ABSTRACT

This study aims to analyze the impact of the audit committee characteristics on the possibility of companies experiencing financial distress. The characteristics of the audit committee is seen from the size of the audit committee, independent audit committee, the frequency of audit committee meetings, the educational background of the audit committee and the gender diversity of the audit committee. Division of categories of companies experiencing financial distress and companies with good financial condition or healthy companies using the Springate Model. This study uses one control variable, which is the size of the company as measured by the natural logarithm of the company's total assets.

The population in this study is a manufacturing company listed on the Indonesia Stock Exchange with an observation period of 2018-2022. The samples in this study were 160 samples with details of 79 samples experiencing financial distress and 81 samples with healthy financial condition. This statistical test uses logistic regression.

Results show that the Size of the Audit Committee, the Independence of Audit Committee Members, the Frequency of Audit Committee Meetings, the Competence of Financial Experts on the Audit Committee, and the Gender Diversity of the Audit Committee are financial variables that have a significant impact in predicting financial distress in companies. Meanwhile, the control variable is the size of the company.

Keywords: financial distress, audit committee, springate model