ABSTRACT

This study aims to obtain empirical evidence and analyze the effect of financial ratios on financial distress with firm size as a moderating variable. The financial ratios include liquidity ratios that are proxied by Current Ratio, solvency ratios proxied by Debt Asset Ratio, profitability ratios proxied by Return on Assets as well as the ratio of activities that are proxied to Turnover Total Assets and Firm Size proxied by the natural logarithm of Total Sales.

The population in this study were manufacturing companies listed on the Indonesia Stock Exchange in 2014 - 2018. The total sample used in this study were 85 companies based on established criteria. Data analysis was performed by binary logistic regression and Moderated Regression Analysis.

The results of the analysis of this study indicate that the Current Ratio, Debt Asset Ratio and Return on Assets have a significant negative effect on financial distress. Meanwhile Total Asset turnover has no significant effect. the results of the Moderated Regression Analysis reveal that firm size has a significant moderation effect on the relationship between the four independent variables and financial distress in manufacturing companies.

Keywords: liquidity, solvency, profitability, activities, firm size, financial distress.