ABSTRACT

Companies that experience a decline in sales growth, it is very possible for companies to start entering a period of financial distress. Financial distress is characterized by the company's inability to fulfill its obligations, if the conditions of difficulty are not quickly resolved, this can result in bankruptcy of the business (bankruptcy).

This study aims to analyze financial distress measured using the Altman Z-score and examine the factors that influence it both simultaneously and partially, including operating capacity variables measured using TATO, sales growth as measured by the ratio of sales growth, and managerial agency costs that are measured using an administrative cost ratio to financial distress in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) in 2015-2018.

Based on the purposive sampling method, the total research sample was 68 research data consisting of 17 companies with a diving period of 4 years, 2015-2018. The analytical method used in this research is descriptive statistical analysis, classic assumption test and panel data regression analysis using Eviews 9 software.

The results of this study indicate that: (1) Operating capacity, sales growth, and managerial agency costs simultaneously affect financial distress. (2) Partially operating capacity has a positive effect on financial distress. (2) Sales growth and managerial agency costs do not affect financial distress. Based on the results of this study, it is expected to be a reference for scientific reference and for further research. For company management can be one of the considerations for the company to continue to improve the company's financial performance and can be a useful evaluation material for the company.

***Keywords**: Financial Distress, Managerial Agency Costs, Operating Capacity, Sales Growth*