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THE EFFECT OF LIQUIDITY, COMPANY SIZE, AND COMPANY VALUE ON FINANCIAL DISTRESS WITH MANAGERIAL OWNERSHIP AS A MODERATING VARIABLE IN PROPERTY COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

The researcher took the title "The Influence of Company Size Liquidity and Firm Value on Financial Distress with Managerial Ownership as a Moderating Variable in Property Companies Listed on the Indonesian Stock Exchange". This research design uses quantitative and qualitative data types in the form of secondary data obtained by accessing the website www.idx.co.id and some using data from ICMD (Indonesian Capital Market Directory). The formulation of the problem generates six hypotheses using five variables. The five variables are liquidity, firm size, firm value, financial distress and managerial ownership. This research is a quantitative and descriptive research. This research was conducted by collecting secondary data available on the Indonesia Stock Exchange during the 2021-2022 period with a total sample of 36 companies. The analytical method used is SPSS. The findings in this study indicate that the independent variable has a positive and significant effect on the dependent variable, while the contribution of the moderating variable weakens the relationship. The causes of financial distress include poor business planning, whether in terms of marketing, production, distribution or finance; the second cause is problematic cash flow where basically the influence of financial ratios on financial distress is very large.

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1. INTRODUCTION

Companies are established to make a profit or profit. If profits have grown, then another corporate goal arises, which is to increase the value of the company through increasing the prosperity of company owners or shareholders. The company as a form of financial organization certainly does not always experience a heyday, the company is also able to experience what is called financial difficulties, even not infrequently arriving at the point of bankruptcy. In essence, a company will certainly avoid conditions that can result in bankruptcy both for shareholders, employees, and even if the company plays a large economic role in a country it will affect the economic turnover of a country.

Bankruptcy in economic terms is referred to as financial distress. The causes of financial distress include poor business planning in terms of marketing, production, distribution or finance; The second cause is, problematic cash flow where basically the effect of financial ratios on financial distress is very large, for example if the smooth collection of receivables, and the purchase of raw materials does not meet the needs of the company, in a short time the cash flow will become non-smooth and financial distress occurs; The third cause is a capital structure that is too risky, where if the company has too many liabilities or debts, it will be threatened with legal bankruptcy or bankruptcy; and operational losses for several years, such as the marketing division that continuously failed to meet targets and ended up failing to satisfy investors (Kashmir, 2019). In addition to these three causes, companies sometimes experience operational and even financial imbalances due to cases from company owners and shareholders. Various cases related to the company's bankruptcy due to the actions of its executives will affect the company's consumer perception, such as the property company groups MYRX and RIMO which were expelled from the IDX due to company owners, namely Benny Tjokrosaputro and Teddy Tjokrosaputro who were affected by the scandal of the loss case of the life insurance company. Based on statements related to the causes of financial

distress, the phenomenon of financial distress is a very interesting thing to discuss because it is the main threat to the operations of companies in a country that play an important role in efforts to increase national economic growth (Ministry of Industry, 2019). According to Dhawan (2014) companies must implement good Good Corporate Governance (GCG), in order to increase the possibility of the company experiencing healthy conditions. The quality of poor governance in the company can be a factor in the collapse of the company itself, starting from the inability to manage the company's internal will have an impact on not running operational activities which will later result in deteriorating financial performance (Elmarghy, 2018).

In Indonesia, issues related to corporate financial management are one of the important topics in supporting economic recovery and stable corporate economic growth. If the implementation of financial management is poor, the level of trust of capital owners will decrease (Black, 2013). The reason is because the investment made will be unsafe. As a result, investors will withdraw from investments that have been invested or new investors will be reluctant to invest (Kasmir, 2019).

Failure to implement poor financial management will result in poor financial performance (Nora, 2016). Financial performance certainly has a relationship with financial indicators, which is one of the traditional analytical tools used to predict financial distress (Pennrose, 2019). Hanifah and Purwanto (2013) in their research use financial indicators, namely liquidity ratios to test financial distress conditions, where in financial indicators there are financial ratios such as liquidity ratios. The first way to prevent financial distress is to focus on smooth cash flow and reserves or in other words focus on business liquidity. Liquidity ratio is a ratio used to find out how much a company is capable of paying short-term debt or to find out how liquid a company is (Kasmir, 2019). If the company cannot pay its obligations when due, then the company experiences liquidity problems so that the liquidity ratio can identify financial distress problems (Soni 2014).

Several studies have been conducted using liquidity ratios to examine their effect on financial distress. Ellen and Juniarti (2013) show that liquidity has a significant influence on the occurrence of financial distress, because a liquid company means that it has good performance so that the company will avoid the possibility of financial distress. This is supported by research by Al-Haddad et al. (2013) which states that liquidity has a positive influence on company performance which means the company will have less potential for financial distress conditions. However, some studies such as Hanifah and Purwanto (2013) state that liquidity does not have a significant effect on financial distress, because companies that have low short-term debt will focus more on long-term obligations, so it does not affect the company's condition. Likewise, research by Putri and Merkusiwati (2014) states that liquidity does not have a significant effect on financial distress. The existence of this gap research is the author's motivation to re-examine related to liquidity variables.

In research conducted by Fama and French (1992) it was found that firm size (company size) is associated with financial distress. The size of the company describes how much total assets the company has (Kaen, 2013). Companies that have large total assets will easily diversify and tend to be smaller in bankruptcy, where the greater the total assets owned by the company, it is expected that the company will be able to pay off obligations in the future, so that the company can avoid financial problems (Jensen in Soni, 2014). Managerial ownership can affect management performance. This is because managers who have an ownership in a company have the drive to improve the quality of the company by managing good managerial ownership, the company's internal parties will be faster to take actions which will be able to improve the company's financial condition before experiencing bankruptcy or financial distress. External parties in this case will also be helped in the decision-making process whether or not to invest in the company. This study discusses financial distress or corporate financial difficulties that occur in various property companies.

2. LITERATURE REVIEW

Financial distress

Financial distress is defined as the stage of decline in the company's financial condition that occurs before bankruptcy or liquidation (Platt, 2006).

Good Corporate Governance

Agency theory or agency theory is a basis for the emergence of the concept of good corporate governance and the basis used to understand corporate governance. According to Eisenhardt's research (2014), it is stated that agency theory is based on three basic human traits, namely:

1.Human beings are generally self-interested
2.Humans have limited thinking power about future perception (bounded rationality)
3.Humans always avoid risk (risk averse)

Based on these three basic human traits, managers will act opportunistic, namely prioritizing their personal interests. So that the concept of corporate governance is expected to reduce the emergence of conflicts between company management and investors (Nasrum et al, 2015).

Liquidity

Liquidity is the company's ability to pay the company's short-term obligations (Kasmir, 2019). Companies that have good liquidity will be considered to have good performance by investors. This will attract investors to invest in the company Adi & Lestari (2016).

Firm size

Company sizes are divided into categories, namely large firms, medium size companies and small firms. The size of the company according to (Riyanto, 2020) can be interpreted as the size of a company which can be seen or measured from the amount of value of total assets, investment, capital turnover, production equipment, number of employees, breadth of business network, market control, production output, amount of added value and amount of tax paid.

Company Value

Company value is the present value of expected cash flows throughout the establishment of the company. A company's value is a function of four variables: cash flow from on-site assets (existing investments), expected growth in cash flow, the length of periods during which the company can sustain high growth, and the cost of capital. According to (Sudana, 2015) the value of the company is the present value of cash flows, income or cash that is expected to be received in the future. Company value is a function of policies in the field of investment, the field of sources of funds and the politics of dividends (Gitosudarmo &; Basri, 2013). According to (Husnan, 2020) that the value of the company itself is the price that prospective buyers are willing to pay if the company is sold, the higher the value of the company, the greater the prosperity received by the owner of the company. For companies that have gone public, maximizing company value is a normative goal of the company which is reflected by maximizing stock market prices (Sudana, 2015). The main purpose of the company according to the theory of the firm is to maximize wealth or value of the firm (Salvatore, 2019).

Based on the formulation of the problem and the development of hypotheses carried out, the research model proposed by the author as shown in Figure 2.1:

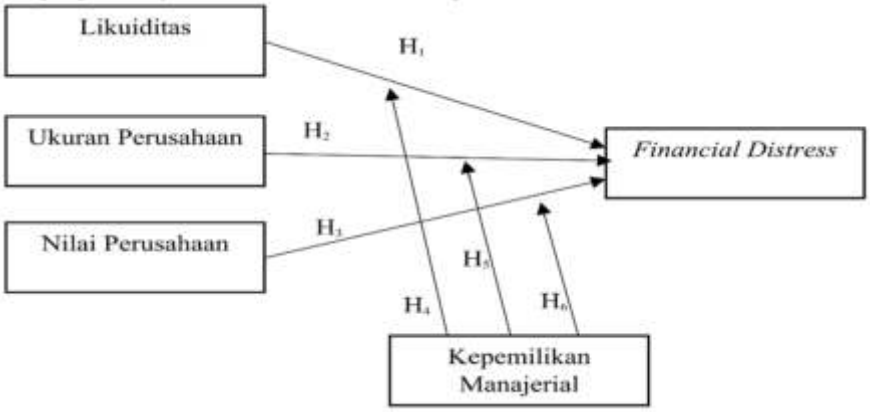

Figure 1 Research Model

3. METHODS

This research uses quantitative and qualitative data types in the form of secondary data obtained by accessing www.idx.co.id website and some using data from ICMD (Indonesian Capital Market Directory). The problem statement generates six hypotheses using five variables. The five variables are liquidity, company size, company value, financial distress, and managerial ownership. This research is quantitative and descriptive research. Quantitative research according to Hair et al (2021: 52) is research that uses

empirical studies to collect, analyze and display data in numerical, not narrative form. Atmowardoyo (2018: 198) defines descriptive research as research that describes research results through observation of phenomena as accurately as possible.

4. RESULTS AND DISCUSSION

Research Model Using *Moderating Regression Analysis*

The first stage is to calculate the mean or average of the independent variable and the moderating variable which will be used to find the relationship of each independent variable with the moderating variable.

Table 1 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	63	1.21	40.58	10.0103	10.38996
Total Assets	63	23.54	26.39	24.8856	.68815
Book Value of Shares	63	6.89	7.98	7.4041	.28201
Share Ownership	63	.02	20.10	5.6768	4.59305
Valid N (listwise)	63				

The second stage can be done by calculating the *mean center* of the independent variable and the moderating variable by subtracting each variable's mean value in table 5.7.

The next stage is to calculate the form of interaction between each independent variable with moderating variables where three forms of interaction will be obtained. These results will be regressed to produce the following coefficients:

Table 2 Regression Results I

Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.391[a]	.153	.115	9.87179

a. Predictors: (Constant), Stock Book Value, LN Total Assets, Current Ratio

ANOVA[a]

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1194.746	3	398.249	4.087	.010[b]
	Residuals	6626.754	59	97.452		
	Total	7821.500	62			

a. Dependent Variable: Interest Coverage Ratio

b. Predictors: (Constant), Stock Book Value, LN Total Assets, Current Ratio

Coefficients[a]

Type		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-111.549	42.306		-2.637	.010
	Current Ratio	1.085	.519	.243	2.089	.040
	LN Total Assets	3.004	1.550	.217	1.938	.057
	Book Value of Shares	5.517	2.076	.309	2.658	.010

a. Dependent Variable: Interest Coverage Ratio

From table 2 it is known that the value of R Square is 15.3%. In addition, from the partial test, it was obtained that *the Current Ratio* had a positive and significant effect with a significance value of 0.04 < 0.05.

LN of total assets has a positive and insignificant effect from the significance value of 0.057 > 0.05. Meanwhile, the book value of the stock has a positive and significant effect with a significance value of 0.01 < 0.05. Meanwhile, from simultaneous tests, significant F values of 0.01 < 0.05 were obtained so that statistically it can be concluded that there is a simultaneous influence.

Table 3Regression Results II

Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.436[a]	.190	.116	9.87100

a. Predictors: (Constant), X3Z, Stock Book Value, LN Total Assets, Current Ratio, X1Z, X2Z

ANOVA

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1488.120	6	248.020	2.545	.028[b]
	Residuals	6333.380	56	97.437		
	Total	7821.500	62			

a. Dependent Variable: Interest Coverage Ratio
b. Predictors: (Constant), X3Z, Stock Book Value, LN Total Assets, Current Ratio, X1Z, X2Z

Coefficients[a]

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-123.149	45.673		-2.696	.009
	Current Ratio	.320	.817	.072	.392	.696
	LN Total Assets	3.065	2.056	.221	1.491	.141
	Book Value of Shares	8.007	3.282	.449	2.440	.017
	X1Z	.153	.154	1.837	.995	.323
	X2Z	.220	.294	7.306	.748	.457
	X3Z	-1.020	1.017	-9.066	-1.003	.320

a. Dependent Variable: Interest Coverage Ratio

From table 3 it is known that the value of R Square is 19%. It can be seen from the value of *Coefficients* that managerial share ownership is unable to strengthen the *effect of Current* Ratio to *Interest Coverage Ratio* with a significant value of 0.323 > 0.05; managerial shareholding was unable to strengthen the impact of *LN Total Assets* to Interest Coverage Ratio with a significant value of 0.457 > 0.05 ; managerial shareholding was unable to strengthen the impact of the book value of the shares to the *Interest Coverage Ratio* with a significant value of 0.32 > 0.05. Although managerial ownership was not able to strengthen the influence of each independent variable on the dependent variable, there was an increase in the value of R Square from 15.3% to 19%.

Hypothesis Testing

The hypothesis of this study is divided into six, namely:

1. The hypothesis between the liquidity variable (*Current Ratio*) to *financial distress* is accepted
   H_1 : There is a positive and significant influence between liquidity (*Current Ratio*) on *financial distress* (*interest coverage ratio*) with the value of t calculated > t table and the value of sig. < 0.05 (alpha)
2. The hypothesis between the variable size of the company (*Total Assets*) and *financial distress* was rejected
   H_2 : There is a positive and significant influence between the size of the company (*Total Assets*) on *financial distress* (*interest coverage ratio*) with the value of t calculated > t table and the value of sig. < 0.05 (alpha)
3. The hypothesis between the variable company value (PBV) and *financial distress* is accepted

H_3 : There is a positive and significant influence between the value of the company (PBV) on *financial distress* (*interest coverage ratio*) with the value of t calculated > t table and the value of sig. < 0.05 (alpha)

4. The hypothesis between the liquidity variable (*Current Ratio*) to *financial distress* and managerial ownership as a moderating variable was rejected
   H_4 : Managerial ownership strengthens the effect of liquidity (*Current Ratio*) on *financial distress* (*interest coverage ratio*) with a value of sig. < 0.05 (alpha)
5. The hypothesis between the variable of company size (*Total Assets*) against *financial distress* and managerial ownership as a moderating variable is rejected
   H_5 : Managerial ownership strengthens the effect of company size (*Total Assets*) on *financial distress* (*interest coverage ratio*) with a sig value. < 0.05 (alpha)
6. The hypothesis between the variable of company value (PBV) to *financial distress* and managerial ownership as a moderating variable was rejected
   H_6 : Managerial ownership strengthens the effect of company value (PBV) on *financial distress* (*interest coverage ratio*) with a sig value. < 0.05 (alpha)

Research Results

Liquidity has a positive effect on *financial distress* in property companies listed on the Indonesia Stock Exchange, where this hypothesis is accepted

The current ratio measures a company's ability to meet short-term obligations using current assets. A high *current ratio* indicates that the company has better liquidity and can pay short-term obligations easily. *Financial distress* is a condition in which a company or financial entity faces serious financial problems and is at risk of bankruptcy. One indicator that can be used to measure the level of financial risk of a company is the *Interest Coverage Ratio* (ICR). *The interest coverage ratio* measures a company's ability to pay interest on a loan using operating profit. This ratio gives an idea of the company's ability to bear the interest expense arising from its debt. This research is on *real estate* companies listed on the Indonesia Stock Exchange, it can be assumed that a higher *current* ratio will tend to provide better financial ability for companies to pay short-term obligations and thus positively affect the *interest coverage ratio*. However, it is important to remember that the effect of the current ratio on the *interest coverage ratio* can vary depending on the financial condition of each company. Other factors such as capital structure, profitability, risk management, and market conditions can also affect the relationship between these two ratios. A high *current ratio* gives companies greater financial flexibility in the face of unforeseen situations, such as an urgent need to repay debts or unexpected operating expenses. *A high current ratio* has an impact on the company being able to avoid late payments, penalties, or other financial losses that may arise due to financial distress. On the other hand, a low *current ratio* increases the risk of *financial distress*. When companies face difficulties in raising sufficient cash to meet financial obligations, such as debt repayment or operating expenses, the risk of financial *distress* increases. Companies may be forced to take extreme measures, such as selling assets at low prices, borrowing at high interest rates, or even filing for bankruptcy. The higher the ICR, the better the company's financial condition as it shows that the company has a greater ability to pay interest. Conversely, the lower the ICR, the more financial risk the company is because the company may have difficulty paying the interest due. If a company's ICR continues to decline over time and falls below a certain threshold (usually 1 or 2), this could be a potential sign of financial distress. This indicates that the company will have difficulty meeting interest obligations and risk greater financial difficulties, such as defaulting on debt or facing liquidity pressures. However, it is important to remember that ICR is only one of the indicators used to assess a company's financial risk. To get a more complete understanding of the financial condition of a company, it is necessary to analyze more financial aspects, such as other financial ratios, cash flow, sales growth, and capital structure. However, findings that show a positive and significant influence between liquidity (with proxy *current ratio*) and financial distress (ICR) in property companies listed on the Indonesia Stock Exchange suggest that other factors may be more dominant in influencing the level of financial distress of property companies. Some other factors that might influence the relationship between liquidity and financial distress in this context include:

1. Company capital structure: If the property company has a high level of debt, despite having sufficient liquidity, the risk of financial distress can still occur. High levels of debt can lead to high interest charges and narrow profit margins, increasing the risk of financial distress.

2. Property business cycle: The property industry has a business cycle that tends to fluctuate. If property companies experience a decrease in demand or a decrease in the value of their assets amid a decline in the business cycle, high liquidity may not be able to prevent financial distress.
3. Ineffective risk management: Although a company has sufficient liquidity, ineffective risk management in managing operational risk, market risk, or other risks can cause financial distress despite having sufficient liquidity.

Current ratio has a positive and significant effect on *financial distress* according to research conducted by Ginting (2017: 42)

The size of the company has a positive effect on *financial distress* in property companies listed on the Indonesia Stock Exchange, where this hypothesis is rejected

Higher total assets can potentially have a positive influence on the *interest coverage ratio*. Total assets describes the total amount of value of all assets owned by a company in a given period. Assets can include cash, inventory, land, buildings, equipment, investments, and other assets. It reflects the overall size and value of the company. Large total assets indicate a larger scale of operations and expansion of the company. This can reflect a company's ability to generate higher revenue, which in turn can improve their ability to pay the interest they owe. However, it is important to note that the relationship between total assets and *interest coverage ratio* may vary depending on the financial condition and capital structure of the company. Factors such as net income, interest expense, operating profit, and capital structure should also be considered in analyzing this relationship in more depth. The relationship between total assets and interest *coverage ratio* is not direct or dependent on the relationship between the company's assets and liabilities to interest. The relationship between total assets and interest coverage ratio will depend on the composition of the company's assets, the level of debt, and the level of operating income of the company. If the company has large total assets, but also has a high level of debt, then the interest *coverage ratio* may be low, indicating that the company may face difficulties in paying interest. On the other hand, if the company has large total assets and high operating income, the interest *coverage ratio* will be higher, indicating a better ability to meet interest obligations. However, it is important to remember that this relationship can vary depending on many other factors, such as the company's industry, business cycle, and macroeconomic factors. Therefore, it is impossible to conclude a specific relationship between total assets and *interest coverage ratio* without considering these factors thoroughly. These results reject the hypothesis that company size negatively affects *financial distress.* That is, a larger company size actually increases the risk of *financial distress* in property companies. Keep in mind that this study only applies to property companies listed on the Indonesia Stock Exchange and cannot be broadly generalized. In addition, there are other factors that can also affect financial *distress* in the property industry, such as financial management, liquidity, capital structure, and dynamic market conditions.

Company value has a positive effect on *financial distress* in property companies listed on the Indonesia Stock Exchange, where this hypothesis is accepted

This research shows that the book value of stocks has a positive and significant influence on the interest *coverage ratio* of real estate companies listed on the Indonesia Stock Exchange, indicating a relationship between capital market performance and the company's ability to pay debt interest. *Interest coverage* ratio is a ratio that measures a company's ability to pay interest on its debt. This ratio is obtained by dividing the profit before interest and tax by the amount of interest payable. The higher the interest *coverage ratio*, the better the company's ability to pay interest on its debt. Meanwhile, the book value of shares reflects the value of the company's equity which is calculated by dividing the total equity by the number of shares outstanding. The book value of a stock can reflect a company's financial performance, the company's growth, and investors' perception of the company. The results of this study show a positive and significant influence between the book value of shares and the interest *coverage ratio*, this can be interpreted that an increase in the book value of shares has the potential to increase the ability of real estate companies to pay interest on their debt. In this context, rising stock book value may reflect better financial performance, positive growth, and greater investor confidence in the company. However, keep in mind that the results of certain studies are only applicable to certain situations or periods. The relationship between the book value of shares and the *interest coverage ratio* of real estate companies on the Indonesia Stock Exchange can provide some insight into the financial state and performance of those companies.

1. Book Value of Shares: The book value of shares reflects the value of the company based on net assets held net of debt. The book value of a stock can provide an idea of a company's intrinsic value and the extent to which it generates profits that can increase value for shareholders.
2. *Interest Coverage Ratio* : *The interest coverage ratio* measures a company's ability to pay interest on its debt using the profits generated. This ratio is calculated by dividing earnings before interest and taxes by the amount of interest payable. A high ratio indicates that the company has a good ability to meet its debt interest obligations.

The relationship between a stock's book value and *interest coverage ratio* can vary depending on a company's financial condition and other factors that influence it. The relationship that can be observed from the results of this study includes the following:

1. A high stock book value can reflect good financial performance and a high-value asset for a real estate company. This can indicate that the company has the potential to generate considerable profits and can pay debt interest smoothly. In this case, a high *interest coverage ratio* may also occur.
2. Conversely, if the book value of the stock is low, it could indicate poor financial performance or a non-high-value asset. In this situation, the company's ability to pay interest on debt may be impaired, resulting in a low *interest coverage ratio*.

   It is important to remember that the relationship between a stock's book value and *interest coverage ratio* is not absolute and can be influenced by other factors such as a company's growth forecast, business risk, market conditions, and so on.

Managerial ownership reinforces the effect of the *current ratio* on *the financial distress* of property companies listed on the Indonesia Stock Exchange where this hypothesis is rejected

Managerial share ownership in a company can affect the company's financial ratios, including *the current ratio* and *interest coverage ratio*. Managers who have significant shareholdings will have an interest in maintaining the company's liquidity (which is reflected in the *current* ratio) and ensuring the company's ability to pay interest on its debt (which is reflected in the interest *coverage ratio*). This research involves property companies, factors such as the number of shares owned by managers, company financial policies, and general property market conditions can affect the relationship between *current* ratio and *interest coverage ratio.* If managers have significant shareholdings and they tend to focus more on growing the company than maintaining liquidity, then the *current ratio* can weaken. However, these are common scenarios and may vary depending on the policies and objectives of the respective company.

As a moderating variable, the number of shares owned by managers can weaken the effect of the current ratio on the interest coverage ratio in some cases. Current ratio is a ratio that measures a company's ability to meet its short-term obligations using current assets. The interest coverage ratio, on the other hand, measures a company's ability to pay interest on a loan using its operating profit. Managerial shareholding can influence a company's financial decisions. If management owns a large number of shares, they may be more inclined to take on higher risks in the company's operations or use a more aggressive financial approach to increase the company's growth or profits. In this study, if management takes on higher risk or adopts an aggressive financial approach, the *current ratio* that typically reflects the company's liquidity and ability to meet its short-term obligations may not be as strong as it should be. This can weaken the influence between the current ratio and interest *coverage ratio*, because even though the company has sufficient current assets to meet its short-term obligations, the risks taken by management can affect the company's ability to generate enough operating profit to pay interest on loans.

Managerial ownership reinforces the influence of total assets on the *financial distress* of property companies listed on the Indonesia Stock Exchange where this hypothesis is rejected

As a moderating variable, the number of shares owned by managers can affect the relationship between total assets and *interest coverage ratio*. In general, a moderating variable is a variable that affects or changes the relationship between two other variables. In this study, the number of shares owned by the managerial becomes a moderating variable between total assets and interest coverage ratio, it means the number of shares owned by the managerial will affect the extent to which total assets affect the *interest coverage ratio*. If the number of shares owned by the manager weakens the effect of total assets on the interest coverage ratio, it means that when the number of shares owned by the manager is greater, the influence between total assets and the *interest coverage ratio* becomes weaker. Basically, this may happen because management has more control over a company's financial decisions when they own a significant number of shares. By owning a large number of shares, managers can make decisions that may not always

reflect a strong relationship between the company's total assets and the company's ability to pay interest (interest *coverage ratio*).

Managerial ownership reinforces the effect of stock book value on *the financial distress* of property companies listed on the Indonesia Stock Exchange where this hypothesis is rejected

The number of shares held by managers can reflect their level of importance and involvement in the company. The greater the number of shares owned by managers, the greater their motivation to improve company performance and take decisions that benefit shareholders. Managerial has a significant influence in the relationship between a stock's book value and *interest coverage ratio*. In this case, the number of shares owned by the managerial serves as a moderating variable. The presence of the number of shares owned by the managerial can indicate control or managerial interests in the company. In this sti managers have the motivation to manage company finances in a certain way, which can affect relationship between the book value of stocks and the *interest coverage ratio*. Such influence can come fi managerial decisions in managing debt, reinvested profits, or dividend distribution policies.

5. CONCLUSIONS

The Current Ratio has a positive and significant effect on the interest coverage ratio in property companies listed on the Indonesia Stock Exchange, where this hypothesis is accepted because the results of liquidity with a *proxy current ratio* have a positive and significant effect on alpha 0.05. Total assets have a positive and significant effect on the *interest coverage ratio* of property companies listed on the Indonesia Stock Exchange, where this hypothesis is rejected because the result of the size of the company with a proxy total assets has a positive and insignificant effect on alpha 0.05. The book value of shares has a positive and significant effect on the *interest coverage ratio* of property companies listed on the Indonesia Stock Exchange, where this hypothesis is accepted because the results of the value of the company with a proxy of the book value of shares have a positive and significant effect on alpha 0.05. Managerial ownership reinforces the effect of the *current* ratio on the *interest coverage ratio* of property companies listed on the Indonesia Stock Exchange where this hypothesis is rejected . Managerial ownership reinforces the influence of total assets on the *interest coverage ratio* of property companies listed on the Indonesia Stock Exchange where this hypothesis is rejected. Managerial ownership reinforces the effect of stock book value on the *interest coverage ratio* of property companies listed on the Indonesia Stock Exchange where this hypothesis is rejected

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