

ABSTRACT

This study aims to examine the effect of corporate governance mechanisms on financial distress, with gender diversity as a moderating variable, in non-financial companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Corporate governance mechanisms are proxied by institutional ownership, family ownership, foreign ownership, board size, and the proportion of independent commissioners. Gender diversity is examined through the proportion of women on the board of directors and the proportion of female independent commissioners. This study uses secondary data obtained from annual reports, financial statements, the Indonesia Stock Exchange, and Bloomberg.

The research sample consists of 215 non-financial companies with a total of 1,075 firm-year observations. Financial distress is measured using the Altman Z-Score, which is transformed by multiplying the Z-Score by -1 so that a higher value reflects a higher level of financial distress risk. The data are analysed using panel data regression with a Fixed Effect Model and robust standard error correction.

The results show that institutional ownership, family ownership, and board size have a negative and significant effect on financial distress. In contrast, foreign ownership has a positive and significant effect on financial distress, while the proportion of independent commissioners does not have a significant effect. The moderation test indicates that the proportion of women on the board of directors strengthens the effect of board size in reducing financial distress. However, the proportion of female independent commissioners does not moderate the relationship between independent commissioners and financial distress. These findings suggest that the effectiveness of corporate governance in mitigating financial distress depends not only on the existence of formal governance structures, but also on the type of governance mechanism, the position of governance actors, and the substantive role of women in corporate strategic decision-making.

Keywords: corporate governance, financial distress, gender diversity, institutional ownership, board of directors