ABSTRACT

THE EFFECT OF DEBT TO EQUITY RATIO, FREE CASH FLOW AND EARNINGS GROWTH ON FINANCIAL DISTRESS IN RETAIL SUB-SECTOR COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE

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The main objective of this study was to determine the effect of Debt to Equity Ratio, Free Cash Flow and Earnings Growth on Financial Distress in Retail Sub-Sector companies listed on the Indonesia Stock Exchange for the period 2015-2024. The method used in this research is quantitative verification method with data collection techniques through documentation study method and the data obtained is secondary data. The analytical tool used is Panel Data Regression. In the analysis process, irregular data (outliers) were found in the Debt to Equity Ratio variable, namely at PT Matahari Department Store Tbk (LPPF) in 2023 which showed a very high Debt to Equity Ratio value compared to other companies in the sample. Although it deviates from the general pattern, irregular data is still included because it is valid, actual, and meets the research sample selection criteria. The results showed that Debt to Equity Ratio has a negative effect on Financial Distress and Free Cash Flow has a positive effect on Financial Distress while Earnings Growth has no effect on Financial Distress.

Keywords: Debt to Equity Ratio, Free Cash Flow, Earnings Growth and Financial Distress.