EMPIRICAL EVIDENCE OF FINANCIAL DISTRESS IN INDONESIA

Muhammad Chairul Amri[1*]
Universitas Sebelas Maret
36, Ir. Sutami St., Surakarta,
Indonesia 57126
muhammadchairulamri@student.uns.ac.id

Y. Anni Aryani[2]
Universitas Sebelas Maret
36, Ir. Sutami St., Surakarta,
Indonesia 57126
y_anniaryani@staff.uns.ac.id

ABSTRACT

This study aims to give empirical evidence on the development of research on financial distress in Indonesia. We identified articles with a cause-effect relationship where financial distress was used as the dependent variable. This study analyzed twenty-eight articles about financial distress, obtained from eighteen nationally accredited journals indexed under Sinta 2. We classified articles based on the research variables used, then analyzed them by using the charting field method. This study found that internal factors such as financial condition and corporate governance are used more often than external factors such as inflation, exchange rate, and Gross Domestic Product (GDP) in research about financial distress in Indonesia. Moreover, some variables gave inconsistent results and should be studied further to find such inconsistencies.

Keywords: Financial accounting; Financial distress; External factor; Internal factor; Literature review

ABSTRAK

Penelitian ini bertujuan untuk memberikan bukti empiris tentang studi perkembangan financial distress di Indonesia. Kami mengidentifikasi artikel yang memiliki hubungan sebab akibat dimana financial distress ditempatkan sebagai variabel dependen. Penelitian ini menganalisis dua puluh delapan artikel tentang financial distress yang berasal dari delapan belas jurnal nasional terakreditasi dan terindeks Sinta 2. Kami mengklasifikasikan artikel berdasarkan variabel penelitian yang digunakan, kemudian melakukan pendekatan pemetaan (charting field). Studi ini menemukan faktor internal seperti kondisi keuangan dan tata kelola perusahaan lebih sering digunakan dibandingkan dengan faktor eksternal seperti inflasi, nilai tukar dan produk domestic bruto (PDB) dalam penelitian financial distress. Selain itu, terdapat beberapa variabel yang menunjukkan ketidakkonsistenan terhadap financial distress. Sehingga, perlu dilakukan pengkajian mendalam untuk mengetahui penyebab ketidakkonsistennya variabel-variabel tersebut.

Kata Kunci : *Akuntansi keuangan; Kesulitan keuangan; Faktor eksternal; Faktor internal; Tinjauan literatur*

JEL Classification: O16; G32

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*corresponding author

INTRODUCTION

The financial crisis in 2008 experienced by many developed countries had caused many big corporations to suffer from failures. It raised a need for an overview on the importance of failure prediction that could be used as references for academia and corporations (Vinh, 2015). Company failures had highlighted the need to develop a system that could give early warning signals to prevent company failures. With the existence of such a system, it could also facilitate investors in doing their investment activities.

Corporations could be one of the strengths that could push the economic development of a country. Developed countries such as the United States, China, and Japan usually consist of big industries. With the contributions of corporations towards economic power, it would be essential to know the financial condition of companies, such as whether or not they are in healthy conditions (Liou and Smith, 2006).

Financial distress is terminology in corporate finance used to represent a condition where the company's commitment to pay debts to creditors had been violated or unable to be paid. Financial distress is a serious problem that could lead to the company's bankruptcy (Agostini, 2018; Sun et al., 2014). It is usually linked to the high cost for the company due to not being able to pay their obligations, called financial distress cost (Bae, 2012). It means that the indication for financial distress would be seen when companies cannot pay their obligations to their creditors. Financial distress is also a condition where the company's available cash flow cannot meet its short-term obligations, such as short-term loans to suppliers or obligations to their employees (Wruck, 1990). A prediction method is needed to forecast a company's financial distress by measuring financial ratios using a Z-Score model to gain a warning sign for management about whether or not their companies might experience bankruptcy (Altman, 1968).

The probability of financial distress and company bankruptcy could be a severe threat. Companies that fail financially could cause trouble for several parties and incur a high cost (Vinh, 2015). One of such parties that were involved and experienced the impact is investors. As recorded from January to August 2020, five companies were delisted from the Indonesian Stock Exchange (IDX), namely: Borneo Lumbung Energi and Metal, Leo Investment, Arpeni Pratama Ocean Line, Danayasa Arthatama, and Cakra Mineral. Potentially-delisted companies in IDX usually already experienced financial troubles for specific periods. These troubles could be in the form of not publishing a financial report, not paying their stock market fees, or undergoing bankruptcy risks in such a way that their businesses were not even operational (Kwee, 2020). Therefore, information about a company's financial health could be seen as a crucial thing to look at by the users of financial reports, especially investors. Supervisions of financial reporting could be one of the ways to minimalize any financial difficulties.

There are many ways to predict a company's financial distress, one of which is by analyzing financial ratios. Financial ratios as indicators in analyzing financial distress have been further developed into predictive models, including those carried out by Altman (1968), Beaver (1966), Ohlson (1980), and Zmijewski (1984). Altman (1968) and Beaver (1966) are the first to identify the characteristics of companies on the verge of bankruptcy by comparing them in couples with healthy companies and measuring them using the Z-Score model. Additionaly, Zmijewski (1984) identified financial ratios by measuring the company's performance, leverage, and liquidity using the X-Score model. In comparison, in his research, Ohlson (1980) developed a logit model (multiple logistic regression) to build a bankruptcy probability model in predicting bankruptcy using the Y-Score model.

Previous studies gave empirical evidence of financial distress using internal indicators, such as financial conditions and corporate governance, which gave different results. Dianova and Nahumury (2019) found that liquidity ratio, leverage, sales growth, and corporate governance do not affect financial distress. Fahlevi and Mukhibad (2018) found that liquidity, profitability, and leverage do not affect financial distress. At the same time, Almilia and Kristijadi (2003) found that net profit margin ratio, leverage, liquidity ratio, and growth affect financial distress. Researchers tried to test several financial ratios and corporate governance from those studies suspected of affecting financial distress even though the results were inconsistent.

Other than such tests using financial ratios and corporate governance, some previous studies also did some tests by using external indicators. Sumani (2020) predicted financial distress using financial ratios and macroeconomic sensitivity, where macroeconomy was measured using an exchange rate and interest rate. In comparison, Santosa et al. (2020) analyzed financial factors and macroeconomy where are measured using Gross Domestic Product (GDP) and interest rate. The more studies done from both internal and external factors, the more positive effects could be experienced by all users of financial reports. The effects of such factors could especially be felt during the rise of the Covid-19 pandemic. However, this needs to be proved by analyzing the 2020 financial reports published in the year 2021.

Financial distress sparked the interest of many researchers in many countries, including Indonesia. It is due to the curiosity and eagerness of academics and the users of financial reports to learn about the financial condition of a particular company. Research on financial distress in Indonesia has become an exciting topic to explore. It could be seen from the many studies done in Indonesia about this topic. Some examples of studies in Indonesia about financial distress are as follows: The Role of Corporate Governance in Reducing Bankruptcy in Companies in Indonesia (Hilaliya and Margaretha, 2017), Analysis of Financial Ratios and Measures, Predictions of Financial Distress, and Investor Reactions (Vestari and Farida, 2013), Predicting Financial Distress with Telecommunication Company Binary Logit Regression (Antikasari and Djuminah, 2017), Antecedents of Probability of Financial Distress in Manufacturing Companies in Indonesia (Pujiastuti and Yuharningsih, 2014).

From the several previous studies above, it could be seen that researchers tried to relate various variables to financial distress. These variables need to be analyzed further to give a general overview of their results. Then, the result of this analysis would be mapped in the form of tables and figures, which researchers could use to plan and design their studies on financial distress in the future. According to Villas et al. (2008), bibliography studies are needed to develop a topic or a field and find the research gap. As far as the writer knows, there has been no bibliographic research on financial distress in Indonesia. Therefore this study must be conducted.

This study aimed to give empirical evidence on studies about financial distress in Indonesia. This study analyzed twenty-eight articles on financial distress published in the nationally accredited journal indexed Sinta 2. The mapping process of the results of studies on financial distress was done by identifying articles with a cause-effect relationship where financial distress was used as the dependent variable. It was hoped that this study would contribute to mapping the results of studies on financial distress and its impact in Indonesia so that the areas or topics that still need to be studied further could be identified.

METHOD

Bibliographic research is a part of qualitative research. It is conducted by mapping a topic based on various points of view using scientific publications such as articles, proceedings, books, and others as analysis materials. Therefore, finding high-quality and accredited sources such as journals is crucial in bibliographic research. Zoogah and Rigg (2014) stated three steps in conducting bibliographic research: data collection, data compilation, and data analysis. As mentioned above, this bibliographic research aims to learn about the development of research on financial distress and identify the research gap (Villas et al., 2008).

Bibliographic research had been conducted previously by Hesford et al. (2007) on management accounting. In that research, Hesford et al. (2007) analyzed articles on management accounting by using two approaches; charting field and community analysis. In Indonesia, bibliographic research was also conducted on the implementation of IFRS, earning management, and taxation (Ernawati and Aryani, 2019; Herawati and Bandi, 2017; Muslim and Setiawan, 2020; Suprianto and Setiawan, 2017).

The research method in this study refers to the method used by Hesford et al. (2007), the charting field method. This study analyzed articles on financial distress collected from all Sinta 2 journals, accredited by the Ministry of Research and Higher Education in Indonesia. We see that a literature review article that discusses the problem of financial distress in Indonesia has not yet been published in the Sinta 1 journals and reputable international journals. The article submission period for 18 years, starting from 2003 to 2020. We collected all articles that have a cause-effect relationship where financial distress was used as the dependent variable. Additionally, in this study, we focused on research that used samples from industrial sectors. Therefore we did not collect articles that used the financial sector or banks as their samples for analysis.

The articles collection method consisted of a few steps. First, we searched journals through the sinta.ristekbrin.go.id with keywords: akuntansi, accounting, ekonomi, keuangan, management, and Ventura. Second, we search for articles on the websites of each journal by using the keyword "financial distress". The results were then filtered to see whether or not it was fit with the financial distress topic. These filtered articles were then grouped based on author names, years published, title, journal names, volume and journal number, pages, and research institutions. Based on our search criteria and constraints, we collected 28 articles from 18 nationally accredited and Sinta 2 indexed journals.

RESULT AND DISCUSSION

Articles classifications based on journal names

Based on the journal search through the Sinta website using "Akuntansi, Accounting, Ekonomi, Keuangan, Manajemen and Ventura" as keywords, we searched for articles about financial distress within those journals. We collected all articles about financial distress without limiting their publishing years. This selection process resulted in 28 articles on financial distress published by 18 journals. We then grouped them based on the number of articles available in each journal (Table 1). This analysis could give an overview of which journal dominates the research on financial distress.

Table 1 shows journals that published articles with financial distress as the dependent variable. The distribution of articles about financial distress in Indonesia is dominated by Jurnal Keuangan dan Perbankan (JKP) and Jurnal Manajemen Indonesia

(JMI) with percentage of 10,71%. As many as six articles had been published by those journals, with each journal publishing three articles. The next journals that publish highest number of articles on financial distress, in order, are: Jurnal Ekonomi dan Keuangan (EKUITAS), Jurnal Akuntansi dan Keuangan (JAK), Journal of Accounting and Strategic Finance (JASF), Jurnal Dinamika Manajemen (JDM), Journal of Economics, Business, & Accountancy Ventura (JEBAV) dan The Indonesian Accounting Review (TIAR) with a percentage of 7,14%. Those journals had published two articles each, 12 in total. Lastly, Jurnal Akuntansi (AKRUAL), Jurnal Akuntansi (e-JA), Jurnal Manajemen (e-JM), Jurnal Akuntansi dan Auditing Indonesia (JAAI) Jurnal Akuntansi dan Auditing Indonesia (JABM), Jurnal Akuntansi dan Keuangan Indonesia (JAKI), Jurnal Aplikasi Manajemen (JAM), Jurnal Manajemen, Strategi Bisnis, dan Kewirausahaan (JMBK), Jurnal Reviu Akuntansi dan Keuangan (JRAK) and Riset Akuntansi dan Keuangan Indonesia (REAKSI) each with percentage of 3,57%. A total of 10 articles were published from these journals, with 1 article for each journal. Therefore, it could be concluded that the journals that published most articles on financial distress are Jurnal Keuangan dan Perbankan (JKP) and Jurnal Manajemen Indonesia (JMI).

Table 1. Articles on Financial Distress published on national journals, accredited and indexed as Sinta 2

Journal Name	Journal Nickname	Number of Articles	Percentage
AKRUAL: Jurnal Akuntansi	AKRUAL	1	3,57%
Jurnal Akuntansi	e-JA	1	3,57%
Jurnal Manajemen	e-JM	1	3,57%
Jurnal Ekonomi dan Keuangan	EKUITAS	2	7,14%
Jurnal Akuntansi dan Auditing Indonesia	JAAI	1	3,57%
Jurnal Aplikasi Bisnis dan Manajemen	JABM	1	3,57%
Jurnal Akuntansi dan Keuangan	JAK	2	7,14%
Jurnal Akuntansi dan Keuangan Indonesia	JAKI	1	3,57%
Jurnal Aplikasi Manajemen	JAM	1	3,57%
Journal of Accounting and Strategic Finance	JASF	2	7,14%
Jurnal Dinamika Manajemen	JDM	2	7,14%
Journal of Economics, Business, & Accountancy Ventura	JEBAV	2	7,14%
Jurnal Keuangan dan Perbankan	JKP	3	10,71%
Jurnal Manajemen, Strategi Bisnis, dan Kewirausahaan	JMBK	1	3,57%
Jurnal Manajemen Indonesia	JMI	3	10,71%
Jurnal Reviu Akuntansi dan Keuangan	JRAK	1	3,57%
Riset Akuntansi dan Keuangan Indonesia	REAKSI	1	3,57%
The Indonesian Accounting Review	TIAR	2	7,14%
		28	100%

Articles classification based on internal and external factors

The internal factors from companies, such as financial condition and corporate governance, are not enough to explain the condition of financial distress (Sumani, 2019). Some external factors are constantly fluctuating, and they are part of the systematic risks that could affect a large number of companies' assets (Ross and Westerfield (2005). These external factors are interest rate, GDP, unemployment, inflation, and exchange rate (Liou and Smith, 2006). Both internal and external factors are crucial to examine and determine the companies' financial conditions. Tables 2 and 3 show the results for analysis on internal and external factors used in research on financial distress.

Table 2. Articles Distribution based on Internal Factors

Variables	Variables Used in Article	%
Activity	10	8,33%
Good Corporate Governance	31	25,83%
Investment Growth	1	0,83%
Leverage	17	14,17%
Liquidity	28	23,33%
Market Ratio	2	1,67%
Profitability	18	15,00%
Public Responsibility	1	0,83%
Sales Growth	5	4,17%
Sustainability Report Disclosure	1	0,83%
	114	95%

Table 3. Articles Distribution based on External Factors

Variables	Variables Used in Article	%
Exchange Rate	1	0,83%
Gross Domestic Product	1	0,83%
Inflation	1	0,83%
Interest Rate	2	1,67%
Investors	1	0,83%
	6	5%

We have gathered all variables used in the 28 articles about financial distress. We then grouped these variables based on the factors affecting them. Tables 2 and 3 show that researchers used internal and external factors in their studies on financial distress. The internal factors consist of activity, good corporate governance, investment growth, leverage, liquidity, market ratio, profitability, public responsibility, sales growth, and sustainability report disclosure. In contrast, the external factors consist of the exchange rate, GDP, inflation, interest rate, and investors. After comparing the number of studies, it could be seen that the percentage for studies on internal factors is higher than external factors. The studies on internal factors made up 95% of the total number of studies, while the external factor studies only made up 5%. It shows that up to this day, most researchers have used variables related to internal factors for their research on financial distress. It also shows that external factors variables are less appealing to researchers to use for their studies on financial distress.

Articles classification based on Internal Factor Variables

Based on Tables 2 and 3 above, we further identified each variable from internal factors used in studies on financial distress. Table 4 was used to analyze the variables from internal factors that were most used in studies on financial distress. We identified the internal factors: activity, good corporate governance, investment growth, leverage, liquidity, market ratio, profitability, public responsibility, sales growth, and sustainability report disclosure.

Table 4. Articles Distributions based on Internal Factor Variables

Variables	Variables Used in Paper	%
Activity	10	8,77%
Good Corporate Governance	31	27,19%
Investment Growth	1	0,88%
Leverage	17	14,91%
Liquidity	28	24,56%
Market Ratio	2	1,75%
Profitability	18	15,79%
Public Responsibility	1	0,88%
Sales Growth	5	4,39%
Sustainability Report Disclosure	1	0,88%
	114	100%

From Table 4 above, it could be seen that the Good Corporate Governance (GCG) variable is the variable that was used the most with a percentage of 27,19% from the total variables. The following variables in financial distress studies are liquidity, profitability, leverage, and activity with 24,56%, 15,79%, 14,91%, and 8,77%, respectively. The next variables in the ranking are sales growth with 4.39%, the market ratio of 1.75%, investment growth, public responsibility, and sustainability report disclosure with the percentage of 0.88% each.

Studies that used GCG as variable are Dianova and Nahumury (2019), Hilaliya and Margaretha (2017), Juniarti (2013), Cahyani and Diantini (2016), and others. Next, the studies that used liquidity, profitability, leverage, and activity as variables are Nurfajrina et al. (2016), (Heniwati and Essen (2020), Pujiastuti and Yuharningsih (2014), Oktarina (2017), Utami and Kartika (2019), Sumani (2019), Antikasari and Djuminah (2017), and (Mafiroh and Triyono (2018).

Articles classification based on External Factor Variables

Similar to Table 4, we identified each variable from external factors used in studies on financial distress. Table 5 was also used to analyze variables from external factors that were most used in studies about financial distress. External factors that we identified include exchange rate, GDP, inflation, interest rate, and investors.

Although Indonesian researchers did not study external factor variables as often as internal factors, we still made some identifications to obtain maximum results. According to Table 5 above, the variable interest rate is the most dominant variable in determining financial distress in companies, with a percentage of 33.33%. Followed by four other variables, which are: exchange rate, GDP, inflation, and investors, with each, has a percentage of 16.67%. The researchers who used interest rate as an independent variable to determine financial distress in companies are Sumani (2019) and Santosa et al. (2020). Next, the variables: exchange rate, GDP, inflation, and investors were studied by Setyawati and Amelia (2018) and Vestari and Farida (2013).

Table 5. Articles Distribution based on External Factor Variables

Variables	The Number of Variables Used In the Paper	%
Exchange Rate	1	16,67%
Gross Domestic Product	1	16,67%
Inflation	1	16,67%
Interest Rate	2	33,33%
Investors	1	16,67%
	6	100%

Mapping Cause-Effect Relationships

From the 28 articles about financial distress, we drew a cause-effect relationship chart based on the affecting factors. Luft and Shields (2007) grouped cause-effect relationships into six models: additive, intervening variable, independent-variable interaction, moderator-variable interaction, cyclical recursive, and reciprocal nonrecursive. Based on the groupings using the model from Luft and Shields (2007), we found that only one article used the intervening variable model, which is the article by Oktarina (2018). The rest of the articles used the additive model. Based on the cause-effect relationship, we developed a mapping of research in Indonesia that studied the topic of financial distress, which can be seen in Figure 1.

Based on Figure 1, we divided the mapping into two groups based on the factors used in the studies on financial distress. From the mapping of internal factors, it could be seen that some variables gave inconsistent results in terms of their effect on financial distress, i.e., positive effect, adverse effect, and no effect. For example, the variable leverage in articles number 5, 6, 7, 9, 17, 18, 21, 26, 27 gave the positive effect, while in articles number 15, 16, 22 gave the adverse effect, and in article number 2, 4, 11, 12, 23, gave no effect on financial distress. The same thing also happened to other variables, such as activity, profitability, and liquidity. The variables suitable corporate governance (GCG), sustainability report disclosure (SRD), and sales growth (SG) also showed some inconsistencies, but only between there is the effect or not on financial distress. The variable that gave consistent results is the variable investment growth (IG) that showed no effect, as seen in article number 16. Market ratio (MR) and public responsibility (PR) were proven to affect financial distress, as studied in articles 1, 6, and 26.

Next, mapping the cause-effect relationship on external factors showed that only one variable named the variable interest rate (IR) did not give consistent results on their effect on financial distress. Article number 17 proved no effect on financial distress. The variables that gave consistent results are investors and gross domestic product (GDP), which were affected by financial distress, as shown in articles number 5 and 22. On the other hand, the variable exchange rate (ER) and inflation did not affect financial distress, as seen in articles 17 and 19.

Looking at the phenomenon of financial distress research in Indonesia, there are several descriptions that we can know. For example, the variables mainly used to measure liquidity ratios, leverage, profitability, and equity, sourced from internal companies. We can see other phenomena in terms of variables and research subjects, such as the quality of the work environment (Pham et al., 2021) or predicting hospital financial distress (Holmes et al., 2017; Langabeer et al., 2018; and Samuel et al., 2021). In addition, we can also see the phenomenon of changes in economic policies related to the impact of Covid-19; macroeconomic fundamentals, in this case, are economic growth, SBI interest rates, inflation, and exchange rates which are also rarely studied in

Indonesia. Therefore, this is an opportunity and challenge for research in Indonesia to present new research.

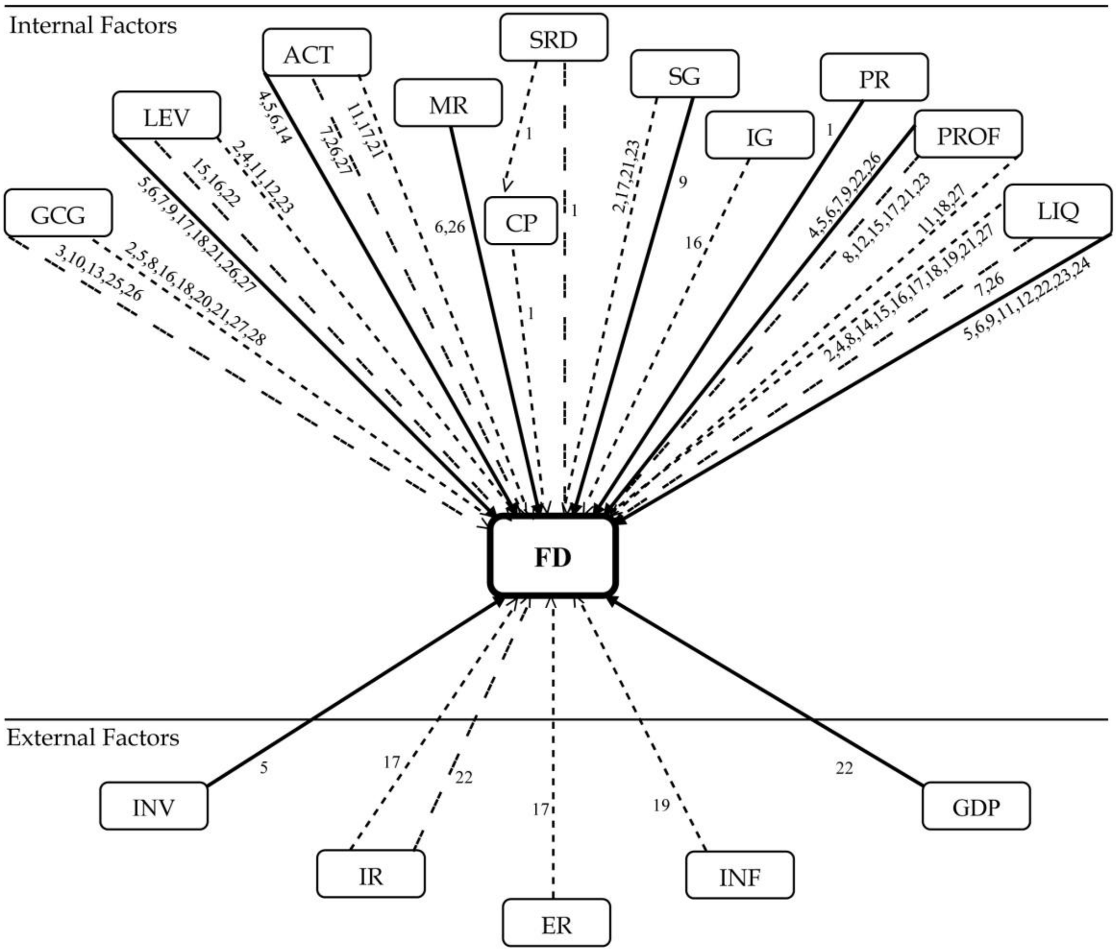

Figure 1: Mapping Cause-Effect Relationships

ACT	: Activity	ER	: Exchange Rate
GCG	: Good Corporate Governance	GDP	: Gross Domestic Product
IG	: Investment Growth	INF	: Inflation
LEV	: Leverage	IR	: Interest Rate
LIQ	: Liquidity	INV	: Investors
MR	: Market Ratio		
PROF	: Profitability		
PR	: Public Responsibility		
SG	: Sales Growth		
SRD	: Sustainability Report Disclosure		

→ There is a positive effect.
--- ---> There is a negative effect.
- - - - -> No effect

Table 6. List Mapping Cause-Effect Relationships

No	Name of Journals	Title	Authors
1	JASF	The Effect of Disclosure of Sustainability Report on Financial Distress with Company	Oktarina (2018)

No	Name of Journals	Title	Authors
		Performance as Intervening Variables	
2	JASF	Investigating the Effect of Liquidity, Leverage, Sales Growth and Good Corporate Governance on Financial Distress	Dianova and Nahumury (2019)
3	e-JA	Peran Corporate Governance dalam Menurunkan Kebangkrutan pada Perusahaan di Indonesia	Hilaliya and Margaretha (2017)
4	JKP	Analisis Financial Distress pada Perusahaan Agribisnis di Bursa Efek Indonesia	Nurfajrina et al. (2016)
5	AKRUAL	Analisis Rasio-Rasio dan Ukuran Keuangan, Prediksi Financial Distress, dan Reaksi Investor	Vestari and Farida (2013)
6	e-JM	Pendekatan Multinomial Logit Model dalam Memprediksi Kesulitan Keuangan pada Perusahaan yang telah Tercatat di Bursa Efek Indonesia	Munthe (2014)
7	JKP	Memprediksi Financial Distress dengan Binary Logit Regression Perusahaan Telekomunikasi	Antikasari and Djuminah (2017)
8	JKP	Anteseden Probabilitas Financial Distress pada Perusahaan Manufaktur di Indonesia	Pujiastuti and Yuharningsih (2014)
9	JAAI	Analisis Rasio Keuangan untuk Memprediksi Kondisi Financial Distress Perusahaan Manufaktur yang Terdaftar di Bursa Efek Jakarta	Almilia and Kristijadi (2003)
10	JEBAV	The Impact of Managerial Ownership, Institutional Ownership, Proportion of Independent Commissioner, and Intellectual Capital on Financial Distress	Widhiadnyana and Ratnadi (2019)
11	TIAR	Macroeconomic Indicators and Corporate Financial Ratios in Predicting Financial Distress	Oktarina (2017)
12	JAM	The Role of Cash Flow of Operational, Profitability, and Financial Leverage in Predicting Financial Distress on Manufacturing Company in Indonesia	Finishtya (2019)
13	JEBAV	Corporate Governance Effect on Financial Distress: Evidence from Indonesian Public Listed Companies	Ibrahim (2019)
14	TIAR	Determinants of Financial Distress in Property and Real Estate Companies	Utami and Kartika (2019)
15	JDM	Kekuatan Rasio Keuangan dalam Memprediksi Kondisi Financial Distress Perusahaan Manufaktur di BEI	Hapsari (2012)

No	Name of Journals	Title	Authors
16	EKUITAS	Financial Distress di BUMN Indonesia dan Faktor-Faktor yang Mempengaruhi	Gunawan et al. (2019)
17	EKUITAS	Prediksi Financial Distress: Rasio Keuangan dan Sensitivitas Makroekonomi Perusahaan Sektor Primer	Sumani (2019)
18	JRAK	Pengaruh Efektifitas Komite Audit Terhadap Financial Distress	Rahmawati and Herlambang (2018)
19	JDM	The Role of Current Ratio, Operating Cash Flow and Inflation Rate in Predicting Financial Distress: Indonesia Stock Exchange	Setyawati and Amelia (2018)
20	JAK	Good Corporate Governance and Predicting Financial Distress Using Logistic and Probit Regression Model	Juniarti (2013))
21	JAK	Which Retail Firm Characteristics Impact on Financial Distress?	Heniwati and Essen (2020)
22	JABM	Determinan Financial Distress Perusahaan Subsektor Ritel di Bursa Efek Indonesia	Santosa et al. (2020)
23	JMI	Identifying Financial Distress Firms: A Case Study on Property and Real Estate Companies Listed in Indonesian Stock Exchange	Dillak and Fitri (2019)
24	JMI	Using Cash Flow Ratios to Establish a Manufacturing Bankruptcy Prediction Model	Veronica et al. (2020)
25	JMI	Pengaruh Penerapan Corporate Governance Terhadap Tingkat Financial Distress (Studi pada Perusahaan Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2013-2017)	Putri and Siswanto (2019)
26	JMBK	Peranan Good Corporate Governance dalam Memprediksi Financial Distress	Cahyani and Diantini (2016)
27	REAKSI	Pengaruh Kinerja Keuangan dan Mekanisme Corporate Governance Terhadap Financial Distress (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2011-2014)	Mafiroh and Triyono, (2016)
28	JAKI	Mekanisme Corporate Governance dalam Perusahaan yang Mengalami Permasalahan Keuangan	Wardhani (2007)

CONCLUSION

The company's internal factors still dominate financial distress research in Indonesia; only a few use the company's external factors. Moreover, there are still many variables from the internal of the company that gave inconsistent results, and there were still very few studies that used external variables. In the mapping of the cause-effect relationship, many of the variables from internal factors still need to be studied further, especially: leverage, activity, profitability, and liquidity.

Inconsistencies were found in determining their effects on financial distress, i.e., negative, positive, or no effect. For the external factors, the variable that needs to be studied further is the interest rate. It still gave inconsistent results, whether it has a positive or no effect on financial distress.

This study has several limitations. First, this study only used samples from national journals accredited and indexed as Sinta 2; hence the articles obtained as samples were limited. Second, this study only used financial distress articles that have a cause-effect relationship with financial distress as the dependent variable; hence, the number of articles used as samples was also limited.

We hoped that this study would have positive implications for future studies. Firstly, this study gave an overview of financial distress studies done in Indonesia in the past. Secondly, this study could benefit future studies by outlining the variables that could be used as combinations for future research and understanding the importance of knowing a company's financial condition.

Future studies should explore more articles from other journals, such as those accredited and indexed with Sinta 1 or international journals, to obtain more sample articles. Moreover, future studies could also re-examine the cause of inconsistencies in the effect of variables on financial distress and test the phenomenon of external factors such as the impact of the COVID-19 pandemic.

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