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The Role Of Return On Assets, Current Ratio, Company Size, Sales Growth, And Leverage As Determinant Factors Of Financial Distress In Property And Real Estate Companies During The 2020–2024 Period

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Abstract

This study aims to analyze the effect of Return on Assets (ROA), Current Ratio (CR), Company Size, Sales Growth, and Leverage on financial distress in property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. This quantitative study, with a causal-comparative design, used secondary panel data; The population analyzed consists of companies in the property and real estate sector, specifically 94 property and real estate companies listed on the Indonesia Stock Exchange and a purposive sample of 23 companies (fives years observations). Instruments include financial ratios and ZScore to measure financial distress; analysis techniques used panel data regression (OLS/CEM), descriptive statistics, model selection, classical assumption tests, t-tests, F-tests, and coefficients of determination using EViews 12. The results show that simultaneously all five variables have a significant effect on financial distress, while partially Company Size and Leverage have a negative and significant effect, while ROA, CR, and Sales Growth are insignificant. The findings indicate that larger company size and effective debt management reduce the risk of financial distress in this sector. The conclusion confirms these findings and recommends attention to capital structure and company scale; Limitations include sample size and Adjusted R-squared of 0.25, which indicates that other factors also play a role.

Keywords:Company Size, Financial Distress, Leverage, Return On Assets, Sales Growth

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INTRODUCTION

Global economic changes in recent years have been marked by increasing uncertainty due to market fluctuations, inflation, interest rate fluctuations, and the accelerated integration of the digital economy. These conditions require companies to maintain strong financial resilience to survive increasingly complex competition. In this context, financial distress is a key indicator of declining financial condition and potential corporate bankruptcy (Sihombing & Angela, 2024; Fitri & Randy, 2025).

In Indonesia, the property and real estate sector exhibits high sensitivity to macroeconomic changes. The 2020–2024 period reflected fluctuating performance impacted by the pandemic, rising interest rates, inflation, and weakening purchasing power. This condition is reflected in the volatility of sales, profitability, and the property sector index on the Indonesia Stock Exchange, which tend to be unstable, increasing the risk of corporate financial distress (Riantara, 2024; Nasution et al., 2024).

Theoretically, financial distress has been widely studied through financial indicators such as Return on Assets (ROA), Current Ratio, Company Size, and Sales Growth. ROA is used to measure asset efficiency in generating profit, while the Current Ratio reflects a company's liquidity capacity to meet short-term obligations (Sihombing & Angela, 2024; Putri et al., 2025). Furthermore, Company Size and Sales Growth are also considered important factors reflecting a company's capacity and sustainability prospects (Nababan & Hartikayanti, 2025; Ratna et al., 2024).

However, previous research results still show inconsistencies. Some studies found that ROA and liquidity significantly influence financial distress, while others showed insignificant results or different directions of influence (Astuti & Dewi, 2024; Silvia & Yulistina, 2022). Differences in results also occurred for the variables Company Size and Sales Growth, which are influenced by differences in sectors, periods, and research methods used.

This inconsistency indicates a research gap that requires further study, particularly in the property and real estate sector, which is capital-intensive and vulnerable to changing economic conditions. Therefore, more comprehensive research is needed to re-examine the determinants of financial distress in a more specific and up-to-date context.

This study aims to analyze the influence of ROA, Current Ratio, Company Size, Sales Growth, and Leverage on financial distress in property and real estate companies during the 2020–2024 period. The novelty of this study lies in the integration of fundamental variables into a single analytical model spanning the economic crisis and

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recovery phases. Theoretically, this study strengthens the signaling theory literature, while practically, it provides a basis for investors and management to more accurately assess financial risk.

METHOD

This study uses a quantitative approach with a causal-comparative design to examine the influence of independent variables on financial distress. The quantitative approach was chosen because it allows for hypothesis testing based on numerical data and statistical analysis. According to Sugiyono (2013), Emzir (2021), and Creswell (2022), quantitative research emphasizes objective measurements to test causal relationships between variables.

The population of this study was 94 property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. According to Sugiyono (2013), a population is the entire research object with specific characteristics. The sample was determined using purposive sampling based on certain criteria, such as completeness of financial reports, not being delisted, and not being suspended. According to Sudaryono (2021), purposive sampling was used to select the sample most relevant to the research objectives. Based on these criteria, 23 companies were obtained with a total of 115 panel data observations.

The research variables consist of financial distress as the dependent variable, and ROA, Current Ratio, Company Size, Sales Growth, and Leverage as independent variables. According to Ghozali (2018), research variables are measurable concepts to test the relationship between phenomena. Financial distress is measured using the Z-Score model, while ROA, CR, Sales Growth, and DER use financial ratios, and Company Size uses log total assets. These measurements refer to the literature of Sihombing & Angela (2024), Putri et al. (2025), and Cyntara & Apriwandi (2025).

This study uses quantitative data in the form of company financial ratios. Emzir (2021) states that quantitative data is numerical and can be analyzed statistically. The data sources are secondary data obtained from the company's annual financial reports on the Indonesia Stock Exchange (IDX) for the 2020–2024 period, as well as the official IDX website and Yahoo Finance. According to Sugiyono (2013), secondary data is obtained from officially published sources.

Data was collected through a documentary study of the sample companies' annual financial reports. According to Sudaryono (2021), documentation is a data collection

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technique using relevant written documents. Furthermore, this study utilized literature from journals and books to strengthen the theoretical foundation and analysis.

Data analysis used panel data regression with the help of EViews 12. Gujarati and Porter (2012) explained that panel data combines cross-sectional and time series data for more efficient analysis. The analysis stages include descriptive statistics, model selection (CEM, FEM, REM), classical assumption testing, and hypothesis testing (t-test, F-test, and R^2).

Data analysis was conducted using panel data regression with the aid of EViews 12. Gujarati and Porter (2012) explain that panel data combines cross-sectional and time-series data, making it more efficient for analysis. The analysis steps included descriptive statistics, model selection (CEM, FEM, REM), tests of classical assumptions, and hypothesis testing.

Hypothesis Testing

Hypothesis testing is used to statistically test the validity of a statement or assumption and to determine whether a hypothesis is accepted or rejected. The purpose of hypothesis testing is to provide a basis for decision-making based on research data. Hypothesis testing in this study includes the t-test (partial), the F-test (simultaneous), and the coefficient of determination (R^2).

1. Partial Test (t-Test)

   The t-test is used to determine the effect of each independent variable on the dependent variable individually. The test is conducted at a 5% significance level ($\alpha = 0.05$). The decision criteria are as follows:

   • If the calculated t-value > critical t-value and $p < 0.05$, then the null hypothesis is accepted, meaning the independent variable has a significant effect on the dependent variable.

   • If the calculated t-value is less than the critical t-value and the significance level is greater than 0.05, then the null hypothesis is rejected, meaning the independent variable does not have a significant effect on the dependent variable.

2. Simultaneous Test (F-Test)

   The F-test is used to determine whether all independent variables together have a significant effect on the dependent variable. The test is conducted at a 5% significance level ($\alpha = 0.05$). The decision criteria are:

   • If Fcalc > Ftab and sig < 0.05, then the hypothesis is accepted.

   • If Fcalc < Ftab and sig > 0.05, then the hypothesis is rejected.

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3. Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to determine the extent to which the independent variables can explain the dependent variable. An R^2 value close to 1 indicates that the model can explain most of the variation in the dependent variable, while a value close to 0 indicates that the model's explanatory power is decreasing.

RESULTS AND DISCUSSION

Population and Sample

According to (Sugiyono, 2013), a population is a generalized area consisting of objects or subjects with specific characteristics determined by the researcher to be studied and conclusions drawn. The population in this study was 94 property and real estate companies listed on the Indonesia Stock Exchange for the 2020–2024 period.

Meanwhile, a sample is a portion of a population that possesses certain characteristics. In this study, the sample was determined using purposive sampling, a sampling technique based on specific criteria established by the researcher.

Table 1 Research Sample

No	Issuer Code	Company name
1.	APLN	Agung Podomoro Land Tbk
2.	ASRI	Alam Sutera Realty Tbk
3.	BEST	Bekasi Fajar Industrial Estate Tbk
4.	BKSL	Sentul City Tbk
5.	CTRA	Ciputra Development Tbk
6.	DART	Duta Anggada Realty Tbk
7.	DILD	Intiland Development Tbk
8.	FMII	Fortune Mate Indonesia Tbk
9.	GPRA	Prime Gapuraprima Tbk.
10.	JRPT	Jaya Real Property Tbk
11.	KIJA	Jababeka Industrial Estate Tbk
12.	LPCK	Lippo Cikarang Tbk
13.	LPKR	Lippo Karawaci Tbk
14.	MMLP	Mega Manunggal Property Tbk
15.	MTLA	Metropolitan Land Tbk
16.	PLIN	Plaza Indonesia Realty Tbk

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17.	PWON	Pakuwon Jati Tbk
18.	RBMS	Ristia Bintang Mahkotasejati Tbk
19.	RDTX	Roda Vivatex Tbk
20.	Human Resources Management	Suryamas Dutamakmur Tbk
21.	SMRA	Summarecon Agung Tbk
22.	TARA	Agung Semesta Sejahtera Tbk
23.	URBN	Urban Jakarta Propertindo Tbk

Descriptive Statistical Analysis

Table 2 Results of Descriptive Statistical Analysis

	Y		X1	X2	X3	X4	X5
Mean	7.19		-0.02	2.63	15.87	0.25	**0.74**
Median	5.12		0.01	2.02	16.02	0.03	**0.47**
Maximum	54.26		0.34	10:52	17.80	13.42	**3.30**
Minimum	-0.88		-3.31	0.10	13.47	-0.94	**0.01**
Std. Dev.	9.42		0.32	2.06	1.21	1.43	**0.60**
Skewness	3.80		-9.10	1.80	-0.42	7.26	**1.23**
Kurtosis	18.27		90.32	6.62	2.28	64.35	**4.99**
Jarque Bera	1394.41		38131.39	125.57	5.95	19049.74	**48.14**
robability	0.00		0.00	0.00	0.05	0.00	**0.00**
Sum	827.04		-2.37	303.25	1825.99	29.66	**85.17**
Sum Sq. dev.	10118.30		12.28	484.30	167.13	234.11	**41.35**
Observation	115		115	115	115	115	**115**

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Based on the descriptive statistics of 115 observations, Financial Distress has an average of 7.19 with a high data spread, indicating a variation in the company's financial condition from very healthy to risky. ROA has an average value of -0.02, indicating a tendency for low profitability, while the Current Ratio of 2.63 indicates relatively good company liquidity although it varies between companies. Company Size with an average of 15.87 indicates a relatively homogeneous company size, while Sales Growth of 0.25 reflects positive but fluctuating sales growth. Meanwhile, Leverage with an average of 0.74 indicates the use of debt at a moderate level with quite diverse variations between companies.

Panel Data Regression Model Selection

Table 3 Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	38.49	(22.87)	0.00
Cross-section Chi-square	272.94	22	0.00

Based on the results of the Chow Test, the probability values of Cross-section F (0.00) and Chi-square (0.00) are smaller than 0.05, so H_0rejected. Thus, the more appropriate model to use in this study is the Fixed Effect Model (FEM) rather than the Common Effect Model (CEM).

Table 4 Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Cross-section Random	9.36	5	0.09

Based on the results of the Hausman Test, the probability value of 0.09 is greater than 0.05 so H_0accepted. Thus, the more appropriate model to use in this study is the Random Effect Model (REM) rather than the Fixed Effect Model (FEM).

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Table 5 Legrange Multiplier Test Results

	Cross-section	Hypothesis Test	Both
		Time	
Breusch-Pagan	147.35	2.41	149.76
	(0.00)	(0.12)	(0.00)
Honda	12.13	-1.55	7.48
	(0.00)	(0.93)	(0.00)
King Wu	12.13	-1.55	3.33
	(0.00)	(0.93)	(0.0004)
Standardized Honda	13.37	-1.38	4.75
	(0.00)	(0.91)	(0.00)
Standardized King Wu	13.37	-1.38	0.92
	(0.00)	(0.91)	(0.17)
Gourieroux, et al.	-	-	147.35
			(0.00)

Based on the results of the Lagrange Multiplier Test (Breusch-Pagan), the Cross-section probability value of 0.12 is greater than 0.05 so that H_0accepted, and the more appropriate model is the Common Effect Model (CEM). These results align with previous tests, where the Chow Test showed the Fixed Effect Model was superior to the Common Effect Model, while the Hausman Test showed the Random Effect Model was more appropriate than the Fixed Effect Model. However, overall, the LM Test confirms that the Common Effect Model is the best model in this study. This indicates that there are no significant differences in characteristics between companies or between periods, so the Ordinary Least Squares (OLS) approach to the Common Effect Model is considered most appropriate for explaining the influence of ROA, Current Ratio, Company Size, Sales Growth, and Leverage on financial distress.

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Classical Assumption Test

Table 6 Multicollinearity Test Results

	X1	X2	X3	X4	X5
X1	1	0.07	-0.06	0.05	-0.07
X2	0.07	1	-0.01	-0.05	-0.32
X3	-0.06	-0.01	1	0.04	0.44
X4	0.05	-0.05	0.04	1	0.08
X5	-0.07	-0.32	0.44	0.08	1

A multicollinearity test was conducted to determine whether there was a high correlation between the independent variables in the regression model. The results of the correlation test between the independent variables showed that all correlation coefficients were below 0.80.



Picture1Heteroscedasticity Test Results

From the residual graph (blue color), it can be seen that it does not cross the limits (500 and -500), meaning that the residual variances are the same. Therefore, there are no symptoms of heteroscedasticity.

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Table 7 Durbin Watson Value Test Results

R-squared	0.56	Mean dependent var	0.009
Adjusted R-squared	0.54	SD dependent var	0.30
SE of regression	0.20	Akaike info criterion	-0.244
Sum squared residual	3.70	Schwarz criterion	-0.08
Log likelihood	17.25	Hannan-Quinncriter.	-0.17
F-statistic	22.65	Durbin-Watson Stat	1.87
Prob(F-statistic)	0.00		

Based on the results of the autocorrelation test using Durbin-Watson, a value of 1.87 was obtained. This value is in the interval dU < DW < 4-dU, namely 1.78 < 1.87 < 2.22, so it can be concluded that the regression model is free from autocorrelation and has met the classical assumptions of autocorrelation.

Panel Data Regression Analysis

Based on the regression results, the equation obtained is: (Y = 41.77 + 1.21ROA - 0.51CR - 1.80SIZE + 0.43SG - 6.27LEV). These results indicate that ROA and Sales Growth have a positive effect on Financial Distress, while Current Ratio, Company Size, and Leverage have a negative effect. The constant value of 41.77 indicates that if all independent variables are considered constant, the Financial Distress value is 41.77. In addition, an increase in ROA and Sales Growth tends to increase Financial Distress, while an increase in Current Ratio, company size, and Leverage tends to decrease Financial Distress assuming other variables remain constant.

Hypothesis Testing

Table 8 T-Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	41.77	10.80	3.86	0.0002
X1	1.21	2.34	0.51	0.60
X2	-0.51	0.39	-1.29	0.19
X3	-1.80	0.71	-2.52	0.01

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X4	0.43	0.53	0.80	0.42
X5	-6.27	1.52	-4.12	0.0001

Based on the results of the t-test on the panel regression model, the variables Return on Assets, Current Ratio, and Sales Growth do not have a significant effect on financial distress because they have a significance value above 0.05 and the calculated t-value is smaller than the t-table. Meanwhile, Company Size has a negative and significant effect on financial distress with a significance value of 0.01, which indicates that the larger the company size, the lower the risk of financial distress. In addition, Leverage also has a negative and significant effect on financial distress with a significance value of 0.00, so that changes in leverage affect the level of financial distress of the company.

Table 9 F Test Results

R-squared	0.28
Adjusted R-squared	0.25
SE of regression	8.15
Sum squared residual	7242.62
Log likelihood	-401.38
F-statistic	8.65
Prob(F-statistic)	0.000001

Based on the EViews output results, the F-statistic value was 8.65 with a Prob (F-statistic) of 0.00. Because the calculated F-value is greater than the F-table (8.65 > 2.30) and the significance value is less than 0.05, it can be concluded that Return on Assets, Current Ratio, Company Size, Sales Growth, and Leverage simultaneously have a significant effect on financial distress. Thus, the regression model in this study is considered suitable for use.

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Table 10 Results of the Determination Coefficient Test

R-squared	0.28
Adjusted R-squared	0.25
SE of regression	8.15
Sum squared residual	7242.62
Log likelihood	-401.38
F-statistic	8.65
Prob(F-statistic)	0.000001

The Adjusted R-squared value of 0.25 indicates that Return on Assets, Current Ratio, Company Size, Sales Growth, and Leverage variables can explain 25% of the variation in financial distress in property and real estate companies in the 2020–2024 period. Meanwhile, the remaining 75% is influenced by factors outside the model, such as macroeconomic conditions, operational cash flow, and corporate governance quality. Although considered moderate, this research model remains suitable for use due to the complexity of the property industry, which is influenced by many external factors.

DISCUSSION

1. The Effect of Return on Assets on Financial Distress

   Based on the results of statistical tests using EViews, the Return on Assets (ROA) variable obtained a t-value of 0.51, smaller than the t-table of 1.98 with a significance value of 0.60, greater than 0.05. Thus, ROA is declared to have no effect on financial distress. Thus, H1 is rejected and H0 is accepted, which indicates that changes in profitability have not been able to be a determining factor in financial distress conditions in property and real estate sector companies. Although the regression coefficient shows a positive direction of 1.21, the relationship is not significant and cannot be interpreted strongly.

   In theory, ROA reflects a company's ability to generate profits through asset utilization. A higher ROA indicates a company's greater effectiveness in managing its assets, thus lowering the risk of financial distress. From a signaling theory perspective, high profitability also provides a positive signal to investors regarding a company's financial condition and prospects. However, this study suggests that ROA is not yet a

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strong enough signal to predict financial distress because investors also consider other factors such as debt, cash flow, and industry conditions.

This condition is reinforced by descriptive data showing an average ROA of -0.02, with a minimum value of -3.31 and a maximum of 0.34, indicating that company profitability tends to be low and fluctuating. In the property and real estate sector, corporate profits are often influenced by long-term project cycles and market conditions, so profitability in a single period does not necessarily reflect the company's overall financial stability. The results of this study align with research by Astuti and Dewi (2024), which states that ROA has no effect on financial distress. Therefore, financial distress cannot be explained solely through profitability; other factors such as leverage, company size, and financial structure must also be considered.

2. The Effect of Current Ratio on Financial Distress

Based on the results of statistical tests using EViews, the Current Ratio (CR) variable obtained a t-count value of -1.29, smaller than the t-table of 1.98 with a significance value of 0.19, greater than 0.05, so that the Current Ratio was declared to have no effect on financial distress. Thus, H2 was rejected and H0 was accepted, which indicates that increasing company liquidity has not been able to significantly reduce the risk of financial distress in property and real estate sector companies.

In theory, the current ratio is used to measure a company's ability to meet its short-term obligations using its current assets. However, in the property and real estate sector, current assets are generally dominated by inventory in the form of unsold projects or properties, making it difficult to convert them into cash immediately. Consequently, a high Current Ratio does not always reflect truly sound liquidity. Furthermore, an excessively high Current Ratio may also indicate inefficiencies in the management of current assets.

From the perspective of signal theory, a high level of liquidity should serve as a positive signal to investors and creditors that the company has the ability to meet its short-term obligations. However, the results of this study indicate that this signal is not strong enough to influence financial distress. Investors and creditors consider not only the level of liquidity but also the quality of current assets, the ability to generate cash flow, debt structure, and the company's operational efficiency..

The research findings indicate that some companies with high current ratios still experience financial distress because a significant portion of their current assets consists of inventory, which takes a long time to convert into cash. These findings align with the research by Fitri & Randy (2025), which states that the Current Ratio

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does not influence financial distress. Thus, financial distress is influenced not only by a company's liquidity but also by other factors such as profitability, capital structure, and operational efficiency.

3. The Influence of Company Size on Financial Distress

Based on the statistical test results using EViews, the calculated t-value was -2.52, which is greater than the t-table of 1.98, and the significance value was 0.01 < 0.05. The regression coefficient value of -1.80 indicates that company size has a negative and significant effect on financial distress, so H3 is accepted and H0 is rejected. This means that the larger the company size, the lower the likelihood of the company experiencing financial distress.

Company size refers to the scale of a company, which is generally measured by total assets, the logarithm of total assets, or total sales. Large companies tend to have greater resources, access to financing, business diversification, and better management systems compared to small companies. These factors make large companies better equipped to withstand economic pressures and financial risks, thereby reducing the risk of financial distress.

From the perspective of signal theory, company size sends a positive signal to investors and creditors regarding the company's stability and credibility. Large companies are viewed as having lower risk because they possess strong resources, better information transparency, and broader access to funding. Consequently, large companies find it easier to secure financial support when facing financial pressures, thereby reducing the risk of financial distress.

The results of this study align with Nugroho's (2025) study, which found that company size has a negative and significant effect on financial distress. Therefore, it can be concluded that company size is a significant factor in predicting financial distress in property and real estate companies.

4. The Influence of Sales Growth on Financial Distress

Based on the statistical test results using EViews, the t-test value was 0.80, which is smaller than the t-table value of 1.98, and the significance value was 0.42 > 0.05. This indicates that sales growth has no effect on financial distress, so H4 is rejected and H0 is accepted. This means that increasing sales growth has not been able to significantly affect the company's financial distress.

Sales Growth is a ratio used to measure a company's sales growth from one period to the next. This ratio reflects a company's ability to increase revenue and is often considered an indicator of operational success and business expansion. Companies

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with high sales growth are generally viewed as having good prospects and strong competitiveness.

From the perspective of signal theory, high sales growth sends a positive signal to investors regarding the company's future prospects and development. However, the results of this study indicate that Sales Growth does not provide a sufficiently strong signal to influence financial distress. Investors not only consider sales growth but also pay attention to profitability, cost efficiency, cash flow, and the company's ability to manage debt.

The results of this study align with those of Cyntara & Apriwandi (2025) and Rochendi (2022), which found that sales growth had no effect on financial distress. Therefore, it can be concluded that sales growth is not a primary factor in determining financial distress in property and real estate companies.

5. The Effect of Leverage on Financial Distress

Based on the statistical test results using EViews, the calculated t-value was -4.12, which is greater than the t-table of 1.98, with a significance value of 0.00 < 0.05. The regression coefficient value of -6.27 indicates that leverage has a negative and significant effect on financial distress, thus H5 is rejected and H0 is accepted. This means that increasing leverage is actually followed by a decrease in financial distress in property and real estate companies. This indicates that effectively managed debt use can help companies increase business capacity and improve financial conditions.

Leverage is a ratio used to measure the extent to which a company uses debt to finance its assets. Generally, high leverage is associated with an increased risk of financial distress because the company has higher interest expenses and debt obligations. However, in the property and real estate sectors, the use of debt is often a key strategy in financing large-scale projects and business expansion.

From the perspective of signal theory, leverage can send both negative and positive signals. High leverage can be viewed negatively because it indicates a high dependence on debt. However, leverage can also be a positive signal if it is used productively for business expansion, project development, or acquisitions that can increase the company's revenue. This situation instills confidence in investors and creditors that the company is capable of managing its funding sources effectively.

The results of this study align with those of Ratna et al. (2024), which found that leverage significantly influences financial distress. However, the negative direction of the relationship in this study suggests that leverage in the property sector functions more as a corporate growth strategy than as a source of financial stress. Therefore,

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leverage can signal that a company is entering a growth phase through project expansion and business development.

CONCLUSION

This study aims to analyze the influence of Return on Assets (ROA), Current Ratio, Company Size, Sales Growth, and Leverage on financial distress in property and real estate companies for the 2020–2024 period. The results show that all independent variables simultaneously have a significant effect on financial distress. Partially, Company Size and Leverage have a negative and significant effect on financial distress, while ROA, Current Ratio, and Sales Growth have no significant effect. These findings indicate that company size and debt management capabilities are important factors in maintaining the financial stability of property and real estate companies. Larger companies tend to have better resources, access to funding, and operational stability, while optimally managed leverage can be used as a strategy for business expansion and growth. Practically, the results of this study provide implications for company management to pay more attention to capital structure and the company's capacity to manage financial risks. In addition, investors can use Company Size and Leverage as important indicators in assessing a company's potential for financial distress.

This study is limited by its sample size, which only includes companies in the property and real estate sector and the observation period of 2020–2024. Therefore, the results cannot be generalized to all industrial sectors. Furthermore, the Adjusted R-Squared value of 25% indicates that other factors outside the model influence financial distress, such as macroeconomic conditions, operational cash flow, corporate governance, and other external factors. Therefore, further research is recommended to add more complex variables, expand the research sector, and use a longer observation period to achieve more comprehensive and accurate results. Future research can also consider using other analytical methods to obtain more in-depth results regarding the factors influencing corporate financial distress.

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