ABSTRACT

This study aims to examine the effect of corporate governance on financial distress. The independent variables used in this study include board size, the proportion of independent commissioners, audit committee size, institutional ownership, and managerial ownership, while the dependent variable is financial distress. This study uses secondary data obtained from the annual reports and financial statements available on the official website of the Indonesia Stock Exchange. The population of this study consists of all building construction subsector companies listed on the Indonesia Stock Exchange during the 2021–2024 period. The sample was selected using the purposive sampling method, resulting in 88 samples from building construction subsector companies. Furthermore, the data were analyzed using logistic regression analysis to examine the effect of corporate governance on financial distress. The results indicate that board size has a negative effect on financial distress. Meanwhile, the proportion of independent commissioners, audit committee size, institutional ownership, and managerial ownership have no effect on financial distress.

Keywords: corporate governance, board size, proportion of independent commissioners, audit committee size, institutional ownership, managerial ownership, financial distress.

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