ABSTRACT

This study aimed to examine the influence of corporate governance and corporate social responsibility on financial distress. Corporate governance in this study include audit committee, independent board of commissioners, audit opinion, institutional ownership, and managerial ownership. This study uses the firm size and leverage as a control variable. The implementation of good corporate governance accompanied by the disclosure of CSR can improve the company's reputation and performance. The phenomenon that occurs related to company delisting is one of the causes of violations of good corporate governance within the company. One of the manufacturing companies was delisted from the Indonesia Stock Exchange (IDX) due to its bankruptcy status.

This study used 268 sample companies consist of 168 financially distressed firms and 100 non financially distressed firms. Data obtained by using a purposive sampling method of manufacturing companies which were listed on Indonesia Stock Exchange (IDX) during 2018-2020. The financial distress criteria in this study were measured by using Altman Z-score. The analysis technique used is logistic regression.

The results showed that variables of independent board of commissioners and managerial ownership has significant negative effect on the possibility of financial distress, while variables audit committee, audit opinion, institutional ownership, and corporate social responsibility did not significantly affect the financial distress.

***Keywords**: financial distress, corporate governance, corporate social responsibility, altman z-score*