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Can CSR Disclosure and Intellectual Capital to Reduce Financial Distress? : The Role of Managerial Ownership

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ABSTRACT

This research aims to evaluate the effect of corporate social responsibility (CSR) and intellectual capital disclosure on financial distress with managerial ownership as moderation. This research in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) in 2018-2022. This technique with criteria determined. The analysis techniques used are evaluation of quantified outer model and inner model with Warp PLS 7.0 program. The results show that CSR and intellectual capital negatively affect financial distress. Managerial ownership strengthens the relationship of CSR to financial distress and managerial ownership can't moderate the relationship of intellectual capital to financial distress. The research contribution also offers insights to management that the disclosure of CSR and intellectual capital is crucial to consider, as it can save companies from financial distress. The company's participation in efforts to enhance CSR disclosure following The Global Reporting Initiative (GRI) G4 guidelines will safeguard the company from financial issues.

1. INTRODUCTION

The government highlights substantial decrease in economic growth because of COVID-19 pandemic. According to Badan Pusat Statistik (2023) the growth rate in 2020 experienced a decline of -2.07%. The decrease in the growth rate due to COVID-19 has impacted the revenue received companies. The decrease revenue effect of business activity restrictions, which did not align with the expected targets. Companies such as Prasidha Aneka Niaga Tbk, Martina Berto Tbk, and Kedaung Indah Can Tbk have incurred losses for three to four consecutive years. Kedaung Indah Can Tbk experienced its peak loss in 2019 reaching IDR -3,172,619,510 (CNBCIndonesia.com, 2018). Merck Sharp Dhome Pharma Tbk also faced financial decline, with a net sales decrease of 16.5% in contrast to the prior year. The current-year profit of the company decreased by IDR 112.65 billion (CNBCIndonesia.com, 2022). The significant decrease in profit has implications for the overall financial performance, leading to a slowdown in company growth. Company management challenged to work optimally in managing operational and financial issues to evade the risk (Santika, 2023).

Financial distress arises from company's failure to fulfill short-term financial obligations, potentially resulting in bankruptcy (Wibowo & Susetyo, 2020). This condition may prompt managers to make high-risk decisions for the company's survival (Wu et al., 2020). In managing a company, managers must not only profits but consider other aspects such as social and environmental responsibility. Corporate Social Responsibility (CSR) disclosure is a strategy companies to maintain their corporate image. The company's reputation improves when CSR information is accepted by investors as a strategy to secure financial support, enabling the company to surmount financial difficulties. Farooq et al. (2023) research indicates that corporate participation in CSR activities has adverse effect on financial distress. The extent of a company's engagement in CSR decreases the chance of financial distress. This finding contradicts with Cahyoputro & Hadiprajitno (2022) CSR has positive impact on financial distress. Overspending on CSR programs may tend to lead to financial distress conditions.

The suboptimal management of resources is a contributing factor to the occurrence of financial distress. Efficient asset management through technological adoption benefits companies in facing business competition. Asset management extends beyond tangible assets to include intangible assets that impact the company (Noviani et al., 2022). Intellectual capital representing knowledge and information is crucial in enhancing a company's competitiveness for various conditions (Handayani et al., 2019). Purba & Muslih (2018) research declares intellectual capital has adverse effect on financial distress. Companies with significant intellectual capital as indicated by substantial assets increase their chances of success. A company with superior resources minimizes the risk. A good performance in intellectual capital enhances investor confidence leading to increased investment in the company. This finding contradicts with Fashhan & Fitriana (2019) intellectual capital has positive impact on financial distress. Increased employee salaries without a corresponding increase in production efficiency can result in higher production costs negatively affecting a company burdened by soaring debt to cover production expenses. The increase in intellectual capital accompanied by rising production costs and debt leads to financial distress.

Optimal company management is the responsibility of company management, which establishes policies covering direction, governance and supervision to achieve the company's expected goals. Managerial ownership refers to shares held by executives and directors of a company. According to Jensen & Meckling (1976) managerial ownership can reduce agency problems between management and other shareholders. Farooq et al. (2023) research indicates that corporate governance can moderate CSR and financial distress. Corporate governance interpreted through managerial ownership to reduce the potential conflicts of interest between management and other shareholders, eliminating agency problems when managers are also shareholders in the company (Endiana, 2019). Adnyani et al. (2020) managerial ownership has a proportion of shareholders playing an active role in decision-making. High ownership of shares by management instills a sense of ownership in the company. Management will strive to perform their duties to the fullest, so enhancing the company's performance.

This research is essential based on the frequent occurrence of cases in Indonesian companies experiencing financial distress. From 2018 until 2022 there is 17 listed companies on the Indonesia Stock Exchange (BEI) were delisted, 70% facing financial performance issues leading to a decline or bankruptcy. COVID-19 affects to exacerbate the financial conditions making them even worse. Researchers predict that the disclosure of CSR as responsibility of the company to social environments can reduce financial distress, representing a strategy to enhance the company's image and reputation. CSR disclosure has positive effects on the company to consider a profit center in the future, it increases revenue from product sales. Optimal management of intellectual capital can alleviate financial issues including financial distress. Intellectual capital makes a company more competitive in the business world, producing higher-quality products and positively impacting increased profits for the company.

2. LITERATURE REVIEW AND HYPOTHESIS

Agency Theory

The connection between principal collaborates with agent as delegate decision-making responsibility (Jensen & Meckling, 1976). Agents are obligated to be accountable to principals for their work. A high percentage of managerial ownership reduces agency problems between agents and principals. Management has felt ownership of the company, so it's maximal performance in managing the company and encouraging more responsible management. CSR disclosure reduces the potential for financial distress. Managerial ownership enhances the quality of CSR disclosure, making the company less inclined to financial distress. Optimal management and development of intellectual capital diminish the likelihood of financial distress. Managerial ownership provides the right to manage intellectual capital efficiently. Increased intellectual capital lowers the risk of financial distress, driven by managerial ownership.

Hypothesis

CSR is social contribution companies make to society and the environment, disclosed in annual report (Fathihani et al., 2023). Companies are not solely focused on profit but are also concerned with social and environmental aspects. This aspect has company's responsibility packaged in activities, which can enhance reputation (Karina & Setiadi, 2020). The impact of CSR disclosure is beneficial in addressing financial problems faced by companies. According to signaling theory, the presence of signals, such as information about CSR activities, it can convince investors. CSR disclosure has the effect of improving the company's image toward investors and increasing capital received. The indicate company has management capable of committing to sustainable business practices. CSR disclosure minimizes the probability of a company facing financial distress (Purwaningsih & Aziza, 2019). Research by Purwaningsih & Aziza (2019) indicates that CSR disclosure has a negative impact on financial distress. Results of other research Farooq et al. (2023) the more extensive company's engagement in CSR initiatives, reducing the level of risk of financial distress.

H1: Corporate social responsibility negative affect on financial distress

Intellectual capital based on intangible assets can create prosperity and increase sales (Noviani et al., 2022). Utilization of intellectual capital is beneficial for companies to encourage the development of potential resources (Febriany, 2020). Intellectual capital includes knowledge assets to enhance the company's image in competition and create added value for stakeholders. Companies have a competitive advantage through applied knowledge and mastery of technology that produces valuable resources. Intellectual capital assets are composed of human, structural, and customer elements (Widhiadnyana & Ratnadi, 2019). The greater the intellectual capital will increase the company's success (Purba & Muslih, 2018). Companies with superior resources minimize the risk of financial distress. Intellectual capital can increase company revenue and performance. According to signaling theory, information about intangible assets benefits stakeholders by providing information on resource management and knowledge, adding value to the company. Mulyatiningsih & Atiningsih (2021) found that intellectual capital has a diverse effect on financial distress. The high intellectual capital values minimize the occasion of financial distress. Increased intellectual capital corresponds to decreased probability of financial distress. Nathania (2022) intellectual capital can be an assessment of the success of companies. Quality management of capital increases investor confidence.

H2 : Intellectual capital negative effects on financial distress

CSR concerns the environment and society their responsibility to stakeholders (Endiana, 2019). In accordance with agency theory, the principal-agent relationship governs the contract between the principal and agent, where the principal authorizes the agent to manage the company's operations and make good decisions. Managerial ownership decreases conflicts of interest between the agent and the principal. Management ownership maximizes performance in CSR disclosure and attracts investors do investment. Managerial ownership also represents the proportion of share ownership that can actively participate in decision-making. The higher share ownership by management encourages managers to improve company performance (Adnyani et al., 2020). Investors consider social aspects in investment decisions, indirectly protecting their investments by saving the company from financial distress. Management has a significant level of share ownership in the company, giving them incentives to make long-term decisions and maintain company stability.

H3 : Managerial ownership moderates the relationship of corporate social responsibility to financial distress

Companies that manage intellectual capital effectively and efficiently will engance financial performance, avoiding financial distress (Venolika et al., 2022). Mulyatiningsih & Atiningsih (2021) manage intellectual capital effectively will increase company profit to decreases financial distress. In accordance with agency theory, the principal-agent relationship governs the contract between the principal and agent, where the principal authorizes the agent to manage the company's operations and make good decisions. Managerial ownership decrease conflicts of interest between the agent and the principal. Managerial ownership can build greater ownership and commitment to the company and its intellectual capital. Managers with significant share ownership tend to have long-term interests in the company's success. Managerial ownership can encourage managers to adopt a long-term perspective in managing intellectual capital. Managers can engage in employee development, training, and intellectual property protection, strengthening and enhancing the value of the company's intellectual capital, thereby reducing the risk of financial distress.

H4 : Managerial ownership moderates the relationship of intellectual capital to financial distress

3. RESEARCH METHOD

This research was carried out the companies engaged in the consumer goods industry sector on the Indonesia Stock Exchange (IDX) in 2018-2022. The sampling method adopts purposive sampling techniques.

Table 1. Sample Research

Information	Amount
Consumer goods industry companies listed on the IDX between 2018-2022.	51
Consumer goods industry companies that publish complete and consecutive *annual reports* for the period 2018-2022.	(8)
Consumer goods industry companies that issue financial statements in rupiah.	(0)
Total observed enterprises	43
Amount of data processed during the period 2018-2022	215

Source: Data processed (2023

This technique with criteria determined. The analysis techniques used are evaluation of quantified outer model and inner model with Warp PLS 7.0 program. Structural model evaluation testing is examining at the significant value of P-value to determine the influence between variables based on hypotheses built through the sampling procedure.

Financial distress quantified use Altman Z-score to prediction companies with a formula from research (Boubaker et al., 2020):

Altman Z-Score = 1.2X1 + 1.4X2 + 3.3X3 + 0.64X4 + 1.05X5

Information:

X1 = Working capital/Total assets

X2 = Retained earnings/Total assets

X3 = EBIT/Total assets

X4 = Book Value of Equity/Book Value of Debt

X5 = Sales revue/Total assets.

Z-Score > 2.6 no financial distress, dummy variable = 0

Z-Score < 2.6 experiencing financial distress, dummy variable = 1

Corporate social responsibility (CSR) quantified by The Global Reporting Initiative (GRI) G4. The GRI-G4 disclosure covers 6 dimensions of reporting, namely economic performance, environmental practices, labor standards, human rights, social impact, and production responsibility. If the company makes CSR disclosure, it is given a value of 1, and if the company does not disclose CSR, it will be given a value of 0 (Karina & Setiadi, 2020).

$$\mathbf{CSRIj} = .\frac{\sum Xyi}{ni}$$

Intellectual capital quantified by referring to how much added value is simultaneously provided by intellectual assets and tangible assets to the company's finances. The calculation formula intellectual capital from the results of research (Mulyatiningsih & Atiningsih, 2021).

$$\text{VAIC} = \frac{\text{VA}}{\text{CE}} + \frac{\text{VA}}{\text{HC}} + \frac{\text{SC}}{\text{VA}}$$

Information:

VA: Value Added (Sales and other income - operating expenses (other than employee expenses, amortization and depreciation))

CE : Capital Employed (total equity)

HC : Human Capital (salary and benefits costs)

SC : Structural Capital (VA-HC)

According to Adnyani, Endiana and Arizona (2020) that managerial ownership also has a proportion as a shareholder, so it can be active in decision making. So the calculation formula for *corporate governance* is as follows:

$$MO = \frac{Total\ outstanding\ managerial}{Total\ outstanding\ shares}$$

4. RESULTS AND DISCUSSIONS

Results

Based on table 2, it displayed that the average value of the financial distress variable is 0.63. The Std. Dev value of 0.48 is smaller than the average value. This mean value is greater than the standard deviation value, suggest the variance of the financial distress values is relatively stable, and the data deviation is relatively small. The standard deviation is smaller than the average value, suggest the data is homogeneous. Therefore, the data tends to be more variable or has higher diversity around the average.

Table 2. Descriptive Statistical Analysis

Variable	N	Mean	Min	Max	Std. Dev	Variance
CSR	215	0.05	0.02	0.12	0.02	0.001
Intellectual Capital	215	1.80	-4.2	5.86	2.12	4.51
Financial Distress	215	0.63	0	1	0.48	0.23
Managerial Ownership	215	0.09	0.00	0.09	0.18	0.03

Source: Data processed (2023)

This research examines the distribution of data throughout the COVID-19 and non-COVID-19 periods. The data during the COVID-19 period covers 2020 to 2021, while the non-COVID-19 period includes 2018, 2019, and 2022. The analysis aims to seeks to ascertain effect of COVID-19 on the significant differences in the condition of companies leading to financial distress. Based on tables 3 and 4, the mean value of financial distress during the COVID-19 data is 0.72 compared to the non-COVID condition, which has a mean value of 0.63. The increase in the mean value during the COVID-19 period by 9% can interpreted as indicating financial problems arising in companies in the consumer goods industry during the COVID-19 period. This problem arises due to restrictions on production activities, the impact of which reduces the company's profits from sales. As a result of these impacts, several companies such as Kedaung Indah Can Tbk, Tri Banyak

Tirta Tbk, Prasidha Aneka Niaga Tbk, and Martina Berto Tbk incurred losses during the COVID-19 period. The impact of COVID-19 is not limited to the consumer goods industry, but all companies are affected. Some companies are even facing bankruptcy and business closure.

Table 3. Descriptive Statistical Analysis During The COVID-19 Period

Variable	N	Mean	Min	Max	Std. Dev	Variance
CSR	86	0.049	0.02	0.09	0.019	0.001
Intellectual Capital	86	1.88	-3.26	5.61	1.99	3.99
Financial Distress	86	0.62	0	1	0.48	0.23
Managerial Ownership	86	0.09	0.00	0.68	0.19	0.03

Source: Data processed (2023)

Table 4. Descriptive Statistical Analysis During the Non-COVID-19 Period

Variable	N	Mean	Min	Max	Std. Dev	Variance
CSR	128	0.052	0.02	0.12	0.024	0.001
Intellectual Capital	128	1.76	-4.2	5.86	2.21	4.88
Financial Distress	128	0.63	0	1	0.48	0.23
Managerial Ownership	128	0.09	0.00	0.68	0.18	0.03

Source: Data processed (2023)

Based on table 5, it depicts the results of the outer model and inner model measurements. The outer model used to examine the validity and reliability of the indicator forming latent constructs. Convergent Validity and Average Extracted Variance analyses for each variable meet the criteria of AVE > 0.5 with a P-value < 0.05, indicating that this research model is valid in measurement. Composite reliability and Cronbach's alpha values are > 0.70, the model construction considered reliable.

Tabel 5. Outer Model Analysis

Variable	P-value	*AVE*	Information	Composite Reability	Cronbach's Alpha
CSR	<0,001	1.000	Valid	1.000	1.000
IC	<0,001	1.000	Valid	1.000	1.000
FD	<0,001	1.000	Valid	1.000	1.000
MO	<0,001	1.000	Valid	1.000	1.000

Source: Data processed (2023)

The inner model used to test model fit, path coefficients, and R-squared. Based on table 6, it shows that the generated model has a good fit, where the P-value for Average Path Coefficient (APC) is 0.021, which means <0.05, Average R-squared (ARS) is 0.039, which means <0.05, and Adjusted Average R-squared (AARS) is 0.046, which is <0.05. The Average VIF (AVIF) and the Average Full Collinearity VIF (AFVIF) meet the requirement of less than 5, suggesting that there is no multicollinearity among the indicators in the model fit.

Tabel 6. Inner Model Analysis

Model fit indicates	P-Value	Result
APC	0.021	Accepted
ARS	0.039	Accepted
AARS	0.046	Accepted
AVIF	2.025	Accepted
AFVIF	2.168	Accepted

Source: Data processed (2023)

The R-square is 0.609 or 60.9%, meaning that 60.9% of the variance in the financial distress variable can be explain by corporate social responsibility and intellectual capital, while the remaining 39.1% is unexplained.

Table 7. Summary of Hypotheses

Hypotheses	*Path Coefficients*	P-Value	Information
H1: corporate social responsibility negative affects financial distress	-0.432	0.012	Accepted
H2: intellectual capital negative affects financial distress	-0.780	<0.001	Accepted
H3: Managerial ownership moderates the relationship of corporate social responsibility to financial distress	-0.594	0.018	Accepted
H4: Managerial ownership moderates the relationship of Intellectual capital to financial distress	0.251	0.462	Rejected

Source: Data processed (2023)

Impact of corporate social responsibility on financial distress

Based on the test results in table 7, it indicated that H1 accepted. The path coefficient value is -0.432, and the p-value is 0.012 < 0.05, show that CSR has negative and significant on financial distress. Companies involved in CSR activities, decrease the level of financial distress. CSR disclosure by companies typically covers three aspects: economic, environmental, and social. Fathihani et al. (2023) CSR disclosure carried out by companies as responsibility in caring for the social environment. The COVID-19 effect has motivated companies to intensify CSR disclosure activities. Companies are avoiding financial distress by shifting stakeholders' focus to non-financial aspects to maintain a positive image in the investor's point of view.

Based on table 3, during the COVID-19 period, the average CSR value is 0.049, while table 4 during the non-COVID-19 period shows 0.052. Despite a 0.3% decrease in the average value, it considered not significant. That indicated that companies in the consumer goods industry during COVID-19 continue to show their existence in CSR disclosure. Companies believe that CSR disclosure will save their financial condition and help them avoid financial distress. According to Baboukardos et al. (2021) the key for companies to survive in times of economic crisis to increased CSR. The COVID-19 pandemic has not prevented companies from engaging in CSR disclosure but encouraged companies to participate more actively. Supported by the findings of Rudkin et al. (2019), Purwaningsih & Aziza (2019) and Albuquerque et al. (2020) companies actively involved in CSR disclosure are better protected from financial crises. The COVID-19 effect has been positive for company as they continue their efforts to disclose CSR, reducing the likelihood of financial distress. Not only impact before or after COVID-19, CSR disclosure important for companies, such as helping overcome financial problems and increasing company investment.

The research results support the signaling theory, stating that good signals in company management are essential. Companies provide information to convince investors regarding CSR activity positive impact on company and surround environment. It demonstrates that the company has quality management and is committed to maintaining sustainable business practices, thus increasing the confidence of company investors. CSR disclosure serves as a signaling tool to stakeholders, providing information about the company's environmental and social concerns. CSR will provide information for stakeholders. Trust stakeholders will provide investment in the form of capital, so that it will support production and reduce the occurrence of these conditions and financial distress (Tampubolon et al., 2020). These research findings align with the prior studies conducted by Farooq et al. (2023) and Purwaningsih & Aziza (2019) CSR has a negative impact on financial distress. The greater the company's involvement in CSR disclosure, the lower the risk of financial distress.

Impact of intellectual capital on financial distress

Based on the test results in table 7, it indicated that H2 accepted. The path coefficient value is -0.780, and the p-value is 0.001 < 0.05, show that intellectual capital has negative and significant impact on financial distress. The higher the intellectual capital, the operational processes produced with higher quality systems and databases will create added value for the company. Intellectual capital can create prosperity and increase sales results (Noviani et al., 2022). Increased intellectual capital generates outputs that can enhance sales and revenue, reducing the likelihood of financial distress.

Based on table 3, during the COVID-19 period, the average intellectual capital value is 1.88, while table 4 during the non-COVID-19 period shows 1.76. The average value has increased by 12%. The impact of COVID-19 encourages companies to take advantage of this momentum to improve their intellectual capital. Optimizing intellectual capital during the COVID-19 can reduce occurrence of financial distress in companies. Consumer goods companies have high intellectual capital, enhancing overall company performance. The consumer goods industry sector has a competitive advantage, and the outputs produced meet the needs of society, requiring higher market value. The companies continue to innovate and provide excellence in every product sold to meet sales targets. Increased sales give high profits, thereby avoiding financial problems.

The research results support signaling theory, stating that intellectual capital in a company can provide positive signals to investors regarding the company's progress in achieving high profits as a way to overcome financial difficulties. Intellectual capital includes human capital, explaining that higher employee skills and knowledge can improve company performance. Effective management of structural capital and advanced technology can enhance efficiency and productivity. Advanced technology signals the market that the company can adapt to rapidly changing business environments. The existence of relational capital, such as relationships with customers, suppliers, and partners, can help the company secure stable revenue and decrease the risk of financial difficulties. These research findings correspond with previous studies conducted by Widhiadnyana & Ratnadi (2019), Shahwan & Habib (2020) and Tanjung & Geraldina (2023) intellectual capital has a negative impact on financial distress. If a company administers intellectual capital optimally, it will reduce the risk of financial distress. The management of resources by the company includes innovation, development, and renewal to improve the financial performance through the market value of the products produced.

Managerial ownership moderates the relationship of corporate social responsibility to financial distress

Based on the test results in table 7, it indicated that H3 accepted. The path coefficient value is -0.594, and the p-value is 0.018 < 0.05, suggesting that managerial ownership strengthens the relationship between CSR and financial distress. CSR disclosure is the responsibility of management, demonstrating the company's concern for the environment and society. CSR disclosure can reduce financial distress conditions by increasing the investments received by the company. The presence of managerial ownership will further strengthen the relationship between CSR disclosure to reduce financial distress in the company. Managerial ownership increasingly active in maximizing its performance, attract investors to donate their investments to the company. According to Adnyani et al. (2020) managerial ownership also has a proportion as a shareholder, actively participating in decision-making. The research results support agency theory, stating that managerial ownership will decrease conflicts of interest between agents and other shareholders. Management can improve its performance, making a valuable contribution to the company. Other shareholders do not experience information asymmetry because the information provided is in line with the actual conditions of the company. Disclosure of CSR will reduce financial distress conditions, managerial ownership in company will avoid financial problems. Managerial ownership of the company has the right to make decisions and manage the company's operations. Before deciding to invest, investors contemplate the social aspects of the company, indirectly protecting their investments by safeguarding the company from financial difficulties.

Managerial ownership moderates the relationship of intellectual capital to financial distress

Based on the test results in table 7, it indicated that H4 rejected. The path coefficient value is 0.251, and the p-value is 0.462 > 0.05. Managerial ownership cannot moderate the relationship between intellectual capital and financial difficulty. According to Venolika et al. (2022) companies that manage intellectual capital effectively and efficiently will increase financial performance. Managerial ownership has the right to make rational and value-oriented decisions regarding the long-term value of companies, but this depends on resource allocation. Managerial ownership is crucial in this context, it is control by managers to enhance the management of the company's resources. The research results are not support by agency theory, which states that managerial ownership in a company will decrease conflicts of interest between agents and other shareholders. The percentage of managerial ownership in consumer goods industry companies is smaller at the level of share ownership by other shareholders. Managerial ownership with a small percentage does not have full strength in managing and controlling intellectual capital, even though high intellectual capital can reduce the occurrence of financial distress.

5. CONCLUSIONS

This research aims to evaluate the effect of CSR and intellectual capital on financial distress with managerial ownership as moderation in consumer goods industry on IDX in 2018-2022. From the conducted analysis, the following conclusions can be inferred: corporate social responsibility negatively affects financial distress, intellectual capital negatively affects financial distress, managerial ownership strengthens the relationship of corporate social responsibility to financial distress and managerial ownership can't moderate the relationship of intellectual capital to financial distress.

6. IMPLICATIONS, LIMITATIONS AND SUGGESTIONS

This research theoretically provides an understanding of the literature on financial distress. The research contribution also offers insights to management that the disclosure of CSR and intellectual capital is crucial to consider, as it can save companies from financial distress. The company's participation in efforts to enhance CSR disclosure following The Global Reporting Initiative (GRI) G4 guidelines will safeguard the company from financial issues. Optimizing intellectual capital can enhance the quality of products, thereby increasing company profits. Increased intellectual capital related with a reduced probability of financial distress.

This research limited to the factors of CSR disclosure and intellectual capital in reduce financial distress conditions. More exploration is necessary to establish connections between additional factors and the occurrence of financial distress. Suggestions for future researchers could include factors such as economic recession or global uncertainty that could be associated with financial distress. Researchers can broaden the scope to compare financial conditions in Indonesia with other countries, thereby identifying other factors contributing to reducing financial distress conditions for companies.

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