ABSTRACT

The purpose of this study is to empirically examine the relationship between liquidity, leverage, profit margin, activity, and sales growth and their effect on financial distress. The population of this study consists of transportation sector companies listed on the Indonesia Stock Exchange during the 2022, 2023, and 2024 periods. The dependent variable used in this study is financial distress, while the independent variables include liquidity, leverage, profit margin, activity, and sales growth.

This study uses secondary data and applies purposive sampling to select the financial statements of transportation sector companies listed on the Indonesia Stock Exchange for the 2022–2024 period, resulting in a sample of 20 companies. The data were analyzed using the ordinary least squares method (multiple linear regression analysis), with classical assumption tests conducted prior to the regression analysis.

The results indicate that liquidity and activity have a negative effect on financial distress, whereas leverage, profitability, and sales growth have no effect on financial distress. These findings suggest that high levels of current assets and company activity do not necessarily reflect sound financial conditions, but may indicate inefficiencies in resource management that potentially increase the risk of financial distress, while leverage, profitability, and sales growth are not determining factors influencing financial distress.

Keywords: *liquidity, leverage, profitability, activity, sales growth, financial distress.*