ABSTRACT

In 2020, Indonesia's economic development was decrease due to the COVID-19 pandemic. The most influential sector is the Consumer Cyclicals Sector because the demand in this sector is directly proportional with economic development. The decrease in demand will have an impact on the company's financial performance, if the company's financial condition is bad continuously it will cause financial distress. Financial distress is a condition that indicates an entity is unable to pay obligations in accordance with its agreement.

There are several methods to identify financial distress, including the Altman Z-score, Grover, Zmijewski and others. In this study, the researchers used the Zmijewski score method. This study aims to determine the effect of corporate governance on financial distress with profitability as a moderating variabel. The independent variables used in this study are CEO duality, institutional ownership, gender diversity, and board size.

The total sample used in this study was 250. The sampel is taken from 50 companies in consumer cyclicals sector listed in indonesia stock exchange in 2017 to 2021. The researchers used logistic regression and moderating regression analysis (MRA) techniques. The results showed that the CEO duality, institusional ownership, and gender diversity had no effect on indication of financial distress. Size of the board of directors had a negative effect on indication of financial distress. Then profitability can moderate the relationship between the size of the board of directors and financial distress.

***Keywords**: Corporate Governance, Financial Distress, Profitability*