The Analysis of Factors on Financial Distress in Property and Real Estate Manufacturing Companies Listed on the Bursa Efek Indonesia

Dinda April Yanti[1], Meigia Nidya Sari[2], Nur Aliah[3]

[1,2,3]Program Studi Akuntansi, Universitas Pembangunan Panca Budi, Indonesia

A R T I C L E   I N F O

ABSTRACT

Only the property and real estate industry struggles with construction. Favourable regulatory structures have a significant influence on the development and expansion of the real estate and property industry. This study intended to analyze and determine the impact of the Current Ratio on Financial Distress in Manufacturing Companies in the Property and Real Estate Sector that are listed on Bursa Efek Indonesia. The data were empirical data obtained from the Bursa Efek Indonesia for 2015-2020 property companies. This research was conducted on the Bursa Efek Indonesia, specifically for property & real estate companies, using the website www.idx.co.id and other websites as required for data collection. 66 companies are listed on the IDX as real estate companies. Using the Eviews software, panel data analysis was employed to conduct this study's analysis. According to the results of the study, the regression coefficient of the current ratio is 0.223674, which is negative. It indicates that each addition of 1 unit to the current ratio, assuming all other variables remain constant, will increase financial distress by 0.223674. It is known that the t-$_{count}$ value t-$_{table}$ where 0.954656 2.0048, and that the probability value of the current ratio was 0.3439 > 0.05. Then, it can be concluded that the Current Ratio has a limited impact on the financial distress of companies in the Property & Real Estate sector that are listed on Bursa Efek Indonesia.

Corresponding Author:

Meigia Nidya Sari,
Program Studi Akuntansi,
Universitas Pembangunan Panca Budi,
Jalan Jendral Gatot Subroto KM. 4,5 Sei Sikambing, Medan, Sumatra Utara, Indonesia.
Email: meigia@dosen.pancabudi.ac.id

1.   INTRODUCTION

Financial difficulties are a condition that very few businesses anticipate, be it banks, manufacturing, or other businesses. Financial problems can occur for many reasons. One example is that a business cannot maintain its operations to maintain its performance, and as a result, it will gradually disconnect from the industrial environment causing disruption. This is due to the low confidence that the company has in its ability to improve its quality. Financial difficulties can also result from a company's weak ability to generate profits or from the costs associated with its operations (Shaari et al., 2013).

Financial difficulties, often known as cash shortages, will be discussed by companies before a crisis occurs. Financial difficulties are conditions that occur before bankruptcy or liquidation. Financial suffering begins with a failure to address fundamental issues with rights. Especially those that have a short-term meaning, such as those that have liquidity and those that have a solvency category (Fahmi, 2014). Financial ratios that can be seen in the company's financial statements are

the only factors that influence financial distress. Usually, research on financial difficulties, bankruptcy, or other problems uses financial performance indicators as predictors of the company's future state. The above indicators are generated using a ratio-to-ratio analysis of the financial data available in the company's published financial reports (Ginting, 2017).

The current Ratio is included in the Liquidity Ratio. Some of the active components include cash, accounts receivable, and inventories. On the other hand, the current needs themselves are the needs of the company's financial resources that will be met for a short period (one year after the balance sheet day) by using the company's current activities. The current Ratio (CR) is a metric used to assess an organization's capacity to meet its short-term obligations (Jufrizen & Sari, 2019).

To maintain the current level of activity, a significant ongoing commitment is required (Putra & Sari, 2017). The ratio between the number of transactions and the number of active users will change. The ratio in this case is useful for knowing a company's ability to complete transactions based on all available assets. This statistic describes how well a business is using its entire asset base. A higher racial index indicates a more effective use of all the assets in question. Likewise, if a company's earnings are declining, its management must evaluate its strategy, implementation, and financial performance (Mamduh & Halim, 2016). The property and real estate business is the only one struggling with construction. The growth and expansion of the real estate and property industry are significantly influenced by favourable regulatory structures. Several years ago, the real estate and property business experienced a decline in its industrial growth index, because the rupiah exchange rate is currently increasing gradually.

The purpose of this study was to analyze and ascertain the impact of the Current Ratio on Financial Distress in Property & Real Estate Sector Manufacturing Companies Listed in Bursa Efek Indonesia. Practically, this research is shown to companies and investors as input material so they can take steps and decisions to prepare and improve company performance. Theoretically, this research can be used as a place to practice theory that has been learned during college and apply it to real problems that occur and can add experience and knowledge about company Financial Distress.

2.   RESEARCH METHOD

Explaining This study was conducted empirically using Bursa Efek Indonesia data for 2015-2020 property companies. Research is conducted at the Bursa Efek Indonesia, particularly for property & real estate companies, via internet media utilizing the website www.idx.co.id and other sites as required for data acquisition. This research was conducted on February 2023 to July 2023. The current study makes use of quantitative data. that is, data that can be expressed in terms of the number or variety of objects being analyzed. Population is the general area that is directed at people. it probably refers to anything that has characteristics. The population is the culmination of a collection of elements connected with the reasons why someone is expected to draw several conclusions (Sugiyono, 2013).

This study's population consists of all property and real estate firms listed on the Bursa Efek Indonesia (IDX) between 2015 and 2020. 66 companies are listed on the IDX as real estate companies. There are 29 property and real estate companies that have registered IPOs between 2015 and 2020, and 10 property and real estate companies that have provided data and financial reports for research purposes during the same time frame. The following are the names of the property & real estate sector companies that are the population in the study. There are 29 property and real estate companies that have registered IPOs in the 2015-2020 period and 10 property and real estate companies that provided data and financial reports during the 2015-2020 period as research samples. The following are the names of the property & real estate sector companies that are the population in the study Table 1.

Table 1. List of Company Names as Research Samples

No	Kode	Nama Perusahaan
1	APLN	PT Agung Podomoro Land Tbk
2	BEST	PT Bekasi Fajar Industrial Estate
3	EMDE	PT Megapolitan Developments Tbk
4	GAMA	PT Aksara Global Development Tbk
5	GWSA	PT Greenwood Sejahtera Tbk
6	MTLA	PT Metropolitan Land Tbk

7	NIRO	PT City Retail Developments Tbk
8	PLIN	PT Plaza Indonesia Realty Tbk
9	PUDP	PT Pudjiadi Prestige Tbk
10	PWON	PT Pakuwon Jati Tbk

Source: idx.go.id (2021)

3.   RESULTS AND DISCUSSIONS

Products produced from the real estate property industry and building construction in the form of housing, apartment, shop house, home office, office buildings, and shopping centres such as malls, plazas, or trade centres. Real estate property and building construction companies are one of the industrial sectors listed on the Bursa Efek Indonesia (IDX). The growth of the real estate property market as well as the construction of buildings is happening at a breakneck pace right now and will pick up even more steam in the future. The reason for this is that there is a growing population, but there is a constant supply of land.

Table 2. Descriptive Analysis

	CR	DER	TATO	ROA	ICR
Mean	3.157500	0.702167	0.156667	0.038167	5.144667
Median	2.480000	0.510000	0.150000	0.035000	3.870000
Maximum	8.800000	3.700000	0.360000	0.190000	22.01000
Minimum	0.900000	0.070000	0.000000	-0.050000	-6.690000
Std. Dev.	2.158502	0.642329	0.102224	0.046886	5.115451
Skewness	1.380257	2.095475	0.195234	0.774232	1.005376
Kurtosis	3.732815	9.221634	1.866261	3.819972	4.539737
Jarque-Bera	20.39363	140.6820	3.594575	7.675232	16.03478
Probability	0.000037	0.000000	0.165748	0.021545	0.000330
Sum	189.4500	42.13000	9.400000	2.290000	308.6800
Sum Sq. Dev.	274.8887	24.34262	0.616533	0.129698	1543.902
Observations	60	60	60	60	60

Source: E Views 9

It is clear from looking at Table 2 that the maximum value of the current ratio is 8.800000 while the minimum value is only 0.900000 for the current ratio. In the meantime, the value that represents the mean, or average, is 3.157500, and the value that represents the standard deviation is 2.158502. This demonstrates that the corporation is capable of managing its current assets to pay off debts that require prompt payment. According to the data presented in Table 2, the debt-to-equity ratio can range anywhere from 0.070000 to 3.700000 as its value. The minimum value is 0.070000. In the meantime, the value that represents the average, or mean, is 0.702167, and the value that represents the standard deviation is 0.642329. This demonstrates that the corporation has a significant capacity to pay off its debts with the capital it has available.

The total assets turnover ratio can range anywhere from 0.000000 to 0.360000, as shown in Table 2, with the smallest value being 0.000000 and the maximum value being 0.360000. The value of the standard deviation is 0.102224, while the value of the mean, which is the average value, is 0.156667. This demonstrates that the corporation is more than capable of managing its entire assets while simultaneously expanding sales. The range of possible values for the rate of return on assets is shown in Table 2. The lowest possible value is -0.050000, and the highest possible value is 0.190000. The value of the standard deviation is 0.046886, while the value of the mean, which is the average value, is 0.038167. This demonstrates that the company has been highly successful. Based on table 2 it can be seen that the minimum value of financial distress is -6.690000 and the maximum value is 22.01000. In the meantime, the value of the mean, which is also referred to as the average, is 5.144667, and the value of the standard deviation is 5.115451.

Multiple linear regression analysis is a technique for determining the influence of independent factors on the dependent variable. Panel data is a combination of cross-sectional data and time series data. Pooling least squares, the fixed effect approach, and the random effect approach are common estimation techniques for regression models with panel data. The Common

Effect Model (CEM) or Pooled Least Square (PLS) is the simplest approach to panel data modelling because it incorporates only time series and cross-section data. Other methods include the fixed effect and random effect approaches. The present model does not take time or individual dimensions into account. It is therefore assumed that the behaviour of the company's data is constant across all periods. The OLS method is utilized to estimate the panel data model, which is based on the common effect model and combines cross-sectional and time series data.

Common Effect Method (CEM)

The Common Effect Method is the most straightforward approach. The estimation is based on the hypothesis that every unit has the same intercept and slope (that is, there is no change over time). To put it another way, the panel data regression that is produced will apply to every single person.

Table 3. Common Effect Method (CEM)

Dependent Variable: ICR				
Method: Panel Least Squares				
Date: 07/08/23 Time: 13:50				
Sample: 2015 2020				
Periods included: 6				
Cross-sections included: 10				
Total panel (balanced) observations: 60				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.984381	1.406444	-0.699908	0.4869
CR	0.223674	0.234299	0.954656	0.3439
DER	-1.662306	0.811055	-2.049561	0.0452
TATO	36.19982	6.244967	5.796640	0.0000
ROA	24.07089	11.77193	2.044770	0.0457
R-squared	0.602763	Mean dependent var		5.144667
Adjusted R-squared	0.573873	S.D. dependent var		5.115451
S.E. of regression	3.339285	Akaike info criterion		5.329046
Sum squared resid	613.2952	Schwarz criterion		5.503574
Log-likelihood	-154.8714	Hannan-Quinn criter.		5.397313
F-statistic	20.86409	Durbin-Watson stat		0.922579
Prob(F-statistic)	0.000000			

Source: E Views 10

According to the data shown in Table 3, it is possible to assert that the value of the current ratio variable possesses a probability value of 0.3439 <0.05, Therefore, the current ratio variable has only a partial bearing on the state of the company's finances. The variable known as the debt-to-equity ratio is 0.0452 <0.05. Therefore, one can get the conclusion that the debt-to-equity ratio plays a crucial role in the state of the company's finances. Even though the total assets turnover ratio variable is 0.0000 <0.05, the variable representing the turnover of total assets has a considerable impact on the state of the company's finances. The formula for calculating the variable return on assets is as follows 0.0457 <0.05, financial distress is significantly impacted by the variable return on assets.

Fixed Effect Method (FEM)

The fixed effect model is a model that has different intercepts for each participant (cross-section). This is referred to as the FEM. but the subject slope does not change over time.

Table 4. Fixed Effect Method (FEM)

Dependent Variable: ICR		
Method: Panel Least Squares		
Date: 07/08/23 Time: 13:52		
Sample: 2015 2020		

Periods included: 6				
Cross-sections included: 10				
Total panel (balanced) observations: 60				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.478484	1.330178	0.359714	0.7207
CR	0.415023	0.235275	1.763996	0.0844
DER	-1.581997	0.901232	-1.755373	0.0859
TATO	22.13930	7.879076	2.809885	0.0073
ROA	26.15062	12.91316	2.025114	0.0487
R-squared	0.778890	Mean dependent var		5.144667
Adjusted R-squared	0.716403	S.D. dependent var		5.115451
S.E. of regression	2.724174	Akaike info criterion		5.043171
Sum squared resid	341.3716	Schwarz criterion		5.531851
Log-likelihood	-137.2951	Hannan-Quinn criter.		5.234321
F-statistic	12.46474	Durbin-Watson stat		1.575110
Prob(F-statistic)	0.000000			

Source: E Views 11

According to the data shown in Table 4, it is possible to assert that the value of the current ratio variable possesses a probability value of 0.0844 > 0.05. Therefore, the current ratio variable has only a partial bearing on the state of the company's finances. The variable known as the debt-to-equity ratio is 0.0859 > 0.05. Therefore, it is possible to conclude that the debt-to-equity ratio does not have a role in the state of the company's finances. Even though the total assets turnover ratio variable is 0.0073 <0.05, the variable representing the turnover of total assets has a considerable impact on the state of the company's finances. The formula for the return on assets variable looks like this 0.0487 <0.05, consequently, the variable return on assets partially influences financial distress significantly.

Random Effect Method

The fluctuations in the value and direction of the relationship between subjects, which are presumed to be random, are what cause the random effect, and these variations are specified in the residual form.

Table 5. Random Effect Method

Dependent Variable: ICR				
Method: Panel EGLS (Cross-section random effects)				
Date: 07/08/23 Time: 13:54				
Sample: 2015 2020				
Periods included: 6				
Cross-sections included: 10				
Total panel (balanced) observations: 60				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.093286	1.460976	-0.063852	0.9493
CR	0.316760	0.220790	1.434665	0.1570
DER	-1.571368	0.828465	-1.896722	0.0631
TATO	28.43113	6.896226	4.122708	0.0001
ROA	23.23845	11.88104	1.955927	0.0556
	Effects Specification			
			S.D.	Rho
Cross-section random			2.247736	0.4050
Idiosyncratic random			2.724174	0.5950
	Weighted Statistics			
R-squared	0.466851	Mean dependent var		2.281496
Adjusted R-squared	0.428076	S.D. dependent var		3.616433

S.E. of regression	2.734950	Sum squared resid	411.3974
F-statistic	12.04016	Durbin-Watson stat	1.319682
Prob(F-statistic)	0.000000		
	Unweighted Statistics		
R-squared	0.571730	Mean dependent var	5.144667
Sum squared resid	661.2073	Durbin-Watson stat	0.821095

Source: E Views 12

In light of the information provided in Table 5, it is possible to assert that the probability value associated with the value of the current ratio variable is 0.1570> 0.05. Therefore, the current ratio variable has only a partial bearing on the state of the company's finances. The variable known as the debt to equity ratio is 0.0631 > 0.05, therefore, it is possible to conclude that the ratio of debt to equity does not have a substantial impact on the state of the company's finances. Even though the total assets turnover ratio variable is 0.0001 <0.05, the variable turnover ratio of total assets has a significant impact on financial distress. For the variable return on assets, it equals 0.0556 > 0.05, therefore, the variable return on assets has a limited impact on financial distress. Using the above table and the outcomes of the common effect model. The fixed effect and random effect were then evaluated. The first test, the Chow test, is used to choose between common effect and fixed effect models. The second Hausman test determines whether a fixed effect or random effect model is optimal.

Chow Test

It is possible to discover the common or fixed impact that will be utilized in an estimate by employing the Chow test. Table 6 displays the results of the several tests conducted in preparation for the Chow test.

Table 6. Chow Test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	4.071317	(9,46)	0.0007
Cross-section Chi-square	35.152493	9	0.0001
Cross-section fixed effects test equation:			
Dependent Variable: ICR			
Method: Panel Least Squares			
Date: 07/08/23 Time: 13:57			
Sample: 2015 2020			
Periods included: 6			
Cross-sections included: 10			
Total panel (balanced) observations: 60			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.984381	1.406444	-0.699908	0.4869
CR	0.223674	0.234299	0.954656	0.3439
DER	-1.662306	0.811055	-2.049561	0.0452
TATO	36.19982	6.244967	5.796640	0.0000
ROA	24.07089	11.77193	2.044770	0.0457
R-squared	0.602763	Mean dependent var		5.144667
Adjusted R-squared	0.573873	S.D. dependent var		5.115451
S.E. of regression	3.339285	Akaike info criterion		5.329046
Sum squared resid	613.2952	Schwarz criterion		5.503574
Log-likelihood	-154.8714	Hannan-Quinn criter.		5.397313
F-statistic	20.86409	Durbin-Watson stat		0.922579
Prob(F-statistic)	0.000000			

Source: E Views 13

Based on Table 6, it can be seen that the probability value in the Cross-section Chi-square line is 0.0001 <0.05, so the conclusions that are selected in this study can be drawn using the fixed effect model.

Hausman's Test

The Hausman test is used to choose between a random effect model or a fixed effect model. If the Hausman probability value is greater than the probability table value then the correct model is the fixed effect model. On the other hand, if the Hausman statistical value is smaller than the statistical value, then the random effect model is appropriate.

Table 7. Hausman's Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.436010	4	0.3502
Cross-section random effects test comparisons:			
Variable	Fixed	Random	Var(Diff.)	Prob.
CR	0.415023	0.316760	0.006606	0.2267
DER	-1.581997	-1.571368	0.125864	0.9761
TATO	22.139299	28.431126	14.521907	0.0987
ROA	26.150618	23.238454	25.590479	0.5648
Cross-section random effects test equation:			
Dependent Variable: ICR			
Method: Panel Least Squares			
Date: 07/08/23 Time: 11:12			
Sample: 2015 2020			
Periods included: 6			
Cross-sections included: 6			
Total panel (balanced) observations: 36			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.478484	1.330178	0.359714	0.7207
CR	0.415023	0.235275	1.763996	0.0844
DER	-1.581997	0.901232	-1.755373	0.0859
TATO	22.13930	7.879076	2.809885	0.0073
ROA	26.15062	12.91316	2.025114	0.0487
	Effects Specification		
Cross-section fixed (dummy variables)			
R-squared	0.778890	Mean dependent var	5.144667
Adjusted R-squared	0.716403	S.D. dependent var	5.115451
S.E. of regression	2.724174	Akaike info criterion	5.043171
Sum squared resid	341.3716	Schwarz criterion	5.531851
Log-likelihood	-137.2951	Hannan-Quinn criter.	5.234321
F-statistic	12.46474	Durbin-Watson stat	1.575110
Prob(F-statistic)	0.000000		

Source: E Views 14

Based on Table 7 for the probability value (Prob.) seen in the random cross-section. Where the probability value is 0.3502 > 0.05, the model to be chosen is the fixed effect.

Data Normality Test

The normality test aims to test whether it is in the regression model. dependent variable and independent variable both have normal distribution or not.
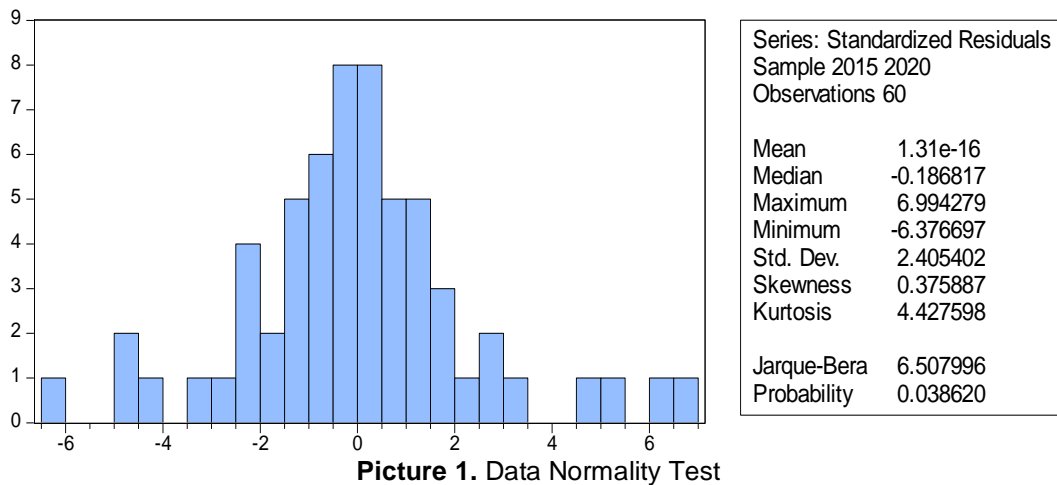
Picture 1. Data Normality Test

Based on Picture 1 above, the p-value (0.038620) is smaller than alpha (0.05) so it can be said that H0 is accepted so that it can be said that the residuals are not normally distributed or in other words, the assumption of normality is fulfilled.

Panel Data Regression and Partial/Individual Significance Test (t-test)

The t-test (individual/partial test) is used to determine whether each independent variable (partially) has a significant effect on the dependent variable assuming the other independent variables are considered constant. From the table above, the panel data regression equation is obtained as follows:

Y= -0.984381+0.223674-1.662306+ 36.19982+ 24.07089

C	= -0.984381
Current Ratio	= 0.223674
Debt to Equity Ratio	= -1.662306
Total Assets Turnover Ratio	= 36.19982
Return On Asset	= 24.07089

Based on the table above it can be seen that:

1. The present ratio has a regression coefficient value of 0.223674, which is a negative number. This indicates that the level of financial difficulty will grow by 0.223674 percentage points each time there is an addition of 1 unit to the current ratio, provided that all other factors are held constant. It is known that the $t_{count} < t_{table}$ where $0.954656 < 2.0048$ and the probability value of the current ratio is $0.3439 > 0.05$. Consequently, the current ratio does not influence financial distress.

2. The value of the regression coefficient of the debt-to-equity ratio is as follows 1.662306 which is negative. This indicates that each time the debt-to-equity ratio increases by 1 unit, all other variables being held constant, will reduce financial strain by 1.662306. It is known that the $t_{count} > t_{table}$ value is $-2.049561 > -2.0048$ and the probability value of the ratio of debt to equity is $0.0452 < 0.05$. The debt-to-equity ratio has a negative and significant impact on financial distress if it is high.

3. The value of the regression coefficient for the total assets turnover ratio is 36.19982, which is considered to be positive. This indicates that the turnover ratio of one unit will increase by one every time there is an addition to the total assets, presuming that all other factors would remain the same. will result in an increase of 36.29982 in the amount of financial distress. It is common knowledge that the worth of $t_{count} > t_{table}$ where $5.796640 > 2.0048$ and the probability value of the total assets turnover ratio is $0.0000 < 0.05$, then the ratio of total assets to turnover has a positive and significant effect on financial distress.

4. The regression coefficient of return on assets has a positive value of 24.07089. This indicates that every time the return on assets increases by one unit, assuming all other variables remain constant, will increase financial distress by 24,07,089 dollars. It is well known that t-

count > t-table where 2.044770 > 2.0048 and the probability value of return on assets is 0.0457 <0.05. Consequently, the return on assets has a substantial impact on financial distress.

The findings of the statistical test based on the current ratio reveal that there is a value of 0.3439 that is statistically significant. If the statistically significant value is higher than the value of the likelihood of 0.05 (α=5%) or the value of 0.954656 < 2.0048 and the probability value of the current ratio is 0.3439 > 0.05, then the current ratio does not affect financial distress. So t count < t table. The current ratio does not affect financial distress, it can be concluded.

This ratio is known as the current ratio, and it indicates the degree to which current assets are sufficient to meet current liabilities. According to Hafsah (2017), a company's capacity to meet its short-term commitments increases in direct proportion to the ratio of its current assets to its current liabilities. The liquidity ratio takes into account the current Ratio as one of its components. Cash, receivables, and supplies are some examples of components that make up current assets. While the current liabilities themselves are the company's financial obligations whose repayment or payment will be made in the short term (one year from the balance sheet date) by using the current assets owned by the company.

Where the current ratio is used to gauge a company's ability to meet short-term liabilities that will mature within the next year (Alpi, 2018), the phrase "short-term liabilities that will mature within the next year" According to Ardian et al. (2017), the purpose of this ratio is to determine whether or not a business can meet its short-term obligations with the assets it now possesses. Companies that have current assets that are higher than their current liabilities, with a ratio that is at least twice as high as one, are considered to have a healthy current ratio. It is possible to say that the company is in a liquid situation because it can cover its present liabilities. As a result, the likelihood of the company experiencing financial trouble is low. However, if the whole current assets that are possessed by the firm are less than the total current liabilities, then it will not be sufficient to cover the current liabilities that are owed by the company. As a consequence of this, businesses may find themselves in a precarious financial position, in which the fulfilment of their obligations is delayed, which may force them to take out additional financing. A negative association pattern may exist between the current ratio and the state of the company's finances. The findings of a study that was carried out by Marlin (2017) indicate that the current ratio has a substantial impact on the degree to which textile and garment companies listed on Bursa Efek Indonesia are experiencing financial difficulties.

Based on the statistical test results, the debt-to-equity ratio has a significant value of 0.0452. The significance level exceeds the probability level of 0.05 (=5%) or the value of -2.049561>-2.0048 and the probability value of the debt-to-equity ratio is 0.0452<0.05. then the debt-to-equity ratio affects financial distress. So t count < t table it can be concluded that the debt-to-equity ratio has a negative and significant effect on financial distress.

Debt to Equity Ratio is a ratio comparison used to assess debt with equity. According to Damayanti et al. (2017), this ratio can be determined by contrasting all debts, including current debt, with all equity. The likelihood that a corporation may go through a period of financial trouble is proportional to the quantity of debt that the corporation maintains. Inversely, the likelihood of the company experiencing financial hardship decreases in direct proportion to the total debt-to-equity ratio of the company. Debt to equity ratio is a ratio that shows the percentage of funds provided by shareholders to lenders. According to Radiman (2018), the capital that a company receives from its shareholders is reduced when the ratio is larger.

According to Alpi (2018), the ratio of debt to equity is the metric that is used to determine how much debt a firm must carry to meet its capital requirements. Businesses can pay off their obligations without having to make an excessive amount of concessions to the interests of the owners of the capital. If this is the case, the corporation must have a manageable debt-to-equity ratio. On the other hand, if it turns out that the company has a high debt-to-equity ratio, which means that the whole amount of debt exceeds the total amount of equity, then this is not a good sign. It is feared that the corporation would have trouble meeting its financial obligations in the future. According to Haq et al. (2013), this might lead to a state of financial distress. The results of research conducted by Ardian et al. (2017) show the results that the debt-to-equity ratio has a significant effect on financial distress.

From the statistical test results, the total assets turnover ratio has a significant value of 0.0000. The significant value is greater than the probability value of 0.05 (α=5%) or the value of 5.796640 > 2.0048 and the probability value of the total assets turnover ratio is 0.0000 <0.05. then the total assets turnover ratio affects financial distress. So t_{count} > t_{table} it can be concluded that the total assets turnover ratio has a negative and significant effect on financial distress.

Total Assets Turnover (TATO) is the ratio that is utilized to perform the analysis of asset management in this scenario. This ratio will be able to explain or give an overview to the analyst regarding the positive and negative circumstances or position of the company's asset turnover. It will do so by providing information regarding the company's asset turnover. This ratio can also be used to illustrate how well management is handling the administration of all of the company's assets. According to Gunawan & Wahyuni (2013), a higher management performance in managing all firm assets is correlated with a faster turnover of all company assets. According to Putra & Sari (2017), asset turnover illustrates the quantity of documented asset commitment that is necessary to support a particular level of sales. The total assets turnover ratio will be affected both by the size of the sales and the total assets. This ratio is useful for knowing the company's ability to generate sales based on total assets owned. This ratio demonstrates how efficiently the company uses its total assets in its operations. When the ratio is higher, it shows that the overall assets are being used more efficiently. On the contrary. if the ratio is low then management must evaluate the strategy. the expenses related to the marketing and the marketing itself (Dahruji & Permata, 2017).

Whereas this ratio is made even larger by the fact that the increase in sales has been significantly greater than the increase in assets. On the other hand, because the increase in assets has been significantly larger than the increase in sales, this ratio has decreased. A higher total asset turnover ratio shows that a corporation is more efficient in using its assets to produce sales. This is the case when the ratio is high. It is envisaged that the company would be able to accumulate higher earnings as a direct result of the increased efficiency with which it uses its assets to create sales. This will demonstrate the improved financial performance that the company has achieved, which will result in the likelihood of the company experiencing financial hardship decreasing (Suartini & Dewi, 2019). The results of research conducted by (Rismiyanto & Danangdjojo, 2015) show the results that total assets turnover (TATO) has a significant effect on financial distress in manufacturing companies in Bursa Efek Indonesia.

From the results of the return on asset statistical test, there is a significant value of 0.0457. The significant value is greater than the probability value of 0.05 (α=5%) or the value of 2.044770 > 2.0048 and the probability value of return on assets is 0.0457 <0.05. then the return on assets affects the financial distress. So t_{count}> t_{table} it can be concluded that return on assets has a negative and significant effect on financial distress.

Return On Assets (ROA) is a ratio that is used to determine how profitable an organization is. as well as demonstrating management efficiency in using all of the company's assets to generate revenue. The Return On Assets (ROA) is an indicator that may be used to determine how much of an organization's potential revenues can be obtained from the current state of its operations. According to Jufrizen & Sari (2019), the degree to which the change in Return On Assets (ROA) reflects a company's ability to earn profits is proportional to the degree of the change in ROA.

According to Ardian et al. (2017), the more money that is made, the higher the return on investment will be. The utilization of companies' assets to produce revenues is becoming increasingly efficient. If the Return on Assets goes up, then indicates that the company's profitability is going up as well, which means that the result will be a rise in the profitability that the shareholders get to enjoy.

Return on total assets is used to measure the company's effectiveness in generating profits by utilizing its assets. Improved rate of return on assets. If this is the case, the organization will be able to make better use of the facilities it has available. In this manner, there would be an improvement in the performance of the company. The efficiency with which firm assets are used will allow for a reduction in the costs that are incurred by the company. For the company to accrue savings and maintain a level of financial stability necessary for the operation of its business. According to Widarjo & Setiawan (2010), if a company has this level of sufficiency, the likelihood of the company facing a financial crisis will be reduced. A high ROA ratio is indicative of efficient asset management, which implies that the organization can utilise its assets to create profits from sales

and investments made by the organization. According to Widarjo & Setiawan (2014), the likelihood of a company falling into a financial crisis increases in proportion to the degree to which the company's profitability falls.

The findings of a study that was carried out by Efendi & Wibowo (2017) reveal that Return On Assets (ROA) has a substantial effect on the level of financial distress that a company is experiencing. The results of research conducted by Rohmadini et al. (2018) show that Return On Assets (ROA) has a significant effect on financial distress conditions in Food & Beverage Companies Listed on the Bursa Efek Indonesia.

The variable current ratio, debt to equity ratio, total assets turnover ratio, and return on assets were all shown to influence the degree of financial distress in property sector manufacturing companies that were listed on the Bursa Efek Indonesia. Because the findings showed that F_{count} (20.86409) was more than F_{table} (2.54), and this difference had a significant value of 0.00000 below the value of 0.05. Having a value (Rsquared) of 0.602763 as the R2 value. These values can be the current ratio, debt-to-equity ratio, total assets turnover ratio, and return on assets, all of which are capable of influencing or explaining financial distress either concurrently or together and accounting for sixty percent of the total. The remaining forty percent is influenced by other variables that have not been investigated by the study. This includes things like a company's financial success, how well it manages its assets and debts, and how well it handles other variables.

The company's financial condition is a picture of the company's condition. This picture can be achieved by looking at the financial reports that the company has generated as a method of accountability for the actions that have been carried out within a specific period. Every organization has internal guidelines that govern how they conduct their business. The examination of financial ratios is one method that may be utilized to perform an analysis of the company's financial statements. Financial ratio analysis can be used to assess a company's financial performance by predicting financial distress (Fahmi, 2014).

Researchers can determine the financial status of companies and whether or not these companies are experiencing financial or non-financial hardship based on the results of the financial ratio study. For the researchers to be able to conclude the evaluation of the company's financial performance. and can predict the performance and condition of the company in the future. The state known as "financial distress" refers to when a corporation is having trouble meeting its financial obligations. According to Rialdy (2017), the presence of financial issues is an indication that the firm's overall financial position is in an unhealthy condition, which is the root cause of company failure and bankruptcy.

4. CONCLUSION

The variables current ratio, debt to equity ratio, total assets turnover ratio, and return on assets were subjected to simultaneous testing, and the results showed that these variables all have an impact on the degree of financial hardship in property sector manufacturing companies that are listed on the Bursa Efek Indonesia. Because of the results of F_{count} (20.86409) > F_{table} (2.54) with a significant value of 0.00000 below the value of 0.05. With a value (Rsquared) of R2 = 0.602763. These values can be a current ratio, debt-to-equity ratio, total assets turnover ratio, and return on assets, and they are capable of affecting or explaining financial hardship concurrently or together sixty percent of the time. The remaining forty percent of the time is influenced by additional variables that have not been explored by the study. This includes but is not limited to, aspects such as financial performance, management of corporate assets and obligations, and other variables. According to the findings of the research presented in the prior chapter. Therefore, the conclusion that can be drawn from this study is that the Current Ratio does not have an effect, even partially, on the degree of financial distress that is experienced by manufacturing businesses in the Property & Real Estate sector that are listed on the Bursa Efek Indonesia.

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