ABSTRACT

In facing competition with other business units, a company must maintain its business stability. People who are interested in a company hope that this stability will last a long time so that the company can continue to run its operations and can provide innovation to maintain its business. Companies that cannot survive because they cannot compete with their competitors have the potential to experience financial distress. This study aims to determine the effect of financial performance including the ratio of liquidity, leverage, activity, and cash flow to financial distress with managerial ownership as a moderating variable. The data used is secondary data derived from the annual financial reports of energy sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period. The models used in this study are logistic regression and MRA. The results showed that liquidity and cash flow can significantly affect financial distress, and the ratio of leverage and activity cannot affect financial distress significantly. Meanwhile, managerial ownership can significantly moderate the relationship between leverage ratio and activity to financial distress, but it is not able to significantly moderate the relationship between liquidity ratio and financial distress.

Keywords*: Activity; Cash flow; financial distress; leverage, liquidity, managerial ownership.*