

ABSTRACT

This research was performed to examine the effect of Environmental, Social, and Governance performance and Intellectual Capital on financial distress with the addition of company size, liabilities-to-equity ratio, return on assets, and loan-to-deposit ratio as its control variables. The variables used in this research are ESG Score and VAIC as the independent variables and financial distress (Altman Z"-Score) as the dependent variable.

This research uses secondary data that was taken using a purposive sampling method. A sample of 12 banks were chosen from Indonesia Stock Exchange (IDX). The analysis method that was used in this research is panel data regression and Stata 17 was used to analyze the effect of ESG Score and VAIC on Altman Z"-Score.

The result shows that ESG performance and VAIC do have an effect on financial distress. ESG performance and VAIC is shown to have a negative effect on financial distress.

Keywords: ESG performance, Intellectual Capital, financial distress

