

ABSTRACT

Export growth and gross domestic product (GDP) in the mining sector have declined, even touching negative numbers in recent years. This has a negative impact, one of which is the decrease in revenue of the mining sector that causes negative earnings, which is one of the indications of financial distress. Financial distress is a process of decreasing the financial position of companies experienced before the company went bankrupt or liquidated. Financial distress occurs before the bankruptcy and occurs when the company suffers a loss of several years. The company is said to have a financial distress condition if the company can not meet its financial obligations.

This study aims to determine the effect of Leverage, Profitability, and Good Corporate Governance to Financial Distress in mining sector companies listed on Indonesia Stock Exchange 2012-2016 either simultaneously or partially.

The method in this research is quantitative research method. Sampling technique used in this study is a purposive sampling technique that obtained 25 samples of research within a period of 5 years to obtain 125 units of samples. The method of analysis used in this research is logistic regression analysis using SPSS 21 software.

Based on the result of this research, the result of the combination of independent variables consisting of leverage, profitability, and good corporate governance can explain or influence the dependent variable that is financial distress is 63.6% and the rest of 36.4% is explained by other factors outside the research.

The results of this study also show that leverage, profitability, and good corporate governance have a significant simultaneous effect on financial distress. Partially, leverage, independent board of commissioners, and institutional ownership have no significant effect on financial distress, profitability and managerial ownership having a significant effect on financial distress in a negative direction.

Keywords: *Leverage, Profitability, Good Corporate Governance, Independent Board of Commissioners, Managerial Ownership, Institutional Ownership, Financial Distress.*