ABSTRACT

This study was conducted with the aim of examining the effect of financial indicators, firm size, and institutional ownership on financial distress. The variables used in this study are Financial Indicators (Liquidity, Profitability, Leverage, Operating Capacity), Firm Size, and Institutional Ownership as independent variables and Financial Distress as the dependent variable. In addition, in this study Financial distress is classified as a binary variable (dummy) which is measured using the Altman Z-Score.

The population in this study are all property and real estate companies listed on the Indonesia Stock Exchange in 2016-2020, totaling 30 companies. The number of samples taken is 43 companies. The sampling used purposive sampling method and as many as 11 companies were eliminated because outliers had been carried out. The method used in this study is logistic regression analysis using the IBM SPSS Statistics 25 tool.

The results of this study indicate that Liquidity, Profitability, Operating Capacity, and Institutional Ownership have a significant negative effect on Financial Distress, while Leverage and Sales Growth has a significant positive effect on Financial Distress. Firm Size have no significant effect on Financial Distress. In addition, based on the results of hypothesis testing, the value of R Square in this study is 75.4%, which means that there are still 24.6% of other variables outside the variables used in this study.

Keywords: *Financial Distress, Financial Indicators, Liquidity, Profitability, Leverage, Operating Capacity, Sales Growth, Firm Size, Institutional Ownership*

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