(MEC-J) Management and Economics Journal
E-ISSN: 2598-9537 P-ISSN: 2599-3402
Journal Home Page: http://ejournal.uin-malang.ac.id/index.php/mec

Volume 8 Number 2, August 2024

Profitability, Liquidity, Board Size, and Gender Diversity on Financial Distress

Rif'ah Khusniah Aimmatul Khoir[1*], Novi Lailiyul Wafiroh[2]

[1,2] Faculty of Economics, Maulana Malik Ibrahim State Islamic University, 65144, Indonesia

[*]Corresponding author e-mail: 200502110011@student.uin-malang.ac.id

ABSTRACT

The company was founded with the hope of making a profit, but when the profits obtained experience a continuous decline, it can result in financial distress, where the company's financial condition experiences a decline in income. Financial distress can occur due to two indicators: financial and non-financial. This research aims to analyze the influence of profitability, liquidity, board size, and gender diversity on financial distress. The companies used as research samples are transportation and logistics companies in 2018–2022, with a total of 80 company samples during the research period. Using a quantitative approach with purposive sampling methods. In hypothesis testing, the analysis chosen is panel data analysis using the Eviews12 program. The research shows that profitability and liquidity have an effect on financial distress. It can be concluded that when the company has profitability and liquidity that tend to be low, the level of financial distress will tend to be high. While board size and gender diversity have no effect on financial distress, through these findings, it is known that board size and gender diversity are not able to guarantee that the company can avoid financial distress problems.

Keywords: Board Size; Financial Distress; Gender Diversity; Likuidity; Profitability

| Submited March 2024 | Reviewed May 2024 | Revised June 2024 | Accepted August 2024
| DOI: http://dx.doi.org 10.18860/mec-j.v8i2.26558

INTRODUCTION

The phenomenon of financial distress can affect the company's performance, namely when the company does not develop technology, innovation, creativity, and good management systems. The company is unable to compete in the industrial world, which has an impact on the decline in performance (Hutauruk et al., 2021). The transportation and logistics sector has a crucial role in economic progress. Because it is one of the factors that encourages the rise of the Indonesian economy and acts as a locomotive for supporting other sectors. PT Goto Gojek Tokopedia Tbk is one of the companies that combines PT Gojek Indonesia with PT Tokopedia. This company aim to encourage the Indonesian economy by offering convenience to the public through digital, as well as increasing the capabilities of both. Because GoTo brings together various services such

as product provider services, financial services, and *E-Commerce*. This is done to make it easier for consumers via websites or gadgets to carry out mobility and trade (Leona et al., 2023) .

Through this phenomenon, technological development, innovation, and creativity are needed to increase company turnover. If the company does not do so, it will have an impact on decreasing turnover and result in bankruptcy or financial distress. The company's financial condition has decreased revenue (Susanti et al., 2022). According to CNN Indonesia news, in 2020, the aviation sector experienced a decline in gross domestic product (GDP) of 0.18% and a decline in foreign tourists by 75%. The aviation sector that is experiencing financial distress is PT AirAsia Indonesia Tbk. According to CNBC Indonesia news, the company experienced a special notation on equity, namely negative value minus IDR 6.69 trillion, in September 2022. PT AirAsia experienced a net loss in 2022 of IDR 1.65 trillion; PT AirAsia's income increased to IDR 3.78 trillion. The company cannot generate profits because the existing debt is greater than its income and assets, so it is unable to pay the debt it has. This is also because the company is less able to manage its resources, and existing revenues are unable to compensate for its business expenses, such as fuel costs, aircraft services, rental expenses, etc (Suci, 2022).

Financial distress conditions were also experienced by PT Express Transindo Utama Tbk (TAXI). In 2020, the TAXI company had a total equity of minus IDR 520.32 billion with losses reaching IDR 52.07 billion, and the company was threatened with bankruptcy. However, in 2021, the company's management carried out several rescues, such as restructuring and renegotiating the elimination of long-term debt to one of the shareholders of PT Rajawali Corpora. After negotiations, the company was able to reduce its long-term debt by IDR 79.85 billion (Syifa & Idawati, 2023). Based on the problems above, we can find out as early as possible to avoid financial distress.

According to Syifa & Idawati (2023) there are two indicators that influence financial distress: first, financial indicators such as profitability and liquidity. Profitability is a way to find out the company's ability to earn profits, because the profits generated can attract investors to provide capital. If the profitability value is high, it can provide a special attraction for investors interested in investing capital in the company (Setyowati & Mardiana, 2022). Thus, it can minimize the risk of the company experiencing financial distress. This is in line with research conducted by Maula et al., (2022) and Olivia P et al., (2023) explains that profitability ratios influence financial distress. However, the results of research conducted by Pratiwi & Sudiyatno (2022) states that profitability has no effect on financial distress caused by management's inability to control company finances. Other financial factors, such as liquidity, Where is the company's ability to meet its short-term debt by using its current assets (Harahap et al., 2021). f the liquidity ratio is high, the possibility of the company experiencing financial distress can be reduced. Because the company can pay off its current debt well so that financial distress can be minimized (Hakim et al., 2020). Research conducted by Nugrahanti et al., (2020) and Fizabaniyah et al., (2023) states that liquidity has an effect on financial distress.

However, this research is not in line with Pratiwi & Sudiyatno (2022), liquidity has no effect on financial distress.

According to Syifa & Idawati (2023) the second indicator is non-financial, such as board size and gender diversity. A board is a leader in an organization who is responsible for control and supervision related to existing human resources and is expected to be in line with the organization's goals (Kurniawati, 2016). The board referred to in this study is the board of commissioners, which is expected to be able to perform supervisory functions so as to improve company performance. Because the board of commissioners plays an important role in supervising managers who aim to make decisions in accordance with the interests of the principal (Nugrahanti et al., 2020). Samudra (2021) explained that increasing the number of members of the board of commissioners can improve the supervisory function and can prevent companies from experiencing financial distress. The research results of Fizabaniyah et al., (2023) menyimpulkan *board size* memiliki pengaruh terhadap *financial distress.* Because the greater the proportion of the board of commissioners, the lower the company will experience financial distress. Meanwhile, research conducted by Nuswantara et al., (2023) states that board size has no effect on financial distress. Gender diversity on the board of commissioners can influence financial performance and corporate governance. Because there is an increased focus on role management. Women have a tendency to be thorough and careful when making decisions and avoiding risks. When the number of female board members commissioners is higher, the better the company's performance in avoiding financial distress (Maula et al., 2022). It is evident from research by Samudra (2021) and Ramadanty & Khomsiyah (2022) that gender diversity has an influence on financial distress. However, Maula et al., (2022) explained that gender diversity does not affect financial distress.

The research above shows that there is a research gap or inconsistent results, so there are contradictions between studies. Therefore, it is worth researching again so that we can find out the influence of each variable. Based on the differences in results of previous research, the author wants to review the influence of profitability, liquidity, board size, and gender diversity on financial distress. The purpose of this study itself is to fill the limitations of previous research by developing a research framework to explore the influence of profitability, liquidity, board size, and gender diversity on financial distress. This research provides practical contributions for investors as a consideration in making decisions to invest in transportation and logistics sector companies so that these investors can avoid problems regarding losses.

LITERATURE REVIEW

Signalling Theory

Signaling theory was first proposed by Spence (1973) explaining signals as an effort to provide information to the owner about the condition of a company, which of course is

useful for other parties who want to invest so that investors can be willing to invest their capital. Signaling theory is linked to financial reports because, through financial reports, investors can find out the company's performance and financial condition so they can predict whether there is a potential for bankruptcy or not in the future (Sutra & Mais, 2019). Investors first interpret the information they have from the manager; if the information has a positive signal, then investors will feel interested in investing, and conversely, if the information owned by the company gives a negative signal, then investors will not be interested in the company, so they prefer the other company (Wijaya & Viriany, 2022).

Financial Distress

Financial distress is a company's financial condition in a crisis situation where the company experiences a decrease in funds caused by a decrease in revenue so that existing revenues are not comparable to the obligations owned by the company (Sutra & Mais, 2019). Financial distress is temporary, but if not immediately above, it will have an impact on bankruptcy conditions (Pratama & Aisjah, 2021). According to Hery (2017) there are several factors that cause companies to experience financial distress, including internal and external factors. Internal factors such as low human resources, large credit, lack of working capital, abuse of authority, and fraud. External factors such as business competition, decreased demand, decreased selling prices, and disasters disrupt company activities.

There are several ways to calculate financial distress using the Altman Z-Score, Springate, Ohloson, Zmijewski, Grover, etc. This research uses the Springate method proposed by Gorgon L.V. Springate in 1978. The Springate model is a calculation that uses 4 out of 19 financial ratios that can be used to predict financial distress. The springate model has a high level of accuracy, this is in accordance with research conducted by Azzahra & Pangestuti (2022); Kadir et al., (2022); Wicaksana & Mawardi (2023), The Springate model itself has an accuracy rate of 92.5%.

Profitability

Profitability is a company's ability to generate profits within a certain time through sales and income (Novika & Siswanti, 2022). Profitability has an important influence on the company because it maintains the company's continuity in the long term (Nur, 2018). The profitability ratio used is the Return On Asset Ratio (ROA), to determine the company's ability to compare its net profit with total assets. The higher the ROA value, the higher the net profit obtained so that the company avoids financial distress.

Likuidity

Liquidity is the company's ability to pay off its current debts using current assets (Widiyasmara & Surakarta, 2023). Several factors cause a company's inability to pay off its debts, including not having sufficient funds and waiting too long to disburse assets

(Ambarwati & Vitaningrum, 2021). The liquidity ratio used is the current ratio (CR). CR shows the company's ability to pay off debts to creditors using its current assets; increasing the company's current ratio can increase investor confidence. The greater the resulting ratio, the more liquid the company.

Board Size

Board size is a corporate governance measure needed to reduce agency problems with owners and managers (Kalbuana et al., 2022). The board referred to in this research is the Board of Commissioners. The board of commissioners has a role and responsibility in overseeing corporate governance, especially the policies implemented by operational executives (Abbas & Frihatni, 2023). The more members of the board of commissioners, it is hoped that the supervisory function will be more effective and can improve company performance (Samudra, 2021). Board size is calculated by counting the number of members of the board of commissioners in a company.

Gender Diversity

Gender diversity is a form of board diversity in a company. This research uses the presence of women in leadership in a company. Gender diversity has an important role in companies because the presence of women in the corporate governance structure can help overcome financial distress issues (Abbas & Frihatni, 2023). Gender diversity itself takes into account the percentage of women on the board (Maula et al., 2022). In this research, gender diversity is used, namely the presence of women on the board of commissioners, by comparing the number of female commissioners with the number of commissioners in the company.

Hypotheses of the research

The influence of Profitability on Financial Distress

The relationship between profitability and signal theory is that profitability can provide signals for investors to invest because the company is able to get high profits. Companies that have high profits can increase investor confidence. In accordance with research by Nugrahanti et al., (2020) which explains that a company that has a high profitability value will be less likely to experience financial distress because the large value of profitability will have a positive impact on investors. ROA can show the company's ability to generate net profit, the higher the ROA, the higher the net profit obtained, so that the company is in good condition and avoids financial distress. Based on empirical evidence according to Kalbuana et al., (2022), Fizabaniyah et al., (2023). Nurcahyono et al., (2023) and Syalomytha & Natalia (2023) state that profitability influences financial distress.

The influence of Likuidity on Financial Distress

The relationship between liquidity and signal theory is that liquidity can provide signals for investors because when the company is able to pay its short-term debt, investors will feel attracted to the company. The liquidity used is the current ratio (CR), which is used to evaluate the extent to which the company manages its current debt. The greater the CR ratio produced, the more liquid the company is (Prihatini et al., 2023). The higher the level of liquidity, the more availability of current assets it has to meet its current debts and the easier it is for the company to convert its current assets into cash, through these conditions the company can avoid financial distress (Nugrahanti et al., 2020). Based on empirical evidence according to Khairiyah & Affan (2023), Nugrahanti et al., (2020), and Hakim et al., (2020) which states that liquidity has an effect on financial distress.

The influence of Board Size on Financial Distress

The existence of board size is considered corporate governance to reduce agency problems (Kalbuana et al., 2022). The board of commissioners has an important role in carrying out supervision both generally and specifically in accordance with the articles of association and providing advice to the directors. The size of the board of commissioners itself can be calculated by the number of members. Based on research conducted by Kalbuana et al., (2022) and Olivia P et al., (2023) it is stated that board size has an effect on financial distress. This means that the more boards of commissioners in the company, the better the supervisory function will be, and the company's performance will also be better so as to avoid financial distress conditions.

The influence of Gender Diversity on Financial Distress

Gender diversity is the percentage of women on the board (Maula et al., 2022). Women have a high level of caution, so they tend to avoid risks. This high level of caution can minimize the risk of failure (Kharis & Nugrahanti, 2022). According to Samudra (2021) the statement, the more gender diversity, the lower the risk of financial distress. Berdasarkan bukti empiris menurut Nuswantara et al., (2023), Kharis & Nugrahanti, (2022), and Ramadanty & Khomsiyah (2022) gender diversity has an effect on financial distress.

METHODOLOGY

This research uses quantitative methods because quantitative research is more based on concrete data by producing numbers and statistics to carry out analysis. This research uses a population of transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) in 2018–2022. The sampling technique used in this research was purposive sampling. There are several criteria determined in this research, including: 1) Transportation and logistics sector companies listed on the Indonesia Stock Exchange in 2018–2022. 2) publish annual reports and financial reports during the research period. 3) Financial reports are presented in rupiah. The number of company

samples available that can be tested is 80 during the research year (16 companies x 5 years), as shown in the Table 1.

Table 1. The number of company

Criteria	Total
Transportation and logistics sector companies listed on the IDX in 2018-2022	37
Companies that do not publish annual reports and financial statements	(18)
Financial reports presented other than rupiah	(3)
Number of Samples	16
Research Period	5
Total Observation Data	80

The data analysis technique used is panel data regression with the help of Eviews 12 software. The results of hypothesis testing can be known through the T test, which can show the level of significance of the hypothesis being tested. The criterion of acceptance of the hypothesis, namely that the probability value must be less than 5% or the p-value < 0.05, will show the influence of independent variables on the dependent variable. For the measurement of the variables.

Financial Distress

Financial distress is the company's financial condition in a crisis where the company experiences a decrease in funds. In this study, financial distress was measured using the Springate model. Referring to research conducted by Ben et al., (2015), the Springate model formula is as follows:

S = 1,03A + 3,07B + 0,66C + 0,4D
Information:
A = (current assets - current liabilities) / total assets
B = Earnings Before Interest and Taxes (EBIT) / total assets
C = Earnings Before Taxes (EBT) / current liabilities
D = sales / total assets

In the criteria used in predicting bankruptcy in the Springate model, if the company has an S score of > 0.862, it is categorized as being in a healthy condition (healthy), while if the score obtained is S < 0.862, it is categorized as having the potential to go bankrupt.

Profitability

Profitability is the company's ability to make a profit within a certain period of time. In this research, return on assets (ROA) is used to measure the level of profitability. Darmiyanti & Widati (2022) research uses the formula:

$$Return\ on\ Asset = \frac{Nett\ Profit}{Total\ Assets} \times 100\%$$

Liquidity

Liquidity is the company's ability to meet its current debt. The liquidity variable is calculated using the current ratio (CR), referring to the research of Hakim et al., (2020) with the formula:

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities} \times 100\%$$

Board Size

The board size used is the board of commissioners, which calculates the proportion of the board of commissioners in a company. The formula for calculating it, according to Wardhani (2007) is: BZ = ∑ the board of commissioners.

Gender Diversity

Gender diversity on the board of commissioners reflects the presence of women on the board of commissioners. Gender diversity here is measured by the ratio of female commissioners to the number of board of commissioners in the company. According to Kalbuana et al., (2022) the gender diversity formula is GD = ∑ female board of commissioners / ∑ board of commissioners.

The equation for the panel data regression model in this research is:
Y = α + b_1X_{1ti} + b_2X_{2ti} + b_3X_{3ti} + b_4X_{4ti} + e
Information :
Y = Financial Distress
α = Constant
X1 = Profitability
X2 = Liquidity
X3 = Board Size
X4 = Gender Diversity
e = error term
t = time
i = company

RESULTS

Descriptive Statistical Test

Table1. Descriptive Statistical Test

	X1	X2	X3	X4	Y
Mean	-0.029220	1.224355	3.312500	0.277530	0.207273
Median	0.003407	0.843295	3.000000	0.183333	0.141125
Maximum	2.071767	7.198355	9.000000	1.000000	17.38778
Minimum	-1.538286	0.025076	2.000000	0.000000	-5.957679
Std. Dev.	0.335571	1.281773	1.680821	0.298469	2.399742
Observations	80	80	80	80	80

Source: Data processing results (2024)

The results of descriptive statistics in Table 1 show that the number of observation data in this study was 80 samples of companies in the transportation and logistics sector in 2018-2022. On the dependent variable:

- *financial distress* (Y) shows a minimum value of -5.957679, a maximum value of 17.38778, an average value of 0.207273, and a standard deviation value of 2.399742.

On the independent variable:

- Profitability (X1) shows an average value of -0.029220, the minimum value of the profitability variable is -1.538286, the maximum value is 2.071767, and the standard deviation value obtained from the profitability variable is 0.335571 which shows that the company has a varied and larger data distribution. compared to the average value.

- Liquidity (X2) shows a minimum value of 0.025076, a maximum value of 7.198355, an average value of 1.224355, and a standard deviation value of 1.281773.

- Board size (X3) has a minimum value of 2.000000 with a maximum value of 9.000000 and an average value of 3.312500. The standard deviation value for this variable is 1.680821, which means it is homogeneous because the standard deviation value is smaller than the average value in this variable.

- Gender diversity (X4) has a minimum value of 0.000000 and a maximum value of 1.000000 with an average value of 0.277550. The standard deviation value is 0.298489.

Multicollinearity Test

The results of the multicollinearity test show that there is no correlation coefficient between variables that is greater than 0.8. Therefore, in this study, there was no multicollinearity between variables. Table 2 are the results of the multicollinearity test.

Table 2. Multicollinearity Test

	X1	X2	X3	X4	Y
X1	1.000000	0.473690	-0.021448	0.117046	X1
X2	0.473690	1.000000	-0.042163	0.135021	X2
X3	-0.021448	-0.042163	1.000000	-0.215618	X3
X4	0.117046	0.135021	-0.215618	1.000000	X4

Source: Data processing results (2024)

Heteroscedasticity Test

The results of the heteroscedasticity test show that the probability value obtained is greater than 0.05, which can be concluded that in this study there was no heteroscedasticity in the research data. The following are the results of the heteroscedasticity test:

Table 3. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.349467	0.097274	3.592596	0.0006
X1	-0.059098	0.116426	-0.507597	0.6132
X2	0.044591	0.030553	1.459439	0.1486
X3	-0.024854	0.020927	-1.187643	0.2387
X4	-0.087686	0.119055	-0.736515	0.4637

Source: Data processing results (2024)

Model Selection Test

In determining model selection, it is necessary to use the Chow test, Hausman test, and Lagrange Multiplier test to determine the appropriate model for this research. From the results of the tests that have been carried out, it can be concluded that the appropriate model is the use of the Common Effect Model (CEM) in further analysis of this research.

Table 4. Conclusion Results Regarding Model Selection

No	Model	Testing	Results	Conclusion
1.	Test *Chow*	CEM vs FEM	*Common Effects*	*Common Effect Model* (CEM).
2.	Hausman *test*	REM vs FEM	*Random Effects*	
3.	*Lagrange Multiplier* Test	CEM vs REM	*Common Effects*	

Source: Data processing results (2024)

Panel Data Regression Analysis

In analyzing the influence of profitability, liquidity, board size and gender diversity on financial distress in transportation and logistics companies in 2018-2022, the panel data regression equation is obtained as follows:

FD = -0.063072+ 5.981954X1 + 0.390859X2 -0.038433X3 + 0.338336X4

Hypothesis Testing

The T-test aims to find out whether the independent variable partially influences the dependent variable. In the T-test in this research, there are four hypotheses used, including the influence of profitability on financial distress, the influence of liquidity on financial distress, the influence of board size on financial distress, and gender diversity on financial distress. The T-test results can be seen in the following Table 5.

Table 5. T Test Results

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	-0.063072	0.216676	-0.291090	0.7718
X1	5.981955	0.259336	23.06641	0.0000
X2	0.390860	0.068057	5.743123	0.0000
X3	-0.038433	0.046615	-0.824485	0.4123
X4	0.338337	0.265191	1.275826	0.2060

Source: Data processing results (2024)

Based on Table 5 it can be seen as follows:

- Profitability (X1) shows a regression coefficient value of 5.981955. The t-statistic value is 23.06641 > 2.20099, and the probability value is 0.0000 < 0.05. Based on these results, it can be interpreted that H1 is accepted because it has a good path coefficient with a t-statistic value greater than the t-table and a p-value below 0.05.

- Liquidity (X2) shows a regression coefficient of 0.390860. The t-statistic value is 5.743123 > 2.20099, and the probability value is 0.0000 < 0.05. Based on these results, it can be concluded that H2 is accepted because it has a good path coefficient with a t-statistic value greater than the t-table and a p-value below 0.05.

- *Board size (X3)* shows a regression coefficient of -0.038433 with a t-statistic value of -0.824485 < 2.20099 and a probability value of 0.4123 > 0.05. Based on these results, it can be interpreted that H3 is rejected because it has a negative coefficient with a t-table value greater than the t-statistic and a p-value above 0.05.

- *Gender diversity (X4)* shows a regression coefficient of 0.338337, a t-statistic value of 1.275826 < 2.20099, and a probability value of 0.2060 > 0.05. Based on these results, it can be interpreted that H4 is rejected because the t-table value is greater than the t-statistic and the p-value is above 0.05.

DISCUSSION

The influence of Profitability on Financial Distress

The first hypothesis predicts a relationship between profitability (X1) and financial distress (Y). From the regression results presented in Table 5, it can be seen that the value of the coefficient has a positive direction, so the results of profitability have a positive and significant effect on financial distress. This result is in line with H1 described above, namely that profitability has an effect on financial distress. This means that through this positive direction, it can be seen that the higher the profitability ratio value, the higher the S-Score (Springate) value produced, which means that it will help the company avoid the threat of financial distress.

Based on this positive and significant influence, the findings in this study indicate that high profitability can provide sufficient resources for companies to handle financial problems and avoid financial distress. In the signal theory that relates to finance, namely profitability, when the profitability value is high, it will be able to provide a positive signal to investors, because when the signal given is positive, it can provide a good picture of the company and give an indication that the company is in a healthy financial condition. Thus, high profitability can influence financial distress.

The results of this research are in line with research by Nurcahyono et al., (2023) and Syalomytha & Natalia (2023) which suggests that profitability has a positive effect on financial distress. This means that the higher the profitability value produced by the company, the more it will be able to provide additional financial resources, and ultimately, the company can avoid financial distress.

The influence of Likuidity on Financial Distress

The first hypothesis predicts a relationship between likuidity (X2) and financial distress (Y). From the regression results presented in Table 5, it can be seen that the value of the coefficient has a positive direction, so the results of likuidity have a positive and significant effect on financial distress. This result is in line with H2 described above, namely that likuidity has an effect on financial distress. This means that through this positive direction, it can be seen that the higher the likuidity ratio value, the higher the S-Score (Springate) value produced, which means that it will help the company avoid the threat of financial distress.

Based on this positive and significant influences, the findings in this research indicate that a high liquidity ratio can indicate that the company is in a liquid state, so that it is considered capable of handling financial problems and can avoid financial distress. In the signal theory that relates to finance, namely liquidity, when the liquidity value is good, investors will feel interested in investing in the company because the company is able to pay off its short-term debt, which can give an indication that the company is in a healthy financial condition. Thus, a high liquidity value can influence financial distress.

The results of this research are in line with research by Khairiyah & Affan (2023) and Septiani & Dana (2019) which suggests that profitability has a positive effect on financial distress. This means that the more liquid and healthy the company's condition is, it can prevent financial distress.

The influence of Board Size on Financial Distress

The third hypothesis predicts a relationship between board size (X3) and financial distress (Y). From the regression results presented in Table 5, it can be seen that the value of the coefficient has a negative direction, but the probability value is more than 0.05, so the result is that it has no effect on financial distress. This result is not in line with the H3 described above, namely that board size has an effect on financial distress. The research results show a negative direction, it can be seen that the higher the board size value, the lower the company's risk of experiencing financial distress. Samudra (2021) also stated that the more the board of commissioners, the better the supervisory function will be, and the company's performance will also be better so that the company can avoid financial distress. Board size itself cannot guarantee whether the company can avoid financial distress or not (Alexandra et al., 2022). Because the size of the board cannot guarantee that the company will monitor management properly, The results of this research are in accordance with previous research by Nurcahyono et al., (2023) and Nuswantara et al., (2023) which stated that board size has no influence on financial distress.

The influence of Gender Diversity on Financial Distress

The fourth hypothesis predicts a relationship between gender diversity (X4) and financial distress (Y). From the regression results presented in Table 5, it can be seen that the coefficient value has a positive direction, but the probability value is more than 0.05, so the results obtained indicate that it has no effect on financial distress. This result is not in line with the H4 described above, namely that gender diversity has an effect on financial distress. Gender diversity is proxied by the percentage of women on the board of commissioners. The presence of women on the board of commissioners is expected to be able to make a positive contribution so as to gain effectiveness in terms of supervision. Because of their nature women tend to be thorough, wise, careful in making decisions, and avoid business risks (Rakrismawati & Butar, 2023). According to Devika & Yuliana (2020) women have a collaborative leadership style, so they are able to provide benefits through increased listening to new innovations, complaints from employees, and other social support. In addition, it can minimize the occurrence of fraud or things that are not wanted by the company (Julianti & Fuad, 2023). However, based on the results of the analysis, it was found that gender diversity has no effect on financial distress. The characteristics of women have not been able to prevent companies from experiencing financial distress. In addition, women tend to take a long time in making decisions, so their existence will result in lost opportunities if this continues to happen and will result in the company experiencing financial distress

(Rodiah & Kristanti, 2021). The results of this research are in accordance with research conducted by Nuswantara et al., (2023) which states that gender diversity has no effect on financial distress.

Implication

This finding implies that companies in the transportation and logistics sector in 2018–2022 must continue to improve their finances in order to prevent them from going bankrupt. This certainly has an impact on the sustainability of the company because this research states that the value of profitability and liquidity are factors that influence companies in the transportation and logistics sector to experience financial distress situations. While board size and gender diversity do not affect the company's situation to experience financial distress, This research needs to be refined to prove the theory that good financial ratios will be able to give good signals to investors. It is expected that future research can develop other variables such as leverage, cash flow, managerial ownership, or company size. In addition, financial distress can be measured using other models, such as the Altman Z-Score, Ohloson, Zmijewski, and Grover. Future research can use other sectors to prove existing theories.

CONCLUSION

(1) Profitability has a positive and significant effect on financial distress. The results of this research are in line with signal theory, which states that if the resulting profitability value is good, investors will be interested in investing. These results confirm that when the profitability value is low, investors will not be interested in the company, which will cause the company's situation to be in financial distress. (2) Liquidity has a positive and significant effect on financial distress. This is in line with the theory, which states that when a company is able to pay off its short-term debt, it will give a positive signal to investors. When the liquidity value is good, investors will feel interested in investing in the company because the company is able to pay off its short-term debt, which can prevent the company from experiencing financial distress. (3) Board size has no effect on financial distress. These results confirm that the high value of the board size or the large number of board of commissioners in the company does not guarantee that the company can avoid financial distress. (4) Gender diversity has no effect on financial distress. The results confirm that more women on the board of commissioners will not be able to guarantee that companies can avoid financial distress.

Limitations and recommendations

The limitations of this research lie in the variables used, which only focus on financial ratios such as profitability and liquidity, while non-financial ones are limited to board size and gender diversity. It is expected that future research can develop other variables such as leverage, cash flow, managerial ownership, or company size. In addition, financial distress can be measured using other models, such as the Altman Z-Score,

Ohlson, Zmijewski, and Grover. Future research can use other sectors to prove existing theories.

REFERENCES

Abbas, A., & Frihatni, A. A. (2023). Gender diversity and firm performances suffering from financial distress: evidence from Indonesia. *Journal of Capital Markets Studies*, 7(1), 91–107. https://doi.org/10.1108/JCMS-12-2022-0045

Alexandra, C., Margaretha, William, W., Jennefer, S., & Meiden, C. (2022). Studi Literatur: Pengaruh Faktor Good Corporate Governance terhadap Financial Distress. *Owner,* 6(1), 111–122. https://doi.org/10.33395/owner.v6i1.536

Ambarwati, J., & Vitaningrum, M. R. (2021). Pengaruh Likuiditas Dan Profitabilitas Terhadap Nilai Perusahaan. *Competitive Jurnal Akuntansi dan Keuangan.* 5(2).

Azzahra, S. Z., & Pangestuti, D. C. (2022). Analisis tingkat akurasi model prediksi financial distress pada perusahaan sektor transportasi dan logistik. *AKUNTABEL: Jurnal Akuntansi Dan Keuangan, 19*(1). https://doi.org/10.29264/jakt.v19i1.10727

Ben, D. A., AR, Moch. D., & Topowijono. (2015). Analisis Metode Springate (S-Score) Sebagai Alat Untuk Memprediksi Kebangkrutan Perusahaan (Studi Pada Perusahaan Property Dan Real Estate Yang Listing di Bursa Efek Indonesia pada Tahun 2011-2013). *Jurnal Administrasi Bisnis (JAB), 21*(1).

Darmiyanti, A., & Widati, L. W. (2022). Pengaruh Rasio Keuangan Terhadap Kondisi Financial Distress. *Jurnal Ilmiah Akuntansi Dan Keuangan, 4*(3).

Devika, F., & Yuliana, I. (2020). Peranan Kepemimpinan Perempuan Dalam Memoderasi Pengaruh Corporate Social Responsibility Disclosure Dan Scoring Good Corporate Governance Terhadap Nilai Perusahaan. *IJEEM - Indonesian Journal of Environmental Education and Management*, 5(2), 70–99. https://doi.org/10.21009/ijeem.052.01

Fizabaniyah, R., Nurcahyono, N., Argojuwono, A. D. A., & Hernawati, R. I. (2023). Financial Ratio, Board Diversity and Financial Distress: Evidence from Indonesia. *Proceedings of the International Conference on Business, Accounting, Banking, and Economics (ICBABE 2022). Atlantis Press*, 307- 320, 2352-5428. DOI - 10.2991/978-94-6463-154-8_27

Hakim, M. Z., Abbas, D. S., & Nasution, A. W. (2020). Pengaruh Profitabilitas, Likuiditas, Leverage, Kepemilikan Manajerial, Dan Kepemilikan Institusional Terhadap Financial Distress. *Competitive Jurnal Akuntansi Dan Keuangan*, *4*(1), 94–105.

Harahap, L. R., Anggraini, R., Ellys, E., & Effendy, R. Y. (2021). Analisis Rasio Keuangan Terhadap Kinerja Perusahaan Pt Eastparc Hotel, Tbk (Masa Awal Pandemi Covid-19). COMPETITIVE Jurnal Akuntansi Dan Keuangan, 5(1), 57. https://doi.org/10.31000/competitive.v5i1.4050

Hery. (2017). *Kajian Riset Akuntansi Mengulas Berbagai Hasil Penelitian Terkini dalam Bidang Akuntansi dan Keuangan*. Grasido.

Hutauruk, M. R., Mansyur, M., Rinaldi, M., & Situru, Y. R. (2021). Financial Distress Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia. *JPS (Jurnal Perbankan Syariah)*, *2*(2), 237–246. https://doi.org/10.46367/jps.v2i2.381

Julianti, I. K., & Fuad. (2023). The Likelihood of Financial Reporting Fraud: Does the Gender of CEO, CFO, Board of Commissioners, and Audit Committee Matter? *Jurnal Akuntansi Bisnis* , *21*(2), 149–172.

Kadir, R. A., Solikahan, E. Z., & Olii, N. (2022). Analisis Perbandingan Financial Distress Dengan Menggunakan Metode Altman Dan Springate Pada Sub Sektor Transportasi Yang Terdaftar Di Bursa Efek Indonesia. *Accountia Journal (Accounting Trusted, Inspiring, Authentic Journal),* *6*(2), 145–152.

Kalbuana, N., Taqi, M., Uzliawati, L., & Ramdhani, D. (2022). The Effect of Profitability, Board Size, Woman on Boards, and Political Connection on Financial Distress Conditions. *Cogent Business & Management,* *9*(1). https://doi.org/10.1080/23311975.2022.2142997

Khairiyah, A., & Affan, N. (2023). Pengaruh likuiditas dan leverage terhadap kondisi financial distress pada perusahaan manufaktur yang terdaftar di bursa efek Indonesia. *KINERJA: Jurnal Ekonomi Dan Manajemen, 20*(2), 266–273.

Kharis, J. B., & Nugrahanti, Y. W. (2022). Board Diversity, Koneksi Politik dan Financial Distress. *E-Jurnal Akuntansi, 32*(8), 1987.

Kurniawati, H. (2016). Pengaruh Board Size, Leverage, Dan Kualitas Audit Terhadap Nilai Perusahaan. *Jurnal Keuangan Dan Perbankan, 12*(2), 110–127.

Leona, M., Putra, S., Angelina, N., Phang, S., Loo, E., & Fatyandri, A. N. (2023). Analisis Merger Dan Akuisisi Pt Goto Gojek Tokopedia Tbk. *Jurnal Mirai Management, 8*(2), 152–157.

Maula, N. M., Banani, A., & Najmudin. (2022). *The Effect Of Gender Diversity And Profitability On Financial Distress*.

Novika, W., & Siswanti, T. (2022). Pengaruh Perputaran Kas, Perputaran Piutang Dan Perputaran Persediaan Terhadap Profitabilitas (Studi Empiris Perusahaan Manufaktur – Subsektor Makanan Dan Minuman Yang Terdaftar Di Bei Periode Tahun 2017-2019). *JIMA Jurnal Ilmiah Mahasiswa Akuntansi,* *2*(1), 43–56.

Nugrahanti, Y. W., Sutrisno, T., Rahman, A. F., & Mardiati, E. (2020). Do firm characteristics, political connection and corporate governance mechanism affect financial distress? (Evidence from Indonesia). In *Int. J. Trade and Global Markets*. 13(2).

Nur, T. (2018). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Dengan Struktur Modal Sebagai Variabel Intervening. *Esensi: Jurnal Manajemen Bisnis*, *21*(3), 151-164. https://doi.org/10.55886/esensi.v21i3.107

Nurcahyono, N., Hanum, A. N., & Sinarasri, A. (2023). *Proceedings of the International Conference on Business, Accounting, Banking, and Economics (ICBABE 2022). Atlantis Press*, 337 -348, 2352-5428. DOI 10.2991/978-94-6463-154-8_29

Nuswantara, D. A., Fachruzzaman, Prameswari, R. D., Suyanto, Rusdiyanto, R., & Hendrati, I. M. (2023). The role of political connection to moderate board size, woman on boards on financial distress. *Cogent Business & Management*, *10*(1). https://doi.org/10.1080/23311975.2022.2156704

Olivia P, L. M., Yunita, Yohana, Wangsih, I. C., & Kalbuana, N. (2023). The Effect Of Profitability And Board Size On Financial Distress In LQ 45 Companies Pengaruh Profitabilitas Dan Board Size Terhadap Financial Distress Pada Perusahaan LQ 45. *Management Studies and Entrepreneurship Journal, 4*(4).

Pratama, B. Y., & Aisjah, S. (2021). Prediksi Financial Distress Menggunakan Analisis Rasio Keuangan Dan Zmijewski (Studi Pada Perusahaan Ritel Yang Terdaftar Di Bursa Efek Indonesia). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya, 9*(2).

Pratiwi, E. Y., & Sudiyatno, B. (2022). Pengaruh likuiditas, leverage, dan profitabilitas terhadap financial distress. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan, 5*(3), 1324–1332. https://doi.org/10.32670/fairvalue.v5i3.2459

Prihatini, D. A., Ummah, D. R., Yuliana, I., & Permatasari, D. (2023). Moderasi Total Asset Dalam Hubungan Tato & Cr Dengan Capital Structure Pada 3 Sektor Di Indonesia. *Jurnal Proaksi*, *10*(3), 309–321. https://doi.org/10.32534/jpk.v10i3.4394

Rakrismawati, G., & Butar, S. (2023). Pengaruh Metode Valuasi Aset, Independensi Dewan Komisaris, Diversitas Gender, dan Kepemilikan Institusional Terhadap Manajemen Laba. *Jurnal Akuntansi Bisnis*, *21*(2), 92–103.

Ramadanty, A. P., & Khomsiyah, K. (2022). Pengaruh Intellectual Capital dan Diversity Gender terhadap Financial Distress Dimoderasi oleh Firm Size. *Owner*, 6(4), 3743–3750. https://doi.org/10.33395/owner.v6i4.1132

Rodiah, S. R., & Kristanti, F. T. (2021). E-Jurnal Ekonomi Dan Bisnis Universitas Udayana Analisis Gender Diversity, Corporate Governance Dan Leverage Dalam Memprediksikan Kondisi Financial Distress Pada Family Business. *E-Jurnal Ekonomi Dan Bisnis Universitas Udayana, 10*(11), 1015–1026.

Samudra, G. D. (2021). Gender Diversity Dan Good Corporate Governance Terhadap Financial Distress. *Eqien: Jurnal Ekonomi Dan Bisnis*, *8*(2), 52–60. https://doi.org/10.34308/eqien.v8i2.226

Septiani, N. M. I., & Dana, I. M. (2019). Pengaruh Likuiditas, Leverage, Dan Kepemilikan Institusional Terhadap Financial Distress Pada Perusahaan Property Dan Real Estate. *E-Jurnal Manajemen Universitas Udayana, 8*(5), 3110.

Setyowati, S. W., & Mardiana. (2022). Profitabilitas terhadap Financial Distress Dimediasi Corporate Social Responsibility. *Iqtishoduna, 18*(1), 51-62. http://ejournal.uin-malang.ac.id/index.php/ekonomi

Spence, M. (1973). Job Market Signaling. In *The Quarterly Journal of Economics*. 87(3).

Suci, P. P. (2022). Analisis komparasi kinerja keuangan sebelum dan selama pandemi Covid-19: studi kasus PT. AirAsia Indonesia, Tbk. *Proceeding of National Conference on Accounting & Finance*, 4, 426–432. https://doi.org/10.20885/ncaf.vol4.art53

Susanti, F., Rasyad, R., & Wardi, J. (2022). Pengaruh Laba Dan Arus Kas Terhadap Kondisi Financial Distress Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Kajian Akuntansi Dan Auditing*, *17*(2), 126–134. www.idx.co.id,

Sutra, F. M., & Mais, R. G. (2019). Faktor-Faktor Yang Mempengaruhi Financial Distress Dengan Pendekatan Altman Z-Score Pada Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2015-2017. *Jurnal Akuntansi Dan Manajemen, 16*(01), 35–72.

Syalomytha, F., & Natalia, M. (2023). Pengaruh Profitabilitas dan Sales Growth Terhadap Financial Distress Pada Perusahaan Makanan dan Minuman di BEI. In *Journal of UKMC National Seminar on Accounting Proceeding*. 2(1).

Syifa, D., & Idawati, W. (2023). Financial, Non-Financial Indicatorsdan Corporate Governanceterhadap Prediksi Financial Distressperusahaan Sektor Transportasi. Journal of Accounting, Management and Islamic Economics 2 (1), 37-58.

Wardhani, R. (2007). Mekanisme Corporate Governance Dalam Perusahaan Yang Mengalami Permasalahan Keuangan. *Jurnal Akuntansi Dan Keuangan Indonesia,* 4(1), 95–114. https://doi.org/10.21002/jaki.2007.05

Widiyasmara, I., & Surakarta, U. M. (2023). Determinants of Financial Distress: Cases from Chemical and Basic Industry Companies in Indonesia Faktor-Faktor Penentu Financial Distress: Kasus Dari Perusahaan Industri Dasar Dan Kimia Di Indonesia. *Management Studies and Entrepreneurship Journal,* 4(3), 2575-2590. *http://journal.yrpipku.com/index.php/msej*

Wijaya, T., & Viriany. (2022). Faktor-Faktor Yang Memengaruhi Nilai Perusahaan Dengan Struktur Modal Sebagai Variabel Moderasi. *Jurnal Ekonomi,* 26(11), 395–414. https://doi.org/10.24912/je.v26i11.784