

Financial distress dan faktor yang mempengaruhinya (Studi pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia periode 2009-2011)

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Abstrak

Financial distress is a condition where firms face difficulties to fulfill debt and facing risk of liquidation. This research provides a critical analysis of factors affecting the risk of financial distress which is represented by the interest coverage ratio. Lower interest coverage ratio will cause higher risk of financial distress. It used panel data regression of 78 manufacturing firms between the 2009-2011 period with a total of 234 observations. Independent variables analyzed were the debt to asset ratio, return on assets, current ratio, firm age, and firm size. Result shows that return on asset, current ratio, and firm age have significant effect on financial distress. It means firms must observe their profitability and liquidity so that firms can lessen the risk of financial distress. Aside from that, older firms tend to have lower risk of financial distress due to higher competitiveness and higher management experience.