

**THE EFFECT OF FINANCIAL PERFORMANCE ON FINANCIAL  
DISTRESS IN COMPANIES**

(Study on Transportation Company Listed on Indonesia Stock Exchange in 2016-  
2020)

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**ABSTRACT**

*Financial distress is a condition when a company experiences financial difficulties. Financial distress need to be addressed immediately before the company goes bankrupt. This study aims to examine the effect of financial performance on financial distress. The independent variables used in this study are the ratio of profitability, liquidity, and leverage. Financial distress as the independent variable is measured by the interest coverage ratio. The object of this research is a transportation company listed on Indonesia Stock Exchange in 2016-2020. Samples were taken using a purposive sampling method and analyzed by logistic regression. The results of this study indicate that profitability has a negative effect on financial distress, liquidity has a positive effect on financial distress, and leverage has a positive effect on financial distress.*

**Keyword : Financial Distress, Financial Performance, Profitability, Liquidity,  
Leverage**