ABSTRACT

Financial distress is a condition of a company's financial decline which, if allowed to continue, can result in bankruptcy or liquidation. Financial distress can be caused by several things that occur within the company, such as mistakes made by managers in making decisions and lack of supervision of the company's financial condition. To minimize financial distress, one way that can be used is by implementing good governance.

This study aims to determine the effect of managerial ownership, independent board of commissioners, and audit committee on financial distress in the textile and garment sub-sector companies listed on the Indonesia Stock Exchange (BEI) in 2013–2017.

The research sample consisted of 10 companies selected using purposive sampling method, with a research period of 5 years, then obtained 50 samples. The data analysis method used is panel data regression. Data processing is done using Eviews 10 software.

The results showed that simultaneously managerial ownership, the independent board of commissioners and the audit committee had a significant effect on financial distress. Partially managerial ownership and independent board of commissioners have a significant negative effect on financial distress, while the audit committee has a significant positive effect on financial distress.

***Keywords**: Audit Committee, Financial Distress, Independent Board of Commissioners, Managerial Ownership,.*