ABSTRACT

The condition of corporate financial distress is an event where a company faces a problem of financial difficulties. The role of exports in the manufacturing industry sector is very dominant compared to other sectors during the period 2013-2017. The textile and garment sector is included in the manufacturing industry sector which has a considerable export role, but textile and garment companies listed on the Indonesia Stock Exchange for the 2013-2017 period suffered losses for the fifth year in a row. If this is continued, the company will experience bankruptcy.

Financial distress can be predicted in various ways, one of which is calculating financial ratios. The purpose of this study was to analyze the effect of financial ratios, namely the liquidity ratio proxied with the current ratio, the leverage ratio proxied by the debt to equity ratio, the ratio of activities proxied to total assets turnover, and the growth ratio proxied with net income to total assets growth on financial distress by using calculations from the Altman z-score method on textile and garment sub-sector companies listed on the IDX for the period 2013-2017.

The population of this study is the textile and garment sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2013-2016. The sampling method uses purposive sampling method with a total sample of 16 companies and a research period of 5 years so that the number of sample units is 80 data. The data analysis technique uses descriptive statistics and hypothesis testing using logistic regression analysis using the SPSS software application.

Test results obtained from this study simultaneously show that liquidity, leverage, activity, and growth significantly influence financial distress. Partially liquidity has a significant influence on financial distress, leverage does not have a significant effect on financial distress, activities do not have a significant effect on financial distress, and growth does not have a significant effect on financial distress.

Based on the results of this study, it is expected that further researchers use other variables not found in this study. It is expected that the company can reduce the value of its short-term debt such as bank debt where the company will avoid financial distress, as well as investors to choose companies in the textile and garment industry with a high current ratio in order to minimize the company's opportunity to indicate financial distress.

Keywords**:** *Financial Distress,* Altman Z-*score, Liquidity, Leverage, Activity, Growth*