

ABSTRACT

This study aims to examine the effect of financial ratios, market variables, and firm size on financial distress in companies listed on the Indonesia Stock Exchange during the 2019–2024 period. Financial Distress is proxied by Earnings per Share (EPS) and measured as a dummy variable, where companies with negative EPS for two consecutive years are classified as experiencing Financial Distress. The accounting ratio variables include CFOTL, TLTA, NCI, and ICR, while the market variable is proxied by VOE, and firm size proxied by the natural logarithm of total assets (SIZE).

This study uses secondary data obtained from financial statements and market data, with a total of 300 observations. The analytical method employed is logistic regression to examine the effect of independent variables on the probability of Financial Distress.

The results show that CFOTL, TLTA, ICR, and SIZE have a significant effect on financial distress. Specifically, CFOTL, ICR, and SIZE have a significant negative effect, indicating that higher values of these variables reduce the likelihood of financial distress, while TLTA has a significant positive effect, suggesting that higher leverage increases the probability of financial distress. Meanwhile, NCI and VOE do not show a significant effect on financial distress. These findings indicate that accounting-based financial ratios and firm size play a more dominant role in predicting financial distress compared to market-based variables.

Keywords: *Financial Distress, Earnings per Share, Financial Ratios, Market Variables, Firm Size, Logistic Regression*

