateralizable Assets	148	.004	.924	.40822	.309517
Kebijakan Hutang	148	.088	4.458	1.48787	1.001986
Valid N (*listwise*)	148				

Source: SPSS 25, Data Processed (2025)

a. The liquidity variable has a minimum = 0.182 and a maximum = 3.239, with a mean = 1.12610 and standard deviation = 0.772417.

b. The free cash flow variable has a minimum = -0.521 and a maximum = 0.647, with a mean = 0.04034 and standard deviation = 0.232295.

c. The sales growth variable has a minimum = -0.394 and a maximum = 0.489, with a mean = 0.04879 and standard deviation = 0.186434.

d. The collateralizable assets variable has a minimum = 0.004 and a maximum = 0.924, with a mean = 0.40822 and standard deviation = 0.309517.

Normality Test

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			148
Normal Parameters[a,b]	*Mean*		.0000000
	Std. Deviation		.84413232
Most Extreme Differences	*Absolute*		.082
	Positive		.082
	Negative		-.049
Test Statistic			.082
Asymp. Sig. (2-tailed)			.018[c]
Monte Carlo Sig. (2-tailed)	*Sig.*		.272[d]
	99% Confidence Interval	*Lower Bound*	.260
		Upper Bound	.283

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. Based on 10000 sampled tables with starting seed 299883525.

Source: SPSS 25, Data Processed (2025)

The results of the Monte Carlo Sig. (2-tailed) show a value greater than the significant rate value of 0.05 which is 0.272. With a value of 0.272 > 0.05, the Monte Carlo result that the data can distributed normally.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Coefficients[a]			
		Collinearity Statistics	
Model		*Tolerance*	*VIF*
1	Likuiditas	.330	3.030
	Free Cash Flow	.251	3.985
	Sales Growth	.992	1.008
	Collateralizable Assets	.533	1.875

a. *Dependent Variable*: Kebijakan Hutang

Source: SPSS 25, Data Processed (2025)

From the table 3. above, it shows from the results of testing these various multicollinearity of the variables of liquidity, free cash flow, sales growth, and collateralizable assets have a mark tolerance ≥ 0.10 and VIF ≤ 10.00.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	*(Constant)*	.472	.101		4.659	.000
	Likuiditas	-.043	.068	-.089	-.633	.528
	Free Cash Flow	.270	.259	.167	1.042	.299
	Sales Growth	-.007	.162	-.003	-.042	.966
	Collateralizable Assets	.044	.134	.036	.326	.745

a. *Dependent Variable*: ABS_RES2

Source: SPSS 25, Data Processed (2025)

The results of the heteroscedasticity test using the glycetest above, it can be concluded that the significant value or sig. For the four independent variables greater than 0.05, it can be said that the independent variables there was no heteroscedasticity in the regression models of this research in study.

Autocorrelation Test

Table 5. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.575[a]	.330	.326	.69518537	1.984

a. *Predictors: (Constant),* Likuiditas, *Free Cash Flow, Sales Growth, Collateralizable Assets*

b. *Dependent Variable*: Kebijakan Hutang

Source: SPSS 25, Data Processed (2025)

The Durbin - Watson (DW) value is as much as = 1,984, number of data (N) = 148, and number of variables (k) = 5. So that the dL value of 1.6762 was obtained, dU value was 1.7871, and the value of = 4 – dU was 2.2129. The decision making requirement there is no indication of autocorrelation as evidenced by the equation criteria are dU < dw < 4 – dU. Thus, the results of

equations 1.7871 < 1.984 < 2.2129 were found, This indicates that autocorrelation is not present in the final regression model.

Analysis of the Regresi Linier Berganda

Multiple linear regression analysis is used to determine the occurrence of complications to liquidity, free cash flow, sales growth, and collateralizable assets on debt policy is significant. The results of the regression equations produced in this study are follows:

$$\boldsymbol{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e}$$

Debt Policy = 3.019 + (−1.006) Likuiditas + (−1.065) Free Cash Flow + 0.255 Sales Growth + (−0.899) Collateralizable Assets + e

Hypothesis Test (t-Test)

Table 6. Test Results t

Coefficients[a]

Model		*Unstandardized Coefficients*		*Standardized Coefficients*		
		B	*Std. Error*	*Beta*	*t*	*Sig.*
1	*(Constant)*	3.019	.237		12.739	.000
	Likuiditas	-1.006	.159	-.776	-6.326	.000
	Free Cash Flow	-1.065	.607	-.247	-1.755	.081
	Sales Growth	.255	.380	.047	.671	.503
	Collateralizable Assets	-.899	.312	-.278	-2.879	.005

a. *Dependent Variable:* Kebijakan Hutang

Based on the table, in this study it can conclude that:

a. The effect of liquidity on debt policy

This finding resulted in a sig. 0.000 < 0.05 and –6.326 > 1.97669. Thus, the first hypothesis (H1) in the research that states the influence of liquidity to debt policy is acceptable. The results of this research show that liquidity has a negative and significant impact to debt policy. This means that the company has a higher level of liquidity, the lower

the debt policy taken in a company. In companies in the infrastructure sector with high liquidity, it can be considered to have adequate cash and current assets, tending to be able to finance the company's operations and investments from internal sources. The same as previous research from Stuart *et al*., (2025) and Oppier *et al*., (2024), it states that the higher the value of a company's debt, the more likely the company is to pay its short-term debts.

b. The effect of free cash flow on debt policy

This finding resulted in a sig. 0.081 > 0.05 and −1.755 < 1.97669. Thus, the second hypothesis (H2) in the research that states influence of t_{hitung} t_{tabel}, free cash flow against on debt policy cannot accepted or rejected. Rejecting this hypothesis shows that the availability of free cash flow does not have a direct and significant impact on the company's decision regarding its debt position or policy. This indicates that the debt policy of infrastructure companies may be driven by more complex considerations than just the availability of free cash flow. The same as previous research from Dewi & Atmaja (2023) and Nurkholik & Khasanah (2022), which confirms that the company's debt policy isn't company's debt policy does not increase in response to an increase in free cash flow. So, there are no problems with free cash flow to debt policy.

c. The effect of sales growth on debt policy

This finding resulted in a sig. 0.503 > 0.05 and 0.671 < 1.97669. Thus, in this research study, the third hypothesis (H3) that states the influence of t_{hitung} t_{tabel}, sales growth against the debt policy cannot be accepted or rejected. The rejection of this hypothesis indicates that there are other factors play a more important role in determining how companies make decisions in determining the level and structure of corporate debt through debt policies. Rate of loss and gain at a company's sales growth does not directly and significantly cause the company to change its debt level. The results of this research are consistent with researches by Laily *et al*., (2025) and Goddess *et al.*, (2024), sales growth has no impact to debt policy.

That states that not all companies choose to use external sources of funds derived from debt to meet operational needs when the value of sales growth is high.

d. The effect of collateralizable assets on debt policy

This finding resulted in a sig. 0.005 < 0.05 and −2.879 > 1.97669. Thus, the fourth hypothesis (H4), which states the impact t_{hitung} t_{tabel}, collateralizable assets to the debt policy is acceptable. These findings indicate that the greater the proportion of assets a business that as collateral, the company will tend to have a lower debt policy or use fewer external sources of funds from debt. The ownership of collateralized assets actually makes the company not always dependent on external funding. The result is in line with previous research is Nazira & Meirina (2025) and Veronisa *et al*., (2023), which states that the assets used as collateral for loans have a negative impact on debt policy. The implies a corporation will require less debt if the value of its fixed assets is higher as a percentage of its total assets because it is considered to meet its needs.

D. CONCLUSIONS

Based from analysis and testing of the research that debt policy is significantly negatively influenced by liquidity. This is because companies with high liquidity have enough cash and other current assets to fund operations using internal sources of funds. Free cash flow has no impact on debt policy. This is because the availability of free cash flow doesn't affect management's ability to choose financing options for a particular company, so free cash flow is often overlooked. Furthermore, sales growth does not have much influence on debt policy in this research. This is because increased sales growth will result in more profits in funding the company's operations, so the need for external funds is often ignored because the company feels satisfied with internal funds. While collateralizable assets that can be pledged have a significant impact and have a negative impact on debt policy. It is a known fact that having a large amount of tangible assets can help a business generate more optimal cash flow from its assets for each company. However, it does not rule out the possibility that large assets will cause the company to go into debt.

E. SUGGESTIONS

Suggestions that can be proposed regarding debt policy in the next study are that the measurement of variables in the next study can use different proxies, both for independent variables and dependent variables, for example liquidity using quick ratios and debt policy using DAR. In addition, in the next study, other independent variables can be added to produce better research, including business risk, company size, investment opportunity set, profitability, and other variables that can affect debt policies.

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