ABSTRACT

Financial distress is a situation where company cash flow is insufficient to cover current obligation. Bad financial condition will cause difficulties for the company, because investor or creditor will be carefull to invest or give a loan to the company so it will increase the bankrupty risk to that company.

The purpose of this study is to know what factors can affect the financial distress condition. Independent variables that used in this study are institutional ownership (KI), intellectual capital (IC) and Leverage (DER) and financial distress (Springate) as dependent variable. This study intends to analyze the effect of independent variables to dependent variable partially or simultaneously.

Population in this study is Manufacture companies's sector listed on Indonesia Stock Exchange in 2014-2017. The sampling technique used was purposive sampling. In this study, sample used 32 companies in 4 years so that is obtained 128 sample data. Analysis method that used is Panel data regression analysis using software Eviews 10.

Random effect model was chosen after 3 regression panel test. The result show that institutional ownership, intellectual capital, and leverage have significant effect to financial distress.

Based on the test, the conclusion that all the research variables are homogeneous. Simultaneously, all the independet variables have significant effect to dependent variable (financial distress). Partially intellectual capital (IC) have negative significant effect with to financial distress. Leverage (DER) have positive significant effect to financial distress. While institutional ownership (KI) have no significant effect to financial distress.

Keywords: *Institutional Ownership, Intellectual Capital, Leverage and Financial Distress*