

ANALYSIS OF THE FACTORS THAT AFFECT FINANCIAL DISTRESS CONDITION OF A FIRM WHICH IS LISTED IN STOCK EXCHANGE

**(CASES OF STUDY : MANUFACTURING INDUSTRIES ARE LISTED IN
STOCK EXCHANGE, IN 2005-2009)**

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ABSTRACT

This Research was about the factors that affect financial distress condition of a firm, especially manufacturing industries at Stock Exchange, 2005 until 2009. Financial distress is the condition where is a firm will not be able to pay of it's debt and happens before bankruptcy. The purpose of this research is to examine on this research are profitabilities ratio, solvability ratio, leverage ratio and auditor reputation.

The sample consists of 25 companies which were delisted from 2005 through 2009 and 25 listed companies until 2009. The sample are selected using purposive sampling approach. The statistic method which is used to test on the research hypothesis is logistic regression.

The result of this research will be showing that profitabilities ratio, solvability ratio, leverage ratio and auditor reputation aren't significant variable to determine of the companies' financial distress by partial. But, by the simultaneous, they are significantly affected to predict the financial distress condition with score was 98,8%.

Keywords : Financial Distress, profitabilities ratio, solvability ratio, leverage ratio and auditor reputation.