ABSTRACT

Financial distress is a condition where a company experiences financial difficulties with decreased profits generated so that the company is unable to pay off the obligations that have been presented based on the current financial statements with the previous period. Because the company is unable to pay off its obligations, it can make the company in an unsafe condition or threatened with bankruptcy. These conditions can be influenced by two factors, namely the company's internal factors and external factors of the company.

This study aims to find out how the independent variables influence, namely capital structure, profitability, liquidity and company size on the dependent variable, namely financial distress in Property and Real Estate Subsector companies listed on the Indonesia Stock Exchange for the 2018-2021 period, both simultaneously and partially.

The method in this research uses quantitative methods with descriptive research types. The population in this study are property and real estate sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The sample collection technique used purposive sampling which resulted in 31 companies with a research period of 4 years so that 124 sample units were observed. The analysis technique used in this study is logistic regression analysis using SPSS 25 software for data processing.

The results of this study indicate that the variables capital structure, profitability, liquidity and firm size simultaneously influence financial distress. Partially, capital structure and company size have no significant effect on financial distress. While profitability has a significant negative effect on financial distress and liquidity has a significant positive effect on financial distress.

Based on the results of this study, it is hoped that further researchers can add or develop other independent variables that affect financial distress. Companies are expected to obtain maximum profits accompanied by good asset management so that companies can avoid financial distress. Then investors are advised to invest their funds in companies that have high profitability ratios because these companies have a low risk of financial distress.

Keywords*: Financial Distress, Capital Structure, Profitability, Liquidity, Company Size*