ABSTRACT

Financial distress is the process of decreasing the financial position experienced by the company before bankruptcy or liquidation. Financial distress is characterized by the inability of companies to fulfill their obligations.

This study aims to determine the simultaneous and partial influence between liquidity, leverage, and sales growth ratios on financial distress in automotive companies and components listed on the Indonesia Stock Exchange in the period 2013-2016.

This research uses quantitative methods. The sampling technique in this study was purposive sampling technique. The sample in this study were 12 samples in a period of 4 years so that 48 total samples were obtained. The analysis technique used in this study is logistic regression analysis using the SPSS 24.0 application.

Based on the results of the study, the variable liquidity ratio, leverage, and sales growth affect financial distress as much as 36.2%, and 63.8% are influenced by other factors outside the research variable. Partially, the leverage variable that is proxied by debt to asset (DAR) has a positive effect on financial distress. While the liquidity variable that is proxied by the current ratio (CR) and sales growth does not affect financial distress.

From the results of research that shows a positive influence between leverage and financial distress, investors are expected to pay more attention to the leverage level of a company, by looking at the debt amount of a company and measuring the financial condition of the company. And for company management, the company should pay attention and can control the amount of debt in the company to avoid financial distress.

Keywords: *Financial Distress, Liquidity, Leverage, Sales Growth*