

## **ABSTRACT**

*Economic development in Indonesia has increased every year, as well as Small and Medium Enterprises (SMEs) which play an important role in the development of the national economy. Every company certainly needs capital to carry out its operational activities, this capital can be sourced from the debt they borrow. The problem that arises from the existence of debt in a business is usually the occurrence of bankruptcy. Bankruptcy can be caused by the inability to pay its obligations or is called financial distress.*

*Some conditions when experiencing financial distress are the company has experienced negative operating profit conditions for several years, the company has stopped paying dividends, long-term debt is greater than assets, and the company has negative earnings per share (EPS). Indicators that can tell the company is experiencing financial distress can be seen through negative earnings per share, because if the EPS is negative, the company is describing a loss situation.*

*The purpose of this study was to determine the effect of independent variables consisting of current ratio, firm size, sales growth, managerial ownership and institutional ownership on the dependent variable, namely financial distress in small and medium-sized enterprises (SMEs) listed on the Indonesia Stock Exchange (IDX. ) in 2015-2019.*

*The research method used in this study uses quantitative methods with logistic regression analysis techniques using SPSS 25 software. The sample selection technique uses purposive sampling and obtained 11 small and medium-sized enterprises (SMEs) listed on the Indonesia Stock Exchange in 2015-2019 .*

*The results of this study indicate that the variables current ratio, firm size, sales growth, managerial ownership, and institutional ownership simultaneously have a significant effect on financial distress. While partially giving results that institutional ownership variables have a significant effect on financial distress and the variables current ratio, firm size, sales growth, and managerial ownership have no significant effect on financial distress.*

*Keywords: Financial Distress, SMEs, Liquidity, Size, Growth, Corporate Governance*