ANALYSIS OF FINANCIAL PERFORMANCE AND INTELLECTUAL CAPITAL ON FINANCIAL DISTRESS OF GO PUBLIC PROPERTY COMPANIES IN INDONESIA

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ABSTRACT

The research objective to be achieved is to provide understanding and knowledge to the public, especially investors and creditors regarding the effect of financial performance and intellectual capital on financial distress and can be used as a reference for further researchers as well as a reference for stakeholders (investors, creditors and the government) in making relevant decisions. and reliable. This study uses the Altman Z-Score model as a prediction of bankruptcy, financial performance as proxied by profitability, liquidity, leverage and intellectual capital. The sample used is a property company that went public in Indonesia in 2015-2019 with data collection techniques using the purposive sampling method with predetermined criteria. The total sample obtained is 165 samples. The results showed that profitability had a positive effect on financial distress, leverage had a negative effect on financial distress, and liquidity and intellectual capital had no effect on financial distress.

Keywords: financial performance, profitability, liquidity, leverage, intellectual capital, financial distress

INTRODUCTION

Every company is founded with the hope that it will generate profits so that it can survive or develop in the long term and does not experience liquidity. But in reality, these assumptions do not always go well as expected or expected. Often companies that have been operating for a certain period of time are forced to dissolve or be liquidated because they experience financial difficulties that lead to bankruptcy (Permana, Ahmar, & Djadang, 2017).

Companies that experience bankruptcy will begin with conditions where there is financial distress or financial distress. Financial distress is an interesting topic in finance and financial health companies as an important indicator for users who are interested in knowing more about performance companies (Pernamasari, Purwaningsih, Tanjung, & Rahayu, 2019). Information about financial distress is used by interested parties as an early warning (warning) of the problem. So that companies and interested parties can take anticipatory steps to deal with the worst of the worst living conditions.

If a company goes bankrupt, many parties will be harmed. Investors will be disadvantaged because they have invested their shares in the company and creditors will lose because they have provided loans which in the end cannot be repaid (uncollectible). In addition, it will have an impact on company employees resulting in Termination of Employment (PHK) as well as the management of the company itself.

CSA Research Institute analyst Reza Priyambada assesses that issuers who are involved in bankruptcy cases with their consumers will have a negative image in the eyes of investors and the public. And, it raises concerns for the parties who cooperate with the issuer. Sentul City, for example, companies that supply businesses such as cement, building tools and furniture will be worried, for fear of not being paid off. So far, according to Reza, issuers who have been involved in bankruptcy cases have been unable to pay their debts to consumers and creditors, nor are they able to finance the company's operations.

Companies that experience financial difficulties will experience difficulties in generating profits in a reporting period, besides that companies also experience difficulties in fulfilling their short-term obligations to third parties such as investors, creditors and employees (Rahmawati, 2014). In preventing the occurrence of bankruptcy in a company, management must do prevention as early as possible by conducting a bankruptcy analysis. One of the bankruptcy forecasting models is the Altman ZScore Model, where this model was developed by Edward I Altman 1968 who is a financial economist. Edward Altman created a model by using a number of ratios in financial statements and analyzing several discriminants to predict the bankruptcy of publicly traded manufacturing firms (Kakauhe & Pontoh, 2017).

The performance of an entity can be seen from the analysis of financial statements. The results of the analysis of the financial statements of an entity can be used as material for policy making and decision making for company owners, managers, and investors. Ratio analysis of financial statements can also be used as a medium to predict financial difficulties faced by companies (Widhiari & Aryani Merkusiwati, 2015). Prediction errors in the future will be fatal in the company's survival, prediction errors result in loss of income or investment that has been invested into the company. The importance of a bankruptcy prediction analysis is very much needed by several related parties, such as investors, banks, governments, and the main company itself. The correct prediction will also make the company know earlier the financial condition of the company (Rohmadini, Saifi, & Darmawan, 2018).

According to Li & Du (2011), in general, research on financial distress uses financial indicators to predict the condition of the company in the future. Financial indicators in this study are profitability ratios, liquidity ratios, and leverage. In addition to using the company's financial performance indicators, in this study there are also other factors, namely intellectual capital.

Profitability is the company's ability to generate profits. Where profit is one indicator of how well the company's performance. Profitability includes all revenues and costs incurred by the company as the use of assets and liabilities within a period. The main goal of the company is to have high profits. High profits will increase the welfare of its shareholders and will increase the interest of investors to invest their funds in the company. High profits will also describe the level of success of the company in carrying out its company's operational activities (Rohmadini et al., 2018). If the company's profitability level is higher, it will be less likely

that the company will experience financial distress. Ananto, Mustika, & Handayani (2017) and Curry & Banjarnahor (2018) in their research found that profitability had a negative effect on financial distress, but in the research of Rohmadini et al., (2018) profitability as measured by ROA had no effect on financial distress.

In addition to profitability, financial distress can also be predicted through the liquidity ratio. The liquidity ratio is a ratio used to measure how liquid a company is (Kasmir, 2012: 130). Short-term creditors are very concerned with this current ratio because the conversion of inventories and accounts receivable into cash is the main source, from which the company can gain cash to pay shortterm creditors. From the point of view of short-term creditors, the higher the company's current ratio, the greater the protection (Gamayuni in Triwahyuningtias & Muharam (2012). The results of the research by Curry & Banjarnahor (2018) found that liquidity has a negative effect on financial distress, while the results of research by Rohmadini et al., (2018) and Cinantya & Merkusiwati, (2015) in their research found that there was no effect of liquidity on the possibility of financial distress.

In addition, financial distress can also be predicted through financial leverage. Leverage ratio is a ratio used to measure the extent to which company assets are financed from debt. Leverage shows an influence on investment rates and investment opportunities in companies where the level of debt from a company will indirectly affect investor interest and confidence in investing (Rohmadini et al., 2018). The high and low debt of the company will affect the size of the risk of financial distress that will be borne by the company. Rohmadini et al., (2018), and Curry & Banjarnahor (2018) in their research found that leverage had a negative effect on financial distress, while the results of research from Bernardin & Tifani (2019) in their research found that there was no effect of leverage on financial distress.

Intellectual capital is said to be an intangible asset originating from human resources that are dynamic and relatively change according to conditions and situations and cannot be measured. According to Mustika & et. al (2018), employee knowledge, intellectual ideas and employee skills are examples of intangible assets called intellectual capital. This capital is considered as knowledge-based capital owned by the company. Intellectual capital consists of three components, namely human capital, structural capital, and customer capital.

Intellectual capital has an influence on improving the performance of a company. Where the management of intellectual capital is getting better, resulting in the company's performance will also be considered good and if the management of intellectual capital is not going well, it will result in the company's performance being considered poor so that it will be seen that the resources in the company are experiencing a decline in performance. A decrease in performance will lead to a company's profit which can be seen in the financial statements. This will have an impact on the possibility of financial distress in a company (Mustika & et. al, 2018).

The results of the research by Widhiadnyana & Dwi Ratnadi (2019) show that intellectual capital has a negative effect on financial distress, which means that if the company's intellectual capital increases, the company will avoid financial distress. These results are in line with the research of Purba & Muslih (2018) which states that intellectual capital has a negative effect on financial distress. However, contrary to research by Mustika & et. al (2018) where the results of the study prove that intellectual capital has a positive effect on financial distress.

LITERATURE REVIEW

Signalling Theory

Signal theory is an action taken by the company's management to provide clues to investors about how management assesses the company's prospects. The management will try to improve the performance of the company where by increasing the performance, the company's profit will also increase. Signal theory provides information to external parties about the future condition of the company (Scott, 2014: 305). Information provided by the company can be in the form of good news such as good company conditions, profit announcements, dividend distribution and bad news information can be in the form of company losses so that they cannot distribute dividends, or too much company debt that increases the risk of bankruptcy.

Financial Distress

Financial Distress is a condition where the company is experiencing financial difficulties. According to Platt & Platt (2002) financial distress is the stage of decline in financial conditions that occurred before the occurrence of bankruptcy. Information about financial distress is used by interested parties as an early warning (warning) of the problem. So that companies and interested parties can take anticipatory steps to deal with the worst of the worst living conditions. When a company experiences financial difficulties, it will be a consideration for investors and creditors who will invest their capital. Thus, the company should be able to show good company performance to be able to attract investors (Widhiari & Aryani Merkusiwati, 2015).

According to Ratna & Marwati (2018) several internal indicators to find out the signs of a company's financial distress are the decrease in sales volume due to the inability of management to implement policies and strategies, the decrease in the company's ability to make profits, dependence on debt is very large. On the other hand, some indicators to detect signs of financial difficulties seen from external parties are a decrease in the amount of dividends distributed to shareholders for several consecutive periods, a continuous decline in profits and the company suffers losses, closes or sells one or more business units, massive layoffs of employees, and prices in the market began to decline continuously.

This study uses the Altman Zscore model for a public manufacture company, such as Pernamasari et al., (2019). Where shares or shares of a company are traded openly or listed on a stock exchange. The formula used is as follows: Z = 1,2 (X1) + 1,4 (X2) + 3,3 (X3) + 0,6 (X4) + 1,0 (X5) Information:

Z = Bankruptcy Indeks

X1 = Working Capital/Total Assets

X2 = Retained Earnings/Total Assets

X3 = Earning Before Interest and Taxes/Total Assets

X4 = Market Value of Equity/Book Value of Debt

X5 = Sales/Total Assets

Score Condition> 2.99 Not Bankrupt, 1.81 - 2.99 Gray Area, <1.81 Bankrupt

Financial Performance

According to Li & Du (2011), in general, research on financial distress uses financial indicators to predict the condition of the company in the future. Financial indicators in this study are profitability ratios, liquidity ratios, and leverage.

Profitability

The profitability ratio is a ratio to assess the company's ability to seek profit or profit in a certain period (Kasmir, 2014:15). Profit is one indicator of how well the company is performing. Profitability includes all revenues and costs incurred by the company as the use of assets and liabilities within a period. The main goal of the company is to have high profits. High profits will increase the welfare of its shareholders and will increase the interest of investors to invest their funds in the company. High profits will also describe the level of success of the company in carrying out its company's operational activities (Rohmadini et al., 2018).
In this study, profitability was measured using ROA. Return on Assets (ROA) is a ratio to measure net profit after tax with the company's total assets.

Liquidity

The liquidity ratio is a ratio used to measure how liquid a company is (Kasmir, 2012). The company can be said to be liquid if the company is able to settle its short-term obligations when they fall due. When the value of the liquidity ratio is high, the company has the ability to meet its short-term debt obligations.

According to Syamsuddin (2011: 43-44) the current ratio level can be determined by comparing current assets with current liabilities. There is no absolute measure of what level of current ratio is considered good or that must be maintained by a company because usually the level of current ratio is also very dependent on the type of business of each company.

Leverage

Leverage ratio is the ratio used to measure the extent to which company assets are financed from debt. Leverage shows an influence on investment rates and investment opportunities in companies where the level of debt from a company will indirectly affect investor interest and confidence in investing (Rohmadini et al., 2018). High and low corporate debt will affect the size of the risk of financial distress that will be borne by the company. Debt to Equity Ratio (DER) is the ratio used to assess debt to equity. This ratio is found by comparing all debt, including current debt, and total equity.

Intellectual Capital

According to Lestari (2016) Intellectual capital is information and knowledge that can be applied to a job to create value within the company. Purba & Muslih (2018) state that intellectual capital is said to be an intangible asset originating from human resources that are dynamic and relatively change according to conditions and situations and cannot be measured.

The International Federation of Accountants classifies intellectual capital into three components, namely, human capital, relational capital, and organizational capital (Mustika & et. al, 2018). The first component, human capital (HC) is the most important component in a company. HC is the lifeblood of intellectual capital in which there are sources of innovation and improvement. Because in it there are knowledge, skills, and competencies possessed by company employees. HC can increase if the company can utilize and develop the knowledge, competence, and skills of its employees efficiently. The second component, structural capital (SC) is the ability of an organization or company to fulfill the company's routine processes and structures that support employees' efforts to produce optimal intellectual performance and overall business performance. The third component, relational capital (RC) or customer capital (CC) is a harmonious association network relationship owned by the company and its partners, both from suppliers, customers, as well as the government and the community. Relational capital can arise from various parts outside the company's environment that can add value to the company.

The measurement of intellectual capital variable can be calculated by the following measurements:

Value Added Intellectual Capital:

The value added intellectual coefficient (VAICTM) method was developed by Pulic in 1998 which is designed to present the formation of value creation efficiency from the tangible assets (tangible assets) and intangible assets (intangible assets) owned by the company. VAIC is an instrument to measure intellectual performance in a company and has the advantage because the data required is relatively easy from various company sources.

VAIC calculation begins with the company's ability to create value added (VA). VA is the most objective indicator to assess the company's success in running its business and shows the company's ability to create value (Artati, 2017). Value added is calculated by the difference in output minus inputs, where output is the total income that includes all products and services sold in the market, and inputs are all expenses used to earn income (except employee expenses).

The VAIC method uses three value added indicators, namely Value Added Human Capital (VACA), Value Added Structural Capital (STVA) and Value Added Capital Employed (VACA).

VAICTM can be calculated by the following formula (Purba & Muslih, 2018): **VAIC = VACA + VAHU + STVA**

Intellectual Capital based on the VAIC model can be classified into 4 categories, namely (Purba & Muslih, 2018):

1. Top performers – VAICTM score above 3
2. Good performers – VAICTM score between 2.0 to 2.99
3. Common performers – VAICTM score between 1.5 to 1.99
4. Bad performers – VAICTM score below 1.5

Value Added Human Capital (VAHU)

Value Added Human Capital is an indicator of the efficiency of value added human capital. VAHU is the ratio of Value Added (VA) to Human Capital (HC). Human capital includes resources within the company's organization. Human Capital describes the ability of a company to manage human resources with all the knowledge they have (Artati, 2017). VAHU can be calculated by the following formula:

$$VAHU = \frac{VA}{HC}$$

Information:

VAHU = Value Added Human Capital

VA = Value Added

HC = Human Capital (Employee Expenses)

Value Added Capital Employed (VACA)

VACA is an indicator that VA is created by one unit of physical capital. VACA is the ratio of Value Added (VA) to Capital Employed. Capital employed is the book value of the company's total assets. VACA is a company's ability to manage resources in the form of capital assets which if managed properly will improve company performance. In other words, VACA can show how successful a company is in using its tangible assets. VACA can be calculated by the following formula:

$$AHU = \frac{VA}{HC}$$

Information :

VACA = Value Added Capital Employed

VA = Value Added

CA = Capital Employed (Available funds: Equity, net income)

Value Added Structural Capital (STVA)

Value Added Structural Capital is an indicator of the efficiency of added value from structural capital. Value Added Structural Capital is the ratio of Structural Capital to Value Added. Structural capital is the ability of an organization or company to fulfill the company's routine processes and structures that support employees' efforts to produce optimal intellectual performance and overall business performance. In other words, Value Added Structural Capital measures the amount of Structural Capital needed

to generate 1 rupiah of Value Added and is an indicator of how successful Structural Capital is in creating value. Structural Capital can be calculated between the difference between Value Added and Human Capital. STVA can be calculated by the following formula:

$$STVA = \frac{SC}{VA}$$

Information :

STVA = Value Added Structural Capital

SC = Structural Capital (Value Added – Human Capital)

VA = Value Added

The effect of profitability in predicting financial distress

Profitability is the company's ability to generate profits. Where profit is one indicator of how well the company's performance. Profitability includes all revenues and costs incurred by the company as the use of assets and liabilities within a period. The main goal of the company is to have high profits. High profits will increase the welfare of its shareholders and will increase the interest of investors to invest their funds in the company. High profits will also describe the level of success of the company in carrying out its company's operational activities (Rohmadini et al., 2018). If the value of the company's profitability is higher, it will be less likely that the company will experience financial distress (Gobenvy, 2014). Chairunesia (2020) in his research found results that profitability has a positive effect on financial distress, which means that if the company's profitability value is high, then the company's financial distress value will be high, the higher the company's financial distress value, the smaller the risk of bankruptcy that will occur.

The following hypotheses are proposed are:
H1: Profitability has a positive effect on Financial Distress.

The effect of liquidity in predicting financial distress

The liquidity ratio is a ratio used to measure how liquid a company is (Kasmir, 2012). The company can be said to be liquid if the company is able to settle its short-term obligations when they fall due. When the value of the liquidity ratio is high, the company has the ability to meet its short-term debt obligations. If the company is in a liquid condition, the company will automatically be able to overcome financial difficulties (financial distress). Syuhada & Muda (2020) in their research found results that liquidity has a positive effect on financial distress, which means that if the company's liquidity is high, the company's financial distress value will be high, the higher the company's financial distress value, the smaller the risk of bankruptcy that will occur. H2: Liquidity has a positive effect on Financial Distress.

The influence of Leverage in predicting financial distress

Leverage ratio is a ratio used to measure the extent to which the company's assets are financed by debt. Leverage arises from the use of company funds from third parties in the form of debt. The use of this source of funds will result in the emergence of an obligation for the company to repay the loan along with the interest on the loan. If this situation is not balanced with good company income, it is likely that the company will easily experience financial distress (Gobenvy, 2014). Syuhada & Muda (2020) in their research found that leverage has a negative effect on financial distress, which means that if the company's leverage value is high, the company's financial distress value will be low, the lower the company's financial distress value, the higher the risk of bankruptcy that will occur. The following hypotheses are proposed:

H3: Leverage has a negative effect on Financial Distress.

The influence of Intellectual Capital on financial distress

Intellectual capital is an intangible asset that comes from human resources that are dynamic and always changing according to situations and conditions and cannot be measured (Purba & Muslih, 2018). Companies must realize the important role of intellectual capital management. The existence of good intellectual capital management will improve the company's performance. Improved company performance indicates the company is in good health and is not experiencing financial distress. Research results Mustika & et. al (2018) states that intellectual capital has a positive effect on financial distress, which means that if the company's intellectual capital value is high, the company's financial distress value will be high, the higher the company's financial distress value, the lower the risk of bankruptcy that will occur.

The following hypotheses are proposed are:

H4: Intellectual Capital has a positive effect on predicting Financial Distress.

RESEARCH METHOD

Definition and Operationalization of Variables Dependent variable

Altman forms 3 Z Score formulas in which the three formulas are for 3 different categories of companies, namely for publicly traded companies, closed companies, and for non-manufacturing public companies. This study uses the altman zscore model for public manufacturing companies as in the research Pernamasari et al., (2019). Where shares or shares of a company are traded openly or listed on a stock exchange. The formula used is as follows:

Z = 1,2 (X1) + 1,4 (X2) + 3,3 (X3) + 0,6 (X4) + 1,0 (X5)

Information:

Z = Bankruptcy Indeks

X1 = Working Capital/Total Assets

X2 = Retained Earnings/Total Assets

X3 = Earning Before Interest and Taxes/Total Assets

X4 = Market Value of Equity/Book Value of Debt

X5 = Sales/Total Assets

Independent Variable Profitability

Profitability Ratios are ratios to assess a company's ability to look for profits or profits for a certain period. The ratio used in this study is Return On Assets (ROA) with calculations (Kasmir, 2016):

ROA = Net Profit / Total Assets

Liquidity

Liquidity ratio is the ratio used to measure how liquid a company is (Kasmir, 2012). The formula of the Current ratio: Current

$$\text{Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Leverage

The Solvency Ratio is a ratio used to measure the extent to which a company's assets are financed with debt. The ratio used in this study is Debt to equity ratio (DER) with calculations (Kasmir, 2016):

$$\text{DER} = \frac{\text{Total Debt}}{\text{Equity}}$$

Intellectual Capital

Intellectual capital is an intangible asset that comes from human resources that are dynamic and always changing according to situations and conditions and cannot be measured (Purba & Muslih, 2018). In this study, Intellectual capital is calculated using the Value Added Intellectual Capital (VAIC) formula. VAIC can be calculated by how the ability to create value added (VA) for the company. Value Added (VA) is an indicator to see the company's ability to create added value for the company and can also be used to assess business success within the company. Value added is calculated by the difference in output minus inputs, where output is the total income that includes all products and services sold in the market, and inputs are all expenses used to earn income (except employee expenses). The VAIC method consists of three value-added indicators, namely Value Added Human Capital (VAHU), Value Added Structural Capital (STVA), and Value Added Capital Employed (VACA).

VAICTM can be calculated by the following formula (Purba & Muslih, 2018):

VAICTM = VACA + VAHU + STVA

Population and Research Samples

The population of this study are companies listed on the Indonesia Stock Exchange. The samples used in this study are property companies listed on the Indonesia Stock Exchange during 2015-2019. The sampling method used is purposive sampling, namely sampling based on the criteria of companies listing on the IDX consistently in 2015-2019 and providing information related to intellectual capital in the company's annual report. The total sample in this study was 165 samples.

Analysis Method

The analytical method used is a quantitative method, namely the approach to data processing through statistical or mathematical methods collected from secondary data. It is hoped that the conclusions obtained in a study will be more measurable and comprehensive.

The data analysis method in this study uses the SmartPLS version 3.0 software which is run on computer media. PLS (Partial Least

Square) is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test the structural model. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (testing hypotheses with predictive models). The data analysis method in this study is Inferential Statistical Analysis.

RESULTS AND DISCUSSION

Results Evaluation of Measurement Model

The examination of convergent validity is by looking at the value of Cronbach's alpha and composite reliability. The results are as follows:

Tabel 5.2 Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
CR	1.000	1.000	1.000	1.000
DER	1.000	1.000	1.000	1.000
FD	1.000	1.000	1.000	1.000
ROA	1.000	1.000	1.000	1.000
VAICTM	1.000	1.000	1.000	1.000

Source: SmartPLS 3.0 data data processing

Cronbach's alpha and composite reliability values above 0.7 indicate high reliability of the measuring instrument which means that the gauges of each construct are highly correlated. The third check of convergent validity is to look at the AVE value. AVE values above 0.5 are highly recommended. From table 5.2 all contracts are 1 or above 0.5.

Structural Model Evaluation

After the examination of the measurement model is fulfilled, the next step is to examine the structural model. This examination includes the significance of the path relationship and the value of R Square (R2) to see the results of the evaluation of the structural model. The value of R2 aims to determine how much the independent variable affects the dependent variable. The value of R2 can be seen from table 5.3:

Tabel 1.3 R Square

	R Square	R Square Adjusted
zscore	0.113	0.090

The R Square (R2) value of 0.113 means that the variability of the zscore construct can be explained by the profitability, liquidity, leverage, and Financial Distress constructs of 11.3%. While 88.7% is explained by other variables not included in this study.

Hypothesis Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
CR -> FD	0.031	0.036	0.055	0.566	**0.572**
DER -> FD	-0.271	-0.276	0.057	4.793	**0.000**
ROA -> FD	0.256	0.260	0.101	2.550	**0.011**
VAICTM -> FD	0.046	0.047	0.058	0.791	**0.429**

Based on the table above, the results can be used to answer the hypothesis in this study. Hypothesis testing in this study was carried out by looking at the T-Statistic value > 1.96 and the P value < 0.05. So it can be seen that the relationship test between constructs shows that liquidity proxied by the debt to equity ratio has a negative effect on the z-score value, profitability proxied by return on assets has a positive effect on the z-score value, and liquidity is proxied by the current ratio. and intellectual capital has no effect on the z-score.

Discussion The influence of profitability in predicting financial distress

The results of the hypothesis test show that profitability as proxied by roa has a positive effect on the zscore value. This means that the higher the company's ability to generate profits from its assets, the lower the risk of bankruptcy. A high return on assets shows the company's excellent ability to use existing assets to generate profits. The more effective and efficient the management of company assets can generate better profits and optimal use of funds. Theoretically, this research has strengthened as well as the scope of using the Altman method in predicting bankruptcy, because it is proven that the Altman method can be implemented in detecting the possibility of financial difficulties or bankruptcy in property companies going public in Indonesia, which indirectly also reflects the company's financial performance. The results of this study are in line with the results of previous research by Asfali (2019) which states that profitability has a positive effect on financial distress.

The effect of liquidity in predicting financial distress

The results of the hypothesis test show that the liquidity proxied by the current ratio has no effect on the zscore value, which means that the higher or lower the company's ability to pay its short-term obligations has no effect on predicting the risk of company bankruptcy. This is because in current assets there are accounts such as inventories and accounts receivable that require a long period of time to convert them into cash when used to pay short-term obligations. So, regardless of the value of the current ratio, it will not affect the company's financial condition (Putri & Merkusiwati, 2014). The theoretical implication of this research is that public property companies in Indonesia do not need to focus too much on increasing liquidity by looking at the CR value, because it cannot reduce the chances of financial distress. Accounts contained in current assets are difficult to convert into cash. While the practical implication is that if the company wants to increase the liquidity ratio, it can be done by increasing the current asset account which is easily converted into cash (Sari & Hartono, 2020). The results of this study support the previous research of Wahono, Mardani, & Suproho (2017), Srikalimah (2017), and Rohmadini et al. (2018) that liquidity has no effect on financial distress.

Effect of Leverage in predicting financial distress

The results of the hypothesis test show that leverage as proxied by the debt to equity ratio has a negative effect on the zscore value. This means that the higher the company's assets financed by debt, the higher the risk of bankruptcy. Leverage arises from the use of company funds from third parties in the form of debt. Companies whose funding uses more debt will be at risk of being difficult to pay in the future due to debt that is greater than the company's assets. The use of this source of funds will result in the emergence of an obligation for the company to repay the loan along with the interest on the loan. If such conditions are not handled properly, the potential for financial distress will be even greater. Syuhada & Muda (2020) in their research found that leverage has a negative effect on financial distress, which means that if the company's leverage value is high, the company's financial distress value will be low, the lower the company's financial distress value, the higher the risk of bankruptcy that will occur.

The influence of intellectual capital on financial distress

The results of the hypothesis test show that intellectual capital has no effect on the zscore value, which means that the higher or lower the intellectual capital of property companies going public in Indonesia has no effect in predicting the risk of company bankruptcy.

Intellectual capital is an intangible asset that comes from human resources that are dynamic and always changing according to situations and conditions and cannot be measured (Purba & Muslih, 2018). However, in property companies that go public in Indonesia, whether or not intellectual capital management is good will not affect the risk of bankruptcy. The risk of bankruptcy is more influenced by the company's profit and debt owned by the company.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of the analysis and discussion described in the previous chapter, the conclusions of this study are as follows:

a. Profitability proxied by roa has a positive effect on the zscore value. This means that the higher the company's ability to generate profits, the lower the risk of bankruptcy.
b. Liquidity as proxied by the current ratio has no effect on the zscore value, which means that the higher or lower the company's ability to pay its short-term obligations has no effect in predicting the risk of bankruptcy.
c. Leverage proxied by the debt to equity ratio has a negative effect on the zscore value. This means that the higher the company's assets financed by debt, the higher the risk of bankruptcy.
d. Intellectual capital has no effect on the zscore value, which means that the higher or lower the company's intellectual capital has no effect on predicting the risk of company bankruptcy.

Suggestions

In the research that has been done, there are still some limitations. Based on the results of the conclusions, the suggestions that can be given include:

1. For further researchers, because the results of research on the liquidity and intellectual capital variables show that the company does not experience an influence on financial distress on the sample that has been done, it is recommended to retest with another sample because it is not in accordance with applicable theory
2. Property companies are expected to pay attention to factors that can cause company financial distress, so that if there are indications that the company is experiencing financial distress, the company can quickly take action to improve the company's financial condition.

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