ABSTRACT

This study aims to analyze and obtain empirical evidence of the factors that influence financial distress in manufacturing companies in Indonesia. Financial distress is a situation in which operating cash flows are not sufficient to cover current liabilities (such as accounts payable or interest expense) and the company is forced to undertake financial distress. Many factors indicate that the company will experience financial distress.

The independent variables in analyzing the factors that influence financial distress are profitability, liquidity, and leverage and the audit committee as moderating variables. The population used in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX). The sample selection in this study using purposive sampling technique, obtained 104 companies from a total population of 181 companies with four years of observation in accordance with predetermined criteria. The data analysis technique used is descriptive statistical analysis and logistic regression for inferential statistical analysis.

The results showed that the probability ratio calculated by the profitability variable had a negative and significant effect on financial distress. Liquidity in CR has a significant effect on financial distress in a negative direction. Leverage in DER has no significant effect on financial distress in a positive direction. The audit committee variable cannot moderate the effect of profitability, liquidity, leverage on financial distress.

Keywords: profitability, liquidity, leverage, audit committee, financial distress