ABSTRACT

The case of COVID-19 has resulted in many declines in the financial performance of various business industries in Indonesia, one of which is the hotel industry. The continuous decline in financial performance will result in the company suffering from financial distress, it can even lead to bankruptcy. Several factors that can affect financial distress are liquidity ratios, leverage ratios, activity ratios and profitability ratios.

This research was conducted with the intention of knowing the effect of the independent variables (liquidity ratio, leverage ratio, activity ratio, and profitability ratio) simultaneously and partially on the dependent variable (financial distress) in the hospitality industry companies listed on the IDX, with the research period 2018- 2021. Financial distress itself will be measured using the Altman Z-Score ZETA Model. While the current ratio as a medium for measuring the liquidity ratio. DER as a medium for measuring leverage ratios. TATO as a medium to measure the ratio of activity. While ROA as a medium for measuring profitability ratios.

This study uses quantitative methods with panel data analysis techniques. The sample selection used a purposive sampling method, resulting in eight hotel companies in Indonesia with the 2018-2021 research period. The results show that the liquidity ratio has a negative effect on financial distress. The leverage ratio has a positive effect on financial distress. While the ratio of activity and profitability has no effect on financial distress. Therefore, more attention is needed from the company, regarding the level of financial ratios, especially the liquidity and leverage ratios. This is done to avoid a financial distress situation

Keywords: *Financial Distress, Activity Ratio, Liquidity Ratio, Leverage Ratio, Profitability Ratio.*