

ABSTRACT

The *consumer cyclicals sector* is one of the sectors that is vulnerable to changes in economic conditions because the demand for its products is highly dependent on purchasing power and consumer confidence. In recent years, the sector has faced major challenges due to global economic uncertainty, the impact of the Covid-19 pandemic and inflationary pressures that have affected the company's financial stability. In this situation, the risk of *financial distress* becomes increasingly real, especially for companies that do not have good financial management in managing liquidity and operating cash flow for both large and small scale companies. Therefore, it is important to understand the factors that contribute to *financial distress* in order to take appropriate steps to manage these risks.

This study aims to analyze the influence of liquidity and *operating cash flow* on *financial distress* moderated by company size in the *consumer cyclicals* sector. This study uses financial data from 65 companies in the *consumer cyclicals* sector over the last 5-year period. The sample used consists of 325 data from companies in the *consumer cyclicals* sector.

This study uses a descriptive quantitative method, namely the use of numerical and statistical methods that produce information to make a conclusion that aims to compile a description or description systematically, using secondary data collected from the financial statements of companies in the *consumer cyclicals sector*. Panel data regression analysis was used to test the relationship between independent variables, namely liquidity and *operating cash flow*, with dependent variables, namely *financial distress*, and moderation variables, namely company size.

The results of the study show that liquidity and *operating cash flow* have a significant positive effect on *financial distress*. In addition, the size of the company in weakening the influence of liquidity on *financial distress*. Meanwhile, the size of the company cannot moderate the relationship between *operating cash flow* and *financial distress*.

Keywords: Consumer cyclicals, financial distress, liquidity, operating cash flow, company size.