TITLE:

FACTOR AFFECTING FINANCIAL DISTRESS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

NAME & MATRIX:

ATHAYA HAURA ZAHRA (012022090968)

LECTURER

AZA AZLINA MD. KASSIM

SUPERVISOR

AZLAN ALI

MANAGEMENT AND SCIENCE UNIVERSITY

FEBRUARY 2023

CERTIFICATION OF THESIS

I/We, the undersigned, certify that

ATHAYA HAURA ZAHRA

Candidate for the degree of

BACHELOR IN FINANCE

Has presented her thesis of the following title

FACTOR AFFECTING FINANCIAL DISTRESS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

As it appears on the tittle page and front cover of the thesis that the research is acceptable in format and content and that a satisfactory knowledge of the field is covered by the thesis.

Assoc Prof Dr Aza Azlina
Supervisor

Assoc Prof Dr Azlan Ali
Co-Supervisor

Assoc Prof Nurul Asyikeen Abdul Jabar
Dean

THESIS COPYRIGHT / AGREEMENT

AUTHOR : **ATHAYA HAURA ZAHRA**

TITLE : **FACTORS AFFECTING FINANCIAL DISTRESS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE**

DEGREE : **BACHELOR IN FINANCE**

Permission is herewith granted to Management & Science University to circulate and to have copied for non-commercial purposes, at its discretion, the above title upon the request of individuals or institutions.

Athaya Haura Zahra

The author does not reserve other publication rights and the thesis nor may extensive extracts from it be printed or otherwise reproduced without the author's written permission. The author attests that permission has been obtained for the use of any copyrighted material appearing in the thesis (other than the brief excepts requiring only proper acknowledgement in scholarly writing), and that all such use is clearly acknowledged.

DECLARATION

I, **Athaya Haura Zahra**, hereby declare that thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it is has not been previously or concurrently submitted for any other degree at MSU or other institution.

Athaya Haura Zahra

ACKNOWLEDGEMENT

First and foremost, I want to thank and honor the Almighty God for giving me the strength to complete this research, and it was only with his blessing that I could do so. Furthermore, I am very grateful to my parents, Titin Mulyati and Anggun Supranowo, who have supported and inspired me in conducting this research. They have always been supportive and encouraging throughout the thesis work. I appreciate their advice and the moral, emotional, and financial support they have always given me. Moreover, for my sister, Ganesha Puspa Nabila, who has provided input to revise my thesis, and my brother, Jagad Paduraksa, who always supports and inspires me to continue striving to complete my thesis and continue my education as high as possible. They gave me great passion and perseverance to continue with this. I also thank my beloved partner, Azka Muhammad Pinandito, who always helped, supported, encouraged, never left my side during this process, and gave me strength and hope when I thought of giving up. Without their love and help, this research would not have been possible. I also want to give myself the highest respect for being strong and not giving up on finishing this research.

I would like to acknowledge with thanks my supervisors, Assoc Prof Dr Aza Azlina and co-supervisor Assoc Prof Dr Azlan Ali for allowing me to be under their supervision. They have all provided valuable criticism, encouragement, guidance and advice to me to complete this project. Without their continued support and interest, this thesis would not be the same as it is presented here.

Last but not least, I am very grateful to my friends; Nindy, Chela, Ipeh, Nawira, Naya, Nenda, Sapei, Sipa. Who has always helped and encouraged me all this time and also always given me support.

FACTORS AFFECTING FINANCIAL DISTRESS IN FOOD AND BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

Athaya Haura Zahra[i], Aza Azlina Md Kassim[ii], Azlan Ali[ii]

[i]Faculty of Business Management and Professional Studies, Management Science University, Malaysia

[ii]Graduate School of Management, Management and Science University, Malaysia

Corresponding author email: athayahauraz@gmail.com

ABSTRACT

The covid-19 pandemic has an effect on business performance as well as the Indonesian economy. The company's losses resulted in numerous other businesses going bankrupt and experiencing financial distress. This study aims to examine factors that can affect financial distress conditions. The factors tested in the study are sales growth, institutional ownership, debt to equity, working capital turnover and return on asset. This study uses multiple regression analysis testing tools. This study took the population and sample data of companies listed on the Indonesia stock exchange from 2019-2021. The data used in this study are secondary data obtained from the company's published financial statements. The sample was determined by purposive sampling based on the criteria set and obtained from as many as 9 companies where the research was conducted for 3 years. The results of data analysis using multiple regression analysis state that the variables that have a significant effect on financial distress are institutional ownership variables, working capital turnover and return on assets which have a significant effect with a profitability level < 0.05. In contrast, sales growth and debt to equity do not significantly affect financial distress. This research will significantly assist investors and managers in making decisions. Provide information to users of financial statements or company stakeholders regarding what financial ratios can influence and be a factor in financial distress conditions.

Keywords: Sales Growth, Institutional Ownership, Debt to Equity, Working Capital Turnover, Return on Asset.

TABLE OF CONTENT

LIST OF FIGURIES

LIST OF TABLES

CHAPTER 1

INTRODUCTION

1.1 Background

Covid-19 has a detrimental effect on every element, but particularly the economy. A manufacturing company was one of the businesses that was most negatively impacted. Economic analysts predict that covid-19 will affect social and economic welfare generally, mainly financial market trading general business in terms of imports, exports, and output (Sansa, 2020). Several Indonesian businesses have been impacted by the Covid-19 pandemic outbreaks. The manufacturing sector significantly influences the development of the country's economy. The Purchasing Manager Index (PMI) of Indonesian industrial enterprises reflects the impact of Covid-19, for Indonesian manufacturing firms fell to 27.5 in April 2020, and prices for industrial utilities fell by as much as 50%. Less purchasing power is causing the utility to decrease (Cahyani, 2020). Consumer goods, chemicals, and other industries the three main sectors of the manufacturing industry. In order to understand what influences financial distress in food and beverage companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021, research was conducted.

Companies in the food and beverage sector are part of the consumer products sector. Because it is an essential requirement for everyone, food security is a problem for the food and beverage industry. Due to the unpredictability of the current situation, food and beverage firms' sustainability has a significant impact (Prakoso, 2020). The food and beverage sector is the most affected by covid-19, it is caused people purchasing power to decrease as the virus increases in

Indonesia. In addition, the raw materials shortage is a significant issue for the food and beverage industry, primarily caused by imported items. Production costs keep the increase as a result of the strong US currency. The food and beverage business currently needs help to boost the price. The covid-19 pandemic's effect on the economy is anticipated to affect Indonesian companies' financial health, particularly in their ability to suffer financial distress and perform financially.

According to (Annither, K, Hidayat, & Farhana, 2020) financial distress is when a company is close to filing for bankruptcy, It can be caused by various factors, including a decline in demand for the company's products or services, increased competition, economic downturns, and unexpected events like the Covid-19 pandemic. It is also possible that the company will run into bankruptcy. In the case of the food and beverage industry in Indonesia, the pandemic has caused disruptions in the supply chain, a decline in consumer demand, and reduced revenue, leading to potential financial distress for some firms in the sector. When a business experiences three years of losses and goes more than a year without paying dividends, financial crisis may be expected. It is crucial for companies to have a financial contingency plan in place and to implement strategies to adapt to the changing market conditions to ensure their sustainability during these challenging times.

Before going bankrupt, a corporation goes through financial difficulties. This is because the company's financial situation was in a crisis. In a situation like this, it can be said that the company has decreased funds to run its business, which can be caused by a decrease in revenue from sales or operating results carried out by the company to earn profits. However, the income or results differ from the many matured obligations or debts.

This study focuses on the factors influencing financial distress conditions in food and beverage companies. Financial distress can be seen from various things, such as declining financial performance, the company's inability to pay obligations, cessation of dividend payments, cash flow problems, liquidity difficulties, layoffs, and other conditions that indicate the company's financial distress.

As a vital source of information, financial statements can be a source to see financial distress conditions that are likely to occur in an organization or company. This condition can be known through the analysis of financial statements owned by the company. To analyze a financial report, several financial ratios can provide an overview of the good or bad financial situation owned by the company so that the company can assess and see how the financial distress condition exists (Bakhri, Listyaningsih, & Nurbaiti, 2018).

This research was conducted 28 food and beverage companies listed on the Indonesia Stock Exchange. Food and beverage companies are companies engaged in the food and beverage industry. In Indonesia, food and beverage companies are rapidly growing; this can be seen from the number of companies listed on the Indonesia Stock Exchange from period to period. Food and beverages are products of basic consumer needs that are needed by the community every day. The needs of the community in this sector are getting higher over time. In order to meet the increasingly high needs of the community, companies engaged in this field must improve their performance.

Researchers chose food and beverage companies as samples because many previous studies have researched manufacturing companies. Food and beverage companies are more vulnerable to bankruptcy. This is because food and beverage companies have received many negative issues regarding hazardous food ingredients contained in food and beverages, and the purchasing power of the public has decreased since the covid-19 pandemic. This resulted in decreased public interest, as a result of which demand for products decreased and resulted in the company experiencing a decrease in revenue.

1.2 Problem Statement

Financial distress is a state of financial distress in a corporation, indicated as a decline in profit, an inability to meet obligations, and financial comparisons to the prior period in the company's financial statements (Putri & Aminah, 2019). When a company's acceptance of operational activities is insufficient to pay off all present debts, financial distress is a condition used as a benchmark to predict the industry's insolvency. Businesses that can anticipate potential financial issues can take risk mitigation measures for that prospect of bankruptcy more immediately, increasing the likelihood that bankruptcy will be averted. Due to rising COVID-19, various daily activities have stopped, and the government has suggested working from home. It can cause a degradation of Indonesia's economic growth.

A survey by IHS Markit, Indonesia's manufacturing purchasing managers index (PMI) indicates that the position is the lowest during a survey that has been conducted for nine years. The statistics showed 45.3 in March 2020 to 27.5 in April 2020. Large-scale social limitations that pushed businesses to close factories were to blame for the reduction in the PMI for the manufacturing sector. As a result, production levels and output demand decreased, forcing businesses to fire workers. Due to inflation and a lack of materials, company costs have increased. Import and export regulations between nations contributed to this material shortage by making it challenging for businesses to obtain raw materials that were only supplied from other nations.

According to the scenario, the covid-19 significantly impacted the Indonesian economy, especially the GDP fall, which negatively influenced financial performance and made it challenging for businesses to manage their short- to long-term debt with current assets. Businesses that experience financial problems may go bankrupt.

The problem formulation in this study is if sales growth, institutional ownership, debt to equity, working capital turnover, and return on assets are all positive. As a result, the purpose of this research is to evaluate and analyse the impact of sales growth, institutional ownership, debt to equity, working capital turnover, and return on assets on financial distress in Food and Beverage Companies Listed on the Indonesia Stock Exchange from 2019 to 2021.

1.3 Research Objectives

This study's goal is to explore and objectively investigate the influence of sales growth, working capital turnover, debt to equity, institutional ownership, return on asset on financial distress. The following study objectives are listed in accordance with this aim and the indicated research questions:

1. To determine the impact of sales growth on financial distress
2. To determine the impact of institutional ownership on financial distress
3. To determine the impact of debt to equity on financial distress
4. To determine the impact of working capital turnover on financial distress
5. To determine the impact of return on asset on financial distress

1.4 Research Question

The following research questions are suggested to be addressed by this study following the matters raised above and what it tends to investigate:

1. What is the impact of sales growth on financial distress?
2. What is the impact of institutional ownership on financial distress?
3. What is the impact of debt to equity on financial distress?
4. What is the impact of working capital turnover on financial distress?
5. What is the impact of return on asset on financial distress?

1.5 Scope

The pandemic has significantly impacted Indonesia's economy, particularly the food and beverage industry, which has been among those most severely impacted by COVID-19. This study examines the variables influencing financial distress, data collected to investigate variable factors using the IDX website. For businesses to be more aware of potential issues in the future, it is vital to analyse the elements that influence financial difficulty. 9 manufacturing enterprises listed on the Indonesia Stock Exchange (IDX) for the years 2019 - 2021 comprise the study's population.

1.6 Significant of Study

This research will give new perspectives on the variables that affect the potential for financial distress, specifically on sales growth, capital turnover, debt to equity, institutional ownership, return on assets. The purpose of this study is to add data that will show whether the characteristics mentioned above substantially affect financial distress or not. besides that, it is also for managers and investors to make decisions for the future and prevent financial distress.

The companies will be able to assess what has been generated in the past and the future by using this research's summary or estimate of the growth or changes in the company's financial status. Companies in Indonesia will better understand the business features to look out for as indicators and symptoms of financial distress once the contributing causes have been identified. Early warnings will be issued, and actions can be taken to lessen the likelihood of financial difficulty. This research has a practical advantage in enabling investors to fund businesses with ownership structures that can lessen financial distress. The input for decision-making to accomplish company objectives is the next benefit for the business.

1.7 Organization of Study

Chapter 1 of this study, which serves as an introduction, a problem statement that has led to the concepts, the objective of the research and the question of the research, the scope of the research, and the significance of the study.

In chapter 2, the study reviews the literature review concerning the terms and ideas of the financial distress, sales growth, capital turnover, debt to equity, institutional ownership and return on assets. This chapter also provides information regarding the specific factors that can result in financial distress.

Chapter 3 then goes on to detail the research methodology in the research. The researcher explains research design, population and sample size, the type of data used which consists of secondary data, measurement of variables, proposed data analysis (descriptive analysis and multiple regression analysis), and chapter summary.

Chapter 4 presents the reader with the main conclusions drawn from the analysis using text, tables and figures. The researcher will then adequately explain and discuss the findings following that.

Chapter 5 concludes with the researcher's conclusions, recommendations, and suggestions for additional research. Based on the analysis findings, the researcher then concludes and offers a summary of the entire study.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

The approach used to gather, analyse, and interpet the data required to answer the study's research questions and look at the relationships between the various hypotheses is described in this chapter. The study's overview, results discussion, contribution, suggestions for further research, and conclusion are all included in chapter five. A summary of the research, findings, and analysis of the variables influencing financial distress in food and beverage companies listed on the Indonesian stock exchange are included in the conclusion.

5.2 Overview of the Study

Examining the factors that influence financial distress in food and beverage companies listed on the Indonesian stock exchange is the primary goal of this thesis research. This thesis will also focus on five study areas: how financial distress is impacted by sales growth, institutional ownership, debt to equity, working capital turnover, and return on assets. As a result, five primary hypotheses and five supporting statements for each variable were developed for each test in this study. 28 food and beverage company data were obtained and registered on the Indonesia Stock Exchange. Because of the normality test, the data taken for research were from 9 companies. The SPSS 27 application also analyzes and assesses the collected data.

The analysis results in Chapter 4 show that 3 out of 5 hypotheses are accepted in the multiple regression analysis t-tests ($p < 0.05$). In other words, institutional ownership, working capital turnover, and return on assets significantly and positively affect financial distress. In comparison, 2 hypotheses were rejected because ($p > 0.05$), namely Sales Growth and debt to equity, with the results of these hypotheses not affecting financial distress.

Table 5.1

Summary of the Hypotheses Testing

Hypothesis	Accepted ($p < 0.05$)	Rejected ($p > 0.05$)
H_1: Sales Growth has a negative and no significant effect on financial distress.		√
H_2: Institutional Ownership has a negative and significant effect on financial distress.	√	
H_3: Debt to Equity has a negative and no significant effect on financial distress.		√
H_4: Working Capital Turnover has a negative and significant effect on financial distress.	√	
H_5: Return on Assets has a positive and significant effects on financial distress.	√	

5.3 Discussion of Result

5.3.1 Hypothesis 1

In this research project, the first question is "Does sales growth affect financial distress?". From this question, the first research hypothesis H_1 states that sales growth is not significant to financial distress. The T_{count} value of sales growth is -1.532 based on the results of the data analysis. The probability value obtained from the t-test is 0.100, greater than 0.05, indicating that sales growth has no significant effect on financial distress. Based on the two findings above, sales growth has a negative and no significant effect on financial distress. As a result, the first hypothesis H_1 is rejected. The finding is similar to the journal article by (Dewi & Novyarni, 2020) which asserted the sales growth has no effect to prediction of financial distress. This is because both high and low levels of sales growth do not immediately impact the risk of financial distress. Given that the sales fall is not consecutive, there will only be a decline in profit yield when there is a sales decline. This is due to the company's fluctuating annual sales (not fixed). So, the sales growth rate cannot determine the company's ability to escape possible financial distress.

Other than that, the outcome conflicts with a study by (Elviana & Ali, 2021). Since it shows whether or not a company's profits are rising, sales growth impacts financial distress. Therefore, the greater the sales growth rate, the greater the likelihood of the company experiencing financial difficulties.

5.3.2 Hypothesis 2

Furthermore, the second question is, "Does institutional ownership affect financial distress?". Then from this question, the second research hypothesis, H2, states that institutional ownership is significant to financial distress. According to data analysis findings, institutional ownership has a T_{count} value is -2.354. Given that the t-test probability value of 0.007 is less than 0.05, institutional ownership is likely to negatively and significantly impact financial distress. According to the two findings above, institutional ownership negatively but significantly impacts financial distress. The second hypothesis, H2 is therefore accepted. This study supports that of (Helena & Saifi, 2018) who found that institutional ownership had a considerable detrimental impact on financial distress. In a study by (Udin S. , Khan, A, Javid, & Yasmin, 2017), institutional shareholders can exert more pressure on company leaders and agents than managing shareholders to act in the owners' best interests. Thus, institutional investors play an active role in viewing, monitoring, and tracking the activities of management, whose duties include optimizing the company's value and improving the quality of the company's financial operations, which in turn, can help reduce the likelihood of financial distress.

On the other hand, research (Maryam & Yuyetta, 2019) indicates that institutional ownership does not impact financial distress. Because institutional ownership is a source of power that may be utilised to sustain management, higher institutional ownership will encourage a higher level of management performance supervision. Institutional investors can aid in lowering the agency expenses experienced by the company by helping to increase oversight. This will decrease the likelihood that the company will suffer losses that put it in a financial bind.

5.3.3 Hypothesis 3

The third question mentioned is "Does debt to equity influence financial distress?". Then, hypothesis 3, H_3 is formed to examine debt to equity affects financial distress in food and beverage companies listed on the Indonesia Stock Exchange. From the results of the data analysis above, the T_{count} value of debt to equity is -6.759 with a profitability value of 0.271

which is greater than 0.05, which means that H_3 is rejected. According to the two findings as mentioned above, sales growth has a detrimental and little impact on financial distress. The third hypothesis is therefore disproved. This outcome on both metrics is congruent with the research conducted by (Sarina, Lubis, & Linda, 2020) that discovered that negative and insignificant effect on financial distress. The results of this research align with the opinion of (Srikalimah, 2017) which is because the more significant the debt, the better because the company can cover debt and avoid financial difficulties. This means the company has substantial capital to cover debt, expected to generate large profits. In most of these studies, the company has a negative leverage ratio due to the negative leverage ratio obtained from retained earnings (retained earnings) being damaging or controlled loss being more significant than paid-up capital or can be due to paid-up capital using issue rights (pre-emptive rights).

In contradictory, this outcome is opposed to the research from (Sukirno, 2022) which states that the debt to equity ratio has a significant positive effect on financial distress, which means that any increase in the debt ratio will increase the company's fixed costs. if the prediction of income shoots up, it will increase the risk of future financial difficulties for the company.

5.3.4 Hypothesis 4

Apart from that, the fourth research question highlighted is "Does Working Capital Turnover influence financial distress?". In order to investigate how working capital turnover affects financial distress in food and beverage companies listed on the Indonesia Stock Exchange, hypothesis

4 (H4) was created. However, H4 is accepted because the analysis results show that this hypothesis is supported by the fact that the working capital turnover T_{count} value is -1.345 and the profitability value is 0.008. The data analysis reveals a negative and significant impact on financial distress. Consequently, it is decided to accept Hypothesis 4. These results are in line with the results of research from (Erhamwilda & Nurhayati, 2022) that working capital turnover can have a negative and significant effect on financial distress. The study results are supported by the more the occurrence of working capital turnover, the better and more profitable it will be for the company, meaning that the company is more effective in generating sales so that more profits can be obtained. However, if the profits generated do not match or decrease and working capital is also stuck, then this can cause the company to experience losses. If this happens continuously, it will cause financial distress.

Nevertheless, it differs from the study carried out by (EDT & Sari, 2022) in that it claims that working capital turnover is not a significant factor in financial distress because high capital turnover is not caused by large sales generated but rather by low embedded funds. Second, the company's success is attributable to its emphasis on outside resources, such as long-term debt. Third, as a result of the modest sales volume.

5.3.5 Hypothesis 5

Last, the fifth research question mentioned is "Does Return on Asset influence Financial Distress?". After that, hypothesis 5, H5 was made to identify whether the return on assets is influential in determining financial distress in food and beverage companies listed on the Indonesian stock exchange. After the findings were analyzed, it showed that Return on Asset has a positive and significant effect on financial distress. Return on Asset has T_{count} 6.270, and profitability value is $0.040 < 0.05$. Therefore, this indicates the significance of the fifth research question. Hence the result of H5 is accepted. This finding is similar to the research by (Caronge, Z, & Mursida, 2022), which analyzes that Return on Assets has a positive and significant effect on financial distress. It shows that a decrease in profitability can cause the company's condition to experience financial distress and continue to bankruptcy. On the other hand, the higher the level of profitability generated, the less likely the company will experience financial distress.

However, these results contradict research conducted by (Maulana & Suhartati, 2022), which summarizes their findings regarding return on assets partially that there is no influence on financial distress. The results of this study are in accordance with the results of research conducted by (Saifi, 2018) entitled The Influence of Profitability, Liquidity, and Leverage on Financial Distress, which states that ROA does not influence Financial Distress.

5.4 Contribution of the Study

5.4.1 Body of Knowledge

This research is similar to other and earlier research articles on this topic, despite examining various academic studies that have created many studies on the elements that cause financial distress. In this regard, the research paper uses examples from 2019 to 2021 of companies in the food and beverage sector listed on the Indonesian stock exchange. At the same time, this research enables the next researchers to use it as a literature review and reference when they have pertinent research topics.

5.4.2 Theory

By strengthening signal theory, the fundamental objective of this research study is to disclose company information in the form of financial statements disclosed by management can provide signals that can later be used to analyze company performance and indicate the company's financial failure or success. Agency theory defines the relationship between company management and investors, according to (Spence, 1973). As part of the signal theory procedure, information about a company is given to investors and other stakeholders. This theory also demonstrates how management behaves and directs investors while assessing a company. The relationship between signal theory and all factors is the availability of accurate information, which enables investors to evaluate the company's capability to generate profits and uphold its obligations. A more profitable and liquid corporation has a lower chance of going bankrupt, which benefits investors by enhancing the company's standing, value, and number of shares.

5.4.3 Practical

This research will significantly assist investors and managers in making decisions. Provide information to users of financial statements or company stakeholders regarding what financial ratios can influence and be a factor in financial distress conditions. This research can be used as an early detection before the occurrence of financial distress in the company. The findings of this study can also be used as a reference to see the company's condition, and improvements can be made by minimizing the company's costs and obligations and preparing strategies to deal with unexpected events or events. This research study is crucial since it enables management to act swiftly when a firm has financial problems, preventing the company from going bankrupt.

5.5 Recommendation for Future Research

This study has some limitations and restrictions as it can only cover some relevant parts of the subject, as seen after analyzing the data analysis and discussion. Therefore, some changes or suggestions can be used in future research studies for example in the banking, infrastructure, property and real estate sectors.

The five (5) independent variables examined in this study are working capital turnover, institutional ownership, debt to equity, sales growth, and return on assets. financial distress research is research that is still new, so further researchers can conduct literature studies on financial distress on other variables. it would be interesting if further researchers added samples and extended the research period more widely. This will increase the variety of samples and periods so that the effect of independent variables can be seen over a longer period of time. It is recommended to produce bigger and better results because more sectors on the Indonesia Stock Exchange can provide a different point of view to determine a significant impact on the subject.

Future researchers can use other financial performance ratios, such as liquidity and solvency, so that the results are more diverse. Future researchers should also consider and observe changes in financial performance by measuring other financial performance. In addition, it is hoped that researchers will add or use other methods such as Springate, Zmijewski and others so that they do not only use one method.

5.6 Conclusion

To strengthen food and beverage companies in Indonesia's abilities to analyse, comprehend, and be cautious of their prior financial performance to eliminate any inconsistencies that may occur in the future, as well as to ensure that the company receives the best value by establishing or formulating several new strategies, the study's overall objective, which examines the factors that influence financial distress, has been conducted and obtained results from data collection. Companies need to indicate the financial failure or success of the company.

In general, it was shown that most factors were only partially effective and significant in predicting financial distress. According to multiple regression analysis results and study findings, two financial ratios, institutional ownership, and working capital turnover, have a strong negative impact and significant financial distress. In contrast, financial distress is favorably and considerably impacted by return on assets. Sales growth and debt to equity are financial ratios that negatively and negligibly affect financial distress. Additional elements relating to financial ratios on financial distress should be further researched to produce more accurate and beneficial results for future researchers.

Last, the recommendation for future research is to modify diverse variables and samples and populations in different industries on the Indonesian stock exchange and look at other financial ratios and what ratios affect financial distress. This will help management professionals find solutions to this problem and researchers to have a research framework with a better understanding of this topic in the future.

REFERENCES

Sansa, N. (2020). The Impact of the COVID-19 On the Financial Markets Evidence from CHina and USA. *Journal of Evolutionary Economics*.

IHS. (2020). Retrieved from Markit PMI Manufaktur Indonesia: www.markit.com/product/pmi

Cahyani. (2020, May 7). *Pandemi Corona, Utilitas Industri Manufaktur Anjlok 50 Persen*. Retrieved from Https://Bisnis.Tempo.Co/Read/1339817/Pandemi-Corona-Utilitas-Industri-Manufaktur-Anjlok-50-Persen

Prakoso, F. A. (2020). Dampak Coronavirus Disease (Covid-19) Terhadap Industri Food & Beverage. *Jurnal Manajemen Bisnis(Jmb)*.

Annither, A., K, J. M., Hidayat, A. A., & Farhana, S. (2020). The Impact of Ownership Structure on the Indicator of Financial Distress In Indonesia Companies. *Jurnal Akuntansi Dan Bisnis*.

Putri, G. W., & Aminah, W. (2019). Faktor-Faktor Yang Memitigasi Financial Distress Pada Perusahaan Pertambangan. *Jurnal Riset Akuntansi Kontemporer*.

Yunianto, T. (2020, Januari 6). *Jadi Tumpuan Ekonomi RI, Sektor Manufaktur 2019 Tumbuh Melambat*. Retrieved from katadata.co.id

Rini, A. (2018, December 19). *Ini Capaian Industri Manufaktur Selama 2018*. Retrieved from Ekonomibisnis.com: https://ekonomi.bisnis.com/read/20181219/257/871342/ini-capaian-industri-manufaktur-selama-2018

Septiani, A. T., Siswantini, T., & Murtatik, S. (2021). The Effect of Liquidity, Leverage, and Profitability on Financial Distress in the Consumption Industry Sector Listed on IDX. *Journal Apresiasi Economy*.

Nafisamuna, N. (2022). Potentials Of Financial Distress Before And During Covid-19 Pandemic In Food And Beverage Companies Listed On The Indonesia Stock Exchange. *International Journal Of Science*.

Purbayati, R., & Afgani, F. K. (2020). Pemodelan Multiple Discriminant Analysis Untuk Memprediksi Financial Distress Bank Umum Syariah di Indonesia. *Jurnal Ekonomi Keuangan Perbankan Dan Akuntansi*.

Fadillah, M., & I, S. P. (2019). Faktor-Faktor Yang Mempengaruhi Financial Distress Pada Perusahaan Manufaktur Di Indonesia.

Sahrani, & M, N. A. (2020). Islamic Financial Distress.

Simanjuntak, C., Titik, F., & Aminah, W. (2017). Pengaruh Rasio Keuangan Terhadap Financial Distress (Studi Pada Perusahaan Transportasi Yang Terdaftar Di Bursa Efek Indonesia Periode 2011-2015). *E-Proceeding Of Management*.

Guna, W. I., & Herawaty, A. (2010). Pengaruh Mekanisme Good Corporate Governance Indepedensi Auditor, Kualitas Audit dan Faktor Lainnya Terhadap Manajemen Laba. *Jurnal Bisnis dan Akuntansi*.

Munandari, D., & Suraya, P. A. (2020). Struktur Kepemilikan dan Financial Distress : Studi Pada Perusahaan Makanan dan Minuman Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Reksa*.

Nugrahanti, Y. W., & Puspitasari, A. (2018). Do Audit Quality, Political Connection, and Institutional Ownership Increase Real Earnings Management? (An Evidence From Indonesia). *Journal Finance and Accounting*.

Hendra, Afrizal, Diah, P. A., & Enggar. (2018). Faktor-Faktor yang Mempengaruhi Financial Distress (Studi Empiris Pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2014-2016).

Silvia, S., & Aprilia, L. (2020). Pengaruh Ukuran Perusahaan, Debt to Equity Ratio, Return On Equity dan Currect Ratio Untuk Mengidentifikasi Financial Distress Pada Perusahaan Properti Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2017.

Eminingtyas, & Reta. (2017). Pengaruh Ukuran Perusahaan, Likuiditas, Leverage, Sales Growth dan Operating Capacity terhadap Financial Distress pada perusahaan Manufaktur (Terdaftar di BEI). *Sekolah Tinggi Ilmu Ekonomi Perbanas*.

Sirajuddin, A., Hasniati, & Indriasari, D. P. (2021). The Influence of Organizational Culture on Employee Perfomance Satisfaction at the State Electicity Company, Malili Customer Service Unit East Luwu Regency, Indonesia.

Amanda, R. I. (2019). The Impact of Cash Turnover, Receivable Turnover, Inventory Turnover, Current Ratio and Debt to Equity Ratio on Profitability. *Journal of Research in Management*.

Lestari, Rahayu, & Ardiana, M. (2019). Pengaruh Working Capital Turnover and Leverage terhadap Financial Distress (Study Empiris pada Perusahaan Jasa Subsektor Property, Real Estate dan Konstruksi Bangunan yang tercatat di Bursa Efek Indonesia). *Journal of Finance and Accounting Studies*.

Nugraha, A., & Fajar, C. M. (2018). Financial Distress pada PT Panasia Indo Resources Tbk. *Jurnal Inspirasi Bisnis dan Manajemen*.

Hepsari. (2015). Pengaruh Good Corporate Governance Indeks dan Financial Distress Terhadap Kinerja Perusahaan. *JOM FEKOM*.

Assaji, J. P., & Machmuddah, Z. (2019). Rasio Keuangan dan Prediksi Financial Distress. *Journal Penelitian Ekonomi dan Bisnis*.

Christine, D., Wijaya, J., Chandra, K., Pratiwi, M., Lubis, M. S., & Nasution, I. A. (2019). Pengaruh Profitabilitas, Leverage, Total Arus Kas dan Ukuran Perusahaan Terhadap Financial Distress pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia Tahun 2014-2017. *Journal Ekonomi & Ekonomi Syariah*.

Sugiyono. (2017). Metode Penelitian Kuantitatif, Kualitatif dan R&D. *Alfabeta*.

Sekaran, U. (2017). Metode Penelitian untuk Bisnis.

Fitri, M. A., & Dillak, V. J. (2020). Arus Kas Operasi, Leverage, Sales Growth Terhadap Financial Distress. *Jurnal Riset Akuntansi Kontemporer*.

Kasmir, D. (2017). Analisis Laporan Keuangan. *Rajawali Pers*.

Sirait, P. (2019). Analisis Laporan Keuangan. *Ruko Jambusari 7A Yogyakarta 55283*.

Ananto, R. P., Mustika, R., & Andayani, D. (2017). Pengaruh Good Corporate Governance, Leverage, Profitabilitas Dan Ukuran Perusahaan Terhadap Financial Distress Pada Perusahaan Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Ekonomi Dan Bisnis*.

Damayanti, L. D., Yuniarta, G. A., & Sinarwati, N. K. (2017). nalisis Pengaruh Kinerja Keuangan, Ukuran Komite Audit dan Kepemilikan Manajerial Terhadap Prediksi Financial Distress (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2011-2015). *-Journal S1 Ak Universitas Pendidikan Ganesha*.

Arianandini, P. W., & Ramantha, I. W. (2018). Pengaruh profitabilitas, leverage, dan kepemilikan institusional pada tax avoidance. *E-Jurnal Akuntansi*.

Suryani, D. (2020). Pengaruh Rasio Keuangan, Ukuran Perusahaan Dan Biaya Agensi Terhadap Financial Distress ((Studi Empiris Pada Perusahaan Ritel Yang Terdaftar di BEI Tahun 2016-2018). *Jurnal Eksplorasi Akuntansi*.

Spence, M. (1973). Job Market Signaling In Uncertainty In Economics (pp. 281-306). *Academic Press*.

Trisanti, T. (2020). Analysis of Factors that Lead to Financial Distress for Property and Real Estate Companies in Indonesia. *Jurnal Inovasi Bisnis Dan Manajemen Indonesia*.

Rahmawati, D., & Suryono , B. (2017). Pengaruh DPR, EPS, dan DER Terhadap Harga Saham. Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA) Surabaya. *Jurnal Ilmu Dan Riset Akuntansi*.

Shidiq, J. I., & Khairunnisa. (2019). Analisis Rasio Likuiditas, Rasio Leverage, Rasio Aktivitas, Dan Rasio Pertumbuhan Terhadap Financial Distress Menggunakan Metode Altman Z-Score Pada Sub Sektor Tekstil Dan Garmen Di Bei Periode 2013-2017. *JIM UPB Vol 7 No.2, 209-219.*

Udin, S., Khan, M., A, Javid, A., & Yasmin. (2017). he Effects of Ownership Structure on Likelihood of Financial Distress : An Empirical Evidence Article information : About Emerald www.emeraldinsight. com. *International Journal of Business Society*, 14(4), 589–612.

Jaafar, M. N., Muhamat, A., Faigah, S., Alwi, S., & Karim, N. A. (2018). Determinants of Fi-nancial Distress among the Companies Practise Note 17 Listed in Bursa Malaysia Determinants of Financial Distress among the Companies Practise Note 17 Listed in Bursa Malaysia. *nternational Journal Of Academic Research In Business & Social Sciences*.

Curry, K., & Banjarnahor, e. (2018). Financial Distress pada Perusahaan Sektor Properti Go Public di Indonesia. *Prosiding Seminar Nasional Cendekiawan*.

Hair, J. F., Hult, G. T., Ringle, C. M., & Sarstedt, M. (2022). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). *Thousand Oaks*.

Dewi, M., & Novyarni, N. (2020). The Effect of Sales Growth, Leverage, Operating Capacity, and Firm Size To Prediction Of Financial Distress. *Indonesian College of Economics*.

Elviana, E., & Ali, H. (2021). Determination of Financial Distress and Stock Prices: The Effect of Financial Performance and Sales Growth (Financial Management Review Literature). *Dinasti International Journal of Economics, Finance and Accounting*.

Helena, S., & Saifi, M. (2018). Pengaruh Corporate governance Terhadap Financial Distress (Studi Pada Perusahaan Transportasi yang Terdaftar di Bursa Efek Indonesia Periode 2013-2016). *Jurnal Administrasi Bisnis (JAB), Vol. 60 No. 2 Juli 2018.*

Sarina, S., Lubis, A., & Linda. (2020). Pengaruh Ukuran Perusahaan, Debt to Equity Ratio, Return on Equity dan Current Ratio mengidentifikasi Financial Distress Perusahaan Properti terdaftar di BEI periode 2014-2017. *Riset dan Jurnal Akuntansi*.

Srikalimah. (2017). Pengaruh Profitabilitas, Likuiditas dan Leverage Dalam Memprediksi Financial Distress. *Akuntansi & Ekonomi FEUN PGRI Kediri*.

Sukirno. (2022). Financial Distress: Implications of Cash Ratio, Total Debt To Equity Ratio, And Return On Asset. *Jurnal Keuangan dan Perbankan (KEBAN)*.

Erhamwilda, T. N., & Nurhayati. (2022). Pengaruh Perputaran Modal Kerja dan Leverage terhadap Financial Distress. *Jurnal Riset Akuntansi (JRA)*.

EDT, R. W., & Sari, D. P. (2022). Pengaruh Perputaran Modal Kerja dan Rasio Leverage Terhadap Kesulitan Keuangan. Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2015-2019. *Jurnal Akuntansi dan Ekonomi Bisnis*.

Caronge, E., Z, R., & Mursida. (2022). PENGARUH. RETURN ON ASSET DAN RETURN ON EQUITY TERHADAP FINANCIAL DISTRESS PADA PERUSAHAAN MANUFAKTUR SUB SEKTOR MAKANAN DAN MINUMAN YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2014-2017. *Jurnal Penelitian Humano*.

Maulana, J., & Suhartati. (2022). PENGARUH RETURN ON ASSET (ROA) DAN UKURAN PERUSAHAAN TERHADAP FINANCIAL DISTRESS PADA PERUSAHAAN SUB SEKTOR KIMIA YANG TERDAFTAR DI BURSA EFEK INDONESIA. *Land Journal*.

Saifi, M. (2018). PENGARUH PROFITABILITAS , LIKUIDITAS DAN LEVERAGE TERHADAP FINANCIAL DISTRESS (Studi Pada Perusahaan Food & Beverage Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2016).

Maryam, & Yuyetta, E. N. (2019). Analisis Pengaruh Mekanisme Corporate Governance Terhadap Probabilitas Terjadinya Financial Distress. *Diponegoro Journal of Accounting*.

Bakhri, S., Listyaningsih, E., & Nurbaiti, N. (2018). Pengaruh Likuiditas Dan Profitabilitas Terhadap Financial Distress Pada Perusahaan Transportasi Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2016. . *Jurnal Riset Akuntansi Dan Manajemen*.

APPENDIX B (LISTED COMPANY)

No.	Company Code	Company Name
01	MYOR	Mayora Indah Tbk
02	ROTI	Nippon Indosari Corpindo Tbk
03	KEJU	Mulia Boga Raya Tbk
04	ADES	Akasha Wira International Tbk
05	SKLT	Sekar Laut Tbk
06	INDF	Indofood Sukses Makmur Tbk
07	CLEO	Sariguna Primatirta Tbk
08	ICBP	Indofood CBP Sukses Makmur Tbk
09	STTP	Siantar Top Tbk