ABSTRACT

Financial distress is a situation just before bankruptcy occurs in the company. At this time the company is unable to pay off its obligations. If a company improves this situation it will be bad for the company. Therefore it is necessary to hold an analysis of financial distress.

The dependent variable of this study is Financial Distress. The independent variables in this study are Solvency (SOLV), Operating Cash Flow (CFO), Board of Directors' Size (DIR) and Audit Quality (AUDIT). This study aims to examine the effect of Solvency (SOLV), Operating Cash Flow (CFO), Board of Directors Size (DIR) and Audit Quality (AUDIT) on the prediction of Financial Distress in the food and beverage subsector companies related to the Indonesia Stock Exchange in the 2014-2018 period.

The sample used in this study is food and beverage companies listed on the Indonesia Stock Exchange in the 2014-2018 period. In this study used purposive sampling sample selection techniques and obtained 16 companies and with a study period of 5 years, obtained 80 samples. Data analysis techniques in this research are quantitative analysis using descriptive statistics and logistic regression analysis methods using IBM SPSS 23 application.

The results showed that simultaneous Solvency (SOLV), Operating Cash Flow (CFO), Board of Directors' Size (DIR) and Audit Quality (AUDIT) had a significant effect on Financial Distress. Partially, Operating Cash Flow (CFO) and Board of Directors' Size (DIR) negatively affect financial distress while Solvency (SOLV) and Audit Quality (AUDIT) do not affect financial distress.

Based on the results of this study are expected to further researchers to add or replace other independent variables. It is recommended for company management to pay attention to aspects of policy in the management of the company so that the company does not experience financial distress.

Keywords: financial distress, solvency, operating cash flow, the board of directors, audit quality