

ABSTRACT

Financial distress is a condition in which a company experiences financial difficulties. The beginning of financial distress can occur because the company is unable to complete its short-term or long-term obligations. Several factors can influence the occurrence of financial distress caused by the worsening company performance as seen from its profitability and the amount of debt owned by the company and the ability of debt to be financed by assets as seen from the company's leverage.

The purpose of this study is to see how the influence of profitability, liquidity and leverage on financial distress either simultaneously or partially.

The population in this study are companies in the restaurant, hotel and tourism sub-sector that are listed on the Indonesia Stock Exchange (IDX) for 2018-2021. The samples in this study were 17 companies using purposive sampling technique and obtained 68 data. The data processed is secondary data obtained through the company's official website or IDX. The analytical method used is linear logistic regression using SPSS version 25.

The results of this study simultaneously indicate that profitability, liquidity and leverage have a significant effect on financial distress. Partially, profitability has a significant negative effect on financial distress, while liquidity does not have a significant effect on financial distress and leverage partially has a significant positive effect on financial distress.

Based on the research results, the researcher provides suggestions for further research to develop other independent variables, such as sales growth, inflation, good corporate governance, company size, asset structure, business risk or other indicators. Companies are expected to optimize the use of assets in financing debt and minimize the use of debt so that it does not increase. Investors are expected to choose companies with good profitability to invest in and be careful in choosing companies with high liquidity because the level of leverage can be high so that it can increase the occurrence of financial distress.

Keywords : *Financial Distress, , Leverage, Liquidity, Profitability.*