FACTORS AFFECTING FINANCIAL DISTRESS WITH ENTERPRISE RISK MANAGEMENT AS A MODERATION VARIABLE

Tiofanni Sitanggang[a], Kamaliah[b], Vince Ratnawati[c]
[abc]*Universitas Riau, Indonesia*
fanni2537@gmail.com

ABSTRACT

The aim of this research is to empirically test the influence of the Independent Board of Commissioners, Sales Growth and Leverage on Financial Distress with Enterprise Risk Management as a moderating variable. The research population is all Wholesale and Retail Trade Subsector Companies listed on the Indonesia Stock Exchange for the 2017-2021 period, while the research sample in this study is 50 Wholesale and Retail Trade Subsector Companies listed on the Indonesia Stock Exchange for the 2017-2021 period. The data used is secondary data collected by looking at the Annual Report of the Sample Company published via the website www.idx.co.id. This research uses a data analysis method using tools, namely SPSS Ver. 25. The research results show that the Independent Board of Commissioners, Sales Growth and Leverage have an influence on Financial Distress. Enterprise Risk Management can only moderate the relationship between Sales Growth and Financial Distress, while Enterprise Risk Management was unable to moderate the relationship between the Independent Board of Commissioners and Leverage on Financial Distress.

Keywords: Financial Distress, Independent Board of Commissioners, Sales Growth, Leverage, Enterprise Risk Management

INTRODUCTION

Financial distress is a situation where the company's finances are in a bad condition or in crisis. Financial distress is a condition where a company is in a threatened or unhealthy state, where the company experiences losses so that the company is unable to fulfill its obligations. If the company continues to experience a decline in profits compared to the previous year, it is also not good because if this happens continuously it will certainly make it difficult for the company to develop or even have financial difficulties (Permata, 2021).

The growth and development of the wholesale trade and retail trade subsector cannot be separated from the increase in the level of public demand for various products that are provided and are able to satisfy needs. So that businesses in the wholesale trade and retail trade subsectors are starting to emerge, both on a large, medium and small scale. Throughout 2021 the wholesale and retail trade sector contributed 12.97% to national GDP. Wholesale and retail trade is the sector with the third largest contribution to the national economy after the processing industry with a contribution of 19.25% and the agricultural sector with 13.28%. The high level of competition in the wholesale and retail trade subsector means that it must maintain its performance and be able to compete in order to avoid risks.

One case that has attracted quite a lot of attention in Indonesia is the case that happened to PT. Matahari Department Store Tbk is one of the leading retail companies in Indonesia which provides fashion, accessories and beauty equipment in various exclusive brands that offer the latest and highest quality fashion products. In 2020, PT. Matahari Department Store Tbk recorded a loss of IDR 873,181,000,000 and has closed a number of outlets so that it has received a lot of attention and quite

a few employees are worried about losing their jobs. There are losses experienced by PT. Matahari Department Store Tbk throughout 2020 and outlet closures which continued until 2021 showed a decline in the company's condition (Adinda and Kristanti, 2021). If the company's condition continues to decline, it is feared that investors will withdraw the funds they have invested in the company. This is done by investors in order to avoid losses if the company's condition continues to decline until it goes bankrupt (Wati and Angraini, 2020).

Based on the phenomena described above, it can be concluded that companies in the wholesale and retail trade subsector are very vulnerable to risks, namely those related to business risks. The low level of risk management implemented by the company greatly affects the image of companies in this sector in the eyes of investors. To overcome this risk, a risk management mechanism is needed that can cover various types of risks, locations and business activities, namely by implementing Enterprise Risk Management (ERM).

Referring to this phenomenon, this research focuses on several factors that cause financial distress to occur, one of which is the implementation of good governance carried out by companies in the wholesale and retail trade subsectors in this research, proxied by the board of commissioners variable. This mechanism includes the number of members of the board of commissioners, the activities of the board of commissioners, the proportion of independent board of commissioners, and the capabilities of the board of commissioners (Arieany, 2016).

The second factor is sales growth. Sales growth is a ratio to measure and inform the development of sales growth which can be a measure of investment success in the past period. This statement is also in accordance with the results of previous research conducted by Annisa, et al (2020) which found that sales growth had an effect on the emergence of symptoms of financial distress. Meanwhile, different research results were found by Sutra and Rimi (2019) who found that sales growth was not proven to be the cause of symptoms of financial distress.

The third factor is the leverage ratio. The leverage ratio is a ratio used to measure how much debt is used for spending (Sudana, 2009:23). A leverage ratio that is too high causes the company to have a high level of debt which can burden the company when it matures, so it is important for companies to pay attention to the level of leverage so that the company can pay its obligations. This statement is also in accordance with the results of previous research conducted by Purnamasari, et al (2020) which states that leverage has an effect on financial distress, whereas according to Sutra and Rimi (2018) they say that leverage has no effect on financial distress.

This research uses ERM as a moderating variable. The use of ERM as a moderating variable is because as we know, companies in the large trading and retail trading sectors are companies that have a lot of risks. Then there are regulations related to the implementation of risk management in every company in various sectors which are required to provide data and information related to the implementation of Risk Management to the Financial Services Authority (Financial Services Authority Regulations.

This research is a modified result of research conducted by Vivini Khoirotun Annisa, Dheasey Amboningtyas and Edward Gagah (2020) with the title The Effect of Cash Flows, Sales Growth, Leverage and Financial Distress with Profitability as a Moderating Variable (Empirical Study on Food and Beverage Coverage of Food Registers 2016- 2020). The first difference between this research and previous research is that this research adds the good corporate governance variable which is proxied by the Independent Board of Commissioners. The difference between these two studies and previous research is that in this study the moderating variable is modified to become ERM. The reason the researcher changed the moderating variable to ERM was that the researcher wanted to see to what extent the implementation of ERM by Wholesale and Retail Trade Subsector Companies could detect

all types of risks that the company would face, one of which was the risk of declining sales and the risk of the company's dependence on debt which could be detected from the implementation of ERM by the company.

LITERATURE REVIEW

The Influence of The Independent Board of Commissioners on Financial Distress

The context of commissioner independence becomes increasingly complex in companies experiencing financial difficulties. The higher the proportion of independent commissioners, the greater the monitoring or evaluation of the company's performance, which will be beneficial in reducing the possibility of financial difficulties for the company (Arieany, 2016). This statement is also in accordance with the results of previous research conducted by Fathonah (2016) which found that the proportion of independent board of commissioners had an effect on the emergence of symptoms of financial distress. Meanwhile, different research results were found by Annisa, et al (2022) who found that the proportion of independent board of commissioners was not proven to be the cause of the emergence of symptoms of financial distress. Thus, the hypothesis formulation is as follows:

H_1: The independent board of commissioners has an influence on financial distress.

The Influence of Sales Growth on Financial Distress

Sales growth reflects the successful implementation of company investments in the past period and can be used as a prediction for company growth in the future. This is a signal for investors and creditors because the company's high sales growth will affect the company's assets and profits, so that investors and creditors are interested in providing investment and credit to the company.

H_2: Sales growth has an influence on financial distress.

The Effect of Leverage on Financial Distress

Using debt that is too high will endanger the company because the company will fall into the extreme debt category, where the company is trapped in a high level of debt and it will be very difficult to get rid of the debt burden. Therefore, a company should balance how much debt is appropriate to take on and where the sources that can be used to pay the debt come from. This statement is also in accordance with the results of previous research conducted by Purnamasari, et al (2020) which states that leverage has an effect on financial distress, whereas according to Sutra and Rimi (2018) they say that leverage has no effect on financial distress.

H_3: Leverage has an influence on financial distress.

The Influence of The Independent Board of Commissioners and Financial Distress on Enterprise Risk Management as Moderating Variables

According to Putri and Erinos (2020), financial distress is a company that experiences abnormal operational losses, such as consecutive losses for several years, causing capital deficiencies, decreased company performance, employee layoffs and non-payment of dividends. This is of course the responsibility of the independent board of commissioners as supervisors within the company in efforts to overcome risks that may occur, one of which is the risk of financial distress.

H_4: The independent board of commissioners has an influence on financial distress after being moderated by enterprise risk management.

The Influence of Sales Growth and Financial Distress an Enterprise Risk Management as Moderating Variables

The more a company's sales increase, the profits it earns will also increase. Companies that have relatively stable sales will also have relatively stable cash flows, so they can use more debt than companies with unstable sales (Sartono, 2010: 122). This is a signal for investors and creditors because the company's high sales growth will affect the company's assets and profits, so that investors and creditors are interested in providing investment and credit to the company. Sales growth showing low numbers can cause the company to experience financial distress because sales have fallen from the previous period so that it can affect the company's assets, profits and debts.

H_5: Sales growth has an influence on financial distress after being moderated by enterprise risk management.

The Influence of Leverage and Financial Distress on Enterprise Risk Management as Moderating Variables

According to Krisma (2017), factors that can cause a company to experience financial distress include: 1) The large amount of debt; 2) Cash flow difficulties, namely if the income the company receives from operational activities cannot cover all of the company's operating expenses; and 3) Losses in the company's operational activities in the long term can certainly cause a decrease in the company's cash flow. So it can be concluded that the greater the risk management in debt loss, the greater the impact of financial distress.

H_6: Leverage has an influence on financial distress after being moderated by enterprise risk management.

METHOD, DATA, AND ANALYSIS

Data Types and Sources

The type of data used in this research is quantitative data, namely data expressed in the form of numbers which are the result of calculations and measurements. This research takes data in a time series. Meanwhile, the data source in this research is secondary data obtained from the relevant company's Annual Report which can be accessed via www.idx.co.id.

Population And Sample

The population in this study is all Wholesale Trade and Retail Trade Subsector Companies listed on the Indonesia Stock Exchange (BEI) in the period 2017 to 2021, while the sample in this study is based on predetermined criteria based on the purposive sampling method, namely 50 Wholesale and Retail Trade Subsector Companies listed on the Indonesia Stock Exchange (BEI) for the 2017-2021 period.

Operational Definition and Measurement of Research Variables

Dependent Variable

The dependent variable in this research is financial distress. One way to measure the level of bankruptcy is to use the method discovered by Altman. Altman (1968) was the first to apply Multiple Discriminate Analysis. Altman conducted research to develop a new model for predicting corporate bankruptcy. Altman's model is as follows:

$$\mathbf{Z = \frac{Working\ Capital}{Total\ Asset} x\ 6{,}56 + \frac{Retained\ Earning}{Total\ Asset}\ x\ 3{,}26 + \frac{EBIT}{Total\ Asset}\ x\ 6{,}72 + \frac{BV\ Equity}{BV\ Liabilities} x\ 1{,}05} \quad (1)$$

Independent Variable

Independent Board of Commissioners

In this research, Independent Commissioners are measured by the percentage of commissioners who come from outside the company out of the entire size of the company's board of commissioners (Gideon, 2005:176).

Sales Growth

Systematically this ratio can be measured using the following formula:

$$Sales\ Growth\ = \frac{Net\ Sales\ (t) - Net\ Sales\ (t-1)}{Net\ Sales\ (t-1)} \quad (2)$$

Leverage

The leverage used in this research is the debt to equity ratio. Debt to equity ratio is a comparison between the debt a company has and its equity. The formula for the debt to equity ratio is:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ utang}{Equity}\ x\ 100\% \quad (3)$$

Moderating Variable

The moderating variable in this research is enterprise risk management (ERM). The indicators used are based on the ERM framework issued by COSO in 2004 which has undergone many modifications and adjustments until most recently in 2013, where there are 108 ERM disclosure items covering eight dimensions, namely: 1) internal environment; 2) goal setting; 3) incident identification; 4) risk assessment; 5) response or risk; 6) supervision activities; 7) information and communication; 8) monitoring. Each item is given a value of 1 if it is disclosed in the annual report and a value of 0 if it is not disclosed by the company and the total score of the items disclosed is divided by the total amount that should be disclosed. The formula in research conducted by Yulinda, et al (2020) is:

$$ERMDI = \frac{\sum ij\ Ditem}{\sum ij\ ADitem} \quad (4)$$

Information:

ERMDI = *Enterprise Risk Mangement Disclosure Index*
∑ij Ditem = The total score of the ERM items expressed
∑ij ADitem = Total ERM items that should be disclosed.

Data Analysis Technique

In analyzing the data and information obtained in this research, the researcher used a quantitative approach, namely analyzing the data through statistical calculations searched through the SPSS 23 program. The data analysis method used in this research is the Moderated Regression Analysis method. Before carrying out the regression analysis test, descriptive statistics and classical assumption tests are carried out first.

Multiple Regression Analysis Test

The statistical method used to test the hypothesis in this research is multiple linear regression with the help of SPSS.

Moderated Regression Analysis Test

Moderated regression analysis (MRA) is a special application of linear multiple regression where the regression equation contains elements of interaction. In this research, the MRA test will be used using an analytical approach that maintains sample integrity and provides a basis for controlling the influence of moderator variables.

RESULT AND DISCUSSION

Descriptive Statistics Results

From the results of descriptive statistical testing, the following results were obtained as in Table 1.1:

Table 1.1. Descriptive Statistics Results

	N	Minimum	Maximum	Mean	Std. Deviation
FINANCIAL_DISTRESS	230	.0723	11.6040	4.69837	3.008605
KOMISARIS_INDEPENDEN	230	.00	1.00	.4982	.26940
SALES_GROWTH	230	-.5957	.9677	.0480	.25045
DER	230	.01	9.99	.5758	.98980
ERM	230	.7222	.9907	.9317	.041136
Valid N (listwise)	230				

Reference: SPSS Ver. 23 output results, 2023

Data Normality Test Results

The results of the normality test can be seen from the Kolmogorov-Smirnov table as can be seen in Table 1.2 below:

Table 1.2. Data Normality Test Results

		Unstandardized Residual
N		230
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.06745326
Most Extreme Differences	Absolute	.167
	Positive	.088
	Negative	-.109
Test Statistic		.168
Asymp. Sig. (2-tailed)		.187[c]

Reference: SPSS Ver. 23 output results, 2023

Based on the results of the data normality test above, it can be seen that the data value Asymp. Sig. (2-tailed) or the normality value of financial distress, independent board of commissioners, sales growth, leverage and enterprise risk management, is 0.187 and this value is above the significance level value of 0.05, so it can be concluded that all variables meet the assumption of normality.

Classic Assumption Test Results

Multicollinearity Test Results

The results of multicollinearity test are presented in the following table:

Table 1.3. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)	.934	1.221
	KOMISARIS_INDEPENDEN	.876	1.298
	SALES_GROWTH	.885	1.345
	DER	.932	1.435

Reference: SPSS Ver. 23 output results, 2023

From the table above, it can be seen that the tolerance value is above 0.1 and the VIF value is below 10. So it can be said that there is no multicollinearity between the independent variables studied.

Autocorrelation Test Results

Table 1.4. Autocorrelation Test Results

Model	Durbin-Watson
1	1.778

Reference: SPSS Ver. 23 output results, 2023

From the table above, the resulting dw value for the three independent variables is 1.778 or is in the range of conditions that are not subject to autocorrelation symptoms, namely, -2 and +2, so it can be concluded that there is no autocorrelation in the observational data of this study.

Heteroscedasticity Test Result

Table 1.5. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.317	.229		-4.234	.000
	KOMISARIS_INDEPENDEN	1.987	1.324	3.234	.564	.768
	DER	1.232	1.098	2.987	.587	.801
	SALES_GROWTH	-1.645	1.993	-3.222	1.456	.201

Reference: SPSS Ver. 23 output results, 2023

Based on the table of Glejser test results above, it can be seen that the Independent Commissioner variable (X1) has a significance value of 0.768, Sales Growth (X2) has a significance value of 0.801 and Leverage (X3) has a significance value of 0.201. So, it is known that all independent variables have a significance value of > 0.05. Thus, it can be concluded that heteroscedasticity did not occur in this study.

Result of Multiple Linear Regression Analysis

The model designed in this research involves 4 variables, namely Financial Distress as the dependent variable with Independent Board of Commissioners, Sales Growth and Leverage as independent variables.

Table 1.6. Results Of Multiple Linear Regression Analysis

First Equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.234	1.299		2.276	.034
	KOMISARIS_INDEPENDEN	-.037	.241	.305	-3.345	.001

	SALES_GROWTH	-.153	.098	.322	-4.235	.000
	DER	.234	.087	.203	3.245	.001

Reference: SPSS Ver. 23 output results, 2023

Based on the table above, the resulting regression equation is:

FINANCIAL_DISTRESS = 2,234 - 0,037KOMISARIS_INDEPENDEN - 0,153SALES_GROWTH + 0,234DER + e

Coefficient of Determination (R^2)

Table 1.7. Coefficient Of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.605[a]	.622	.645	.0345633

Reference: SPSS Ver. 23 output results, 2023

From the table above, the R Square (R2) is 0.622. Thus, the Independent Board of Commissioners, Sales Growth and Leverage variables can explain the Financial Distress variable by 62.2%. Meanwhile, the remaining 37.8% is influenced by other variables not included in this research, such as liquidity and profitability

Multiple Regression Analysis Result

Enterprise Risk Management Regression Model as A Moderate of the Relationship Between the Board of Independent Commissioners and Financial Distress

The regression model designed in this research involves the variables Independent Board of Commissioners, Enterprise Risk Management and Independent Board of Commissioners after being moderated by Enterprise Risk Management with Financial Distress as the dependent variable.

Tabel 1.8 Cofficient determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.356[a]	.345	.298	.234550

Reference: SPSS Ver. 23 output results, 2023

Table 1.8. shows that the R Square value is 0.345, thus it can be concluded that the Independent Board of Commissioners, Enterprise Risk Management and Independent Board of Commissioners variables after being moderated by Enterprise Risk Management have an impact on Financial Distress of 34.5% while the remaining 65.5% explained by other variables not observed in this study.

Table 1.9. Hypothesis 4 Moderation Test Results

Second Equation

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.356	.456		-1.241	.098
	KOMISARIS_INDEPENDEN	-1.345	1.356	.123	-1.503	.144

	ERM	.235	.155	.678	2.346	.012

Reference: SPSS Ver. 23 output results, 2023

Third Equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.334	.988		-1.283	.203
	KOMISARIS_INDEPENDEN	-.709	1.132	.040	-.551	.583
	ERM	1.453	4.063	.567	2.234	.013
	X1Z	-1.234	.223	.667	-1.234	.278

Reference: SPSS Ver. 23 output results, 2023

Based on the regression testing table, it can be seen that the output of the regression equation is as follows:

Y = -2,356 - 1,345X1 + 0,235Z + e

Y = -1,334 - 0,709X1 + 1,453Z - 1,234X1Z+ e

Based on the second equation which tests the moderating role of Enterprise Risk Management on the influence of the Board of Independent Commissioners on Financial Distress, the Enterprise Risk Management regression coefficient is 0.235 with a p value of 0.012 < 0.05, so the Enterprise Risk Management (Z) variable has an effect on Financial Distress (Y). Based on the third equation which tests the moderating role of Enterprise Risk Management multiplied by the Independent Board of Commissioners on Financial Distress, the regression coefficient for the moderation variable is -1.234, with a p value of 0.278 > 0.05. So the Enterprise Risk Management variable failed to moderate the relationship between the Independent Board of Commissioners and Financial Distress. From these results, it can be concluded that the Enterprise Risk Management variable acts as a Moderator Predictor Variable, where the Enterprise Risk Management variable succeeded in becoming an independent variable in the relationship model formed (Second Equation), but did not succeed in moderating the relationship between the Independent Board of Commissioners and Financial Distress (Third Equation).

Enterprise Risk Management Regression Model as A Moderate of The Relationship Between Sales Growth and Financial Distress

The regression model designed in this research involves the variables Sales Growth, Enterprise Risk Management and Sales Growth after being moderated by Enterprise Risk Management with Financial Distress as the dependent variable.

Table 1.10. Coefficient Of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.675[a]	.599	.568	.1222345

Reference: SPSS Ver. 23 output results, 2023

Table 1.10. shows that the R Square value is 0.599, thus it can be concluded that Sales Growth, Enterprise Risk Management and Sales Growth after being moderated by Enterprise Risk Management have an impact on Financial Distress of 59.9% while the remaining 40.1% is explained by variables others not observed in this study.

Table 1.11. Hypothesis 5 Moderation Test Results

Fourth Equation

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.641	.093		-1.342	.123
	SALES_GROWTH	-.036	.012	.234	-3.778	.000
	ERM	.345	.023	.731	4.678	.000

Reference: SPSS Ver. 23 output results, 2023

Fifth Equation

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.527	.142		-3.700	.000
	SALES_GROWTH	-.094	.234	2.113	-2.814	.018
	ERM	.763	.152	.541	4.991	.000
	X2Z	-.675	.233	2.342	-2.987	.003

Reference: SPSS Ver. 23 output results, 2023

Based on the regression testing table, it can be seen that the output of the regression equation is as follows:

$Y = -0,641 - 0,036X2 + 0,345Z + e$

$Y = -0,527 - 0,094X2 + 0,763Z - 0,675X2Z + e$

Based on the fourth equation which tests the moderating role of Enterprise Risk Management on the influence of Profitability on Financial Distress, the Enterprise Risk Management regression coefficient is 0.345 with a p value of 0.000 < 0.05, so the Enterprise Risk Management (Z) variable has an effect on Financial Distress (Y). Based on the fifth equation which tests the moderating role of Enterprise Risk Management multiplied by Sales Growth on Financial Distress, the regression coefficient for the moderating variable is -0.675, with a p value of 0.003 > 0.05. So the Enterprise Risk Management variable succeeded in moderating the relationship between Sales Growth and Financial Distress. From these results, it can be concluded that the Enterprise Risk Management variable acts as a Quasi Moderating Variable, where the Enterprise Risk Management variable succeeds in becoming an independent variable in the relationship model formed (Fourth Equation), and succeeds in moderating the relationship between Profitability and Financial Distress (Fifth Equation).

Enterprise Risk Management Regression Model as A Moderate of The Relationship Between Leverage and Financial Distress

The regression model designed in this research involves the variables Leverage, Enterprise Risk Management and Leverage after being moderated by Enterprise Risk Management with Financial Distress as the dependent variable.

Table 1.12. Coefficient Of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.403[a]	.456	.309	.2456780

Reference: SPSS Ver. 23 output results, 2023

Table 1.12. shows that the R Square value is 0.456, thus it can be concluded that the Leverage, Enterprise Risk Management and Leverage variables after being moderated by Enterprise Risk Management have an impact on Financial Distress of 45.6% while the remaining 54.4% is explained by other variables. which was not observed in this study.

Table 1.13. Hypothesis 6 Moderation Test Results

Sixth Equation

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.409	.333		1.367	.109
	DER	1.220	1.212	.144	1.456	.156
	ERM	.244	.123	.509	2.458	.010

Reference: SPSS Ver. 23 output results, 2023

Seventh Equation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.209	.456		1.398	.099
	DER	.834	1.098	.060	.544	.890
	ERM	1.234	2.345	.509	1.256	.198
	X3Z	.098	.411	.698	1.009	.568

Reference: SPSS Ver. 23 output results, 2023

Based on the regression testing table, it can be seen that the output of the regression equation is as follows:

$Y = 1{,}409 + 1{,}220X3 + 0{,}244Z + e$

$Y = 1{,}209 + 0{,}834X3 + 1{,}234Z + 1{,}098X3Z + e$

Based on the second equation which tests the moderating role of Enterprise Risk Management on the influence of Leverage on Financial Distress, the Enterprise Risk Management regression coefficient is

0.244 with a p value of 0.010 < 0.05, so the Enterprise Risk Management (Z) variable has an effect on Financial Distress (Y). Based on the seventh equation which tests the moderating role of Enterprise Risk Management multiplied by Leverage on Financial Distress, the regression coefficient for the moderation variable is obtained at 0.098, with a p value of 0.568 > 0.05. So the Enterprise Risk Management variable failed to moderate the relationship between Leverage and Financial Distress. From these results, it can be concluded that the Enterprise Risk Management variable acts as a Moderator Predictor Variable, where the Enterprise Risk Management variable succeeded in becoming an independent variable in the relationship model formed (Sixth Equation), but did not succeed in moderating the relationship between Leverage and Financial Distress (Seventh Equation).

CONCLUSION

Based on the data analysis and discussion carried out in the previous chapter, the following conclusions can be drawn: a) The results of testing the first hypothesis show that the Independent Board of Commissioners has an influence on Financial Distress; b) The results of testing the second hypothesis show that Sales Growth has an effect on Financial Distress; c) The results of testing the third hypothesis show that Leverage has an effect on Financial Distress; d) The results of testing the fourth hypothesis show that Enterprise Risk Management is not successful in moderating the relationship between the Independent Board of Commissioners and Financial Distress; e) The results of testing the fifth hypothesis show that Enterprise Risk Management is successful in moderating the relationship between Sales Growth and Financial Distress; and f) The results of testing the sixth hypothesis show that Enterprise Risk Management is unsuccessful in moderating the relationship between Leverage and Financial Distress. Meanwhile, suggestions for further research are that further research should consider several other variables that might influence Financial Distress to increase knowledge about what factors cause Financial Distress to occur in Indonesia, and for the next research period it is better to use several connecting variables, namely other moderating variables or intervening variables to allow different classifications.

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