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The Effect of Corporate Governance and Intellectual Capital Efficiency on Financial Distress (Empirical Study on Conventional Banking Companies listed on the IDX in 2017-2020)

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ABSTRACT: *This study aims to determine the effect of the efficiency of corporate governance and intellectual capital on financial distress in conventional banking companies listed on the IDX for the 2017-2020 period. The method used in this research is a quantitative method.The population in this study were all conventional banking companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020, totaling 43 companies. Sampling in this study using purposive sampling method. The research sample obtained was 15 conventional banking companies listed on the Indonesia Stock Exchange in 2017-2020. The results of this study indicate that the proportion of independent commissioners has an effect on financial distress with a significance value of 0.014 < 0.05. Meanwhile, managerial ownership, the proportion of the audit committee, and intellectual capital have no effect on financial distress with a significance value of (0.277 > 0.05); (0.839 > 0.05); and (0.753 > 0.05).*

Keywords: *Proportion of independent commissioners, managerial ownership, proportion of audit committees, intellectual capital, financial distress, conventional banking.*

I. INTRODUCTION

The development and advancement of information technology and globalization in today's era have led to very rapid economic growth. This development has led to high levels of innovation and creation, which then trigger intense competition by various organizations. Organizations that were originally based on traditional developed into organizations that rely on knowledge (intellectual) and technology. Organizations are starting to realize that the development of a business is not only supported by the number of workers (labor based business) but is also greatly influenced by knowledge, technology and new strategies (knowledge based business) to remain able to keep up with market demands and the demands of the times (trends) that are changing. keep moving forward (Wijayanti, 2013). With the change in the business environment to a knowledge based business, Organizations are increasingly realizing that good corporate governance is very important for the survival of the organization as well as the ability to compete that lies not only in the ownership of tangible assets, but rather on intangible assets. According to Stewart (1991) companies can have intellectual property which is an added value to compete. This wealth is not capital such as capital, assets, materials and land. But it can be in the form of systems, management, management, content, enthusiasm, enthusiasm and so on. This wealth is not capital such as capital, assets, materials and land. But it can be in the

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form of systems, management, management, content, enthusiasm, enthusiasm and so on. This wealth is not capital such as capital, assets, materials and land. But it can be in the form of systems, management, management, content, enthusiasm, enthusiasm and so on.

Not only that, according to Stewart (1991) companies can have intellectual property which is an added value to compete. This wealth is not capital such as capital, assets, materials and land. But it can be in the form of systems, management, management, content, enthusiasm, enthusiasm and so on. The concept of intellectual capital (IC) initially began to appear in the popular press in the early 1990s (Stewart, 1991). Intellectual capital can be viewed as knowledge, in formation, of intellectual property and experience that can be used to create wealth (Stewart, 1997).

Intellectual Capital(IC) is a new research study that has received considerable attention from experts in various disciplines along with the growth of the knowledge-based economy (Stahle et al. 2011). The widespread acceptance or recognition of Intellectual Capital as a competitive advantage and creating corporate value results in appropriate measurement methods and continues to be developed. Several researchers conducted research on the intellectual capital of Baroroh (2013), Fatima (2012), and Chen et al (2005). The researcher developed an indirect method for measuring Intellectual Capital, namely proposing a measure to assess the efficiency of added value as a result of the company's intellectual ability (Value Added Intellectual Coefficient - VAICTM) proposed by Pulic (1998).

Pulic (1998) further stated that VAICTM is felt to meet the basic needs of contemporary economics of a "measurement system" that shows the true value and performance of a company. The creation of Value Added in the company allows benchmarking and predicting the company's future capabilities. This is useful for all stakeholders in the value creation process (employers, employees, management, investors, shareholders and business partners) and can be applied to all levels of business activity (Pulic, 2000). The relationship between VAICTM and financial performance has been empirically proven by several researchers both in Indonesia and abroad, including Chen et al. (2005); Firer and William (2003); Belkaoui (2003); Mavridis (2004); and Tan et. al. (2007).Hernandez (2010) also states that Intellectual Capital is considered a hidden value in the organization. The purpose of the three components of Intellectual Capital (human capital, customer capital, and structural capital) is to value intangible assets and to reassess knowledge used to improve business excellence.

In developing countries such as Indonesia, the existence of a bank is very important in the process of economic development. In addition, the banking sector is a business sector that is "intellectually intensive" (Kamath, 2007), and also includes the service sector, where customer service is highly dependent on the intellect/reason/intelligence of human capital. So it is important to do research that takes research samples on banking. Banking is one of the industries that fall into the category of knowledge-based industries, namely industries that take advantage of the innovations it creates so as to provide its own value for products and services produced for consumers (Ambar, 2004).

Financial distressis a common problem in the world because companies cannot survive the economic crises that occur (Naomi, 2010). Altman (1968), Ohlson (1980) and Zmijewski (1984) stated that financial distress as a declaration of bankruptcy. Another definition of Financial Distress according to Emrinaldi (2007) Financial Distress is a condition of financial difficulty starting from liquidity difficulties (short term) as an indication of the lightest financial difficulty, to a bankruptcy statement which is the most severe financial difficulty. According to Fakhruddin (2008) Financial Distress can be caused by various causes and can be grouped. Whitaker (1999) states that the beginning of the year when financial distress occurs is when the company's cash flow is less than the amount of debt that has matured long-term debt. This means that the company is not able to meet the payment of its obligations that should be paid at that time.

The performance of a company can be known from the results of financial statement analysis. One of the analytical methods used in analyzing financial statements is ratio analysis. Ratio analysis is a very common analysis used in analyzing financial statements. Munawir (1999) in Rahmawati (2015) explains that this financial ratio analysis provides an overview to the analyst about the good and bad financial performance. The model that is often used in the analysis is in the form of financial ratios. The results of the analysis of

financial statements published by the company are one source of information regarding the position, performance and changes in the company's financial condition. The results of financial statement information sources can be used by various parties.

II. MATERIAL AND METHODS

2.1 Research Design

This study was designed using quantitative research, with hypothesis testing. Quantitative research is research that emphasizes testing theories through measuring research variables.This study aims to determine the effect of the efficiency of corporate governance and intellectual capital on financial distress in conventional banking companies listed on the IDX for the 2017-2020 period.

2.2 Population, Sample, and Research Collection Techniques

The population in this study were all conventional banking companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020, totaling 43 companies. Sampling in this study using purposive sampling method. The criteria for selecting the research sample are as follows:

1. Conventional banking companies listed on the Indonesia Stock Exchange (IDX) during the 2017-2020 period.
2. The company from 2017, 2018, 2019, and 2020 respectively published its financial statements on the Indonesia Stock ExchangeFinancial statements of manufacturing companies that present complete data on research data used in this study.
3. The sample companies have complete financial statements related to research variables.

Based on predetermined criteria, 15 companies were obtained as samples of this study, secondary data derived from the annual reports of conventional banking companies on the Indonesia Stock Exchange in 2017-2020.

2.3 Operational Definition and Measurement of Variables

No.	Variable	Definition	Measurement
1.	Proportion of Independent Commissioners	An independent board of commissioners is someone who is needed to oversee the running of the company and ensure that the company has carried out corporate governance and is a mediator in dealing with agency problems with its independent nature.	Proportion of Independent Commissioners $\frac{\text{Jumlah Komisaris Independen}}{\text{Total Anggota Komisaris}} \times 100\%$
2	Managerial Ownership Proportion	Managerial ownership is defined as share ownership owned by managers, directors and commissioners. This variable is measured by using the ratio between the number of shares owned by managers or directors to the total outstanding shares of the company.	Proportion of Public Ownership $\frac{Kepemilikan\ Manajerial}{Jumlah\ Saham}$
3	Audit Committee Proportion	The audit committee is a committee formed by the board of commissioners to assist him in carrying out his duties in overseeing the reporting of financial statements and company performance.	Proportion of audit committee = number of audit committee in the company

4	*Intellectual Capital*	Intellectual Capital. Intellectual capital in this study is measured by the Value Added Intellectual Coefficient (VAIC™) developed by Pulic (1998; 1999; 2000). The components of this value added consist of physical capital (VACA), human capital (VAHU), and structural capital (STVA).	VAIC = VACA + VAHU + STVA
5	*FinancialDistress*	The measurement of financial distress is carried out using the Altman Z-Scores model (1968).	Z = 1.2 + 1.4 + 3.3 + 0.6 + $0.999\frac{WC}{TA}\frac{RE}{TA}\frac{EBIT}{TA}\frac{MVE}{TA}\frac{S}{TA}$

2.4 Data analysis method

This study uses logistic regression analysis. Logistic regression is a regression used to test whether the probability of occurrence of the dependent variable (dependent variable) can be predicted by the independent variable (independent variable). The use of logistic regression is done because the dependent variable is a dichotomous variable consisting of two categories (dummy variables) with one dependent variable (bound) which is non-metric (nominal) and has more than one independent variable (free).

III. RESULT

3.1 Classic assumption test

a. Data Normality Test Results

The normality test of the data in this study was used to determine whether the data from each variable had a normal distribution. A good regression model is one that has a normal or close to normal data distribution. In this study, researchers used the Central Limit Theorem test. According to Gujarati (2006), the central limit theorem is shown if there are a large number of random variables that are distributed independently and identically, then with a few exceptions (one exception is the Cauchy probability distribution which has no mean value or variance), the distribution of the number of variables The random distribution tends towards a normal distribution when the number of such variables increases to infinity. In practice, no matter what the underlying probability distribution is.

b. Multicollinearity Test Results

Multicollinearity test aims to test whether the regression model found a correlation between independent variables. To detect the presence or absence of multicollinearity in the multiple regression model, it can be seen from the tolerance value and Variance Inflation factor (VIF). If the tolerance value is above 0.1 and the VIF is below 10, then the model is Multicollinearity (Ghozali 2011:105). The results of the multicollinearity test can be seen in table III.1.

Table III.1. Table of Data Multicollinearity Test Results

Variable	Tolerance	VIF	Information
Independent Commissioner	0.969	1.032	Multicollinearity Free
Managerial ownership	0.754	1.326	Multicollinearity Free
Audit Committee	0.904	1,107	Multicollinearity Free
Value Added Human Capital	0.886	1,128	Multicollinearity Free
Structural Capital Value Added	0.893	1,120	Multicollinearity Free

Source: Data processing, 2022

The results of the multicollinearity test on the research model above show that all independent variables have a VIF value of less than 10 and a tolerance value of > 0.1 so it can be concluded that the model does not occur multicollinearity.

c. Heteroscedasticity Test Results

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation.If the residual variance from one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity (Ghozali, 2011:139). In this study, heteroscedasticity was tested using the Spearman-Rho Rank test. The Spearman-Rho Rank test is carried out by regressing the independent variables in the regression equation with the residual value as the dependent variable.. TestRank Spearman-Rho can be shown in table III.2.

Table III.2. Heteroscedasticity Test Results

Variable	*p-value*	Information
Independent Commissioner	0.331	Heteroscedasticity Free
Managerial ownership	0.903	Heteroscedasticity Free
Audit Committee	0.861	Heteroscedasticity Free
Value Added Human Capital	0.739	Heteroscedasticity Free
Structural Capital Value Added	0.273	Heteroscedasticity Free

Source: Data processing, 2022

Based on the results shown in table III.2 it appears that all independent variables show a p value > 0.05 (Ghozali, 2011:142-143).Sso it can be concluded that there is no heteroscedasticity in the regression equation and the regression model is feasible to use in this study.

d. Autocorrelation Test

The autocorrelation test is to test whether in the linear regression model there is a correlation between the residual error in period t and the confounding error in period t-1 (previous). In autocorrelation testing, researchers use a run test which is one of the tests to test the presence or absence of autocorrelation in a regression model. The results of this test can be seen from the significance of the run test test, where if the results of the significance are >

0.05 then it is stated that there is no autocorrelation, on the contrary if the significance value is < 0.05 then there is autocorrelation in a regression model (Ghozali, 2011). The results of the autocorrelation test can be seen in table III.3.

Table III.3. Autocorrelation Test Results

	UnstandardizedResidual
Test Value	-.02140
Cases < Test Value	30
Cases >= Test Value	30
Total Cases	60
Number of Runs	36
Z	1.302
asymp. Sig. (2-tailed)	.193

a. median

Source: Secondary data processed, 2022

The test results can be seen in the significance (Asymp sig. 2 tailed) with a value of 0.193> 0.05. In conclusion, there is no autocorrelation in the analysis used in this study.

3.2 Regression Analysis Results

The results of data analysis obtained by the SPSS 21 program in this study are intended to determine whether there is an influence of independent commissioners, the proportion of managerial ownership, audit committees, value added capital employed, value added human capital, and structural capital valued added to financial distress in banking companies. conventional ones listed on the Indonesia Stock Exchange in 2017-2020. The results of multiple linear regression analysis can be seen in table III.4.

Table III.4. of Regression Model Test Results

Variable	Regression Coefficient	Tcount	*Sig*	Note:
Constanta	3,548	3,404	0.01	
Independent Commissioner	1.111	1,718	0.092**	H1 accepted
Managerial ownership	0.044	0.904	0.370	H2 rejected
Audit Committee	-0.200	-0.643	0.523	H3 rejected
Value Added Human Capital	0.022	0.117	0.907	H4 rejected
Structural Capital Value Added	-0.704	-3,477	0.001*	H5 accepted
R^2 = 0.282		Fcount =	4,234	
Adjusted R^2 = 0.215		Sig =	0.003	

*significant at 0.05; **significant at 0.1Source: Data processing, 2022

Based on the table, the following logistic regression equation is obtained:
FDT = 3.548 + 1.111 KIN + 0.044 KPM – 0.200 KAU + 0.022 VAHU – 0.704 STVA + e
To interpret the results of the analysis, it can be explained:

1. The constant value of 3.548 indicates that if the independent commissioner variables, the proportion of managerial ownership, audit committee, value added human capital, and structural capital valued added are assumed to be constant or equal to zero, financial distress will increase.
2. From the results of hypothesis testing, it shows that the regression coefficient of the independent commissioner variable is positive at +1.111. This means that if the number of independent commissioners increases, financial distress will also increase. Vice versa if the independent commissioner decreases, the financial distress will also decrease.
3. From the results of hypothesis testing, it shows that the regression coefficient of the managerial ownership variable is positive at +0.044. This means that if managerial ownership increases, financial distress will alsoincrease. Vice versa, if managerial ownership decreases, financial distress will also decrease.
4. From the results of hypothesis testing, it shows that the regression coefficient of the audit committee variable is negative at -0.200. This means that if the audit committee increases, the financial distress will decrease. Conversely, if the audit committee decreases, financial distress will increase.
5. From the results of the hypothesis test, it shows that the regression coefficient of the value added human capital variable is positive at +0.022. This means that if the value added of human capital increases, financial distress will also increase. Vice versa, if the value added of human capital decreases, financial distress will also decrease.
6. From the results of hypothesis testing, it shows that the regression coefficient of the structural capital value added variable has a negative value of -0.704. This means that if the structural capital value added increases, the financial distress will decrease. Conversely, if the structural capital value added decreases, the financial distress will increase.

3.3 Hypothesis Test Results

After testing the classical assumptions and the overall results show that the regression model meets the classical assumptions, the next step is to evaluate and interpret the multiple linear regression model.

a. Model Fit Test (F Test)

The F statistical test basically shows whether all the independent variables included in the model have a joint influence on the dependent or dependent variable (Ghozali, 2011: 98).Based on the results of data processing, the following data are obtained: For the capital expenditure variable, the results obtained are F count (4.234) with p-value = 0.000 while Ftable (2.38) with the provisions = 5%, df1 = k-1 or 6-1 = 5, and df2= nk or 60-5=55. The test result of the distribution of Fcount (4.234) is greater than Ftable (2.38) with that p-value = 0.000 with the provision = 5%, . The test results of p-value (0.003) < 0.05. So it can be concluded that the independent variables consisting of independent commissioners, the proportion of managerial ownership, audit committees, value added human capital, and structural capital valued added to financial distress jointly affect the dependent variable, namely financial distress.

b. Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to see how much the independent variable can explain the dependent variable. If the coefficient of determination is close to 1, then the influence of the independent variable on the independent variable is getting stronger. This means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. While the value of the coefficient of determination (R^2) is small, the independent variables in explaining the variation of the dependent variable are limited(Ghozali, 2011:177).

The coefficient of determination (R^2) is used to test the goodness-fit of the regression model (Ghozali, 2011:177). As well as the results of the calculation for the adjusted R^2 value with the help of the SPSS program, in the multiple regression analysis, the coefficient of determination or adjusted R^2 is 0.215. This means that 21.50% of the variation in financial distress is explained by variables from independent commissioners, proportion of managerial ownership, audit committee, value added human capital, and structural capital valued added to financial distress. While the remaining 78.50% is explained by other variables that are not included in the observations of this study. So it can be concluded that, from the test results, it shows that the research model is goodness-fit.

c. t Statistic Test

The t test is used to determine the effect of each variable from independent commissioners, proportion of managerial ownership, audit committee, value added human capital, and structural capital valued added to financial distress.

Regression testing used two-tailed test (two tailed test) with = 5% which means that the confidence level is 95%. Theresults of the t test can be seen in the appendix. Based on the results of the t test test shows that:

1. The calculated t value for the independent commissioner variable is 1.718 > 1.67065 and the significant value is

0.092 < 10%, so H1 is accepted, which means that the independent commissioner has an effect on financialdistress.

2. The calculated t value for the managerial ownership variable is 0.904 < 2,00030 and the significant value is 0.370 >5%, so H2 is rejected, which means that managerial ownership has no effect on financial distress.
3. The t value for the audit committee variable is -0.643 < -2,00030 and a significant value is 0.523 > 5%, so H3 isrejected, which means that the audit committee has no effect on financial distress.
4. The calculated t value for the value added human capital variable is 0.117 < 2,00030 and a significant value is 0.907

> 5%, so H4 is rejected, which means that the value added human capital has no effect on financial distress.

5. The calculated t value for the structural capital valued added variable is -3.477 < -2,00030 and a

significant value of 0.001 < 5%, so H5 is accepted, which means that structural capital valued added has an effect on financial distress.

IV. DISCUSSION

4.1 Influence of Independent Commissioner Against Financial Distress

Based on the t test performed, the value of t count > ttable of independent commissioners is1.718 > 1.67065and a significant value of 0.092 < 10%, so that H1 is accepted, which means that the independent commissioner has an effect on financial distress.The board of commissioners is the party that carries out the function of monitoring the performance of management, while the board of directors is the party that carries out the daily operational functions of the company (Wardhani, 2007: 96). The board of commissioners is responsible for supervising the actions of the board of directors and providing advice to the board of directors if deemed necessary (Triwahyuningtias & Muharam, 2012:5). The board of commissioners is one of the corporate governance mechanisms needed to reduce agency problems between owners and managers so that there is an alignment of interests between company owners and managers. The board of commissioners in a company will participate in providing opinions to determine the policies to be taken or the company's strategy in the short and long term. This board of commissioners is one of the most important mechanisms in corporate governance, where its existence determines the company's performance (Triwahyuningtias & Muharam, 2012:5). In agency theory, it is stated that the corporate governance mechanism can create added value for all interested parties, so that there is no conflict between the agent and the principal or to reduce agency problems which in the long run can lead to indications of bankruptcy.

The results of this study are consistent with research conducted by Permana (2021) that independent commissioners have an effect on financial distress corporate governance mechanisms can create added value for all interested parties, so that there is no conflict between the agent and the principal or to reduce agency problems which in the long run can lead to an indication of bankruptcy. The results of this study are consistent with research conducted by Permana (2021) that independent commissioners have an effect on financial distress corporate governance mechanisms can create added value for all interested parties, so that there is no conflict between the agent and the principal or to reduce agency problems which in the long run can lead to an indication of bankruptcy. The results of this study are consistent with research conducted by Permana (2021) that independent commissioners have an effect on financial distress.

4.2 The Effect of Managerial Ownership on Financial Distress

Based on the results of the second hypothesis testing, the t-test results obtained a value of t count> ttable of managerial ownership variables of0.904 < 2,00030and a significant value of 0.370 > 5%, so H2 is rejected, which means that managerial ownership has no effect on financial distress. The results of this study are in line with research conducted by Munawar, Firly, and Iradianty (2018) which states that managerial ownership has no significant effect on financial distress. The insignificance of ownership by managers to financial distress is due to the fact that in Indonesia the number of shareholdings by managers is still relatively small, so there has not been harmony between the owners and managers of the company. In addition, the good and bad condition of a company in Indonesia is not only caused by the size of the shares owned by managers, but rather to the ability and strategy of managers in managing the company in Indonesia.

4.3 Influence of the Audit Committee on Financial Distress

Based on the results of the third hypothesis testing, it was found that the audit committee had no effect on financial distress. This is evidenced by the results of t-count for the t-count variable for the audit committee variable of-0.643 < -2,00030and a significant value of 0.523 > 5%, so H3 is rejected, which means that the audit committee has no effect on financial distress. The results of this study are in line with research conducted by Mafiroh (2016) which states that the size of the audit committee has no negative effect on financial distress conditions in companies and research conducted by Fathonah (2016) which states that the audit committee has no significant effect on predictions of financial distress. This shows that more and more

audit committees within a company are not necessarily efficient and effective in suppressing or avoiding financial distress.

Another thing is also possible because the audit committee in a company is only a formality that is not supported by efficient performance and is only to fulfill Bapepam's requirements through Circular Letter No. 03/PM/2000 which is addressed to every director of issuers and public companies requires the establishment of an audit committee. Regulations regarding the number of audit committees for issuers and public companies are regulated in Bapepam-LK regulation no. IX.I.5 concerning the Establishment of Guidelines for the Implementation of the Audit Committee. In this regulation, issuers and public companies are required to form an audit committee of at least three people, one of whom is an independent commissioner of the company and acts as chairman of the audit committee. 03/PM/2000 which is addressed to every director of issuers and public companies requires the establishment of an audit committee. Regulations regarding the number of audit committees for issuers and public companies are regulated in Bapepam-LK regulation no. IX.I.5 concerning the Establishment of Guidelines for the Implementation of the Audit Committee. In this regulation, issuers and public companies are required to form an audit committee of at least three people, one of whom is an independent commissioner of the company and acts as chairman of the audit committee. 03/PM/2000 which is addressed to every director of issuers and public companies requires the establishment of an audit committee. Regulations regarding the number of audit committees for issuers and public companies are regulated in Bapepam-LK regulation no. IX.I.5 concerning the Establishment of Guidelines for the Implementation of the Audit Committee. In this regulation, issuers and public companies are required to form an audit committee of at least three people, one of whom is an independent commissioner of the company and acts as chairman of the audit committee.

4.4 The Effect of Value Added Human Capital on Financial Distress

Based on the results of testing the fourth hypothesis, the results of the t-test obtained the value of t count> ttable of the value added human capital variable of0.117 < 2,00030and a significant value of 0.907 > 5%, so H4 is rejected, which means that the value added of human capital has no effect on financial distress.VAHU indicates how muchValue Added(VA) can be generated with funds spent on employee labor (Tanet al., 2007 in Ulum 2008).Human capitalrepresents the company's ability to manage the organization's individual knowledge capital which is presented by its employees asstrategic assetscompanies because of the knowledge they have. However, to achieve a competitive advantage, it is not only based on human resources, but there are other strong factors such as the environment, working capital, market competitors, and so on.The results of this study are in line with research conducted by Lindawati and Yulianto (2021) that the value added of human capital has no effect on financial distress.

4.5 Effect of Structural Capital Value Added on Financial Distress

Based on the results of testing the fifth hypothesis, the results of the t test obtained the value of t count> ttable of the structural capital valued added variable of-3,477 < -2,00030and a significant value of 0.001 < 5%, so H5 is accepted, which means that structural capital valued added has an effect on financial distress.Structural Capital Value Added (STVA) shows the contribution of structural capital needed to generate 1 rupiah ofValue Addedcompany. In Pulic's developed model, STVA is calculated by dividingstructural capital(SC) withValue Added(VA). In Pulic's model, SC is obtained from VA minus HC. STVA shows the contribution of structural capital in value creation, the smaller the contribution of HC in value creation, the greater the contribution of SC (Tanet al., 2007 in Ulum, 2008). This shows that development and globalization must be balanced with good structural capital as well as qualified Human Resources who also continue to grow and can create innovations and creative new creative ideas to be able to continue to be able to compete and compete.increase customer trust through company performance or performancewhich remains optimal or even continues to increase.

V. CONCLUSION

This study aims to determine independent commissioners, the proportion of managerial ownership, audit committees, value added capital employed, value added human capital, and structural capital valued added to financial distress in conventional banking companies listed on the IDX in 2017-2020.the following conclusions can bedrawn:

1. The calculated t value for the independent commissioner variable is 1.718 < 2,00030 and a significant value is

0.092 > 5%, so H1 is rejected, which means that the independent commissioner has no effect on financialdistress.

2. The calculated t value for the managerial ownership variable is 0.904 < 2,00030 and the significant value is 0.370

> 5%, so H2 is rejected, which means that managerial ownership has no effect on financial distress.

3. The t value for the audit committee variable is -0.643 < -2,00030 and a significant value is 0.523 > 5%, so H3 is rejected, which means that the audit committee has no effect on financial distress.

4. The calculated t value for the value added human capital variable is 0.117 < 2,00030 and a significant value is 0.907 > 5%, so H4 is rejected, which means that the value added human capital has no effect on financial distress.

5. The calculated t value for the structural capital valued added variable is -3.477 < -2,00030 and a significant value of 0.001 < 5%, so H5 is accepted, which means that structural capital valued added has an effect on financial distress.

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