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ANALYSIS OF THE INFLUENCE OF CORPORATE GOVERNANCE ON BANKRUPTCY RISK REGISTERED COMPANIES ON THE INDONESIAN STOCK EXCHANGE

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Abstract
Several countries have entered the second phase of the current pandemic and the shock is likely to occur in the wake of firm bankruptcy risks and a significant increase in leverage, depressing investment and job creation for a long time. The objective of this research is to indicate the effect of corporate governance on insolvency risk. The logistic regression method was applied in this study to sample data on company financial statements that had been determined and registered on the Indonesia Stock Exchange (IDX) from 2017 to 2021 and then processed using the SPSS application. The results of the logistic regression test interpret that the variables of audit committee presence, and audit committee meetings are provide a significant and positive relationship to the corporate insolvency risk variable. In addition, the variables of audit committee size, audit committee independence, audit committee expertise and board size are able to provide a significant and negative relationship to the corporate insolvency risk variable. Independence board meeting variable is not significant to corporate insolvency risk variable.

Keywords: corporate governance, corporate insolvensy risk.
Introduction

Several factors that cause company insolvency are that from a financial perspective, the company experiences prolonged and significant operational losses, so this indicates that the company's survival will not last in the long term. An aspect that can be known about a company's financial condition is looking at information on a company's financial ratios(Widyaningsih, 2020).

One of the origins of the greatest impact of a company's bankruptcy is when the company's financial condition worsens, causing liquidation, reducing public and shareholder trust in it.(Edi and Tania

2018). Organizational ownership related to company management, namely stakeholders. Corporate governance has 4 (four) mechanisms with the aim of minimizing agency conflicts, including the audit committee, board composition, and institutions. In fact, a quality earnings information report is influenced by the composition of the board, which through the supervisory function of this role can influence management in the preparation of financial reports(Sariyanto & Naipospos, 2021).

Many countries have now entered the second phase of the pandemic and the shock will likely result in a wave of corporate bankruptcy risks and significant increases in leverage, suppressing investment and job creation for a long time. The results of a Bank Indonesia (BI) survey noted that the decline in business activities was most badly affected, consisting of the restaurant and hotel, services, trade and processing sectors due to the decline in consumers. The sectors that have been well affected in the midst of this pandemic are the telecommunications sector due to the stay at home policy and the pharmaceutical industry due to the increasing need for health products such as medicines, vitamins, masks, etc.(Putra & Serly, 2020). If corporate governance is implemented well it will create company success, if it is implemented poorly it will create the risk of company bankruptcy(Chandra and Junita 2021).

If a company applies very important corporate principles and roles such as corporate governance correctly, its governance principles will run smoothly in every operational activity of the company. Companies in other countries and Indonesia cannot avoid the role of corporate governance principles. Several researchers and experts have proven that failure and success in implementing corporate governance principles have an external or internal influence on the welfare of all stakeholders in the success of a company.(Humairoh & Nurulita, 2022).

The key to a company's success lies in the corporate governance principles that have been implemented(Yopie and Erika 2021). The aim of this research is to analyze whether the implementation of good corporate governance will minimize the risk of bankruptcy. The implementation of poor corporate governance will increase the risk of bankruptcy, and also identify the components contained in corporate governance that are related to the risk of corporate bankruptcy(Wibowo & Sukamulja, 2022).

Safrida et al. (2021)concluded that the risk of corporate bankruptcy is related to corporate governance because it creates added value for stakeholders. The characteristics of a well-managed company must convey material information accurately and responsibly. Informative information will change stakeholder trust, if it contains the latest information it will give rise to new views for investors, resulting in an increase in demand and supply and avoiding company bankruptcy. Corporate governance regulates the mechanism for managing entity

relationships between agents and entities in the process of determining strategic direction and performance. As forSafrida et al. (2021)reported that to avoid bankruptcy, the board's audit committee oversees the company's financial reporting, risk management, internal controls, compliance, ethics, management, and internal and external auditors.

This research discusses corporate governance in reducing corporate bankruptcy. The author concludes that it is important for companies to reduce the possibility of bankruptcy risk, therefore the author is interested in analyzing the influence of corporate governance on the risk of company bankruptcy from the presence of an audit committee.(Muhammad et al., 2018), audit committee size (Appiah & Amon, 2017), audit committee independence(Safrida et al., 2021), audit committee expertise(Fernando et al., 2019), audit committee meeting(Putra & Serly, 2020), independence council(Younas et al., 2019),board size(Younas et al., 2019),and board meetings(Younas et al., 2019).

Literature review

HYPOTHESIS DEVELOPMENT

Corporate Bankruptcy Risk

Bankruptcy or insolvency refers to the legal status of an entity when it cannot pay off its debts. Bankruptcy is a part of commercial law, which implies that only traders can go bankrupt(Tobback et al., 2017). According to Article 2 paragraph (1) of the 2022 Bankruptcy Law, directors of a company that has long stopped making payments or that has lost its creditworthiness are legally obliged to file a bankruptcy application. The Bankruptcy Law in England regulates four different procedures, in the first three of which the main aim is an attempt to save the company. The fourth procedure is company liquidation, where the liquidator is appointed and the company's assets are sold. This procedure can be compared to bankruptcy resolution in Belgian law. The bankruptcy of Belgian and British companies is discussed consistently, researchers say companies go bankrupt when they have been liquidated due to bankruptcy(Tobback et al., 2017).

Influence of Independent Variables on Dependent

The Influence of the Presence of an Audit Committee on Company Bankruptcy Risk

The presence of the audit committee is a number of audit committee members who attend an association meeting of the audit committee's diligence(Humairoh & Nurulita, 2022). The benefit of attending an audit committee meeting is to help the auditor obtain information which determines visible and preventable risks through the

company's financial management, including relations with investors, accounting, taxation, and others.(Mondayri & Tresnajaya, 2022).

According to a study researched byHumairoh and Nurulita (2022);Mondayri and Tresnajaya (2022)interprets that the presence of an audit committee has a significant and positive effect on bankruptcy risk where the presence of an audit committee that is not firm in controlling company assets optimally results in the company's inability to minimize operational costs causing inefficient structural capital. High operational costs will reduce company profits, and a continuous decline in profits can bring losses and even lead to company bankruptcy.

Muhammad et al. (2018)revealed different results because according to his findings, there was a significant and negative relationship due to the presence of an audit committee which had a big influence, because the audit committee supervised the independent monitoring process of the financial reporting and external audit process, the risk and control process, as well as the process of implementing corporate governance. If the duties and responsibilities of the audit committee have been carried out well, it can assist management in the process of operational sustainability so as to avoid bankruptcy of a company.

According to the findingsTruong (2022)interprets that the presence of an audit committee does not have a significant relationship to company bankruptcy because however interprets that the presence of an audit committee is not related to better quality of governance to reduce the risk of company bankruptcy.

The Influence of Audit Committee Size on Company Bankruptcy Risk

The total number of audit committee members is the size of the audit committee(Wibowo & Sukamulja, 2018). The problems faced by companies regarding allocated resources are related to the number of audit committee members. A high number of audit committees is expected to be able to exchange knowledge and information in carrying out maximum supervision and control over company management activities(Putra & Serly, 2020).

These results are consistent with research conducted byWibowo and Sukamulja (2018);Fernando et al. (2019);Putra and Serly (2020);Haddad and Juhmani (2020);Safrida et al. (2021)that the size of the audit committee has a significant and positive relationship to the risk of company bankruptcy, seen from the greater the number of audit committees in a company, the greater the possibility of facing bankruptcy risk. This is because a large number of audit committee members will make it difficult to reach agreement on important decisions, thereby increasing the possibility of bankruptcy.

Rahmawati and Herlambang (2018);Norziaton and Hafizah (2019)studying the size of the audit committee has a significant and

negative relationship to the risk of company bankruptcy because achieving the minimum number of audit committee members can provide policy control and reduce the possibility of financial problems. This is because a sufficient number of audit committees will create an effective audit committee to supervise and control company activities so that they do not deviate, thereby reducing the risk of bankruptcy. The study was compared with that conducted byMuhammad et al. (2018);Revitasari et al. (2018);Sariyanto and Naipospos (2021);Christian and Haryono (2021);Desy et al. (2022);Humairoh and Nurulita (2022);Indrati and Handayani (2022);Permana and Umiyati (2022)which shows that the size of the audit committee does not have a significant effect on bankruptcy risk, where if the size of the audit committee is too large or too small, its effectiveness is reduced. An audit committee that is too large will usually lose concentration, lose focus, and have difficulty making decisions. An audit committee that is too small usually only fulfills regulatory requirements.

The Influence of Audit Committee Independence on Company Bankruptcy Risk

Independent audit committee is the number of independent audit committees in a company(Rahmawati & Herlambang, 2018). The position of the audit committee is under the board of commissioners, one of whom is an independent commissioner who also serves as chairman of the audit committee. The members of the audit committee are at least one independent commissioner and two other members who come from outside the company(Norziaton & Hafizah, 2019).

Rahmawati and Herlambang (2018);Norziaton and Hafizah (2019)interprets the idea that the independence of the audit committee has a significant and negative relationship to the risk of company bankruptcy, which indicates that the audit committee can make impartial recommendations to the board of commissioners. The audit committee's recommendations also contribute to the development of strategic plans to improve company performance to reduce the risk of bankruptcy. This finding confirms the results of previous research, that the independence of the audit committee has a significant and positive relationship because independence that is not maintained on the audit committee will reduce investor confidence in the financial statements and can increase the possibility of the company being at risk of bankruptcy.Revitasari et al. (2018)strengthen the results of this research.

The findings are contradictory toPutra and Serly (2020);Sariyanto and Naipospos (2021);Christian and Haryono (2021)proves that the independence of the audit committee does not have a significant relationship because the results assume that the higher or lower the level of independence, the greater or less likely the company is to overcome the risk of corporate bankruptcy because Indonesia still has inadequate

corporate governance practices. The audit committee must consist of a minimum of three independent members in Indonesia, including at least one independent commissioner and two members from outside the issuer. The process for appointing audit committee members remains opaque and ambiguous, casting doubt on the committee's level of independence. The provisions on audit committee members will most likely result in audit committee members being appointed to companies in Indonesia solely to fulfill regulatory requirements and avoid existing sanctions, thereby being unable to carry out their functions.

The Influence of Audit Committee Expertise on Company Bankruptcy Risk

Audit committee expertise is an audit committee member who has a title(Sariyanto & Naipospos, 2021). There is at least one member who has expertise in accounting and finance, in accordance with Financial Services Authority (OJK) regulations. If the expertise of the audit committee has facilitated the committee to carry out good supervision of the company's financial reporting process, the company can also reduce the auditor's scope in auditing. Researchers specialize in research on audit committee expertise(Norziaton & Hafizah, 2019).

The formation and guidelines for implementing audit committee work include Regulation Number IX.1.5 which regulates that at least one member of the audit committee must have basic education or expertise in the field of accounting and finance. This decision was made by the Chairman of Bapepam and LK No. Kep-643/BL/2012 on 7 December 2012. The ratio of the audit committee to those with accounting or finance experience provides a measure of the committee's collective knowledge in those areas(Christian & Haryono, 2021).

Some researchers include:Sariyanto and Naipospos (2021);Christian and Haryono (2021)proves that the audit committee's expertise has a significant and positive relationship to the company's bankruptcy risk because good audit committee competence but a lack of experience or knowledge will have a significant impact on the risk of bankruptcy. This is because an inexperienced audit committee will certainly not be able to manage finances well, so the risk of bankruptcy will be greater.

Another aspect according to viewRahmawati and Herlambang (2018);Norziaton and Hafizah (2019)interprets that the expertise of the audit committee has a significant and negative relationship to the risk of company bankruptcy because the strong expertise of the audit committee will prevent the risk of bankruptcy. This is because an audit committee that has an accounting background, the qualifications, knowledge, independence and authority of its members to protect the interests of stakeholders by ensuring reliable financial reporting, internal accounting controls and risk management can increase the role of monitoring the

company's finances so as to avoid the risk of company bankruptcy. The study was compared with that conducted byPutra and Serly (2020)shows that the expertise of the audit committee does not have a significant effect on the risk of bankruptcy. Judging from the number of people who have financial knowledge or not, this does not necessarily guarantee that the risk of bankruptcy will not occur. This is because the extensive background and experience of audit committee members is not enough to protect the company from the risk of bankruptcy.

The Effect of Audit Committee Meetings on Company Bankruptcy Risk

The frequency of audit committee meetings provides insight into the nature of audit committee discussions. Audit committee members will hold regular meetings and request extra or special sessions as appropriate, following the provisions of its charter(Desy et al., 2022). In accordance with the company's articles of association, the audit committee holds regular meetings at least in accordance with the provisions of the board of commissioners' meetings(Putra & Serly, 2020). The company's internal control activities are continuous and regular, management can easily detect and resolve problems such as company bankruptcy during audit committee meetings(Christian & Haryono, 2021).

This view is consistent with the findingsSaswito and Dirman (2021)which proves that the frequency of audit committee meetings has a significant and positive relationship to company bankruptcy because the possibility of bankruptcy increases along with the increase in the number of audit committee meetings held by the company. If the audit committee has to meet frequently, it may be a sign that the company is experiencing a situation that is endangering bankruptcy, due to problems that can be effectively corrected.

There are differences in the findings madeRahmawati and Herlambang (2018);Haddad and Juhmani (2020);Christian and Haryono (2021)that audit committee meetings have a significant and negative relationship to the risk of corporate bankruptcy because the reduction in the frequency of audit meetings is the main reason for monitoring managers more efficiently which supports financial stability by reducing agency conflicts, as well as providing more effective monitoring to improve company performance and reduce risk bankruptcy. Different fromRevitasari et al. (2018);Putra and Serly (2020)who researched that the frequency of audit committee meetings does not have a significant relationship to the risk of company bankruptcy, becauseThe financial audit committee does not contribute to the company's bankruptcy risk.

The Influence of Board Independence on Company Bankruptcy Risk

The Independence Board is a board that comes from external to the company or is not affiliated and is chosen to help run the

company(Agarwal & Agarwal, 2021). Greater board independence will help organizations avoid bankruptcy and recover from financial difficulties and make the best decisions for the company. An independent board can help resolve agency conflict problems by communicating shareholder objectives to management(Mardalena, 2019).

According to a study conducted byMardalena (2019)interprets that board independence has a significant and positive relationship to the risk of company bankruptcy, because board independence is too large, the company will not get maximum results from the directors already in it. If board composition continues to increase, companies face more risk of bankruptcy. As for the indications fromYounas et al. (2019)There is a significant and negative relationship between board independence and the risk of corporate bankruptcy because decisions made by boards with a disproportionate number of independent members, whose main concern is protecting their own interests, can have a negative impact on company profits. Companies can function smoothly and have the right strategy to avoid potential bankruptcy which could damage the company's reputation in the eyes of consumers.

Indrati and Handayani (2022)stated that board independence does not have a significant relationship to the risk of company bankruptcy because the larger or smaller the board independence, it is not certain that it will result in the risk of bankruptcy in a company. This happens because in carrying out their duties as a board of independent directors they must have an independent attitude, but in their implementation independent directors lack independence, thus making supervision of management performance weak and unable to influence the risk of bankruptcy.

The Effect of Board Size on Company Bankruptcy Risk

The size of the board of directors is the number of members of the board of directors that a company has(Haddad & Juhmani, 2020). A company's board of directors sets short-term and long-term policies and strategies. According toMondayri and Tresnajaya (2022), the obligation of the board of directors is to maintain confidentiality during the company's operational processes and to be able to formulate strategies for the company's external and internal conditions in order to create efficiency and effectiveness in a business. The obligations of the board of directors will not be carried out properly if they do not prioritize the interests of stakeholders but rather prioritize personal interests. A director must be trustworthy with relevant technical expertise(Mardalena, 2019).

Some studies include:Wibowo and Sukamulja (2018);Muhammad et al. (2018);Mardalena (2019); Agarwal and Agarwal (2021);Safrida et al. (2021)interpret that board size has a significant and positive relationship to the risk of corporate bankruptcy becauseLarge board size depletes the company's capacity to engage the services of leading auditors through the

large compensation that the board of directors obtains from the limited resources provided by the company by paying big 4 auditors to improve the quality of its audits. If this is done continuously, it will lead to the risk of company bankruptcy.

The results of research studied byDesy et al. (2022);Indrati and Handayani (2022);Mondayri and Tresnajaya (2022);Permana and Umiyati (2022)that board size has a significant and negative relationship to the risk of corporate bankruptcy becausethe larger the board size, the greater the company's benefits in improving access to human resources and information. The management must also have a large number because if there are more management members, it will be easier to control the work and reduce their dominance, thereby preventing the risk of company bankruptcy.

Humairoh and Nurulita (2022);Truong (2022)proves that the size of the board does not have a significant relationship to the risk of company bankruptcy because increasing or decreasing the number of board directors can supervise company departments, not necessarily avoiding the risk of bankruptcy. This is because a large or small number of directors cannot be used as a basis for determining whether there will be a risk of bankruptcy or not. The risk of bankruptcy can occur if the level of director ability tends to decrease, so the large or small number of the board of directors cannot be a benchmark because it is seen from the ability of the directors who are able to determine whether or not the risk of bankruptcy will occur.

Research methods

This research uses a type of quantitative research, which means that all quantification of data collection involves measurement and assumes that the phenomena studied can be measured, analyzed, to verify the measurements carried out according to applicable statistical procedures. The use of this quantitative research is that it can help draw conclusions that generalize the theory appropriately(Gambo et al., 2018).

The method taken in this research was purposive sampling. Purposive sampling is a non-probability sampling method and occurs when the selected elements are assessed for the sample by the researcher which results in savings in time and money and is better able to assist relevant research (Safrida et al., 2021). The criteria for sampling are as follows:

a. Non-financial companies listed on the Indonesia Stock Exchange during 2017-2021 have had their complete financial reports published and audited. The reasons financial companies were not selected in the research sample wereThis research wants to focus on one sector, namely non-financial because in non-financial companies it is broader in expressing variables because there are

several company sectors except the financial sector(Truong, 2022).

b. Financial reports and annual reports that have consistent data in 1 period for 12 months and have data to calculate dependent, independent and control variables.

All company data is taken from data that has been published and downloaded on the websitewww.idx.co.idfrom 2017 to 2021, observations were then carried out.

Dependent Variable

The dependent variable is a variable that is influenced by the independent variable. This research uses company bankruptcy risk as the dependent variable. The risk of company bankruptcy is measured by a dummy variable which takes the value "1" if it is seen in the company's financial statements that in 2 consecutive years it experiences losses, the company is classified as bankrupt. Meanwhile, if the company's financial reports experience a profit in 2 consecutive years, then "0" is categorized as the company not going bankrupt(Permana & Umiyati, 2022).

Independent Variable

Independent variables are variables that explain or influence other variables. The independent variables used in this research are audit committee presence, audit committee size, audit committee independence, audit committee expertise, audit committee meetings, board independence, board size(Appiah & Amon, 2017).

Presence of the Audit Committee

The presence of the audit committee is a number of audit committee members who attend an association meeting of the audit committee's diligence(Humairoh & Nurulita, 2022). The benefit of attending an audit committee meeting is to help the auditor obtain information which determines visible and preventable risks through the company's financial management, including relations with investors, accounting, taxation, and others.(Mondayri & Tresnajaya, 2022).Humairoh and Nurulita (2022)also suggest that meeting frequency measures the level and intensity of audit committee activity and thus, high frequency is an indicator of corporate control and audit committee diligence. **Audit committee size**

The size of the audit committee is the number of all audit committee members(Wibowo & Sukamulja, 2018). This variable is measured by looking at the number of audit committee members (Appiah & Amon, 2017):

Audit Committee Size (UKA) = the number of all audit committee members

Independence of the Audit Committee

Independent audit committee is the number of independent audit committees in a company(Rahmawati & Herlambang, 2018)Audit committee independence is the foundation of audit committee effectiveness. This variable is measured by the count of the number of independent non-executive directors except the chairman who serves on the audit committee(Rahmawati & Herlambang, 2018).

Audit Committee Expertise

Audit committee expertise is an audit committee member who has a title(Sariyanto & Naipospos, 2021). This variable is measured by the number of audit committee members with professional accounting qualifications(Rahmawati & Herlambang, 2018).

Audit Committee Meeting

Audit committee meetings are the frequency of audit committee meetings. Each audit committee charter owned by each member, the audit committee will hold meetings periodically and can hold additional meetings or special meetings if necessary.(Desy et al., 2022). This variable is measured by counting the number of audit committee meetings held in one financial reporting year(Humairoh & Nurulita, 2022).

Independence Council

The Independence Board is a board that comes from external to the company or is not affiliated and is chosen to help run the company(Agarwal & Agarwal, 2021). Board independence is measured as the proportion of the board consisting of independent directors. This study measures the proportion of independent directors as the ratio of independent directors to the number of directors serving on the company's board. The measurement of board independence is as follows (Younas et al., 2019):

$$\text{Council independence} = \frac{\text{Number of independent directors}}{\text{Number of directors}}$$

Board Size

The size of the board of directors is the number of members of the board of directors that a company has(Haddad & Juhmani, 2020), measured by the number of members on the board of directors at the end of the financial year(Younas et al., 2019).

Board of Directors Size (UDD) = number of members in the board of directors

Control Variables

A control variable is a variable that controls the influence of the independent variable on the dependent variable so that it is not influenced

by external factors that are not studied. Control variables used in this research include frequency of board meetings, liquidity, company size, leverage, return on assets, dividend per share, firm growth(Haddad & Juhmani, 2020).

Frequency of Board Meetings

Frequency of Board Meetings can improve financial reporting processes and internal controls, which in turn can improve financial performance and reduce bankruptcy risk. The measurement of this variable is seen from the number of board meetings per year (Younas et al., 2019).

Liquidity

*Liquidity*is the obligation of a company that is able to carry out its responsibilities in a short time to pay off all its debts. According toYounas et al. (2019)This variable uses the following measurements:

$$Liquidity = \frac{Current\ assets}{Current\ liabilities}$$

Company Size

The important role of firm size in determining the types of relationships a firm enjoys within and outside its operating environment suggests that the larger a firm, the greater its influence on its stakeholders.so that company size can be formulated using the equationnatural logarithm of total assets(Younas et al., 2019).

Leverage

*Leverage*is the amount of assets owned by the company that are financed by the debt that exists in the company(Younas et al., 2019). The measurement of this variable can be formulated as follows(Younas et al., 2019):

$$Leverage = \frac{\text{Total Amoun of debt}}{\text{Total assets}}$$

Return on Assets

Researchers fromHaddad and Juhmani (2020)According to him, Return on Assets (ROA) is used to measure a company's effectiveness in generating profits by exploiting its assets. This ratio can provide an indication of whether a neighbor's management is good or bad in controlling costs or managing their property. Return on Assets (ROA) is often used as a tool to measure the level of return on total assets after interest and tax expenses. A high Return on Assets (ROA) will be good for the company and can show that the company is able to generate profits on relatively high value assets. Investors want companies with high Return on Assets (ROA), because companies with Return on Assets (ROA) that are able to produce high levels of company profits are greater than

low Return on Assets (ROA). Return on Assets (ROA) is a financial ratio used to measure the extent to which the assets owned have been used to generate profits. The greater the Return on Assets (ROA) indicates that the company's performance is better, because the rate of return on investment is greater (Younas et al., 2019).

$$\text{ROA} = \frac{\text{Net profit after tax}}{\text{Total assets}}$$

Dividends per Share

*Dividends per share*is a ratio that shows how much profit is distributed in the form of dividends to shareholders in each share, measured by how high the dividend is divided by the number of shares outstanding in a particular year. Investors will be more interested in higher dividends per share because they get certainty about the capital invested by the company in the form of dividend yields (Younas et al., 2019). According toYounas et al. (2019)To calculate dividends per share you can use the formula:

$$\textit{Dividends per share} = \frac{\text{Cash dividends}}{\text{Number of shares outstanding}}$$

Firm Growth

*Firm Growth*namely growth at the company level by showing that company growth depends not only on certain company characteristics, but also on external characteristics such as location and geographic knowledge spillovers. When considering the empirical drivers of corporate growth, there is almost no consensus. The difficulty of predicting the determinants of firm growth is not only related to heterogeneity at the firm level, but is also related to the low persistence of rate growth over time. According toYounas et al. (2019)measurements for the firm growth variable are:

$$\textit{Firm Growth} = \frac{\textit{Capital expenditures}}{\text{Total assets}}$$

Capital Expenditure=*property, plant, and equipment* At the moment - *property, plant, and equipment*old + current depreciation expense.

RESEARCH RESULTS AND DISCUSSION

Descriptive Statistics

Summary of the collection of information presented in descriptive statistical tests that have been managed by the Indonesia Stock Exchange for the period 2017 to 2021,which can be a representation of the entire population or sample. Every data presentation in numerical form contains a measure of central tendency which of course consists of the mean, median and mode. The following table presents a detailed table of the

selection that occurred for a sample as well as information on the data on the basis of the research findings that have been carried out.

Table 4.1 List of Number of Companies in the Sample

Information	Amount	
Companies registered on the IDX for the 2017-2021 period	777	company
Companies that do not meet the criteria	405	company
Companies used as research samples	372	company
Year of research	5	year
Total research data	1860	data
Total dor outliers	183	data
Total dor final research	1677	data

Source: Processed data (2023)

Based on the data above, it is interpreted that as many as 777 companies were listed on the IDX from 2017-2021. A total of 405 companies had incomplete financial and annual reports, which included a number of company data that did not meet the criteria in the sample referring to research. After completing the sampling stage, 372 companies were obtained as research samples. The number of years of research is five years, therefore the total data information on the basis of research findings is 1,860 data. Having passed the outlier test, the total number of observation data was 1,677 data.

Table 4.2 Descriptive Statistics Test Results

Variable	N	Minimal	Maximum	*Mean*	Standard deviation
ACS	1,677	1,000	7,000	3,016	0.382
ACI	1,677	0,000	6,000	0.816	0.822
ACX	1,677	0,000	3,000	0.754	0.794
ACM	1,677	0,000	73,000	6,021	5,406
BIND	1,677	0,000	1,000	0.209	0.143
BSI	1,677	0,000	14,000	4,749	1,890
B.M	1,677	1,000	63,000	9,326	6,535
LIQ	1,677	0,000	3905,050	15,319	157,162

FS (In Millions of Rupiah)	1,677	Rp 5,225	IDR 277,184,000	IDR 10,064,120,113	IDR 22,618,805,699
LEV	1,677	0,000	90,000	0.880	0.427
ROA	1,677	0,000	166,090	0.489	6,211
DPS	1,677	0,000	3496,530	51,820	253,215
FG (In Billions of Rupiah)	1,677	-Rp. 564,232	IDR 1,197,460	Rp. 3,897	Rp. 37,552

Source: SPSS Output (2023)

The sample observation data is in column N, namely 1,677 data for the period 2017 to 2021. Research needs to be studied further regarding the factors that influence the bankruptcy risk value of the independent variables, namely the size of the audit committee, the independence of the audit committee, the expertise of the audit committee, meetings. audit committee, board independence, board size.

The size of the audit committee is seen from the minimum value, namely 1, which means that the sample collected consists of at least 1 audit committee member and the maximum score is 7, so the largest number of audit committee members consists of 7 audit committee members. The average score for these results is 3, which means that the dominant companies listed on the Indonesia Stock Exchange appoint 3 (three) audit committee members within the organization and have complied with the regulations as stipulated in POJK No. 55/POJK.04/2015 where the minimum number of audit committee members for a company is 3 (three) members. The standard deviation value of the audit committee size variable is 38.2%, indicating that the standard deviation varies low.

The independence of the audit committee is seen from the smallest score, namely 0 and the largest score, namely 6, which means that the sample collected consists of at least 0 members and the largest consists of 6 members, independent non-executive directors except the chairman who serves on the audit committee. The average value is 0.816, where on average independent parties are not chaired by audit committee members, while the remaining 18% have independent commissioners who are chaired as audit committee members. The average value meets the requirements as intended in paragraph (1) of Financial Services Authority

Regulation No. 55/POJK.03/2016 that at least 51% (fifty one percent) of the amount owned by audit committee members (OJK, 2016). The standard deviation value of the audit committee independence variable is 82.2%, indicating that the standard deviation varies widely.

The expertise of the audit committee can be seen from the smallest score, namely 0 and the largest score, namely 3, which means that from the samples collected there are companies that do not have audit committee members who have professional accounting qualifications, while the largest number is 3 audit committee members who have professional accounting qualifications. The average value of these results is 0.754, meaning that from the total sample data the audit committee members have experience and are experts in the field of accounting. The remaining 25% do not have experience or are experts in the field of accounting. The standard deviation value of the audit committee expertise variable is 79.4%, indicating that the standard deviation varies widely.

Audit committee meetings are seen from the minimum value of 0, which means that from the samples collected, the audit committee held the least number of meetings 0 (zero) times and the maximum value was 73, so the highest number of meetings held by the audit committee is based on the current year. is 73 (seventy three) times. The average value of these results is 6.021, which means that the audit committee members in companies listed on the IDX are more dominant and have held meetings 6 (six) times in the current year, this number is in accordance with POJK Number 55/POJK.04 /2015 which explains that the audit committee should hold at least 1 (one) meeting within 3 (three) months. The standard deviation value of the audit committee meeting variable is 540.6%, indicating that the standard deviation varies widely.

The board independence variable has a minimum value of 0, indicating that from the sample collected at least 0% or there are companies that do not have independent members of the board of directors. The maximum value for the board independence variable is 1,000, meaning it is capable of having a maximum of 1 independent director. The average value of these results is 0.209 or as many as 20.9% have independent board of director members from the sample of companies taken. This value is not sufficient, because according to article 20 POJK no. 33/POJK.04/2014 that at least 30% (thirty percent) of the total members of the board are independent directors. The standard deviation value of the board independence variable is 14.3%, indicating that the standard deviation varies widely.

The board size variable is seen from the minimum score of 0, which means that the sample collected consists of at least 0 members of the board of directors and the maximum score is 14, so the largest number of members of the board of directors is 14 members of the board

of directors. The average score of the entire sample taken was 4,749 or around 5 members were appointed by most companies to become members of the board of directors in monitoring the company's sustainability. The standard deviation value of the board size variable is 1.890, indicating that the standard deviation varies widely.

The variable frequency of board meetings as a control variable can be seen from the minimum value being 1 and the maximum value being 63, meaning that this value indicates that the lowest number of companies holding board of directors meetings is 1 (one) time and the highest number is 63 (sixty three) times, categorized as very many because according to POJK No. 57/POJK.04/2017 (Article 27 paragraph 1-5) which explains that the board of commissioners is obliged to hold meetings at least 1 (one) time within 3 (three) months. The standard deviation value of the board meeting frequency variable is 653.5%, indicating that the standard deviation varies widely.

The liquidity ratio is calculated from current assets divided by current liabilities. The lowest value is 0, which means that a company is experiencing problems in paying off its debts. The highest value is 3,905,050, meaning the company's ability to pay off its debt can be said to be good. The liquidity variable has an average score of 15.319, which means that irrational allocation, inefficient use of resources and poor capital management are common among companies listed on the IDX. The standard deviation value is 157.162, including very variable data categories. The standard deviation value of the liquidity variable is 157.2%, indicating that the standard deviation varies widely.

The company size variable which is observed from the company's total asset figures has the lowest total asset value, namely IDR 5,225 and the highest total asset value, namely IDR 277,184,000 and the average value is IDR 10,064,120,113, interpreting that the company has good survival capabilities, and most is a big company. The standard deviation value of the company size variable is IDR 22,618,805,699, indicating that the standard deviation varies widely.

Existing company data can calculate the ratio of total debt divided by total assets to produce a leverage value. The lowest leverage value is 0, which means there is a company that has no debt and is able to prove that the company's financial condition is good. The highest value for leverage is 90, which means that a company has the highest debt value so that it is unable to pay off the company's debt and the company could be threatened with bankruptcy. The average leverage result is 0.88 or 88% of the achievement of a sample of companies whose assets are paid for with debt. A standard deviation of 42.7% is considered a high variation in the leverage variable.

The calculation of return on assets is the division of net profit after tax by the total assets owned in company data. The lowest value of return

on assets is 0.000 indicating that relatively little can be done through investment of economic resources in total assets. The highest value of return on assets is 166.09, meaning that throughout the research period there were companies that achieved very high returns on assets, or it could be said that the potential for investing large economic resources to provide very high returns. The average value of return on assets of 0.489 or 49% is a low value, where the level of net profit for companies in Indonesia during the period 2017 to 2021 is very poor. The standard deviation of return on assets of 6.211 is classified as high variation.

The lowest value of dividend per share is 0.00, which means that a particular company makes dividend payments to shareholders. The highest value of dividend per share is 3,496,530, meaning the highest nominal dividend payment from the company to shareholders is IDR 6,823,500,000. The average value is 51,820, namely the average amount of company dividends distributed to shareholders is IDR 60,051,000. Standard deviation on dividends per shareamounting to 253,215 as much as IDR 314,094,000 is classified as a high variation.

*Firm growth*has the lowest value of -Rp. 564,232, meaning that a particular company produces business volume growth from the lowest company funds of -Rp. 564,232. The highest firm growth value was IDR 1,197,460, which means the company generated the highest business volume growth from company funds of IDR 1,197,460. The average firm growth of IDR 3,897 indicates that the company's rapid growth in business volume will increase the company's funds to expand more quickly. Apart from that, firm growth has a difference in standard deviation which is classified as high variation.

Table 4.3 Descriptive Statistics Test Results for Dummy Variables

Variable	Description	Frequency	Percent
Corporate Bankruptcy Risk	1 = bankrupt	313	18.7
	0 = not bankrupt	1,364	81.3
Presence of the Audit Committee	1 = present	1,676	99.00
	0 = not present	1	1.00

Source: SPSS Output (2023)

Table 4.3 above shows that for the bankruptcy risk variable, 18.7% of companies are categorized as bankrupt, and another 81.3% are categorized as not bankrupt, therefore the level of company bankruptcy risk in Indonesia is in the medium category. As for the audit committee presence variable, the results of research data for all companies listed on the Indonesia Stock Exchange show that 99% of the audit committee was present at every meeting throughout the year and 1% of the audit committee was not present at every meeting.

Multicollinearity Test Results

Table 4.4 Multicollinearity Test Results

Variable	*Collinearity Statistics*		Conclusion
	Tolerance	VIF	
ACP	0.998	1,002	Free of symptoms of multicollinearity
ACS	0.952	1,051	Free of symptoms of multicollinearity
ACI	0.841	1,189	Free of symptoms of multicollinearity
ACX	0.987	1,013	Free of symptoms of multicollinearity
ACM	0.854	1,171	Free of symptoms of multicollinearity
BIND	0.849	1,178	Free of symptoms of multicollinearity
BSI	0.680	1,471	Free of symptoms of multicollinearity
B.M	0.877	1,140	Free of symptoms of multicollinearity
LIQ	0.982	1,019	Free of symptoms of multicollinearity
F.S	0.717	1,395	Free of symptoms of multicollinearity
LEV	0.883	1,132	Free of symptoms of multicollinearity
ROA	0.835	1,197	Free of symptoms of multicollinearity
DPS	0.814	1,229	Free of symptoms of multicollinearity
FG	0.825	1,212	Free of symptoms of multicollinearity

Source: SPSS Output (2023)

The results that have been proven in Table 4.4 indicate that there is no similarity between the independent variables because it is below the number 10, so it is said that there is no multicollinearity in the regression model.

Hosmer and Lemeshow Test Results

Table 4.5 Test results*Hosmer and Lemeshow*

Dependent Variable	**Sig.**	**Conclusion**
Bankruptcy Risk	0.437	Suitable Model

Source: SPSS Output (2023)

The results have been proven in Table 4.5indicates thatThe match between the research model and the data is appropriate, because the Hosmer and Lemeshow test probability value of 0.437 is above the significance figure of 0.05 (>0.05), the results predicted by the logistic regression model are consistent with the actual results. This shows that the model is reasonable, because it fits the data.

Wald Test Results

The results of the Wald test can be seen from table 4.6. The output will show that the Wald test results are said to be insignificant if the probability value is above 0.05, while it is said to be significant if the probability value is below 0.05. The results of the Wald tests that have been carried out are:

Table 4.6 Wald Test Results

Variable	Coefficient	Prob.	Conclusion	Hypothesis
(Constant)	0.458			
ACP	0.765	0.007	Significant positive	Not proven
ACS	-0.802	0,000	Significant negative	Proven
ACI	-0.223	0.018	Significant negative	Proven
ACX	-0.609	0,000	Significant negative	Proven
ACM	0.040	0.003	Significant positive	Not proven
BIND	-0.366	0.459	Not significant	Not proven
BSI	-0.247	0,000	Significant negative	Proven
B.M	0.005	0.693	Not significant	-
LIQ	0.001	0.061	Not significant	-
F.S	-0.637	0,000	Significant negative	-
LEV	-0.003	0.693	Not significant	-
ROA	-32,634	0,000	Significant negative	-
DPS	0,000	0.503	Not significant	-

FG	0,000	0.612	Not significant	-

Source: SPSS Output (2023)

The benefit of the Wald test is that it can observe the impact of each independent variable on the dependent variable. The Wald test results show results that are based on panel data processing using the logistic regression method based on Table 4.6, the regression equation for hypothesis testing is obtained as follows:
Bankruptcy Risk = 0.458 + 0.765ACP - 0.802ACS - 0.223ACI - 0.609ACX + 0.040ACM - 0.366BIND - 0.247BSI + 0.005BM + 0.001LIQ - 0.637FS - 0.003LEV -32.634ROA + 0.00 0DPS + 0.000FG + ε
Information:
ACP = presence of audit committee
ACS = audit committee size
ACI = audit committee independence
ACX = audit committee expertise
ACM = audit committee meeting
BIND = independent board
BSI = board size
B.M = board meeting
LIQ =liquidity
F.S = company size
LEV = *leverage*
ROA = *return on assets*
DPS = *dividends per share*
FG = *firm growth*

The Influence of the Presence of an Audit Committee on Company Bankruptcy Risk

The presence of an audit committee in the empirical results has a beta value of 0.765, which means that between the presence of an audit committee and company bankruptcy there is a positive beta effect. The significance score is 0.007, so there is a significant positive relationship between the presence of an audit committee and the risk of company bankruptcy. These results indicate that the first hypothesis is rejected, because it is a determinant of risk that is visible and can be prevented by the company's financial management, including relations with investors, accounting, taxation, and others.(Putra & Serly, 2020). The results of this study are in line with the resultsHumairoh and Nurulita (2022);Mondayri and Tresnajaya (2022)interprets that the presence of an audit committee has a significant positive effect on bankruptcy risk where the presence of an audit committee that is not firm in controlling the company's assets optimally causes the company's inability to minimize operational costs causing inefficient structural capital. High operational costs will reduce

company profits, and a continuous decline in profits can bring losses and even lead to company bankruptcy.

The Influence of Audit Committee Size on Company Bankruptcy Risk

The audit committee size variable contained in the empirical results has a beta value of -0.802, which means that between audit committee size and company bankruptcy there is a negative beta relationship. With a significance value of 0.000, there is a significant and negative relationship between the size of the audit committee and the risk of company bankruptcy. These results indicate that the second hypothesis is accepted, because the increasing size of the audit committee tends to reduce the supervision that occurs to avoid bankruptcy in the company. The audit committee size value meets the regulatory requirements referred to in Table 4.2. The research results are in line with the resultsRahmawati and Herlambang (2018); Norziaton and Hafizah (2019)interprets that audit committee size has a significant negative effect on bankruptcy risk because achieving the minimum number of audit committee members can provide policy control and reduce the possibility of financial problems. This is because a sufficient number of audit committees will create an effective audit committee to supervise and control company activities so that they do not deviate, thereby reducing the risk of bankruptcy.

The Influence of Audit Committee Independence on Company Bankruptcy Risk

The audit committee independence variable contained in the empirical results has a beta value of -0.223, which means that audit committee independence and company bankruptcy have a negative beta. As for the significance score of 0.018, there is a significant and negative relationship between the independence of the audit committee and the risk of company bankruptcy. These results indicate that the third hypothesis is accepted. The average value of audit committee independence meets the regulatory requirements referred to in Table 4.2. The research results are in line with the resultsRahmawati and Herlambang (2018); Norziaton and Hafizah (2019)interprets that audit committee independence has a significant negative effect on bankruptcy risk, which indicates that the audit committee can make impartial recommendations to the board of commissioners. The audit committee's recommendations also contribute to the development of strategic plans to improve company performance to reduce the risk of bankruptcy.

The Influence of Audit Committee Expertise on Company Bankruptcy Risk

The audit committee expertise variable contained in the empirical results has a beta value of -0.609, which means that audit committee expertise and company bankruptcy have a negative beta, but the significance score is 0.000, indicating that there is a significant and negative relationship between audit committee expertise and company bankruptcy risk. so the fourth hypothesis is accepted. The audit committee's expertise is very sufficient and has complied with the regulatory requirements referred to in Table 4.2. The research results are in line with the resultsRahmawati and Herlambang (2018); Norziaton and Hafizah (2019)interprets that audit committee expertise has a significant negative effect on bankruptcy risk because strong audit committee expertise will prevent bankruptcy risk. This is because an audit committee that has an accounting background, the qualifications, knowledge, independence and authority of its members to protect the interests of stakeholders by ensuring reliable financial reporting, internal accounting controls and risk management can increase the role of monitoring the company's finances so as to avoid the risk of company bankruptcy.

The Effect of Audit Committee Meetings on Company Bankruptcy Risk

The audit committee meeting variable contained in the empirical results has a beta value of 0.040, which means that audit committee meetings and company bankruptcy have a positive beta. As for the significance score of 0.003, there is a significant and positive relationship between audit committee meetings and the risk of company bankruptcy, so the fifth hypothesis is rejected. Audit committee meetings are more dominant at 6 times a year, proving that the audit committee is also suggested to be more reactive than proactive to problems and may meet more frequently in an effort to legitimize the audit committee as referred to in Table 4.2.

The research results are in line with the resultsSaswito and Dirman (2021)interpret that audit committee meetings have a significant positive effect on bankruptcy risk because the possibility of bankruptcy increases with the increase in the number of audit committee meetings held by the company. If the audit committee has to meet frequently, it may be a sign that the company is experiencing a situation that is endangering bankruptcy, due to problems that can be effectively corrected.

The Influence of Board Independence on Company Bankruptcy Risk

The board independence variable contained in the empirical results has a beta value of -0.366, which means that board independence and company bankruptcy have a negative beta. The significance value of 0.459 indicates that there is no significant relationship between board independence and the risk of company bankruptcy, so the sixth hypothesis is rejected. The number of independent members of the company's board of directors is still low, so it has no impact on reducing the risk of bankruptcy as referred to in Table 4.2. The research results are in line with the resultsIndrati and Handayani (2022)interprets that board independence does not have a significant effect on the risk of bankruptcy because the greater or smaller the board independence cannot be certain, it will result in the risk of bankruptcy in a company. This happens because in carrying out their duties as a board of independent directors they must have an independent attitude, but in their implementation independent directors lack independence, thus making supervision of management performance weak and unable to control bankruptcy risk conditions.

The Effect of Board Size on Company Bankruptcy Risk

The board size variable contained in the empirical results has a beta value of -0.247, which means that board size and company bankruptcy have a negative beta. The significance value of 0.000 indicates that there is a significant and negative relationship between board size and the risk of company bankruptcy, so the seventh hypothesis is accepted. The size of the board in the company is sufficient to carry out supervision, but it does not prioritize the interests of stakeholders but rather prioritizes personal interests, which has a negative impact on the company as referred to in Table 4.2. The research results are in line with the resultsDesy et al. (2022); Indrati and Handayani (2022); Mondayri and Tresnajaya (2022); Permana and Umiyati (2022)interpret that board size has a significant negative effect on bankruptcy risk because the larger the board size, the greater the company's benefits in increasing access to human resources and information. The management must also have a large number because if there are more management members, it will be easier to control the work and reduce their dominance, thereby preventing the risk of company bankruptcy.

Nagelkerke R2 Test Results

The Nagelkerke R Square value can be interpreted in the same way as the R Square value in multiple regression, so it can be used to determine the coefficient of determination in logistic regression. Nagelkerke R Square is an adjustment of Cox and Snell coefficients that maintains the entire range of values 0-1. When the Nagelkerke R Square value is close to zero, the independent variable does not contribute much

to the prediction of the dependent variable, and when it approaches one, the independent variable contributes more to the prediction of the dependent variable(Ghozali, 2018).

Table 4.7 Test results*Nagelkerke R2*

Dependent Variable	***Nagelkerke R Square***
Risk Corporate Bankruptcy	0.462065

Source: SPSS Output (2023)

Observations in Table 4.7, the Nagelkerke R Square value is 0.462065 or 46.21%. The benefit of the Nagelkerke R Square test is that it can determine the level of suitability of the model formed by the dependent variable to the independent variables in the research model. This confirms that the independent and control variables can explain the dependent by 46.21%, while the remaining 53.79% is explained by other variables outside the research mode

CONCLUSION

There is a significant positive relationship between the presence of an audit committee and audit committee meetings on the risk of company bankruptcy. There is a significant negative relationship between audit committee size, audit committee independence, audit committee expertise, and board size on the company's bankruptcy risk. Board independence does not have a significant relationship to the risk of corporate bankruptcy.

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