ABSTRACT

Indonesia's food and beverage industry contributes greatly to GDP (Gross Domestic Product) growth every year. However, it does not exclude the possibility of financial difficulties that ensnare some companies. This study examines the effect of liquidity and the implementation of good corporate governance on financial distress in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2017-2021. This research aimed to know how liquidity, institutional ownership, managerial ownership, and independent commissioners affect financial distress. While the specific objectives of this study are to determine the development and analyze more deeply the factors that can cause financial distress conditions, especially in the food and beverage sub-sector which is the mainstay sector that contributes the largest GDP in Indonesia.

The sampling method in this study used a purposive sampling method and obtained 8 companies that fell into the criteria for the 2017-2021 period. The analysis technique used is descriptive statistical analysis and panel data regression analysis using Eviews software. Based on the hypothesis testing conducted, it can be concluded that liquidity significantly negatively affects financial distress. Meanwhile, institutional ownership, managerial ownership, and independent commissioners do not significantly affect financial distress. Liquidity, institutional ownership, managerial ownership, and independent commissioners can explain financial distress (Y) by 93.8% and 6.2% is explained by other variables outside the study.

Keywords: *liquidity, good corporate governance, financial distress*