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THE INFLUENCE OF CORPORATE GOVERNANCE ON FINANCIAL DISTRESS OF COMPANIES LISTED IN THE INDONESIAN STOCK EXCHANGE

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ABSTRACT

The effect of corporate governance on financial distress on companies on the Indonesia Stock Exchange is the purpose of this research. The variables of the independent board of directors, the size of the board of directors, the board of directors of women, the tenure of the board of directors, the activity of the board of directors, managerial ownership, institutional ownership, foreign ownership, and government ownership function as independent variables. Profitability, company size, and leverage become control variables.

The financial and annual reports of each company on the Indonesia Stock Exchange from 2014-2018 used secondary data for this study. Companies that are in accordance with the determination of research criteria get 436 companies or 2,180 observational data. The method or method of measuring the level of influence of independent variables on the dependent variable is the panel logistic biner method. Observation data in the study will be tested through the SPSS system.

This study found a significant negative effect on the variables of the independent board of directors, the size of the board of directors, the tenure of the directors, the activities of the directors, managerial ownership, profitability and company size on financial distress. Institutional ownership, foreign ownership, government ownership, and the board of directors of women were not found to have a significant effect on financial distress. Leverage variables have a significant positive effect.

Keywords*: corporate governance, financial distress, managerial ownership, the board of directors.*

Hendry. Pengaruh Tata Kelola Perusahaan Terhadap Financial Distress Perusahaan yang Terdaftar di BEI.
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