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The Effect Of Capital Structure And Good Corporate Governance (GCG) On Financial Performance With Financial Distress As A Moderating Variable (Case Study On Healthcare Sector Companies Listed On The Indonesia Stock Exchange)

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Abstract

Fluctuations in the financial performance of healthcare companies highlight the importance of capital structure, corporate governance, and financial distress in corporate financial management. This study aims to analyze the effects of capital structure, independent commissioners, and audit committees on financial performance and examine the moderating role of financial distress. This study employed a descriptive quantitative approach using secondary data from the annual financial statements of healthcare companies listed on the Indonesia Stock Exchange from 2022 to 2025. The population consisted of 34 companies, of which 27 were selected through purposive sampling, resulting in 108 observations. Data were collected through documentation and analyzed using SPSS version 25, classical assumption tests, multiple linear regression, hypothesis testing, and Moderated Regression Analysis (MRA). The results indicate that capital structure, independent commissioners, and audit committees individually and simultaneously affect financial performance. Financial distress acts as a moderating variable in the relationships between the three independent variables and financial performance. This study emphasizes the importance of funding management, effective corporate governance, and financial condition monitoring in supporting the financial performance of healthcare companies.

Keywords:Audit Committee, Capital Structure, Financial Distress, Financial Performance, Independent Commissioners

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INTRODUCTION

Financial performance is a key indicator for assessing a company's ability to manage resources, generate profits, and maintain business continuity amidst increasingly dynamic business competition. Companies need to implement appropriate strategies and policies to achieve their goals and adapt to changes in the business environment (Zahra et al., 2023). Financial performance can be used to evaluate a company's ability to generate profits, utilize assets, and assess future development opportunities (Hermawan & Toni, 2021). One sector that plays a crucial role in the economy and society is the healthcare sector, which operates in the fields of health services, medicines, and medical devices. The high public demand for healthcare products and services presents opportunities for companies in this sector to increase revenue and generate profits (Susanti & Sandari, 2023). However, these significant opportunities are not always accompanied by stable financial performance. According to data from the Indonesia Stock Exchange (IDX), the profits of healthcare companies fluctuated during the 2021–2025 period. In 2021, profit was recorded at IDR 11,790,697 million, then decreased to IDR 9,231,012 million in 2022 and IDR 6,269,794 million in 2023. Furthermore, profit increased to IDR 8,444,797 million in 2024 and IDR 10,633,360 million in 2025. These changes indicate that the ability of Healthcare sector companies to generate profits is not yet consistent, so further analysis is needed on factors related to the company's financial performance.

These profit fluctuations align with changes in the average Return on Equity (ROE) and Debt to Equity Ratio (DER) of healthcare companies during the 2021–2025 period. ROE is a ratio that compares net profit after tax to total equity to measure a company's ability to generate returns for shareholders on invested capital (Setiawan & Susilowati, 2024). Based on data processed from the IDX, the average ROE of the Healthcare sector in 2021 was 0.14, then decreased to -0.04 in 2022. This value increased to 0.07 in 2023, decreased again to 0.03 in 2024, and increased to 0.06 in 2025.

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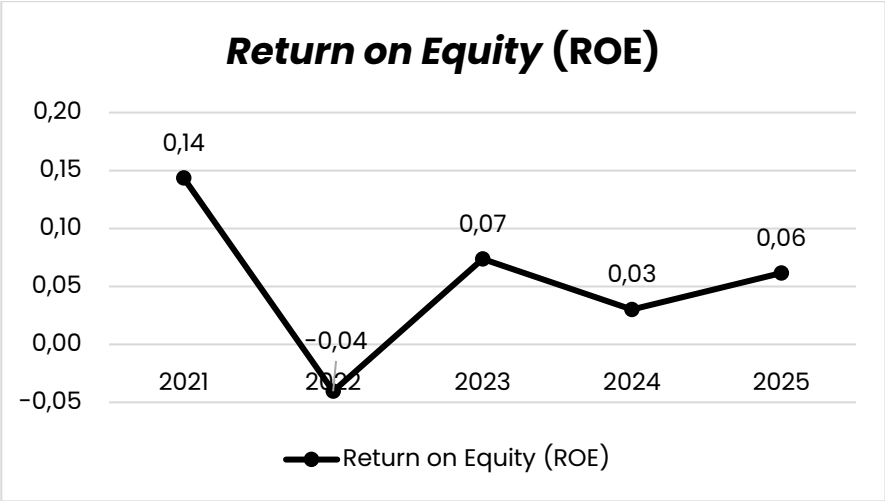

Figure 1, Average ROE for the Healthcare Sector, 2021–2025

Source: www.idx.co.id, Data processed in 2026.

Meanwhile, the DER used to measure the comparison between total debt and total equity showed an average value of 0.72 in 2021, increased to 1.37 in 2022, decreased to 0.71 in 2023, then increased to 0.83 in 2024 and 1.14 in 2025 (Hulu et al., 2023).

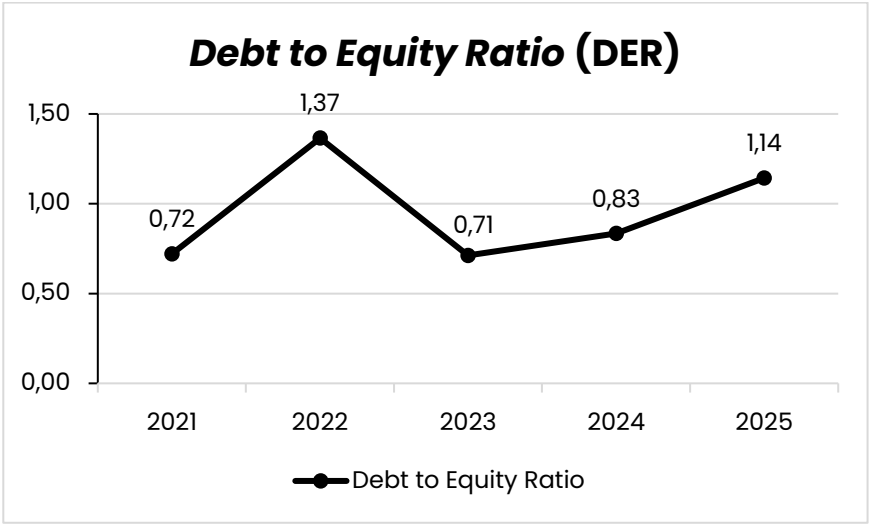

Figure 2. Average Debt-to-Equity Ratio (DER) for the Healthcare Sector, 2021–2025

Source: www.idx.co.id, Data processed in 2026.

Changes in these two ratios indicate that the financial performance and funding policies of Healthcare sector companies are not yet stable. The decline in ROE to negative levels in 2022, coupled with an increase in DER, indicates that high debt usage does not always translate into increased profitability. This situation provides an important basis for assessing the impact of capital structure and corporate governance

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mechanisms on financial performance, taking into account the possibility of financial distress.

One factor related to financial performance is capital structure, which is a company's decision to determine the proportion of funding from debt and equity. An unbalanced capital structure can lead to less effective use of funding sources and impact the company's financial condition (Ardillah & Setiawati, 2026). DER is an indicator for assessing capital structure because it shows the extent to which a company uses debt compared to equity to finance its operational activities. The higher the DER, the greater the proportion of funding from debt and the obligations the company must fulfill (Hulu et al., 2023; Yulistina et al., 2024). In addition to capital structure, the implementation of Good Corporate Governance (GCG) is also related to company management and supervision. GCG is a governance mechanism that regulates the distribution of rights and obligations among shareholders, the board of directors, management, employees, and other stakeholders, thus necessary to support company success (Anggraeni & Rachmawati, 2023). In this study, GCG is represented through an independent board of commissioners and an audit committee. These two mechanisms are part of corporate governance, expected to support company oversight and management, improving financial performance and helping companies make more prudent decisions (Susanti & Sandari, 2023). Therefore, capital structure, an independent board of commissioners, and an audit committee are factors that need to be studied to determine their relationship to the financial performance of healthcare companies.

Another issue that needs attention is the potential for financial distress, a state of financial difficulty that arises before a company goes bankrupt. This condition can occur when a company is unable to manage its finances properly, resulting in difficulty meeting its financial obligations (WW Hidayat, 2024). Fluctuations in ROE and DER in healthcare companies demonstrate the importance of considering a company's financial condition when analyzing the relationship between capital structure, corporate governance, and financial performance. Financial distress can be used as a moderating variable to examine whether financial distress strengthens or weakens the influence of capital structure, an independent board of commissioners, and an audit committee on financial performance. Research by Endiramurti et al. (2022) shows that financial distress moderates the effect of capital structure on financial performance. These findings provide a basis for further examining the role of financial distress in the relationship between variables in healthcare companies. Furthermore, previous research has shown inconsistent results. Ardillah and Setiawati (2026) and Wulandari (2024) state that capital structure and GCG have a significant effect on financial performance, while Pramesti et al. (2024) found that leverage and GCG have a negative effect. Research findings on independent boards of commissioners also differ. Wulandari (2024) and Yuniarsih et al.

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(2025) found a positive and significant effect on financial performance, while Ardillah and Setiawati (2026) found that independent boards of commissioners had no significant effect. These differences in results indicate an empirical gap that requires further study, particularly by considering financial distress as a moderating variable.

Based on the phenomenon of profit fluctuations, ROE, and DER as well as the inconsistency of previous research results, this study aims to analyze the influence of capital structure, independent board of commissioners, and audit committee on financial performance, both partially and simultaneously, and examine the role of financial distress in moderating the influence of each of these variables in Healthcare sector companies listed on the Indonesia Stock Exchange during the period 2022–2025. This research is important to obtain a more comprehensive understanding of the factors related to corporate financial performance and the role of financial distress in this relationship. The novelty of this study lies in examining financial distress as a moderating variable in the relationship between capital structure, independent board of commissioners, and audit committee with financial performance in Healthcare sector companies listed on the Indonesia Stock Exchange. Thus, this study is expected to contribute to the development of financial accounting studies, as well as become a consideration for companies in evaluating funding structures, governance mechanisms, and financial conditions to support improved financial performance.

METHOD

This study uses a quantitative approach with descriptive methods to analyze the influence of capital structure, independent board of commissioners, and audit committee on financial performance, with financial distress as a moderating variable. The quantitative approach was used to process numerical data and test the research hypotheses (Sugiyono, 2023). The study was conducted on healthcare companies listed on the Indonesia Stock Exchange (IDX) for the 2022-2025 period, using secondary data in the form of financial reports obtained from the official IDX website.www.idx.co.id.

The research instrument was documentation of the company's financial statements. Data collection was conducted through documentation and literature studies (Hardani et al., 2020; Sugiyono, 2019). The research variables included capital structure as measured by the Debt to Equity Ratio (DER), the independent board of commissioners based on the proportion of independent commissioners, the audit committee based on the number of its members, financial performance using Return on Equity (ROE), and financial distress using the Zmijewski X-Score model. Data were processed using SPSS version 25 through classical assumption tests, multiple linear regression, coefficient of determination tests, F tests, and t tests. Moderation testing was conducted using Moderated Regression Analysis (MRA) to determine the role of financial distress in

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moderating the relationship between independent variables and financial performance (Ghozali, 2018; Amin et al., 2023).

The study population consisted of 34 healthcare sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2025 period. The sample was determined using a non-probability sampling technique with a purposive sampling method based on the criteria of companies listed on the IDX, publishing consecutive annual financial reports, and having complete data according to the research variables (Sugiyono, 2019). Based on these criteria, 27 companies were selected with a four-year observation period, resulting in a total sample size of 108 observations.

The research was conducted from March 2026 until completion through several stages, sample determination, financial report collection, data examination and tabulation, and data processing using SPSS version 25. Next, classical assumption testing, regression analysis, hypothesis testing, and moderation analysis were conducted. The results of the analysis were then interpreted to answer the problem formulation and form the basis for compiling the research report.

RESULTS AND DISCUSSION

Research Results and Analysis Tests

1. Classical Assumption Test

A. Normality Test

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
S		Unstandardized Residual
N		108
Normal Parametersa,b	Mean	.0000000
	Standard Deviation	.00434519
Most Extreme Differences	Absolute	.041
	Positive	.041
	Negative	-.038
Test Statistics		.041
Asymp. Sig. (2-tailed)		.200
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Data Processed by SPSS 25 (2026)

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Based on the results of Table 1, namely the results of the normality test conducted using the One-Sample Kolmogorov Smirnov Test, the Asymp. Sig. (2-tailed) value is 0.200. This value is greater than the significance value of 0.05, so it can be concluded that the data is normally distributed, thus fulfilling the normality test.

B. Multicollinearity Test

Table 2. Multicollinearity Test Results

Coefficientsa			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Capital Structure	.955	1,047
	Independent Board of Commissioners	.971	1,030
	Audit Committee	.953	1,049
a. Dependent Variable: Financial Performance			

Source: Data Processed by SPSS 25 (2026)

From table 2 it can be explained that:

a) The VIF value of Capital Structure (X1) is 1.047 < 10 and the tolerance value of Capital Structure (X1) is 0.955 > 0.1, so it can be concluded that there are no symptoms of multicollinearity.

b) The VIF value of the Independent Board of Commissioners (X2) is 1.030 < 10 and the tolerance value of the Independent Board of Commissioners (X2) is 0.971 > 0.1, so it can be concluded that there are no symptoms of multicollinearity.

c) The VIF value of the Audit Committee (X3) is 1.049 < 10 and the tolerance value of the Audit Committee (X3) is 0.953 > 0.1, so it can be concluded that there are no symptoms of multicollinearity.

So it can be stated that the capital structure, independent board of commissioners and audit committee do not show symptoms of multicollinearity.

C. Heteroscedasticity Test

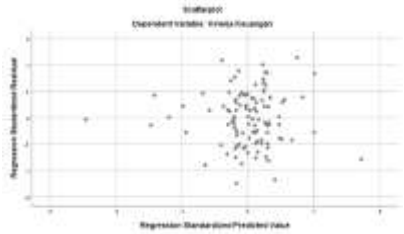

Figure 1. Heteroscedasticity Test Graph

Source: Data Processed by SPSS 25 (2026)

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Based on the scatterplot graph above, it can be seen that the points are spread randomly and are spread above and below the number 0 on the Y axis. It can be concluded that the regression model in this study does not experience symptoms of heteroscedasticity.

D. Autocorrelation Test

Table 3. Durbin Watson Autocorrelation Test Results

Model Summary					
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.895a	.802	.796	.03057	1,459
a. Predictors: (Constant), Audit Committee, Independent Board of Commissioners, Capital Structure					
b. Dependent Variable: Financial Performance					

Based on table 3, the Durbin Watson (DW) value is 1.459, this value will be compared with the 5% significance table value using the formula (k;n). The number of independent variables is 3 (k) and the number of samples is 108 (n), so the Durbin Watson table shows:

dU value = 1.743
dL value = 1.629
4 – dU = 4 – 1,743 = 2.257
4 – dL = 4 – 1.629 = 2,371

Thus, the DW value is between dU and 4 – dU, namely 1.743 > 1.459 <2.257, meaning autocorrelation occurs.

Therefore, to prove that this study does not exhibit autocorrelation, further analysis using the Cochrane-Orcutt method is necessary, which is considered effective as an alternative solution to problems with autocorrelation in regression models. The results of the autocorrelation test using the Cochrane-Orcutt method are as follows:

Table 4. Results of the Cochrane-Orcutt Method Autocorrelation Test

Model Summary					
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.802a	.643	.632	.04586	1,937
a. Predictors: (Constant), Audit Committee, Independent Board of Commissioners, Capital Structure					
b. Dependent Variable: Financial Performance					

Source: Data Processed by SPSS 25 (2026)

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It is known:

dU value = 1.743
dL value = 1.629
4 – dU = 4 – 1,743 = 2.257
4 – dL = 4 – 1.629 = 2,371

From these results, the new Durbin Watson number is 1.937. This value, when compared with the Durbin Watson table value with a significance table value of 5% with the formula (k; n), the number of independent variables 3 (k) and the number of samples 108 (n), then the dU value is 1.743. This results in a position of dU < dW < 4 – dU, namely 1.743 < 1.937 < 2.257, so it can be concluded that there is no autocorrelation.

2. Multiple Linear Regression Analysis

Table 5. Multiple Linear Regression Test Results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.629	.056		11,148	.000
	Capital Structure	-.032	.003	-.601	-12,430	.000
	Independent Board of Commissioners	-.128	.021	-.275	-6,093	.000
	Audit Committee	-.433	.048	-.400	-9,026	.000
a. Dependent Variable: Financial Performance						

Source: Data Processed by SPSS 25 (2026)

Based on the table above, the multiple linear regression equation can be formulated as follows:

$$Y = \alpha + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + e$$

$$Y = 0.629 - 0.032\ X1 - 0.128\ X2 - 0.433\ X3 + e$$

The multiple linear regression equation in table 4.5 can be explained as follows:

A. The constant value (α) of 0.629 indicates that if the Capital Structure (X1), Independent Board of Commissioners (X2), and Audit Committee (X3) variables are equal to 0 (constant), then Financial Performance (Y) has a value of 0.629.
B. The regression coefficient value of Capital Structure (X1) is negative at 0.032, meaning that if Capital Structure increases by one unit, Financial Performance (Y)

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will decrease by 0.032 units assuming that other independent variables remain constant.

C. The regression coefficient value of the Independent Board of Commissioners (X2) is negative at 0.128, meaning that if the Independent Board of Commissioners increases by one unit, then Financial Performance (Y) will decrease by 0.128 units assuming that other independent variables remain constant.

D. The regression coefficient value of the Audit Committee (X3) is negative at 0.433, meaning that if the Audit Committee increases by one unit, Financial Performance (Y) will decrease by 0.433 units, assuming that the other independent variables remain constant.

3. Hypothesis Testing

A. Coefficient of Determination Test (Adjusted R2)

a. Test of Determination Coefficient X1, X2, X3, Y

Table 4.1Results of the Test of the Coefficient of Determination X1, X2, X3, Y

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.802a	.643	.632	.04586
a. Predictors: (Constant), Audit Committee, Independent Board of Commissioners, Capital Structure				

Source: Data Processed by SPSS 25 (2026)

From Table 6 above, the R Square value is 0.643, meaning that 64.3% of Financial Performance can be explained by the Capital Structure, Independent Board of Commissioners, and Audit Committee variables. This indicates that the independent variables' ability to explain the dependent variable is relatively strong. Meanwhile, the remaining 35.7% is explained by other variables outside this study that are not included in the research model. This occurs because Financial Performance is influenced by various other broader factors. Meanwhile, the correlation coefficient (R) value is 0.802 or 80.2%, meaning its value is close to 100%, thus indicating a very strong linear relationship or correlation between the Capital Structure, Independent Board of Commissioners, and Audit Committee variables on Financial Performance.

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b. Test of Determination Coefficient X1, X2, X3, Z, Y

Table2. Test Results of the Coefficient of Determination X1, X2, X3, Z, Y

Model Summary				
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.893a	.797	.791	.05166
a. Predictors: (Constant), Audit Committee*Financial distress, Capital Structure*Financial distress, Independent Board of Commissioners*Financial distress				

Source: Data Processed by SPSS 25 (2026)

The results of the Determination Coefficient test after there is an interaction variable or Moderate Regression Analysis (MRA) in table 4.7 above can be seen that:

1) The R Square value of 0.797 indicates that the interaction variable StructureCapital, Independent Board of Commissioners, and Audit Committee with Financial distress are able to explain Financial Performance by 79.7%, while the remaining 20.3% is explained by other variables outside the study.
2) When compared with the R Square value before the moderating variable was introduced, it was0.643 or 64.3% then the R Square value after the moderating variable has increased to 0.797 or79.7%.

B. Simultaneous Test (F Statistic Test)

Table 8. Simultaneous Test (F Statistic Test)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.393	3	.131	62,365	.000b
	Residual	.219	104	.002		
	Total	.612	107			
a. Dependent Variable: Financial Performance						
b. Predictors: (Constant), Audit Committee, Independent Board of Commissioners, Capital Structure						

Source: Data Processed by SPSS 25 (2026)

Ftable Value = (k ; nk)
= (3 ; 108-3)
= 3; 105

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= 2.69

Based on table 8 above, it can be seen that the F count value > F table, namely 62.365 > 2.69, which means it has an effect and has a significance value of 0.000 < 0.05, which means it has a significant effect. Therefore, it can be concluded that Capital Structure, Independent Board of Commissioners, and Audit Committee have a significant effect on financial performance. Therefore, H4 is accepted, stating that Capital Structure, Independent Board of Commissioners, and Audit Committee simultaneously have a significant effect on Financial Performance.

C. Partial Test (t-Statistic Test)

Table 9. Partial Test Results (t-Test)

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.629	.056		11,148	.000
	Capital Structure	-.032	.003	-.601	-12,430	.000
	Independent Board of Commissioners	-.128	.021	-.275	-6,093	.000
	Audit Committee	-.433	.048	-.400	-9,026	.000
a. Dependent Variable: Financial Performance						

Source: Data Processed by SPSS 25 (2026)

Ttable value = (α/2 ; nk-1)
= (0.05/2 ; 108-3-1)
= 0.025; 104
= 1.98304

The results of the partial test (t-test) in table 4.9 can be explained as follows:

A. The Influence of Capital Structure on Financial Performance
Capital Structure has a calculated t value > t table of 12.430 > 1.983, which means it has an effect and has a significance value of 0.000 < 0.05, which means it has a significant effect. Therefore, it can be concluded that Capital Structure has a significant effect on financial performance. Therefore, H1 is accepted, stating that Capital Structure has a partial and significant effect on Financial Performance.

B. The Influence of the Independent Board of Commissioners on Financial Performance
The Independent Board of Commissioners has a calculated t value > t table of 6.093 > 1.983, which means it is influential and has a significance value of 0.000

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< 0.05, which means it has a significant effect. Therefore, it can be concluded that the Independent Board of Commissioners has a significant effect on financial performance. Therefore, H2 is accepted, stating that the Independent Board of Commissioners has a partial and significant effect on Financial Performance.

C. The Influence of the Audit Committee on Financial Performance

The Audit Committee has a calculated t value > t table of 9.026 > 1.983, which means it is influential and has a significance value of 0.000 < 0.05, which means it has a significant effect. Therefore, it can be concluded that the Audit Committee has a significant effect on financial performance. Therefore, H3 is accepted, stating that the Audit Committee has a partial and significant effect on Financial Performance.

4. Moderated Regression Analysis (MRA) Test

Table 10. Moderated Regression Analysis (MRA) Test Results

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.780	.022		-35,293	.000
	Capital Structure	.308	.002	2,386	129,835	.000
	Independent Board of Commissioners	-.045	.014	-.041	-3,251	.002
	Audit Committee	-.131	.016	-.051	-8.152	.000
	Capital Structure*Financial distress	-.218	.002	-1,390	-128,884	.000
	Independent Board of Commissioners*Financial distress	-.019	.005	-.089	-3,619	.000
	Audit Committee*Financial distress	-.192	.003	-1,887	-73,279	.000
a. Dependent Variable: Financial Performance						

Source: Data Processed by SPSS 25 (2026)

The results of the Moderated Regression Analysis (MRA) test in table 4.10 above show that:

Constant : -0.780
Capital Structure : 0.308
Independent Board of Commissioners : -0.045

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Audit Committee : -0.131
Capital Structure*Financial distress : -0.218
Independent Board of Commissioners*Financial distress : -0.019
Audit Committee*Financial distress : -0.192

Based on table 4.10, it can be described with the following regression equation:

$$Y = \alpha + \beta1\ X1 + \beta2\ X2 + \beta3\ X3 + \beta4Z + \beta5\ X1.Z + \beta6\ X2.Z + \beta7\ e$$

$$Y = -0.780 + 0.308\ X1 - 0.045\ X2 - 0.131\ X3 - 0.218\ 0.192\ X3.Z$$

Information:

A. The constant value (α) of -0.780 indicates that if the Capital Structure variables (X1), Independent Board of Commissioners (X2), Audit Committee (X3) and the interaction between the moderating variables and the independent variables are considered constant (with a value of 0), then Financial Performance (Y) will experience a decrease of 0.780.
B. The Capital Structure coefficient value (X1) is 0.308, meaning that if the Capital Structure increases by one unit, Financial Performance will increase by 0.308.
C. The coefficient value of the Independent Board of Commissioners (X2) is -0.045, meaning that if the Independent Board of Commissioners increases by one unit, Financial Performance will decrease by 0.045.
D. The Audit Committee coefficient value (X3) is -0.131, meaning that if the Audit Committee increases by one unit, Financial Performance will decrease by 0.131.
E. The regression coefficient value of the interaction between Capital Structure and Financial distress (X1.Z) is -0.218, meaning that if the interaction between Capital Structure and Financial distress increases by one unit, Financial Performance decreases by 0.218. Therefore, H5 is rejected, stating that Financial distress moderation weakens the influence of Capital Structure on Financial Performance.
F. The regression coefficient value of the interaction between the Independent Board of Commissioners and Financial distress (X2.Z) is -0.019, meaning that if the interaction between the Independent Board of Commissioners and Financial distress increases by one unit, Financial Performance will decrease by 0.019. Therefore, H6 is accepted, stating that Financial distress moderation weakens the influence of the Independent Board of Commissioners on Financial Performance.
G. The regression coefficient value of the interaction between the Audit Committee and Financial distress (X_3.Z) is -0.192, meaning that if the interaction between the Audit Committee and Financial distress increases by one unit, Financial Performance will decrease by 0.192. Therefore, H7 is accepted, stating that Financial distress moderation weakens the influence of the Audit Committee on Financial Performance.

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Based on the results of the MRA test, it can be seen that the interaction coefficient between Capital Structure and Financial distress (X1.Z), Independent Board of Commissioners and Financial distress (X2.Z) and Audit Committee and Financial distress (X3.Z) has a negative coefficient value of 0.218, 0.019, and 0.192 respectively with a significance value <0.05. Stating that Financial distress weakens the influence of independent variables on Financial Performance.

DISCUSSION

1. The Influence of Capital Structure on Financial Performance

Based on the results of hypothesis testing using the t-test, it shows that the t-count value is -12.430 and the t-count value > t-table, namely 12.430 > 1.983 and a significance value of 0.000 < 0.05. This means that H1 is accepted, revealing that capital structure partially influences the financial performance of Healthcare sector companies on the Indonesia Stock Exchange. The results of the study indicate that each increase in capital structure units will decrease financial performance.

The results of this study support Agency Theory, which explains the relationship between shareholders (principals) and management (agents) in corporate governance. High levels of debt in the capital structure can increase financial risk and interest expenses. This can reduce a company's ability to generate profits, thus impacting financial performance.

In line with research from(Endiramurti et al., 2022)And(Ardillah & Setiawati, 2026)which states that capital structure influences financial performance. Therefore, companies need to manage debt optimally to avoid financial burdens that could degrade financial performance.

2. The Influence of the Independent Board of Commissioners on Financial Performance

Based on the results of hypothesis testing using the t-test, it shows that the t-count value is -6.093 and the t-count value > t-table, namely 6.093 > 1.983 and a significance value of 0.000 < 0.05. This means that H2 is accepted, revealing that independent boards of commissioners partially influence the financial performance of Healthcare sector companies on the Indonesia Stock Exchange. The results of the study indicate that each increase in the number of independent board of commissioners will decrease financial performance.

The findings of this study indicate that the role of independent commissioners does not always align with the oversight objectives outlined in Agency Theory. According to agency theory, independent commissioners oversee management to mitigate conflicts of interest between management and shareholders. However, increasing the number of independent

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commissioners does not always improve oversight effectiveness. A larger number of independent commissioners can lead to less effective coordination and decision-making processes and increase oversight costs, thus impacting the company's financial performance.

The results of this study are consistent with the findings(Susilawati & Farhanah, 2022)And(Irma, 2019)states that independent boards of commissioners influence financial performance. Companies need to pay attention to the effectiveness of the independent board of commissioners' oversight function, not just focusing on meeting the number or proportion stipulated in corporate governance regulations.

3. The Influence of the Audit Committee on Financial Performance

Based on the results of hypothesis testing using the t-test, it shows that the t-count value is -9.026 and the t-count value > t-table, namely 9.026 > 1.983 and a significance value of 0.000 < 0.05. This means that H3 is accepted, revealing that the audit committee partially influences the financial performance of Healthcare sector companies on the Indonesia Stock Exchange. The results of the study indicate that each increase in the audit committee unit will decrease financial performance.

The existence of an audit committee is a corporate governance mechanism that plays a crucial role in overseeing management activities. According to agency theory, the audit committee's function is to ensure that management operates the company in accordance with shareholder interests. However, a larger audit committee does not necessarily improve the effectiveness of corporate oversight. Increasing the number of audit committees can slow coordination and increase oversight costs, which can ultimately impact the company's financial performance.

In line with research from(TN Hidayat et al., 2025)And (Rahmatika et al., 2019)states that the audit committee influences financial performance. Therefore, companies need to pay attention to the effectiveness of the audit committee's function to support improved financial performance.

4. The Influence of Capital Structure, Independent Board of Commissioners and Audit Committee on Financial Performance

Based on the results of hypothesis testing using the F test, it shows that the calculated F value > F table, namely 62.365 > 2.69 and a significance value of 0.000 < 0.05. This means that H4 is accepted, which states that capital structure, independent board of commissioners and audit committees on financial performance simultaneously influence the financial performance of Healthcare sector companies on the Indonesia Stock Exchange. The results of this study indicate that capital structure, independent board of

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commissioners, and audit committees are jointly able to influence the company's financial performance.

The relationship between capital structure, independent board of commissioners, audit committee, and financial performance aligns with Agency Theory. Agency theory emphasizes the importance of managing corporate funding and implementing oversight mechanisms to improve the effectiveness of corporate governance. Therefore, an effective capital structure and strong oversight functions carried out by an independent board of commissioners and audit committee can contribute to a company's financial performance.

In line with research from(Ardillah & Setiawati, 2026)The results showed that capital structure, board of commissioners, board of directors, audit committee, and institutional ownership simultaneously influence financial performance. These similar findings indicate that financing decisions and corporate governance mechanisms are factors that can influence a company's financial performance.

5. *Financial distress*Moderating the Effect of Capital Structure on Financial Performance

Based on the results of the Moderated Regression Analysis (MRA) test, the interaction coefficient value between capital structure and financial distress was -0.218 with a significance value of 0.000 <0.05. This means that H5 is rejected, which states that financial distress moderation weakens the influence of capital structure on the financial performance of healthcare sector companies on the Indonesia Stock Exchange.

The findings of this study demonstrate a link with Agency Theory, which emphasizes that financing decisions are a crucial aspect of supporting company performance. However, when a company experiences financial distress, its ability to manage its capital structure is limited due to increased financial risk, debt burden, and liquidity pressures. Consequently, the influence of capital structure on financial performance tends to weaken.

This research is not in line with research from(Endiramurti et al., 2022)stated that financial distress moderation strengthens the influence of capital structure on company performance. The differences in these research results are thought to be due to differences in company sectors, research periods, and the financial condition of the companies being studied.

6. *Financial distress*Moderating the Influence of Independent Board of Commissioners on Financial Performance

Based on the results of the Moderated Regression Analysis (MRA) test, the interaction coefficient value between the independent board of commissioners and financial distress was -0.019 with a significance value of 0.000 <0.05. This means that H6 is accepted, stating that financial distress moderation weakens the influence of the independent board

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of commissioners on the financial performance of Healthcare sector companies on the Indonesia Stock Exchange.

The existence of an independent board of commissioners is a corporate governance mechanism that plays a role in overseeing and evaluating management performance. According to Agency Theory, an independent board of commissioners serves to increase the effectiveness of oversight and support better corporate management. However, when a company experiences financial distress, the effectiveness of independent board oversight tends to decline as the company focuses more on maintaining its financial condition and business continuity.

The results of this study are consistent with the findings of(Suci & Pamungkas, 2022)which states that in conditions of financial distress the role of the independent board of commissioners has not succeeded in carrying out its function optimally, thereby weakening the company's financial performance.

7. *Financial distress*Moderating the Influence of the Audit Committee on Financial Performance

Based on the results of the Moderated Regression Analysis (MRA) test, the interaction coefficient value between the audit committee and financial distress was -0.192 with a significance value of 0.000 <0.05. This means that H7 is accepted, stating that financial distress moderation weakens the influence of the audit committee on the financial performance of Healthcare sector companies on the Indonesia Stock Exchange.

The findings of this study are related to Agency Theory, which emphasizes the importance of oversight mechanisms in supporting effective corporate management. Audit committees play a role in helping ensure the proper implementation of corporate governance. However, when a company experiences financial distress, the audit committee's role becomes less effective because the company's attention is more focused on addressing the financial pressures it faces.

In line with research from(Suci & Pamungkas, 2022)This indicates that financial distress can hinder the audit committee's role in supporting effective company management, resulting in declining financial performance. The financial pressures a company faces have the potential to reduce the audit committee's contribution to its oversight function.

CONCLUSION

Based on the research results, capital structure, independent board of commissioners, and audit committees significantly influence the financial performance of healthcare companies listed on the Indonesia Stock Exchange for the 2022–2025 period, both partially and simultaneously. The regression coefficients indicate that these three

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variables have a negative influence on financial performance. Simultaneously, they explain 64.3% of the variation in financial performance. However, after including the interaction variable of financial distress, the coefficient of determination increases to 79.7%. The results of the moderation test indicate that financial distress weakens the influence of capital structure, independent board of commissioners, and audit committees on financial performance. These findings indicate that financing decisions and corporate governance mechanisms need to be supported by adequate financial conditions to optimally contribute to company performance. However, this study has limitations because it only covers 27 healthcare companies over four years of observation and uses specific variables and indicators, so the results cannot be generalized to different sectors and periods. Furthermore, the research results rely on secondary financial report data and the analytical model used.

Practically, companies are advised to carefully manage their debt ratios, increase the effectiveness of oversight by independent boards of commissioners and audit committees, and regularly monitor their financial condition to detect potential financial distress early. Companies also need to assess the effectiveness of their governance functions, not just by meeting the requirements for the number or proportion of supervisory organs. For investors, the results of this study can be used as considerations in evaluating funding structures, governance mechanisms, and the risk of financial distress before making investment decisions. Further research is recommended to expand the scope of sectors and observation periods, consider other variables that could potentially influence financial performance, and use alternative indicators to measure financial performance and financial distress. This development is expected to provide more comprehensive results and deepen understanding of the relationship between capital structure, corporate governance, financial distress, and financial performance.

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