

ABSTRACT

This study aimed to analyze the effect of liquidity, leverage and profitability on financial distress which is moderated by institutional ownership and managerial ownership. The population of this study were the retail trade sub-sector companies listed on the IDX in 2019 - 2022. The sample were selected from the population with the criteria that the companies were listed on the IDX consecutively and published annual reports as of December 31 consistently and completely in the year 2019 – 2022. Data analysis used the Partial Least Square (PLS) approach. The results of this study indicated that liquidity had a significant effect on financial distress, while liquidity and profitability had no effect on financial distress. The results of this study also showed that the interaction of institutional ownership with liquidity and leverage affected the possibility of financial distress, while the interaction of institutional ownership with profitability did not have a significant effect on financial distress. The interaction of managerial ownership with liquidity, leverage and profitability had no effect on the possibility of financial distress.

Keywords: Financial distress, liquidity, leverage, profitability, institutional ownership and managerial ownership.