Abstract

There is an increasing number of companies that suffered losses in trading, service and investment companies in 2012 until 2016. This can cause the company difficult to keep standing and increase the likelihood of a company experiencing financial distress (financial distress). The independent variables in this research are liquidity, leverage, profitability, board size, managerial ownership and institutional ownership. Dependent variable in this research is financial distress.

This study aims to determine the effect of liquidity, leverage, profitability, board size, managerial ownership and institutional ownership of financial distress in trading companies, services and investments listed on the Indonesia Stock Exchange (IDX).

The research method is quantitative method, the method use numbers and secondary data. The population in this study are trading companies, services and investment listed on the BEI 2012-2016 and the population of 116 companies. The purposive sampling method was used for sampling and yielded 67 companies. The analytical method used is logistic regression with SPSS version 23 as a statistical test tool and hypothesis testing.

Test results show that liquidity, leverage, profitability, board size, managerial ownership and institutional ownership simultaneously affect the condition of financial distress. Partially profitability only affect the financial distress with the negative direction.

Suggestions For further research is expected to add other independent variables that may affect financial distress such as company size, activity ratio, audit committee, board size, and so on. Then suggestions for the company should ensure that the company's net profit remains high and avoid losses in order to keep funding for the company in the future and avoid financial distress.

Keyword: Financial ratio, board size, ownership structure, financial distress.