

Good Corporate Governance, Profitability, Interest Rate Against Company Financial Distress with Company Size as Moderating Variable

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Abstract: The banking business sector has a vital role and function in economic development in Indonesia. Theoretically, the bank has a role as an agent of trust, which means that a bank as a financial institution carries out every operational activity based on trust in raising and channelling funds. Furthermore, it can be understood that the sustainability of the banking industry is very dependent on public trust; if public trust decreases, it will result in a bank experiencing a crisis. This study analyzes data quantitatively, with the design of this study namely testing the existing hypotheses to find out the effect of Financial Distress as the dependent variable. The t-test results prove that the variable Institutional Ownership (IC) has no significant effect on financial distress. Company data published on the Indonesia Stock Exchange concludes that the variables KI, KM, ROA, KI*Size, and KM*SIZE positively affect financial distress. Management is expected to be able to continue to innovate and develop technology correctly and in a planned manner, besides that management must also be able to manage the company's financial performance properly so that it can make the right decisions in carrying out the company's operational activities so that financial distress does not occur.

Abstrak: Sektor bisnis perbankan mempunyai peran dan fungsi yang cukup vital dalam pembangunan perekonomian di Indonesia. Bank secara teori memiliki peran sebagai agent of trust, yaitu berarti bank sebagai lembaga keuangan menjalankan setiap kegiatan operasionalnya dengan berlandaskan pada kepercayaan, baik dalam hal menghimpun dana maupun penyaluran dana. Lebih lanjut dapat dipahami jika keberlangsungan industri perbankan sangat bergantung pada kepercayaan masyarakat, jika kepercayaan masyarakat menurun maka akan mengakibatkan bank mengalami krisis. Studi ini melakukan penganalisisan data secara kuantitatif, dengan rancangan studi ini yaitu menguji hipotesis yang ada guna mencari tahu pengaruh Financial Distress selaku variabel dependen. Hasil uji-t membuktikan variabel kepemilikan Institusional (KI) mempunyai pengaruh tidak signifikan pada financial distress. Data perusahaan yang telah terpublikasikan di Bursa Efek Indonesia yang menyimpulkan variabel KI, KM, ROA, KI*Size, KM*SIZE memiliki pengaruh positif pada financial distress. Manajemen diharapkan untuk dapat terus melakukan inovasi dan pengembangan teknologi dengan baik dan terencana, selain itu manajemen juga harus dapat mengelola kinerja keuangan perusahaan dengan baik agar dapat mengambil keputusan yang tepat dalam menjalankan kegiatan operasional perusahaan sehingga tidak terjadi financial distress.



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INTRODUCTION

The banking business sector has a vital role and function in economic development

in Indonesia. Theoretically, the bank has a role as an agent of trust, which means that the bank, as a financial institution, carries

out every operational activity based on trust in raising and channelling funds. (Fitriah, 2018). Furthermore, it can be understood that the sustainability of the banking industry is very dependent on public trust; if public trust decreases, it will result in a bank experiencing a crisis. If public trust in banking companies decreases, it can cause the amount of funds collected from the public by banking companies to be minor, and banks have the potential to experience a lack of funds to run their business.

Aside from being an agent of trust, banks also act as agents of development, namely financial institutions that significantly contribute to the country's economic development (Fitriah, 2018). Because the role held by banks impacts the country's economy, banks must avoid the potential for financial distress. This aligns with Indonesia's increasingly advanced and complex economic development, so banks must improve their performance. The dynamics of these developments go hand in hand with various influencing factors, such as regulatory changes, technological developments, product developments, and customer demands.

Financial distress is when a company's finances decline before bankruptcy or liquidation occurs (Sutra & Mais, 2019). If a company has the potential for financial distress, investor or creditor confidence in the company will be lost, and potential investors will withdraw funds on a large scale. Large-scale withdrawals of funds can cause the company to have no funds or experience a lack of funds to run its business, so it cannot run the company optimally. Thus, an assessment of the potential for financial distress is critical to do. If there are indications of financial distress, internal parties can immediately take action for this condition so that the company can avoid financial distress. In contrast, external parties can make decisions about whether to continue investing or not in the company. The potential for financial distress can be seen by using financial ratios. Financial ratios reflect a company's ability to run a business, distribute and effectively use assets, achieve income, and pay expenses. Financial ratios are also helpful in

interpreting excellent or bad financial conditions.

According to Elloumi & Gueyié (2011) categorizing, a company experiences financial distress if it has a negative net income for two consecutive years (Elloumi & Gueyié, 2001). Therefore, deep Barus research (2017) said A company is said to be experiencing financial distress if it experiences damaging losses or profits for two consecutive years (Barus dkk., 2017). Financial Distress is when a business unit is in a complex financial condition. Financial distress in this study is measured using the Z Score. The Z-score model is defined as a linear analysis of five measures that are objectively weighted and summed to obtain an overall score. Which later became the basis for classifying companies into one of the a priori groupings (Elevendra & Yunita, 2021).

A company's financial distress can be suppressed by implementing good corporate governance. According to (Maretha & Purwaningsih, 2013), good corporate governance is a set of systems, structures, and processes that companies can use to provide long-term added value by considering stakeholders' interests based on existing rules and norms. (Maretha & Purwaningsih, 2013). With this system, the positions of agents and principals can be more equalized so that no excessive use of power harms one party or even the company's survival.

Banks have a role as the most significant contributor to national economic development. This has become an essential role for banks, where most people's money/assets are kept in banks. Therefore bankruptcies are also the most significant contributor to the economy's collapse. In the banking world, when a bank goes bankrupt, it is not only the parties directly related to the bank, such as employees, customers, shareholders and others, who will suffer losses but will negatively impact the country's financial and economic conditions. Therefore, every bank must maintain its soundness so that financial distress or bankruptcy does not occur (Sairin dkk., 2020). One of the cases that occurred was the bankruptcy of Bank Century which led to

a decline in public confidence in the national banking system and made the government cautious in providing bailouts which caused state losses to unhealthy banks.

Good corporate governance can be measured using various mechanisms, and in this study, the mechanism is viewed from institutional ownership and managerial ownership. Institutional ownership is the proportion of company shares owned by institutions, businesses, or organizations (Widiasari, 2017). Institutional ownership is one factor that affects a company's performance because it is related to

monitoring function; institutional ownership is believed to have better capabilities than individual ownership (Widiasari, 2017). In measuring institutional ownership, a comparison of the ratio between the number of shares owned by the institution and the number of outstanding shares can be used (Yuliani & Rahmatiasari, 2021).

According to research by Yuliani & Rahmatiasari (2021), institutional ownership significantly positively affects financial distress (Yuliani & Rahmatiasari, 2021). This is different from research conducted by Widiasari (2017) if institutional ownership does not affect financial distress. This aligns with research conducted by Masita & Purwohandoko (2020) if institutional ownership does not affect financial distress (Masita & Purwohandoko, 2020).

Meanwhile, according to Gideon (2005), managerial ownership is the percentage of the number of shares owned by management of the total number of shares of the company that is managed. (Indahsari dkk., 2021). Sometimes company shares are owned by directors, commissioners, company secretaries or employees. Share ownership by managers in a company makes the manager have a dual function, namely as the owner of the company as well as the manager of the company (Muvidha & Suryono, 2017). In measuring managerial ownership, a comparison of the ratio between the number of shares owned by managers and the number of outstanding shares can be used (Muvidha & Suryono, 2017)

According to research conducted by Yuliani & Rahmatiasari (2021), managerial ownership significantly positively affects financial distress (Yuliani & Rahmatiasari, 2021). This is different from research conducted by Widiasari (2017) if managerial ownership does not affect financial distress. This aligns with research conducted by Masita & Purwohandoko (2020) if managerial ownership does not affect financial distress (Masita & Purwohandoko, 2020).

In addition to Good Corporate Governance, measured using institutional and managerial ownership, profitability is assumed to control financial distress. Profitability can measure the company's performance from the profit generated in a certain period. Profit is an essential indicator because, besides measuring a company's ability to pay debts, profit also shapes the company's prospects. (Hidayat, 2021). In this study, profitability is proxied using the formula return on assets (ROA), which can measure the effectiveness and efficiency of assets used to generate profits. If assets are used effectively and efficiently, companies can save expenses and have sufficient savings to continue operating, thereby minimizing financial distress.

A study by Hidayat et al. (2021) shows that a company's profitability positively influences financial distress (Hidayat, 2021). Meanwhile, research conducted by Amna et al. (2022) states that a company's profitability negatively affects financial distress (Anastasia & Setyawan, 2022).

Factors other than Good Corporate Governance and profitability come from external companies, namely interest rates. Interest rates are payments for capital borrowed from other parties (Ningsih dkk., 2021). Interest rates reflect attitudes and monetary policies set by Bank Indonesia and announced to the general public: interest rate or BI rate.

It is a monetary policy formalized by Bank Indonesia and announced to the public. Bank Indonesia Letters (SBI) are securities denominated in rupiah issued by Bank Indonesia to acknowledge short-term debt. The Indonesian Interest Rate (SBI) is the rate

imposed by Bank Indonesia (Rohiman, S. F. dan Damayanti, 2019).

In the trade-off theory, it is explained that companies can reduce tax payments because of corporate debt. Furthermore, a company can increase its profit so that it is not in a state of financial distress. Using debt as a way to reduce taxes can increase the interest expense for the company. Increased interest rates will also increase interest costs, so companies will pay more debt because interest rates have increased, which can result in companies experiencing financial distress.

In their research, Sudaryo et al. (2020) stated that stating interest rates affects financial distress (Sudaryo dkk., 2020). This research is in line with the research conducted by Sairin et al. (2020) if interest rates affect financial distress (Sairin dkk., 2020). The results of this study differ from research conducted by Nurriadianis & Adi (2021), that interest rates partially do not have a significant effect on financial distress (Nurriadianis & Adi, 2021).

From the differences in the results of the empirical studies above, researchers are interested in conducting research that examines the variables of institutional ownership, managerial ownership, profitability, and interest rates on financial distress. In this study, researchers will add firm size as a moderating variable in determining the strength or weakness of the relationship. Company size in this study is understood as the total assets owned by the company.

Company size is measured using Ln (total assets). In a study conducted by Syuhada et al. (2020), it is known that company size can affect financial distress (Rujiman dkk., 2020). This is because a company with a large size will tend to be more risk averse by diversifying so that the company can remain stable and continue to run its business.

METHODS

This study analyzes data quantitatively, with the study design that is testing the existing hypotheses to find out the effect of Financial Distress as the dependent variable caused by the significant

influence of Institutional Ownership, Managerial Ownership, Profitability and Interest Rates as independent variables and Company Size as variables Moderation.

Financial reports and annual reports for 2017 to 2021 from banking companies listed on the IDX/Indonesia Stock Exchange are secondary data sources for this study. Purposive sampling is used as a sample collection method, and panel data is the type of data used. The following are the criteria from the election sample :

- a. Listing companies on the IDX/ Indonesia Stock Exchange in sub-sectors of banking
- b. Subsector companies reporting banking _ finances have been audited five years successively _ _ from 2017–2021 and published on the Indonesia Stock Exchange.
- c. Subsector companies reporting banking _ finance for the 2017–2021 period have audited and published in the rupiah currency
- d. The company that provides variables with complete during-period observation
- e. Company that owns mark profitability favourable period 2017–2021.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Data processing for this descriptive analysis uses IBM SPSS Statistics 26. The complete descriptive statistics in this study are shown in the following table:

Table 1. Descriptive Statistical Test
Descriptive Statistics

N	Rang	Mini	Maxi	Means	std.	Deviat	
	e	mum	mum		ion	ion	
Statis	Statis	Statis	Statis	Statis	std.	Statist	
tics	tics	tics	tics	tics	Error	ics	
Institu	130	.6533	.3338	.9871	.7623	.01477	.16
tional					87	03	84
Owne							07
rship							2
Mana	130	.1254	.0000	.1254	.0031	.00124	.01
gerial					75	89	42
owner							39
ship							6
Profit	130	.0323	.0002	.0325	.0118	.00070	.00
ability					89	58	80
							47
							5
Intere	130	.0250	.0350	.0600	.0450	.00079	.00
st rate					00	97	91
							18
							1
Finan	130	1.021	-	.7625	.1480	.01882	.21
cial		3	.2588		84	76	46
Distre							67
ss							7
Comp	130	6.314	14.95	21.26	18.23	.14710	1.6
any		4	44	88	1782	80	77
Size							28
							89
Valid	130						
N							
(listwi							
se)							

The results of the descriptive statistical test can be concluded that the institutional ownership variable (KI) has a min value of 0.3338, a max value of 0.9871 and a mean value of 0.7624 and std. Deviations 0.1684. Managerial Ownership Variable (KM) gets a min value of 0.0000, a max value of 0.1254 and a mean value of 0.0031 and std. Deviations 0.1423. The Profitability Variable (ROA) gets a min value of 0.0002, a max value of 0.0325 and a mean value of 0.0118 and std. Deviations 0.0080. The Interest Rate Variable (BIRate) gets a

min value of 0.0350, a max value of 0.0600 and a mean value of 0.450 and std. Deviations 0.0091. The Financial Distress (FD) variable gets a min value of -0.2588, a max value of 0.7625 and a mean value of 0.1480 and std. Deviations 0.2146. Company Size variable (SIZE) gets a min value of 14.9544, a max value of 21.2688 and a mean value of 18.2317 with std. Deviations 1.6772.

Classic assumption test

The normality test results obtained a p-value of 0.131 or 0.131 greater than 0.05, so it can be concluded that the assumption required for the regression test must have average circulation realized to continue this regression model. From the multicollinearity test, it can be obtained if all variables The independent variables used in the study had VIF <10 (or Tolerance > 0.10), KI variable with VIF 1.014, KM variable with VIF 1.039, ROA variable with VIF 1.379, BIRate variable with VIF 1.048, and SIZE variable with VIF 1.324, from this statement indicates that the regression model can be continued and there is no multicollinearity problem.

The results of the heteroscedasticity test above, the scatter plot shows that the points do not form a particular regular pattern (wavy, widens, then narrows) and the points spread around the number 0 on the y-axis, so this indicates there is no problem with heteroscedasticity. Based on the autocorrelation test, the lower limit value (dL) known from the Durbin-Watson table for n = 130 and k = 5 at a significant level of 5% is 1.634 (4-dl worth 2.366). The upper limit value (dU) is 1.794 (4- du worth 2,206), Durbin Watson worth 1.005 is in the area $du \leq dw \leq 4- du$, meaning that there is no autocorrelation in the regression model, meaning that the test is continued.

Multiple Linear Regression Test

From the results of the regression test, the regression equation is obtained,

which can be seen as follows (First Equation):

$$FD = -0.062 + 0.121 KI + 1.844 KM + 10.333 ROA - 0.255 BIRate + e$$

The constant value in the regression equation of this study has a value of -0.062, so it can be concluded that if the independent variables, namely institutional ownership, managerial ownership, profitability, interest rates, are estimated to be constant at 0, then there is a decrease in the variable, namely 0.062. The empirical value of X1 (KI) is 0.121, which means that if there is an increase of 1% in X1, then there is an increase of 0.121 in financial distress. The empirical value of X2 (KM) is 1.844, which means that if there is an increase of 1% in X2, then there is an increase of 1.844 in financial distress. The empirical value of X3 (ROA) is 10.333, which means that if there is an increase of 1% in X3, there will be an increase of 10.333 in financial distress. The empirical value of X4 (BIRate) is -0.255, which means that if there is a 1% decrease in X4, there is a 0.255 decrease in financial distress.

The second equation obtained the following data:

$$FD = 0.390 + 1.774 KI - 64.952 KM - 78.744 ROA + 6.178 BIRate - 0.085 KI*Size + 4,069 KM*Size + 5,116 ROA*Size - 0,468 BIRate*Size + e$$

The empirical value of KI*Size is -0.085, which means that if there is a 1% decrease in KI*Size, there is a 0.085 decrease in financial distress. The empirical value of KM*Size is 4.069, which means that if there is an increase of 1% in KM*Size, then there is an increase of 4.069 in financial distress. The empirical value of ROA*Size is 5.116, which means that if there is a 1% increase in ROA*Size, there will be an increase of 5.116 in financial distress. The empirical value of BIRate*Size is -0.468, which means that if there is a 1% decrease in BIRate*Size, there will be a decrease of 0.468 in financial distress.

Determination Coefficient Test (Adjusted R2)

Based on the coefficient test (r) in the first equation, which is 0.393. This figure indicates a relationship between KI, KM, ROA, BIRate and FD, which is moderate due to a correlation of > 0.20. While the Adjusted R Square (coefficient of determination) is 0.154, meaning that the FD variation can be described by the variables KI, KM, ROA, and BIRate, which is 0.154 or 15.4%. In comparison, the remaining 84.6% is explained by other factors not explained in this study. Based on the coefficient test (r) in the second equation, 0.653. this number indicates a relationship between KI*Size, KM*Size, ROA*Size, BIRate*Size and FD is stated to have a close relationship due to a correlation of > 0.50. Meanwhile, the Adjusted R Square (coefficient of determination) is 0.426, meaning that the FD variation can be described by the variables KI*Size, KM*Size, ROA*Size, and BIRate*Size, which is 0.426 or 42.6%. In comparison, the remaining 57.4% is explained by other factors not described in this study.

Partial test or t-test

Based on the tests that have been carried out, the t-test results are obtained as follows:

Table 2. T-test

N	Descriptive Statistics						
	Rang	Mini	Maxi	Means	std.		
Statistics	Statistic	Statistic	Statistic	Statistic	Statistic		
Institutio	130	.6533	.3338	9871	.7623	0.0147	.1684
nal				87	703	072	

Ownersh					
ip					
Managerial	130.1254	.0000.1254	.0031.0012	.0142	
ownershi			75 489 396		
p					
Profitability	130.0323	.0002.0325	.0118.0007	.0080	
Interest rate	130.0250	.0350.0600	.0450.0007	.0091	
Financial Distress	130.1.021 - 3	.7625 .2588	.1480.0188 84 276	.2146 677	
Company Size	130.6.314 4	14.9521.26 44 88	18.23.1471 1782 080	1.677 2889	
Valid (listwise)	N130				

The t-test results of KI have a significance level of 0.253, a value of 0.253 > 0.05 and a t count -0.497 (-0.497 < 1.656) so that Ha is rejected or Ho is accepted, which means that the KI variable has a not significant positive effect on FD and a beta coefficient of 0.121 meaning that for every unit increase in the KI variable, the FD will increase by 0.121.

The t-test results of KM have a significance level of 0.147, a value of 0.147 > 0.05 and a t-count of 1,460 (1,460 < 1,656), so that Ha is rejected or Ho is accepted, which means that the KM variable has a not significant positive effect on FD and a beta coefficient of 1,844 means that for every unit increase in the KI variable, the FD will increase by 1,844.

The results of the t-test of ROA have a significance level of 0.000, a value of 0.000 < 0.05 and a t-count of 4,597 (4,597 > 1,656) so that Ha is accepted or Ho is rejected, which means that the ROA variable has a positive and significant effect on FD and a beta coefficient of 10,333 means that for every unit increase in the ROA variable, the FD will increase by 10,333.

The t-test results of BIRate, have a significance level of 0.897, value 0.897 > 0.05, and t count -0.130 (-0.130 < 1.656) so

that Ha is rejected or Ho is accepted, which means that the BIRate variable has a negative and not significant effect on FD and the beta coefficient -0.255 means that for every unit increase in the BIRate variable, the FD will increase -0.255.

The t-test results of KI*Size, have a significance level of 0.113, a value of 0.113 > 0.05 and t count -1.598 (-1.598 < 1.656) so that Ha is rejected or Ho is accepted, which means that the KI*Size variable has a negative and not significant effect on The FD and beta coefficient -0.085 means that for every unit increase in the KI*Size variable, the FD will increase -0.085.

The t-test results of KM*Size, have a significance level of 0.001, a value of 0.001 < 0.05 and a t count of 3,272 (3,272 > 1,656) so that Ha or Ho can be accepted rejected, which means that the KM*Size variable has a positive and significant influence on the FD and the beta coefficient is 4,069 meaning that for each unit increase in the KM*Size variable, the FD will increase by 4,069.

The results of the t-test of ROA*Size have a significance level of 0.000, a value of 0.000 < 0.05 and a t-count of 3,998 (3,998 > 1,656) so that Ha is accepted or Ho is rejected, which means that the ROA*Size variable has a positive and significant effect on FD and the coefficient beta 5,116 means that for every unit increase in the ROA*Size variable, the FD will increase by 5,116.

The t-test results of BIRate*Size, have a significance level of 0.641, value 0.641 > 0.05 and t count -0.468 (-0.467 < 1.656) so that Ha is rejected or Ho is accepted, which means that the BIRate*Size variable has a negative and not significant effect on FD and beta coefficient -0.468 means that for every unit increase in the BIRate*Size variable, the FD will increase -0.467.

Discussion

Institutional Ownership of Financial Distress

The t-test results prove that the variable institutional ownership (IC) has an insignificant effect on financial distress. Therefore, H1, namely institutional ownership has a significant positive effect on financial distress, is rejected. This means that corporate ownership is also owned by institutional ownership. So that institutional ownership must play an active role within the company in carrying out supervision; this is done so that the company runs well and there is no individual interest in it. This study's results align with the research examined by Widiyanti (2017), which said that institutional ownership does not affect financial distress (Widiyanti, 2017).

Managerial Ownership of Financial Distress

The t-test results prove that the managerial ownership (KM) variable has an insignificant effect on financial distress. Therefore, H2, namely managerial ownership, has a significant positive effect on financial distress and is rejected. That is, the company's ownership is owned by management only, and the risk of fraud occurs. So managerial ownership must maintain the continuity of the company so that the company runs well and there is no personal interest in it. This study's results align with the research studied by Mustika and Purwohandoko (2020), which says managerial ownership does not affect financial distress (Masita & Purwohandoko, 2020).

Profitability against Financial Distress

The t-test results prove that the variable Profitability (ROA) significantly affects financial distress; therefore, H3, namely profitability, has a significant positive effect on financial distress, is accepted. That is, profitability is still the primary goal of a company. So that companies must continue to be able to maintain competition and read the opportunities in the market so that the company's profitability can continue to

increase. The results of the analysis show that profitability affects financial distress. Profitability with a positive ROA proxy shows that all assets used for company operations can provide profits for the company and vice versa. A high profitability value does not necessarily guarantee that a company will not experience financial distress because a company with a high profitability value does not necessarily have a low burden. In addition, because of the allegation that high profitability reflects the effectiveness and efficiency of asset management, which can reduce costs incurred by the company. Furthermore, from the research results, researchers assume that there may be indications of earnings management practices or attempts by company managers to intervene or influence the information in financial statements with the aim of tricking stakeholders who want to know performance and financial condition. This study's results align with the research examined by Hidayat et al. (2021), which says that profitability affects financial distress (Hidayat, 2021).

Interest Rates on Financial Distress

The t-test results prove that the interest rate variable (BIRate) has no significant effect on financial distress; therefore, H4, namely interest rates have a significant positive effect on financial distress, is rejected. That is, interest rates do not affect the company's financial distress. However, companies must also remain careful with current economic conditions because they significantly affect interest rates. This study's results align with the research studied by Sudaryo et al. (2020), which said that interest rates do not affect financial distress. (Sudaryo dkk., 2020).

Firm Size In Moderating Institutional Ownership, Ownership

The t-test results prove that the KI*Size variable has an insignificant effect on financial distress. Therefore, H5 is rejected.

This means that company size as a moderating variable has not affected financial distress. However, companies must also pay attention to institutional ownership factors, which are moderated by company size, so that companies do not experience financial distress.

Company size moderates the effect of Managerial Ownership and positively affects Financial Distress.

The results of the t-test prove that the KM*Size variable has a significant effect on financial distress. Therefore, H6 is accepted. This means that the existence of company size as a moderating variable of managerial ownership significantly influences financial distress. So companies must pay attention to managerial ownership factors, which are moderated by company size so that companies do not experience financial distress.

Company size moderates the effect of profitability and has a positive effect on Financial Distress.

The results of the t-test prove that the ROA*Size variable has a significant effect on financial distress. Therefore, H7 is accepted. This means that with company size as a moderating variable, profitability also significantly influences financial distress. So the company must pay attention to the profitability factor, which is moderated by the size of the company, so that the company does not experience financial distress.

Company size moderates the effect of Interest Rates and positively affects Financial Distress.

The t-test results prove that the BIRate*Size variable has an insignificant effect on financial distress. Therefore H8 is rejected. With firm size as a moderating variable, interest rates have not affected financial distress. However, companies must also pay attention to this interest rate factor moderated by company size so the company does not experience financial distress.

CONCLUSION

data that has been published on the Indonesia Stock Exchange concludes that the variables KI, KM, ROA, KI*Size, and KM*SIZE have a positive effect on financial distress, and the variables BIRate, KI*Size and BIRate*Size hurt financial distress.

SUGGESTIONS

Good management influences whether a company runs well or not. For companies, having more institutional ownership structures will provide better oversight to prevent conflicts of interest. In addition, the management ownership factor is more willing to go directly to the company to see the obstacles. The profitability factor must also be kept in mind because this reflects whether the company will experience financial distress. In addition, management must also be careful with existing interest rates to avoid making the wrong decision. Therefore, management is expected to be able to continue to innovate and develop technology correctly and in a planned manner, besides that management must also be able to manage the company's financial performance properly so that it can make the right decisions in carrying out the company's operational activities so that financial distress does not occur.

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