ABSTRACT

Financial distress is a condition where a company is experiencing financial difficulties. In other words, namely financial pressure caused by various factors, one of which is the economy. The risk that occurs when a company cannot manage the company's performance is bankruptcy. Symptoms of bankruptcy can be identified through analysis of financial statements using financial ratios, such as leverage, liquidity, profitability, activity and market size.

This study aims to prove that the independent variables consisting of Leverage, Liquidity, and Profitability are variables that are able to distinguish companies in the red zone (bankrupt) and safe zone (not bankrupt) categories. In addition, to prove that there are independent variables which are the dominant variables in distinguishing companies in the red zone and safe zone categories. From this research, it can also be seen the level of accuracy of the analysis.

The object of research is the Transportation and Logistics sector companies listed on the Indonesia Stock Exchange (IDX). The research period is 2017-2022. There is a population of 28 companies. Sources of research data in the form of secondary data, namely from annual financial reports. The research sample was taken using purposive sampling so that 17 company samples were obtained and 102 observation sample data were obtained during the six-year observation period. This research is quantitative. The research method was multiple discriminant analysis which was processed using SPSS Statistics 26 software, while for descriptive statistical tests and data normality tests using Stata/MP 17.0 software.

The results of the analysis prove that the variables Leverage (DAR), Liquidity (CR), and Profitability (ROA) are significant to distinguish a company whether it is in the red zone or safe zone category. In addition, the dominant variables to form a discriminant function in the Transportation and Logistics sector companies listed on the IDX in 2017-2022, namely Leverage (DAR), Liquidity (CR), and Profitability (ROA). Leverage (DAR) has the highest coefficient in the formation of the discriminant function. The level of accuracy of this research is 83.6%.

From this research, it is obtained an illustration that the values of DAR, CR, and ROA can be used as an analytical tool for companies to determine their position in the red zone or safe zone. Thus companies can use the components of DAR, CR, and ROA as a tool to formulate a company's financial strategy in an effort to avoid financial distress.

Keywords: leverage, liquidity, profitability, financial distress, discriminant analysis