ABSTRACT

Financial distress is a condition of decline in the company's financial position that causes the company to not be able to pay its obligations before the company goes bankrupt or liquidation. Financial distress can help every company because the factors that cause it can come from within (internal) and outside (external) the company. Several factors can influence financial difficulties, such as liquidity, leverage, operating capacity, institutional ownership, managerial ownership, and independent commissioners.

This study aims to see the effect of liquidity, leverage, operating capacity, institutional ownership, managerial ownership, and independent commissioners as independent variables on financial distress in mining sector companies listed on the Indonesia Stock Exchange and Malaysia Stock Exchange in 2014-2018.

The research method used is a quantitative method using logistic regression analysis techniques processed using SPSS 25 software. The sample selection technique used was purposive sampling with 12 Indonesian mining companies and 22 Malaysian mining companies obtained during the 2014-2018 research period.

The results showed that mining companies in Indonesia show the operating capacity variable partially had a significant effect on financial distress. The variables of liquidity, leverage, institutional ownership, managerial ownership, independent commissioner partially do not have an effect on financial distress. Mining companies in Malaysia show the variables of liquidity, managerial ownership, and independent commissioners partially have a significant effect on financial distress. Variables operating capacity, leverage, and institutional ownership partially do not have an effect on financial distress.

Keywords : *Financial Distress, Independent Commissioner, Institutional Ownership*, *Leverage, Liquidity*, *Managerial Ownership*, *Operating Capacity*