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Literature Review: Mediation Effects of Debt Maturity on Good Corporate Governance in Enhancing Financial Performance

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Abstract
This study proposes a research model to investigate the mediating effect of debt maturity on the relationship between good corporate governance (GCG) and financial performance. The qualitative approach employed is a systematic literature review (SLR) technique, analyzing 11 articles selected from 142 related ones found on the Google Scholar database within the 2010-2021 research range based on inclusion and exclusion criteria. Debt maturity was found to play a crucial role in shaping the effectiveness of GCG mechanisms in managing financial risks and improving financial performance. The proposed research model has implications for researchers and practitioners, providing a basis for future empirical studies exploring the interplay between GCG, debt maturity, and financial performance. For practitioners, it offers a theoretical framework for developing policies and practices promoting effective GCG and optimal debt maturity structures to enhance financial performance. The findings inform the development of policies and procedures that promote good corporate governance and optimal debt maturity structures, leading to improved financial performance. Additionally, the proposed research model may be applied to other contexts, contributing to a better understanding of the role of debt maturity in the relationship between GCG and financial performance.

Keywords: Debt Maturity, Good Corporate Governance, Financial Performance

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1.0 INTRODUCTION

Financial performance appraisal is done for several purposes, such as company takeover by other parties, company mergers, company ownership, and lending. Financial performance appraisal is beneficial for companies to find out to what extent the success that the company has achieved can continue to increase. Appropriate financial performance can be seen from the ability of a company to manage and utilize its assets to generate profits. Good financial performance can also be assessed from the extent to which the company is supported by debt in its operating activities, called leverage. The company's financial performance is noticed from the profit earned by the company in carrying out the company's operational activities. The problem that often occurs in maintaining financial performance is the company's management.

The presence of good corporate governance is a fundamental matter in companies to run company management to maintain financial performance (Mahrani & Soewarno, 2018). This is also confirmed by the Global Reporting Index, which emphasizes the position of good corporate governance as an essential aspect of maintaining the company's financial performance (GRI, 2021). However, there are still many research gaps in good corporate governance research. Research conducted by Wahyudin and Solikhah (2017) found that GCG significantly positively affects financial performance. Meanwhile, research by Hermiyetti and Manik (2013) with a sample of 440 companies listed on the Indonesia Stock Exchange (IDX) during 2006–2010 shows empirical evidence that the GCG mechanism does not affect financial performance.

On the other hand, as stated by Barnes and Barnes (1980), in the company's organizational management, managers and responsibility holders often need help solving problems related to debt maturity. The company management pattern will impact the maturity date of companies with debts to be repaid to external parties. This is because, at long-term debt maturity, the company must bear higher interest which causes a cost of debt, so 'forces' suitable corporate governance mechanisms to consider this aspect to maintain the company's performance. Debt maturity, or what is commonly called debt maturity, is one of the factors that influence financial performance. According to research by Graham, J.R., and Harvey (2001), the time adjustment between debt maturity and assets is essential in issuing long-term or short-term debt. The use of short-term debt forces managers to periodically provide information to investors to evaluate returns and risks. Thus, investors can reassess debt at maturity based on the latest information the manager offers. This approach addresses the problem of asset substitution and underinvestment. Shortening the period of debt maturity or debt maturity can reduce the problem of underinvestment so that companies can still take advantage of all the investment opportunities they have without being burdened by the obligation to fulfil creditor rights (Jun, S., & Jen, 2003). Liabilities to creditors can reduce investment returns because the liquidity risk that will be posed by debt maturity can shorten debt maturity, which an increase will then follow in financial performance.

Funding problems at debt maturity can lead to agency conflicts resulting in information asymmetry between shareholders and company managers. This information asymmetry also affects the company's investment (Sari & Suaryana, 2014). Information asymmetry is the difference between agents (managers) and principals (shareholders). Management wants shareholders interested in investing in the company so that control will sort out the information provided. Meanwhile, shareholders need all information about the company's business activities to oversee the company's management activities. Thus, there needs to be more information between the two parties. Therefore, information asymmetry may cause the output of the manager's decisions to be not optimal, and the initial goal of investing is not reached, namely enhancing the shareholders' welfare. As a result, when the company has several debt maturity levels that need to be followed up by managers, this may affect the company's good corporate governance mechanism.

Research related to debt maturity in the context of the GCG mechanism is minimal. The study conducted by Akasumbawa and Haryono (2021), Hu, Varas, and Ying (2021), Marfuah and Endaryati (2016) and Abadi, Murhadi, and Sutejo (2014) examines debt maturity but has not conceptualized the debt maturity model as a mediation variable. Although the research conducted by Hu, Varas, and Ying (2021) explains the level of debt maturity that affects corporate governance, such as the level of managerial share ownership, the board size, the number of board meetings, board leadership structure and the proportion of independent directors in making decisions. Yet, this research still needs to be more comprehensive in explaining the conceptual development related to its impact on the company's financial condition. Damarjati et al. (2019) found that debt maturity positively and significantly affects financial performance. This means that increasing debt maturity will improve the company's financial performance.

Research conducted by Wahba (2013) claims that the level of debt is not a more critical factor in determining the company's financial performance but the debt maturity structure. The premise of this argument is that the selection between long-term and short-term debt can influence the firm's choice of different actual variables (Banga & Sinha, 2005), and capital structure decisions often involve decisions about the debt component rather than issuing pure debt (De Roon & Veld, 1998). For example, creditors sometimes renegotiate debt structures rather than imposing bankruptcy (Mitra et al., 2007). Moreover, by studying the relationship between leverage and financial performance, we ignore the effect of debt maturity structure on firm growth (Nunes et al., 2013), and the fact that several theories of capital structure have different empirical implications related to the maturity structure of debt instruments (Guha-Khasnobis & Bhaduri, 2002). This is reinforced by Kautsar & Kusumaningrum (2015) findings, confirming that debt, as measured in DTA, cannot determine the managerial ownership mechanism in expanding ROA. Thus, the maturity of short-term or long-term debt is more important to identify than its amount or composition.

Myers (1977) once claimed that short-term debt minimizes underinvestment problems. If done early, it will influence the company's financial growth. As a result, there is an opportunity for creditors and companies to contract again. A similar explanation is also presented by Barnes and Barnes (1980), arguing that short-term debt may not reduce the problems associated with asset changes because the value of short-term debt is less sensitive to changes in the value of company assets. These theories were finally verified by research by Vătavu (2015) and Vithessonthi and Tongurai (2015), which revealed that the negative effect of debt maturity on short-term debt reduces the company's financial performance as measured by profitability. Likewise, Zeitun and Tian (2014) found empirical evidence indicating long-term debt maturity is unsuitable for company performance. However, these studies have not linked the indirect effect of debt maturity on good corporate governance in improving the company's financial performance.

This study aims to conceptualize the effect of an excellent corporate on financial performance via the mediating development of debt maturity by employing a systematic literature review method. The motivation for this study is to investigate the relationship between GCG, debt maturity, and financial performance. The study aims to fill a gap in the literature by exploring the mediating effect of debt maturity on the relationship between GCG and financial performance. The research model proposed in this study offers a systematic approach to analyzing the effectiveness of GCG mechanisms in managing financial risks and improving financial performance.

The findings of this study have important implications for both researchers and practitioners. For researchers, this study provides a theoretical framework for future empirical studies to investigate the relationship between GCG, debt maturity, and financial performance. For practitioners, the study offers a basis for developing policies and practices that promote effective GCG and optimal debt maturity structures, which can lead to improved financial performance. The study's findings can also contribute to a better understanding of the role of debt maturity in the relationship between GCG and financial performance and can be applied to other contexts.

Overall, this study highlights the importance of considering debt maturity as a crucial factor in shaping the effectiveness of GCG mechanisms in managing financial risks and improving financial performance.

2.0 LITERATURE REVIEW

Table 1 presents a synthesis of all the studies analyzed in this study and sorted by year of research by detailing the author's name, country, number of research objects/subjects, design, approach, measurement scale, results and implications of the research.

Table 1. Literature Synthesis

No	Authors	Country	Subject	Design, Approach, Scale of Data Collection	Results	Implication
1	(Khan et al., 2021)	Pakistan	74 non-financial companies were selected from 28 different sectors for the five year from 2013 to 2017	The method is explanatory research with a quantitative approach. The scale is the ROA ratio, size, current ratio, sale growth, and tangibility.	ST and LT leverage each has a negative and insignificant effect on financial performance (ROA). On the other hand, long-term leverage has a positive and significant effect, but short-term leverage has a negative and insignificant effect on ROE. The results of the control variables show that size has a negative and significant effect on ROA and ROE. In contrast, the current ratio has an insignificant and adverse effect on ROA also ROE. Sales growth has a positive and insignificant effect on the company's ROA and ROE. Tangibility has a negative and insignificant effect on financial performance.	This study is consistent with the traditional trade-off theory and recommends that the management of non-financial companies listed on PSX should use minimal debt levels or optimal capital structure levels to attract good management and improve their financial performance.
2	(Widhianningrum & Amah, 2021)	Indonesia	28 banking companies listed on the stock exchange from 2007-2009 and consistently published audited financial statements during the research period	The research used explanatory research with a quantitative approach. The scale is the ratio of institutional ownership (INST), independent commissioners (KI), managerial ownership (MAN), Return On Investment (ROI) and Turnover of	The results showed that partially the independent commissioner variable had a negative effect on the company's financial performance. The results of this study show empirical evidence that the proportion of independent commissioners of the company is just a formality used to comply with regulations. So that the control function that should be the commissioner's responsibility becomes ineffective. This may	The outcomes of this study provide empirical evidence that the proportion of independent commissioners in the company is only a formality to comply with regulations so that the supervisory function that should be the responsibility of members of the board of commissioners becomes ineffective as a result the company's performance will decrease.

No	Authors	Country	Subject	Design, Approach, Scale of Data Collection	Results	Implication
				Operating Assets (TOA).	result in lowered company performance.	
3	(Yassir Hussain et al., 2021)	Pakistan	284 non-financial companies were built between 2013 and 2017	The research employed multiple regression analysis with a quantitative approach. The scales are IR, DI, NDU, DMR, FC, SIZE, TAX, FG, ROA, ROA, and LIQ.	The results show that debt maturity mediates the relationship between board alertness and bankruptcy risk. New information is generated about fixed assets, which negatively moderates the relationship between leverage maturity and emerging market z-scores, indicating inefficiency in using fixed assets as collateral. These results are robust for both regression techniques confirming that inadequate fixed collateral covers the positives of tangible assets in the asset structure.	This study analyzes various factors and provides results that will be very useful for managers and policymakers. Managers in high-risk companies should escalate the use of long-term debt in their debt maturity structure to reduce the risk of bankruptcy. They must also acquire productive fixed assets that generate income instead of creating a financial burden and can also be implemented during loan negotiations as collateral. Highly informed managers with better market relations can use tangible collateral wisely to obtain low-cost loans in favorable conditions, including the desired loan agreement.
4	(Yassir Hussain et al., 2021)	Pakistan	Research data from 284 companies listed on the State Bank of Pakistan in 2012 - 2017	Path Analysis by measuring bankruptcy risk, CEO Duality, Board Size, Board Independence, Debt Maturity, Capital Structure, Firm Growth, Profitability, Volatility, and Liquidity.	Monitoring the company's board structure affects controlling insolvency risk. Debt maturity can mediate debt decisions. Capital structure was a weak mediator between board structure and bankruptcy risk. Debt maturity plays an essential role as a mediator between CEDU and bankruptcy risk and between BI and bankruptcy risk.	The implication of this study is to recommend that companies reduce dependence on short-term debt and to suggest the rollover risk inherent in debt with short-term maturities. Companies with multiple CEO roles exacerbate the bankruptcy position of Pakistani companies. This reinforces agency issues that favor the separation of ownership and management to reduce business vulnerabilities and improve company performance. Debt maturity is more important in defining bankruptcy risk in a mediating role than the capital structure, which has implications for pecking order theory, which states that companies give first preference to RE and company debt.
5	(Nguyen et al., 2020)	Australia	Research data from CSR data for Australian public companies was obtained from	Multiple regression analysis	The study's results prove that companies active in CSR have longer debt maturities than other companies. Another study found that the relationship	Our research findings offer important implications for corporate managers, investors, and policymakers. Corporate managers should consider the role that their CSR-conscious activities play

No	Authors	Country	Subject	Design, Approach, Scale of Data Collection	Results	Implication
			Thomson Reuters ASSET4. Financial and interest rate information is from Datastream and daily share prices from SIRCA. The company's industry classification is collected from the ASX website. The final sample includes 1,046 firm-year observations, representing 222 different firms between 2004 and 2014.		between CSR and debt maturity was more apparent for mining companies and companies with high information asymmetry. This finding indicates that debtholders perceive CSR as a mechanism that can replace short-term debt for monitoring purposes. As a result, debtholders are willing to provide long-term loans to companies with higher levels of CSR.	in extending corporate debt maturity when deciding on CSR-related strategies. Proactively adopting CSR practices can help companies withdraw long-term funds from the debt market, which is helpful in reducing refinancing risks. CSR engagement can be seen as an effective way to improve legitimacy for companies operating in environmentally sensitive industries such as mining. CSR activities can also help reduce information asymmetry between companies and market participants. Therefore, mining companies and companies with a high level of information asymmetry can take advantage of the long-term debt market more efficiently by proactively engaging in CSR practices.
6	(Kautsar & Kusumaningrum, 2015)	Indonesia	Eight companies listed	Explanatory research with a quantitative approach. The scale used is the ratio of managerial ownership, ROA, and DTA.	The results of this study indicate that first, Good Corporate Governance does not significantly affect the company's performance; secondly, Good Corporate Governance also does not significantly affect the capital structure; the three capital structures have no significant effect on the company's performance; Finally, the capital structure does not mediate the Good Corporate Governance variable on the company's performance.	This research implies that it is hoped that the board of directors of mining companies in Indonesia will be able to control the capital structure and performance of the company, especially the profitability of the company. This study uses only eight samples of companies in the mining sector listed on the Indonesia Stock Exchange for the period 2009-2012, so they cannot represent the state of existing companies. Therefore, further research is expected to expand the number of samples and extend the research time. Suggestions that can be given to further researchers are to use other GCG proxies, i.e., the size of the board of commissioners, institutional ownership, the existence of an audit committee, foreign ownership or public ownership. Profitability

No	Authors	Country	Subject	Design, Approach, Scale of Data Collection	Results	Implication
						proxies can use ROE, NPM, PER or PBV, while the capital structure proxy can use STDTA or LTDTA proxies.
7	(Kim, 2015)	Korea	The sample is Korean companies listed on the Korea Stock Exchange (KSE), excluding companies in the financial services sector. (1) Korean Corporate Governance Service (KCGS), which provides a corporate governance index (CGI); (2) TS2000, which offers financial statement information; and (3) the KISValue Library, which offers credit ratings and foreign ownership data.	Explanatory research with a quantitative approach. The scale is the ratio of ROA, CGI, and Corporate Debt.	This finding suggests that debt financing (short-term) can be utilized as a monitoring tool to reduce agency problems because financial intermediaries monitor borrowing company managers.	This study contributes to the corporate governance literature by providing evidence that debt capital, particularly short-term debt, can be used as a complementary monitoring tool for poorly managed firms in emerging economies.
8	(Makki & Lodhi, 2013)	Pakistan	This study was derived from a random sample of all companies listed on the Karachi Stock Exchange. Corporate governance and financial performance data are collected through the issuer's annual report.	The research design is a path analysis with an SEM-PLS approach through structural equation modeling data analysis using PLS Graph software.	The outcome of this study reveals and determine the existence of a critical structural relationship between corporate governance and financial performance. The study results conclude that corporate governance does not consistently improve financial performance.	This study implies that the company governor can boost it significantly by utilising intangible resources.

No	Authors	Country	Subject	Design, Approach, Scale of Data Collection	Results	Implication
9	(Wahba, 2013)	Egypt	Fourteen companies have financial data for the period 2008-2010.	Explanatory research with a quantitative approach. The scale is the ratio of ROA, ROE, GPM, TDR, STD, LTD, SIZ, AGE, LIQ, FAM, TURN, TAN, TRN, and IND.	The results show that it is not the level of leverage that determines financial performance but the debt maturity structure. In particular, the findings show that short-term and long-term debt have opposite effects on financial performance and tend to overturn.	This study also has several implications for policymakers. First, the results of this study explain that access to long-term debt, not short-term debt, should ensure that SMEs can improve their performance. In addition, policymakers are required to put more effort into developing and implementing mechanisms that enable SMEs to access long-term external funding sources, especially in developing countries. Second, the negative and significant effect of family ownership, documented in this study, means that policymakers urgently need to initiate several initiatives that help SMEs develop expensive corporate governance systems. Third, as the probability of expropriation increases in a context characterized by poor accounting and disclosure practices, more awareness should be directed towards improving the accessibility of information in both developing and developed countries. This can be achieved by initiating corporate governance rating agencies and enforcing disclosure and transparency rules.
10	(Aggarwal, 2013)	India	The sample consists of 20 Indian companies, which are non-financial companies; registered with the NSE; which was continuously included in the NIFTY 50 Index from April 1, 2010, to March 31, 2012, with the	The study is qualitative with a literature review approach, and various tests such as multiple regression, correlation, t-test and F-test have been carried out using IBM-SPSS Statistics software to investigate	This study found that governance ratings positively and significantly affect the company's financial performance.	The findings of this study can support the company's decision to improve its governance structure. Companies should strive to improve their performance by following good governance indicators – Leadership Ethics, Board Composition & Independence, Executive Compensation, Transparency and Reporting, Stakeholder Engagement, and Compliance with the law. Companies must understand that governance and

No	Authors	Country	Subject	Design, Approach, Scale of Data Collection	Results	Implication
			necessary financial and governance ranking data available; and who have at least published a Sustainability Report/CSR corresponding to GRI guidelines.	the impact of corporate governance on financial performance using secondary and cross-sectional data sectional.		sustainability are vital to improving financial performance.
11	(Prasinta, 2012)	Indonesia	The total population of this study were 47 companies registered at the CGPI Awards 2006, 2007, 2008, 2009 and 2010. Sampling used a purposive sampling technique, namely selecting samples with specific criteria so that the sample in this study was 31 companies.	Data collection in this study was carried out using the documentation method. In carrying out the documentation method, researchers take data based on source documents such as income statements, balance sheets, literature books, reference journals, and so on. This method is done to obtain data regarding the company's financial statements and other necessary data. Data analysis used simple regression analysis.	The results showed that Good Corporate Governance, as proxied by the CGPI score, did not affect ROA, the CGPI score had a positive effect on ROE, and the CGPI score did not affect Tobin's Q.	The implementation of GCG is essential in supporting the achievement of company goals and the basis for policy-making to provide benefits to various interested parties (stakeholders and shareholders) as a whole

3.0 METHODOLOGY

This study applied a systematic literature review (SLR) approach, which refers to research methods by collecting and evaluating research on a predetermined topic. Following Kiteley and Stogdon (2013) explain that a literature review is a comprehensive conclusion of ideas, issues, approaches, and research results published on a subject or topic, even though the description is not simple but requires understanding and critical review and synthesis in the discussion. This study uses three stages, namely planning, conducting and reporting.

A research question is created at the planning stage to fill the research gap. The problem formulation focuses on the five elements of PICOC as follows in Table 2.

Table 2. PICOC research

PICOC	Structure
Population	*Good Corporate Governance, Debt Maturity, Firm Performance*
Intervention	There is an asymmetry of information conveyed by managers in implementing good corporate governance mechanisms in overcoming debt maturity
Comparasion	The influence of GCG on financial performance and the influence of debt maturity and financial performance already exists
Outcomes	Improved financial performance
Context	Increase company profits, investor confidence, and the quality of company operations

In conformity with Perry and Hammond (2002), the steps in a systematic literature review are undertaken by identifying research questions, developing an initial protocol (meta-analysis), determining the location of data search databases such as SINTA, ERIC, Google Scholar, selecting quality research results, extracting data from research studies, synthesize desired research results, and present the results in the form of reports. In this study, the search process for data was obtained from the Google Scholar database using the 2010-2021 filter. The keywords entered were analyzed in two languages, namely Indonesian and English. The keywords in Indonesian are "governance", "debt maturity", and "financial performance", while the keywords in English are "good corporate governance", "debt maturity", and "firm performance". Journal criteria are set by exclusion and inclusion. The inclusion criteria in this study were:

(1) Articles are available in full text
(2) Research year term 2010 – 2021
(3) Discussing good corporate governance, debt maturity and financial performance
(4) Articles that are used as verification evidence use quantitative methods

This study applied meta-aggression in determining relevant topics to produce an analytical framework. The instrument in data collection is a coding sheet which aims to assist researchers in analyzing, coding and avoiding data loss. The instrument consisted of two parts, namely the study's empirical findings and the second part containing a code about the information on research inclusion criteria. The purpose of giving the code is to record the effect of the variables of good corporate governance and debt maturity on firm performance and the mediating effect of debt maturity on the proposed model.

This study applied a quality assessment (QA) to assess the included articles' criteria. The QA applied in this study consists of 1) whether the article discusses the variables of good corporate governance, debt maturity on firm performance; 2) whether the article contains the results of research on companies with quantitative measurements; whether the article contains analytical tools applied in the study; whether the article was published in the expected period, i.e. 2010-2021; whether the article is published indexed by SINTA or SCOPUS.

Furthermore, each article that has met the QA, the article was extracted, and a review stage was executed to discuss research questions.

4.0 RESULTS AND DISCUSSION

Based on a search of the database, it was discovered that there were 142 related articles, and ten articles were found that matched the inclusion criteria in the literature review discussed in this study, as shown in Figure 1. Then, Table 1 (in section 2.0) presents a synthesis of all the studies analyzed in this study and sorted by year of research by detailing the author's name, country, number of research objects/subjects, design, approach, measurement scale, results and implications of the study.

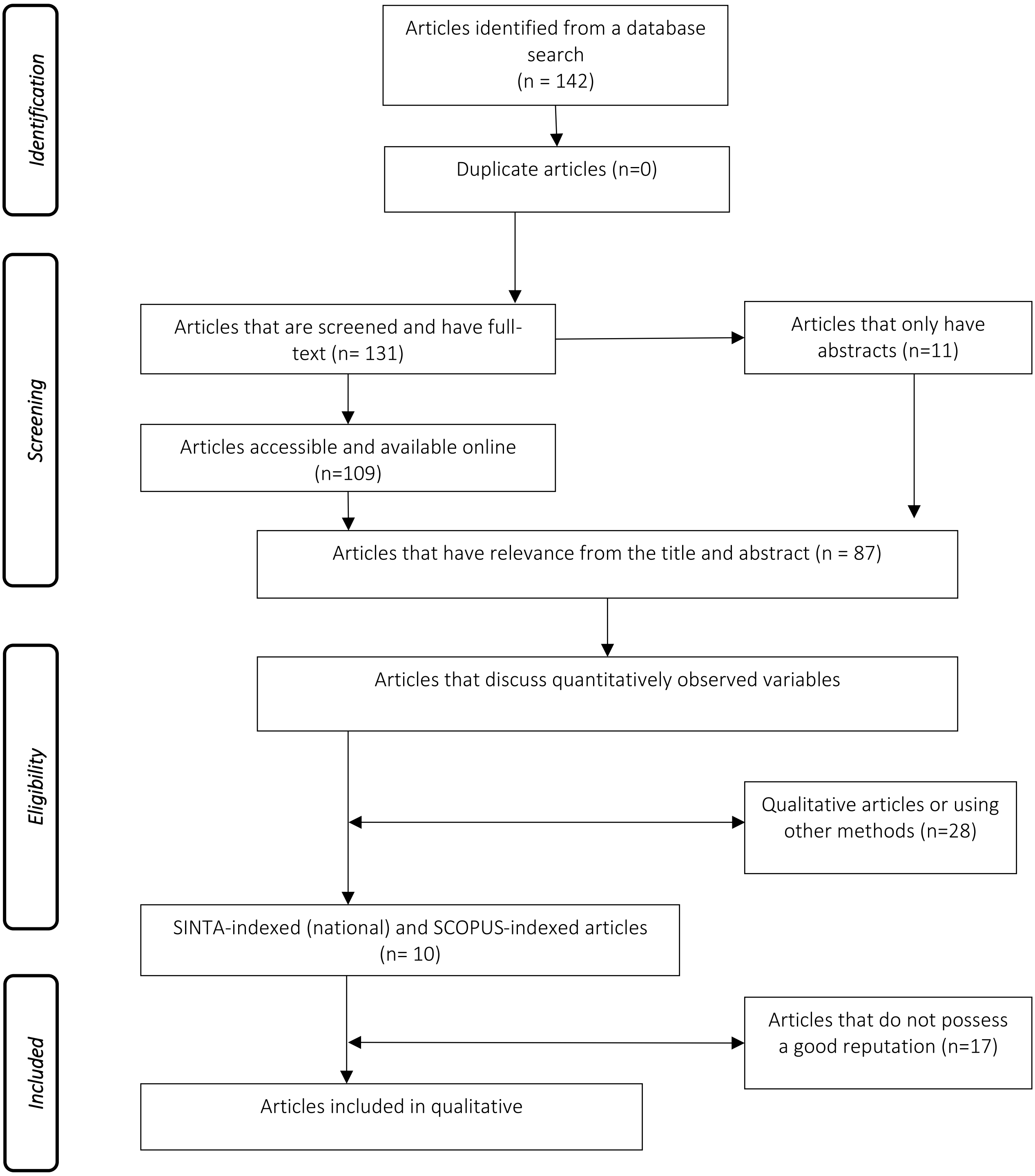

Figure 1. Flowchart adapted from PRISMA

Good Corporate Governance on Financial Performance

Good corporate governance is calculated by managerial ownership (Kautsar & Kusumaningrum, 2015; Widhianningrum & Amah, 2021), board composition and independence, executive compensation, transparency and reporting, stakeholder involvement, and compliance with the law (Aggarwal, 2013). Prasinta (2012) GCG is measured by the CGPI score, namely fairness, transparency, accountability, and responsibility related to the management of directors, commissioners, creditors, employees and stakeholders responsible to investors. Stewardship theory is used in the relationship between GCG and financial performance (Kautsar & Kusumaningrum, 2015). Stewardship theory explains the philosophical assumption of human nature that they are essentially trustworthy, able to act responsibly and have integrity and honesty towards other parties. This can explain the fiduciary relationship desired by the shareholders. The theory explains that trusted management can act as well as possible for the public interest, so there is supervision or monitoring of management performance and management accountability to stakeholders that refer to the application framework and work rules.

The results of research conducted by Makki and Lodhi (2013), Aggarwal (2013), and Prasinta (2012) found that good corporate governance has a significant positive effect on financial performance. GCG, as estimated by the CGPI score, indicates a good climate of stakeholder trust, so low capital also shows an escalation in return on equity value. An increasing GCG score also amplifies obedience to attract investors, which impacts strengthening financial performance as measured by ROE (Prasinta, 2012). The GCG mechanism, where ownership is concentrated in the company itself to control the company, forms of control that are carried out such as reporting financial statements that are beneficial to financial performance (Widhianningrum & Amah, 2021). Good GCG practices ensure better decision-making, operational efficiency, and reduced waste to balance the interests of all shareholders, including executives and non-executives. Shareholders can trust that companies with good GCG practices ensure that free cash flows should be returned to shareholders as dividends rather than being taken over by insiders (Makki & Lodhi, 2013). The GCG framework encourages the efficient use of resources and requires accountability for managing these resources, which can ultimately boost the company's financial returns (Aggarwal, 2013).

Widhianningrum and Amah (2021) found a significant negative effect of good corporate governance adjusted by independent commissioners on financial performance. These findings explain that the proportion of independent commissioners in a company is only a mere formality in complying with regulations; as a result, the supervisory function that the board of commissioners should execute does not possess an effective mechanism, resulting in a reduction in financial performance as measured by ROI. The research also asserts that the principles of GCG in companies in Indonesia are only a concept; the board of directors needs to practice supervision that is genuinely independent and has executive power. There is even a phenomenon of directors who prefer to avoid sharing their authority in administering adequate information to the commissioners.

Prasinta's (2012) research compared the measurement of financial performance with ROA and ROE. Interestingly, his research is that on the measure of ROA, it was uncovered that GCG could not affect economic performance. These findings explain that ROA on firm value shows inconsistent results. The long-term period of GGC cannot be measured for its success in a short time, while ROA is short-term so the achievement of good corporate governance cannot be elucidated in increasing ROA. Similarly, research by Kautsar and Kusumaningrum (2015) found that GCG, as measured by managerial ownership, has no significant effect on financial performance as measured by ROA. This is because the size of the company's profits in mining companies listed on the Indonesia Stock Exchange is more determined by operational performance, which generates profits and reduces costs so that the profit target can be attained by the composition of the shares held by the manager.

Debt Maturity on Financial Performance

Liem (2020) discovered that short-term debt maturity is assumed to advance the company's involvement in actual income manipulation. Additionally, genuine earnings management with short-term debt maturity causes companies to lose high financial performance. Kautsar and Kusumaningrum, (2015) explain that the interest expense due to high debt can erode income, generating unexpected costs to the company. The debt maturity structure refers to the proportion of short-term and long-term debt in the company's debt financing. Agency theory or signal theory as "one universal optimal capital structure fits all" is assumed to be unrealistic since it ignores the fact that both of these have costs and benefits under their respective conditions. Short-term debt reduces conflicts between shareholders and lenders (Jensen, 1986), reduces fixed costs (Titman & Wessels, 1988), produces a positive information effect in asymmetric information, and lessens contract costs. Nevertheless, short-term debt is considered unable to help the development of a company by ignoring the pivotal costs and constraints associated with financial resources. Short-term debt can limit a firm's ability to choose high-return projects, build the firm's sensitivity to temporary economic downturns and reduce the likelihood of adopting more advanced technology. This broadens flotation costs, opportunity costs of management time in dealing with more frequent debt problems, reinvestment risk and potential liquidity costs. In addition, short-term debt increases the likelihood of a debt crisis, resulting in a less-than-optimal payment structure (Wahba, 2013).

Short-term debt maturity improves latent flexibility to managers for optimal use of assets by accordance with the company's subscription and development goals. To prevent the ability of managers to build companies by funding new and valuable projects based on asset allocation is long-term debt financing (Khan et al., 2021). In companies in China, short-term debt is utilized as a tool to build the company. The company accomplishes a debt maturity strategy by limiting the maturity structure so that its effect on financial performance is not seen to be significant. This is done to enlarge the company's productivity and the opportunity to upgrade the availability of productive technology. In turn, the company can control debt and make it high liquidity (Huyghebaert & Wang, 2016). In contrast, Wahba (2013) finds that companies in Egypt find that both short-term and long-term debt has a negative effect on financial performance because the maturity of the debt tends to reduce profits. Thus, the best leverage or debt structure design was not encountered.

Debt Maturity Mediation on Good Corporate Governance on Financial Performance

D'Mello and Miranda (2010) revealed that long-term debt maturity diminishes information asymmetry and costs between shareholders, creditors and managers. Hasan et al (2020) also identify that debt maturity is applied as a tool for most companies with leadership duality in overcoming the problem of bankruptcy under the control of the CEO and good supervision. As specified by Khan et al., (2021) short-term debt will be repaid in a shorter time so that the company's interest expense is not too significant and wholly owns the profits. Short-term debt can also reduce agency conflicts between shareholders and creditors to suppress underinvestment problems. Nonetheless, Aulia and Siregar (2018) state that debt maturity will reduce investment efficiency, making it difficult for the company's finances.

Hasan, Asad, and Wong (2022) found that debt maturity can mediate the ownership role as measured by CEO duality, the board size and board independence on financial performance with projected profitability that has an impact on bankruptcy risk. The findings also reveal that debt maturity is much more critical than capital structure in mediating. This is because the maturity of long-term debt positively impacts on GSCORE (projected bankruptcy risk). Besides that, independent boards have no significant effect on bankruptcy risk. Managers do not take an aggressive position and prefer a conservative situation when dealing with loan repayment periods. This delayed loan repayment strategy causes managers to control the overall risk associated with a bankruptcy position. As attested by Kautsar and Kusumaningrum (2015) managers with large shares tend to reduce the level of debt optimally, which has an impact on agency costs of debt. The use of debt carried out in large quantities can increase the risk of bankruptcy which managers with shares in the company can verify. In addition, managers who can control the company's debt capital as adjusted by DTA can affect the profits earned by the company.

5.0 CONCLUSION

Conclusion

Debt maturity can mediate the GCG mechanism estimated by CEO duality, independence, and the number of commissioners (Hasan et al, 2020). Debt maturity directly affects the risk of costs, interest if the debt period is long, and the efficiency of investments carried out by the company. In short-term debt, debt maturity can be a way to save companies that lack good investment sources. However, the role of the independent commission, managerial ownership, still needs to be explained by the previous literature in undertaking its supervisory function in managing finances. The GCG mechanism may foster financial performance as measured by ROE (Makki, 2013; Aggarwal, 2013; Prasinta, 2012), and diminish ROI (Widhianningrum & Amah (2012), but do not expand ROA (Kautsar & Kusumaningrum, 2015). The consequences of information asymmetry theory are more significant than agency theory in explaining the role of debt maturity in corporate governance (Hasan et al, 2020). Nevertheless, stewardship theory is more widely used to describe the effect of GCG on corporate financial performance.

Implication

The proposed research model has several implications for both researchers and practitioners. For researchers, the model provides a basis for future empirical studies that explore the interplay between GCG, debt maturity, and financial performance. The model's findings help advance the understanding of the relationship between these factors and provide insights into managing financial risks and improving financial performance. Furthermore, the proposed model may also encourage researchers to investigate the potential moderating effect of other variables, such as firm size, industry, and market conditions.

For practitioners, the model offers a theoretical framework for developing policies and practices that promote effective GCG and optimal debt maturity structures to enhance financial performance. It may help companies identify the most appropriate debt maturity structure for their specific needs and facilitate the implementation of effective GCG mechanisms to manage financial risks. This, in turn, may lead to better financial performance and more sustainable business practices. Finally, the proposed research model may also have broader implications for policymakers, regulators, and other stakeholders interested in promoting good corporate governance and sound financial management practices. The findings may inform the development of policies and guidelines that promote optimal debt maturity structures and effective GCG mechanisms, thereby contributing to excelent financial stability and economic growth.

Limitation

One limitation of this study is the small sample size of articles analyzed in the systematic literature review. While the inclusion and exclusion criteria were carefully applied, the limited number of articles analyzed may not capture the full range of perspectives and findings on the relationship between GCG, debt maturity, and financial performance. Therefore, future research could expand the scope of the review to include a larger sample of studies, including those from other databases and sources. Another limitation is that this study relies solely on a qualitative approach, which may limit the ability to make definitive conclusions or establish causal relationships. Future research could employ quantitative methods, such as regression analysis, to test the proposed research model and provide more robust empirical evidence. Finally, this study only considers the role of debt maturity in mediating the relationship between GCG and financial performance. Other factors, such as firm size, industry, and macroeconomic conditions, may also play a role in this relationship. Therefore, future research could explore the moderating effects of these factors and their interactions with GCG and debt maturity.

Recommendation

As with any research study, there is always room for future work. One recommendation for future research is to conduct empirical studies that test the proposed research model using quantitative methods. This would involve collecting primary data from a sample of companies and analyzing the data using statistical techniques to test the hypotheses derived from the proposed model. Additionally, future research may explore the moderating effects of other variables, such as firm size, industry type, and country-specific factors, on the relationship between GCG, debt maturity, and financial performance. Another avenue for future research is to investigate the impact of different debt maturity structures, such as short-term versus long-term debt, on the relationship between GCG and financial performance. Finally, future research may examine the causal relationship between GCG, debt maturity, and financial performance using longitudinal data to provide more robust evidence of the direction of causality.

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