The Effect of Financial Ratio on Financial Distress (Empirical Study on Sub Industry of Hotels, Resorts and Cruise Lines Listed on The Indonesia Stock Exchange)

Nurtati[1], Yuni Sartika[2]

[1,2]University of West Sumatra, Indonesia

Corresponding Author: Nurtati

ABSTRACT

Financial distress is a condition of a company starting to weaken where the company's performance continues to decline marked by a significant decrease in company profits in successive periods and if not addressed quickly, the company can go bankrupt. The occurrence of financial difficulties was triggered by various factors. Both internal and external factors of the company. Internal factors causing financial difficulties such as the company's lack of ability to work and maintain financial performance stability, resulting in the company being in a state of loss. The external factor causing financial difficulties is the weakening of people's economic income globally, such as the economic situation experienced during the COVID-19 pandemic crisis. This study aims to determine the effect of the liquidity ratio, profitability ratios, leverage ratios, activity ratios, and sales growth to financial distress, the title for this research is "The Effect of Financial Ratios on Financial Distress (Empirical Study on Hotels, Resorts and Cruise lines Sub-Industry Companies Listed on the Indonesia Stock Exchange). The type of research that will be used is associative quantitative research. Associative quantitative research, or research that investigates the relationship between two or more variables. The object of this research is the hotel, resorts and cruise lines sub-industry companies listed on the Indonesia Stock Exchange in 2019-2021. 16 companies that will be the research sample, with the sample technique used in this study is to use the purposive sampling method.

Keywords: Liquidity, Profitability, Leverage, Activity, Sales Growth, Financial Distress.

INTRODUCTION

Every company established certainly has a purpose, be it a small company or a large company in general the goal is to generate profits. Both benefits for yourself and benefits that are beneficial to many people, but not all the goals of the company can be easily achieved. In business, the ups and downs of business have become a common thing for companies to deal with.

Failure in trying is a natural thing experienced by everyone who has a business. Failure in this effort can be caused by many factors, both from internal factors of the company itself and from external factors such as competitors. When a company experiences financial difficulties, of course this will be a consideration for creditors or investors who will invest their capital. So the company needs to show good company performance to get an injection of funds from creditors and investors for the sustainability of the business being run.

The performance of a company can be measured by analyzing the financial statements. From this analysis, results will be obtained that can be taken into consideration in terms of decision making

for both internal parties of the company and other parties who have an interest. Financial statement analysis can also detect various problems being faced by companies, one of which is financial difficulties.

The occurrence of financial difficulties was triggered by various factors. Both internal and external factors of the company. Internal factors causing financial difficulties such as the company's lack of ability to work and maintain financial performance stability, resulting in the company being in a state of loss. The external factor causing financial difficulties is the weakening of people's economic income globally, such as the economic situation experienced during the COVID-19 pandemic crisis.

Financial distress is a condition of a company starting to weaken where the company's performance continues to decline marked by a significant decrease in company profits in successive periods and if not addressed quickly, the company can go bankrupt. In her research, Ratna (2018) states that financial distress is a condition that occurs before the company goes bankrupt which is marked by a decrease in financial performance every year which leads to bankruptcy.

The hotel, restaurant and tourism sub-sector company which has now changed its name to the hotel, resorts and cruise lines sub-industry in accordance with the official announcement of PT. Indonesia Stock Exchange as of January 25, 2021 regarding the new industrial classification IDX (IDX Industrial Classification / IDX-IC) No.: Peng-00007/BEI.POP/)1-2021 through its official website http://www.idx.co. en. The sub-industry company is a company that promises high profits with such great opportunities seen from the state of Indonesia with a fairly high potential for tourist visits, namely from data from the Central Statistics Agency, the total tourist arrivals reached 16,106,954 in 2019 (https://www.youtube.com/watch? www.bps.go.id/). However, from the data of the last two years to date, there are a number of companies in this sector that continue to

experience declining profits or even heading to the brink of corporate bankruptcy. Among others, PT Dafam Property Indonesia Tbk posted a net loss of Rp 11.5 billion during the first semester of 2020. PT Hotel Sahid Jaya Internasional Tbk posted a net loss of Rp 22.22 billion, Then PT Citra Putra Realty Tbk posted a net loss of Rp 36, 86 billion throughout the first semester of 2020 (Agung, 2020)

There are several ways that can be used to measure financial distress to measure bankruptcy in a company. This analysis of financial distress needs to be done because it is to determine the level of health of a company which will later affect management policies and decisions of investors in investing. Wulandari (2020) states that there are several factors that influence or are able to detect financial distress conditions in companies, namely by using financial ratios. The financial ratios that are predicted to have an influence on financial distress in this study are the ratio of Liquidity, Profitability, Leverage, Activity, and Sales growth.

Based on the above background, this study aims to determine the effect of liquidity ratios, profitability ratios, leverage ratios, activity ratios, and sales growth on financial distress, so the title for this research is "The Effect of Financial Ratios on Financial Distress (Empirical Study on Hotel Sub-Industry Companies), Resorts and Cruise lines Listed on the Indonesia Stock Exchange)

MATRIAL AND METHOD

The type of research that will be used is associative quantitative research. Associative quantitative research, or research that investigates the relationship between two or more variables. The object of this research is the hotel, resorts and cruise lines sub-industry companies listed on the Indonesia Stock Exchange in 2019-2021.

The sampling technique used in this research is using purposive sampling method. Sugiyono (2019) stated that the

purposive sampling technique is a sampling technique with several considerations intentionally in accordance with the required sample criteria. Companies that will be used as samples of this research must meet the following criteria:

a. All hotels, resorts and cruise lines sub-industry companies listed on the Indonesia Stock Exchange in 2019-2021.
b. Sub-industries companies for hotels, resorts and cruise lines that use the rupiah currency.
c. All hotels, resorts and cruise lines sub-industry companies that publish a complete annual report in 2019-2021.
d. All sub-industrial companies hotels, resorts and cruise lines that have complete financial statements in accordance with the data required in the research variables.
e. All sub-industrial companies hotels, resorts and cruise lines that experienced a decline in financial performance in a row during the study period.

From the above criteria obtained 16 companies that will be the research sample.

There are two types of data according to the method of obtaining it, namely primary data and secondary data. In this research, secondary data is used. Secondary data is the type of data obtained through intermediaries or in other words not directly obtained from the source. The data source in this study is the annual report on the hotel, resorts and cruise lines sub-industry companies obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id). Other supporting sources are obtained from journals.

RESULTS
Descriptive Statistical Analysis

Descriptive statistical analysis explains the data on all variables used in this study. Descriptive analysis of the data taken for this study is the financial statements of 16 companies in 20192021, which is 48 observational data. The descriptions used in this study include the minimum, maximum, mean (average), standard deviation of the dependent variable, namely financial distress. The independent variable is the financial ratio which consists of the ratio of liquidity, profitability, leverage, activity, and sales growth. The following are the results of processing descriptive statistical data for all hotel, resorts and cruise lines sub-industry companies listed on the Indonesia Stock Exchange (IDX) during 2019-2021, which can be seen in the following table:

Table 1. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Likuiditas	48	.036	8.538	1.50699	1.496577
Profitabilitas	48	-1.580	.047	-.07072	.228375
Leverage	48	.054	14.144	.86077	2.076152
Aktivitas	48	-7.839	77.613	2.43443	12.398624
Sales_growth	48	-.985	8.575	.51687	1.938572
Financial_distress	48	-4.207	4.969	-2.16415	1.598340
Valid N (listwise)	48				

From table 1 the liquidity variable measured using the Current Ratio (CR) has a minimum value of 0.036 which is owned by PT. Ciputra Putra Realty Tbk. (CLAY) in 2021 and a maximum value of 8,538 owned by PT. Jaya Sukses Makmur Sentosa Tbk. (RISE) in 2021. The maximum value of high liquidity indicates that the company is able to guarantee its current debt with the value of its current assets. While the average value of Liquidity is 1.506 with a standard deviation of 1.496. The standard deviation which is smaller than the average indicates that the liquidity variable in the hotel, resort and cruise lines sub-industry companies that are the sample of this study does not vary.

From table 1 the profitability variable measured using Return On Assets (ROA) has a minimum value of -1.580 which is owned by PT. Hotel Fitra International Tbk. (FITT) in 2019 and a maximum value of 0.047 which is owned by PT. Eastparc Hotel Tbk. (EAST) in 2021. The maximum value of low profitability is because the company is not able to generate sufficient income to cover the financial burden that the company must continue to spend. While the average value of ROA is -0.0707 with a standard deviation of 0.2283. The standard deviation that is greater than the average indicates that the sub-industrial companies of hotels, resorts and cruise lines that are the samples of this study vary widely.

From table 1 the leverage variable measured using the Debt Equity Ratio (DER) has a minimum value of 0.054 which is owned by PT. Andalan Perkasa Abadi Tbk. (NASA) in 2020 and a maximum value of 14,144 owned by PT. Ciputra Putra Realty Tbk. (CLAY) in 2021. While the average value of DER is 0.8607 with a standard deviation of 2.0761. The standard deviation value which is greater than the average value indicates that the leverage variable used in this study varies.

From table 1 the activity variable measured using Current Asset Turn Over (WCTO) has a minimum value of -7.839 which is owned by PT. Inti Keramik Alam Asri Industri Tbk. (IKAI) in 2021 and a maximum value of 77,613 owned by PT. Eastparc Hotel Tbk. (EAST) in 2020. A high maximum WCTO value indicates that the company is able to maximize its asset turnover as working capital in optimizing profits. While

the average value is 2,434 with a standard deviation of 12,398. The standard deviation value which is greater than the average value indicates that the activity variables used in this study vary widely.

From table 1 the sales growth variable has the lowest value -0.985 which is owned by PT. Anugerah Amazed Karya Utama Tbk. (AKKU) in 2021 and the highest score is 8,575 owned by PT. Anugerah Amazed Karya Utama Tbk. (AKKU) in 2020. While the average value is 0.5168 with a standard deviation of 1.938. The standard deviation value that is greater than the average value indicates that the sales growth variable used in this study varies.

From table 1 the dependent variable of financial distress has the lowest value of -4.207 which is owned by PT PT. Eastparc Hotel Tbk. (EAST) in 2021 and the highest score of 4,969 owned by PT. Hotel Fitra International Tbk. (FITT) in 2019. While the average value is -2.164 with a standard deviation of 1.598. The standard deviation value which is greater than the average value indicates that the financial distress variable used in this study varies.

Normality test

This study uses Kolmogorov-Smirnov statistical analysis on the residual equation with the test criteria being if the probability value is > 0.05 then the data is normally distributed and if the probability value is < 0.05 then the data is not normally distributed. The following are the results of the data normality test using the SPSS program:

Table 2. Results Normality test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		48
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	.62826669
Most Extreme Differences	Absolute	.078
	Positive	.058
	Negative	-.078
Kolmogorov-Smirnov Z		.539
Asymp. Sig. (2-tailed)		.933

a. Test distribution is Normal.

Based on table 2, it can be seen that the Kolmogorov-Smirnov significance value above shows a value of 0.933 which means it is greater than 0.05, so it can be concluded that the residual data in this regression model is normally distributed. So that the regression model is feasible for further analysis.

Multicollinearity Test
A good regression model should have no correlation between each independent variable. Tests of multicollinearity can be detected using the tolerance value and variance inflation factor (VIF). A data is said to have no multicollinearity if the VIF value is less than 10 and the tolerance value is more than 0.10. The results of the multicollinearity test can be seen in the following table:

Table 3. Multicollinearity Test Results

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	Likuiditas	.923	1.083
	Profitabilitas	.943	1.060
	Leverage	.924	1.082
	Aktivitas	.957	1.045
	Sales_growth	.959	1.043

a. Dependent Variable: Financial_distress

From table 3. it can be seen that the results of the data multicollinearity test show that there is no multicollinearity, because all the resulting VIF numbers have values below 10 and tolerance values above 0.10. The largest VIF value is 1.083 which is owned by the liquidity variable and the smallest number is 1.043 which is owned by the sales growth variable. Where all these numbers are still smaller or less than 10. While the largest value of tolerance value is 0.959 which is owned by the sales growth variable and the smallest value is 0.923 which is owned by the liquidity variable. Where all the tolerance numbers produced by each variable are greater than 0.10. So it can be concluded that there is no multicollinearity in each variable and the equation is feasible to use.

Heteroscedasticity Test
Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. The following are the results of the heteroscedasticity test:

Table 4. Results Heteroscedasticity Test using Glejser Test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.498	.090		5.539	.000
	Likuiditas	-.008	.037	-.031	-.209	.836
	Profitabilitas	.205	.238	.125	.859	.395
	Leverage	.054	.026	.303	2.056	.046
	Aktivitas	-.006	.004	-.207	-1.429	.160
	Sales_growth	-.005	.028	-.027	-.187	.852

a. Dependent Variable: ABRESID

Based on table 4. above, it shows that the regression model has heteroscedasticity problems in one of the independent variables in this study, namely the leverage variable (DER) with a significance value of 0.046 where the value is smaller than 0.05 so that heteroscedasticity problems occur.

To overcome this heteroscedasticity problem, data transformation is carried out with natural logs or naturalized (LN) dependent variables. Following are the results of the heteroscedasticity test after data transformation:

Table 5. Transformation. Glejser Test data

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.048	.210		4.997	.000
	Likuiditas	-.042	.086	-.077	-.492	.626
	Profitabilitas	.232	.557	.065	.417	.679
	Leverage	-.039	.062	-.099	-.630	.532
	Aktivitas	.008	.010	.116	.749	.458
	Sales_growth	-.042	.065	-.100	-.647	.521

a. Dependent Variable: ABS_RES_2

Based on table 5 above, after the data transformation, the test results show that the regression model does not have heteroscedasticity problems because all independent variables already have a significance value above 0.05. The liquidity variable (CR) has a significance value of 0.626, the profitability variable (ROA) has a significance value of 0.679, the leverage variable (DER) has a significance value of 0.532, the activity variable (WCTO) has a significance value of 0.458, and sales growth has a significance value of 0.521. So it can be concluded that the regression model in this equation no longer has heteroscedasticity problems

Autocorrelation Test
The autocorrelation test is a data analysis whose purpose is to test whether the linear regression model has a correlation between the confounding error in period t and the error in period t-1
(previous). Symptoms of autocorrelation can be detected using the Durbin-Watson Test (DW)

Table 6. Results Autocorrelation Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.920^a	.845	.827	.664612	2.112

a. Predictors: (Constant), Sales_growth, Likuiditas, Aktivitas, Profitabilitas, Leverage

b. Dependent Variable: Financial_distress

From table 6. the DW value is 2.112. This value will then be compared with the table value using the value of = 5% (0.05), the number of samples is 48 (n) and the number of independent variables is 5 (k = 5), it will get a number of 1.7725 in the Durbin Watson table. The numbers that already exist are included in the decision-making formula for the presence or absence of autocorrelation, namely: dU < DW < 4 – dU, so 1.7725 < 2.112 < 2.2275. From the formula, it can be seen that dU < DW and DW < (4-dU) so that it can be concluded that the hypothesis is accepted or the data being tested does not occur autocorrelation disorder.

Multiple Linear Regression Analysis
Multiple linear regression analysis was used to determine the effect of the independent variables (liquidity, profitability, leverage, activity, and sales growth) on the dependent variable (financial distress). The following is a table of multiple linear regression analysis processed using the SPSS 16 program application:

Table 7 Results Multiple Linear Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.452	.165		-14.887	.000
	Likuiditas	-.138	.067	-.129	-2.050	.047
	Profitabilitas	-4.785	.437	-.684	-10.948	.000
	Leverage	.309	.049	.402	6.365	.000
	Aktivitas	-.018	.008	-.139	-2.238	.031
	Sales_growth	-.125	.051	-.152	-2.449	.019

a. Dependent Variable: Financial_distress

Based on the above results can be explained as follows:

1. From table 7 with a negative constant value of 2.452, it shows the negative influence of the independent variables (liquidity, profitability, leverage, activity and sales growth). If the independent variable has an increase or effect in one unit, then the financial distress variable will decrease by 2.452.

2. The liquidity variable measured by using the current ratio (CR) shows a significance value of 0.047 with a significance value of less than 0.05, with a regression coefficient of -0.138. Thus, it can be concluded that the liquidity variable has a significant negative (opposite direction) effect on financial distress. Where if the value of liquidity (X1) increases by one unit, the value of financial distress (Y) will decrease by 0.183 assuming the value of other independent variables is considered constant.

3. The profitability variable as measured by using return on assets (ROA) shows a significance value of 0.000 with a significance value of less than 0.05, with a regression coefficient of -4.785. Thus, it can be concluded that the profitability variable has a significant negative (opposite direction) effect on financial distress. Where if the value of profitability (X2) increases by one unit, the value of financial distress (Y) will decrease by 4.552 assuming the value of other independent variables is considered constant.

4. The leverage variable measured by using the Debt to Equity Ratio (DER) shows a significance value of 0.000, which has a significance value of less than 0.05, with a regression coefficient of 0.309. Thus, it can be concluded that the leverage variable has a significant positive (unidirectional) effect on financial distress. Where if the value of the leverage variable (X3) as proxied by DER increases by one unit, the value of the financial distress variable (Y) will also increase by 0.309 assuming the value of other independent variables is considered constant.

5. The activity variable measured using Working Capital Turn Over (WCTO) shows a significance value of 0.031, which has a significance value of less than 0.05, with a regression coefficient of -0.018. Thus, it can be concluded that the activity variable proxied by the working capital turnover formula has a significant negative (opposite direction) effect on financial distress. Where if the value of the activity variable (X4) increases by one unit, the value of the financial distress variable (Y) will decrease by 0.018 assuming the value of other independent variables is considered constant.

6. The sales growth variable shows a significance value of 0.019 which the significance value is less than 0.05, with a regression coefficient of -0.125. Thus, it can be concluded that the sales growth variable has a negative (opposite direction) effect on financial distress.

Where if the value of the sales growth variable (X5) or sales growth has increased by one unit, the value of the financial distress variable (Y) will decrease by 0.091 with the assumption that the value of other independent variables is considered constant.

Hypothesis test

This test aims to determine the effect of all independent variables on the dependent variable. The criteria for decision making in this Simultaneous F/Test is if the significant value is <0.05, then the independent variables jointly affect the dependent variable. If the significant value is > 0.05 then the independent variables together have no effect on the dependent variable.

Table 8. Results Test (Simultaneous)

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	101.519	5	20.304	45.966	.000[a]
	Residual	18.552	42	.442		
	Total	120.070	47			

a. Predictors: (Constant), Sales_growth, Likuiditas, Aktivitas, Profitabilitas, Leverage

b. Dependent Variable: Financial_distress

From table 8 it is known that the probability value or significant value shows the number 0.000. which is smaller than 0.05 and from the table above it can also be seen that the Fcount value is

45.96 which is compared to the Ftable value which is 2.43. The Ftable value of 2.43 is obtained by looking at table f with a degree of probability 5% (0.05; nk). The value of Fcount which is greater than Ftable, it can be concluded that all the independent variables in this study together have a significant effect on the dependent variable. This means that the variables of liquidity, profitability, leverage, activity, and sales growth together (simultaneously) have an effect on financial distress.

Partial T Test

This test is conducted to find out partially the independent variable has a significant effect or not on the dependent variable. In this study, the t-test was used to partially test the effect of liquidity, profitability, leverage, activity, and sales growth on financial distress. If the significant value is <0.05, then the independent variable individually affects the dependent variable. If the significant value is > 0.05, the independent variable individually has no effect on the dependent variable. Partial T-Test data is presented below:

Table 9. Results Test (Partial)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.452	.165		-14.887	.000
	Likuiditas	-.138	.067	-.129	-2.050	.047
	Profitabilitas	-4.785	.437	-.684	-10.948	.000
	Leverage	.309	.049	.402	6.365	.000
	Aktivitas	-.018	.008	-.139	-2.238	.031
	Sales_growth	-.125	.051	-.152	-2.449	.019

a. Dependent Variable: Financial_distress

Table 9 shows the significance value for each variable. The t table value seen in the t distribution table with a degree of probability of 5% (0.05; nk-1) so that the number is 2.018. This figure will be compared with the tcount value in the table of data processing results with the help of SPSS with the following explanation:

1. Based on the partial statistical test from table 9, the results of the statistical test show a liquidity significance value of 0.047 <0.05. The value of tcount in the table shows the number -2.050 where this number is greater than ttable whose value is 2.018, so it can be concluded that H1 is accepted, which means that the liquidity variable affects financial distress in a negative or opposite direction.

2. the results of statistical tests show the significance value of profitability is 0.000 < 0.05. The value of tcount in the table shows the number -10.948 where this number is greater than ttable whose value is 2.018 so it can be concluded that H2 is accepted, which means that the profitability variable affects financial distress in a negative or opposite direction.

3. statistical test results show the significance value of leverage is 0.000 <0.05. The value of tcount in the table shows the number 6.365 where this number is greater than ttable whose value is 2.018 so it can be concluded

that H3 is accepted, which means that the leverage variable affects financial distress in a positive direction (unidirectional).

4. the results of statistical tests showed the significance value of the activity was 0.031 < 0.05. tcount in the table shows the number -2.238 where this number is greater than ttable whose value is 2.018 so it can be concluded that H4 is accepted, which means that activity variables affect financial distress in a negative direction (opposite direction).

5. the results of statistical tests show the significance value of sales growth that is equal to 0.019 <0.05. The tcount value in the table shows the number -2.449 where this number is greater than the ttabe value of 2.018 so it can be concluded that it can be concluded that H5 is accepted which means that the sales growth variable affects financial distress in a negative direction (opposite direction).

Coefficient of Determination (R^2)
The coefficient of determination (R^2) basically measures how far the ability of the independent variation model (liquidity, profitability, leverage, activity and sales growth) to influence the variation of the dependent variable (financial distress). The following are the results of the coefficient of determination (R^2) test:

Table 10. Results Coefficient of Determination Test.

Model Summary[b]

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.920[a]	.845	.827	.664612

a. Predictors: (Constant), Sales_growth, Likuiditas, Aktivitas, Profitabilitas, Leverage

b. Dependent Variable: Financial_distress

Based on the calculation results, the coefficient of determination (Adjusted R Square) is 0.827. This means that the dependent variable (financial distress) in the hotels, resorts and cruise lines sub-industries

listed on the Indonesia Stock Exchange can be influenced by the independent variables (liquidity, profitability, leverage, activity, and sales growth) of 82.7 percent while the

remaining 17.3 percent is influenced by other factors outside the research model.

DISCUSSION

Effect of Liquidity on Financial Distress

The results of this study indicate that the liquidity variable measured using the current ratio (CR) has a negative effect on financial distress. The liquidity value has a significance of 0.047 which is smaller than 0.05 and the regression coefficient is negative at 0.138. The results of liquidity measured using the current ratio (CR) have a significant negative or opposite effect, meaning that if the value of liquidity decreases by one unit, the value of financial distress will increase by 0.138 with the assumption that the value of other independent variables is considered constant. An increase in the number of financial distress (x-score) indicates that the company is experiencing an unhealthy condition or is in a state of financial difficulty. If the value of a company's liquidity increases, the value of financial distress will decrease and vice versa. The low value of the company's financial distress illustrates that the company's condition is in a healthy condition.

A company is said to be liquid if it has a high liquidity value (CR). A high liquidity value indicates that the company's current assets are larger than its current liabilities so that it is able to cover its obligations when they fall due. A liquid company can also be interpreted as a healthy company, the healthier the condition of a company, the less likely the company is to experience financial distress. However, if the value of the company's liquidity is low, it will be feared that the company will not be able to pay off its obligations when they fall due. The company's inability to pay off its debts indicates that the company is experiencing financial difficulties. This condition of financial difficulties can trigger financial distress.

The results of this study support research conducted by (Muhtar & Andi Aswan, 2017), (Zulaecha & Atik Mulvitasari, 2018),

(Wulandari, 2020), (Cahyani & Indah, 2021), and (Hadi, 2022) whose research results are liquidity effect on financial distress. Contrary to the results of research (Carolina, Marpaung, & Pratama, 2017), (Luhgiatno & Wirdayanti, 2017), (Vionita & Herlina Lusmeida, 2019), (Mahaningrum & Merkusiswati, 2020) and (Nurhayati, Dewi & Fajri, 2021) it is known that the liquidity variable has no effect on financial distress because there is no significant difference between the liquidity of companies experiencing financial distress and the liquidity of companies not experiencing financial distress.

The Effect of Profitability on Financial Distress

The results of this study indicate that the profitability variable measured using Return On Assets (ROA) has a negative effect on financial distress. The profitability value has a significance value of 0.000 which is smaller than 0.05 and the regression coefficient is negative at 4.785. Profitability results measured using Return On Assets (ROA) have a significant negative effect or in the opposite direction, meaning that if the profitability value increases by one unit, the value of financial distress will decrease by 4.785 with the assumption that the value of other independent variables is considered constant. On the other hand, if the value of profitability decreases, it will cause the value of financial distress (X-score) to increase.

Companies that have a low level of ROA are predicted to experience financial distress. Because if the ROA level is low, it means that the company's assets are not able to generate optimal profits for the company. Profits that are not optimized result in the company's difficulty in covering the costs that must be incurred by the company so that the company can experience losses. This company's loss will trigger financial difficulties or the company's financial distress. Conversely, a high ROA indicates that the company is able to generate optimal profits from the assets owned by the

company and can be used to fund the company's activities or pay its obligations.

The results of this study support research conducted by (Muhtar & Andi Aswan, 2017), (Carolina, Marpaung, & Pratama, 2017), (Vionita & Herlina Lusmeida, 2019), (Wulandari, 2020), (Cahyani & Indah, 2021) , and (Hadi, 2022) which shows that profitability has an effect on financial distress. However, contrary to research conducted by (Nurhayati, Dewi & Fajri, 2021) shows that profitability has no effect on financial distress.

The Effect of Leverage on Financial Distress

The results of this study indicate that the leverage variable measured using the debt equity ratio (DER) has a positive effect on financial distress. The leverage value has a significance of 0.000 which is smaller than 0.05 and the regression coefficient is positive at 0.309. A positive regression coefficient means that the leverage variable and financial distress variable have a unidirectional relationship, where if the value of the leverage variable increases by one unit, the value of the financial distress variable will also increase by 0.309 assuming the value of the other independent variables is considered constant. Companies that have a high debt equity ratio (DER), the company will be more at risk of being exposed to financial distress conditions (X-score), because the higher the company's DER number indicates that most of the company's capital comes from debt. High corporate debt will of course be followed by a high risk of default as well. The default experienced by the company illustrates that the company is experiencing financial difficulties.

Leverage is used to measure how much the company is funded by debt. The high value of leverage (DER) indicates that most of the company's composition comes from liabilities. If the company is able to optimize its debt properly, such as increasing the company's profits so that the company is able to cover all its obligations, it will

reduce the risk of the company experiencing financial difficulties, but on the contrary if the composition of the company's debt is large and the company's profits are not able to cover the company's obligations, especially in terms of paying off its debts. Then the company can experience financial difficulties or financial distress and can even be threatened with bankruptcy.

The results of this study are in line with research (Luhgiatno & Wirdayanti, 2017), (Zulaecha & Atik Mulvitasari, 2018), (Vionita & Herlina Lusmeida, 2019), (Wulandari, 2020), and (Cahyani & Indah, 2021) whose research results show that Leverage has an effect on financial distress. In contrast to the results of research (Carolina, Marpaung, & Pratama, 2017), (Nurhayati, Dewi & Fajri, 2021), and (Hadi, 2022) which state that leverage has no effect on financial distress.

Effect of Activity on Financial Distress

The results of this study indicate that the activity variable measured using working capital turnover (WCTO) has an effect on financial distress. Activity has a significance value of 0.031 which is smaller than 0.05 and a negative regression coefficient of 0.018. Activities measured using working capital turnover (WCTO) have a significant negative effect on financial distress with a number of 0.018, meaning that the activity variable and financial distress variable have an opposite relationship where if the activity variable increases by one unit, the financial distress variable will decrease. of 0.018. Companies that have a high level of WCTO indicate that the company's activities are optimal in terms of working capital turnover. The high level of working capital turnover will suppress the X-score value on the financial distress variable because high working capital turnover will produce high profits as well. This will have a good impact on the company because it will further reduce the risk of the company experiencing financial difficulties.

The activity ratio is a ratio that looks at the company's ability to utilize its assets in daily

activities to generate maximum sales. A good activity ratio is if the working capital owned by the company is able to optimize sales, for example a high working capital value must be followed by a high sales value. Because if a company has been funded by high capital in the allocation of assets but is unable to generate high sales, this is what triggers financial distress conditions. On the other hand, if the company is able to optimize sales from its working capital, the company will be far away from financial distress (X-score).

The results of this study are in line with research by (Luhgiatno & Wirdayanti, 2017), (Agustini & Wirawati, 2019), and (Cahyani & Indah, 2021) which state that the activity ratio variable affects financial distress. However, this study contradicts the results of research conducted by (Mahaningrum Merkusiswati, 2020), (Wulandari, 2020), and (Hadi, 2022) which state that the activity ratio has no effect on financial distress.

Effect of Sale Growth on Financial Distress

The results of this study indicate that the sales growth variable has an effect on financial distress. Sales growth has a significance value of 0.019 which is smaller than 0.05 and a negative regression coefficient of -0.125 which means that Sales growth has a negative (or opposite) effect on financial distress, where if the value of the sales growth variable or sales growth has increased by one unit, the value of the financial distress variable will decrease by 0.125 with the assumption that the value of the other independent variables is considered constant. Companies that are able to increase their sales figures are companies that are able to maintain growth from their sales activities.

Companies that are able to maintain their business viability through sales growth will be far away from financial distress because the company is able to increase sales and maintain business profits so that the obligations that must be issued by the

company can be covered. High sales growth is of course followed by high profits, high profits make the company far from financial difficulties. On the other hand, a company whose sales growth is non-existent or even minus will make it difficult for the company to cover the costs incurred so that this will trigger the company's financial distress.

The results of this study support research conducted by (Agustini & Wirawati, 2019) and (Wulandari, 2020) which state that the sales growth variable has an effect on financial distress. However, this is contrary to research conducted by (Luhgiatno & Wirdayanti, 2017), (Zulaecha & Atik Mulvitasari, 2018) and (Mahaningrum & Merkusiswati, 2020) whose research results state that sales growth variables have no effect on financial distress.

Effect of Liquidity, Profitability, Leverage, Activity and Sales Growth on Financial Distress

The results of this study indicate that the variables of liquidity, profitability, leverage, activity and sales growth simultaneously (simultaneously) affect financial distress. Based on the test, the significance value is 0.000 which is smaller than 0.05, which means that there is a significant influence between the independent variable and the dependent variable. And from the test results, it can also be seen that the Fcount value of 45.96, which when compared with the Ftable value of 2.44, which means the Fcount value is greater than Ftable, it can be concluded that all the independent variables in this study jointly have a significant effect on the variable. dependent. This means that the variables of liquidity, profitability, leverage, activity,

The increase and decrease of each financial ratio with the measuring instrument used in this research model is able to affect the ups and downs of financial distress conditions in the company. Where it can be interpreted that if there is a change in the value of the independent variables, namely the ratio of liquidity, profitability, leverage, activity and sales growth, whether it is a decrease or an

increase, it will affect whether or not the company's financial distress occurs. The results of this study support research conducted by (Zulaecha & Atik Mulvitasari, 2018), (Agustini & Wirawati, 2019) and (Wulandari, 2020) which state that the variables of liquidity, profitability, leverage, activity and sales growth together affect the financial distress.

CONCLUSION

Based on the research that has been done through testing the variables used by researchers, it can be concluded that:

1. Based on statistical tests conducted on the liquidity variable measured using the current ratio (CR), the results show that liquidity has a significant negative or opposite relationship to financial distress in hotels, resorts and cruise lines sub-industries listed on the Indonesia Stock Exchange for the 2019-2019 period. 2021.

2. High liquidity can reflect the company's ability to meet its short-term obligations. Companies that are able to meet their short-term obligations will avoid financial distress conditions and vice versa if the company is not able to meet its short-term obligations, the company will be at risk of being exposed to financial difficulties. So if the CR value is high, it will avoid the risk of financial distress.

3. Based on statistical tests carried out on profitability variables measured using Return on Assets (ROA), the results showed that profitability had a significant negative or opposite relationship to financial distress in hotel, resort and cruise lines sub-industry companies listed on the Indonesia Stock Exchange for the 2019 period. -2021.

4. High profitability reflects that the company is able to generate good corporate profits so that the company can survive in its survival and avoid financial distress conditions. or financial distress. So if the ROA value is high, it will avoid the risk of financial distress.

5. Based on statistical tests carried out on the leverage variable measured using the Debt to Equity Ratio (DER), the results show that leverage has a significant positive or direct relationship to financial distress in hotel, resort and cruise lines sub-industry companies listed on the Indonesia Stock Exchange for the 2019 period. -2021.

6. High leverage reflects that most of the company's capital comes from loans or debt. High debt will cause companies to have difficulty in paying debt and interest expenses so that they are more at risk of defaulting on loans. If the company is unable to repay the loan, it indicates the company is in a state of financial difficulty. However, if the company's leverage level is low, the risk of the company being exposed to financial distress will also be lower. So if the DER value is high, there is a risk of financial distress.

7. Based on statistical tests carried out on activity variables measured using Working Capital Turn Over (WCTO), the results showed that activity had a significant negative or opposite effect on financial distress in hotel, resort and cruise lines sub-industries listed on the Indonesia Stock Exchange for the 2019 period. -2021.

8. High activity reflects the company's ability to maximize its assets, especially working capital in generating profits. Companies that are able to optimize their working capital turnover will generate maximum sales. This maximum sales makes the company profit so that it is able to cover its obligations without having to experience financial difficulties. So if the WCTO value is high, it will be far from the risk of financial distress.

9. Based on statistical tests conducted on the sales growth variable measured using the level of sales growth, the results showed that sales growth had a significant negative or opposite relationship to financial distress in hotel,

resort and cruise lines sub-industry companies listed on the Indonesia Stock Exchange for the 2019-2019 period. 2021.

10. High sales growth reflects that the company is able to increase its business sales. The increase in sales is certainly followed by an increase in operating profit so that this will reduce the risk of the company experiencing financial difficulties. However, if the company's sales growth rate is low, which reflects the company's inability to increase its sales, the company will be more at risk of being exposed to financial distress or financial distress. So if the value of sales growth is high, it will be far from the risk of financial distress.

11. Based on simultaneous statistical tests carried out on the variables of Liquidity (CR), Profitability (ROA), Leverage (DER), activity (WCTO) and Sales Growth, the results show that the independent variables or financial ratios described in five variables have a significant effect together. on the dependent variable or Financial Distress (X-Score) distress in hotel, resort and cruise lines sub-industry companies listed on the Indonesia Stock Exchange for the 2019-2021 period.

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