



Distress Prediction in Transportation-Logistics: Integrating Financial and Governance Factors

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ABSTRACT

This study examines the influence of financial ratios and corporate governance mechanisms on financial distress in transportation and logistics companies listed on the Indonesia Stock Exchange over the 2019–2023 period. Financial performance is proxied by the Current Ratio (CR) for liquidity, Return on Assets (ROA) for profitability, and Debt-to-Equity Ratio (DER) for leverage, while Corporate Governance (CG) is measured through the proportion of independent commissioners and audit committee size. Financial distress is assessed using the Altman Z-Score. A purposive sampling technique yielded a final sample of 12 companies, generating 60 firm-year observations. Data were analyzed using descriptive statistics and inferential methods, including classical assumption tests, multiple linear regression, coefficient of determination, F-test, and t-test, with IBM SPSS Statistics version 26 employed for data processing. The empirical findings reveal that the five independent variables, when considered jointly, exert a statistically significant effect on financial distress. Individually, CR, ROA, DER, and the proportion of independent commissioners demonstrate significant partial effects, whereas audit committee size does not exhibit a statistically significant influence. By integrating financial ratios with corporate governance mechanisms, this study provides novel evidence on distress prediction in Indonesia's transportation and logistics sector, offering theoretical enrichment to the literature on financial distress and practical guidance for managers and regulators in strengthening early-warning systems.

Keywords: Financial Ratio, Corporate Governance, Financial Distress

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1. INTRODUCTION

Transportation and logistics serve as a key sector in facilitating Indonesia's economic expansion. This importance is reflected in the government's strong support for the development of the sector, which contributes approximately 24% of Indonesia's gross domestic product (GDP). Continued business growth also increases the demand for transportation and logistics services (Ghaisani & Takarini, 2022). Nevertheless, the sector suffered a sharp revenue contraction during the 2020 COVID-19 pandemic, as demand for transportation and logistics services dropped by up to 85% compared with the previous year. According to GDP growth rate data, the transportation and logistics industry underwent significant macroeconomic fluctuations, indicating that its constituent companies were disproportionately exposed to the risk of financial distress compared to firms in alternative sectors (Badan Pusat Statistik, 2020). Such conditions highlight the value of ascertaining the antecedents of financial distress, equipping corporate managers, investors, and other stakeholders with the necessary foresight to identify financial weaknesses before they escalate into outright bankruptcy.

The sources of corporate bankruptcy can be grouped under three basic models: Neoclassical, Financial, and Corporate Governance. Assessment of the Neoclassical and Financial models is conventionally conducted via the measurement of corporate financial performance, utilizing financial ratio analysis, including the CR to represent liquidity, ROA to indicate profitability, and the DER to capture leverage (Lizal, 2002). Meanwhile, the CG Model emphasizes that financial distress may also occur when a company has an adequate asset structure and financial structure but implements ineffective CG. This concern is acutely pertinent to Indonesia, which ranked at the bottom of the twelve Asian countries assessed for CG standards, achieving a governance score of a mere 35.7% (Asian Corporate Governance Association, 2023). Therefore, CG mechanisms, particular attention should be devoted to the share of independent commissioners and audit committee size, which should be evaluated conjointly with financial ratios in any rigorous analysis of the probability of financial distress.

Given the mixed findings reported in prior literature concerning the association between financial ratios, governance mechanisms, and corporate financial distress, further empirical validation is clearly required. This paper thus sets out to explore the role of CR, ROA, DER, the ratio of independent board commissioners, and audit committee size in determining the financial condition of transportation and logistics companies listed on the Indonesia Stock Exchange. Through the application of a quantitative explanatory design, the study relies on audited financial data and annual reports for the 2019–2023 period, processed using multiple linear regression. The regression results demonstrate that, when considered collectively, the five independent variables exert a statistically significant influence on the financial distress measure. Individually, CR, ROA, and DER have significant positive coefficients, independent commissioners have a significant negative coefficient, while audit committee size is not statistically significant. By combining financial performance measures and governance characteristics, this study extends the literature on financial distress within Indonesia's transportation and logistics industry.

2. LITERATURE REVIEW

Signaling Theory

At its core, Signaling Theory addresses the critical function of corporate disclosures, asserting that the information possessed and communicated by a firm is instrumental in shaping the perceptions and decisions of its shareholders, as well as those of other external market participants. The theory originated in 1970, when George Akerlof, in his study of the labor market, explained how information asymmetry or uncertainty concerning the quality of a seller's product could influence buyers' perceptions of that product (Kurniasih & Heliantono, 2024). Spence further developed Signaling Theory in 1973 by explaining how companies send signals to users of financial information (Spence, 2002). Signaling Theory is fundamentally intended to reduce information asymmetries between management and external stakeholders (Budiman, 2018).

Agency Theory

Under Agency Theory, the principal-agent relationship emerges when owners entrust managers with the authority to make corporate decisions consistent with shareholder interests (Jensen & Meckling, 1976). However, the resultant separation of ownership from control may foster conflicts of interest (Trisnawati, 2021). To address these conflicts,

governance mechanisms such as audit committees, independent commissioners, ownership structures, and external auditors function as effective monitoring tools, ensuring that managerial actions remain aligned with the objectives of principals (Perdana & Raharja, 2014).

Financial Performance

Financial performance is defined as a firm's achieved results over a reporting period, indicating its financial standing (Minister of Finance Decree No. 740/KMK.00/1989), and is evaluated using financial ratios (Khatami et al., 2017). Such performance is reported through financial statements namely, the profit or loss statement, statement of financial position, cash flow statement, and supporting notes (Barus et al., 2017). These documents originate from accounting processes that record and summarize economic activities. As stipulated by PSAK No. 1, financial statements are designed to inform users about an entity's financial condition, performance, and changes, thereby aiding economic decisions (Hery, 2016).

Financial Ratio Analysis

Financial ratio analysis helps evaluate firm health and detect distress by comparing related statement items (Hery, 2016), with the capacity to signal bankruptcy up to five years earlier (Asmarani & Lestari, 2020). This study applies three specific ratios: the CR with current assets/current liabilities) for liquidity and short-term solvency (Hery, 2016); ROA: net income/total assets for profitability and resource efficiency (Putri & Wijayanto, 2020; Hery, 2016); and the DER: total liabilities/equity for leverage-related financial risk (Hery, 2016).

The Concept of CG

CG refers to the frameworks and processes for directing corporate activities, promoting accountability, and generating sustainable stakeholder value (IFC, 2018). Under Indonesian Law No. 40/2007 (Art. 1(2)), firms must have three principal organs: the General Meeting of Shareholders (GMS), Board of Directors (BOD), and Board of Commissioners (BOC). The GMS holds residual powers, including decisions on profit distribution and board appointments (Art. 1(4)); the BOD manages and represents the company (Art. 1(5)); and the BOC exercises supervisory and advisory functions (Art. 1(6)). For public firms, POJK No. 33/2014 (Art. 20(3)) mandates that independent commissioners constitute at least 30% of boards exceeding two members, measured as the ratio of independent commissioners to total board membership (Septiana et al., 2016). Listed firms are also required to establish supporting bodies, including an Audit Committee of at least three members, comprising independent commissioners and external appointees, which assists the BOC under POJK No. 55/2015. Lastly, the IFC's Indonesia CG Manual outlines five core GCG principles: transparency (clear, timely disclosure), accountability (responsible reporting), responsibility (legal, social, and environmental compliance), independence (freedom from undue influence), and fairness (equitable stakeholder treatment).

Financial Distress

Financial distress signifies a state of severe financial deterioration that precedes actual bankruptcy (Platt & Platt, 2002). Lizal (2002) traces its origins to three theoretical models: the Neoclassical (resource misallocation), Financial (liquidity constraints and weak financing), and Corporate Governance (ineffective oversight despite adequate assets and capital structure). Accordingly, distress analysis functions as a vital early-warning mechanism for preemptive intervention. Among available prediction instruments, there are: Altman Z-Score, Grover G-Score, Springate S-Score, and Zmijewski X-Score, this study adopts the modified Altman model for non-manufacturing firms, given its proven predictive strength across sectors (Silvianti & Aslamiyah, 2024). This choice is empirically supported by Primasari (2017), who found Altman to be the most accurate (65.52%), followed by Springate (65.09%), Zmijewski (55.60%), and Grover (51.72%), and by Hafizah and Sa'adah (2024), who reported Altman's marked superiority over Zmijewski (74.29% vs. 37.14%). Consequently, the modified Altman Z-Score is applied here to assess financial distress in the non-manufacturing transportation and logistics sector.

Research Hypotheses

1) Effect of the CR on Financial Distress

CR which measures short-term solvency by comparing current assets to current liabilities (Hery, 2016), serves as a key liquidity indicator. Luis and Frinan (2022) assert that a higher CR signifies superior payment capacity, thereby reducing distress risk and, through the lens of Signaling Theory, conveying a positive signal to investors. However, this relationship is nuanced: an excessively high CR may reflect inefficient asset utilization, while a low CR indicates cash conversion difficulties that weaken debt-servicing capability and erode investor confidence (Hery, 2016). Despite these competing interpretations, empirical evidence consistently confirms a meaningful association between CR and financial distress (Herdyanto & Yudawisastra, 2019; Yudawisastra & Febrian, 2019; Hadi et al., 2024). Accordingly, we propose the following hypothesis:

H1: The Current Ratio has a significant effect on Financial Distress.

2) Effect of ROA on Financial Distress

ROA measures a firm's efficiency in generating earnings from its asset base. Within the framework of Signaling Theory, ROA conveys information about financial performance to both management and investors, thereby aiding decision-making (Carolina et al., 2017). A higher ROA indicates stronger profit-generating capacity, which supports operational activities and debt servicing, thus reducing financial distress risk. However, this protective effect may be offset when high profitability coincides with excessive operating costs or substantial debt burdens, as earnings may be consumed by these obligations. Conversely, a low ROA signals limited earnings capacity, impairing the firm's ability to fund operations and meet financial commitments, thereby elevating distress risk. Empirical evidence confirms a significant relationship between ROA and financial distress (Yudawisastra & Febrian, 2019; Dirman, 2020; Hadi et al., 2024). Accordingly, we propose the following hypothesis:

H2: ROA has a significant effect on Financial Distress.

3) Effect of the DER on Financial Distress

The DER measures the extent to which a firm's financing originates from debt relative to shareholders' equity, serving as a key leverage indicator. Consistent with Signaling Theory, DER conveys information about the company's financial structure to investors, supporting their investment evaluations (Sulistyo et al., 2022). A high DER signals substantial third-party obligations, which may elevate the risk of financial distress due to potential payment defaults, asset repossession, or financial losses from inadequate debt risk management (Silvia et al., 2020). Furthermore, increasing reliance on debt to finance operations may indicate early financial deterioration. Empirical evidence confirms a significant relationship between DER and financial distress (Hartianah & Sulasmiyati, 2017). Accordingly, we propose the following hypothesis:

H3: The DER has a significant effect on Financial Distress.

4) Effect of Independent Commissioners on Financial Distress

Independent commissioners are board members who maintain no affiliation with the company, thereby functioning as an autonomous governance mechanism. Drawing upon Agency Theory, Jensen and Meckling (1976) posit that the delegation of decision-making authority from principals (shareholders) to agents (managers) creates potential conflicts of interest, necessitating independent oversight to align managerial actions with shareholder interests. Independent commissioners fulfill this role by monitoring managerial conduct, limiting conflicts, and reducing agency-related costs (Ibrahim, 2018). A higher proportion of such commissioners is further expected to enhance supervision, coordination, and accountability through more objective strategic oversight (Indarti et al., 2020). Empirical evidence confirms a significant relationship between independent commissioner representation and financial distress (Puspaningsih et al., 2023; Widyaningsih, 2020; Hartianah & Sulasmiyati, 2017). Accordingly, we propose the following hypothesis:

H4: The proportion of independent commissioners has a significant effect on Financial Distress.

5) Effect of the Audit Committee on Financial Distress

From an Agency Theory perspective, divergent interests between principals and agents necessitate robust governance and monitoring mechanisms. The Board of Commissioners oversees managerial activities with support from the Audit Committee, which is expected to operate professionally and independently while enhancing supervision over financial reporting, risk management, audit processes, and CG implementation (Prihati & Khabibah, 2022). A committee of adequate size, comprising more than one member, diverse perspectives and more effective decision-making, as members with varied experience and financial expertise can evaluate corporate issues from multiple angles (Arrum & Wahyono, 2021). Active participation by all Audit Committee members, particularly in financial reporting oversight, is expected to strengthen monitoring of corporate financial activities and thereby reduce exposure to financial distress. Empirical evidence confirms a significant relationship between Audit Committee characteristics and financial distress (Rahmawati & Marsono, 2014). Accordingly, we propose the following hypothesis:

H5: Audit Committee size has a significant effect on Financial Distress.

3. METHODOLOGY

This study is grounded in a quantitative explanatory approach, with the Indonesia Stock Exchange serving as the research setting. Secondary data were obtained from audited financial statements accessible via IDX's official portal. The initial population included all 37 transportation and logistics companies listed during the 2019–2023 period. Following a purposive sampling strategy, 12 firms were ultimately retained based on the following criteria: (a) uninterrupted listing throughout the five-year period; (b) complete annual reporting, including detailed disclosures on Boards of Commissioners and Audit Committees; (c) financial statements presented in IDR; and (d) at least one year of reported losses. The exclusion was due to incomplete reporting and non-compliance with governance disclosure requirements, and the retained firms represent the largest and most consistently reporting companies in the sector. The dependent variable is proxied by financial distress, whereas the independent variables are represented by CR, ROA, DER, independent commissioner proportion, and audit committee size. The analytical framework encompasses both descriptive statistics and inferential techniques, with multiple linear regression applied to assess predictive relationships (Sugiyono, 2015).

4. RESULTS

Statistical Description Analysis

Table 1. Statistical Description Analysis

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
CR	60	,025	7,684	1,32737	1,662033
ROA	60	-,576	2,072	-,02777	,309654
DER	60	-90,298	41,648	-,07298	13,619922
Independent Commissioners	60	,250	,500	,42283	,083588
Audit Committee	60	1.00	3.00	2.9667	.25820
Financial Distress	60	-47,814	34,130	-3,27592	12,290284
Valid N (listwise)	60				

Source : Data Processed, 2026

The descriptive statistics summarize six variables across 60 observations. CR ranges from 0.025 to 7.684 (mean = 1.33, SD = 1.66), indicating substantial variation in short-term liquidity. ROA spans –0.576 to 2.072 (mean = –0.028), suggesting, on average, marginal profitability across the sample. DER exhibits extreme dispersion, with values ranging from –90.298 to 41.648 (mean = –0.0729), reflecting considerable diversity in capital structure. Independent commissioners constitute between 25% and 50% of board members (mean = 42%), whereas audit committee size is relatively stable, averaging 2.97 or 3 members. The financial distress proxy demonstrates substantial variability, ranging from –47.814 to 34.130 (mean = –3.28, SD = 12.29), underscoring the heterogeneous financial conditions prevailing among the sampled transportation and logistics firms.

Inferential Statistical Analysis

Classical Assumption Tests

The preliminary Glejser test revealed the presence of heteroskedasticity, necessitating the exclusion of outlier observations in ROA, DER, and the financial distress indicator, along with two cases from PT Eka Sari Lorena Transport Tbk for the 2019–2020 period due to their non-compliance with the minimum 30% independent commissioner requirement. To further address the issue, the independent commissioner variable was subjected to an inverse transformation, while the audit committee variable underwent logarithmic transformation. Following these adjustments, the test yielded significance values exceeding 0.05 for all variables, and the residual scatterplot exhibited a random distribution, collectively indicating that heteroskedasticity was no longer present. Residual normality was assessed using the one-sample Kolmogorov–Smirnov test based on 53 observations, which produced a significance value of 0.084 ($p > 0.05$); consequently, the residuals satisfied the normality assumption. The absence of multicollinearity was confirmed, with tolerance values spanning 0.787 to 0.917 (exceeding the 0.10 threshold) and Variance Inflation Factor (VIF) values ranging from 1.091 to 1.271 (well below the cut-off of 10). Autocorrelation was similarly undetected, as the Durbin–Watson statistic stood at 1.796, comfortably falling within the acceptable bounds of 1.7689 to 2.2311. Overall, the regression model satisfied all requisite classical assumptions for multiple linear regression.

Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression Analysis

		Coefficients^a		t	Sig.
Model		Unstandardized Coefficients	Standardized Coefficients		
		B	Std. Error		
1	(Constant)	9.748	9.210	1.058	.295
	CR	3.398	.808	.408	4.206
	ROA	19.604	6.666	.293	2.941
	DER	.616	.213	.277	2.887
	INVERS_P5X4	-7.269	2.188	-.342	-3.322
	LN_X5	1.654	6.221	.025	.266

a. Dependent Variable: Financial Distress

Source : Data Processed, 2026

The estimated coefficients for each predictor variable, obtained from the multiple linear regression analysis summarized in Table 8, yield the following empirical equation:

$$Y = 9,748 + 3,398 X_1 + 19,604 X_2 + 0,616 X_3 - 7,269 X_4 + 1,654 X_5$$

In this equation, Y represents the dependent variable namely, the financial distress indicator, while X_1 through X_5 denote the respective explanatory variables (CR, ROA, DER, proportion of independent commissioners, and audit committee size). The constant term, 9.748, indicates the estimated baseline value of Y when all independent variables are held at zero. Each coefficient quantifies the marginal effect of its corresponding predictor on

the distress measure, holding all other variables constant. Specifically, a one-unit increase in X_1 , X_2 , X_3 , or X_5 is associated with an increase in Y of 3.398, 19.604, 0.616, and 1.654 units, respectively. Conversely, X_4 exhibits a negative relationship with Y , whereby a one-unit rise in the independent commissioner proportion corresponds to a decrease of 7.269 units in the distress indicator, suggesting that stronger board independence may mitigate distress risk. Notably, X_2 (ROA) demonstrates the most substantial positive coefficient among the regressors, implying the greatest relative influence on the predicted outcome.

Hypothesis Testing

1) Coefficient of Determination Test (Adjusted R-Squared)

Table 3. Coefficient of Determination Test (Adjusted R-Squared)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.780 ^a	.609	.567	6,481845	1.796
a. Predictors: (Constant), LN_X5, Debt to Equity Ratio, Current Ratio, Return on Asset, INVERS_P SX4					
b. Dependent Variable: Financial Distress					

Source : Data Processed, 2026

As evidenced by the adjusted R-squared statistics reported in Table 9 (0.567), the five explanatory variables, CR, ROA, DER, independent commissioner ratio, and audit committee size, together account for 56.7% of the systematic variation in financial distress. The remaining 43.3% is attributable to unobserved factors not included in the research scope, suggesting avenues for future empirical inquiry.

2) Simultaneous F-Test

Table 4. Simultaneous Hypothesis Test (F-Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3074.678	5	614.936	14.636	.000 ^b
	Residual	1974.673	47	42.014		
	Total	5049.350	52			
a. Dependent Variable: Financial Distress						
b. Predictors: (Constant), LN_X5, DER, CR, ROA, INVERS_P SX4						

Source : Data Processed, 2026

The simultaneous significance of the regression model was assessed using the probability value (Sig.) and the F-statistic. A significance value below 0.05 leads to the rejection of H_0 and acceptance of H_a , meaning that the independent variables collectively influence the dependent variable. As shown in Table 10, the significance value was 0.000, which was below 0.05. The calculated F-value of 14.636 also exceeded the critical F-value of 2.413. Therefore, CR, ROA, DER, independent commissioners, and the Audit Committee jointly

had a significant effect on financial distress, resulting in the rejection of H_0 and acceptance of H_1 .

3) t-Test

Table 8 presents the results of the t-test, evaluated using both significance values (Sig.) and calculated t-statistics. A significance value below 0.05 indicates rejection of H_0 and acceptance of H_a , meaning the variable has a significant partial effect on financial distress. The Current Ratio (Sig. = 0.000), ROA (Sig. = 0.005), DER (Sig. = 0.006), and independent commissioners (Sig. = 0.002) all show significant effects, while the Audit Committee (Sig. = 0.792) does not. The same conclusion is supported by the comparison of calculated t-values with the critical value (2.01174). CR (4.206), ROA (2.941), DER (2.887), and independent commissioners (-3.322) exceed the threshold, confirming their significance. In contrast, the Audit Committee (0.266) falls within the acceptance range, indicating no significant effect.

5. DISCUSSION

The multiple linear regression analysis, assessed through the F-test, reveals that the five predictor variables CR, ROA, DER, proportion of independent commissioners, and audit committee size, collectively exert a statistically significant influence on financial distress. The adjusted R-squared value of 56.7% indicates that the model accounts for more than half of the variance in the distress indicator, suggesting substantial explanatory power.

Individually, the CR demonstrates a significant partial effect on financial distress in a positive direction, indicating that higher liquidity ratios paradoxically correspond to increased distress risk. This counterintuitive finding arises from the asset composition characteristic of transportation and logistics firms, wherein current assets are predominantly composed of receivables and inventories, components that are inherently illiquid and difficult to convert rapidly into cash. Consequently, even when the CR appears favorable, firms may lack the requisite liquidity to meet maturing short-term obligations, thereby elevating distress exposure. This result corroborates the findings of Herdyanto and Yudawisastra (2019), Yudawisastra and Febrian (2019), and Hadi et al. (2024), who similarly documented a significant relationship between CR and financial distress.

ROA also exhibits a significant effect on financial distress in a positive direction, a finding that warrants careful interpretation. Consistent with the observations of Sulistyo et al. (2022), transportation and logistics firms may achieve elevated ROA through short-term efficiency measures, including cost reductions in asset management and operational expenditures. While these initiatives temporarily inflate net income, prolonged cost-cutting may compromise service quality, erode revenue streams, and ultimately precipitate losses, thereby increasing distress vulnerability over the long horizon. This pattern aligns with Signaling Theory, wherein a high ROA may initially convey positive performance signals, yet the underlying strategies may mask latent operational weaknesses that eventually manifest as financial deterioration. This outcome is consistent with Yudawisastra and Febrian (2019), Dirman (2020), and Hadi et al. (2024).

The DER demonstrates a significant effect on financial distress also in a positive direction,

reflecting the capital structure challenges inherent in the transportation and logistics sector, which requires substantial funding for fleet maintenance, infrastructure, and expansion. Firms in this industry exhibit a preference for debt financing over equity issuance to avoid dilution of ownership, consequently elevating their leverage ratios and associated financial risk. From an Agency Theory perspective, heightened debt levels increase the probability of default and amplify agency costs, as creditors impose restrictive covenants and monitoring requirements. This finding corroborates Hartianah and Sulasmiyati (2017), who reported a significant influence of DER on financial distress.

In contrast, the proportion of independent commissioners exerts a significant effect on financial distress in a negative way, affirming the efficacy of robust governance oversight. Independent commissioners, by virtue of their autonomy from management, perform supervisory functions with greater objectivity, enabling them to identify and preempt decisions that may engender excessive financial risk. This finding is consistent with Agency Theory, which posits that independent oversight mitigates agency conflicts by aligning managerial actions with shareholder interests (Jensen & Meckling, 1976). The result reinforces the empirical evidence of Puspaningsih et al. (2023), Widyaningsih (2020), and Hartianah and Sulasmiyati (2017).

Conversely, audit committee size does not exhibit a statistically significant partial effect on financial distress. This lack of significance may be attributed to the regulatory uniformity prescribed by Financial Services Authority Regulation No. 55/POJK.04/2015, which mandates a minimum of three members, resulting in limited cross-sectional variation that precludes meaningful differentiation in committee effectiveness. As such, audit committee size fails to capture the qualitative dimensions of committee performance, including members' financial expertise, independence, and diligence. This outcome aligns with Puspaningsih et al. (2023) and Widyaningsih (2020), who likewise reported no significant relationship between audit committee size and financial distress.

This study is subject to several limitations. First, the relatively small sample size of 12 firms with 60 firm-year observations may restrict the generalizability of the findings. Second, the five-year observation window (2019–2023) provides only a limited temporal perspective, which may not fully capture long-term industry dynamics. Third, the sector-specific focus on transportation and logistics companies listed on the Indonesia Stock Exchange constrains the applicability of results to other industries. Finally, the purposive sampling criterion requiring at least one year of reported losses may introduce selection bias, as firms with stronger financial performance were excluded. These limitations should be considered when interpreting the results and provide opportunities for future research to expand the dataset, extend the time horizon, and conduct cross-sectoral comparisons.

6. CONCLUSION

This study finds that the liquidity ratio, represented by CR, has a significant effect on financial distress on a positive way, suggesting that limited capacity to meet short-term liabilities may heighten a company's exposure to financial difficulties. The profitability ratio proxied by ROA also has a significant effect with a positive path, showing that a high

ROA is not necessarily favorable. A company with a high ROA may still experience financial distress when it cannot maintain sufficient funds to cover its costs. The leverage ratio, measured by DER, has a significant effect with a positive direction, suggesting that heavy dependence on debt financing may raise the likelihood of default and increase exposure to financial distress.

Regarding CG, independent commissioners exert a statistically significant influence on financial distress in a negative way. A higher proportion of independent commissioners improves corporate oversight and reduces financial distress. Audit Committee size, however, has no significant effect because it is standardized by Financial Services Authority regulations and therefore does not adequately reflect the committee's contribution to financial distress. Collectively, CR, ROA, DER, independent commissioners, and the Audit Committee exert a statistically significant joint influence on financial distress.

Future studies are encouraged to examine a longer observation period or incorporate additional variables to obtain more current and precise results. Transportation and logistics companies should maintain an appropriate composition of financial components, including debt and current assets. They should also regularly evaluate and strengthen GCG practices to support effective company management. Prospective investors should conduct a thorough assessment before making investment decisions, considering not only financial ratios but also CG mechanisms.

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