

ABSTRACT

In relation to the business world, the economy of a country is said to be good if the movement of the business world increases, and can be said bad if the movement of the business world declined or many companies went bankrupt. The decline in the growth rate of manufacturing industry in Indonesia one of which can be caused by internal factors, namely the declining performance of the company. The performance of companies that experience continuous decline can trigger financial distress.

The object of this research is to use a manufacturing company listed on Indonesia Stock Exchange Period 2012-2015. Technique of collecting data using sampling technique based on certain criteria. Selection of sample using purposive sampling with total of company as much 222 observation. The analysis used in this research is Multiple Regression Analysis.

The result of data analysis shows that debt to equity ratio and debt to asset ratio have positive and significant effect to financial distress. Independent directors and return on equity have a negative and significant effect on financial distress. While liquidity, inventory turnover, total asset turnover, and board size have no effect on financial distress.

Keywords: *Financial distress, financial indicators, non-financial indicators, and control variables.*