The International Journal of Business Management and Technology, Volume 7 Issue 2 March-April 2023
ISSN: 2581-3889

Research Article Open Access

# The Effect of Company Profitability, Liquidity, Activity and Growth on Financial Distress

**Siti Munfaqiroh[1], Desi Amelia Budiyanto[2], Zainul Arifin[3],**

*College of Economics (STIE) Malangkuçeçwara Kalasan Temple Canal Road, Blimbing, Malang, Indonesia 65142*

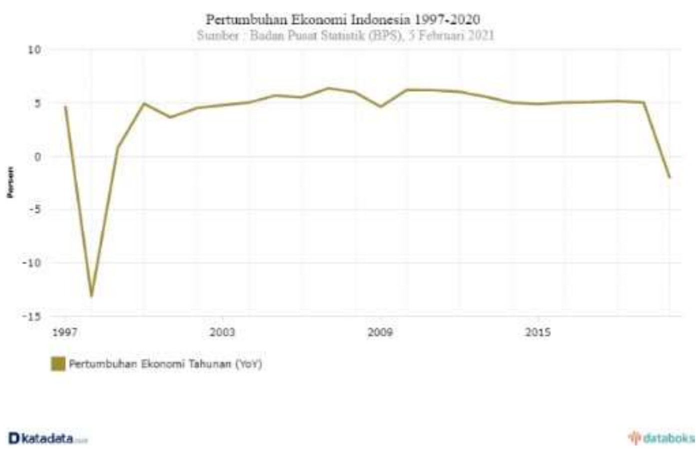
**ABSTRACT:** *This study aims to determine the effect of profitability, liquidity, activity, and company growth on financial distress. The research sample was conducted on 5 cosmetic and household goods sub-sector companies listed on the Indonesia Stock Exchange (IDX) for 6 years (2015-2020) using the purposive sampling method. This type of research is using descriptive methods and quantitative data analysis. The research data is sourced from secondary data obtained from the IDX website, namely www.IDX.co.id. The analytical technique used is the classical assumption test and multiple linear regression analysis methods. The results show that profitability and liquidity have a positive and significant effect on financial distress. Meanwhile, activity has a negative and insignificant effect on financial distress, and company growth has a positive and insignificant effect on financial distress. Based on the results of the study, the contribution results of this study can be used as a basis or consideration for the company's efforts to avoid financial distress. Through efforts to understand the impact of increasing profitability, liquidity, activity, and company growth on financial distress.*

**Keywords**: *Financial Distress, Profitability, Liquidity, Activity, and Company Growth*

## I. INTRODUCTION

The current condition of the Indonesian economy as a developing country is not yet stable, and it cannot be said that it has recovered from the crisis caused by various problems. Coupled with the emergence of the Covid-19 pandemic. Many companies implement Work From Home (WFH) so that the company's operational activities are disrupted and cause the sales process, import-export, andconsumer interest to decline which causes the company to not be able to generate sufficient profit so that the company cannot pay its obligations. Such difficult situations are unpredictable and companies need to predict to avoid the increased risk of financial distress leading to bankruptcy. From 2018 to 2020, there was a continuous decline in income in various economic sectors. This can be proven by the Central Statistics Agency (BPS) in the image below:

**Figure 1. Central Bureau of Statistics, February5, 2021**.



Indonesia throughout 2020 advanced - 2.07%. This figure is the lowest since 1998or during the monetary crisis. Currently, other sectors are growing negatively, such as the cosmetics industry, which experienced a 30% to 40% decline in salesduring the Covid19 pandemic, this decline was due to the difficulty of raw materials and packaging in the cosmetics industry, some of which could not reach Indonesia (Simon, 2020). Although the Covid-19 pandemic has affected many industries. Likewise, for the development of thecosmetic industry in Indonesia, Statista.com Research projects that the beauty and personal care segment will growby around 6.46% annually. To ensure that this possibility is not only handled by the world industry, but the government is also promoting a 35 percent import substitutionprogram in the cosmetics industry by 2022(Rahmawati, 2021).

Indriani and Mildawati (2019) statethat financial distress is a condition of financial difficulty that can give signal that there is a potential for bankruptcy experienced by a company as a stage before the occurrence of bankruptcy. Financial distress can be predicted by analyzing the financial ratios of a company based on the company's financial statement data.

Zakkiyah et.al, (2012) stated thatthe profitability ratio is a ratio that tests thecompany's ability to generate profits. According to Asfali (2019), the profitability ratio has a significant effect on financial distress. However, research conducted by Widarjo and Setiawan (2009) states that theprofitability ratio has a negative effect on financial distress.

The liquidity ratio is a ratio thatmeasures the company's ability to meet its obligations Julietha and Natsir (2021). In the research of Maulida et.al, (2018), it wasfound that the effect of the liquidity ratio onfinancial distress was positive and not significant. Meanwhile, in a study conducted by Lisiantara and Febrina (2018), it was found that liquidity did not affect financial distress.

The activity ratio is important inseeing how effectively the company uses allavailable resources ( Panji, et.al, 2018). Indriani and Mildawati (2019) stated that the activity ratio has an effect on financial distress conditions, indicating that theactivity ratio does not affect financial distress. But the research conducted by Fitriand Syamwil (2020) said the same thing that activity had a significant effect on financial distress.

The company's growth ratio is an important measure of how strong a company's ability to maintain its position in the industry and economic development, in general, is (Ulinnuha et.al, 2020). In the research of Setyowati and Sari (2019), it is stated that the company's growth ratio has a negative effect on financial distress. Meanwhile, Lubis and Patrisia's research (2019) states that the company's growthratio has a significant effect on financial distress.

Based on this background, to determine the extent of the impact of the ratio of profitability, liquidity, activity, andcompany growth on financial distress. In which the author tries to examine moredeeply the cosmetics & household goods manufacturing sub-sector companies listedon the Indonesia Stock Exchange for the 2015-2020 period. Because even thoughthis sub-sector experienced a decline in sales at the beginning of the pandemic, the trend of shopping for cosmetics and personal care in Indonesia continues to increase.

The purpose of this study is to analyze whether profitability has a significant effect on financial distress; To analyze whether liquidity has a significant effect on financial distress; analyze whetherthe activity has a significant effect on financial distress; To analyze whether the company's growth has a significant effect on financial distress; To analyze simultaneously whether profitability, liquidity, activity and company growth has a significant effect on financial distress.

## II. THEORETICAL BASIS

Profitability ratios can also represent the efficiency of a company,which is expressed as profit on sales and return on investment income. Profitability ratios are the result of a series of policies and decisions made by business owners (Fitrianni, 2019). Using the Return on Investment (ROI) measurement, it is formulated:

$$\boldsymbol{ROI} = \frac{\boldsymbol{Earing\ After\ Interest\ and\ Tax}}{\boldsymbol{Total\ Assets}}$$

The liquidity ratio is used to measure the company's ability to meet short-term financial obligations promptly. Another function of liquidity is to show and measure the ability of a company to fulfill its obligations not only within the company but also to third parties (Andri, 2015). Using the measurement of the Current Ratio (Current Ratio) is formulated:

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liability}$$

Kasmir (2019:174) states that the activity ratio is a ratio used to measure the company's effectiveness in using assets, it can also be used to measure the efficiency of the company's resource utilization and to assess its ability to carry out daily activities. Using fixed asset turnover measurement (Fixed Assets Turn Over) is formulated:

$$Fixed\ Assets\ Turn\ Over = \frac{Sales}{Total\ Fixed\ Assets}$$

Sofyan (2013:309) states that thegrowth ratio describes the percentage ofcompany growth from year to year. The growth ratio is a measure of a company's ability to maintain its economic position in economic growth and its business sector. Sales growth is formulated by:

$$Sales\ Growth = \frac{Sales_t - Sales_{t-1}}{Sales_{t-1}}$$

Dwijayanti (2010) states that financial distress can occur in various companies and can be a sign/signal of a company's bankruptcy. Management should be aware that if the company is already in financial trouble it can go bankrupt. The management of companies experiencing financial difficulties needs to take steps to overcome these financial problems and prevent bankruptcy. Formulated using the Altman Z-Score method is:

Z = 1.21X1 + 1.4X2 + 3.3X3 + 0.64X4 +1.0X5

Information:

X1 = Working capital divided by TotalAssets

X2 = Retained Earnings divided by TotalAssets

X3 = Earning Before Interest and Taxesdivided by Total Assets

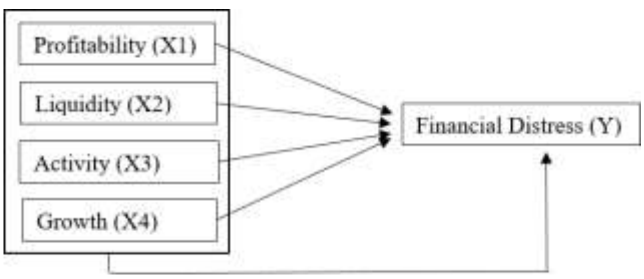
X4 = Market Value of Equity divided byBook Value of Total Debt

X5 = Sales divided by Total Asset

## III. HYPOTHESIS

Financial distress can damage the company if it is not immediately detected. To find out the condition of the company ina state of financial distress, can be seen through good financial statements and thenanalyzed using financial ratios. From this interpretation, the theoretical framework can be developed as follows:

**Figure 2. Figure Model Hypothesis**



The hypotheses proposed in this study are:

H1: Profitability has a positive and significant effect on financial distress.

H2: Liquidity has a positive and significant effect on financial distress.

H3: Activities have a positive and significant effect on financial distress.

H4: Company growth has a positive and significant effect on financial distress.

H5: Profitability, Liquidity, Activity, and Growth of the Company have a significant effect on financial distress.

## IV. METHOD

This type of research uses descriptive methods and quantitative data analysis. The purpose of this study is to explain this phenomenon based on the relationship between variables. Sampling in this study was carried out by purposive sampling. The initial sample obtained amounted to 7 companies, but after being selected based on the established criteria, afinal sample of 5 companies was obtained which was then multiplied by 6 research periods (2015 - 2020), so that in this study there were 30 companies. Determination ofthe sample using the Purposive Sampling method with the criteria of companies in theconsumer goods industry listed on the Indonesia Stock Exchange and companies in the consumer goods sector for the cosmetics and household goods sub-sector that publish financial reports during the 2015 – 2020 observation period.

Data collection methods in this study used data collection methods with documentation steps, namely the method ofcollecting secondary data published through the official website, namely theIndonesia Stock Exchange (IDX) in the form of financial report documents for the cosmetics and household needs sub-sectorslisted on IDX Statistics. The data obtained by the researchers from the company was processed and analyzed using statistical methods, namely using multiple linear regression using SPSS (Statistical Package for Social Science) to determine the relationship and influence of the dependentvariable and the independent variable. The tests that will be applied by the researcher used multiple linear regression.

## V. RESULTS AND DISCUSSION

Based on the research data, the results of thedescriptive analysis can be described asfollows:

**Table 1. Description of Research Variables Descriptive Statistics**

| | N | Minimum | Maximum | mean | Std. Deviation |
|---|---|---|---|---|---|
| Profitability | 30 | -.207 | .467 | .08563 | .173387 |
| Liquidity | 30 | .606 | 10.252 | 2.69273 | 2.179151 |
| Activity | 30 | .228 | 6.064 | 3.58983 | 1.475285 |
| Company Growth | 30 | -.447 | .295 | -.01633 | .145948 |
| Financial Distress | 30 | -.588 | 21,593 | 5.93787 | 5.372190 |
| Valid N (listwise) | 30 | | | | |

Based on the results of the normality test, the data can be presented in the following table:

**Table 2. Data Normality Test Results One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardize dResidual |
|---|---|---|
| N | | 30 |
| Normal Parameters [a, b] | mean | .0000000 |
| | Std. Deviation | 3.27320983 |
| Most Extreme Differences | Absolute | .223 |
| | Positive | .223 |
| | negative | -119 |
| Kolmogorov-Smirnov Z | | 1.221 |
| asymp. Sig. (2-tailed) | | .101 |

a. Test distribution is Normal.
b. Calculated from data.

The test results obtained the value of sig. of 0.101 > 0.05, based on these results, the data used are normally distributed in this study.

The following will present theresults of the multicollinearity test results can be seen in the following table:

**Table 3. Multicollinearity Test Results Coefficients [a]**

| Model | | Collinearit yStatistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | Profitability | .734 | 1.363 |
| | Liquidity | .914 | 1.094 |
| | Activity | .941 | 1.062 |
| | Company Growth | .760 | 1.316 |

a. Dependent Variable: Financial Distress

Based on the results of the multicollinearitytest, it can be seen that the VIF value of each independent variable is around one and the tolerance value is close to 1. Basedon these results, it can be concluded that the regression model used is multicollinearity free.

Based on the results of theautocorrelation test, the data can be presented in the following table:

**Table 4. Autocorrelation Test Results**

**Model Summary [b]**

| Model | Durbin-Watson |
|---|---|
| 1 | 2020 [a] |

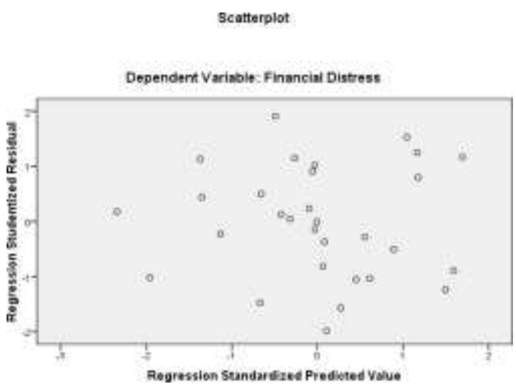
a. Predictors: (Constant), Company Growth, Activity, Liquidity, Profitability

b. Dependent Variable: Financial Distress

Based on the results of the autocorrelation test, shows that the Durbin Watson value is 2.020. The autocorrelation-free area for the number of samples (n) is 30, the number ofvariables (k) is 5, the value dL = 1.14262, dU = 1.73860 and the value (4 – d) = 1.980. If d: 2.020 > dU: 1.73860 then there is no positive autocorrelation, and if (4 – d): 1.980 > dU: 1.73860 then there is no negative autocorrelation. So it can be concluded that in the regression analysis there is no positive autocorrelation and no negative autocorrelation, so it can be concluded that there is absolutely no autocorrelation.

Based on the research data, the results of the heteroscedasticity test can be seen in the scatterplot graph which can be described as follows:

**Figure 3. Heteroscedasticity Test Results**




Based on the results of the heteroscedasticity test, the points formed onthe scatterplot do not form a clear pattern and are distributed above and below the numerical value 0 on the Y axis, so it can be concluded that the regression model does not have or is free of heteroscedasticity. These results prove thatthe influence of the independent variables, namely the variables of profitability, liquidity, activity, and company growth have the same variance. Thus proving that the regression equation generated in this study is efficient and the resulting conclusion is correct.

Based on the data from the researchthat has been done, it can be seen that the results of partial and simultaneous multiplelinear analysis (multiple regression) can beseen in the following table:

**Table 5. Results of Multiple Linear Regression**

**Coefficients [a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 2,472 | 2.096 | | 1.180 | .249 |
| Profitability | 24,571 | 4.408 | .793 | 5.574 | .000 |
| Liquidity | .909 | .314 | .369 | 2.892 | .008 |
| Activity | -.298 | .457 | -.082 | -.652 | .520 |
| Company Growth | .895 | 5.145 | .024 | .174 | .863 |

a. Dependent Variable: Financial Distress

Based on the results of theregression analysis in Table, it can be formulated a multiple regression equation as follows:

$Y = 2.472 + 24.571X\_1 + 0.909X\_2 - 0.298X\_3 + 0.895X\_4 + e$

The following shows the results of multiple linear regression between profitability, liquidity, activity, and company growth on financial distress using R2.

**Table 6. Determinant Coefficient Test**
**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .793 [a] | .629 | .569 | 3.525355 |

a. Predictors: (Constant), Company Growth,Activity, Liquidity, Profitability

Based on the results of thecalculation of the multiple linear regressionanalysis that has been done, it can be seen that the influence of the independentvariable on the dependent variable isstrong, this can be seen in the coefficient ofdetermination (R2), which is 0.629. This means that the effect of profitability,liquidity, activity, and company growth on the financial distress of companies in the cosmetics and household sub-sectors listed on the Indonesia Stock

Exchange (IDX)during 2015 – 2020 can be explained at 62.9%, while the remaining 37.1 % is explained by other variables not included inthis study.

Based on the research data, the results of the F test can be seen in thefollowing table:

**Tabel 7. Hasil Analisis Uji F**

**ANOVA [b]**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 526,249 | 4 | 131,562 | 10,586 | .000 [a] |
| Residual | 310,703 | 25 | 12,428 | | |
| Total | 836,952 | 29 | | | |

a. Predictors: (Constant), Company Growth, Activity, Liquidity, Profitability

b. Dependent Variable: Financial Distress

Based on the results of the table, it is knownthe value of sig. F < that is 0.000 < 0.05 thenthe regression analysis model is significant.this means that H0 is rejected and Ha is accepted so that it can be concluded that profitability (X1), liquidity (X2), activity (X3), and company growth (X4) simultaneously (together) have a significanteffect on the financial distress of companies in the cosmetics and household sub-sectors. households listed on the Indonesia Stock Exchange (IDX) for the 2015 – 2020 period.

To determine the effect of each independent variable, namely profitability, liquidity, activity, and company growth, the effect on the financial distress of companies in the cosmetics and household sub-sectors listed on the Indonesia Stock Exchange (IDX) forthe 2015-2020 period, the t-test was used ( two-way t-test (two-sided or 2-tail test) by comparing the significance value with, witha degree of freedom of 95% (α = 5%). The complete t-test results can be presented in the following table:

**Table 8. t-test results**

**Coefficients [a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 2,472 | 2.096 | | 1.180 | .249 |
| Profitability | 24,571 | 4.408 | .793 | 5.574 | .000 |
| Liquidity | .909 | .314 | .369 | 2.892 | .008 |
| Activity | -.298 | .457 | -.082 | -.652 | .520 |

| | | | | | |
|---|---|---|---|---|---|
| Company Growth | .895 | 5.145 | .024 | .174 | .863 |

a. Dependent Variable: Financial Distress

Based on the t-test of Profitability Variables, the results obtained a significance of 0.000 <0.05. From thesedata, it can be interpreted that profitability has a positive and significant effect on the financial distress of companies in the cosmetics and household sub-sectors listedon the Indonesia Stock Exchange (IDX) forthe 2015-2020 period. Assuming the liquidity, activity, and company growth variables are equal to zero. The liquidity variable obtained a significant result of 0.008 <0.05. From these data, it can be interpreted that liquidity has a positive and significant effect on the financial distress ofcosmetic and household goods sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2020 period. Assuming the profitability, activity, and growth variables of the company are equal to zero. The activity variable obtained a significant result of 0.520 > 0.05. Fromthese data, it can be interpreted that the activity ratio has a negative and insignificant effect on the financial distressof the cosmetics and household goods sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2020 period. Assuming the profitability, liquidity, and company growth variablesare the same as zero. The company growthvariable obtained a significant result of 0.863 > 0.05. From these data, it can be interpreted that the company's growth ratiohas a positive and insignificant effect on the financial distress of the cosmetics and household goods sub-sector companieslisted on the Indonesia Stock Exchange (IDX) for the 2015-2020 period. Assumingthe profitability, liquidity, and activity variables are the same as zero. As for knowing the magnitude of the influence of each independent variable, namely the variables of profitability, liquidity, activity, and company growth on financial distress listed on the Indonesia Stock Exchange (IDX) for the 2015-2020 period, it can be seen from the respective regressioncoefficients. The regression coefficient of each independent variable can be presentedin the following table:

**Table 9. Standardized Coefficients**

| Variable | *Standardized Coefficients* |
|---|---|
| Profitability | 0.793 |
| Liquidity | 0.369 |
| Activity | -0.082 |
| Company Growth | 0.024 |

Based on the results of theStandardized Coefficients of each variable,it can be seen that the profitability variablehas a dominant influence when compared tothe liquidity, activity, and company growthvariables on the financial distress of companies in the cosmetics and household sub-sectors listed on the Indonesia Stock Exchange (IDX) for the 2015 period. – 2020.

**The Effect of Profitability on FinancialDistress**

The results of the discussion of thisstudy can be seen that profitability has a positive effect. Where the higher the profitability ratio, the greater the company will avoid financial distress. So the results of this study support the proposed hypothesis. The company's high profitability indicates that the return on investment is very high. The profits generated by the company are sufficient to fund the company's operations and pay back investors' investments. This alsoshows that the company is in good financialcondition and is not experiencing financial distress.

In this study, there is one company that has a high rate of return on investment,namely the company PT. Unilever Indonesia Tbk in 2015 – 2020. Financial distress analysis based on the Altman Z- score found that 2 companies were observed to be in a healthy financial condition and far from financial distress, namely PT. Mandom Indonesia Tbk and PT. Unilever Indonesia Tbk during the period 2015 – 2020.

The results of this study are supported by research from Carolina et.al, (2018) and Christine et.al, (2019) which show that profitability has a positive and significant effect on financial distress.

**Effect of Liquidity on Financial Distress**

Based on the results of the analysis, it is known that liquidity has a positive and significant effect on financial distress. The higher the liquidity, the greater the company will avoid financial distress. Thus, it can be seen that the company has agood level of liquidation so that it is able topay off short-term obligations that havematured. Will provide a positive perceptionof the condition of the company in the eyesof investors. Thus, a high level of the company's current ratio value will reduce the level of possibility of financial distress in the company.

In this study, there is one company that has the highest level of liquidity ratio and maintains its liquidity in 2015 - 2020, namely PT. Mandom Indonesia Tbk. Analysis of financial distress based on the Altman Z-score found that 2 companies were observed to be in a healthy financial condition and far from financial distress, namely PT. Mandom Indonesia Tbk and PT. Unilever Indonesia Tbk during the period 2015 – 2020.

So the results of this study support the proposed hypothesis. The results of thisstudy are supported by research fromKusuma and Sumani (2017) and Septiani and Dana (2019), which shows that liquidity has a positive and significant effect on financial distress.

**Effect of Activity on Financial Distress**

Based on the results of the analysis, it is known that the activity has a negative and insignificant effect on financialdistress. Where the higher the activity ratio, the lower the avoidance of financial distressconditions. This means that the activity ratio as measured by fixed assets turnover does not affect financial distress. This shows that both companies that have a highor low fixed asset turnover value can experience financial distress. The higherthe ratio, the better. This is because every dollar invested in fixed assets owned by thecompany can generate more income. In thiscase, a low ratio indicates that the companyis operating inefficiently and may experience financial distress. As a result, there was too much investment in fixedassets and sales were sluggish. The economic crisis and lack of competition arefurther reasons for the significant decline in sales. This means that the size of the fixed asset turnover has no effect on the company's financial distress.

In this study, there is one company that has a high activity ratio, namely PT. Mustika Ratu Tbk in 2015 - 2020. Financialdistress analysis based on Altman Z-score found that PT. Mustika Ratu Tbk during theperiod 2015 – 2020 has the potential for financial distress.

The results of this study agree with the research of Aisyah et. al, (2017) and Mahaningrum & Merkusiwati (2020)showing that the activity ratio has anegative and insignificant effect onfinancial distress.

**The Effect of Company Growth on Financial Distress**

Based on the results of the analysis, it is known that the company's growth ratiohas a positive and insignificant effect on the company's financial distress. Where the higher the company's growth ratio, the greater the company will avoid financial distress.

Although sales growth is high/positive, this situation does not directly reduce the possibility that the company will face financial distress. For example, in research data, the results show that two companies have positive sales growth values, but these companies are detected to be experiencing financial distress and have experienced financial distress conditions such as PT. Martina Berto Tbk and PT. Mustika Ratu Tbk. Thisis because the sales growth of companies in the cosmetics and household sub-sectors grew and was followed by a high burden to obtain sales, so sales growth was not accompanied by profit growth as evidencedby the net profit in the company's financialstatements in the 2015-2020 period, which experienced a minus every year. year, so that the financial distress of companies in the cosmetics and household sub-sectorscannot be avoided. Thus, the high and low sales growth cannot determine the ratio of companies to avoid potential financial distress.

The results of this study agree with research from Suniah & Herawati (2020) and Burhanuddin et.al, (2019) the results that the company's growth ratio has a positive and insignificant effect on financial distress.

**The Effect of Simultaneous Profitability,Liquidity, Activity, and Company Growth on Financial Distress**

Know the value of sig. F < that is 0.000 < 0.05 then the regression analysis model is significant. this means that H0 is rejected and Ha is accepted so that it can beconcluded that profitability (X1), liquidity (X2), activity (X3), and company growth (X4) simultaneously (together) have a significant effect on the financial distress of companies in the cosmetics and household sub-sectors. households listed on the Indonesia Stock Exchange (IDX) for the 2015 – 2020 period.

Based on the results of research conducted using the T-test, it was found that the activity ratio and the company's growth ratio were not significant, so the discussion of the simultaneous test was ignored.

## CONCLUSION

Conclusions were obtained from theresults of the study. Based on the results ofthe analysis, it can be seen that there is a positive and significant influence between profitability on the financial distress of companies in the cosmetics and household sub-sectors listed on the Indonesia Stock Exchange (IDX) for the 2015-2020 period.

There is a positive and significant influence between liquidity on the financial distress of companies in the cosmetics and household sub-sectors listed on the Indonesia Stock Exchange (IDX) for the 2015-2020 period.

The results of the analysis can be seen that there is a negative andinsignificant effect between activities onthe financial distress of the cosmetics and household goods sub-sector companieslisted on the Indonesia Stock Exchange (IDX) for the 2015-2020 period.

The results of the analysis show thatthere is a positive and insignificant effect on the financial distress of the cosmetics and household goods sub-sector companieslisted on the Indonesia Stock Exchange (IDX) for the 2015-2020 period.

Simultaneously, Profitability, Liquidity, Activity, and Company Growth affect the financial distress of companies inthe cosmetics and household sub-sectorslisted on the Indonesia Stock Exchange (IDX) for the 2015-2020 period.

Suggestions that can be submitted are or further research, it is better to apply proxy measurements that are used to measure different financial performance as a whole so that they can find more effective measurements to anticipate the company's financial distress. And further research is expected to increase the number of samplesin order to obtain the actual conditions.

## REFFERENCESS


[1] Aisyah. N, KF & ZD (2017). Pengaruh Rasio Likuiditas, Rasio Aktivitas, Rasio Profitabiltas, dan Rasio Leverage Terhadap Kesulitan Keuangan (Studi pada Perusahaan Tekstil dan Garmen yang Terdaftar di Bursa Efek Indonesia Tahun 2011-2015). *E- Prosiding Manajemen* , *4* (1), 411–419.

[2] Andri, I. (2015). PENGARUH RASIO KEUANGAN TERHADAP PERTUMBUHAN LABA PADA PERUSAHAAN PERTAMBANGAN YANG TERDAFTAR DI BURSA EFEK INDONESIA Ima Andriyani 1. *Ima Andriyani* , *13* (2), 344–358.

[3] Asfali, I. (2019). Pengaruh Profitabilitas, Likuiditas, Leverage, Aktivitas, Pertumbuhann Penjualan Terhadap Kesulitan Keuangan Perusahaan Kimia Yang Terdaftar di BEI. *Jurnal Ekonomi Dan Manajemen* , *20* (2), 56–66.

[4] Burhanuddin, A., Sinarasri, A., & AS, REW (2019). Analisis pengaruh likuiditas, leverage dan sales growth terhadap financial distress (Studi kasus pada perusahaan property dan real estate yang terdaftar di BEI Tahun 2014-2018). Dalam Prosiding Seminar Nasional Mahasiswa Unimus (Vol. 2).

[5] Carolina, V., Marpaung, EI, & Pratama, D. (2018). Analisis Rasio Keuangan untuk Memprediksi Kondisi Financial Distress (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2014-2015). *Jurnal Akuntansi Maranatha* , *9* (2), 137–145. https://doi.org/10.28932/jam.v9i2.481

[6] Christine, D., Wijaya, J., Chandra, K., Pratiwi, M., Lubis, MS, & Nasution, IA (2019). Pengaruh Profitabilitas, Leverage, Total Arus Kas dan Ukuran Perusahaan terhadap Financial Distress pada Perusahaan Property dan Real Estate yang Terdapat di Bursa Efek Indonesia Tahun 2014-2017. *Jesya (Jurnal Ekonomi & Ekonomi Syariah)* , *2* (2), 340–350. https://doi.org/10.36778/jesya.v2i2.102

[7] Dwijayanti, SPF (2010). Penyebab, dampak, dan pbedadiksi dari financial distress serta solusi untuk mengatasi financial distress. Jurnal Akuntansi Kontemporer, 2(2).

[8] Fitri , RA, & Syamwil , S. (2020). Pengaruh likuiditas , aktivitas , profitabilitas dan leverage terhadap financial distress ( studi kasus pada perusahaan manufaktur yang terdaftar di bursa efek Indonesia periode 2014-2018). *Jurnal Ecogen* , *3* (1), 134-143.

[9] Fitrianni, A. (2019). *PERUSAHAAN MANUFAKTUR DI BEI Amelia Fitrianni Sri Utiyati Sekolah Tinggi Ilmu Ekonomi Indonesia ( STIESIA ) Surabaya PENDAHULUAN Semakin banyaknya jumlah perusahaan manufaktur di Indonesia membuka peluang yang besar dalam mengembangkan strategi bisnisnya* .

[10] Indriani, E., & Mildawati, T. (2019). Pengaruh Profotabilitas, Aktivitas, Likuiditas, Leverage dan Arus Kas Terhadap Kesulitan Keuangan pada Perusahaan Telekomunikasi. *Jurnal Ilmu Dan Riset Akuntansi* , 1–21.

[11] Julietha , R., & Natsir , K. (2021). Pengaruh Likuiditas , Solvabilitas , Ukuran Perusahaan, Dan Pertumbuhan Perusahaan Terhadap Profitabilitas . *Jurnal Manajerial Dan Kewirausahaan* , *3* (2), 443-452.

[12] Kasmir . 2019. Analisis Laporan Keuangan . Edisi Pertama . Cetakan Keduabelas . PT Raja Grafindo Persada . Jakarta

[13] Kusuma , E., & Sumani , S. (2017). Pengaruh likuiditas , leverage dan profitabilitas terhadap financial distress (Z-Score) perusahaan property, real estate, dan manufaktur periode 2014-2016. *Jurnal Manajemen* , *14* (1), 1-16.

[14] Lisiantara , GA, & Febrina , L. (2018). Likuiditas , Leverage, Kapasitas Operasi, Profitabilitas , Pertumbuhan Penjualan Sebagai Preditor Financial Distress ( Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa EFek Indonesia Tahun 2013-2016).

[15] Lubis, NH dan DP (2019). Pengaruh Likuiditas, Leverage, dan Profitabilitas terhadap Financial Distress (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI periode 2013-2016). *Jurnal Kajian Manajemen Dan Wirausaha* , *01* (01), 173–182.

[16] Mahaningrum, AAIA, & Merkusiwati, NKLA (2020). Pengaruh Rasio Keuangan pada Financial Distress. *E-Jurnal Akuntansi* , *30* (8), 1969. https://doi.org/10.24843/eja.2020.v30.i08.p06

[17] Maulida , IS, Moehaditoyo , SH, & Nugroho , M. (2018). Analisis rasio keuangan untuk Memprediksi financial distress pada perusahaan manufaktur yang terdaftar di bursa efek indonesia 2014-2016. *Jurnal Ilmiah Administrasi Bisnis Dan Inovasi* , *2* (1), 180-194.

[18] Mediaindonesia . (2021, Juni , 3). Pengguna Tren Kosmetik Meningkat , Indonesia Siap Ambil Peluang . mediaindonesia.com. https://mediaindonesia.com/ekonomi/409325/trend-pengguna-kosmetik-meningkat-indonesia-siap-ambil-peluang

[19] Rachmawati. Ai Rika (2020, April, 17). Kosmetik dan Perawatan Kulit Merusak Bahan Baku. pikiranrakyat.com. https://www.pikiran-rakyat.com/ekonomi/pr-01367219/pandemi-global-covid-19-industri-kosmetik-dan-skin-care-kesulitan-bahan-baku

[20] Septiani , NMI, & Dana, IM (2019). Pengaruh likuiditas , leverage, dan kepemilikan institusional terhadap financial distress pada perusahaan properti dan real estat. E- Jurnal Manajemen , 8(5), 3110-37.

[21] Setyowati, W., & Sari, NRN (2019). Pengaruh Likuiditas, Kapasitas Operasi, Ukuran Perusahaan dan Penjualan Penjualan terhadap Financial Distress. *Jurnal Magisma* , *7* (2), 135–146.

[22] Sofyan Syafari Harahap ,, 2013, Analisis Kritis atas Laporan Keuangan , PT Raja Grafindo Persada , Jakarta.

[23] Suniah, VH (2020). PENGARUH PROFITABILITAS , STRUKTUR MODAL , SALES GROWTH , DAN PERGANTIAN CEO TERHADAP FINANCIAL DISTRESS DENGAN VARIABEL MODERASI STRUKTUR CORPORATE GOVERNANCE Akuntansi Fakultas Ekonomi dan Bisnis Universitas Trisakti. *KOCENIN Serial Konferensi* , *1* (1), 1–9.

[24] Ulinnuha, HH, Mawardi, MC, & Mahsuni, AW (2020). Pengaruh Rasio Aktivitas, Rasio Leverage, dan Rasio Pertumbuhan Perusahaan dalam Memprediksi Financial Distress (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2016 – 2018). *E-Jra* , *9* (3), 100–110.

[25] Widarjo W, & D, S. (2009). Pengaruh Rasio Keuangan Terhadap Kondisi Financial Distress Perusahaan Otomotif. *Jurnal Bisnis Dan Akuntansi* , *11* (2), 107–119.

[26] Zakkiyah, UZ (2012). ANALISIS PENGGUNAAN MODEL ZMIJEWSKI ( X-SCORE ) DAN ALTMAN ( Z-SCORE ) UNTUK MEMPREDIKSI POTENSI KEBANGKRUTAN ( Studi Pada Perusahaan Tekstil dan Garmen yang Terdaftar di ( BEI ) Bursa Efek Indonesia Periode 2009-2012 ) . 12 (2), 1–10.