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THE INFLUENCE OF GOOD CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE ON FINANCIAL DISTRESS DURING A PANDEMIC

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Abstract:
This study aims to know the influence of good corporate governance, which consists of managing ownership and the board of directors, and financial performance, which consists of profitability ratio and leverage ratio against financial distress on retail companies listed on the Indonesian stock exchange in 2019-2021. The data collection technique in this study is secondary data. Sampling in this study uses purposive sampling. There are 32 retail companies listed on the Indonesian stock exchange, and 26 companies that meet the criteria were obtained, so in 3 years of research, 78 data were obtained to be used as research samples. This research was done with the help of the data processing software SPSS (Statistical Package For Social Science) version 26. The method of analysis used is logistic regression analysis. The results of this study prove that managerial ownership (MNJR) has a negative effect and is not significant on financial distress; the Board of Directors has a negative impact and is substantial on financial distress. Profitability Ratio (ROA) has a negative impact but is not substantial on financial distress. At the same time, the leverage ratio (DAR) significantly positively affects financial distress in retail companies listed on the Indonesia Stock Exchange for 2019 – 2021.

Keywords: Good Corporate Governance, Financial Performance, Financial Distress, ROA, DAR, Leverage Ratio.

INTRODUCTION

A company, especially a retail company, must have a vision and mission in which the company hopes to gain an advantage or profit for the survival of the company in the long term. Applying new rules that industry players must carry out in developing their businesses requires companies to adapt to the current situation, according to the news written by Albertus Krisna on the kompas.id page, he said that several government policies during the COVID-19 pandemic impacted several economic sectors. So, some companies could survive and develop, but others could not survive and develop.

PT Kino Indonesia Tbk's Financial Performance for the Period Up to June 30, 2021, said that in the second quarter of 2021, the Company's performance was still experiencing a decline compared to the same period in the previous year. The Covid-19 virus outbreak affected the decline in KINO's sales since early 2020. This decrease was also influenced by a reduction in the Company's gross profit margin due to changes in product mix, where the beverage segment experienced increased sales contribution. Not only that, based on the news quoted from Kompas.com written by Luthfia Ayu Azanella said that PT Matahari Department Store Tbk (LPFF) will also close 13 Matahari outlets in various regions because their operations are burdening the LPFF's finances in general. The company that closed all of its outlets was Giant Supermarket.

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Other factors that cause economic bottlenecks in Indonesian companies are conditions that occur due to continuous company losses due to internal matters, such as the financial crisis, lack of funding, and failure to meet investor expectations, as well as other internal constraints, such as the lack of effective corporate strategy, collection of bad debts, damage, and so on. Indicators that show whether a company is experiencing financial distress are marked by negative operating profit, negative net income, negative book value of equity, and companies carrying out business mergers.

Given the background described, much research has been conducted regarding Financial Distress. However, the condition is currently unstable due to the COVID-19 pandemic. This is a particular reason why many companies experience a condition of corporate inability that leads to financial distress. Based on this phenomenon, the researcher is interested in analyzing the performance of a retail company listed on the Indonesia Stock Exchange, named " The Influence of Good Corporate Governance and Financial Performance on Financial Distress During a Pandemic."

Agency Theory (Agency Theory). According to Jensen and Meckling (1976), one of the causes of agency problems is the existence of asymmetric information. There are two problems caused by information asymmetry: adverse selection and moral hazard. Adverse selection is a situation where the principal cannot know whether a decision taken by the agent is based on the information he has obtained or occurs as negligence in the task. A moral hazard is a problem that arises if the agent does not carry out the things agreed upon in the work contract.

Financial Distress is an event of weak financial condition or decreased company performance that occurs continuously at a particular time. Because of these conditions, the company will go bankrupt and cannot pay its obligations. Financial Distress is one of the most common causes of bankruptcy because this factor is different from ordinary profits. The loss caused by financial distress can be so significant that it affects the company's operational performance.

Good Corporate Governance. The company's sustainability depends on the relationships of stakeholders who need one another. Good corporate governance is a company management strategy that balances the various needs of these stakeholders. The process is usually accompanied by conflict resolution from the diversity of stakeholders and the assurance that the company constantly implements procedures correctly.

Managerial Ownership. Managerial ownership is a condition in which the company's management has multiple positions, namely his position as company management and a shareholder and plays an active role in the implementation decision-making (Wahidahwati, 2015).

Board of Directors. The board of directors is a company's executor, decision-maker, and manager. According to agency theory, the larger the board, the more superior the decision-making is. By making the right decisions, financial distress can be avoided.

Financial Performance. Financial performance evaluates a company's assets, liabilities, equity, costs, revenues and overall profitability. Economic performance is measured through various formulas and formulas or by using rules that meet standards in SAK or GAAP, which will make it easier for report readers to find out the effectiveness of the company and the financial health of a company, which helps various internal and external parties in making decisions.

Profitability Ratio. The profitability ratio, commonly known as profitability, is a company's ability to generate profit (profit) at a certain level of sales, assets and share capital. Profitability is essential to the company's survival because this ratio illustrates whether the company has good prospects for the future. Therefore, the company is trying to increase its profitability because the higher its profitability, the healthier it will be assessed and the more guaranteed its survival.

Leverage Ratio. The leverage ratio measures how much a company is financed by debt. Using too much debt will endanger the company because it will enter the extreme leverage category; the

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company will be trapped in a high level of debt, and it will be difficult to release the debt burden. Therefore, the company must carefully consider the amount of debt taken and the source of funds to cover the debt.

Conceptual Framework and Hypotheses

The Effect of Managerial Ownership on Financial Distress. Managerial ownership is the level of share ownership by management actively involved in decision-making. Greater managerial ownership in the company will reduce the possibility of financial distress. It can happen because greater managerial ownership will reduce the potential for financial distress.

The Influence of the Board of Directors on Financial Distress. The Board of Directors represents the shareholders. That is, all actions taken must generate profits for the company. Therefore, they must hold regular meetings to establish new rules as a form of company oversight. Thus, they increase the effectiveness and efficiency of operational management and prevent companies from experiencing financial distress.

Effect of Profitability on Financial Distress. Assets (ROA) is a ratio that shows the results (return) on the total assets used in the company. The company's success is considered good from its total profit and a solvency perspective, including the ability to pay off existing debts using all of its assets. Companies will be more effective and efficient in managing their capital to generate profit (profit), so the possibility of a company experiencing financial distress will decrease.

Effect of Leverage on Financial Distress. One of the leverage ratios is the debt-to-asset ratio (DAR), which compares the company's assets and debt. Sooner or later, the debt must still be repaid so that the size of the debt will significantly affect the company's financial condition in the future. If a finance company uses more debt, it is at risk that payment difficulties will occur in the future due to more outstanding debt than assets owned. If this situation cannot be adequately handled, the potential for financial distress will be even more significant.

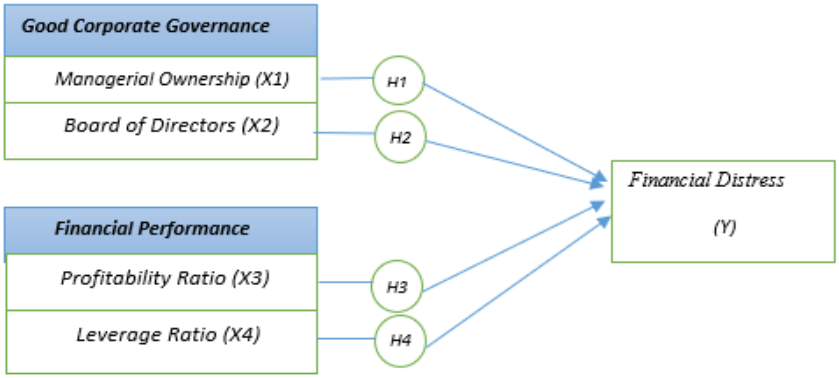

Figure 1. Thinking Framework

Hypothesis.

H1: Managerial Ownership has a negative effect on financial distress during a pandemic.
H2: The Board of Commissioners has a negative effect on financial distress during a pandemic.
H3: Profitability ratios have a negative effect on financial distress during a pandemic
H4: Leverage ratio has a positive effect on financial distress during a pandemic

METHODS

Research Design. The research design used by the author is a type of causal research. Fluid Surveys University says that causal research is included in the category of conclusive research

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because it attempts to reveal a cause-and-effect relationship between two variables. Like descriptive research, this form tries to prove ideas put forward by individuals or organizations. However, it differs in its method and purpose, which aims to test hypotheses about the effect of one or more independent variables on the dependent variable.

Population and Sample. The population used in this study are retail companies listed on the Indonesia Stock Exchange (IDX) in 2019 - 2021, totaling 32 companies. There are 32 retail samples in this study. In this study, researchers used a purposive sampling technique. Purposive sampling or judgmental sampling is a way of taking samples by selecting subjects based on specific criteria set by the researcher. In the purposive sampling technique, the emphasis is on being a sample due to consideration of specific characteristics or characteristics.

Table 1. Company Sample Criteria

Criteria	Amount
Company trading significant And retail Which registered in Exchange EffectIndonesia during the year 2019-2021	32
Companies Which No publish report finance with Eye MoneyRupiah	-3
Company Which No publishes report finance in web IDX From 31 December 2019 to 31 December 2021.	-3
Amount company selected as sample	**26**
Amount sample during 3 year	**78**

Based on the criteria above, this study included 32 retail samples for 78 sample observations during 2019-2021 (26 x 3 years of observation).

Data Collection Technique. Data collection techniques in this study were carried out by collecting secondary data. Secondary data is data that is already available from the company, so the data obtained is not directly from the object but from other sources that have been published. The data in this study were obtained from the official website of the Indonesia Stock Exchange, namely www.idx.com, and the respective official websites of each company for the period 2019 – 2021. This study also conducted searches from various journals as a reference in this study.

Data Analysis Method. The data analysis method used in this study, logistic regression analysis, is used for a regression model in which the dependent variable is a dummy variable, namely a variable that only uses two possible values. These values are usually denoted by 0 and 1 or using a nominal scale such as yes or no, good or bad and high or low.

This research used the data processing Software SPSS (Statistical Package For Social Science) version 26.

Data Statistical Analysis. Statistical analysis of the data used in this study is logistic regression analysis. According to Ghozali (2018), logistic regression analysis is a regression that tests whether there is a probability that the independent variable can predict the dependent variable. Logistic regression analysis does not require a normal distribution of the independent variables (Ghozali, 2018). Therefore, logistic regression analysis does not require a normality, heteroscedasticity, or classic assumption test on the independent variables. The logistic regression analysis has four tests, namely Assessing the Overall Model (Overall Model Fit), Testing the Feasibility of the Regression Model (Goodness of Fit Test), Coefficient of Determination (Nagelkerke's R Square) and Classification Matrix (Ghozali, 2018).

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Hypothesis Testing Model. The research hypothesis will be tested by logistic regression analysis. It aims to answer the formulation of the research problem, namely the influence of two or more independent variables on the independent variable. Thus, the logistic regression analysis equation is as follows:

$$Y = \alpha + \beta 1\, X1 + \beta 2\, X2 + \beta 3\, X3 + \beta 4\, X4 + \varepsilon$$

Information:
Y: Financial Distress
A: Constant
β1: Managerial Ownership Regression Coefficient
X1: Managerial Ownership
β2: Regression Coefficient Board of Directors
X2: Board of Directors
β3: Regression Coefficient
Profitability X3: Profitability
β4: Regression Coefficient
Leverage X4: Leverage
ε: error

Hypothesis Testing.

Assessing the Feasibility of the Regression Model (Goodness of Fit Test). Suppose the statistical value of the Hosmer and Lemeshow Goodness of Fit Test is equal to or less than 0.05. In that case, the null hypothesis is rejected, meaning there is a significant difference between the model and the observed value. The Goodness of the Fit Model is not good because it does not predict the observed value. Suppose the statistical value of the Hosmer and Lemeshow Goodness of Fit Test is more significant than 0.05. In that case, the null hypothesis cannot be rejected, meaning that this model can predict the observed value, or it can be said that it is acceptable because it follows the observation data. The basis for decision-making:

- If Probability > 0.05 H_o is accepted
- If Probability < 0.05 H_o is rejected

Overall Model Test (Model Fit). The reduction in value between the initial -2LL function (initial -2LL function) and the -2LL value in the next step indicates that the hypothesized model fits the data (Ghozali, 2013).

Determinant Coefficient (Model Summary). The determinant coefficient (Model Summary) essentially measures how far the model can explain the variation of independent variables. The value of the coefficient of determination is between zero and one (Ghozali, 2013).

Classification table 2x2. Classification table 2x2 to calculate the value of the correct estimate (correct) and the wrong (incorrect). The two predicted values and the dependent variable are in the column: successful (0) and unsuccessful (1). At the same time, the row shows the actual observed value of the dependent variable successful (1) and unsuccessful (0). In a perfect model, the case will be on the diagonal with a forecasting accuracy of 100% (Ghozali, 2013).

Wald test (Partial t test). According to (Ghozali, 2018), the Wald test shows how far the influence of the independent variables is partially in explaining the dependent variable. To find out the value of the Wald test (t-test), the significance level is 5%. The decision-making criteria:

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- If tcount < ttable and p-value > 0.05 then H0 is accepted, meaning that one of the independent variables does not affect the dependent variable.
- If tcount > ttable and p-value <0.05 then H0 is rejected, meaning that one of the independent variables affects the dependent variable.

Test Omnibus Tests of Model Coefficients (Simultaneous Test F). Omnibus tests of model coefficients are simultaneous statistical tests (f test). This study will test whether the independent variables simultaneously affect the dependent variable (Ghozali, 2018). The significance level is 5%, so the decision-making criteria are as follows:

- If fcount > ftable and (P-Value) < 0.05 then H0 is rejected and H1 is accepted, meaning that the independent variables simultaneously affect the dependent variable.
- If fcount <ftable and (P-Value) > 0.05, then H0 is accepted and H1 - is rejected, meaning that the independent variables simultaneously do not affect the dependent variable.

RESULT AND DISCUSSION

Descriptive Statistical Test Results.

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
MOS	78	,00000	3.56521	,0906529	,41101313
BOD	78	1	8	4.56	1,762
ROA	78	-5.97575	,46913	-,0524048	,68974273
DAR	78	-4.20732	27.78747	,8728152	3.15091282
FINDIS	78	0	1	,72	,453
Valid N (listwise)	78				

Source: data processed with SPSS 26, 2023

Logistic Regression Model Feasibility Test (Goodness of Fit Test).

Table 3. Hosmer and Lemeshow Test Results Hosmer and Lemeshow Test

step	Chi-square	df	Sig.
1	,654	8	1,000

Source: Data processed with SPSS 26, 2022

Table 3 above shows that the Chi-Square value is 0.654, and the significance value is 1.000, more significant than (0.05). Thus, H_o is accepted, which means there is no difference between the predicted classification and the observed classification. That means the logistic regression model can be used for further analysis.

Assessing the Overall Model (Overall Model Fit).

Table 4. -2 Log likelihood Block-0 (Initial) Iteration Historya,b,c

Iterations		-2 log-likelihoods	Coefficients
			Constant
Step 0	1	92,864	,872
	2	92,801	,933

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3	92,801	,934

Source: Data processed with SPSS 26, 2022

Table 5. -2 Log Likelihood Block-1 (End) Iteration Historya,b,c,d

Iteration		-2 Log likelihood	Coefficients				
			Constant	X1	X2	X3	X4
Step 1	1	61,057	3,833	-1,263	-,577	-,421	-,269
	2	50,118	6,256	-3,331	-,911	-2,031	-,756
	3	37,345	10,727	-24,982	-1,403	-7,419	-2,259
	4	20,261	17,382	-17,051	-2,313	-5,609	-5,320
	5	12.007	28,149	-24,956	-3,734	-6,107	-9,723
	6	7,624	42,844	-35,636	-5,738	-6,882	-15,085
	7	4,865	64,311	-53,226	-8,726	-8,776	-22,104

Source: Data processed with SPSS 26, 2022

Table 5 above shows the number -2LL (-2 Log Likelihood) in block 0, or the initial condition is 92.801, while table 4.4 shows the number -2LL (-2 Log Likelihood) in block 1 or the final condition is 4.865, meaning there is a decrease of 87,963 (92,801 - 4,865). So, the difference in -2LL reduction is significant with a decrease in the log likelihood value and shows that the regression model is improving. The decrease can be seen in table 4.5 below:

Table 6. Omnibus Test of Model Coefficients

		Chi-square	df	Sig.
Step 1	step	87,936	4	,000
	blocks	87,936	4	,000
	Model	87,936	4	,000

Source: data processed with SPSS 26, 2023

Coefficient of Determination (Model Summary).

Table 7. Summary models

step	-2 log-likelihoods	Cox & Snell R Square	Nagelkerke R Square
1	4,865a	,676	,972

Source: data processed with SPSS 26, 2023

Based on Table 7, the value of Cox & Snell R Square is 0.676, and Nagelkerke R Square is 0.972. This shows that the ability of the independent variables (managerial ownership, board of directors, profitability and leverage) and the dependent variable financial distress is 97.2%, while 2.8% of the rest is explained by factors other than the independent variables in this study.

Classification Table.

Table 8. Classification

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Classification Table [a]					
			predicted		
	Observed		FD		Percent Correct
			0	1	
Step 1	FD	0	22	0	100.0
		1	0	56	100.0
	Overall Percentage				100.0

Source: data processed with SPSS 26, 2023

Based on the classification test in Table 8, it can be seen that of the 22 samples of companies that did not experience 100% financial distress, this logistic regression model could accurately predict. On the other hand, the 56 sample companies identified as experiencing financial distress with a percentage of 100% can be predicted correctly by this regression model. Table 8 above shows that the entire sample, or 100% of the sample, can be predicted correctly by this regression model.

Regression Coefficient Test Results (Wald Test).

Table 9. Regression Coefficient Model (Wald Test)

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1a	X1	-53,226	36,607	2,114	1	,146	,000
	X2	-8,726	3,923	4,947	1	,026	,000
	X3	-8,776	25,489	,119	1	,731	,000
	X4	-22,104	9,972	4,913	1	,027	,000
	Constant	64,311	27,875	5,323	1	,021	8506,000

Source: data processed with SPSS 26, 2023

Based on Table 9 above, the results of the regression coefficient model test (Wald test) show that the Wald value for X1 (managerial ownership) is 2.114, and the significance level value is 0.146 with (alpha) 5% (0.05). This shows that H0 is accepted, which means managerial ownership has a negative and insignificant effect on financial distress.

The Wald value for X2 (board of directors) is 4.947, and the significance level is 0.026, with a significant 5% (0.05). This indicates that rejecting H0 means that the board of directors significantly negatively affects financial distress.

The Wald value for X3 (profitability) is 0.119, and the significance level is 0.731, with a significant 5% (0.05). This indicates that accepting H0 means that profitability has a negative and insignificant effect on financial distress.

The wald value for X4 (leverage) is 4.913, and the significance level is 0.027 with a significance of 5% (0.05); this indicates that H0 is rejected, which means that the leverage ratio has a significant positive effect on financial distress.

Logistic Regression Analysis. From the calculation results, as shown in Table 4.8, then the logistic regression model can be stated as follows:

$$Ln\ \frac{FD}{1-FD} = 39.387 - 11.396KEPMEN - 10.076DEDIR - 37.591PROFIT - 2.645LEV - + e$$

From the logistic regression equation it can be explained:

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a. The constant of 64 311 states that without the influence of the independent variables (managerial ownership, board of directors, profitability and leverage), the probability of financial distress will increase by 64, 311.
b. Managerial ownership has a negative coefficient of -53.226. If the managerial ownership variable increases by one unit, it will reduce financial distress by -53.226, assuming the other independent variables remain the same.
c. The board of directors has a negative coefficient of -8.726. If the board of directors variable increases by one unit, it will reduce financial distress by -8.726, assuming the other independent variables remain the same.
d. Profitability has a negative coefficient of -8.776, meaning that if the leverage variable increases by one unit, it will reduce financial distress by -8.776, assuming the other independent variables remain the same.
e. Leverage has a negative coefficient of -22.104, meaning that if the leverage variable increases by one unit, it will reduce financial distress by -22.104, assuming the other independent variables remain the same.

The Effect of Managerial Ownership on Financial Distress. Based on statistical tests, it shows that Good Corporate Governance, which is proxied by Managerial Ownership as measured by MNJR, has no significant effect on financial distress, where the test results on the beta parameter coefficient are -53.226 with a p-value of 0.146 > (alpha) 0.05 so that in this study managerial ownership has a negative but not significant effect on financial distress. This is because the amount of managerial ownership is too low. Hence, managers' performance in managing the company is less than optimal, and managers of minority shareholders cannot participate in decision-making actively. Thus, Hypothesis 1 (H1) is accepted.

These results differ from the agency theory, which says that the higher the managerial ownership, the smaller the occurrence of financial distress. The results of this study are following the research of Yosua and Ary (2019), which states that managerial ownership has a negative and insignificant effect on financial distress. However, they are different from the research of Apriyanti et al. (2020), which says that managerial ownership has a negative and significant effect on financial distress.

Influence of the Board of Directors on Financial Distress. Based on statistical tests, it shows that the board of directors, as measured by the number of directors in the company in period t, has a significant effect, where the test results on the beta parameter coefficient are -8.726 with a p-value of 0.026 < (alpha) 0.05 so that in this study the board of directors has an effect negative and significant to financial distress. Thus, Hypothesis 2 (H2) is rejected.

The more boards of directors there are in a company, the smaller the possibility of financial distress. The number of directors in a company will improve the decisions taken because of the board of directors' exchange of ideas. This exchange of information flows among the directors will make them more aware of each other's interests and the advantages and disadvantages of making decisions that lead to the company's best decisions.

Apriyanti et al. (2020) and Yosua and Ary (2019) state that the board of directors significantly predicts the company's financial condition.

Effect of Profitability on Financial Distress. Based on statistical tests, it shows that profitability, as measured by Return on Assets (ROA), is influential and not significant, where the test results on the beta parameter coefficient are -8.776 with a p-value of 0.731 > (alpha) 0.05, so that in this study profitability has a negative effect and not significant to the condition of financial

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distress. When the company's profits decrease, it can fulfill its obligations using internal and external funds. Thus, Hypothesis 3 (H3) is accepted.

For owners of capital, this ratio is more important than the ratio of net income to sales, namely, to find out how far the results are obtained from the investment. The higher the ROA, the more efficient the company is in using its capital to generate profits, so the smaller the possibility of the company experiencing financial distress. Conversely, the lower the ROA ratio indicates the lower the effectiveness and efficiency of asset management in generating company profits. With significant results, the profitability ratio can be convincing as a performance improvement mechanism to prevent companies from experiencing financial distress (Rahayu et al., 2023).

This research is in line with research from Harefan Arief, Firman Fauzi, and Eko Tama Putra Saratian. Arief et al. (2021) and Vionita and Herlina (2019) state that the profitability ratio, as measured by ROA, has a negative and insignificant influence on predicting a company's financial condition. Meanwhile, the results of this study are not in accordance with the results of research conducted (Dirman, 2020; Wu et al., 2020).

Effect of Leverage on Financial Distress. Based on statistical tests, it shows that leverage as measured by the Debt to Asset Ratio (DAR) has a positive but not significant effect, where the test results on the beta parameter coefficient are -22.104 with a p-value of 0.027 > (alpha) 0.05 so that in this study leverage affects significantly positive on the condition of financial distress. The enormous value of debt causes a more significant investment risk for the company. Thus, Hypothesis 4 (H4) is rejected.

Most trading companies finance their operational activities using capital obtained from third parties through debt. A large company relies primarily on bank loans for financing, so it can be said that large companies tend to have high leverage ratios as well. Even though the company has a lot of debt to finance its operations, other factors, such as assets and profits generated, can overcome this so that it does not bring the company into a state of financial distress.

In addition, companies can manage debt well by focusing on using debt according to plans and needs to improve company performance (Christy et al., 2023). Debt is used for productive activities to benefit the company (Obioha, 2024).

With high debt levels, the company also makes a list of debts to make it easier for the company to find out the amount of debt to be paid by the due date so that the company can estimate the time and strategy for paying these debts so as not to accumulate and cause losses to related parties.

Therefore, Hypothesis 4 (H 4) is rejected. This research is in line with the research of Laurenzia and Sufiyati (2015), D Setiawan et al. (2016) and Mas'ud and Srengga (2017) and is not in line with the research of Ananto et al. (2017), Rahmadani et al. (2014), and Damayanti et al. (2017).

CONCLUSION

This study aims to empirically examine the effect of financial performance and good corporate governance on financial distress in retail companies listed on the Indonesia Stock Exchange 2019 – 2021. Based on the results of the analysis and discussion that have been presented in the previous chapter, several conclusions are put forward from this study, namely as follows :

1. The analysis results show that managerial ownership measured by (MNJR) has a negative and insignificant effect on financial distress.
2. The analysis results show that the board of directors is measured by the number of boards of directors in the company during the period, which has a significant adverse effect on financial distress. The analysis results show that the profitability ratio measured by return on assets (ROA) has a negative and insignificant effect on economic distress.

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3. The analysis results show that the leverage ratio measured by debt to total assets (DAR) significantly affects financial distress.

Limitations and Advice. This research has several limitations, namely:

1. The variability of the dependent variable, which can only be explained by the independent variables, is 97.2%, while the rest is influenced by factors other than the variables in this study.
2. Limited independent variables were used, thus affecting the number of samples in this study.
3. Many large and retail trading companies need to report complete data regarding financial ratios and financial distress, so the sample in this study is only a few percent of the total population in the wholesale and retail trade sector.

Some of the suggestions put forward in this study are as follows:

1. In future research, the researcher hopes to add another period so that the independent variables can contain more information about other financial ratios and significantly affect financial distress.
2. Researchers hope that companies should pay more attention to their performance in management and finances so that the possibility of financial distress from an early age can be followed up immediately, achieving business continuity and allowing the company to operate in the long term.

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