

The Influence of Liquidity, Implementation of *Good Corporate Governance* and *Sales Growth* on *Financial Distress* (Empirical Study on Property and Real Estate Companies Listed on the Indonesia Stock Exchange for the 2021-2023 Period)

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ABSTRACT

This research aims to determine the effect of liquidity, implementation of good corporate governance and sales growth on financial distress (empirical study on property and real estate companies listed on the Indonesian stock exchange for the 2021-2023 period). This research sample was obtained using a purposive sampling technique, resulting in 64 samples obtained for the 2021-2023 research period. The type of data uses secondary data, data analysis uses classical assumption tests and hypothesis testing uses panel data regression analysis (pooled data) using the SPSS 25 tool. The results of this study show that the partial hypothesis calculation of variables shows that liquidity, managerial ownership, Institutional ownership and sales growth have a partial effect on financial distress. From the results of this research, the Determination Coefficient (R²) with a value of 0.219 was also obtained, meaning that 21.90% of financial distress disclosures were explained by the variables liquidity, managerial ownership, institutional ownership and sales growth. Meanwhile, the remaining 78.10% is influenced by other variables outside the research model.

INTRODUCTION

In general, the main goal of a company is to carry out its operations to achieve sustainable profits, so that it can maintain its survival or ensure its business continuity. The good performance of a company, reflected in the annual net profit rate earned, can attract investors to support operational funding and further business capacity building. Investors will assess the potential for annual profits and growth before investing their funds into the company.

Investors often analyze the financial statements of the company they want to invest in. This is done to increase knowledge about the company's operations. In an effort to maintain its business continuity, the company carries out various strategies to avoid the risk of bankruptcy. The strategy is to conduct financial analysis on a regular basis, which is essential for the continued continuity of the business. Sudden changes in economic conditions often have an impact on a company's financial performance. If the company does not manage it properly, it can result in decreased financial performance referring to the risk of bankruptcy.



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A company seeks to avoid situations that can lead to bankruptcy, because bankruptcy is a serious problem that can face the company. The bankruptcy condition makes the company unable to run its business properly. Therefore, the company conducts several analyses, let alone bankruptcy analyses, early on. Bankruptcy analysis aims to identify signs of bankruptcy (the first indicator of bankruptcy). The more companies understand the characteristics of bankruptcy, the better they will be able to overcome the problem. The phenomenon related to the company's financial performance in *property and real estate companies* listed on the IDX is that several companies suffered losses from 2021 to 2023.

Table 1 Losses of Property and Real Estate Companies

Issuers	2021	2022	2023
Andalan Sakti Primaindo Tbk	(698.498.498)	(2.907.454.314)	(2.466.930.200)
Pt Bekasi Asri Pemula Tbk	(2.052.255.542)	(3.712.072.464)	(2.857.333.912)
Pt Bhakti Agung Propertindo Tbk	(1.016.507.793)	(97.843.557)	(1.322.620.236)
Pt Bumi Benowo Sukses Sejahtera Tbk	(1.094.508.876)	(1.810.683.043)	(1.211.181.769)
Pt Duta Anggada Realty Tbk.	(411.222.141)	(421.159.213.000)	(343.797.532.000)

Source : www.idx.co.id

Based on table 1 above, it can be seen that there are several *property and real estate* companies listed on the (IDX) in 2021-2023. The first company is PT Andalan Sakti Primaindo Tbk, which suffered losses in 2021 of IDR 698,498,498, in 2022 of IDR 2,907,454,314, and in 2023 of IDR 2,466,320,200. Then in 2021 PT Bekasi Asri Pemula Tbk suffered losses in 2021 of IDR 2,052,255,542, in 2022 of IDR 3,712,072,464, and in 2023 of IDR 2,857,333,912. PT Bhakti Agung Propertindo Tbk suffered losses in 2021 amounting to Rp. 1,016,507,793, in 2022 amounting to Rp. 97,843,557, and in 2023 amounting to Rp. 1,322,620,236. PT Bumi Benowo Sukses Sejahtera Tbk suffered losses in 2021 amounting to Rp. 1,094,508,876, in 2022 amounting to Rp. 1,810,683,043, and in 2023 amounting to Rp. 1,211,181,769. And PT Duta Anggada Realty Tbk suffered losses in 2021 amounting to Rp. 411,222,141, in 2022 amounting to Rp. 421,159,213,000, and in 2023 amounting to Rp. 343,797,532,000.

LITERATURE REVIEW

A. Signalling Theory

The signaling theory was first put forward (Spence, 1973) which states that the owner of the information tries to provide a signal by providing information that can be used by the party receiving the information. Signaling theory is a theory that describes management's actions in communicating information about the condition and prospects of a company to potential investors or creditors (Houston, 2014). Signal Theory explains how a company should convey its "signals" through its financial statements to stakeholders. This signal can be promotional or other information that shows that the company is performing better than its competitors. (Haryani & Syafei, 2023)

Signals or information can be such as performance reports provided by the company. This information is considered good news if the company's performance improves and bad news if the company's performance decreases. Influencing the decision of the recipient of information. Signaling theory emphasizes the asymmetry of information between the company's management and the people interested in the information. This theory explains why companies feel the need to disclose information to outsiders. This information can be such as financial reports, operational principles of a company or other information provided voluntarily by the company's management. Quality, relevant, accurate, complete and timely information is very important for investors and the public as an analytical tool in making investment decisions.

The main information published by a company that can be a signal to investors is the financial report. Financial reports are used to evaluate a company's performance over a certain period of time and help the decision-making process. Signaling theory emphasizes the importance of information communicated by a company to external parties, including investors and stakeholders, to show that the company performs better than other companies. This information is important for investors and stakeholders because it provides a clear picture of the company's status, performance, and future prospects.

B. Financial Distress

Based on (Platt, 2006) Financial distress is a phase of financial weakness that occurs before the bankruptcy/liquidation of a company. It starts when a company has difficulties in fulfilling its obligations, especially short-term obligations (Yuliana, 2018).



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Financial distress is an indication or early sign of bankruptcy if not handled properly. Bankruptcy does not occur suddenly, but is often characterized by the presence of characteristics within a certain period of time. The parties involved in the situation from different points of view. It is expected to be able to make the right decision regarding the handling of financial distress. APIP supervises each local government agency whether the policies and procedures that have been set have been implemented properly or not. Through good supervision, APIP can assess implementation.

(Yuliana, 2018) A number of internal factors are the cause of a company going bankrupt, including:

1. Lack of effective financial management leads to excessive ingestion of operational costs, resulting in losses for the company.
2. Imbalance in the amount of capital and debt, especially excessive debt, the burden will increase, resulting in a decrease in profits or even losses.
3. Lack of honesty in company management can result in practices that are detrimental to the company financially and reputationally.

Yuliana (2018) A number of external factors also cause companies to go bankrupt, including:

1. Reduced upholstery of goods can lead to a gap between the products offered and the needs and desires of consumers, reducing the attractiveness of the company in the market.
2. Poor relationship with suppliers can result in problems in the supply of raw materials, such as shortages or delays, which can disrupt the production process.
3. Slow turnover of receivables due to fraud on the part of the debtor can disrupt the company's cash flow and cause liquidity problems.
4. Poor relationships between companies and creditors can make it difficult for companies to access additional financing needed for operations or expansion.
5. Increasingly fierce business competition can result in a decrease in market share, a decrease in price, or a decrease in profit margins for the company.
6. Global financial crisis and unstable international economic conditions may affect the availability of financial resources, product demand, and the overall financial performance of the company.

C. Liquidity

Liquidity is a company's expertise to meet its short-term obligations through current assets. If a company is required to pay its debts, it can do so especially for debts that are due, because having assets replaced through cash quickly satisfies those obligations. (Kasmir, 2017). The company's expertise in fulfilling financial obligations to external parties, such as creditors, is referred to as the liquidity of a business entity. Meanwhile, company liquidity refers to the company's expertise to meet financial obligations related to internal people, such as internal employees/vendors. Thus, the liquidity of the business entity focuses more on the external financial relationship of the company, while the liquidity of the company focuses more on the internal aspects of the financial obligations.

The liquidity ratio, which is a ratio that measures a company's expertise to pay its short-term obligations, is measured by several indicators, namely:

a. Current ratio

Current ratio is a ratio used to assess a company's expertise to meet its short-term obligations before it is late in paying and immediately paying everything. This ratio describes the amount of current assets available to pay off short-term liabilities before late payments. The formula of the current ratio is:

$$CR = (\text{Current Assets})/(\text{Current Debt})$$

b. Quick Ratio

Quick ratio is a financial metric that describes a company's ability to pay or pay off short-term liabilities or debts using current assets, but does not consider the value of inventory (Kasmir, 2017). This means that the company does not have the resources to meet its short-term obligations. The formula for a momentary comparison is:

$$\text{Quick ratio} = (\text{Current Assets}-\text{Inventory})/(\text{Current Debt})$$

c. Cash ratio

Cash ratio is a measure of how much cash is available to pay off debts (Kasmir, 2017). Indicates the amount of cash the company is able to pay, pay all its obligations. The formula for the money ratio is:

$$\text{Cash ratio} = (\text{Cash}+\text{Cash Equivalent})/(\text{Current Debt})$$



d. Cash turnover ratio

The cash turnover ratio measures the adequacy of a company's working capital, repaying loans and bearing sales (Kasmir, 2017). This ratio measures the availability of cash for debt payments and sales costs.

e. Inventory to Net working Capital

The ratio is used to measure/compare the total shares and available capital (Kasmir, 2017).

D. Good Corporate Governance (GCG)

In general, it is said that corporate governance is a system, process and regulation that regulates the bond between different stakeholders (Masak & Noviyanti, 2019). Good corporate governance practices have several goals, the main goal of which is to create added value for stakeholders. (Suryanto & Refianto, 2019). Corporate governance has a fairly broad meaning because it includes: the relationship between the management of the company and its owners and other stakeholders, and also talks about the alignment of objectives between management and owners, incentives, monitoring and control (Nofianti et al., 2013).

(Ermar & Suhono, 2021), GCG factor assessment is an evaluation of the quality of bank management on GCG principles regulated by BI, which is adjusted to the characteristics of the banking business. The implementation of Good Corporate Governance is important for companies because it can ensure that organizational structure, performance, and supervision run well. GCG is considered a key element to improve company performance, including ties between the board of directors, company management, and stakeholders. The GCG mechanism analyzed includes Institutional Ownership, Managerial Ownership, Board of Directors, Board of Commissioners, and Independent Commissioners.

a. Managerial Ownership, Managerial ownership means the part of managing the company's share value. The size and size of the ownership of the company's management is directly proportional to the similarity of the interests of the agent and the principal. Insider stock ownership refers to directors, company officers or institutional investors who own at least 10% of the company's total shares (Novius et al., 2023).

b. Institutional Ownership, Institutional ownership is an important component in the corporate governance structure has a major role to help performance and supervision. Institutional ownership refers to the proportion of shares of a company belonging to various institutions, including governments, financial institutions, legal institutions. (Istiantoro et al., 2018).

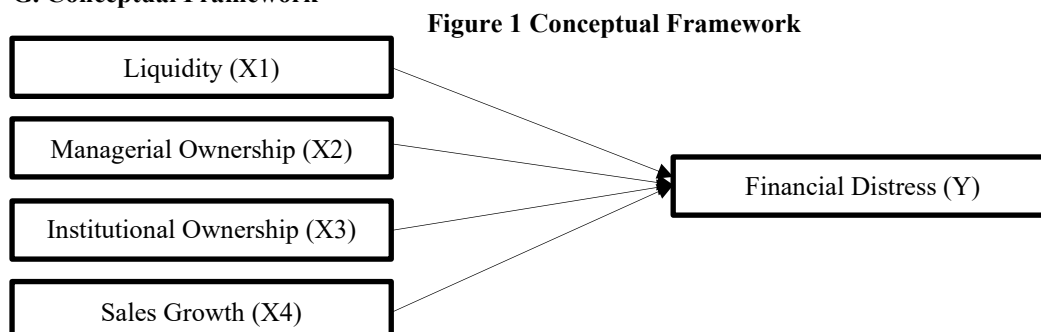
E. Sales Growth

Sales growth refers to the projected increase in sales from year to year. High sales growth values indicate good performance for the company. When revenue earned from sales increases, this can help companies avoid financial distress or financial difficulties. (Muzharoatiningsih & Hartono, 2022).

Sales growth is the level of stability of a company's sales volume in each economic period (Yunietha & Palupi, 2017). Definition of sales growth based on (Subramanyam, 2015) Segmental sales development analysis is useful for evaluating profitability. There are several factors that cause sales growth such as (1) price changes, (2) volume changes, (3) acquisitions/releases, (4) currency changes. The management discussion and analysis department usually provides insight into the reasons for sales growth.

The sales growth ratio is a measure that reflects the success of investments in the previous period and serves as an estimate of business continuity in the coming period. (Widhiari & Merkusiwati, 2015).

G. Conceptual Framework



Source : Research Collection (2024)

H. Research Hypothesis

1. The Effect of Liquidity on Financial Distress

A company's liquidity reflects its financial position and wealth and ability to fund operations, pay debt, and meet short-term liabilities. When a company can manage these things as well as possible, the potential to experience financial distress is smaller.

Liquidity ratio measures the extent to which current assets cover current liabilities. The higher the ratio of current assets to current liabilities, the greater the company's expertise in overcoming its short-term liabilities. The likelihood of experiencing financial distress is lower (Rahayu & Sopian, 2017). On the other hand, a decrease in the level of liquidity indicates that the company has few assets that can be used to pay its short-term debts so that the risk of default increases, which indicates that the company is in a situation of financial distress (Priyatnasari & Hartono, 2019).

H1. Allegedly Liquidity Affects Financial Distress

2. The Influence of Managerial Ownership on Financial Distress

Ownership of shares by the company's management can improve the company's overall performance. Increasing managerial ownership can reduce the risk of financial distress (Nilasari, 2021). Management ownership greatly affects the potential for financial difficulties because the presence of management ownership is used as a sign that the company's manager can play the role of the owner and controller of the company. Forcing managers to increase company performance in the hope that results will be achieved such as profits will increase to avoid the risk of financial difficulties.

Based on the research conducted, there are different findings related to the influence of managerial ownership on financial difficulties. The findings illustrate the results of Naisiroh's (2018) research and current research states that managerial ownership has a negative influence on financial distress. However, research (Septiani, 2019) shows that managerial ownership has a positive influence on financial distress.

H2. It is suspected that managerial ownership affects financial distress

3. The Influence of Institutional Ownership on Financial Distress

Institutional ownership ties affect financial distress, because institutional ownership refers to the measurement of the percentage of shares owned by institutions from the total outstanding share capital. High institutional ownership can make the supervisory function increase, so the interests of shareholders can be maintained, and indirectly can encourage company management to provide transparent financial information to avoid the risk of financial distress.

Companies that have institutional ownership show the ability to monitor the company's performance. The high level of institutional ownership tends to help monitoring activities have significant voice power, which in turn influences the company's management policies. Institutional ownership can reduce the potential for conflicts of interest between owners and managers. The greater the institutional ownership, the more efficient the use of the company's assets, which can ultimately reduce the potential for financial difficulties. Research (Septiani & Dana, 2019) concludes that institutional ownership has a negative influence on financial distress. This means that increasing institutional ownership in a company tends to reduce the likelihood of financial distress.

H3. It is suspected that institutional ownership has an effect on financial distress

4. The Effect of Sales Growth on Financial Distress

According to Kasmir (2010), sales growth is a type of growth ratio, basically a ratio that reflects the company's expertise to maintain economic stability in the midst of economic growth and the business sector. Sales growth is getting higher indicating that sales growth increases when you are healthy and avoid financial distress. A low ratio indicates a decrease in the company's sales and results in a decrease in revenue, which will cause financial distress (Prayuningsih et al., 2021).

The sales growth ratio is an indicator describing the success of the company's investment in the previous period and serves as a predictor of the company's business continuity in the future (Widhiari & Merkusiwati, 2015). This ratio describes sales growing from one period to the next. Sales growth gives a positive signal regarding the company's future growth, directly affecting investors' interest in making investments. Using this ratio, companies can make estimates about how much profit is earned as a result of the sales growth that occurs.

H4. It is suspected that sales growth has an effect on financial distress



METHODS

In this study, the researcher used a quantitative research method. Based on (Sugiyono, 2014), quantitative research is a method based on the philosophy of positivism, used to investigate populations/samples, sampling techniques are generally carried out randomly, data collection using instruments, and data analysis is quantitative/statistical with the aim of testing the specified hypothesis. The population in this study is all property and real estate companies listed on the Indonesia Stock Exchange (IDX) from 2021-2023 as many as 73 companies. The sample of companies in this study was 64 companies in the 2021-2023 period, with sampling through purposive sampling techniques.

For testing in this study, the following are used:

1. Descriptive Statistical Test

Descriptive statistics provide an overview or description of a given value from the criteria of mean value, standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Ghozali, 2018).

2. Classic Assumption Test

a. Data Normality Test

The normality test is carried out to find out whether the data is distributed normally. Normally distributed data reduces the occurrence of bias (Ghozali, 2018). Use the Kalmogrov Smirnov statistical test to find out whether the data is normally distributed or not. A significance level of 5% is used, so if the significance value of the Kalmogrov Smirnov value is >5%, then the data is normally distributed. On the other hand, if the value is significant...

b Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a high/perfect correlation between one independent variable and another. A good regression model should have no correlation between independent variables. Multicollinearity is seen as the value of tolerance or variance inflation factor (VIF). If the tolerance value is less than 0.10 and the VIF value is greater than 10, then multicollinearity occurs, and vice versa if the tolerance value is greater than 0.10 and the VIF value is less than 10, it means that there is no multicollinearity disturbance.

c. Heterokedasticity Test

The Heteroscedasticity test was carried out to test whether there was an inequality of variance between the remaining observations and the other in the regression model. A good regression model is homoskedastic/heteroscedasticity does not occur. One way to find out the presence of heteroscedasticity in multiple linear regression models is with scatter plots. If the spread forms a certain pattern (spread out), then the regression does not show heteroscedasticity.

d. Autocorrelation Test

The Autocorrelation test aims to test whether there is a relationship between the confounding error in period t and the confounding error in period t-1 (previous) in a linear regression model. When correlation occurs, it is called an autocorrelation problem. This autocorrelation occurs because there are consecutive correlated observations. The Durbin-Watson test (DW test) is performed to determine the presence of autocorrelation.

4. Hypothesis Test

a. Panel Data Regression Analysis

In this study, the hypothesis tester used panel data regression. According to Astuti et al. (2017), panel data is data from a combination of cross section data and time series data that can provide more data resulting in a greater degree of freedom. Times series data is data that consists of multiple periods or timelines, cross-section data is data from objects collected in a specific period.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Description :

Y	=	Financial distress
β_0	=	Number of Constants
X1	=	Liquidity
X2	=	Managerial Ownership
X3	=	Institutional Ownership



$$\begin{array}{lcl} X4 & = & \text{Sales Growth} \\ \varepsilon & = & \text{Error} \end{array}$$

b. Partial Isolation Test (t-test)

The partial test (t-test) is used to determine the influence of independent variables, namely liquidity, implementation (GCG) and sales growth on the dependent variable, namely financial distress. A significance level of 0.05 is used to determine whether each independent variable has an effect on the dependent variable separately. If the significance is greater than 0.05, then the dependent variable has no effect. If the significance value is less than 0.05, then the independent variable affects the dependent variable.

c. Determination Coefficient Test (R2)

The Coefficient of Determination (R2) primarily measures how well the model is able to explain the variation of the bound variable. The value of the determination coefficient is between zero and one. A small R2 value means that the ability of independent variables to explain dependent variables is very limited. The value of identifying one means that the independent variable provides almost all the information needed to predict the dependent variable.

RESULTS AND DISCUSSION

1. Descriptive Statistics

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Red	Std. Deviation
Liquidity	192	.14	9.89	2.6488	2.14824
Managerial Ownership	192	.00	.91	.1816	.25315
Institutional Ownership	192	.01	.98	.4435	.28325
Sales Growth	192	-1.00	2.70	.0747	.48954
Financial Distress	192	-.13	3.04	1.2256	.44592
Valid N (listwise)	192				

Source : Processed Data, 2024

a. Liquidity

The first independent variable is liquidity. The liquidity variable has a minimum value of 0.14, a maximum value of 9.89, a mean value of 2.6488 and a standard deviation of 2.14824.

b. Managerial Ownership

The second independent variable is managerial ownership. The managerial ownership variable has a minimum value of 0.00, a maximum value of 0.91, a mean value of 0.1816 and a standard deviation (std.deviation) of 0.25315.

c. Institutional Ownership

The third independent variable is institutional ownership. The institutional ownership variable has a minimum value of 0.01, a maximum value of 0.91, a mean value of 0.4435 and a standard deviation (std.deviation) of 0.28325.

d. Sales Growth

The fourth independent variable is sales growth. The sales growth variable has a minimum value of -1.00, a maximum value of 2.70, a mean value of 0.0747 and a standard deviation (std.deviation) of 0.48954.

e. Financial Distress

The dependent variable is financial distress. The financial distress variable has a minimum value of -0.13, a maximum value of 3.04, a mean value of 1.2256 and a standard deviation (std.deviation) of 0.44592.

2. Classic Assumption Test

a. Normality Test

The normality test is carried out to find out whether the data used is distributed normally. Normally distributed data will minimize the occurrence of bias (Ghozali, 2013). To find out whether the data is distributed normally or not with the Kalmogrov Smirnov statistical test. Therefore, this study uses a significant level of 5%, then if the significant value of the Kalmogrov Smirnov value is >5%, the data used is a normal distribution. On the other hand, if the value is significant The normality test results can be shown through the following table:



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Table 3 Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		192
Normal Parameters ^{a,b}	Red	.0000000
	Std. Deviation	.38989086
Most Extreme Differences	Absolute	.036
	Positive	.026
	Negative	-.036
Test Statistic		.036
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Source : Processed Data, 2024

Based on the results of the normality test using the one-sample kolmogro-smirnov test in table 3 above, it can be found that the value of asym.sig (2-tailed) is 0.200 which is greater than 0.05 so that it can be concluded that the data used is normally distributed.

b. Multicollinearity Test

Table 4 Multicollinierity Test

Models		Unstandardized Coefficients		Collinearity Statistics	
		B	Std. Error	Tolerance	VIVID
1	(Constant)	1.095	.063		
	Liquidity	.065	.014	.955	1.048
	Managerial Ownership	.265	.116	.950	1.052
	Institutional Ownership	-.248	.103	.964	1.037
	Sales Growth	.245	.059	.971	1.030

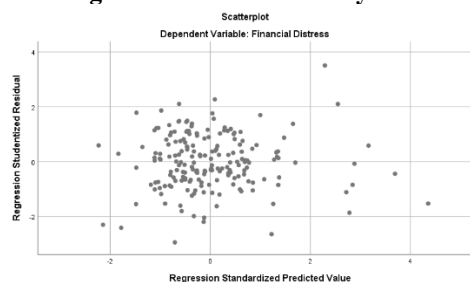
Dependent Variable: Financial Distress

Source : Processed Data, 2024

Based on the results of the multicollinearity test in table 4 above, it shows that all Tolerance values in each independent variable are valued at > 0.1 and all VIF values in each independent variable are valued at < 10 , so it can be concluded that the regression model used in this study does not occur symptoms of multicollinearity, namely correlation between independent variables.

c. Heterokedasticity Test

Figure 2 Heterokedasticity Test



Source : Processed Data, 2024

From the results of the heterokedasticity test in figure 2 above, it can be seen that the distribution of the pattern spreads between -2 to 2 so that it can be concluded that heterokedasticity does not occur.

d. Autocorrelation Test

Table 5. Autocorrelation Test

Model Summary ^b					
Models	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.485a	.236	.219	.39404	1.300

Predictors: (Constant), Sales Growth, Institutional Ownership, Liquidity, Managerial Ownership

Dependent Variable: Financial Distress

Source : Processed Data, 2024

Based on Table 5 above, it can be seen that Durbin-Watson has a value of 1,300 where the value is between -2 to +2. This means that based on these values, it can be concluded that there is no positive or negative autocorrelation so that the regression model is feasible to use

3. Hypothesis Test

a. Panel Data Regression Analysis

Table 6. Panel Data Regression Analysis

Models		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	1.095	.063
	Liquidity	.065	.014
	Managerial Ownership	.265	.116
	Institutional Ownership	-.248	.103
	Sales Growth	.245	.059

Dependent Variable: Financial Distress

Source : Processed Data, 2024

In table 6 interpreted are the values in column B, the first row shows constant (a) and the next row shows independent variables. By looking at the table above, multiple linear regression equations can be arranged as follows:

$$Y = 1.095 + 0.065X_1 + 0.265X_2 - 0.248X_3 + 0.245X_4 + e$$

The regression equation can be explained as follows:

- 1). The magnitude of the constant is 1.095 this shows that if the variables of liquidity, managerial ownership, institutional ownership, sales growth are valued at 0, then financial distress will remain valued at 1.095.
- 2). The value of the liquidity variable coefficient is 0.065. This shows that every 1 unit increase in the liquidity variable assuming that other variables are fixed in value, will cause financial distress to increase by 0.065.
- 3). The value of the managerial ownership coefficient is 0.265. This shows that every 1 unit increase in the managerial ownership variable assuming the other variable is of fixed value, it will cause financial distress to increase by 0.265.
- 4). The value of the institutional ownership variable coefficient is -0.248. This shows that every 1 unit increase in the institutional ownership variable assuming that the other variable is of fixed value will cause financial distress to decrease by 0.248.
- 5). The value of the sales growth variable coefficient is 0.245. This shows that every 1 unit increase in the sales growth variable assuming that the other variables are fixed will cause financial distress to increase by 0.245.

b. Partial Significance Test (t-test)

Table 7. Partial Significance Test (t-test)

Models		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	1.095	.063	17.359	.000
	Liquidity	.065	.014	4.820	.000
	Managerial Ownership	.265	.116	2.292	.023
	Institutional Ownership	-.248	.103	-2.414	.017
	Sales Growth	.245	.059	4.151	.000



Dependent Variable: Financial Distress Source: Processed Data, 2024

Based on the results of data processing in table 4.6 above, hypothesis testing for the variables of liquidity, managerial ownership, institutional ownership, sales growth affecting financial distress in this study will be described as follows:

1). The Effect of Liquidity on Financial Distress

The first hypothesis proposed in this study is to test how Liquidity (X1) affects Financial Distress (Y). Based on the results of data processing in table 4.6 above, it is known that the significance value of the Liquidity variable (X1) is 0.000 or $\alpha = 0.05$. Therefore, the results of the first hypothesis test stated that H1 was accepted, meaning that the Liquidity variable (X1) had an effect on Financial Distress (Y) in property and real estate companies listed on the Indonesia Stock Exchange for the period 2022 – 2024.

2). The Influence of Managerial Ownership on Financial Distress

The second hypothesis proposed in this study is to test how Managerial Ownership (X2) affects Financial Distress (Y). Based on the results of data processing in table 4.6 above, it is known that the significance value of the Managerial Ownership variable (X2) is 0.023 or $\alpha = 0.05$. Therefore, the results of the second hypothesis test state that H2 is accepted, meaning that the Managerial Ownership variable (X2) affects Financial Distress (Y) in property and real estate companies listed on the Indonesia Stock Exchange for the 2022 – 2024 period.

3). The Effect of Institutional Ownership on Financial Distress

The third hypothesis proposed in this study is to test how Institutional Ownership (X3) affects Financial Distress (Y). Based on the results of data processing in table 4.6 above, it is known that the significance value of the Institutional Ownership variable (X3) is 0.017 or $\alpha = 0.05$. Therefore, the results of the third hypothesis test stated that H3 was accepted, meaning that the Institutional Ownership variable (X3) had an effect on Financial Distress (Y) in property and real estate companies listed on the Indonesia Stock Exchange for the 2022 – 2024 period.

4). The Effect of Sales Growth on Financial Distress

The fourth hypothesis proposed in this study is to test how Sales Growth (X4) affects Financial Distress (Y). Based on the results of data processing in table 4.6 above, it is known that the significance value of the Sales Growth Institutional Ownership variable (X4) is 0.000 or $\alpha = 0.05$. Therefore, the results of the fourth hypothesis test state that H4 is accepted, meaning that the Sales Growth (X4) variable affects Financial Distress (Y) in property and real estate companies listed on the Indonesia Stock Exchange for the 2022 – 2024 period.

c. Determination Coefficient Test (R2)

Table 8. Coefficient of Determination Test (R2)

Model Summary ^b					
Models	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.485a	.236	.219	.39404	1.300

a. Predictors: (Constant), Sales Growth, Institutional Ownership, Liquidity, Managerial Ownership

b. Dependent Variable: Financial Distress

Based on the results of the determination coefficient test in table 8 above, the magnitude of the Adjusted R Square value in the regression model was obtained as 0.219. This means that 21.9% of the influence of dependent variables can be explained by variations in independent variables, while the remaining 78.1% can be explained by other variables outside this regression model such as profitability, solvency, and other variables that affect financial distress.

CONCLUSION

This study discusses the influence of 3 independent variables, namely *Liquidity*, *Implementation of Good Corporate Governance* and *Sales Growth* on dependent variables, namely *Financial Distress*. The research object used in this study is Property and Real Estate Companies Listed on the Indonesia Stock Exchange for the 2021-2023 period. The sample of companies in this study was 64 companies in the 2021-2023 period, with sampling through purposive sampling techniques. From the various test results in this study, they are as follows:



- a. Based on the results of the discussion, it can be seen that the liquidity variable has an effect on financial distress. A company's liquidity reflects its financial position and wealth and ability to fund operations, pay debt, and meet short-term liabilities. When a company can manage these things as well as possible, the potential to experience financial distress is smaller.
- b. Based on the results of the discussion, it can be seen that the variable of managerial ownership has an effect on financial distress. Ownership of shares by the company's management can improve the company's overall performance. Increasing managerial ownership can reduce the risk of financial distress [Nilasari, 2021].
- c. Based on the results of the discussion, it can be seen that the variable of institutional ownership has an effect on financial distress. Companies that have institutional ownership show the ability to monitor the company's performance. The high level of institutional ownership tends to help monitoring activities have significant voice power, which in turn influences the company's management policies. Institutional ownership can reduce the potential for conflicts of interest between owners and managers. The greater the institutional ownership, the more efficient the use of the company's assets, which can ultimately reduce the potential for financial difficulties.
- d. Based on the results of the discussion, it can be seen that the sales growth variable has an effect on financial distress. The sales growth ratio is an indicator describing the success of the company's investment in the previous period and serves as a predictor of the company's business continuity in the future [Widhiari, & Merkusiwati 2015]. This ratio describes sales growing from one period to the next. Sales growth gives a positive signal regarding the company's future growth, directly affecting investors' interest in making investments. Using this ratio, companies can make estimates about how much profit is earned as a result of the sales growth that occurs.

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