

**ANALYSIS OF FINANCIAL DISTRESS DETERMINANTS AND THE ROLE
OF CORPORATE GOVERNANCE FOR RISK MITIGATION ON LISTED
INDONESIAN MANUFACTURING COMPANIES: COVID -19 PANDEMIC**

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

ANALYSIS OF FINANCIAL DISTRESS DETERMINANTS AND THE ROLE OF CORPORATE GOVERNANCE FOR RISK MITIGATION ON LISTED INDONESIAN MANUFACTURING COMPANIES: COVID-19 PANDEMIC

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Corona Virus (COVID-19) pandemic has prompted a tremendous financial loss for a large number of organizations and business over the globe. Indonesia is also reported to have impacted by COVID-19 as there were declining on GDP for two consecutive quartal, in which COVID-19 pandemic existed, which may lead to Bankruptcy. Therefore, early prediction of bankruptcy is needed to prevent companies' failure, and predictive tool of financial distress is needed for companies. Financial distress is a phrase used in corporate finance to indicate a situation where trouble breaks or breaches commitments to a company's stakeholders. If financial distress cannot be relieved, bankruptcy may result. Altman Z-Score is one of financial distress prediction tools, that was found by Edward Altman (1986) and has been widely used to identify financial distressed companies in many industries across countries. Financial distress in this study was carried out at listed manufacturing companies, as the economic backbone of Indonesia. The purpose of this research is to look after the impact of COVID-19 on financial distress, and to determine the financial ratio and corporate governance estimator of financial distress using panel data regression analysis method. It is found that, COVID-19 pandemic statistically impacted financial distress of manufacturing companies in Indonesia and Return on Equity (ROE), firm size, institutional ownership is negatively affected financial distress of manufacturing companies while Debt to Asset (DAR) and independent commissioner negatively affected financial distress of manufacturing companies in Indonesia. The measurement will also be aggregated into its sub-sector which consist of consumer goods industry, miscellaneous industry and basic and chemical industry.

Keywords: Financial Distress, Corporate Governance, COVID-19, Manufacturing Industries, Financial ratios.



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DEDICATION

I dedicate this work for the future of the country I loved: Indonesia, Swiss German
University and Indonesian education.



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