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THE EFFECT OF FINANCIAL DISTRESS AND CAPITAL STRUCTURE MODERATED BY COMPANY SIZE

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Abstract: Financial distress is a condition where the company's finances are in unhealty or crisis and occurs before bankruptcy which is caused because the company does not always run in accordancee with the rules and regulations chaused because the company does not always run according to the plan. The purpose of this study is to examine the effect of profitability ratios and capital structure on the likelihood of financial distress in companies, as well as how company size moderates this relationship, with the aim of providing practical and theoretical insights for corporate financial management and helping investors to make better investment decisions. The sample used in the research is all manufacturing companies listed on the IDX in 2018-2021. The number of data 220 companies. The research method used is using the documentation method, namely data obtained from financial reports and annual reports of manufacturing companies listed on the IDX during the 2018-2021 research period. The data analysis technique uses descriptive statistical tests, classical assumption tests, and hypothesis testing in the form of multiple linear regression tests, F tests, R^2 tests and MRA tests. The significance level used in determining the research results is 0.05. The results of this research show that the profitability ratio does not have a significant effect on financial distress. Capital structure has a positive and significant effect on financial distress. This means that the higher the company's debt level, the more it can cause financial distress. Company size is able to moderate and significantly influence profitability on financial distress. Company size is not able to significantly moderate the influence of capital structure on financial distress.
Keywords: Profitability Ratio, Capital Structure, Company Size, Financial Distress

INTRODUCTION

In the era of globalization, current economic developments, especially in the business sector, are growing rapidly and trying to show the superiority of their respective businesses. All companies compete, from the small-scale industrial sector to the large-scale industrial sector, with the aim of gaining profit. In the process of achieving this, companies are often faced with various kinds of problems, challenges and risks, so that many companies cannot survive and are even in a state of financial distress. Financial distress is a situation where the company faces depreciation or financial difficulties, this occurs before bankruptcy (Muzharoatiningsih, 2022). According to Nafisah et al (2023) is one of the causes financial distress it could be from internal factors, namely the company's large debt, operational losses, cash flow that is not smooth; or external factors

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that are more macro in nature, such as government policies that can increase the cost burden on the company. This condition can occur in all types of companies, including companies manufacture.

Some cases or phenomena of manufacturing companies experiencing delisting or bankruptcy in Indonesia as reported by the website (www.Cekdollarmu.eu.org, 2021) include Taisho Pharmaceutical Indonesia Tbk (SQBB), delisted on March 21, 2018 due to administrative problems. Truba Alam Manunggal Engineering (TRUB), delisted on September 12, 2018 due to administrative and performance issues. PT Sigmagold Inti Perkasa Tbk (TMPI), delisted on November 11, 2019 due to administrative and performance issues. Sekawan Intipratama Tbk (SIAP) was delisted on June 17, 2019 due to administrative and performance issues. Borneo Lumbung Energi & Metal Tbk (BORN) was delisted on January 20, 2020 due to administrative and performance issues. Evergreen Invesco Tbk (GREN) was delisted on November 23, 2020 due to administrative and performance issues. PT First Indo American Leasing Tbk (FINN) was delisted on March 2, 2021 due to administrative and performance issues.

One of the financial ratio indicators used to measure financial distress namely the profitability ratio. According to Putri (2020) the profitability ratio is the company's ability to generate profits in a certain period by calculating the assets and capital owned. In this research, the company uses profitability ratios Return on Assets, which measures the company's effectiveness in generate profits by utilizing the assets they own (Situmorang, 2018). The higher the profitability ratio of a company, the better the company's performance, so the possibility of this happening financial distress quite small. This is in line with the research results of Putri et al (2022) which concluded that profitability ratios have a positive effect on financial distress. However, this is different from the results of research by Fatmawati and Rihardjo (2017) which states that profitability ratios have a negative effect on financial distress.

The second financial report indicator that can be used to make predictions financial distress is the capital structure. According to Wahyuliza and Fahyani (2019) capital structure is a comparison between debt (Debt) with your own capital (Equity) that a company uses to finance its assets. A capital structure that is balanced between debt and equity can provide financial stability. This is in line with the results of research by Akmalia, (2020) which concluded that capital structure has a negative effect onfinancial distress. However, this is different from the research results of Darmiasih et al (2022) which state that capital structure has a positive effect onfinancial distress.

The third financial report indicator that can be used to predict financial distress is the size of the company. According to Amanda and Tasman (2019) company size describes the size of a company which is shown in total assets, number of sales, average sales and total assets. Company size can be measured by Ln (Total Assets). If a company has large total assets then this will have many positive impacts for the company, because interested parties such as investors and creditors will be happier to invest and provide credit to a company that has large assets because they will be able to guarantee the credit provided. by creditors. The results of Nilasari (2021) concluded that size the company has a positive influence onfinancial distress. This result is different from research by Setyowati and Nanda (2019) which concluded that company size has a negative effect on financial distress.

Based on the description above, there is still some debate from previous researchers, so financial distress is still an interesting topic to research further and find

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out what indicators are used for predictions financial distress. This research is a development of Wibowo and Susetyo, (2020) researchers who show the results that profitability, liquidity, and operating capicity ratios have a negative and significant effect on financial distress conditions, while sales growth has no effect on financial distress conditions.

This reseacrh is accordance with agency theory. Agency theory is a framework used to understand conflicts of interest between various parties involved in a company, such as shareholders, managers and creditors. Endiana and Arizona (2019) stated that agency theory describes shareholders asprincipal (owners) and management as agents who are parties contracted by shareholders to work in the interests of shareholders and are given some power to make decisions in the best interests of shareholders.

Other than, that this research is in accordance with signal theory. According to Pratama and Setiawati (2022) signal theory is used to explain the condition of a company by providing signals in the form of information from the company, one of which is by issuing financial reports to the company. If the company's financial condition and prospects are good, the manager will give a signal by implementing liberal accounting, whereas if the company is in financial distress and the company's prospects are poor, the manager will give a signal by implementing conservative accounting.

Hypothesis

Effect Of Profitability Ratio On Financial Distress

Profitability is a financial ratio used to measure a company's ability to generate profits (Rahma 2022). According to Endiana and Arizona (2019) in the context of the influence of profitability on financial distress, low profitability can increase the risk of occurrence financial distress, while high profitability can help companies reduce these risks.

The effect of profitability on financial distress can be explained by agency theory. Agency theory helps explain how differences in interests between owners and agents can lead to conflict, supervision, and control within a company. According to Wahyuni and Ramadhan (2022) both parties want to maximize their respective interests, so there is strong reason to believe that agents will not always act in accordance with the principal's wishes and this can give rise to agency problems. Therefore, agency theory helps explain how the separation between owners and agents in a company can influence profitability and its impact on risk financial distress, as well as how monitoring and control mechanisms can be used to overcome agency conflicts and ensure shareholder interests are protected. This is in line with the results of research conducted by Pratama and Setiawati (2022) that profitability has a negative effect on financial distress.

H1: Profitability ratio has a negatif effect on financial distress

Effect Of Capital Structure On Financial Distress

Capital structure refers to the way a company finances its operations using various combinations of equity capital (shares) and debt capital (Akmalia, 2020).

The influence of capital structure on financial distress can be explained by agency theory. Capital structure, such as the use of debt, can be a source of conflict between shareholders and company management. Sari et al (2022) stated that shareholders may want management to use more debt to maximize shareholder profits, while management

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may have a personal interest in avoid risk financial distress that could threaten their job or reputation. However, on the other hand, management tends to focus on long-term business sustainability, and sometimes they are more careful in using debt, this is because high debt levels can increase risk.financial distress, namely the company's inability to meet financial obligations, which can have a negative impact on management's work and reputation (Rissi and Herman, 2021). This is in line with the results of research conducted by Purwaningsih and Zelina (2022) which states that capital structure has a negative effect on financial distress.

H2: Capital structure has a negative effect on financial distress

Can Profitability Moderate The Influence Of Company Size On Financial Distress

Profitability is a ratio that is used to determine overall management activities which can be measured by looking at the size or size of the profits obtained by the company when making sales or investments (Lawita and Binangkit, 2022). According to Burhan and Khairunnisa (2021) financial distress is when a company's revenue growth is not balanced with the total expenditure incurred by the company and ultimately the company experiences financial difficulties causing the company to go bankrupt. The size of the company influences the company's profits. Company size is a value that is shown by looking at the total assets owned by all sales, profits generated and tax burden and others (Nafilla and Juliana, 2021). According to Sari and Rosyadi (2023) high profitability can provide additional resources to overcome financial problems and minimize the risk of financial difficulties. Conversely, at low levels of profitability, large companies are more vulnerable to financial distress because it is difficult to overcome limited resources.

The relationship between company size can moderate the positive influence of profitability onfinancial distress with signal theory. Darmiasih et al (2022) signaling theory suggests that companies can use certain signals to communicate information to external stakeholders, such as investors or creditors, about the company's condition and performance. Firm size acts as a moderator that influences the extent to which the market and creditors interpret profitability signals. Salim and Dillak (2021) state that if large companies show high profitability, the positive signal effect can be strengthened because company size provides additional certainty regarding resources and stability. Research conducted by Darmiasih et al (2022) shows that profitability can moderate the positive influence of firm size on financial distress.

H3: profitability can moderate the influence of company size on financial distress

Can Capital Structure Moderate The Influence Of Company Size On Financial Distress

According to Rahma and Dillak (2021) larger companies have better access to capital markets and internal resources to finance their projects or financial obligations. This means that the capital structure chosen by the company is like a mixture of equity and debt capital, can play an important role in managing and preventing financial risksfinancial distress. This means that capital structure can function as a moderator, changing the intensity of the influence of company size on riskfinancial distress (Nabilani 2022).

The capital structure relationship can moderate the positive influence of company size on financial distress with signal theory. Signal theory is a theory of sending signals by internal company parties such as management, on the other hand, external parties

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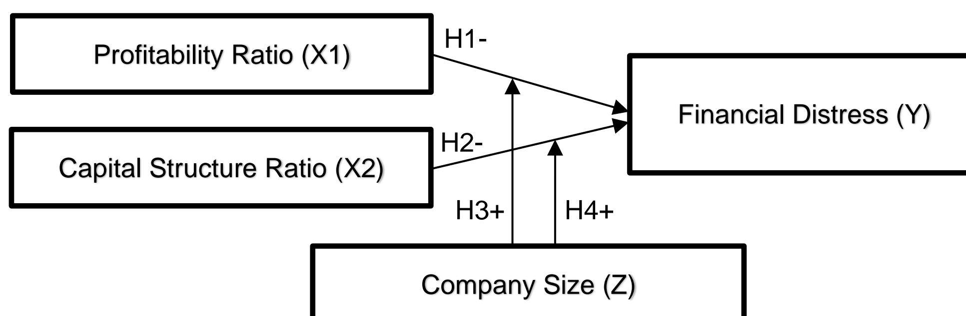
such as investors have the role of receiving signals, management tries to provide signals in the form of relevant information so that investors can use it, when good financial performance is achieved. company, then a signal will be sent to external parties (Ayem & Rahmayani, 2022). The use of a capital structure in the form of debt or own capital can be considered a signal to investors and creditors about the company's financial health and prospects. Along with this, company size is also an important factor, because a larger size is often considered an indicator of success and stability (Makkulau, 2020). On the other hand, company size has a positive influence on riskfinancial distress can create additional complexity. According to Erawati and Mbiliyora (2023), this is where capital structure becomes an important factor. Mahaningrum and Merkusiwati (2020) so that the relationship between signal theory, capital structure, company size, andfinancial distress creates a complex framework for understanding the dynamic interactions between corporate financial decisions and their impact on financial risk. This is in line with research conducted by Safitri et al (2019) capital structure can moderate the positive influence of company size on financial distress.

H4: Capital structure can moderate the influence of company size on financial distress

Figure 1 Research Framework



Source : Modification of research Marta & Majidah (2023)

METHODS

Type of Research

The data in this study is quantitative data. Quantitative research is a collection of data in the form of numbers whose research results are analyzed using statistical calculations (Ratna and Marwati 2018). This quantitative research uses a secondary data processing approach. Secondary data is obtained from the page www.idx.co.id, which is a source of information about manufacturing companies listed on the Indonesia Stock Exchange (IDX). These data are collected by researchers based on certain criteria.Then the researchers selected samples based on predetermined criteria, so the results obtained were 55 companies in each year that met the criteria for determining the sample, so that the total number of samples used in this study was 220 (55 x 4 years) company data.

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Population, Sample and Sampling Technique

Population in quantitative research is defined as a generalization area consisting of objects / subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions (Suriani et al 2023). The population used in this study are all manufacturing companies listed on the IDX in 2018-2021. While the sample in the study is manufacturing companies in Indonesia which are listed on the Indonesia stock exchange, namely 2018-2021, the data can be accessed via the page www.idx.co.id. According to Amin et al (2023) the sample is simply defined as part of the population which is the actual source of data in a study.

Firmansyah and Dede (2022) state that sampling techniques are, what techniques are most suitable for various types of research, so that someone can easily decide which technique can be applied and is most suitable for their research project. The sampling technique used in the research ispurposive sampling method. Purposive sampling method is a technique for determining samples with certain considerations and selecting samples non-randomly which are adjusted to the aims and targets as well as criteria that have been previously determined by the researcher (Suriani et al 2023). The sampling criteria are as follows, 1.) Manufacturing companies that publish financial reports for the 2018-2021 period 2.) Manufacturing companies listed on the BEI consecutively from 2018-2021 3.) Companies that use the currency Rp 4.) Companies that have losses 5.) Companies that have complete data and meet the criteria related to the variables used in the research.

Table 1. Operational Definition And Research Variables

Variable	Operational Definition	Formula	Source
Financial Distress (Y)	Financial distress in this study it was measured using the method Altman Z-Score. Model Altman Z-Score easy for companies to use in analyzing financial performance (Anistasya and Setyawan, 2022).	$Z = 1{,}2\ (X_1) + 1{,}4\ (X_2) + 3{,}3\ (X_3) + 0{,}6\ (X_4) + 0{,}999\ (X_5)$	(Anistasya and Setyawan, 2022).
Profitability (X1)	profitability is a ratio to measure how effectively the company generates returns on assets owned by the company or generates profits (Ratuela et al., 2022).	Return On Asset = Net Profit / total assets	(Ratuela et al., 2022)
Capital Strukture (X2)	Capital structure measurement is carried out using a formula Debt to Equity Ratio (DER) through a comparison of company debt and company equity (Suniah and Herawati, 2020).	Debt to Equity Ratio = Total Debt / Total Equity	(Suniah and Herawati, 2020)
Company Size (Z)	At this company size, the Natural Logarithm of Total Assets formula is used, because the natural logarithm simplifies the value of total assets without any change in the proportion and actual total assets (Chasanah and Satrio, 2019).	Company Size = Ln (Total Assets)	(Chasanah and Satrio, 2019)

RESULTS AND DISCUSSION

Data Analysis

The data used in this research amounted to 220 (two hundred and twenty) sample companies. These data will then be analyzed using the following tests:

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Descriptive Statistics

Tabel 2. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	220	-2.55	8.30	.0013	.60836
Capital Strukture	220	-30.15	114.29	2.2067	8.91346
Company Size	220	22.64	32.45	27.8720	1.54479
Financial Distress	220	-41.87	203.15	3.5600	17.60668
Valid N (listwise)	220				

Source: (SPSS Output Version 25.0, data processed 2024)

Based on the results of descriptive statistical analysis obtained profitability ratio (X1) has a minimum value of -2.55, a maximum value of 8.33, a mean value of .0013 and a standard deviation of .60836. Capital structure (X2) has has a minimum value of -30.15, a maximum value of 114.29, a mean value of 2.2067 and a standard deviation of 8.91346. Company size (moderation) has a minimum value of 22.64, a maximum value of 32.45, a mean value of 27.8720 and a standard deviation of 1.54479. Financial distress has a minimum value of -41.87, a maximum value of 203.15, a mean value of 3.5600 and a standard deviation of 17.60668.

Classic Assumption Test
Normality Test

Table 3. Normality Statistical Test Results

Unstandardized Residual	Limit	Description
.073[c]	0,05	Normal

Source: SPSS version 25 output, data processed in 2024

From table 3 above, it can be seen that the significance level value is.073[c]. This indicates that the residual data is normally distributed.

Multicollinearity Test

Table 4. Multicollinearity Test Results

	Variable	Tolerance	VIF	Description
1	Profitability	.999	1.001	No Multicollinearity
	Capital Strukture	.920	1.087	No Multicollinearity
	Company Size	.921	1.086	No Multicollinearity

Source: SPSS version 25 output, data processed in 2024

From table 4 above, it can be seen that the tolerance value> 0.10 or VIF value < 10, so there is no multicollinearity.

Heteroscedasticity Test

Tabel 5. Heteroskedastisitas Test Results

Variable	Sig	Limit	Description
Profitability	.242	>0,05	No heterocedasticity
Capital Strukture	.395	>0,05	No heterocedasticity
Company Size	.684	>0,05	No heterocedasticity

Source: SPSS version 25 output, data processed in 2024

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From table 5 above, it can be seen that the variables proposed in the study do not occur heterocedacity.

Autocorrelation Test

Table 6. Autocorrelation Test Results

DU	DW	(4-DU)	Description
1,79753	1,916	2,20247	No autocorrelation

Source : Output SPSS Versi 25, data diolah 2024

From table 6 above,, it can be seen that the value of Du < DW < (4-DU) or 1.79753 < 1.916 < 2.20247, thus the variables proposed in the study do not occur autocorrelation.

Hypothesis Testing

F Statistical Test (Simultaneous)

Table 7. F Test Results (Simultaneous)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.983	2	10.492	18.112	.000[b]
	Residual	125.699	217	.579		
	Total	146.682	219			

Source: SPSS version 25 output, data processed in 2024

Based on the results of the model test in this study, the F-count was 18,112 and a significance value of 0.000, which means the F-count sig < 5% (0.001 < 0.05), so it can be concluded that the hypothesis can be supported, which means the independent variables are profitability ratio, structure capital, and company size simultaneously influencefinancial distress.

Coefficient of Determination Test (R^2)

Table 8. Coefficient of Determination Test Results (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.378[a]	.143	.135	.76109

a. Predictors: (Constant), Capital Strukture, Profitability

Source: SPSS version 25 output, data processed in 2024

Based on the calculation results, the Adjusted R Square value is 0.135. These results indicate that the independent variables, namely profitability ratios, capital structure, and company size can influence financial distress amounting to 0.135 or 13.5%, while the remaining 86.5% is influenced by other variables outside this research model.

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T Statistical Test (Partial)

Table 9. Test Results (Partial)

Variable	Type Of Variable	Prediction	Prediction Of Variable		Conclusion
			Coefficient	t	
Profitability (H1)	Independent	-	.057	.261	not supported
Capital Strukture (H2)	Independent	-	.443	6.018	supported
ROA*SIZE (H3)	Moderation	+	.321	4.394	supported
DER *SIZE (H4)	Moderation	+	.069	1.760	not supported

Note : *Significance at the 0,05. ** Significance at the 0,01. *** Significance below 0,001.
Source: SPSS version 25 output, data processed in 2024

From table 9 it can be seen that the profitability can be seen that the t_{count} is 0.261 with a significance of 0.795. This shows that profitability does not affect financial distress because t_{Count} greater than t_{table} (1.29743) and its significance is well below 0.05. It can be concluded that hypothesis 1 is not supported.

The capital structure has a t_{count} of 6.018 with a significance of 0.000. This shows that the capital structure has a significant value in above 0.05 and t count < from t_{table} (1.29743). It can be concluded that capital structure has an influence on financial distress. This is meaningful hypothesis 2 is supported.

Based on the results of the partial regression test, a t-count value of 4.394 regression coefficient (beta) was obtained 0.321 with significance (p) = 0.000. Based on data processing results where the significance value (p) ≤ 0.05 it can be concluded that profitability positive influence to financial distress moderated firm size. Firm size able to moderate profitability to financial distress.

Based on the partial regression test, the t value is obtained calculated as 1.760 regression coefficient (beta) 0.069 with significance (p) = 0.080. Based on the resultsdata processing where the significance value (p) > 0.05 can be done concluded that the capital structure no influential to financial distress moderated firm size. Firm size is unable to moderate capital structure on financial distress.

Results And Discussion

Effect Of Profitability On Financial Distress

The results of the hypothesis testing carried out showed that profitability had no effect on financial distress. The results of this study are in line with research conducted by Sari & Putri (2019) and Ramadhanti et al (2023) which suggest that profitability has no effect on financial distress. This shows that although profitability is often considered an indicator of the company's financial health, it is not the main determining factor in determining the risk of financial distress. This is proven by the t $value_{count}$ 0,261 < t_{table} 1.29743 with a significance value of 0.795 and has value unstandardized coefficients of 0.057. The first hypothesis is formed states the effect of profitability on financial distress, not supported.

The relationship between profitability and financial distress can be explained by agency theory. According to Ratna and Marwati (2018) agency theory is a framework used to understand the relationship between company owners (principals) and managers (agents) and how they interact in an organizational context. Permana et al (2017) state that in agency theory, there is a conflict of interest between owners who want to maximize

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long-term company value and managers who may have incentives to seek personal gain or maximize short-term performance. Therefore, managers desire to gain incentives and take higher risks in an effort to increase profitability and receive greater incentives, on the other hand owners are more concerned with financial risks and long-term sustainability (Ningsih and Asandimitra, 2020). This means that agency theory plays an important role in how conflicts of interest between owners and managers, as well as information asymmetry, can influence the relationship between profitability and risk financial distress.

Effect Of Capital Structure On Financial Distress

The results of the hypothesis testing carried out showed that capital structure had a positive effect onfinancial distress. The results of this study are in line with research conducted by Amanda & Muslih (2020) and Fadilla et al (2019) which suggest that capital structure has a positive effect on financial distress. The higher the level of debt or capital structure of the company, the more likely the company is to experience the risk of financial distress. This is proven by the t $value_{count}$ 6,018 > t_{table} 1.29743 with a significance value of 0.000 and has value unstandardized coefficients of 0.443. The second hypothesis states the influence of capital structure on financial distress, supported.

The relationship between capital structure and financial distress can be explained by agency theory. Zuliansyah et al (2023) explain that agency relationships arise as a result of a contract where one or more people (principals) involve other people (agents) to do something based on the principal's wishes, where the principal's wishes often differ from management's wishes, resulting in conflict between them. To avoid this conflict of interest, it is necessary to decide to adopt a capital structure that reduces risk financial distress, so it can be a strategy to minimize conflicts of interest between owners and managers (Nafilla and Juliana 2021). Because the owner tend to be more concerned with long-term risks and financial stability, while managers may focus on achieving performance targets or personal incentives.

Company Size Moderates The Effect Of Profitability Ratios On Financial Distress

The results of the hypothesis testing carried out showed that profitability had a positive effect on financial distress moderated by firm size. The results of this study are in line with research conducted by Nabilani (2022) and Enalia & Mustaruddin (2021) which suggest that profitability strengthens the relationship between company size and financial distress. Company management can consider profitability as a key factor in financial planning and strategy, especially when managing financial risk. Firm size is able to moderate profitability financial distress. This is proven by the t $value_{count}$ 4,393 > t_{table} 1.29743 with a significance value of 0.000 and has value unstandardized coefficients of 0.321. The third hypothesis states that firm size can be moderates the influence of profitability ratios on financial distress, supported.

The relationship between company size can moderate the effect of profitability on financial distress explained using signaling theory. Ayem and Rahmayani (2022) profitability is used as a tool to measure company performance in obtaining profits originating from company assets, sales and certain share ownership. Companies can avoid financial distress determined by the company's performance in gaining profits. If the company's profitability is high then it can be avoided financial distress so it will give

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a positive signal (good news) for investors to invest funds in the company (Agustina & Mranani, 2020). On the other hand, company size can play an important role in moderating the effect of profitability onfinancial distress. Larger companies have an advantage in dealing with financial stress, due to greater resources and diversification. Therefore, company size can influence the extent to which profitability moderates financial risk, with larger companies tending to have better resilience (Muzharoatiningsih & Hartono, 2022).

Company Size Moderates The Effect Of Capital Structure Onfinancial Distress

The results of the hypothesis testing carried out showed that capital structure had a positive effect on financial distress moderated by firm size. The results of this study are in line with research conducted by Agustina & Mranani (2020) (2020) and Faluthy (2021) which suggest that capital structure weakens the relationship between firm size and financial distress. This means that company management can consider more carefully in designing their capital structure, especially when considering company size and the risk of financial distress. Firm size is able to moderate profitability financial distress. This is proven by the t $value_{count}$1,760 > t_{table}1.29743 with a significance value of 0.000 and has value unstandardized coefficients of 0.069. The fourth hypothesis states that firm size cannot moderate the influence of capital structure on financial distress, not supported.

The relationship between company size cannot moderate the influence of capital structure on financial distress explained using signaling theory. According to Darmiasih et al (2022) capital structure is an internal company factor that has a direct influence on company finances. Mistakes in implementing capital structure will have major consequences for company. One mistake in implementing capital structure is the use of debt. However, company size also plays a complex role in the relationship between capital structure and financial distress. Nafilla and Juliana (2021) debt-dominant capital structures in large companies can result in significant financial burdens, especially if cash flow is disrupted. Therefore, these difficulties can be exacerbated by information gaps between management and shareholders, creating inaccurate financial signals and increasing the risk of market distrust. According to Hasti et al (2022) moreover, the large size of the company can create risks overconvidance, where the company is too confident in its ability to overcome financial risks, which leads to unwise capital structure policies.

CONCLUSION

Based on the data analysis and discussion that has been described, the conclusions of this research are as follows: 1.) Capital structure positive and significant effect to financial distress in manufacturing companies registered on the IDX in 2018-2021. This means that the higher the company's debt level, the financial distress. 2.) Firm size unable to moderate (weaken) significantly the influence of capital structure on financial distress in manufacturing companies listed on the IDX in 2018-2021.

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