

## **ABSTRACT**

*Financial distress is a condition of financial difficulties experienced by the company with a decrease in profits obtained, the company's inability to pay off its obligations which are presented based on a comparison of the current financial statements with the previous period. Financial distress occurs before the company goes bankrupt or fails.*

*This study aims to determine the simultaneous and partial effect of inflation, exchange rates, interest rates, board of directors and managerial ownership on financial distress in pharmacy sector companies listed on the Indonesia Stock Exchange in 2017-2021 to see whether you are experiencing financial distress or not.*

*The research method used is a quantitative method with panel data regression analysis techniques using Eviews Ver9 software. Purposive sampling technique was used to obtain research samples and obtained 8 companies in the five-year research period, so obtained 40 research samples. Altman Z-score method is used to calculate financial distress.*

*The results showed that simultaneously inflation, exchange rates, interest rates, number of boards and managerial ownership had a simultaneous effect on financial distress. Partially, the number of boards has a positive and significant effect on financial distress, while inflation, exchange rates, interest rates, and managerial ownership have no effect on financial distress.*

*Based on the results of the study, it is hoped that the results of this study can be a reference for further researchers to find out what variables affect financial distress and develop independent variables using other macro variables or outside the variables used in this study to examine financial distress and measure financial distress with other methods such as Springate and EPS methods. For companies to be able to manage their companies better, such as evaluating and improving company performance, as well as policies that will be established to avoid companies from financial distress. For investors, this research can be a reference or additional information in making investment decisions in order to find out more about financial distress as a consideration when they want to invest. In addition, note that the board of directors in the company has a good board of directors. This is because with a large number of boards experiencing small financial distress. Therefore, when a company has a larger number of boards, it is expected that it will produce various views and produce the best decisions so that the company avoids financial distress.*

*Keywords: Inflation, exchange rates, interest rates, board of directors and managerial ownership, and financial distress.*