BUKTI KORESPONDING ARTIKEL

ARTIKEL JURNAL INTERNASIONAL BERPUTASI

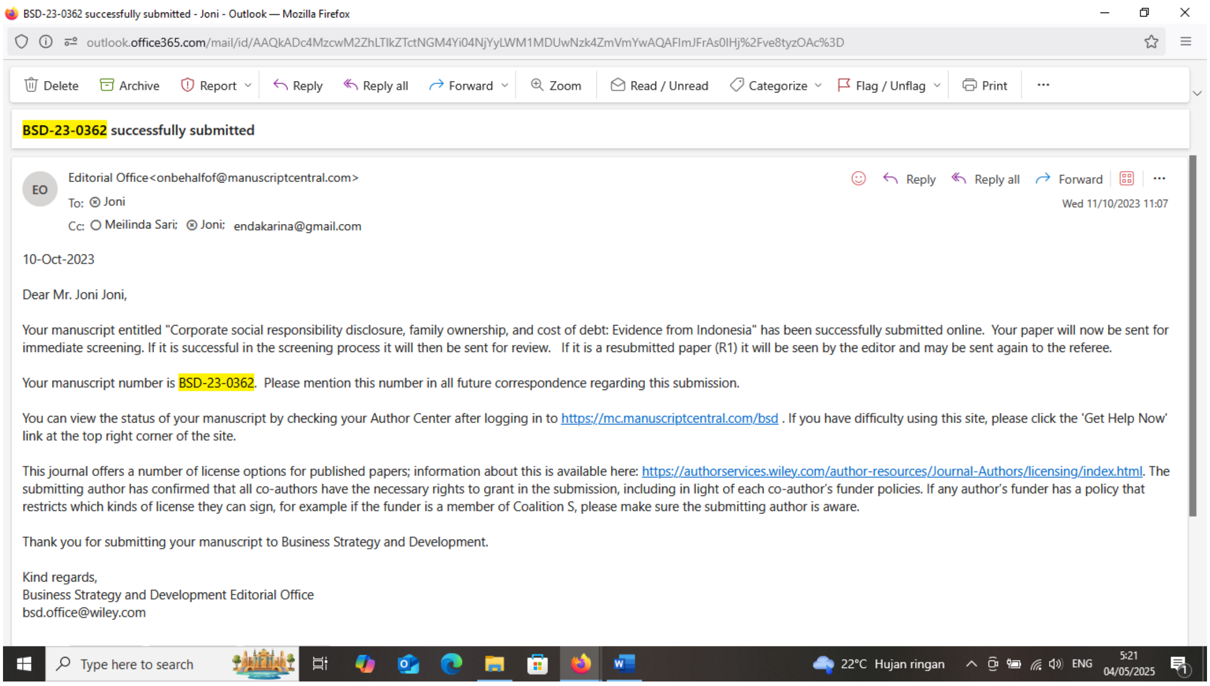
Judul: How does family business affect the association between corporate social responsibility disclosure and cost of debt in Indonesia?

Jurnal: Business Strategy and Development, 2024, Vol. 7, No. 3, e395

Penulis: Meilinda Sari, Joni Joni, Enda Karina Salsalina Br Ginting

No.	Perihal	Tanggal
1.	Bukti konfirmasi submit artikel dan artikel yang disubmit	11 Oct. 2023
2.	Bukti konfirmasi submit revisi pertama, respon kepada reviewer, dan artikel yang diresubmit	25 Nov. 2023
3.	Bukti konfirmasi artikel accepted	28 May 2024

1. Bukti konfirmasi submit artikel dan artikel yang disubmit (11 Oct. 2023)


BSD-23-0362 successfully submitted - Joni - Outlook — Mozilla Firefox

outlook.office365.com/mail/id/AAQkADc4MzcwM2ZhLTlkZTctNGM4Yi04NjYyLWM1MDUwNzk4ZmVmYwAQAFImJFrAs0lHj%2Fve8tyzOAc%3D

Delete | Archive | Report | Reply | Reply all | Forward | Zoom | Read / Unread | Categorize | Flag / Unflag | Print

BSD-23-0362 successfully submitted

Editorial Office <onbehalfof@manuscriptcentral.com>

To: Joni

Cc: Meilinda Sari; Joni; endakarina@gmail.com

Wed 11/10/2023 11:07

10-Oct-2023

Dear Mr. Joni Joni,

Your manuscript entitled "Corporate social responsibility disclosure, family ownership, and cost of debt: Evidence from Indonesia" has been successfully submitted online. Your paper will now be sent for immediate screening. If it is successful in the screening process it will then be sent for review. If it is a resubmitted paper (R1) it will be seen by the editor and may be sent again to the referee.

Your manuscript number is BSD-23-0362. Please mention this number in all future correspondence regarding this submission.

You can view the status of your manuscript by checking your Author Center after logging in to https://mc.manuscriptcentral.com/bsd . If you have difficulty using this site, please click the 'Get Help Now' link at the top right corner of the site.

This journal offers a number of license options for published papers; information about this is available here: https://authorservices.wiley.com/author-resources/Journal-Authors/licensing/index.html. The submitting author has confirmed that all co-authors have the necessary rights to grant in the submission, including in light of each co-author's funder policies. If any author's funder has a policy that restricts which kinds of license they can sign, for example if the funder is a member of Coalition S, please make sure the submitting author is aware.

Thank you for submitting your manuscript to Business Strategy and Development.

Kind regards,
Business Strategy and Development Editorial Office
bsd.office@wiley.com

Type here to search | 22°C Hujan ringan | ENG | 5:21 04/05/2025

2. Bukti konfirmasi submit revisi pertama, respon kepada reviewer, dan artikel yang diresubmit (25 Nov. 2023)

BSD-23-0362 - decision - Joni - Outlook - Work - Microsoft Edge

BSD-23-0362 - decision

Scott Lam<onbehalfof@manuscriptcentral.com>
To: Joni
Sat 25/11/2023 14:27

Attached standard file: Revie... 71 KB | Attached standard file: Revie... 38 KB | Attached standard file: Manu... 83 KB

Show all 3 attachments (192 KB) Save all to OneDrive - Universitas Kristen Maranatha Download all

25-Nov-2023

Dear Joni Joni,

Manuscript ID BSD-23-0362 entitled "Corporate social responsibility disclosure, family ownership, and cost of debt: Evidence from Indonesia"

How are you doing? I hope that you and your family are keeping well. It's my great pleasure to correspond with you.

My name is Scott Lam and I am Editorial Assistant for the journal - I administer the editorial process ranging from submission, review, revision and, for accepted papers, submission to John Wiley and Sons for typesetting and publication.

Thank you for submitting your paper to the Business Strategy and Development.

Further to your submission of the above-titled paper, to 'Business Strategy and Development', we have now received the three reviewers' reports, which are attached below for your information. The editor has asked me to write to you with his comments.

Reviewer A's opinion, Reviewer B's opinion and Reviewer C's opinion were that revisions will be required before further considering this paper to be published, and the editor is in broad agreement with the Reviewer A's, Reviewer B's and Reviewer C's opinions. He would therefore ask you to revise the paper, along the lines suggested by the three reviewers and resubmit it in due course. He would then be willing to reconsider it for publication.

Please kindly send a letter outlining your response to the points raised by the three reviewers respectively.

Type here to search 8:29 05/08/2024

BSD-23-0362 - decision - Joni - Outlook - Work - Microsoft Edge

BSD-23-0362 - decision

Please kindly send a letter outlining your response to the points raised by the three reviewers respectively.

Please kindly be reminded that your revised paper should be resubmitted in the manuscript central system in word file document format (instead of pdf file format). Thank you. Please kindly also include the full title, abstract with no more than 250 words and up to 8 keywords in your revised paper (at the first page of your paper content). Thank you.

Please kindly note that the title page with the authors' affiliations and contact details, declaration of no conflict of interest and keywords is required in the system. Please provide the title page when you resubmit your paper in the system. Thanks.

The editor is broadly in agreement with the referee. In addition however, he is also of the view that the article could be strengthened by more reference to previous articles published in the journal so as to create a degree of continuity and academic growth for the publication.

Furthermore, we would also ask you to carefully consider the title of your paper, abstract and keywords. Increasingly, papers are read after people have used search engines to find topics. Titles containing generic titles such as " sustainable development", "stakeholder engagement" and " environmental policy" tend to get more attention, for example.

It would be great if you would be able to resubmit your paper in the system by 31st January, 2024 in order to catch up with the publication schedule of the upcoming issue of the journal. We will look forward to receiving your resubmission in the system. Thanks.

A revised version of your manuscript that takes into account the comments of the referee(s) will be reconsidered for publication.

Please note that submitting a revision of your manuscript does not guarantee eventual acceptance, and that your revision may be subject to re-review by the referee(s) before a decision is rendered.

You can upload your revised manuscript and submit it through your Author Center. Log into https://mc.manuscriptcentral.com/bsd and enter your Author Center, where you will find your manuscript title listed under "Manuscripts with Decisions".

When submitting your revised manuscript, you will be able to respond to the comments made by the referee(s) in the space provided. You can use this space to document any changes you make to the original manuscript.

This journal offers a number of license options for published papers; information about this is available here: https://authorservices.wiley.com/author-resources/Journal-Authors/licensing/index.html. The submitting author has confirmed that all co-authors have the necessary rights to grant in the submission, including in light of each co-author's funder policies. If any author's funder has a policy that restricts which kinds of license they can sign, for example if the funder is a member of Coalition S, please make sure the submitting author is aware.

Type here to search 21°C Kabut 8:34 05/08/2024

BSD-23-0362 - decision - Joni - Outlook - Work - Microsoft Edge

about:blank

Delete Archive Report Reply Reply all Forward Zoom Read / Unread Categorize Flag / Unflag Print ···

BSD-23-0362 - decision

Reviewing: 1

Comments to the Author - Please see detailed comments in the attachment - Manuscript ID BSD-23-0362.docx

The idea of the paper is interesting. In my opinion, some major issues limit the significant contribution of the paper in its current version. They are addressed here in order to provide some helpful hints to the authors.

Reviewing: 2

Comments to the Author
The comments to the author can we find in the attached file-Review of article BSD-23-0362.docx.

Reviewing: 3

Comments to the Author -Please also see the detailed comments in the attachment - Reviewer Comments.docx .
Business Strategy and Development
Corporate social responsibility disclosure, family ownership,
and cost of debt: Evidence from Indonesia
The paper attempts to examine how Corporate Social Responsibility (CSR) disclosure and family ownership affects Cost of Debt (COD). The study employs mainly two analysis such as OLS and Generalized Method of Moments. It is an interesting work; however, the paper has in nascent stage and many grammatical and typo graphical errors. Hope my comments help to improve this paper.

1. The author (s) need to provide a strong motivation for the study in the introduction part. Further, the motivation of the study is not up to the mark.
2. There is some duplication in the introduction section (See page no. 3 and line no.28 to 37). Author (s) tries to explain the contribution of the study. However, the separate paragraph given as a contribution of the study (see page no. 4 and line no.25 to 39).
3. The author (s) uses too long sentences, it is very hard to understand the concept. It is suggested to break into small sentences. For example, in the introduction section page no. 2 and line no. 8 to 13.
4. The author (s) claims that "CSR information is regarded as a long-term value that can be addressed to stakeholders and becomes one of the company's broad attitudes toward environmental, social, and governance issues". It needs proper supporting literature/citation.
5. The literature section missed out significant works.
6. Authors should clearly mention the reason for why you are choosing the study period from 2017 to 2020 and the tested model is very simplistic.
7. The author (s) provides detailed data description is very helpful to the readers to understand the data and its sources.
8. The correlation results show highest correlation is between COD and CSRD. Author need to explain the valuable reason for this.
9. The conclusion and policy implication section need more attention. The conclusion must be concluded with supporting literature. It is required that the authors cite some studies supporting your findings and conclusions.

Type here to search 21°C Kabut Show hidden icons 8:35 05/08/2024

BSD-23-0362 - decision - Joni - Outlook - Work - Microsoft Edge

about:blank

Delete Archive Report Reply Reply all Forward Zoom Read / Unread Categorize Flag / Unflag Print ···

BSD-23-0362 - decision

Reviewing: 2

Comments to the Author
The comments to the author can we find in the attached file-Review of article BSD-23-0362.docx.

Reviewing: 3

Comments to the Author -Please also see the detailed comments in the attachment - Reviewer Comments.docx .
Business Strategy and Development
Corporate social responsibility disclosure, family ownership,
and cost of debt: Evidence from Indonesia
The paper attempts to examine how Corporate Social Responsibility (CSR) disclosure and family ownership affects Cost of Debt (COD). The study employs mainly two analysis such as OLS and Generalized Method of Moments. It is an interesting work; however, the paper has in nascent stage and many grammatical and typo graphical errors. Hope my comments help to improve this paper.

1. The author (s) need to provide a strong motivation for the study in the introduction part. Further, the motivation of the study is not up to the mark.
2. There is some duplication in the introduction section (See page no. 3 and line no.28 to 37). Author (s) tries to explain the contribution of the study. However, the separate paragraph given as a contribution of the study (see page no. 4 and line no.25 to 39).
3. The author (s) uses too long sentences, it is very hard to understand the concept. It is suggested to break into small sentences. For example, in the introduction section page no. 2 and line no. 8 to 13.
4. The author (s) claims that "CSR information is regarded as a long-term value that can be addressed to stakeholders and becomes one of the company's broad attitudes toward environmental, social, and governance issues". It needs proper supporting literature/citation.
5. The literature section missed out significant works.
6. Authors should clearly mention the reason for why you are choosing the study period from 2017 to 2020 and the tested model is very simplistic.
7. The author (s) provides detailed data description is very helpful to the readers to understand the data and its sources.
8. The correlation results show highest correlation is between COD and CSRD. Author need to explain the valuable reason for this.
9. The conclusion and policy implication section need more attention. The conclusion must be concluded with supporting literature. It is required that the authors cite some studies supporting your findings and conclusions.
10. The author (s) should clearly identify the policy implications that consistent with the findings of the paper. Here the authors written general implications.
11. There is some informal language in the paper and many grammatical errors.
12. The author (s) need to provide sources below the table.
13. The table interpretations need more attention. The author (s) interpreted the results in general. It is expected to provide the reason for this.

Type here to search 21°C Kabut 8:35 05/08/2024

BSD-23-0362.R1 successfully submitted - Joni - Outlook — Mozilla Firefox

outlook.office365.com/mail/id/AAQkADc4MzcwM2ZhLTlkZTctNGM4Yi04NjYyLWM1MDUwNzk4ZmVmYwAQAIVXUf24Se5MjMy7eK6TvPE%3D

Delete | Archive | Report | Reply | Reply all | Forward | Zoom | Categorize

Print this email.

BSD-23-0362.R1 successfully submitted

EO

Editorial Office<onbehalfof@manuscriptcentral.com>

To: Joni

Cc: Meilinda Sari; Joni; endakarina@gmail.com

Reply | Reply all | Forward

Tue 21/05/2024 15:33

21-May-2024

Dear Mr. Joni Joni,

Your manuscript entitled "How does family business affect the association between corporate social responsibility disclosure and cost of debt in Indonesia" has been successfully submitted online. Your paper will now be sent for immediate screening. If it is successful in the screening process it will then be sent for review. If it is a resubmitted paper (R1) it will be seen by the editor and may be sent again to the referee.

Your manuscript number is BSD-23-0362.R1. Please mention this number in all future correspondence regarding this submission.

You can view the status of your manuscript by checking your Author Center after logging in to https://mc.manuscriptcentral.com/bsd . If you have difficulty using this site, please click the 'Get Help Now' link at the top right corner of the site.

This journal offers a number of license options for published papers; information about this is available here: https://authorservices.wiley.com/author-resources/Journal-Authors/licensing/index.html. The submitting author has confirmed that all co-authors have the necessary rights to grant in the submission, including in light of each co-author's funder policies. If any author's funder has a policy that restricts which kinds of license they can sign, for example if the funder is a member of Coalition S, please make sure the submitting author is aware.

Thank you for submitting your manuscript to Business Strategy and Development.

Kind regards,
Business Strategy and Development Editorial Office
bsd.office@wiley.com

Type here to search | 22°C Hujan ringan | ENG | 5:26 04/05/2025

Responses to Reviewer's comments

Many thanks for your insight and suggestions to improve the quality of the paper submitted to Business Strategy and Development. In this revised version we have made all necessary corrections and undertake additional as suggested and hope this time the revised paper will have a positive recommendation from you. Our responses are placed side-by-side to your comments.

Reviewer 1:

I find the paper's idea interesting. I believe the paper's current version is limited in contributing significantly because of some major issues. Addressing them here aims to give authors helpful hints.

Comments and Suggestions

No.	Major Comments and Suggestions	Responses
1.	In the abstract, the findings should be presented with more clarity. – Does the study have any academic implications?	Thank you for the suggestion. We have re-written our abstract section and added academic implication. For instance: **Research implications –** The findings contribute to the literature by providing empirical evidence on how CSR and family firms experience lower cost of debt capital using an emerging economy context, Indonesia. Further, this study provides academic implications by investigating whether family ownership can be a moderator variable on the association between CSR and COD. The study also shows practical implications for practitioners and regulators to create policies that promote better CSR initiatives and corporate governance system."
2.	In the introduction, it would have been helpful if the author/researcher had explained the reason for incorporating the moderating variable, the theoretical framework, and the existing literature	Thank you for the suggestion. We have rewritten the introduction section and accommodate all the suggestions, including the explanation for moderating variable, the theoretical framework, and the existing literature. Please kindly see the introduction section. (Please see the introduction section) "This study examines the relationship between Corporate Social Responsibility (CSR) and Cost of Debt (COD) in companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. CSR activities have become an important part of business practice. CSR reporting is a commitment from the Limited Liability Company to participate in sustainable economic development to improve the quality of life and provide a beneficial environment for the company itself, the local community, and society in general. John Elkington

		(1997) created the concept of the Triple Bottom Line or "3P" (profit, people, and planet). If a company intends to continue in the long term (sustainable), it must adhere to the Triple Bottom Line "3P" concept, which states that the company must not only pursue revenue (profit), but also make a contribution to society (people) and adhere to environmental sustainability (planet). CSR disclosures are considered additional reports that become one of the sources of information required by investors and creditors. It is regarded as a long-term value that can be addressed by stakeholders and shows the company's broad attitudes toward environmental, social, and governance issues (He, 2023). According to Wang et al. (2023), CSR information can help stock investors determine whether a company is a good investment target. Studies conducted by Guo et al. (2023) further state that CSR is an important issue for creditors. Indonesian businesses must pay close attention to CSR because of the increasingly rapid development of the economy, technology, and global competition. There are several regulations on CSR reporting in Indonesia, including PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, which is stated in Article 4 paragraph (1) of PP No. 47 of 2012, "Social and environmental responsibilities are carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or the GMS in accordance with the articles of association of the Company, unless otherwise stipulated in the laws and regulations." Article 15b of Investment Law No. 25 of 2007 states that "every listed company is obliged to carry out corporate social responsibility." Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is the lower cost of debt (Guo et al., 2023; Ali et al., 2023; Duggal et al., 2024). CSR reporting is certainly more interesting because of increasing stakeholder demand, and the trend of CSR itself is increasing high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by lowering their interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. From the agency theory perspective, CSR activities

		can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, make the company more transparent, and improve the company's image among stakeholders, especially investors and creditors (AlKhouri & Suwaidan, 2023; Cui et al., 2018). This is also consistent with signaling theory, which suggests that CSR disclosure is perceived as a positive signal by creditors and other stakeholders. For several reasons, this study differs from previous studies (e.g. Uyar et al., 2023; Guo et al., 2023; AlKhouri & Suwaidan, 2023; Duggal et al., 2024). First, it extends a limited number of studies on how debtholders perceive CSR activities in developing countries. Most research on CSR and the cost of debt has been conducted in developed countries, and there is still a paucity of literature examining this relationship in developing countries (e.g., AlKhouri & Suwaidan, 2023). This study is also practically important because debt is the main source of funding in emerging markets, such as Indonesia (Duggal et al., 2024). Second, this study includes a moderating variable, family ownership, on the relationship between CSR disclosure and debt financing (e.g., Duggal et al., 2024). Another unique feature of the Indonesian Corporate Governance landscape is the presence of family firms. In Indonesia, the majority of listed companies are controlled by families (Joni et. al., 2020). The ownership structure of companies in Indonesia differs from that of companies in other countries (Joni et al., 2010). Most businesses in Indonesia are concentrated, with the owner serving on the board of directors and as a manager. According to Madden et al. (2020), family businesses are more likely to invest in CSR activities than non-family businesses. Lim (2021), founders or founding families, and heirs control the majority of companies worldwide. Persistent family ownership is long-term loyalty to the company. However, if a company has a high percentage of family ownership, creditors and investors will be interested in investing in or providing funds to the company because the members of the company will perform optimally so that the company survives for a long time and is then passed down to its descendants. Consequently, this study anticipates that agency conflict with the cost of debt will be reduced in

		family owned businesses, as it is impossible for family businesses to survive only in the short term. Our study uses a sample of 2,250 companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2020 period. This study tested the effect of CSR on COD by including a moderating variable: family ownership. In accordance with our first hypothesis, our findings show that CSR has a negative effect on debt costs, consistent with previous studies. In the second test, our findings show that family ownership moderates the effect of CSR on debt costs. To ensure that the standard error of the estimates is consistent with heteroscedasticity and autocorrelation, an endogeneity test was performed using the Generalized Method of Moments heteroscedasticity technique (e. g., Joni et al., 2020). These results are consistent with the results of the main OLS (Ordinary Least Square) regression estimations. The remainder of this paper is organized as follows. section goes over the theoretical foundation and hypothesis development. The third section covers the research methodology for the sample and variables used in this study. The fourth section presents the empirical findings of the research in the form of a descriptive analysis and explanations of the findings of this study. Finally section is the study's conclusion."
3.	The introduction should have identified the theoretical and practical gaps.	Thank you for the suggestion. We have rewritten the introduction section and accommodate all the suggestions, including the theoretical and practical gaps. Please kindly see the introduction section. (Please see the introduction section)
4.	On page 2, lines 53-55, you state "Companies that consistently provide detailed, timely, and informative disclosure reports benefit from a variety of market advantages, one of which is lower cost of debt (COD)". It's necessary to clarify this. Furthermore, older references were used even though more recent ones were available in same topic, such as A) Guo, M., Zheng, C., & Li, J. (2023). Corporate social responsibility and debt financing cost: evidence from China. Environment, Development and Sustainability, 1-29.	Thank you, we have provided a clear understanding on page 2 and added recent references as suggested. For instance: "Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is lower cost of debt (Guo et al., 2023; Ali et al., 2023; Raimo et al., 2021). CSR reporting is certainly more interesting as a result of increasing stakeholder demand and the trend of CSR itself being increasingly high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by

	B) AlKhouri, R., & Suwaidan, M. S. (2023). The impact of CSR on the financing cost of Jordanian firms. Social Responsibility Journal, 19(3), 460-473. C) Raimo, N., Caragnano, A., Zito, M., Vitolla, F., & Mariani, M. (2021). Extending the benefits of ESG disclosure: The effect on the cost of debt financing. Corporate Social Responsibility and Environmental Management, 28(4), 1412-1421. D) Uyar, A., Gerged, A. M., Kuzey, C., & Karaman, A. S. (2023). Do CSR performance and reporting facilitate access to debt financing in emerging markets? The role of asset structure and firm performance. Review of Accounting and Finance. And in related fields such as: A) Mansour, M., Al Zobi, M., Saleh, M. W. A., Al-Nohood, S., & Marei, A. (2023). The board gender composition and cost of debt: Empirical evidence from Jordan. Business Strategy & Development, 1–17. https://doi.org/10.1002/bsd2.300 B) Ali, K., Nadeem, M., Pandey, R., & Bhabra, G. S. (2022). Do capital markets reward corporate climate change actions? Evidence from the cost of debt. Business Strategy and the Environment	lowering creditors' interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company's image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders.”
5.	In a regression model, it is better and clearer to use the formula (CSRD*fo) instead of (CSRD.fo) for the interaction term.	Thank you, the final version of our paper has change CSRD.fo with CSRD*fo for the interaction formula.
6.	Overall, the literature review remains descriptive and vague. This makes it difficult to present convincing hypotheses.	We have re-written the literature review section and added several recent studies. Please kindly see section 2.2.
7.	There is a need for more justification regarding the control variables in the research model.	We have added justifications for control variables used in the model. “Following previous studies on debt costs (Benlemlih, 2017; Nguyen et al., 2020; Ali et al., 2023), the variables that can influence cost of debt capital are controlled, including leverage, firm size, interest coverage, industry and year fixed effects. In this study, leverage (DER) is defined as the ratio of total debt to total equity. Since Diamond (1989) demonstrated that leverage can increase the risk of liquidity, therefore leverage is included in the model. Next, firm size (SIZE) is calculated using the natural logarithm of total assets. According to Zheng et al. (2012), size is used to control the

		impact of credit quality on debt maturity. Larger companies are more likely to be able to obtain long-term debt because their credit quality is high (Ben-Nasr et al., 2015; Nguyen et al., 2020). Also, interest coverage (ICR) is negatively associated with cost of debt (Francis et al., 2004). It is expected a higher value of ICR is related to a lower cost of debt. We control the possible variation over time by applying year fixed effect (YEAR) in our model. Finally, the potential industry effects are also controlled using industry indicator variables (IND) based on GICS (Global Industry Classification Standard) codes."
8.	There was no explanation given for including year and industry-fixed effects in the model.	We have added justifications for controlling year and industry-fixed effects in the model. "Following previous studies on debt costs (Benlemlih, 2017; Nguyen et al., 2020; Ali et al., 2023), the variables that can influence cost of debt capital are controlled, including leverage, firm size, interest coverage, industry and year fixed effects. In this study, leverage (DER) is defined as the ratio of total debt to total equity. Since Diamond (1989) demonstrated that leverage can increase the risk of liquidity, therefore leverage is included in the model. Next, firm size (SIZE) is calculated using the natural logarithm of total assets. According to Zheng et al. (2012), size is used to control the impact of credit quality on debt maturity. Larger companies are more likely to be able to obtain long-term debt because their credit quality is high (Ben-Nasr et al., 2015; Nguyen et al., 2020). Also, interest coverage (ICR) is negatively associated with cost of debt (Francis et al., 2004). It is expected a higher value of ICR is related to a lower cost of debt. We control the possible variation over time by applying year fixed effect (YEAR) in our model. Finally, the potential industry effects are also controlled using industry indicator variables (IND) based on GICS (Global Industry Classification Standard) codes."
9.	Explicitly discuss what the result shows in the section on descriptive statistics & bivariate analysis	We have provided better explanations on the results in section 4. "The first Model 1 results show that CSR has a significant negative effect on the cost of debt, with a coefficient of -0.0349 at the 1% level, which is consistent with previous studies (Kuo et al., 2021; Nguyen et al., 2020; Gong et al., 2021; Hu et al., 2021). When a company reports CSR and has a high CSR value, debtholders will consider

		providing a lower cost of debt because the company is held accountable for the company. In line with agency and signaling theories suggesting that CSR disclosure is an important vehicle to reduce asymmetry information and to provide positive signal to the stakeholders, including creditors and investors as reflected in lower cost of debt. It means that the creditors view company with better CSR is associated with lower corporate risks. The result is economically significant. The first hypothesis is supported by the regression results in table 4. It can be stated that if a company is concerned with the interests of its stakeholders, the stakeholders will support it. With the creation of a CSR report, the company has provided information related to the company, which is one of the stakeholders' interests in obtaining information in order to reduce information asymmetry so that investors/debtholders are willing to provide lower interest costs. By reporting CSR, stakeholders can more easily monitor company reports and the company's state, lowering the risk of the company being unable to pay its debts. Transparency in reporting has reduced agency issues between companies and debtholders. In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al., 2020). When the interaction variable between CSR and family ownership is shown to have a significant negative effect on the cost of debt in Model 2, the interaction variable has a significant negative effect on the cost of debt. Whereas in these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors will pay attention to the cost of debt to the company as a result of this because the company has a plus. Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting. The findings of this study also support the second hypothesis, which holds that family ownership with more CSR disclosure can lower cost of debt (Cruz et al., 2014). In this case, the

		company is attempting to establish a good reputation in the eyes of debtholders. Thus, family businesses will engage in CSR reporting so that debtholders can create a positive image for the company and reduce information asymmetry. The disclosure of CSR will support lower agency costs, where the cost of debt to be received by the company will be lower, and the company's reputation will improve."
10.	Why, the result of the Pearson correlation test is not tabulated? It must exist.	We have added the Pearson correlation test in Table 4. Thank you for the suggestion.
11.	The absence of the related theory in both the introduction and conclusion is puzzling. Any idea why?	We have added related theories in both introduction and conclusion. As a part of Introduction: "In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company's image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders." As a part of conclusion: The findings of this study state that companies that build a strong corporate image and reputation by disclosing CSR will reduce COD. Indonesia is one of the developing countries where debt financing for developing countries plays a significant role for businesses. This is one of the disclosures that the principal can accept when making reports related to corporate responsibility for the social environment. This allows investors or creditors to consider whether they will reduce the cost of debt by reviewing the company's CSR reports. The findings are in line with Agency and Signaling theories which describe that CSR disclosure is an effective tool to minimize agency conflicts and perceived positively by creditors. Therefore, firms with more CSR disclosure experience lower cost of debt financing."
12.	The first Model 1 and 2 results discussion: too brief. Need to enhance	We have improved the discussion of the results in section 4.2.

		“The first Model 1 results show that CSR has a significant negative effect on the cost of debt, with a coefficient of -0.0349 at the 1% level, which is consistent with previous studies (Kuo et al., 2021; Nguyen et al., 2020; Gong et al., 2021; Hu et al., 2021). When a company reports CSR and has a high CSR value, debtholders will consider providing a lower cost of debt because the company is held accountable for the company. In line with agency and signaling theories suggesting that CSR disclosure is an important vehicle to reduce asymmetry information and to provide positive signal to the stakeholders, including creditors and investors as reflected in lower cost of debt. It means that the creditors view company with better CSR is associated with lower corporate risks. The result is economically significant. The first hypothesis is supported by the regression results in table 4. It can be stated that if a company is concerned with the interests of its stakeholders, the stakeholders will support it. With the creation of a CSR report, the company has provided information related to the company, which is one of the stakeholders' interests in obtaining information in order to reduce information asymmetry so that investors/debtholders are willing to provide lower interest costs. By reporting CSR, stakeholders can more easily monitor company reports and the company's state, lowering the risk of the company being unable to pay its debts. Transparency in reporting has reduced agency issues between companies and debtholders. In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al., 2020). When the interaction variable between CSR and family ownership is shown to have a significant negative effect on the cost of debt in Model 2, the interaction variable has a significant negative effect on the cost of debt. Whereas in these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors will pay attention to the cost of debt to the company as a result of this because the company has a plus.

		Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting. The findings of this study also support the second hypothesis, which holds that family ownership with more CSR disclosure can lower cost of debt (Cruz et al., 2014). In this case, the company is attempting to establish a good reputation in the eyes of debtholders. Thus, family businesses will engage in CSR reporting so that debtholders can create a positive image for the company and reduce information asymmetry. The disclosure of CSR will support lower agency costs, where the cost of debt to be received by the company will be lower, and the company's reputation will improve."
13.	Providing additional details on the theories developed and practical implications would enhance the authors' work	We have added a detail explanation on the theories developed and practical implications in section 2.2. "Several related theories, including agency theory and signaling theory, can explain the relationship between CSR and debt cost. According to agency theory, there are two interconnected parties in a business: the agent and the principal (Jensen & Meckling, 1976). The agent is the company's manager who oversees the company's operational activities, whereas the principal is the party who will provide funds to the company. In this case, the investor (principal) must be able to hold the management (agent) accountable for the funds provided to the company. This states that companies that disclose CSR will entice investors/creditors to invest their capital in the company because they will be able to be held accountable for the capital provided by creditors based on the company's social responsibility (Cheng et al., 2014; Bacha & Ajina, 2019). The purpose of CSR disclosure is to minimize costs as a result of information asymmetry and uncertainty in the view of agency theory. Agency problems, which involve the relationship between agents and owners, cause information asymmetry (Broghesi et al., 2014). When management, as an agent, has more personal information than the principal or investor, information asymmetry occurs in the capital market; to reduce the cost of capital, information asymmetry must be reduced (Bhuiyan & Nguyen, 2019; Martinez-Ferrero et al., 2016). The cost of

		capital will be lower if information asymmetry is reduced in the capital market. CSR disclosure is regarded as a vehicle to protect stakeholders from potentially bad manager behavior and reduces information asymmetry, thereby lowering the cost of debt (Ghouma et al., 2018; Cooper & Uzun, 2015; Stellner et al., 2015; Bhuiyan & Nguyen, 2019). Additionally, signaling theory provides more arguments on the association between CSR and cost of debt. Signaling theory emphasizes the significance of information issued by a company on investment decisions made outside of the company. CSR disclosure is one of the most important things for stakeholders, including investors because it provides information and an overview of the company's current state on sustainable development issues. Investors require relevant, accurate, complete, and timely information as a stakeholder analysis tool when making investment decisions. By disclosing CSR reports, two goals will be met in order to maximize public interest, the first of which is to fulfill the public interest in obtaining more informative corporate disclosure reports, thereby reducing information asymmetry (La Rosa et al., 2018). Second, companies that do CSR reporting have good prospects in the future, so many stakeholders or investors will provide funds to the company. The CSR report contains information on environmental potential, social responsibilities, and thus long-term value, and CSR data can be used to analyze the company's risk profile."
14.	In section: 4.3 Endogeneity, again, you state that: The result is not tabulated??????? It's very important to appear in your paper. You can enhance that be reading these papers: A) Mansour, M., Hashim, H., Salleh, Z., Al-ahdal, W. M., Almaqtari, F. A., & Abdulsalam Qamhan, M. (2022). Governance practices and corporate performance: Assessing the competence of principal-based guidelines. Cogent Business & Management, 9(1), 2105570. https://doi.org/10.1080/23311975.2022.2105570 B) Saleh, M. W., Eleyan, D., & Maigoshi, Z. S. (2022). Moderating effect of CEO power on institutional ownership and performance. EuroMed Journal of Business. https://doi.org/10.1108/EMJB-12-2021-0193	We have added the results in table 6 and the references. Thanks you for the suggestions

	C) Wintoki, M. B., Linck, J. S., & Netter, J. M. (2012). Endogeneity and the dynamics of internal corporate governance. Journal of Financial Economics, 105(3), 581–606. https://doi.org/10.1016/j.jfineco.2012.03.005 D) Ullah, S., Akhtar, P., & Zaefarian, G. (2018). Dealing with endogeneity bias: The generalized method of moments (GMM) for panel data. Industrial Marketing Management, 71(1), 69–78. https://doi.org/10.1016/j.indmarman.2017.11.010	
15.	Robustness tests need to be conducted, and a solid theoretical framework should be constructed.	Thank you. We have added the robustness test and the theoretical framework has been constructed.
16.	Regarding the moderation effects, I don't see the synergistic effects of the interaction. This implies that the interaction term does not have a significant marginal effect on coefficients. This point is very important to clarify.	Thank you. For the moderation effect. We have mentioned and reported in Table 4. The result shows that the interaction effect is negative and significant statistically. The description is as follow: "When the interaction variable between CSR and family ownership is shown to have a significant negative effect on the cost of debt in Model 2, the interaction variable has a significant negative effect on the cost of debt. Whereas in these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors will pay attention to the cost of debt to the company as a result of this because the company has a plus. Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting."
17.	Thus, in order to gain further insights into the moderating effect, two-way interaction effects (simple regression slopes) can plotted to confirm the presence of interaction as well as to facilitate the interpretation of conditional marginal effects. You should return to these paper for example: A) Saleh, M.W.A., Zaid, M.A.A., Shurafa, R., Maigoshi, Z.S., Mansour, M., & Zaid, A. (2021),	Thank you for the suggestions. We have added all the suggested references and used it as additional explanation of the moderating effect. Here is the example: "Model 2 in Table 4 shows that the interaction variable between CSR and family ownership has a significantly negative effect on the cost of debt.

	Does board gender enhance Palestinian firm performance? The moderating role of corporate social responsibility. Corporate Governance, 21(4), 685-701. https://doi.org/10.1108/CG-08-2020-0325 B) Mansour, M., Al Amosh, H., Alodat, A. Y., Khatib, S. F., & Saleh, M. W. (2022). The relationship between corporate governance quality and firm performance: The moderating role of capital structure. Sustainability, 14(17), 10525. https://doi.org/10.3390/su141710525 C) Aiken, L.S.; West, S.G.; Reno, R.R. Multiple Regression: Testing and Interpreting Interactions; Sage: Newcastle, UK,1991.	Based on the moderated regression analysis, the coefficient of the interaction terms between CSRD and *fo* (CSRD**fo*) is 0.0128 negative and significant at the 1% level (t-value = -3.01), which supports Hypothesis 2. Clearly, the interaction variable (CSRD**fo*) has a significant negative effect on the cost of debt. In these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because, in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors pay attention to the cost of debt to a company because the company has a plus. Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting."
18.	On page 15 line 29 the authors mention "2%" – I am not sure if this was a typo.	Thank you for the observation. We have removed the irrelevant sentence. "Table 3 displays descriptive statistics for variables based on a full sample of 2,250 observations from 2017 to 2020. For family ownership, our study uses a dummy value set to 1 if the company is owned by family and 0 otherwise."
19.	I expected to see a separate discussion section.	Thank you for the suggestion. We have added result's discussion in section 4.3

Reviewer 2:

Comments and Suggestions

No.	**Major Comments and Suggestions**	**Responses**

1.	The title needs to be reformulated. It does not tell what is being investigated.	Thank you for the feedback. We have reformulated the title. The title is "How does family business affect the association between corporate social responsibility disclosure and cost of debt in Indonesia"
2.	ABSTRACT The authors constantly use the word "we" in the text. This is not scientific writing, rather use "the study" or as in the 3rd sentence "We apply, OLS", make it "OLS was applied". The same comment is applicable when referring to "our study" (not scientific writing). This needs to be corrected throughout the whole study.	Thank you for the suggestion. We have changed the word "we" in the text with "the study" and made the corrections for the whole paper. For instance (in the abstract): "OLS (Ordinary Least Square) regression was applied to investigate this association. Also, this study addresses the endogeneity problem by using the generalized method of moments (GMM).
3.	INTRODUCTION P.2, Line 13. This is because—clarify, what is because. P2. Line 36 where the authors refer to Article 15 b, mentions that every investor is obliged to carry out CSR. Clarify, this part of Article 15 b, as according to my knowledge the company must be responsible CSR and not investors. P2, line 55. Need a reference as this statement is vague but does have a direct impact on the study. P3, line 40. In the Indonesian context, the majority of listed companies are controlled by families (Villalonga & Amit, 2010). Very old reference, 2010. Get the latest figures. The whole part, describing the ownership of companies in Indonesia, uses very old data. The latest data needs to be included.	Thank you for the feedback. We have made changing based on the suggestions. **P.2, Line 13. This is because—clarify, what is because.** We have clarified the sentence. Here is the changing: "CSR disclosures are considered as additional reports that become one of the sources of information required by investors and creditors. It is regarded as a long-term value that can be addressed to stakeholders and showed the company's broad attitudes toward environmental, social, and governance issues (He, 2023). **P2. Line 36 where the authors refer to Article 15 b, mentions that every investor is obliged to carry out CSR. Clarify, this part of Article 15 b, as according to my knowledge the company must be responsible CSR and not investors.** We have clarified the sentence. In the paper, it is stated every listed company, not every investor. Here is the statement: "Article 15b of Investment Law No. 25 of 2007 states that "every listed company is obliged to carry out corporate social responsibility." **P2, line 55. Need a reference as this statement is vague but does have a direct impact on the study.**

		We have added the reference and delete unrelated sentences. Here is the changing: “Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is lower cost of debt (Guo et al., 2023; Ali et al., 2023; Raimo et al., 2021). CSR reporting is certainly more interesting as a result of increasing stakeholder demand and the trend of CSR itself being increasingly high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by lowering creditors' interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company's image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders.” **P3, line 40. In the Indonesian context, the majority of listed companies are controlled by families (Villalonga & Amit, 2010). Very old reference, 2010. Get the latest figures. The whole part, describing the ownership of companies in Indonesia, uses very old data. The latest data needs to be included.** We have added the update reference: “In the Indonesian context, the majority of listed companies are controlled by families (Joni et. al., 2020).”
4.	INSTITUTIONAL BACKGROUND, THEORETICAL FOUNDATION AND HYPOTHESIS DEVELOPMENT p.5, lines 6 and 7 need reference. Update references which are too old. An interesting article: Analysis of CSR Legislation in Indonesia: Mandate to Business,	Thank you for the feedback. We have updated the references and added suggested reference.

	Aug 2019. Business and Economic Research 9(3):165, by Rabin Ibnu Zainal, could also be added to the reference list and to the background as it provides an additional perspective on the mandatory aspects of CSR in Indonesia. Based on the article it seems that this is a mechanism for government to distribute wealth and that it is not always a popular action.	
5.	RESEARCH METHODS On p. 10 lines 6-18. The language needs to be edited. Often the word "then "is used. Explain the most important CSR criteria, you refer to 20 of them. Page 10, line 13, refers to 743 companies to be eliminated, but in Table 1, the number is 718. The sample initially included all public companies, in which section are the family-owned companies highlighted? The sample is then supposed to be only family-owned companies, how many of them?	Thank you for the feedback. Some changes have been made. **On p. 10 lines 6-18. The language needs to be edited. Often the word "then "is used.** We have edited the sentence as follow: "Additionally, the study accesses financial data via Thomson Reuters datastream." **Explain the most important CSR criteria, you refer to 20 of them.** CSR criteria is explained as follow: "The initial sample for this study included all public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. The study calculates CSR data using the CSR score index (CSRD) based on 20 criteria or indicators in the calculation proposed by Muttakin & Khan (2014). The CSR score includes several dimensions, including community involvement (3 indicators), environmental (1 indicator), employee information (9 indicators), product and service information (6 indicators), and value-added information (1 indicator)." **Page 10, line 13, refers to 743 companies to be eliminated, but in Table 1, the number is 718.** We have made it consistent. The total sample is 742 companies. "From the results of the Datastream obtained 742 companies." **The sample initially included all public companies, in which section are the family-owned companies highlighted? The sample is then supposed to be only family-owned companies, how many of them?**

		“Then blank data was excluded until the total sample size reached 2,250 observations and around 34.5% (or 776 observations) is family firm.”
6.	EMPIRICAL RESULTS Why do the authors provide in Table 1, Panel B, the industries, if it was not used in the study as mentioned on p.14, line 35? P 15, line 38, “debtholders will consider providing a lower cost of debt because the company is held accountable for the company” This sentence does not read well. p.15, line 40. “In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al. 2020)”. I do not understand, is this how the companies were separated, but the authors refer to Gao et al? On p.16, line, 18, the findings of the study seem to be already investigated as per Cruz et al, 2014.	Thank you for the feedback. Here is the response: **Why do the authors provide in Table 1, Panel B, the industries, if it was not used in the study as mentioned on p.14, line 35?** We use the industry and year effect in our main models as represented in all the OLS regressions (see Table 4). However, we exclude the industry and year effects in the correlation test because it is irrelevant. It is also consistent with previous studies. **P 15, line 38, “debtholders will consider providing a lower cost of debt because the company is held accountable for the company” This sentence does not read well.** We have rewritten the sentence as follow: “When a company reports CSR and has a higher CSR value, they experience lower cost of debt because debtholders perceive it as a positive signal.” **p.15, line 40. “In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al. 2020)”. I do not understand, is this how the companies were separated, but the authors refer to Gao et al?** Thank you for the feedback, we have made changing regarding the definition of the variable. We move the explanation from section 4.2 to section 3.5 and provide a better understanding on the definition in section 3.5. Here is the changing: “The variable family ownership is represented by a dummy score (Gao et al., 2020), with 1 denoting a company that has at least 5% family ownership and 0 denoting a company that has less than 5%.”

		On p.16, line, 18, the findings of the study seem to be already investigated as per Cruz et al, 2014. Thank you, it was a mistake. We have delete the reference.
	CONCLUSIONS P.17, lines 19 and 20, improve the statement. p.17 Lines 20 and 21, Not sure if that statement is true. Referring to that part: “However, the purpose of this study was to determine whether creditors would consider the presence of family ownership in the company in order to obtain a low cost of debt”. If the statement is true, the title needs to be rephrased	Thank you for your suggestion. We have rewritten the whole paragraph in the conclusion dan provide more clarity sentences. Here is the new paragraph: “The study looks at the effect of Corporate Social Responsibility on the Cost of Debt in the context of Indonesian firms, with Family Ownership acting as a moderating variable. The study chose Indonesian companies because CSR disclosure is required in Indonesia, as stated in Law No. 40 of 2007, concerning Limited Liability Companies, Article 1 Number 3, related to social and environmental responsibility. The findings of this study state that companies that build a strong corporate image and reputation by disclosing CSR will reduce COD. Indonesia is one of the developing countries where debt financing for developing countries plays a significant role for businesses. This is one of the disclosures that the principal can accept when making reports related to corporate responsibility for the social environment. This allows investors or creditors to consider whether they will reduce the cost of debt by reviewing the company's CSR reports. The findings are in line with Agency and Signaling theories which describe that CSR disclosure is an effective tool to minimize agency conflicts and perceived positively by creditors. Therefore, firms with more CSR disclosure experience lower cost of debt financing.”

Reviewer 3:

The paper attempts to examine how Corporate Social Responsibility (CSR) disclosure and family ownership affects Cost of Debt (COD). The study employs mainly two analysis such as OLS and Generalized Method of Moments. It is an interesting work; however, the paper has in nascent stage and many grammatical and typo graphical errors. Hope my comments help to improve this paper.

Comments and Suggestions

No.	Major Comments and Suggestions	Responses
1.	The author (s) need to provide a strong motivation for the study in the introduction part. Further, the motivation of the study is not up to the mark	Thank you for the feedback. We have added the motivation of our study in the introduction section. Here is the example: "For several reasons, this study differs from previous studies (e.g. Uyar et al., 2023; Guo et al., 2023; AlKhouri and Suwaidan, 2023; Duggal et al., 2024). First, our study extends a limited number of studies on how debtholders perceived CSR activities in developing countries. Most research on CSR and the cost of debt is conducted in developed countries, and there is still a paucity of literature examining this relationship in developing countries (e.g., AlKhouri and Suwaidan, 2023). This study is also practically important because the main source of funding in emerging market, such as in Indonesia is debt (Duggal et al., 2024). Second, the study includes a moderating variable, which is family ownership, on the relation between CSR disclosure and debt financing (e.g., Duggal et al., 2024). Another uniqueness of Indonesian Corporate Governance landscape is the presence of family firms. In the Indonesian context, the majority of listed companies are controlled by families (Joni et. al., 2020). The ownership structure of companies in Indonesia differs from that of companies in other countries (Joni et al., 2010). The majority of businesses in Indonesia are concentrated, with the owner also serving on the board of directors and as a manager. According to Madden et al. (2020), family businesses are more likely than non-family businesses to invest in CSR activities. Then, Lim (2021), founders or founding families and heirs control the majority of companies around the world. Persistent family ownership is a long-term loyalty to the company. Whereas if a company has a high percentage of family ownership, creditors and investors will be interested in investing or providing funds to the company because the members of the company will perform optimally so that the company survives for a long time and is then passed down to their

		descendants. As a result, this study anticipates that agency conflict with the cost of debt will be reduced in family-owned businesses, as it is impossible for family businesses to only survive in the short term. "
2.	There is some duplication in the introduction section (See page no. 3 and line no.28 to 37). Author (s) tries to explain the contribution of the study. However, the separate paragraph given as a contribution of the study (see page no. 4 and line no.25 to 39).	Thank you for the feedback. We have added deleted and rewritten some duplication in the introduction section,
3.	The author (s) uses too long sentences, it is very hard to understand the concept. It is suggested to break into small sentences. For example, in the introduction section page no. 2 and line no. 8 to 13.	Thank you for the feedback. The introduction section has been rewritten. Here is the example: "The purpose of this study is to examine the relationship between Corporate Social Responsibility (CSR) and Cost of Debt (COD) in companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. CSR activities have become an important business practice. CSR reporting is a commitment from the Limited Liability Company to participate in sustainable economic development in order to improve the quality of life and a beneficial environment, for the company itself, the local community, and society in general. John Elkington (1997) created the concept of the Triple Bottom Line or "3P" (profit, people, and planet). If a company intends to continue in the long term (sustainable), it must adhere to the Triple Bottom Line "3P" concept, which states that the company must not only pursue revenue (profit), but also make a contribution to society (people) and adhere to environmental sustainability (planet). CSR disclosures are considered as additional reports that become one of the sources of information required by investors and creditors. It is regarded as a long-term value that can be addressed to stakeholders and showed the company's broad attitudes toward environmental, social, and governance issues (He, 2023). According to Wang, Delgado, & Xu (2023), CSR information can help stock investors determine whether a company is a good investment target. Studies conducted by Guo, Zheng, & Li (2023), further, stated that CSR is an important issue for creditors as reflected in lower cost of debt. Because of the increasingly rapid development of the economy, technology, and global competition, Indonesian businesses must pay close

		attention to CSR. There are several regulations about CSR reporting in Indonesia, including PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, which states in Article 4 paragraph (1) of PP No. 47 of 2012, "Social and environmental responsibilities are carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or the GMS in accordance with the articles of association of the Company, unless otherwise stipulated in the laws and regulations". Article 15b of Investment Law No. 25 of 2007 states that "every listed company is obliged to carry out corporate social responsibility." Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is lower cost of debt (Guo et al., 2023; Ali et al., 2023; Duggal et al., 2024). CSR reporting is certainly more interesting as a result of increasing stakeholder demand and the trend of CSR itself being increasingly high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by lowering creditors' interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company's image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders."
4.	The author (s) claims that "CSR information is regarded as a long-term value that can be addressed to stakeholders and becomes one of the company's broad attitudes toward environmental, social, and governance issues". It needs proper supporting literature/citation	Thank you for the suggestion. We have added proper reference for the claims. "This is because CSR information is regarded as a long-term value that can be addressed to stakeholders and showed the company's broad attitudes toward environmental, social, and governance issues (He, 2023)"
5.	The literature section missed out significant works	We have added several recent significant works in the reference. Several of them are represented as follow: Duggal, N., He, L., & Shaw, T. S. (2024). Mandatory corporate social responsibility spending, family

		control, and the cost of debt. *The British Accounting Review*, 101356. Stock, C., Pütz, L., Schell, S., & Werner, A. (2024). Corporate social responsibility in family firms: Status and future directions of a research field. *Journal of Business Ethics*, *190*(1), 199-259. Battisti, E., Nirino, N., Leonidou, E., & Salvi, A. (2023). Corporate social responsibility in family firms: Can corporate communication affect CSR performance?. *Journal of Business Research*, *162*, 113865. Guo, M., Zheng, C., & Li, J. (2023). Corporate social responsibility and debt financing cost: evidence from China. *Environment, Development and Sustainability*, 1-29.
6.	Authors should clearly mention the reason for why you are choosing the study period from 2017 to 2020 and the tested model is very simplistic.	We have added the reason for choosing the period. Here is the description: "The initial sample for this study included all public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. The period of our study is selected due to several reasons. First, the period is after the regulation enactment which requires listed companies to disclose their CSR practices in Indonesia (CSR is mandatory). Second, it is set before the severe impact of the COVID-19 pandemic."
7.	The author (s) provides detailed data description is very helpful to the readers to understand the data and its sources.	Thank you. We have put more detail description on our data, including its sources. "The initial sample for this study included all public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. The study calculates CSR data using the CSR score index (CSRD) based on 20 criteria in the calculation proposed by Muttakin & Khan (2014). CSRD is applied as it is developed for emerging economies. All CSR information is collected manually from the company annual report or website if available. Then the study uses Thomson Reuters datastream for financial data. From the results of the data stream obtained 743 companies. Then blank data was excluded until the total sample size reached 2,250. All variables are winsorized at the upper and lower limits of 2% to reduce the impact of outliers. Company year observations are shown in

		Table 1, Panel A. Panel B consists of the number of companies by industry sector.”
8.	The correlation results show highest correlation is between COD and CSRD. Author need to explain the valuable reason for this.	We added the explanation of highest correlation between COD and CSRD. “The highest correlation is between COD and CSRD (r = -0.4156). It suggests that higher CSRD is strongly associated with lower cost of debt.”
9.	The conclusion and policy implication section need more attention. The conclusion must be concluded with supporting literature. It is required that the authors cite some studies supporting your findings and conclusions.	Thank you for the feedback. We have rewritten the conclusion and added all the feedback. Here is the recent conclusion: “This study examines the effect of Corporate Social Responsibility on the cost of debt in Indonesian firms, with Family Ownership acting as a moderating variable. This study chose Indonesian companies because CSR disclosure is required in Indonesia, as stated in Law No. 40 of 2007, concerning Limited Liability Companies, Article 1 Number 3, related to social and environmental responsibility. The findings of this study are consistent with those of prior studies (Gao et al., 2020; Duggal et al., 2024) and state that companies that build a strong corporate image and reputation by disclosing CSR will reduce COD. Indonesia is a developing country in which debt financing plays a significant role in business. This is one of the disclosures that the principal can accept when making reports related to corporate responsibility in the social environment. This allows investors or creditors to consider whether they will reduce the cost of debt by reviewing a company's CSR reports. This study demonstrates that a company's image will improve if it has a high CSR value and a high proportion of family ownership. In Indonesia, the family of heirs leads to the leadership of a family company, such as the board of directors and commissioners. Therefore, when a company is led by a family and reports on CSR, it reduces information asymmetry and increases the principal's trust in the company by providing funds. These findings are in line with Agency and Signaling theories, which indicate that CSR disclosure is an effective tool to minimize agency conflicts and is perceived positively by creditors. Therefore, firms with more CSR disclosures experience lower costs of debt financing. This study has important implications for company managers, regulators, and academics. Because company managers are expected to pay attention to CSR reporting, they must consider and implement CSR programs when developing debt

		reduction strategies. According to the findings of our study, creditors regard CSR performance as one of better risk management and information asymmetry, and creditors will consider providing cheaper debt financing to companies that actively disclose CSR. Compliance strategies are much better for company managers, because mandatory CSR is inevitable. Additionally, the study highlights the importance of efficient regulation and effective monitoring of regulators for companies to implement sustainable CSR reports. This can be a consideration for future impacts, particularly for companies that are directly related to ecosystems or the environment, and will have a long-term impact on the state of the ecosystem to pay close attention and be accountable for CSR. The study also adds to the literature on family ownership, which moderates CSR with a cost of debt, where no one has done this research in Indonesia, and the results obtained can provide additional literature for stakeholders, particularly family businesses, to pay attention to CSR reporting. This study also contributes to the academic field by increasing knowledge about CSR reporting, which has the potential to reduce agency costs and information asymmetry, both of which will have an impact on debt financing provided by investors. CSR can also help the ecosystem in the environment surrounding the industry, because the company has taken responsibility for its actions toward the environment through CSR reports. This should be a factor for stakeholders when providing funds to the company so that the company is responsible for the social environment as well as profit. The findings of this study must be interpreted with several limitations in mind. First, in terms of debt financing, it is necessary to distinguish between long- and short-term debt to clarify the specifications for the cost of debt due to differences in the time period for borrowing funds. Second, when conducting a CSR test, it is necessary to distinguish between industries (mining, agriculture, health, etc.) because each industry has different effects on the environment and society, which are then linked to the cost of debt. Third, additional research is recommended to broaden the research by including companies from developing countries, particularly ASEAN. Further research can examine other ownership structures, such as institutional or government ownership, which are also prevalent in the context of companies listed on the Indonesian Stock Exchange.”

10.	The author (s) should clearly identify the policy implications that consistent with the findings of the paper. Here the authors written general implications.	Thank you for the feedback. The implication has been rewritten in the conclusion section.
11.	There is some informal language in the paper and many grammatical errors.	We have proofread the recent manuscript. Thank you for the feedback.
12.	The author (s) need to provide sources below the table	Sources of the tables have been added
13.	The table interpretations need more attention. The author (s) interpreted the results in general. It is expected to provide the reason for this	We have rewritten the result section and add discussion section to cover the feedback. Thank you.

How does family business affect the association between corporate social responsibility disclosure and cost of debt in Indonesia

Journal:	*Business Strategy and Development*
Manuscript ID	BSD-23-0362.R1
Wiley - Manuscript type:	Research Article
Keywords:	Corporate social responsibility disclosure, cost of debt, family ownership, emerging economies

How does family business affect the association between corporate social responsibility disclosure and cost of debt in Indonesia

Abstract

Purpose - This study examines how CSR disclosure and family firms affect the cost of debt using a sample of companies listed on the Indonesia Stock Exchange between 2017 and 2020.

Design/methodology/approach – Ordinary Least Square regression was applied to investigate this association. This study also addresses the endogeneity problem using the generalized method of moments.

Findings – This study finds that CSR lowers a company's cost of debt. Firms with more CSR reporting minimize information asymmetry and improve their reputation. Next, we investigate whether family ownership can moderate the relationship between CSR and the cost of debt. These findings support the hypothesis that family ownership moderates the relationship between CSR and cost of debt. It is possible that family businesses use CSR to maintain a good reputation among their stakeholders, thus producing more CSR reports.

Research implications – The findings contribute to the literature by providing empirical evidence on how CSR and family firms experience a lower cost of debt capital in the emerging economy context of Indonesia. Furthermore, this study provides academic implications by investigating whether family ownership can be a moderator variable in the association between CSR and COD. The study also has practical implications for practitioners and regulators in creating policies that promote better CSR initiatives and corporate governance systems.

Short Running Title The effect of CSR on financing cost and moderated by family ownership.

Keywords Corporate social responsibility disclosure, cost of debt, family ownership, emerging economies

1. Introduction

This study examines the relationship between Corporate Social Responsibility (CSR) and Cost of Debt (COD) in companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. CSR activities have become an important part of business practice. CSR reporting is a commitment from the Limited Liability Company to participate in sustainable economic development to improve the quality of life and provide a beneficial environment for the company itself, the local community, and society in general. John Elkington (1997) created the concept of the Triple Bottom Line or "3P" (profit, people, and planet). If a company intends to continue in the long term (sustainable), it must adhere to the Triple Bottom Line "3P" concept, which states that the company must not only pursue revenue (profit), but also make a contribution to society (people) and adhere to environmental sustainability (planet).

CSR disclosures are considered additional reports that become one of the sources of information required by investors and creditors. It is regarded as a long-term value that can be addressed by stakeholders and shows the company's broad attitudes toward environmental, social, and governance issues (He, 2023). According to Wang et al. (2023), CSR information can help stock investors determine whether a company is a good investment target. Studies conducted by Guo et al. (2023) further state that CSR is an important issue for creditors.

Indonesian businesses must pay close attention to CSR because of the increasingly rapid development of the economy, technology, and global competition. There are several regulations on CSR reporting in Indonesia, including PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, which is stated in Article 4 paragraph (1) of PP No. 47 of 2012, "Social and environmental responsibilities are carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or the GMS in accordance with the articles of association of the Company, unless otherwise stipulated in the laws and regulations." Article 15b of Investment Law No. 25 of 2007 states that "every listed company is obliged to carry out corporate social responsibility."

Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is the lower cost of debt (Guo et al., 2023; Ali et al., 2023; Duggal et al., 2024). CSR reporting is certainly more interesting because of increasing stakeholder demand, and the trend of CSR itself is increasing high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by lowering their interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. From the agency theory perspective, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, make the company more transparent, and improve the company's image among stakeholders, especially investors and creditors (AlKhouri & Suwaidan, 2023; Cui et al., 2018). This is also consistent with signaling theory, which suggests that CSR disclosure is perceived as a positive signal by creditors and other stakeholders.

For several reasons, this study differs from previous studies (e.g. Uyar et al., 2023; Guo et al., 2023; AlKhouri & Suwaidan, 2023; Duggal et al., 2024). First, it extends a limited number of studies on how debtholders perceive CSR activities in developing countries. Most research on CSR and the cost of debt has been conducted in developed countries, and there is still a paucity of literature examining this relationship in developing countries (e.g., AlKhouri & Suwaidan, 2023). This study is also practically important because debt is the main source of funding in emerging markets, such as Indonesia (Duggal et al., 2024).

Second, this study includes a moderating variable, family ownership, on the relationship between CSR disclosure and debt financing (e.g., Duggal et al., 2024). Another unique feature of the Indonesian Corporate Governance landscape is the presence of family firms. In Indonesia, the majority of listed companies are controlled by families (Joni et. al., 2020). The ownership structure of companies in Indonesia differs from that of companies in other countries (Joni et al., 2010). Most businesses in Indonesia are concentrated, with the owner serving on the board of directors and as a manager.

According to Madden et al. (2020), family businesses are more likely to invest in CSR activities than non-family businesses. Lim (2021), founders or founding families, and heirs control the majority of companies worldwide. Persistent family ownership is long-term loyalty to the company. However, if a company has a high percentage of family ownership, creditors and investors will be interested in investing in or providing funds to the company because the members of the company will perform optimally so that the company survives for a long time and is then passed down to its descendants. Consequently, this study anticipates that agency conflict with the cost of debt will be reduced in family owned businesses, as it is impossible for family businesses to survive only in the short term.

Our study uses a sample of 2,250 companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2020 period. This study tested the effect of CSR on COD by including a moderating variable: family ownership. In accordance with our first hypothesis, our findings show that CSR has a negative effect on debt costs, consistent with previous studies. In the second test, our findings show that family ownership moderates the effect of CSR on debt costs.

To ensure that the standard error of the estimates is consistent with heteroscedasticity and autocorrelation, an endogeneity test was performed using the Generalized Method of Moments heteroscedasticity technique (e. g., Joni et al., 2020). These results are consistent with the results of the main OLS (Ordinary Least Square) regression estimations.

The remainder of this paper is organized as follows. section goes over the theoretical foundation and hypothesis development. The third section covers the research methodology for the sample and variables used in this study. The fourth section presents the empirical findings of the research in the form of a descriptive analysis and explanations of the findings of this study. Finally section is the study's conclusion.

2. Institutional Background, Theoretical Foundation and Hypothesis Development

2.1. Institutional Background

The concept of CSR first appeared in the United States and Europe in 1970 and has since become one of the most interesting topics discussed by most researchers and businesspersons. In recent years, there has been a surge in public interest in CSR, which has sparked much discussion in the accounting and finance literature (Jannat et al., 2022; Hossain & Kryzanowski, 2021; Duggal et al., 2024). CSR performance is defined as a set of descriptive classifications of business activities with an emphasis on the impacts and outcomes for society, stakeholders, and the company itself (Sami Bacha et al., 2020). CSR reporting demonstrates that companies incorporate social and environmental caring behaviors into their business operations and core strategies for interacting with their stakeholders. In recent years, the public has become increasingly aware of CSR reporting issues. CSR refers to going above and beyond what is required by law to serve the community and environment (Maury, 2022; Harjoto & Laksmana, 2018). In Indonesia, the government issued a CSR regulation, PP No. 47 of 2012, concerning Social and Environmental Responsibility in Limited Liability Companies, in 2012. The issuance of this government regulation undoubtedly adds to the list of Indonesian CSR regulations. In addition, the law that governs CSR is Law No. 40 of 2007 concerning Limited Liability Companies Article 74, which states that it is related to regulating the obligation of Limited Liability Companies (PT) to carry out social and environmental responsibilities for the business activities carried out by the company.

Hossain & Kryzanowski (2021) described a CSR report as a business approach in which the goal is to respect ethics, people, society, and the environment as an integral strategy for improving a company's competitive position. By engaging in CSR reporting, the company has established and maintained positive relationships with all its stakeholders. Recently, Duggal et al. (2024) state that CSR is a strategic option that can have a variety of positive effects on the company, such as increasing stakeholder value, improving the company's reputation, and being one of the company's investments that can ensure the company's long-term sustainability. This is due to the fact that the value of care issued by the company to stakeholders is not solely for the benefit of the company, so it is beneficial for businesses to issue CSR reports.

The concept of CSR has gained legitimacy in Indonesia, and it is now being implemented by both state-owned and private companies (Selin et al., 2022). The current form of CSR is not just a moral responsibility. However, it has become a legal responsibility (liability) because CSR has been regulated by existing laws, both corporate and human rights.

2.2. Theory and Hypothesis Development

Several related theories, including agency and signaling theories, can explain the relationship between CSR and debt costs. According to agency theory, there are two interconnected parties in a business: the agent and principal (Jensen & Meckling, 1976). The agent is the company's manager, who oversees the company's operational activities, whereas the principal is the party who will provide funds to the company. In this case, the investor (principal) must be able to hold management (agent) accountable for the funds provided to the company. This indicates that companies that disclose CSR will entice investors and creditors to invest their capital in the company because they can be held accountable for the capital provided by creditors based on the company's social responsibility (Bacha & Ajina, 2019). The purpose of CSR disclosure is to minimize costs resulting from information asymmetry and uncertainty from the perspective of agency theory.

Agency problems, which involve the relationship between agents and owners, lead to information asymmetry. When management, as an agent, has more personal information than the principal or investor, information asymmetry occurs in the capital market; to reduce the cost of capital, information asymmetry must be reduced (Bhuiyan & Nguyen, 2019). The cost of capital is lower if information asymmetry is reduced in the capital market. CSR disclosure is regarded as a vehicle that protects stakeholders from potentially bad managerial behavior and reduces information asymmetry, thereby lowering the cost of debt (Ghouma et al., 2018; Bhuiyan & Nguyen, 2019).

Additionally, signaling theory provides more arguments on the association between CSR and the cost of debt. Signaling theory emphasizes the significance of the information issued by a company on investment decisions made outside the company. CSR disclosure is one of the most important signals for stakeholders, including creditors, because it provides information and an overview of the company's current state of sustainable development issues (Ghoul et al., 2011). Creditors require relevant, accurate, complete, and timely information as stakeholder analysis tools when making investment decisions. By disclosing CSR reports, two goals are met to maximize public interest, the first of which is to fulfill the public interest in obtaining more informative corporate disclosure reports, thereby reducing information asymmetry (La Rosa et al., 2018). Second, companies that report CSR have good prospects for the future, so creditors will provide funds to the company. The CSR report contains information on environmental potential, social responsibilities, and thus long-term value, and CSR data can be used to analyze a company's risk profile. According to Connelly et al. (2011), signalers are companies that convey CSR information, where CSR is likened to a signal to its recipients, namely creditors, to reduce information asymmetry. After receiving a positive signal or information from the company, the creditor will take action regarding investment in the company in question. Consequently, companies with more CSR disclosures experience lower debt capital costs.

A study conducted by Kuo et al. (2021) with a sample of 803 companies listed on the Taiwan Stock Exchange and Taipei discovered that CSR disclosure tends to reduce the cost of debt. Nguyen et al. (2020) discovered that debt holders are willing to provide long-term debt to companies that report CSR because the company is thought to have a great deal of responsibility. Thus, creditors offer lower debt rates than companies that do not disclose CSR. The research conducted by Gong et al. (2021), which uses companies registered in China with a sample size of 10,937, finds that if a company commits a violation that results in a penalty from the regulator, the cost of debt will increase, but if the company violates regulations but reports CSR, the cost of debt will not increase. Therefore, CSR is regarded as a company insurance in China. Then, Xu et al. (2021) and Guo et al., (2023), discovered, using a sample of 2,144 companies in China, that companies that report CSR in the long term and have high CSR values result in debtholders being willing to provide lower debt costs than companies that do not report CSR. Duggal et al. (2024) use a longitudinal sample of Indian listed companies and find that firms with higher CSR commitments experience lower costs of debt.

In line with the theoretical background and estimation of prior empirical evidence, the following hypothesis is proposed:

H1. Corporate Social Responsibility is negatively associated with the cost of debt ceteris paribus.

The type of ownership of a company can affect CSR (Battisti, 2023; Duggal et al., 2024). Family led businesses frequently have a longer strategy and pay more attention to their family's personal reputation (Shankar & Yadav, 2020), As a result, they will pay more attention to their corporate social environment, resulting in a stronger preference for CSR (Battisti, 2023). In the context of a family business, the majority can be actively involved in both the company's daily operations and its management responsibilities (Stock et al., 2024).

Companies will become more dominant in reporting CSR to increase market legitimacy and reputation and to maintain a stable relationship with the government (Selin et al., 2022). One of the factors investors consider when deciding whether to invest in a company is reputation; the other is the company's and family's good name. Ghoul et al. (2016) also noted that reputation reflects stakeholders' assessments of how well a company meets its relative expectations. Owners and family members will assume that if a family's reputation is bad, investors will be unwilling to give their funds, and the company's performance will suffer as a result (Battisti, 2023). This argument encourages family businesses to continue reporting on CSR activities. Compared with other countries, Indonesia has distinct characteristics in terms of its family ownership structure. In Indonesia, ownership structures are more concentrated, with company owners being able to hold positions such as directors or commissioners (Joni et. al., 2020).

According to the findings of a study conducted by Shaw et al. (2021) with a sample of 4,392 companies in India in 2013, there is a weak relationship between CSR compliance and accounting conservatism in family businesses. Gao et al. (2020), using a sample of 1,434 companies in China, discovered that family businesses are generally able to give debtholders trust to provide their funds, information asymmetry, and lower debt costs, so family businesses tend to take less debt and have shorter debt maturities. Swanpitak and Suardi (2020) discovered that family businesses in Thailand have lower costs than non-family businesses using a sample of 2,167 data from Thai companies. Duggal et al. (2024) also found that family control affects the relationship between CSR and the cost of debt in India. This study deduces the following hypothesis from the explanation above:

H2. Family ownership moderates the relationship between CSR and the cost of debt ceteris paribus.

3. Research Methods

3.1 Sample and Data

The initial sample for this study included all public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. This study period was selected for several reasons. First, the period is after regulation enactment, which requires listed companies to disclose their CSR practices in Indonesia (CSR is mandatory). Second, it was established before the severe impact of the COVID-19 pandemic. This study calculates CSR data using the CSR score index (CSRD) based on 20 criteria or indicators in the calculation proposed by Muttakin and Khan (2014). The CSR score includes several dimensions: community involvement (three indicators), environmental (one indicator), employee information (nine indicators), product and service information (six indicators), and value-added information (one indicator). CSRD is applied as it was developed for emerging economies (Selin et al., 2022). All CSR information is collected manually from the company's annual report or website if available. Additionally, the study accessed financial data via the Thomson Reuters Datastream. From the Datastream results, 742 companies were obtained. Blank data were excluded until the total sample size reached 2,250 observations, and approximately 34.5% (or 776 observations) were family firms. All variables were winsorized at the upper and lower limits of 2% to reduce the impact of outliers. The company year observations are shown in Table 1, Panel A. Panel B consists of the number of companies by industry sector.

Table 1

Sample Description

Panel A: Sample Selection

Calendar Year	2017	2018	2019	2020	Total
Number of Sample Companies observed on the IDX	742	742	742	742	2,968
Number of Sample Companies with missing data	-248	-202	-160	-108	-718
Number of Observations in the Sample	494	540	582	634	2,250

Panel B: Distribution of companies by industry (IDX IC)

Code	Industry Description	Company n	Company %
1	Energy Sector	205	9.11
2	Raw Goods Sector	279	12.4
3	Industrial Sector	167	7.42
4	Primary Consumer Sector	275	12.22

5	Non-Primary Consumer Sector	371	16.49
6	Health Sector	63	2.8
7	Financial Sector	367	16.31
8	Property and Real Estate Sector	231	10.27
9	Technology Sector	43	1.91
10	Infrastructure Sector	175	7.78
11	Transport and Logistics Sector	74	3.29
		2,250	100

3.2 Regression Models and Variables

The basic model used in this test is a multiple linear regression model in which the influence of CSR on the cost of debt is examined. This model is consistent with the results of previous studies (Benlemlih 2017; Nguyen et al., 2020). Our specific model is as follows:

$$COD = \beta_0 + \beta_1\ CSRD + \beta_2\ LEV + \beta_3\ SIZE + \beta_4\ ICR + \beta_5\ YEAR + \beta_6\ IND$$

The second model proves that family ownership moderates the relationship between CSR and cost of debt. Our study follows Aiken et al., 1991; Saleh et al (2021); Mansour (2022a) to propose the interaction model as follow:

$$COD = \beta_0 + \beta_1\ CSRD + \beta_2\ fo + \beta_3\ LEV + \beta_4\ SIZE + \beta_5\ ICR + \beta_6\ CSRD{*}fo + \beta_7\ YEAR + \beta_8\ IND$$

In this case, the COD is the dependent variable. CSR is the main independent variable and fo is the moderating variable. Then, leverage (LEV), size of the company (SIZE), interest coverage (ICR), year (YEAR), and industry (IND) are considered. Detailed information is presented (Table 2).

Table 2
Variable Definition

Variable	Definition
COD (cost of debt)	The cost of debt is calculated by dividing interest expense by the average total long-term and short-term debt.
CSRD (CSR)	CSR is assessed using the CSRD criteria consisting of 20 points (Muttakin, and Khan, 2014)

fo (family ownership)	If a family has outstanding company shares, the dummy variable equals one.
SIZE (firm's size)	Natural logarithm of total assets
LEV (leverage)	Total debt divided by equity
CSRD*fo* (interaction)	Interaction variable where the value of CSR is multiplied by the value of family ownership
ICR (interest coverage)	EBITDA divided by interest expense
IND (industry)	industry indicator variable classified by GICS (Global Industry Classification Standard) codes
YEAR (year)	indicator variable year: 2017; 2018; 2019; 2020

3.3 Cost of Debt

Previous studies (Eliwa et al., 2021; Luo et al., 2019; Nguyen et al., 2020) used an accounting-based cost of debt measure, calculated as the ratio of the company's interest expenses divided by its average liabilities. This proxy is appropriate because measures related to sustainability are more related to accounting-based measures than market-based measures because companies look at the financial statements issued by the company itself and the company's managerial performance when making internal decisions rather than seeing the market response, which is an external part of the company to actions taken by the company (Gracia et al., 2021). This is derived from the data collected from Refinitiv eikon on interest expenses and company liability.

3.4 Corporate Social Responsibility

CSRD, specifically, the social responsibility disclosure index score, serves as a proxy for a company's CSR performance. CSR served as the independent variable in this study. This study builds on previous research (Muttakin & Khan, 2014). The study used a checklist of 20 items developed by Muttakin and Khan (2014) and created a modified checklist with items relevant to Indonesian businesses. The assessment procedure involves examining the points contained in the company in accordance with those listed in the CSRD list, with each point assigned a value of one if disclosed in accordance with the CSRD and 0 if not disclosed in accordance with the CSRD. Following Muttakin and Khan's (2014) study, the CSR disclosure index was created by calculating each point according to the existing criteria given to the highest possible score achieved for the item applicable to the company. The CSRD index was calculated as follows (Muttakin & Khan, 2014):

$$\text{CSRD}j \text{ index} = \frac{\sum_{i=i}^{n_j} x_{ij}}{n_j}$$

Where:

CSRDj index: social disclosure index in a certain company with a certain year

Nj : the number of items required where n = 20

Xi : the number of items applied by company where n ≤ 20

3.5 Family Ownership

Family ownership served as a moderating variable in this study. The measurement of this variable uses the criteria of 5% or more share ownership as the total share ownership of the company, as well as the presence of families who occupy managerial positions in the company. The 5% ownership is a cut-off of ownership in the company because, within that range, it already has a considerable influence in making decisions in the company, and some countries also require company ownership of 10% or less (La Porta et al., 1999). According to Siregar (2008), in Indonesia, the use of more than 5% is considered effective enough to control the company. Family ownership is represented by a dummy score (Gao et al., 2020), with 1 denoting a company with at least 5% family ownership and 0 denoting a company with less than 5% family ownership.

3.6 Control Variables

Following previous studies on debt costs (Benlemlih, 2017; Nguyen et al., 2020; Ali et al., 2023; Duggal et al., 2024), we controlled for variables that can influence the cost of debt capital, including leverage, firm size, interest coverage, industry, and year fixed effects. In this study, leverage (DER) is defined as the ratio of total debt to equity. Since Duggal et al., (2024) demonstrated that leverage can increase liquidity risk, leverage is included in the model. Next, we calculate firm size (SIZE) using the natural logarithm of total assets. According to Guo et al. (2012), size controls the impact of credit quality on debt maturity. Larger companies are more likely to obtain long-term debt because their credit quality is high (Ben-Nasr et al., 2015; Nguyen et al., 2020). Additionally, interest coverage (ICR) is negatively associated with the cost of debt (Joni et al., 2020). It is expected that a higher ICR value is related to a lower cost of debt. We controlled for possible variations over time by applying the year fixed effect (YEAR) in our model. Finally, potential industry effects are controlled using industry indicator variables (IND) based on Global Industry Classification Standard (GICS) codes.

4. Empirical Results

4.1 Descriptive Statistics

Table 3 displays descriptive statistics for variables based on a full sample of 2,250 observations from 2017 to 2020. For family ownership, our study uses a dummy value set to 1 if the company is owned by family and 0 otherwise. The dependent variable has an average value of 0.273 with a maximum value of 0.071 and a minimum value of 0.000. When compared to previous studies, the cost of debt value is considered reasonable because it is nearly the same. The average for CSRD and family ownership are 0.425 and 0.345.

Table 3

Summary of Main Variable Statistics

Variable	N	mean	Std. Dev	min	max
COD	2,250	0.027	0.017	0.000	0.071
CSRD	2,250	0.425	0.224	0.000	0.850
fo	2,250	0.345	0.475	0.000	1.000
SIZE	2,250	21.731	1.800	18.046	25.892
DER	2,250	0.394	0.671	0.000	3.361
ICR	2,250	0.001	0.007	-0.010	0.040

Source: Authors (2023)
Note: This table provides summary statistics for the main variables. The sample includes 2,250 company-year observations for the 2017-2020 period in the calendar year.

A paired Pearson's correlation test was also used to test the relationship between the variables that became the model in this study. The Pearson correlation test excludes industry and year.[1] The highest correlation was observed between COD and DER (r = 0.549). This finding suggests that a higher DER is strongly associated with a higher cost of debt (see Table 4). Table 5 shows that the highest variance inflation factor (VIF) for the cost of debt is 1.65, which shows that VIF < 10, meaning that multicollinearity does not occur.

[1] The result is not tabulated, yet it is available upon request.

Table 4

Pearson Correlation Test

	(1)	(2)	(3)	(4)	(5)	(6)
(1) COD	1.000					
(2) CSRD	-0.007	1.000				
(3) fo	0.014	0.032	1.000			
(4) SIZE	0.012	-0.042**	-0.022	1.000		
(5) DER	0.549***	-0.006	0.009	0.209**	1.000	
(6) ICR	-0.017	-0.013	-0.025	-0.014	-0.045**	1.000

Source: Authors (2023)

4.2 Corporate Social Responsibility, Family Ownership, and Cost of Debt

Table 5 shows the results of Ordinary Least Squares (OLS) data processing for the first model with a CSRD effect on COD. The OLS results state that the value has a significant negative effect of 5% (coefficient = -0.0349, t = -22.42), and the standard deviation value is 0.0015.

Table 5

The relation between Corporate Social Responsibility and Cost of Debt using OLS regression

Variable	Coefficient Estimation	
	Model 1	Model 2
CSRD	-0.0349 (-22.42)***	-.0338 (-21.25) ***
fo	-	.0024 (3.12) ***
SIZE	0.0012 (7.11) ***	.0012 (7.09) ***
DER	0.0047 (9.93) ***	.0047 (9.94) ***
ICR	0.0056 (0.12)	.0086 (0.19)
CSRD**fo*	-	-.0128 (-3.01) ***
IND	Included	Included
YEAR	Included	Included
Mean VIF	1.65	1.64
Adj. R2	0.3242	0.3273
F	64.46	58.59
Prob > F	0.0000	0.0000
N	2,250	2,250

Source: Authors (2023)

This table shows the results of the cost of debt regression on corporate social responsibility (CSRD), family ownership with a dummy value (*fo*), the interaction variable between CSR and family ownership (CSRD**fo*), and the control variable in the form of year and industry. The symbols ***, **, and * indicate statistical significance at 0.02, 0.05, and 0.10, respectively.

Model 1 in Table 5 shows that CSR has a significant negative effect on the cost of debt, with a coefficient of -0.0349 at the 1% level, consistent with previous studies (Kuo et al., 2021; Nguyen et al., 2020; Gong et al., 2021; Hu et al., 2021; Duggal et al., 2024). When a company reports CSR and has a higher CSR value, it experiences a lower cost of debt, because debtholders perceive it as a positive signal. In line with agency and signaling theories, CSR disclosure is an important vehicle for reducing information asymmetry and providing positive signals to stakeholders, including creditors and investors, as reflected in the lower cost of debt. This means that creditors who view companies as having better CSR are associated with lower corporate risks. This result is economically significant and supports Hypothesis 1.

Model 2 in Table 5 shows that the interaction variable between CSR and family ownership has a significantly negative effect on the cost of debt. Based on the moderated regression analysis, the coefficient of the interaction terms between CSRD and *fo* (CSRD*fo) is 0.0128 negative and significant at the 1% level (t-value = -3.01), which supports Hypothesis 2. Clearly, the interaction variable (CSRD**fo*) has a significant negative effect on the cost of debt. In these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because, in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors pay attention to the cost of debt to a company because the company has a plus. Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting.

4.3 Discussion

The first hypothesis was supported by the regression results presented in Table 5. It can be stated that if a company is concerned with the interests of its stakeholders, the stakeholders will support it. With the creation of a CSR report, the company has provided information related to the company, which is one of the stakeholders' interests in obtaining information to reduce information asymmetry so that investors/debtholders are willing to provide lower interest costs. By reporting CSR, stakeholders can monitor company reports and the company's state more easily, lowering the risk of the company being unable to pay its debts. Transparency in reporting reduces agency issues between companies and debtholders.

The findings of this study also support the second hypothesis, which holds that family ownership with more CSR disclosures can lower the cost of debt. In this case, the company attempts to establish a good reputation in the eyes of debtholders. Thus, family businesses engage in CSR reporting so that debtholders can create a positive image for the company and reduce information asymmetry. The disclosure of CSR will support lower agency costs, where the cost of debt to be received by the company will be lower and the company's reputation will improve.

4.4 Endogeneity

According to previous studies, family led businesses demonstrate that family ownership and management control can have varying effects on firm value, which in turn affects COD costs (e.g., Chiu et al., 2019). In theory, family management reduces agency problems associated with the classic owner-manager conflict described by Jensen and Meckling (1976), resulting in a positive effect on the value of family management. However, if professionals are better managers than family founders or corporate heirs, this effect can be offset by the costs of family management (Lim, 2021).

To address potential concerns about our test specification, specifically endogeneity, we conducted a study using the Generalized Method of Moments (GMM). The GMM is considered an efficient estimator in the presence of heteroscedasticity and a normal asymptotic estimator in the absence of heteroscedasticity (e.g., Wintoki, 2012; Ullah, 2018; Joni et al., 2020; Mansour, 2022b; Saleh et al., 2022). The GMM technique has the advantage of ensuring heteroscedasticity and consistent autocorrelation in the standard error of estimates. The results of the tests conducted in this study (see Table 6) do not deviate from the test results in Table 5.

Table 6

The relation between Corporate Social Responsibility and Cost of Debt – GMM Model

Variable	Coefficient Estimation	
	Model 1	Model 2
CSRD	-0.0057 (-2.15)**	-.0058 (-2.32) **
fo	-	.0014 (0.46)
SIZE	0.0006 (-3.98) ***	-.0006 (-4.04) ***
DER	0.0074 (9.93) ***	.0007 (29.47) ***
ICR	0.0000 (0.37)	.0000 (0.30)
CSRD**fo*	-	-.0126 (-2.41) ***
bo	0.0210 (5.33)***	0.019 (4.76)***

Source: Authors (2023)

The symbols ***, **, and * indicate statistical significance at 0.02, 0.05, and 0.10, respectively.

5. Conclusions

This study examines the effect of Corporate Social Responsibility on the cost of debt in Indonesian firms, with Family Ownership acting as a moderating variable. This study chose Indonesian companies because CSR disclosure is required in Indonesia, as stated in Law No. 40 of 2007, concerning Limited Liability Companies, Article 1 Number 3, related to social and environmental responsibility. The findings of this study are consistent with those of prior studies (Gao et al., 2020; Duggal et al., 2024) and state that companies that build a strong corporate image and reputation by disclosing CSR will reduce COD. Indonesia is a developing country in which debt financing plays a significant role in business. This is one of the disclosures that the principal can accept when making reports related to corporate responsibility in the social environment. This allows investors or creditors to consider whether they will reduce the cost of debt by reviewing a company's CSR reports. This study demonstrates that a company's image will improve if it has a high CSR value and a high proportion of family ownership. In Indonesia, the family of heirs leads to the leadership of a family company, such as the board of directors and commissioners. Therefore, when a company is led by a family and reports on CSR, it reduces information asymmetry and increases the principal's trust in the company by providing funds. These findings are in line with Agency and Signaling theories, which indicate that CSR disclosure is an effective tool to minimize agency conflicts and is perceived positively by creditors. Therefore, firms with more CSR disclosures experience lower costs of debt financing.

This study has important implications for company managers, regulators, and academics. Because company managers are expected to pay attention to CSR reporting, they must consider and implement CSR programs when developing debt reduction strategies. According to the findings of our study, creditors regard CSR performance as one of better risk management and information asymmetry, and creditors will consider providing cheaper debt financing to companies that actively disclose CSR. Compliance strategies are much better for company managers, because mandatory CSR is inevitable. Additionally, the study highlights the importance of efficient regulation and effective monitoring of regulators for companies to implement sustainable CSR reports. This can be a consideration for future impacts, particularly for companies that are directly related to ecosystems or the environment, and will have a long-term impact on the state of the ecosystem to pay close attention and be accountable for CSR.

The study also adds to the literature on family ownership, which moderates CSR with a cost of debt, where no one has done this research in Indonesia, and the results obtained can provide additional literature for stakeholders, particularly family businesses, to pay attention to

CSR reporting. This study also contributes to the academic field by increasing knowledge about CSR reporting, which has the potential to reduce agency costs and information asymmetry, both of which will have an impact on debt financing provided by investors. CSR can also help the ecosystem in the environment surrounding the industry, because the company has taken responsibility for its actions toward the environment through CSR reports. This should be a factor for stakeholders when providing funds to the company so that the company is responsible for the social environment as well as profit.

The findings of this study must be interpreted with several limitations in mind. First, in terms of debt financing, it is necessary to distinguish between long- and short-term debt to clarify the specifications for the cost of debt due to differences in the time period for borrowing funds. Second, when conducting a CSR test, it is necessary to distinguish between industries (mining, agriculture, health, etc.) because each industry has different effects on the environment and society, which are then linked to the cost of debt. Third, additional research is recommended to broaden the research by including companies from developing countries, particularly ASEAN. Further research can examine other ownership structures, such as institutional or government ownership, which are also prevalent in the context of companies listed on the Indonesian Stock Exchange.

Funding Information: This research paper was supported by internal grant from Maranatha Christian University which one of private universities in Indonesia.

References

Aiken, L. S., West, S. G., & Reno, R. R. (1991). *Multiple regression: Testing and interpreting interactions*. sage.

Ali, K., Nadeem, M., Pandey, R., & Bhabra, G. S. (2023). Do capital markets reward corporate climate change actions? Evidence from the cost of debt. Business Strategy and the Environment, 32(6), 3417–3431. https://doi.org/10.1002/bse.3308

AlKhouri, R., & Suwaidan, M. S. (2023). The impact of CSR on the financing cost of Jordanian firms. *Social Responsibility Journal*, *19*(3), 460-473.

Bacha, S., & Ajina, A. (2019). CSR performance and annual report readability: evidence from France. Corporate Governance: The International Journal of Business in Society.

Bacha, S., Ajina, A., & Ben Saad, S. (2021). CSR performance and the cost of debt: does audit quality matter?. *Corporate Governance: The International Journal of Business in Society*, *21*(1), 137-158.

Battisti, E., Nirino, N., Leonidou, E., & Salvi, A. (2023). Corporate social responsibility in family firms: Can corporate communication affect CSR performance?. *Journal of Business Research*, *162*, 113865.

Benlemlih, M. (2017). Corporate social responsibility and firm debt maturity. Journal of Business Ethics, 144(3), 491-517.

Ben-Nasr, H., Boubaker, S., & Rouatbi, W. (2015). Ownership structure, control contestability, and corporate debt maturity. Journal of Corporate Finance, 35, 265-285.

Bhuiyan, M. B. U., & Nguyen, T. H. N. (2019). Impact of CSR on cost of debt and cost of capital: Australian evidence. Social Responsibility Journal.

Chiu, W. C., & Wang, C. W. (2019). Rollover risk and cost of bank debt: The role of family-control ownership. Pacific-Basin Finance Journal, 53, 362-378.

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. Journal of management, 37(1), 39-67.

Cui, J., Jo, H., & Na, H. (2018). Does corporate social responsibility affect information asymmetry?. Journal of business ethics, 148(3), 549-572.

Duggal, N., He, L., & Shaw, T. S. (2024). Mandatory corporate social responsibility spending, family control, and the cost of debt. *The British Accounting Review*, 101356.

Eliwa, Y., Aboud, A., & Saleh, A. (2021). ESG practices and the cost of debt: Evidence from EU countries. Critical Perspectives on Accounting, 79, 102097.

Elkington, J. (1997). The triple bottom line. Environmental management: Readings and cases, 2, 49-66.

Gao, H., He, J., Li, Y., & Qu, Y. (2020). Family control and cost of debt: Evidence from China. Pacific-Basin Finance Journal, 60, 101286.

Ghouma, H., Ben-Nasr, H., & Yan, R. (2018). Corporate governance and cost of debt financing: Empirical evidence from Canada. The Quarterly Review of Economics and Finance, 67, 138-148.

Gong, G., Huang, X., Wu, S., Tian, H., & Li, W. (2021). Punishment by securities regulators, corporate social responsibility and the cost of debt. Journal of Business Ethics, 171(2), 337-356.

Gracia, O., & Siregar, S. V. (2021). Sustainability practices and the cost of debt: Evidence from ASEAN countries. Journal of Cleaner Production, 300, 126942.

Gul, F. A., & Ng, A. C. (2017). Agency Costs of Free Cash Flows and Investments in Business Sustainability. *Available at SSRN 3003629*.

Guo, M., Zheng, C., & Li, J. (2023). Corporate social responsibility and debt financing cost: evidence from China. *Environment, Development and Sustainability*, 1-29.

He, X. (2023). CSR communication and Corporate Accountability in the Post-Covid-19 Era. *Social and Environmental Accountability Journal*, 1-4.

Harjoto, M., & Laksmana, I. (2018). The impact of corporate social responsibility on risk taking and firm value. Journal of Business Ethics, 151(2), 353-373.

Hossain, A. T., & Kryzanowski, L. (2021). Political corruption and corporate social responsibility (CSR). Journal of Behavioral and Experimental Finance, 31, 100538.

Hu, Q., Zhu, T., Lin, C. L., Chen, T., & Chin, T. (2021). Corporate social responsibility and firm performance in china's manufacturing: A global perspective of business models. Sustainability, *13*(4), 2388.

Jannat, M., Haque, M. M., & Chowdhury, M. A. F. (2022). Does Trust Mediate in Corporate Social Responsibility (CSR) and Brand Equity Nexus? Empirical Evidence from the Banking Sector. *FIIB Business Review*, 23197145221110285.

Jensen, M. C., & Meckling, W. H. (2019). Theory of the firm: Managerial behavior, agency costs and ownership structure. In Corporate Governance (pp. 77-132). Gower.

Joni, J., Ahmed, K., & Hamilton, J. (2020). Politically connected boards, family and business group affiliations, and cost of capital: Evidence from Indonesia. The British Accounting Review, 52(3), 100878.

Kuo, L., Kuo, P. W., & Chen, C. C. (2021). Mandatory CSR disclosure, CSR assurance, and the cost of debt capital: Evidence from Taiwan. Sustainability, 13(4), 1768.

La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (1999). Corporate ownership around the world. The journal of finance, 54(2), 471-517.

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.

Lim, E. W. (2021). Concentrated ownership, state-owned enterprises and corporate governance. *Oxford Journal of Legal Studies*, *41*(3), 663-691.

Luo, W., Guo, X., Zhong, S., & Wang, J. (2019). Environmental information disclosure quality, media attention and debt financing costs: evidence from Chinese heavy polluting listed companies. Journal of Cleaner Production, 231, 268-277.

Madden, L., McMillan, A., & Harris, O. (2020). Drivers of selectivity in family firms: Understanding the impact of age and ownership on CSR. Journal of Family Business Strategy, 11(2), 100335.

Mansour, M., Al Amosh, H., Alodat, A. Y., Khatib, S. F., & Saleh, M. W. (2022a). The relationship between corporate governance quality and firm performance: The moderating role of capital structure. *Sustainability*, *14*(17), 10525.

Mansour, M., Aishah Hashim, H., Salleh, Z., Al-ahdal, W. M., Almaqtari, F. A., & Abdulsalam Qamhan, M. (2022b). Governance practices and corporate performance:

Assessing the competence of principal-based guidelines. *Cogent Business & Management*, *9*(1), 2105570.

Maury, B. (2022). Strategic CSR and firm performance: The role of prospector and growth strategies. Journal of Economics and Business, *118*, 106031

Muttakin, M. B., & Khan, A. (2014). Determinants of corporate social disclosure: Empirical evidence from Bangladesh. Advances in accounting, 30(1), 168-175.

Nguyen, V. H., Choi, B., & Agbola, F. W. (2020). Corporate social responsibility and debt maturity: Australian evidence. Pacific-Basin Finance Journal, 62, 101374.

Ullah, S., Akhtar, P., & Zaefarian, G. (2018). Dealing with endogeneity bias: The generalized method of moments (GMM) for panel data. *Industrial Marketing Management*, *71*, 69-78.

Saleh, M. W., Zaid, M. A., Shurafa, R., Maigoshi, Z. S., Mansour, M., & Zaid, A. (2021). Does board gender enhance Palestinian firm performance? The moderating role of corporate social responsibility. *Corporate Governance: The International Journal of Business in Society*, *21*(4), 685-701.

Saleh, M. W., Eleyan, D., & Maigoshi, Z. S. (2022). Moderating effect of CEO power on institutional ownership and performance. *EuroMed Journal of Business*.

Selin, M., Joni, J., & Ahmed, K. (2022). Political affiliation types and corporate social responsibility (CSR) commitment: evidence from Indonesia. Journal of Accounting & Organizational Change.

Shankar, A., & Yadav, R. (2020). Understanding the impact of CSR domain on brand relationship quality. Marketing Intelligence & Planning.

Shaw, T. S., Raithatha, M., Krishnan, G. V., & Cordeiro, J. J. (2021). Did mandatory CSR compliance impact accounting Conservatism? Evidence from the Indian Companies Act 2013. Journal of Contemporary Accounting & Economics, 17(3), 100280.

Siregar, S. V., & Utama, S. (2008). Type of earnings management and the effect of ownership structure, firm size, and corporate-governance practices: Evidence from Indonesia. The international journal of accounting, 43(1), 1-27.

Stock, C., Pütz, L., Schell, S., & Werner, A. (2024). Corporate social responsibility in family firms: Status and future directions of a research field. *Journal of Business Ethics*, *190*(1), 199-259.

Swanpitak, T., Pan, X., & Suardi, S. (2020). Family control and cost of debt: Evidence from Thailand. Pacific-Basin Finance Journal, 62, 101376.

Uyar, A., Gerged, A. M., Kuzey, C., & Karaman, A. S. (2023). Do CSR performance and reporting facilitate access to debt financing in emerging markets? The role of asset structure and firm performance. *Review of Accounting and Finance*.

Weber (2008). The business case for corporate social responsibility: A company-level measurement approach for CSR. European Management Journal, 26(4):247-261.

Wang, Y., Delgado, M. S., & Xu, J. (2023). When and where does it pay to be green?–A look into socially responsible investing and the cost of equity capital. *International Journal of Corporate Social Responsibility*, *8*(1), 1-23.

Wintoki, M. B., Linck, J. S., & Netter, J. M. (2012). Endogeneity and the dynamics of internal corporate governance. *Journal of financial economics*, *105*(3), 581-606.

Xu, H., Xu, X., & Yu, J. (2021). The impact of mandatory CSR disclosure on the cost of debt financing: Evidence from China. Emerging Markets Finance and Trade, 57(8), 2191-2205.

Responses to Reviewer's comments

Many thanks for your insight and suggestions to improve the quality of the paper submitted to Business Strategy and Development. In this revised version we have made all necessary corrections and undertake additional as suggested and hope this time the revised paper will have a positive recommendation from you. Our responses are placed side-by-side to your comments.

Reviewer 1:

I find the paper's idea interesting. I believe the paper's current version is limited in contributing significantly because of some major issues. Addressing them here aims to give authors helpful hints.

Comments and Suggestions

No.	Major Comments and Suggestions	Responses
1.	In the abstract, the findings should be presented with more clarity. – Does the study have any academic implications?	Thank you for the suggestion. We have re-written our abstract section and added academic implication. For instance: **Research implications –** The findings contribute to the literature by providing empirical evidence on how CSR and family firms experience lower cost of debt capital using an emerging economy context, Indonesia. Further, this study provides academic implications by investigating whether family ownership can be a moderator variable on the association between CSR and COD. The study also shows practical implications for practitioners and regulators to create policies that promote better CSR initiatives and corporate governance system."
2.	In the introduction, it would have been helpful if the author/researcher had explained the reason for incorporating the moderating variable, the theoretical framework, and the existing literature	Thank you for the suggestion. We have rewritten the introduction section and accommodate all the suggestions, including the explanation for moderating variable, the theoretical framework, and the existing literature. Please kindly see the introduction section. (Please see the introduction section) "This study examines the relationship between Corporate Social Responsibility (CSR) and Cost of Debt (COD) in companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. CSR activities have become an important part of business practice. CSR reporting is a commitment from the Limited Liability Company to participate in sustainable economic development to improve the quality of life and provide a beneficial environment for the company itself, the local community, and society in general. John Elkington

		(1997) created the concept of the Triple Bottom Line or "3P" (profit, people, and planet). If a company intends to continue in the long term (sustainable), it must adhere to the Triple Bottom Line "3P" concept, which states that the company must not only pursue revenue (profit), but also make a contribution to society (people) and adhere to environmental sustainability (planet). CSR disclosures are considered additional reports that become one of the sources of information required by investors and creditors. It is regarded as a long-term value that can be addressed by stakeholders and shows the company's broad attitudes toward environmental, social, and governance issues (He, 2023). According to Wang et al. (2023), CSR information can help stock investors determine whether a company is a good investment target. Studies conducted by Guo et al. (2023) further state that CSR is an important issue for creditors. Indonesian businesses must pay close attention to CSR because of the increasingly rapid development of the economy, technology, and global competition. There are several regulations on CSR reporting in Indonesia, including PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, which is stated in Article 4 paragraph (1) of PP No. 47 of 2012, "Social and environmental responsibilities are carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or the GMS in accordance with the articles of association of the Company, unless otherwise stipulated in the laws and regulations." Article 15b of Investment Law No. 25 of 2007 states that "every listed company is obliged to carry out corporate social responsibility." Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is the lower cost of debt (Guo et al., 2023; Ali et al., 2023; Duggal et al., 2024). CSR reporting is certainly more interesting because of increasing stakeholder demand, and the trend of CSR itself is increasing high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by lowering their interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. From the agency theory perspective, CSR activities

		can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, make the company more transparent, and improve the company's image among stakeholders, especially investors and creditors (AlKhouri & Suwaidan, 2023; Cui et al., 2018). This is also consistent with signaling theory, which suggests that CSR disclosure is perceived as a positive signal by creditors and other stakeholders. For several reasons, this study differs from previous studies (e.g. Uyar et al., 2023; Guo et al., 2023; AlKhouri & Suwaidan, 2023; Duggal et al., 2024). First, it extends a limited number of studies on how debtholders perceive CSR activities in developing countries. Most research on CSR and the cost of debt has been conducted in developed countries, and there is still a paucity of literature examining this relationship in developing countries (e.g., AlKhouri & Suwaidan, 2023). This study is also practically important because debt is the main source of funding in emerging markets, such as Indonesia (Duggal et al., 2024). Second, this study includes a moderating variable, family ownership, on the relationship between CSR disclosure and debt financing (e.g., Duggal et al., 2024). Another unique feature of the Indonesian Corporate Governance landscape is the presence of family firms. In Indonesia, the majority of listed companies are controlled by families (Joni et. al., 2020). The ownership structure of companies in Indonesia differs from that of companies in other countries (Joni et al., 2010). Most businesses in Indonesia are concentrated, with the owner serving on the board of directors and as a manager. According to Madden et al. (2020), family businesses are more likely to invest in CSR activities than non-family businesses. Lim (2021), founders or founding families, and heirs control the majority of companies worldwide. Persistent family ownership is long-term loyalty to the company. However, if a company has a high percentage of family ownership, creditors and investors will be interested in investing in or providing funds to the company because the members of the company will perform optimally so that the company survives for a long time and is then passed down to its descendants. Consequently, this study anticipates that agency conflict with the cost of debt will be reduced in

		family owned businesses, as it is impossible for family businesses to survive only in the short term. Our study uses a sample of 2,250 companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2020 period. This study tested the effect of CSR on COD by including a moderating variable: family ownership. In accordance with our first hypothesis, our findings show that CSR has a negative effect on debt costs, consistent with previous studies. In the second test, our findings show that family ownership moderates the effect of CSR on debt costs. To ensure that the standard error of the estimates is consistent with heteroscedasticity and autocorrelation, an endogeneity test was performed using the Generalized Method of Moments heteroscedasticity technique (e. g., Joni et al., 2020). These results are consistent with the results of the main OLS (Ordinary Least Square) regression estimations. The remainder of this paper is organized as follows. section goes over the theoretical foundation and hypothesis development. The third section covers the research methodology for the sample and variables used in this study. The fourth section presents the empirical findings of the research in the form of a descriptive analysis and explanations of the findings of this study. Finally section is the study's conclusion."
3.	The introduction should have identified the theoretical and practical gaps.	Thank you for the suggestion. We have rewritten the introduction section and accommodate all the suggestions, including the theoretical and practical gaps. Please kindly see the introduction section. (Please see the introduction section)
4.	On page 2, lines 53-55, you state "Companies that consistently provide detailed, timely, and informative disclosure reports benefit from a variety of market advantages, one of which is lower cost of debt (COD)". It's necessary to clarify this. Furthermore, older references were used even though more recent ones were available in same topic, such as A) Guo, M., Zheng, C., & Li, J. (2023). Corporate social responsibility and debt financing cost: evidence from China. Environment, Development and Sustainability, 1-29.	Thank you, we have provided a clear understanding on page 2 and added recent references as suggested. For instance: "Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is lower cost of debt (Guo et al., 2023; Ali et al., 2023; Raimo et al., 2021). CSR reporting is certainly more interesting as a result of increasing stakeholder demand and the trend of CSR itself being increasingly high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by

	B) AlKhouri, R., & Suwaidan, M. S. (2023). The impact of CSR on the financing cost of Jordanian firms. Social Responsibility Journal, 19(3), 460-473. C) Raimo, N., Caragnano, A., Zito, M., Vitolla, F., & Mariani, M. (2021). Extending the benefits of ESG disclosure: The effect on the cost of debt financing. Corporate Social Responsibility and Environmental Management, 28(4), 1412-1421. D) Uyar, A., Gerged, A. M., Kuzey, C., & Karaman, A. S. (2023). Do CSR performance and reporting facilitate access to debt financing in emerging markets? The role of asset structure and firm performance. Review of Accounting and Finance. And in related fields such as: A) Mansour, M., Al Zobi, M., Saleh, M. W. A., Al-Nohood, S., & Marei, A. (2023). The board gender composition and cost of debt: Empirical evidence from Jordan. Business Strategy & Development, 1–17. https://doi.org/10.1002/bsd2.300 B) Ali, K., Nadeem, M., Pandey, R., & Bhabra, G. S. (2022). Do capital markets reward corporate climate change actions? Evidence from the cost of debt. Business Strategy and the Environment	lowering creditors' interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company's image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders."
5.	In a regression model, it is better and clearer to use the formula (CSRD*fo) instead of (CSRD.fo) for the interaction term.	Thank you, the final version of our paper has change CSRD.fo with CSRD*fo for the interaction formula.
6.	Overall, the literature review remains descriptive and vague. This makes it difficult to present convincing hypotheses.	We have re-written the literature review section and added several recent studies. Please kindly see section 2.2.
7.	There is a need for more justification regarding the control variables in the research model.	We have added justifications for control variables used in the model. "Following previous studies on debt costs (Benlemlih, 2017; Nguyen et al., 2020; Ali et al., 2023), the variables that can influence cost of debt capital are controlled, including leverage, firm size, interest coverage, industry and year fixed effects. In this study, leverage (DER) is defined as the ratio of total debt to total equity. Since Diamond (1989) demonstrated that leverage can increase the risk of liquidity, therefore leverage is included in the model. Next, firm size (SIZE) is calculated using the natural logarithm of total assets. According to Zheng et al. (2012), size is used to control the

		impact of credit quality on debt maturity. Larger companies are more likely to be able to obtain long-term debt because their credit quality is high (Ben-Nasr et al., 2015; Nguyen et al., 2020). Also, interest coverage (ICR) is negatively associated with cost of debt (Francis et al., 2004). It is expected a higher value of ICR is related to a lower cost of debt. We control the possible variation over time by applying year fixed effect (YEAR) in our model. Finally, the potential industry effects are also controlled using industry indicator variables (IND) based on GICS (Global Industry Classification Standard) codes."
8.	There was no explanation given for including year and industry-fixed effects in the model.	We have added justifications for controlling year and industry-fixed effects in the model. "Following previous studies on debt costs (Benlemlih, 2017; Nguyen et al., 2020; Ali et al., 2023), the variables that can influence cost of debt capital are controlled, including leverage, firm size, interest coverage, industry and year fixed effects. In this study, leverage (DER) is defined as the ratio of total debt to total equity. Since Diamond (1989) demonstrated that leverage can increase the risk of liquidity, therefore leverage is included in the model. Next, firm size (SIZE) is calculated using the natural logarithm of total assets. According to Zheng et al. (2012), size is used to control the impact of credit quality on debt maturity. Larger companies are more likely to be able to obtain long-term debt because their credit quality is high (Ben-Nasr et al., 2015; Nguyen et al., 2020). Also, interest coverage (ICR) is negatively associated with cost of debt (Francis et al., 2004). It is expected a higher value of ICR is related to a lower cost of debt. We control the possible variation over time by applying year fixed effect (YEAR) in our model. Finally, the potential industry effects are also controlled using industry indicator variables (IND) based on GICS (Global Industry Classification Standard) codes."
9.	Explicitly discuss what the result shows in the section on descriptive statistics & bivariate analysis	We have provided better explanations on the results in section 4. "The first Model 1 results show that CSR has a significant negative effect on the cost of debt, with a coefficient of -0.0349 at the 1% level, which is consistent with previous studies (Kuo et al., 2021; Nguyen et al., 2020; Gong et al., 2021; Hu et al., 2021). When a company reports CSR and has a high CSR value, debtholders will consider

		providing a lower cost of debt because the company is held accountable for the company. In line with agency and signaling theories suggesting that CSR disclosure is an important vehicle to reduce asymmetry information and to provide positive signal to the stakeholders, including creditors and investors as reflected in lower cost of debt. It means that the creditors view company with better CSR is associated with lower corporate risks. The result is economically significant. The first hypothesis is supported by the regression results in table 4. It can be stated that if a company is concerned with the interests of its stakeholders, the stakeholders will support it. With the creation of a CSR report, the company has provided information related to the company, which is one of the stakeholders' interests in obtaining information in order to reduce information asymmetry so that investors/debtholders are willing to provide lower interest costs. By reporting CSR, stakeholders can more easily monitor company reports and the company's state, lowering the risk of the company being unable to pay its debts. Transparency in reporting has reduced agency issues between companies and debtholders. In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al., 2020). When the interaction variable between CSR and family ownership is shown to have a significant negative effect on the cost of debt in Model 2, the interaction variable has a significant negative effect on the cost of debt. Whereas in these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors will pay attention to the cost of debt to the company as a result of this because the company has a plus. Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting. The findings of this study also support the second hypothesis, which holds that family ownership with more CSR disclosure can lower cost of debt (Cruz et al., 2014). In this case, the

		company is attempting to establish a good reputation in the eyes of debtholders. Thus, family businesses will engage in CSR reporting so that debtholders can create a positive image for the company and reduce information asymmetry. The disclosure of CSR will support lower agency costs, where the cost of debt to be received by the company will be lower, and the company's reputation will improve.”
10.	Why, the result of the Pearson correlation test is not tabulated? It must exist.	We have added the Pearson correlation test in Table 4. Thank you for the suggestion.
11.	The absence of the related theory in both the introduction and conclusion is puzzling. Any idea why?	We have added related theories in both introduction and conclusion. As a part of Introduction: “In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company’s image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders.” As a part of conclusion: The findings of this study state that companies that build a strong corporate image and reputation by disclosing CSR will reduce COD. Indonesia is one of the developing countries where debt financing for developing countries plays a significant role for businesses. This is one of the disclosures that the principal can accept when making reports related to corporate responsibility for the social environment. This allows investors or creditors to consider whether they will reduce the cost of debt by reviewing the company's CSR reports. The findings are in line with Agency and Signaling theories which describe that CSR disclosure is an effective tool to minimize agency conflicts and perceived positively by creditors. Therefore, firms with more CSR disclosure experience lower cost of debt financing.”
12.	The first Model 1 and 2 results discussion: too brief. Need to enhance	We have improved the discussion of the results in section 4.2.

		“The first Model 1 results show that CSR has a significant negative effect on the cost of debt, with a coefficient of -0.0349 at the 1% level, which is consistent with previous studies (Kuo et al., 2021; Nguyen et al., 2020; Gong et al., 2021; Hu et al., 2021). When a company reports CSR and has a high CSR value, debtholders will consider providing a lower cost of debt because the company is held accountable for the company. In line with agency and signaling theories suggesting that CSR disclosure is an important vehicle to reduce asymmetry information and to provide positive signal to the stakeholders, including creditors and investors as reflected in lower cost of debt. It means that the creditors view company with better CSR is associated with lower corporate risks. The result is economically significant. The first hypothesis is supported by the regression results in table 4. It can be stated that if a company is concerned with the interests of its stakeholders, the stakeholders will support it. With the creation of a CSR report, the company has provided information related to the company, which is one of the stakeholders' interests in obtaining information in order to reduce information asymmetry so that investors/debtholders are willing to provide lower interest costs. By reporting CSR, stakeholders can more easily monitor company reports and the company's state, lowering the risk of the company being unable to pay its debts. Transparency in reporting has reduced agency issues between companies and debtholders. In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al., 2020). When the interaction variable between CSR and family ownership is shown to have a significant negative effect on the cost of debt in Model 2, the interaction variable has a significant negative effect on the cost of debt. Whereas in these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors will pay attention to the cost of debt to the company as a result of this because the company has a plus.

		Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting. The findings of this study also support the second hypothesis, which holds that family ownership with more CSR disclosure can lower cost of debt (Cruz et al., 2014). In this case, the company is attempting to establish a good reputation in the eyes of debtholders. Thus, family businesses will engage in CSR reporting so that debtholders can create a positive image for the company and reduce information asymmetry. The disclosure of CSR will support lower agency costs, where the cost of debt to be received by the company will be lower, and the company's reputation will improve.”
13.	Providing additional details on the theories developed and practical implications would enhance the authors' work	We have added a detail explanation on the theories developed and practical implications in section 2.2. “Several related theories, including agency theory and signaling theory, can explain the relationship between CSR and debt cost. According to agency theory, there are two interconnected parties in a business: the agent and the principal (Jensen & Meckling, 1976). The agent is the company's manager who oversees the company's operational activities, whereas the principal is the party who will provide funds to the company. In this case, the investor (principal) must be able to hold the management (agent) accountable for the funds provided to the company. This states that companies that disclose CSR will entice investors/creditors to invest their capital in the company because they will be able to be held accountable for the capital provided by creditors based on the company's social responsibility (Cheng et al., 2014; Bacha & Ajina, 2019). The purpose of CSR disclosure is to minimize costs as a result of information asymmetry and uncertainty in the view of agency theory. Agency problems, which involve the relationship between agents and owners, cause information asymmetry (Broghesi et al., 2014). When management, as an agent, has more personal information than the principal or investor, information asymmetry occurs in the capital market; to reduce the cost of capital, information asymmetry must be reduced (Bhuiyan & Nguyen, 2019; Martinez-Ferrero et al., 2016). The cost of

		capital will be lower if information asymmetry is reduced in the capital market. CSR disclosure is regarded as a vehicle to protect stakeholders from potentially bad manager behavior and reduces information asymmetry, thereby lowering the cost of debt (Ghouma et al., 2018; Cooper & Uzun, 2015; Stellner et al., 2015; Bhuiyan & Nguyen, 2019). Additionally, signaling theory provides more arguments on the association between CSR and cost of debt. Signaling theory emphasizes the significance of information issued by a company on investment decisions made outside of the company. CSR disclosure is one of the most important things for stakeholders, including investors because it provides information and an overview of the company's current state on sustainable development issues. Investors require relevant, accurate, complete, and timely information as a stakeholder analysis tool when making investment decisions. By disclosing CSR reports, two goals will be met in order to maximize public interest, the first of which is to fulfill the public interest in obtaining more informative corporate disclosure reports, thereby reducing information asymmetry (La Rosa et al., 2018). Second, companies that do CSR reporting have good prospects in the future, so many stakeholders or investors will provide funds to the company. The CSR report contains information on environmental potential, social responsibilities, and thus long-term value, and CSR data can be used to analyze the company's risk profile.”
14.	In section: 4.3 Endogeneity, again, you state that: The result is not tabulated??????? It’s very important to appear in your paper. You can enhance that be reading these papers: A) Mansour, M., Hashim, H., Salleh, Z., Al-ahdal, W. M., Almaqtari, F. A., & Abdulsalam Qamhan, M. (2022). Governance practices and corporate performance: Assessing the competence of principal-based guidelines. Cogent Business & Management, 9(1), 2105570. https://doi.org/10.1080/23311975.2022.2105570 B) Saleh, M. W., Eleyan, D., & Maigoshi, Z. S. (2022). Moderating effect of CEO power on institutional ownership and performance. EuroMed Journal of Business. https://doi.org/10.1108/EMJB-12-2021-0193	We have added the results in table 6 and the references. Thanks you for the suggestions

	C) Wintoki, M. B., Linck, J. S., & Netter, J. M. (2012). Endogeneity and the dynamics of internal corporate governance. Journal of Financial Economics, 105(3), 581–606. https://doi.org/10.1016/j.jfineco.2012.03.005 D) Ullah, S., Akhtar, P., & Zaefarian, G. (2018). Dealing with endogeneity bias: The generalized method of moments (GMM) for panel data. Industrial Marketing Management, 71(1), 69–78. https://doi.org/10.1016/j.indmarman.2017.11.010	
15.	Robustness tests need to be conducted, and a solid theoretical framework should be constructed.	Thank you. We have added the robustness test and the theoretical framework has been constructed.
16.	Regarding the moderation effects, I don't see the synergistic effects of the interaction. This implies that the interaction term does not have a significant marginal effect on coefficients. This point is very important to clarify.	Thank you. For the moderation effect. We have mentioned and reported in Table 4. The result shows that the interaction effect is negative and significant statistically. The description is as follow: "When the interaction variable between CSR and family ownership is shown to have a significant negative effect on the cost of debt in Model 2, the interaction variable has a significant negative effect on the cost of debt. Whereas in these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors will pay attention to the cost of debt to the company as a result of this because the company has a plus. Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting."
17.	Thus, in order to gain further insights into the moderating effect, two-way interaction effects (simple regression slopes) can plotted to confirm the presence of interaction as well as to facilitate the interpretation of conditional marginal effects. You should return to these paper for example: A) Saleh, M.W.A., Zaid, M.A.A., Shurafa, R., Maigoshi, Z.S., Mansour, M., & Zaid, A. (2021),	Thank you for the suggestions. We have added all the suggested references and used it as additional explanation of the moderating effect. Here is the example: "Model 2 in Table 4 shows that the interaction variable between CSR and family ownership has a significantly negative effect on the cost of debt.

	Does board gender enhance Palestinian firm performance? The moderating role of corporate social responsibility. Corporate Governance, 21(4), 685-701. https://doi.org/10.1108/CG-08-2020-0325 B) Mansour, M., Al Amosh, H., Alodat, A. Y., Khatib, S. F., & Saleh, M. W. (2022). The relationship between corporate governance quality and firm performance: The moderating role of capital structure. Sustainability, 14(17), 10525. https://doi.org/10.3390/su141710525 C) Aiken, L.S.; West, S.G.; Reno, R.R. Multiple Regression: Testing and Interpreting Interactions; Sage: Newcastle, UK,1991.	Based on the moderated regression analysis, the coefficient of the interaction terms between CSRD and *fo* (CSRD**fo*) is 0.0128 negative and significant at the 1% level (t-value = -3.01), which supports Hypothesis 2. Clearly, the interaction variable (CSRD**fo*) has a significant negative effect on the cost of debt. In these results, companies that disclose CSR reporting with family businesses will reduce the cost of debt because, in the case of family businesses, the company will pay more attention to the company's reputation, and by doing so, the company will make CSR disclosures. Creditors pay attention to the cost of debt to a company because the company has a plus. Companies will strive to operate in the long term so that their legacy can be passed down to future generations, while also maintaining a focus on environmental and social reporting.”
18.	On page 15 line 29 the authors mention “2%” – I am not sure if this was a typo.	Thank you for the observation. We have removed the irrelevant sentence. “Table 3 displays descriptive statistics for variables based on a full sample of 2,250 observations from 2017 to 2020. For family ownership, our study uses a dummy value set to 1 if the company is owned by family and 0 otherwise.”
19.	I expected to see a separate discussion section.	Thank you for the suggestion. We have added result’s discussion in section 4.3

Reviewer 2:

Comments and Suggestions

No.	Major Comments and Suggestions	Responses

1.	The title needs to be reformulated. It does not tell what is being investigated.	Thank you for the feedback. We have reformulated the title. The title is "How does family business affect the association between corporate social responsibility disclosure and cost of debt in Indonesia"
2.	ABSTRACT The authors constantly use the word "we" in the text. This is not scientific writing, rather use "the study" or as in the 3rd sentence "We apply, OLS", make it "OLS was applied". The same comment is applicable when referring to "our study" (not scientific writing). This needs to be corrected throughout the whole study.	Thank you for the suggestion. We have changed the word "we" in the text with "the study" and made the corrections for the whole paper. For instance (in the abstract): "OLS (Ordinary Least Square) regression was applied to investigate this association. Also, this study addresses the endogeneity problem by using the generalized method of moments (GMM).
3.	INTRODUCTION P.2, Line 13. This is because—clarify, what is because. P2. Line 36 where the authors refer to Article 15 b, mentions that every investor is obliged to carry out CSR. Clarify, this part of Article 15 b, as according to my knowledge the company must be responsible CSR and not investors. P2, line 55. Need a reference as this statement is vague but does have a direct impact on the study. P3, line 40. In the Indonesian context, the majority of listed companies are controlled by families (Villalonga & Amit, 2010). Very old reference, 2010. Get the latest figures. The whole part, describing the ownership of companies in Indonesia, uses very old data. The latest data needs to be included.	Thank you for the feedback. We have made changing based on the suggestions. **P.2, Line 13. This is because—clarify, what is because.** We have clarified the sentence. Here is the changing: "CSR disclosures are considered as additional reports that become one of the sources of information required by investors and creditors. It is regarded as a long-term value that can be addressed to stakeholders and showed the company's broad attitudes toward environmental, social, and governance issues (He, 2023). **P2. Line 36 where the authors refer to Article 15 b, mentions that every investor is obliged to carry out CSR. Clarify, this part of Article 15 b, as according to my knowledge the company must be responsible CSR and not investors.** We have clarified the sentence. In the paper, it is stated every listed company, not every investor. Here is the statement: "Article 15b of Investment Law No. 25 of 2007 states that "every listed company is obliged to carry out corporate social responsibility." **P2, line 55. Need a reference as this statement is vague but does have a direct impact on the study.**

		We have added the reference and delete unrelated sentences. Here is the changing: "Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is lower cost of debt (Guo et al., 2023; Ali et al., 2023; Raimo et al., 2021). CSR reporting is certainly more interesting as a result of increasing stakeholder demand and the trend of CSR itself being increasingly high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by lowering creditors' interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company's image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders." **P3, line 40. In the Indonesian context, the majority of listed companies are controlled by families (Villalonga & Amit, 2010). Very old reference, 2010. Get the latest figures. The whole part, describing the ownership of companies in Indonesia, uses very old data. The latest data needs to be included.** We have added the update reference: "In the Indonesian context, the majority of listed companies are controlled by families (Joni et. al., 2020)."
4.	INSTITUTIONAL BACKGROUND, THEORETICAL FOUNDATION AND HYPOTHESIS DEVELOPMENT p.5, lines 6 and 7 need reference. Update references which are too old. An interesting article: Analysis of CSR Legislation in Indonesia: Mandate to Business,	Thank you for the feedback. We have updated the references and added suggested reference.

	Aug 2019. Business and Economic Research 9(3):165, by Rabin Ibnu Zainal, could also be added to the reference list and to the background as it provides an additional perspective on the mandatory aspects of CSR in Indonesia. Based on the article it seems that this is a mechanism for government to distribute wealth and that it is not always a popular action.	
5.	RESEARCH METHODS On p. 10 lines 6-18. The language needs to be edited. Often the word "then "is used. Explain the most important CSR criteria, you refer to 20 of them. Page 10, line 13, refers to 743 companies to be eliminated, but in Table 1, the number is 718. The sample initially included all public companies, in which section are the family-owned companies highlighted? The sample is then supposed to be only family-owned companies, how many of them?	Thank you for the feedback. Some changes have been made. **On p. 10 lines 6-18. The language needs to be edited. Often the word "then "is used.** We have edited the sentence as follow: "Additionally, the study accesses financial data via Thomson Reuters datastream." **Explain the most important CSR criteria, you refer to 20 of them.** CSR criteria is explained as follow: "The initial sample for this study included all public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. The study calculates CSR data using the CSR score index (CSRD) based on 20 criteria or indicators in the calculation proposed by Muttakin & Khan (2014). The CSR score includes several dimensions, including community involvement (3 indicators), environmental (1 indicator), employee information (9 indicators), product and service information (6 indicators), and value-added information (1 indicator)." **Page 10, line 13, refers to 743 companies to be eliminated, but in Table 1, the number is 718.** We have made it consistent. The total sample is 742 companies. "From the results of the Datastream obtained 742 companies." **The sample initially included all public companies, in which section are the family-owned companies highlighted? The sample is then supposed to be only family-owned companies, how many of them?**

		"Then blank data was excluded until the total sample size reached 2,250 observations and around 34.5% (or 776 observations) is family firm."
6.	EMPIRICAL RESULTS Why do the authors provide in Table 1, Panel B, the industries, if it was not used in the study as mentioned on p.14, line 35? P 15, line 38, "debtholders will consider providing a lower cost of debt because the company is held accountable for the company" This sentence does not read well. p.15, line 40. "In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al. 2020)". I do not understand, is this how the companies were separated, but the authors refer to Gao et al? On p.16, line, 18, the findings of the study seem to be already investigated as per Cruz et al, 2014.	Thank you for the feedback. Here is the response: **Why do the authors provide in Table 1, Panel B, the industries, if it was not used in the study as mentioned on p.14, line 35?** We use the industry and year effect in our main models as represented in all the OLS regressions (see Table 4). However, we exclude the industry and year effects in the correlation test because it is irrelevant. It is also consistent with previous studies. **P 15, line 38, "debtholders will consider providing a lower cost of debt because the company is held accountable for the company" This sentence does not read well.** We have rewritten the sentence as follow: "When a company reports CSR and has a higher CSR value, they experience lower cost of debt because debtholders perceive it as a positive signal." **p.15, line 40. "In Model 2, the variable family ownership is represented by a dummy score, with 1 denoting a company that has a family and 0 denoting a company that does not have a family (Gao et al. 2020)". I do not understand, is this how the companies were separated, but the authors refer to Gao et al?** Thank you for the feedback, we have made changing regarding the definition of the variable. We move the explanation from section 4.2 to section 3.5 and provide a better understanding on the definition in section 3.5. Here is the changing: "The variable family ownership is represented by a dummy score (Gao et al., 2020), with 1 denoting a company that has at least 5% family ownership and 0 denoting a company that has less than 5%."

		On p.16, line, 18, the findings of the study seem to be already investigated as per Cruz et al, 2014. Thank you, it was a mistake. We have delete the reference.
	CONCLUSIONS P.17, lines 19 and 20, improve the statement. p.17 Lines 20 and 21, Not sure if that statement is true. Referring to that part: "However, the purpose of this study was to determine whether creditors would consider the presence of family ownership in the company in order to obtain a low cost of debt". If the statement is true, the title needs to be rephrased	Thank you for your suggestion. We have rewritten the whole paragraph in the conclusion dan provide more clarity sentences. Here is the new paragraph: "The study looks at the effect of Corporate Social Responsibility on the Cost of Debt in the context of Indonesian firms, with Family Ownership acting as a moderating variable. The study chose Indonesian companies because CSR disclosure is required in Indonesia, as stated in Law No. 40 of 2007, concerning Limited Liability Companies, Article 1 Number 3, related to social and environmental responsibility. The findings of this study state that companies that build a strong corporate image and reputation by disclosing CSR will reduce COD. Indonesia is one of the developing countries where debt financing for developing countries plays a significant role for businesses. This is one of the disclosures that the principal can accept when making reports related to corporate responsibility for the social environment. This allows investors or creditors to consider whether they will reduce the cost of debt by reviewing the company's CSR reports. The findings are in line with Agency and Signaling theories which describe that CSR disclosure is an effective tool to minimize agency conflicts and perceived positively by creditors. Therefore, firms with more CSR disclosure experience lower cost of debt financing."

Reviewer 3:

The paper attempts to examine how Corporate Social Responsibility (CSR) disclosure and family ownership affects Cost of Debt (COD). The study employs mainly two analysis such as OLS and Generalized Method of Moments. It is an interesting work; however, the paper has in nascent stage and many grammatical and typo graphical errors. Hope my comments help to improve this paper.

Comments and Suggestions

No.	Major Comments and Suggestions	Responses
1.	The author (s) need to provide a strong motivation for the study in the introduction part. Further, the motivation of the study is not up to the mark	Thank you for the feedback. We have added the motivation of our study in the introduction section. Here is the example: "For several reasons, this study differs from previous studies (e.g. Uyar et al., 2023; Guo et al., 2023; AlKhouri and Suwaidan, 2023; Duggal et al., 2024). First, our study extends a limited number of studies on how debtholders perceived CSR activities in developing countries. Most research on CSR and the cost of debt is conducted in developed countries, and there is still a paucity of literature examining this relationship in developing countries (e.g., AlKhouri and Suwaidan, 2023). This study is also practically important because the main source of funding in emerging market, such as in Indonesia is debt (Duggal et al., 2024). Second, the study includes a moderating variable, which is family ownership, on the relation between CSR disclosure and debt financing (e.g., Duggal et al., 2024). Another uniqueness of Indonesian Corporate Governance landscape is the presence of family firms. In the Indonesian context, the majority of listed companies are controlled by families (Joni et. al., 2020). The ownership structure of companies in Indonesia differs from that of companies in other countries (Joni et al., 2010). The majority of businesses in Indonesia are concentrated, with the owner also serving on the board of directors and as a manager. According to Madden et al. (2020), family businesses are more likely than non-family businesses to invest in CSR activities. Then, Lim (2021), founders or founding families and heirs control the majority of companies around the world. Persistent family ownership is a long-term loyalty to the company. Whereas if a company has a high percentage of family ownership, creditors and investors will be interested in investing or providing funds to the company because the members of the company will perform optimally so that the company survives for a long time and is then passed down to their

		descendants. As a result, this study anticipates that agency conflict with the cost of debt will be reduced in family-owned businesses, as it is impossible for family businesses to only survive in the short term. "
2.	There is some duplication in the introduction section (See page no. 3 and line no.28 to 37). Author (s) tries to explain the contribution of the study. However, the separate paragraph given as a contribution of the study (see page no. 4 and line no.25 to 39).	Thank you for the feedback. We have added deleted and rewritten some duplication in the introduction section,
3.	The author (s) uses too long sentences, it is very hard to understand the concept. It is suggested to break into small sentences. For example, in the introduction section page no. 2 and line no. 8 to 13.	Thank you for the feedback. The introduction section has been rewritten. Here is the example: "The purpose of this study is to examine the relationship between Corporate Social Responsibility (CSR) and Cost of Debt (COD) in companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. CSR activities have become an important business practice. CSR reporting is a commitment from the Limited Liability Company to participate in sustainable economic development in order to improve the quality of life and a beneficial environment, for the company itself, the local community, and society in general. John Elkington (1997) created the concept of the Triple Bottom Line or "3P" (profit, people, and planet). If a company intends to continue in the long term (sustainable), it must adhere to the Triple Bottom Line "3P" concept, which states that the company must not only pursue revenue (profit), but also make a contribution to society (people) and adhere to environmental sustainability (planet). CSR disclosures are considered as additional reports that become one of the sources of information required by investors and creditors. It is regarded as a long-term value that can be addressed to stakeholders and showed the company's broad attitudes toward environmental, social, and governance issues (He, 2023). According to Wang, Delgado, & Xu (2023), CSR information can help stock investors determine whether a company is a good investment target. Studies conducted by Guo, Zheng, & Li (2023), further, stated that CSR is an important issue for creditors as reflected in lower cost of debt. Because of the increasingly rapid development of the economy, technology, and global competition, Indonesian businesses must pay close

		attention to CSR. There are several regulations about CSR reporting in Indonesia, including PP No. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies, which states in Article 4 paragraph (1) of PP No. 47 of 2012, "Social and environmental responsibilities are carried out by the Board of Directors based on the Company's annual work plan after obtaining approval from the Board of Commissioners or the GMS in accordance with the articles of association of the Company, unless otherwise stipulated in the laws and regulations". Article 15b of Investment Law No. 25 of 2007 states that "every listed company is obliged to carry out corporate social responsibility." Companies that consistently provide detailed CSR disclosure benefit from a variety of financial advantages, one of which is lower cost of debt (Guo et al., 2023; Ali et al., 2023; Duggal et al., 2024). CSR reporting is certainly more interesting as a result of increasing stakeholder demand and the trend of CSR itself being increasingly high (e.g., Guo et al., 2023). This increases the company's transparency and makes creditors more willing to provide capital to the company by lowering creditors' interest costs. According to Uyar et al. (2023), CSR disclosure can reduce debt costs. In the view of agency theory, CSR activities can avoid corporate risk by reducing information asymmetry. In this case, managers must be able to use increased CSR activities to disclose more information, making the company more transparent and improving the company's image among stakeholders, especially investors and creditors (AlKhouri and Suwaidan, 2023; Cui et al., 2018). It is also consistent with signaling theory suggesting that CSR disclosure is perceived as a positive signal by creditors and other stakeholders."
4.	The author (s) claims that "CSR information is regarded as a long-term value that can be addressed to stakeholders and becomes one of the company's broad attitudes toward environmental, social, and governance issues". It needs proper supporting literature/citation	Thank you for the suggestion. We have added proper reference for the claims. "This is because CSR information is regarded as a long-term value that can be addressed to stakeholders and showed the company's broad attitudes toward environmental, social, and governance issues (He, 2023)"
5.	The literature section missed out significant works	We have added several recent significant works in the reference. Several of them are represented as follow: Duggal, N., He, L., & Shaw, T. S. (2024). Mandatory corporate social responsibility spending, family

		control, and the cost of debt. *The British Accounting Review*, 101356. Stock, C., Pütz, L., Schell, S., & Werner, A. (2024). Corporate social responsibility in family firms: Status and future directions of a research field. *Journal of Business Ethics*, *190*(1), 199-259. Battisti, E., Nirino, N., Leonidou, E., & Salvi, A. (2023). Corporate social responsibility in family firms: Can corporate communication affect CSR performance?. *Journal of Business Research*, *162*, 113865. Guo, M., Zheng, C., & Li, J. (2023). Corporate social responsibility and debt financing cost: evidence from China. *Environment, Development and Sustainability*, 1-29.
6.	Authors should clearly mention the reason for why you are choosing the study period from 2017 to 2020 and the tested model is very simplistic.	We have added the reason for choosing the period. Here is the description: "The initial sample for this study included all public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. The period of our study is selected due to several reasons. First, the period is after the regulation enactment which requires listed companies to disclose their CSR practices in Indonesia (CSR is mandatory). Second, it is set before the severe impact of the COVID-19 pandemic."
7.	The author (s) provides detailed data description is very helpful to the readers to understand the data and its sources.	Thank you. We have put more detail description on our data, including its sources. "The initial sample for this study included all public companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020. The study calculates CSR data using the CSR score index (CSRD) based on 20 criteria in the calculation proposed by Muttakin & Khan (2014). CSRD is applied as it is developed for emerging economies. All CSR information is collected manually from the company annual report or website if available. Then the study uses Thomson Reuters datastream for financial data. From the results of the data stream obtained 743 companies. Then blank data was excluded until the total sample size reached 2,250. All variables are winsorized at the upper and lower limits of 2% to reduce the impact of outliers. Company year observations are shown in

		Table 1, Panel A. Panel B consists of the number of companies by industry sector.”
8.	The correlation results show highest correlation is between COD and CSRD. Author need to explain the valuable reason for this.	We added the explanation of highest correlation between COD and CSRD. “The highest correlation is between COD and CSRD (r = -0.4156). It suggests that higher CSRD is strongly associated with lower cost of debt.”
9.	The conclusion and policy implication section need more attention. The conclusion must be concluded with supporting literature. It is required that the authors cite some studies supporting your findings and conclusions.	Thank you for the feedback. We have rewritten the conclusion and added all the feedback. Here is the recent conclusion: “This study examines the effect of Corporate Social Responsibility on the cost of debt in Indonesian firms, with Family Ownership acting as a moderating variable. This study chose Indonesian companies because CSR disclosure is required in Indonesia, as stated in Law No. 40 of 2007, concerning Limited Liability Companies, Article 1 Number 3, related to social and environmental responsibility. The findings of this study are consistent with those of prior studies (Gao et al., 2020; Duggal et al., 2024) and state that companies that build a strong corporate image and reputation by disclosing CSR will reduce COD. Indonesia is a developing country in which debt financing plays a significant role in business. This is one of the disclosures that the principal can accept when making reports related to corporate responsibility in the social environment. This allows investors or creditors to consider whether they will reduce the cost of debt by reviewing a company's CSR reports. This study demonstrates that a company's image will improve if it has a high CSR value and a high proportion of family ownership. In Indonesia, the family of heirs leads to the leadership of a family company, such as the board of directors and commissioners. Therefore, when a company is led by a family and reports on CSR, it reduces information asymmetry and increases the principal's trust in the company by providing funds. These findings are in line with Agency and Signaling theories, which indicate that CSR disclosure is an effective tool to minimize agency conflicts and is perceived positively by creditors. Therefore, firms with more CSR disclosures experience lower costs of debt financing. This study has important implications for company managers, regulators, and academics. Because company managers are expected to pay attention to CSR reporting, they must consider and implement CSR programs when developing debt

		reduction strategies. According to the findings of our study, creditors regard CSR performance as one of better risk management and information asymmetry, and creditors will consider providing cheaper debt financing to companies that actively disclose CSR. Compliance strategies are much better for company managers, because mandatory CSR is inevitable. Additionally, the study highlights the importance of efficient regulation and effective monitoring of regulators for companies to implement sustainable CSR reports. This can be a consideration for future impacts, particularly for companies that are directly related to ecosystems or the environment, and will have a long-term impact on the state of the ecosystem to pay close attention and be accountable for CSR. The study also adds to the literature on family ownership, which moderates CSR with a cost of debt, where no one has done this research in Indonesia, and the results obtained can provide additional literature for stakeholders, particularly family businesses, to pay attention to CSR reporting. This study also contributes to the academic field by increasing knowledge about CSR reporting, which has the potential to reduce agency costs and information asymmetry, both of which will have an impact on debt financing provided by investors. CSR can also help the ecosystem in the environment surrounding the industry, because the company has taken responsibility for its actions toward the environment through CSR reports. This should be a factor for stakeholders when providing funds to the company so that the company is responsible for the social environment as well as profit. The findings of this study must be interpreted with several limitations in mind. First, in terms of debt financing, it is necessary to distinguish between long- and short-term debt to clarify the specifications for the cost of debt due to differences in the time period for borrowing funds. Second, when conducting a CSR test, it is necessary to distinguish between industries (mining, agriculture, health, etc.) because each industry has different effects on the environment and society, which are then linked to the cost of debt. Third, additional research is recommended to broaden the research by including companies from developing countries, particularly ASEAN. Further research can examine other ownership structures, such as institutional or government ownership, which are also prevalent in the context of companies listed on the Indonesian Stock Exchange.”

10.	The author (s) should clearly identify the policy implications that consistent with the findings of the paper. Here the authors written general implications.	Thank you for the feedback. The implication has been rewritten in the conclusion section.
11.	There is some informal language in the paper and many grammatical errors.	We have proofread the recent manuscript. Thank you for the feedback.
12.	The author (s) need to provide sources below the table	Sources of the tables have been added
13.	The table interpretations need more attention. The author (s) interpreted the results in general. It is expected to provide the reason for this	We have rewritten the result section and add discussion section to cover the feedback. Thank you.

3. Bukti konfirmasi artikel accepted (28 May 2024)

BSD-23-0362.R1 - Decision - Joni - Outlook - Work - Microsoft Edge

about:blank

Delete | Archive | Report | Reply | Reply all | Forward | Zoom | Read / Unread | Categorize | Flag / Unflag | Print | ...

BSD-23-0362.R1 - Decision

SL Scott Lam<onbehalfof@manuscriptcentral.com>
To: Joni

Tue 28/05/2024 17:43

You replied on Tue 28/05/2024 19:27

28-May-2024

Dear Joni Joni,

"How does family business affect the association between corporate social responsibility disclosure and cost of debt in Indonesia"

How are you doing? I hope that you and your family are keeping well. It's my great pleasure to correspond with you again. Once again, we would like to thank you for your contribution and support to the journal.

Thank you for resubmitting your paper to Business Strategy and Development.

Further to your resubmission of the above-titled paper, to 'Business Strategy and Development', this has now been reassessed, and the editor has asked me to write to you with his decision.

He is now satisfied that you have addressed the concerns of the reviewers, and he is therefore now happy to accept the paper for publication in due course.

The proofs would be sent to you by the publisher via email. Please kindly get back to the publisher with your corrected proofs at your earliest convenience so we could try to publish your paper as soon as possible. In the meantime, could you please keep us informed if your email address changes, as the author's proofs will be sent to you for checking by email when the paper has been typeset.

Your article cannot be published until you have signed the appropriate license agreement. Within the next few days you will receive an email from Wiley's Author Services system which will ask you to log in and will present you with the appropriate licence for completion.

You will receive your typeset proofs in due course.

Bring your research to life by creating a video abstract for your article! Wiley partners with Research Square to offer a service of professionally produced video abstracts. Learn more about video abstracts at http://www.wileyauthors.com/videoabstracts and purchase one for your article at https://www.researchsquare.com/wiley or through your Author Services account. If you have any questions, please direct them to videoabstracts@wiley.com

Type here to search

Nikkei 225 -6,51%

8:33
05/08/2024