ABSTRACT

This study aims to examine the impact of financial ratios and inflation rate of financial distress cross countries in Indonesia, Malaysia and Thailand. Dependent variable of this study is "Trade-off between Debt Management and Cash Profitability" and "Effectivness of Cash-Generating Activities and Market Values". Independent variable of this study is 28 financial ratios.

Population in this study includes all companies which move in the sector telecommunications, transportation & logistic, oil gas & coal, and construction material manufacturing in Indonesia, Malaysia and Thailand (2014-2018). Selection of the sample is done with purposive sampling. Sample used in this study are 20 healthy firms and 20 insolvent firms that had financial data availability to 28 financial ratios. Hierachical Cluster Analysis (HCA) and Multidimensional Scalling (MDS) are utilized for hypotheses testing.

*The results showed that the characteristics of financial distress in each country have several approvals or similarities in terms of budgeting and increasing cash profitability to overcome financial distress conditions. The results of the study also revealed the fact of financial difficulties in each of the different countries in aiding the balance of cash-producing activities and market values to overcome financial difficulties. Overall, the results of the study show that each country pays attention to one financial aspect to reduce the risk of bankruptcy***.**

Keywords ***:*** *financial ratios, financial distress* and *Multidimensional Scalling* (MDS)