PREDICTION OF FINANCIAL DISTRESS USING FINANCIAL RATIO IN TRANSPORTATION COMPANIES ON THE INDONESIAN STOCK EXCHANGE

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ARTICLEINFO	ABSTRACT
Keywords: Liquidity, Activity, Leverage and Growth, Financial Distress	Financial Distress is avoided as much as possible by predicting the occurrence of Financial Distress earlier. One source of information is the possibility of Financial Distress conditions in a company can be seen from the company's financial statements through the calculation of financial ratios. The purpose of this study is to predict the occurrence of Financial Distress in transportation sector companies listed on the Indonesia Stock Exchange. The population of this study were all transportation companies listed on the Indonesia Stock Exchange for the 2017-2021 period, totalling 21 companies and from 21 companies, based on the criteria included as samples were 14 companies. Tests in this study use Logistic Regression to determine the predictive power of financial ratios. This study states that the ratios of Liquidity, Activity, Leverage and Growth are not able to significantly distinguish between Financial Distress while the Profitability ratio can negatively differentiate between Financial Distress.
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1.   INTRODUCTION

The world and Indonesian economies during the Covid 19 pandemic experienced a significant decline, data from BPS, the Indonesian economy in the second quarter of 2020 was -5.32%, down 7% from the first quarter of 2020 of 2.97%. This condition is unfavorable for all economic sectors, almost all economic sectors. This condition clearly affects the company's performance and will have an impact on the company's financial condition as well as the company's success in facing increasingly fierce business competition. Therefore, companies must be able to adapt and maintain their survival by developing innovations and expanding so that the company's goals, which are to earn profits and prosper the owners and shareholders, can be realized. However, not a few companies were unable to survive in these conditions which resulted in the company experiencing financial difficulties or financial distress and ending up in bankruptcy. Not only the health and trade sectors, but transportation has also not been spared from the impact of this pandemic.

Based on this, financial difficulties or Financial Distress can be avoided as much as possible by predicting the occurrence of Financial Distress earlier. One source of information is the possibility of Financial Distress conditions in a company can be seen from the company's financial statements through the calculation of financial ratios (Afriyeni, 2012). Financial ratios can be used to analyze the company's financial condition. According to Harahap (2017: 298) financial ratio analysis has several advantages, one of which is to make it easier to see company trends and make predictions in the future. Therefore, financial ratio analysis can be used to predict the occurrence of Financial Distress in companies so that companies can take preventive measures to avoid Financial Distress conditions. In general, the financial ratios used to

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predict the occurrence of Financial Distress in a company are profitability ratios, solvency ratios, liquidity ratios, and activity ratios.

The profitability ratio is the ratio used to measure a company's ability to make a profit. Profitability ratios can also provide a measure of the effectiveness of management in a company. This ratio can be used by comparing between components that are in the financial statements in one or several periods with the aim that the company's development, both increases and decreases within a certain period of time, can be seen so that it can simultaneously look for the causes of these changes (Kasmir, 2010: 196). One measuring tool that can be used to measure a company's profitability is the Net Profit Margin (NPM). Net Profit Margin is the ratio used to measure a company's ability to generate profits from sales achieved by the company. The way to measure Net Profit Margin is by comparing net profit after tax with sales. Net Profit Margin can be used to predict the occurrence of Financial Distress and has a negative effect on predicting financial distress (Faradila and Aziz, 2016). The average Net Profit Margin in the transportation sector in 2015 was -2.48%, in 2016 it was -20.32%, in 2017 it was -5.91%, in 2018 it was -28.49% and in 2019 it was -28.17%, which means that during the 2015-2019 period, the average Net Profit Margin of companies in the transportation sector fluctuated, tended to decrease and was always minus. If it tends to decrease, it indicates that the level of sales owned by the company is not good and the company is considered to have a low ability to generate profits. This can trigger Financial Distress. According to Harahap (2017: 304) the greater this ratio, the better it will be because it means that the company has the ability to generate quite high profits. Therefore, companies can avoid conditions of financial distress or financial difficulties so that the higher this ratio, the lower the possibility of companies experiencing financial distress and vice versa.

The Solvency Ratio is the ratio used to measure a company's ability to pay short-term and long-term obligations if the company is liquidated (Kasmir, 2010:151). One measuring tool used in measuring solvency is the Debt to Asset Ratio (DAR). The Debt to Asset Ratio is the ratio used to measure how big the portion of debt is in financing the company's assets. This ratio is calculated by comparing total debt with total assets. The solvency ratio proxied by the Debt to Asset Ratio has a positive influence in predicting Financial Distress as stated by Purnomo in Kholidah et al (2016) that the Debt to Asset Ratio can be used to predict a company's Financial Distress and has a positive influence on Financial Distress. The average Debt to Asset Ratio was 51.37%, in 2016 it was 51.18%, in 2017 it was 51.68%, in 2018 it was 51.81%, and in 2019 it was 55.77%. This means that every year the average Debt to Asset Ratio in the transportation sector fluctuates and tends to increase which indicates that more and more debt is being funded. If this ratio is high, the company will have difficulty obtaining additional funding because it is feared that it will not be able to cover debts with its assets (Kasmir, 2010: 156). This can cause the company to experience financial distress. Therefore, the higher the value of the Debt to Asset Ratio, the higher the probability that the company will experience financial distress.

The Liquidity Ratio is an indicator of a company's ability to pay all of its short-term obligations. One measuring tool for the liquidity ratio is the Current Ratio (CR) which is used to measure a company's ability to meet short-term obligations or how much assets can be used to cover short-term obligations that have matured (Kasmir, 2010: 134). The Liquidity Ratio which is proxied by the Current Ratio has a negative effect in predicting Financial Distress. According to Platt and Platt (2002) Current Ratio can be used to predict Financial Distress because the higher the ratio, the lower the company's risk of experiencing Financial Distress. According to Kasmir (2010: 135) if the Current Ratio is low, it can be said that the company lacks capital to be able to pay debts. This will disrupt the company's activities because it cannot run normally. So the higher this ratio, the better because it can avoid conditions of Financial Distress and vice versa. How to calculate this ratio by dividing current assets to current liabilities. The average Current Ratio in the transportation sector in 2015 was 139.94%, then in 2018 it was 142.19%, in 2017 it was 163.22%, in 2018 it was 164.25% and in 2019 it was 151.65%. This illustrates that the average resulting from the calculation of the Current Ratio in the transportation sector fluctuates and tends to increase.

The activity ratio is a ratio that can be used to measure the company's effectiveness in managing the company's assets (Kasmir, 2010: 172). One measuring tool in measuring company activity is Total Asset Turnover (TATO) which is used to measure the ability of all company assets to generate sales. How to

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calculate this ratio by comparing sales with total assets. Total Asset Turnover can be used to predict Financial Distress and has a significant negative effect on Financial Distress (Chabachib et al, 2019). This is because a high Total Asset Turnover indicates that the company has the ability to manage assets to be able to increase sales the better. Likewise according to Moeljadi (2006: 72) that the higher this ratio, the better it will be because it means that more volume of business is carried out. If more and more business volumes are carried out, it means that incoming cash will increase and the company will have sufficient funds to carry out its business activities, which will reduce the possibility of Financial Distress. The average Total Asset Turnover in the fluctuating transportation sector tends to increase during the 2015-2019 period. In 2015 it was 0.48 times, in 2016 it was 0.54 times, in 2017 it was 0.57 times, in 2018 it was 0.53 times, and in 2019 it was 0.55 times

In this study, financial report data for 2017-2021 will be used to predict the occurrence of Financial Distress and as a determinant of Financial Distress and non-Financial Distress in transportation sector companies listed on the Indonesia Stock Exchange.

2.   METHOD

2.1   Operational Definition and Variable Measurement
a.   Dependent Variable
The dependent variable used in this study is Financial Distress. According to Hofer (1980) and Whitaker (1999) measurement of Financial Distress can be seen from negative operational profit for 3 consecutive years. The condition of Financial Distress is measured using a dummy variable, by giving a code where in this study the code is 0 (zero) for companies who do not experience Financial Distress and 1 (one) for a company experiencing Financial Distress.
b.   Independent Variable
The independent variable used in this study is financial ratios, i.e :
1.   Liquidity Ratio
The liquidity ratio is a group of ratios that provide information about a company's ability to meet short-term financial obligations. The ratio in use is the Current Ratio, with the formula :

$$Current\ Ratio = \frac{Current\ Asset}{Current\ Debt}$$

Shows the ability of a company to meet its financial obligations that must be paid immediately using current debt. The greater the ratio of current assets to current liabilities, the higher the company will cover its short-term liabilities.
2.   Profitability Ratio
Profitability ratios are intended to measure a company's efficiency in using assets and managing operational activities. This analysis is used to determine the company's ability to generate profits, in relation to sales and investment. In the long term, the company must be able to generate enough profits to be able to pay its obligations. Continuous losses will immediately exacerbate the solvency aspect of the company. In the short term, losses will immediately reduce the company's liquidity. The ratio used is the Basic Earning Power Ratio, with the formula :

$$Basic\ Earning\ Power = \frac{Earnings\ Before\ Interest\ and\ Taxes}{Total\ Assets}$$

This ratio shows the company's ability to earn profits measured by the amount of profit before deducting interest and taxes compared to total assets. The greater this ratio the better.

3.   Solvability Ratio or Leverage

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This ratio is intended to measure a company's ability to meet its long-term obligations. Companies that are not solvable are companies whose total debt is greater than their total assets. The ratio used is the Debt to Equity Ratio, with the formula :

$$\text{Debt To Equity Ratio} = \frac{\text{Total Amount of Debt}}{\text{Total Capital}} \, x \, 100\%$$

The ratio of total debt to total capital is the reward between the debt owned by the company and its own capital. The higher the risk, the less capital you own compared to the debt.

4.   Activity Ratio

This ratio is intended to look at several assets and then determine the activity level of these assets at a certain level of activity. Low activity at a certain level of sales will result in a greater excess of funds embedded in these assets.

$$\text{Total Asset Turn Over} = \frac{\text{Sales}}{\text{Total Assets}}$$

This ratio shows the total asset turnover measured by sales volume, in other words, how far the ability of all assets to generate sales. In the financial reports of transportation companies, the sales referred to in this ratio are operating income. The higher this ratio the better.

5.   Growth Ratio

This ratio is used to measure a company's ability to maintain its economic position in a growing economy and in the industry or product market where it operates.

$$\text{Growth Sales} = \frac{\text{Sales this year} - \text{Last years sales}}{\text{Last year's sales}}$$

c.   Sampling Technique

The population of this study is all transportation companies listed on the Indonesia Stock Exchange for the 2017-2021 period. There are 21 transportation companies that become the population in this study. Sample is a transportation company listed on the Indonesia Stock Exchange. The sample technique used in this research is purposive sampling, with criteria :

1.   The company published financial reports for the period 2017-2021.
2.   Companies that do not experience financial distress (0) are companies that have positive operating profit for 3 consecutive years.
3.   Meanwhile, companies experiencing financial distress (1) are companies with negative operating profit for 3 consecutive years.

Of the 21 companies, based on the above criteria, 14 companies were included as samples. The following are the companies that are sampled :

Table 1 : Financial Distress Company

No	Code	Company name
1	CMPP	Centris Multi Persada Pertama tbk
2	HITS	Humpuss Intermoda Transport tbk
3	IATA	Indonesia Air Transport tbk
4	INDX	Tanah Laut tbk
5	RIGS	Rig Tender tbk
6	SAFE	Stready Safe tbk
7	TMAS	Pelayaran Tempuran Emas tbk
8	ZBRA	Zebra Nusantara tbk
9	APOL	Arpeni Pratam Ocean Line tbk

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Tabel 2 : Perusahaan Non-Financial Distress

No	Code	Company name
1	BLTA	Berlian Laju Tanker tbk
2	MIRA	Mitra International Resources tbk
3	SMDR	Samudra Indonesia tbk
4	WEHA	Panorama Transportasi tbk
5	TRAM	Trada Maritime tbk

d. Sampling Technique

In this study the analytical model used is logistic regression analysis to determine the predictive power of financial ratios. This determination seeks to find which ratios are the most dominant in determining whether a company will experience financial distress. The model used in this research is :

$$Ln \frac{P}{1-P} = \beta_0 + \beta_1 \, LK + \, \beta_2 Prof + \beta_3 LEV + \, \beta_4 \, Active + \beta_5 \, Growth$$

Information :

P	= The probability of a company experiencing financial distress
1 – P	= the probability of the company experiencing non-financial distress
β0	= Constant
β1,β2....β5	= Coefficient
LK	= Liquidities Ratio (Current Ratio)
Prof	= Profitability Ratio (Basic Earning Power)
Lev	= Leverage Ratio (Debt to Equity)
Active	= Activity Ratio(Total Asset Turn Over)
Growth	= Growth Ratio (Growth Sales)

e. Hypothesis Technique

Based on the problems that have been presented then tested statistically using logistic regression. The steps taken in testing the hypothesis according to (almilia and kristijadi 2017) are as follows :

1. Collect data in the form of financial reports from Go-Public Companies which are the research samples for the 2016-2017 period.
2. Determine and classify samples of service companies experiencing financial distress and non-financial distress.
3. Calculating the company's financial ratios used in research.
4. Processing the data obtained from the calculation of financial ratios using backward stepwise logistic regression analysis. The stages of data analysis carried out are as follows :
   a. Conduct model assessment tests (overall model fit)
   The model assessment test is carried out with the aim of knowing how much the dependent variable can be explained by the independent variable. This test is based on the statistical value of -2 log likelihood, cox and snell R square, and negelkerke R Square.
   b. Perform a model fit test
   The model suitability test was carried out to test the null hypothesis that the empirical fit or fit the model (there is no difference between the model and the data so that the model can be said to be Fit). The suitability test for this model is carried out by looking at the Hosmer and Lemeshow Goodness-of-fit Test Statistics values greater than 0.05, then hypothesis 0 cannot be rejected and means that the model is able to predict the observed value or it can be said that the model can be accepted. Hosmer's and Lemeshow's Chi-square values measure the difference between the observed value and the predicted value of the independent variable.
   c. Determining the significant level (α) = 5%
   d. Determine the test criteria
   Ho is rejected: P Value < 5%
   H1 accepted: P Value ≥ 5%

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3. RESULT AND DISCUSSION

3.1 Description of Research Hypothesis Testing Results

This research uses logistic regression analysis because the dependent variable uses a dummy variable, namely 0 (non-financial distress/does not experience business failure) and 1 (experiencing financial distress/business failure). The use of logistic regression does not require a classic data assumption test as in linear regression.

3.2 Identification of Data Outliers

The following is a logistic regression that uses case wise diagnostics, the results of this analysis identify data outliers as shown in the following analysis results :

Table 2: Case Wise Diagnostic Test

Casewise List[b]

Case	Selected Status[a]	Observed Financial Distress_Y	Predicted	Predicted Group	Temporary Variable Resid	ZResid
2	S	N**	.749	F	-.749	-1.726
3	S	N**	.862	F	-.862	-2.497
16	S	N**	.858	F	-.858	-2.459

a. S = Selected, U = Unselected cases, and ** = Misclassified cases.

b. Cases with studentized residuals greater than 2.000 are listed.

From the table above, there are 3 data outliers, namely the 2nd, 3rd, and 16th data. The 2nd data, even though the Zresid value is not more than 2,000, the data has misclassified cases. Then the three data are removed from the research model, so that the remaining data is 61 data.

3.3 Model Assessment Test (Overall Model Fit)

Test this model using the likelihood which is transformed into -2 LogLikehood (-2logL). Then the test results of this model can be seen as follows :

Table 3: Overall Model Fit Test

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients Constant	CR_X1	BEP_X2	DER_X3	TOT_X4	GS_X5
Step 1	1	64.611	1.193	-.003	-.043	-.001	-.005	-.006
	2	61.006	1.554	-.003	-.083	-.002	-.006	-.011
	3	60.232	1.859	-.003	-.109	-.003	-.006	-.014
	4	60.193	1.962	-.003	-.116	-.003	-.006	-.014
	5	60.193	1.968	-.003	-.117	-.003	-.006	-.015
	6	60.193	1.968	-.003	-.117	-.003	-.006	-.015

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 77.184

d. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Statistical results -2LogL at the beginning (0) = 77.184 while the -2LogL number at step = 1 is 64.611 because there is a decrease, it can be concluded that the model shows a good regression model.

3.4 Homer and Lemeshow's Goodness of Fit Test

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Testing the suitability between the predicted and observed classifications, so the model is said to be fit. The test results can be seen in the table below :

Table 4: Homer and Lemeshow's Goodness of Fit Test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	9.755	8	.283

Hosmer & Lemeshow probability value at step 1, Test = 9.755 with a significance level = 0.283 greater than the significant level (0.05), so it can be said that this regression model is feasible to use.

3.5 The Nagelkerke R Square test

Nagelkerke R Square is the value of the coefficient of determination which describes how much the independent variable explains (influences) the dependent variable.

Table 5 : Nagelkerke R Square test

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	60.193[a]	.243	.339

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

The value of Nagelkerke R Square = 0.339 means that the health condition of the company is influenced by the eleven independent variables by 33.9 percent, the remaining 66.1 percent is influenced by other variables.

3.6 Logistic Regression Results

To test each regression coefficient used the Wald test by looking at the probability value of each variable. With criteria. If the probability value is smaller (0.05) it is significant, which means that the independent variable has an effect on variable Y, if the probability is greater than (0.05) it is non-significant (no effect).

Table 6: Logistics Regression Results

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	CR_X1	-.003	.003	1.132	1	.287	.997
	BEP_X2	-.117	.048	5.974	1	.015	.890
	DER_X3	-.003	.002	1.801	1	.180	.997
	TOT_X4	-.006	.013	.237	1	.626	.994
	GS_X5	-.015	.012	1.535	1	.215	.986
	Constant	1.968	.932	4.462	1	.035	7.158

a. Variable(s) entered on step 1: CR_X1, BEP_X2, DER_X3, TOT_X4, GS_X5.

a. CR_X1 variable, with a regression coefficient = -0.003 with a significance = 0.287 so it cannot differentiate to predict it is **not significant**
b. Variable BEP_X2, with a regression coefficient = -0.117 with a significance = 0.015 so it can be used to predict a **not significant**
c. DER_X3 variable, with a regression coefficient = -0.003 with a significance = 0.180 so it is not able to differentiate to predict it is **not significant**
d. TOT_X4 variable, with a regression coefficient = -0.006 with a significance = 0.626 so it cannot differentiate to predict it is **not significant**
e. Variable GS_X5, with a regression coefficient = -0.003 with a significance = 0.215 so it cannot differentiate to predict it is **not significant**

3.7 Predictive Accuracy

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To see the accuracy of the model formed, see the Classification table as follows :
Table 7: Predictive Accuracy

Classification Table³

Observed			Predicted		
			Financial Distress_Y		Percentage Correct
			Non Financial Distress	Financial Distress	
Step 1	Financial Distress_Y	Non Financial Distress	10	10	50.0
		Financial Distress	8	33	80.5
	Overall Percentage				70.5

a. The cut value is .500

 Samples that do not experience Financial Distress (0) are as many as 20 company data. The results of the model predictions in the table above are that 10 companies do not experience financial distress (0) and 10 experience financial distress (1). This means that there are 10 wrong predictions so that the correct prediction is 10/20 = 50%. Whereas for companies experiencing financial distress, out of 41 samples, only 8 companies were predicted to be inappropriate by the research model, so that the correctness of the model for companies experiencing financial distress was 33/41 = 80%. Thus the table above gives an overall percentage value of (10+33)/61 = 70.5%, which means that the accuracy of this research model is 70.5%.

3.8 Discussion
Based on the test results above, the model fit test used in this study shows that the resulting logistic regression model is suitable for testing the proposed hypothesis. And it can be seen that together the variables of liquidity ratios, leverage, activity and growth are not able to differentiate to predict Financial Distress (Y), while the profitability ratio has a negative effect on Financial Distress (Y).
The test results on logistic regression 1 show that there are 8 data that experience outliers, data that experience outliers are data that have expensive values or data that have an expensive value of more than 2,000. So of the 70 existing data remaining 61 data that can be processed. Logistic regression test 2 shows that at step 1 the value of -2 Log Likelihood is 64.611 while at the beginning (0) it is 77.184, because there is a decrease, it can be concluded that the model shows a good regression model. In the Homer and Lemeshow's Goodness of Fit Test which shows the suitability between the predicted and observed classifications so that the model can be said to be fit. The value obtained in the test at step 1 is 9.755 with a significant level of 0.283. The Nagelkerke R Square test is the coefficient of determination which shows the ratio of liquidity, profitability, leverage, activity and growth affecting Financial Distress (Y) of 33.9%. From the results of the tests conducted, it was concluded that the ratio of liquidity, profitability, leverage, activity and growth showed the stability of this research model was 70.5%.

a. Current Ratio Prediction to Financial Distress
The current ratio is used to measure a company's ability to fulfill its obligations. This ratio measures current assets and short-term debt. The results of calculating this ratio measure how well the company is able to pay off current debt with current assets. The higher the current assets, the better the company can pay short-term debt. The higher the value, the higher the company's assets and the ability to meet short-term obligations.

The results of this study indicate that one of the liquidity ratios, namely the Current Ratio (X1), has no significant effect on Financial Distress (Y). The current ratio regression coefficient is -0.003 with a significance level of 0.287%. This is in accordance with the results of research conducted by Amilia and Kristijadi (2017), in Almilia and Kristijadi's study stated that the Variable Current Ratio is significant at the 10% level. The regression coefficient for the Current Ratio variable is -2.4471 and has a negative sign, which indicates that the Current Ratio variable has a negative effect on a company's Financial Distress. The Current Ratio cannot predict Financial Distress, due to the total assets of the company. Whereas in

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Pattinasarany's research (2020) it states that the Current Ratio has an effect on Financial Distress with a significant level of 0.049 and has a Regression coefficient value of 0.683.

In this study, the current ratio is not able to differentiate to predict financial distress because the company pays its obligations, especially short-term debt (which is due) on time, because the company has sufficient funds. In other words, the company is able to fulfill its obligations when they are due, both obligations to parties outside the company and to parties within the company.

b.   Basic Earning Power Prediction Against Financial Distress

This ratio is used to measure a company's efficiency in using assets and managing operational activities. Basic Earning Power is also used to determine a company's ability to generate profits, in relation to sales and investment. In the long term, the company must be able to generate sufficient profits to be able to pay its obligations. The greater this ratio indicates that the better the company is in generating corporate profits. Conversely, the lower this ratio, the worse the company is in generating company profits. In this study it was stated that the Basic Earning Power (X2) ratio has a negative effect on Financial Distress (Y) with a regression coefficient of -0.117 with a significance of 0.015%. This is in line with the results of research by almilia and kristijadi (2017) which states that the Basic Earning Power Ratio has no effect on Financial Distress, the significant level obtained is 0.167% with a significance level of 0.05%. This shows the value of the Basic Earning Power ratio, namely profit operational compared to total assets is higher, the company will tend to experience Financial Distress because high operational profit indicates the company's costs (efficiency measure) are also high.

c.   Prediction of Debt To Equity on Financial Distress

This ratio is used to measure a company's ability to meet its long-term obligations. Companies that are not solvable are companies whose total debt is greater than their total assets. This ratio is measured by total debt compared to total capital. The higher the risk, the less total capital compared to the debt.

This study shows that the Debt to Equity Ratio (X3) has no effect on Financial Distress (Y), with a regression coefficient of -0.003, the significance used is 0.180%. this is not in line with research conducted by Nella (2019) which states that the Debt to Equity Ratio variable has a significant value of 0.002% while the significant level used is 0.05. This shows that transportation companies are able to pay off long-term debt that is fulfilled from the company's total capital, because the use of high financial leverage will increase the profitability of share capital quickly.

d.   Prediction of Total Assets Turn Over to Financial Distress

This ratio is used to measure how much activity the assets are used in the company. Low activity at a certain level of sales will result in a greater excess of funds embedded in these assets. This ratio is measured by using sales compared to total assets, in other words how far the ability of all assets to generate sales. The higher this ratio the better.

This study states that Total Asset Turn Over has no effect on Financial Distress with a regression coefficient of -0.006 and a significance value of 0.626%. This is in line with research conducted by Nella (2019), with a significant value of 0.110%. The significant level used is 0.05%. So from the results of Nella's research (2019) that Total Asset Turn Over has no effect on Financial Distress.

Total Asset Turn Over has no effect because this ratio tends to be stable and has increased, this is an indication that the company is operating at sufficient volume for its investment capacity and experiencing a significant increase means efficient use of assets causes a quick return of funds in cash, so the company does not will experience Financial Distress or Financial difficulties.

e.   Prediction of Growth Sales on Financial Distress

This ratio is used to show the percentage increase in sales this year compared to last year. The greater the value of this variable, the better the company is in increasing sales profit. This means that the greater this ratio, the smaller it is for the company to experience financial distress.

This study states that Growth Sales has no effect on Financial Distress with a regression coefficient of -0.003 and a significance value of 0.215%. This is in line with research conducted by Pattinasarany (2020)

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which states that the sales growth ratio has a significant level value of 0.982% and has a regression coefficient value of 0.032%, so it can be said that this variable has no significant effect on Financial Distress. There is no effect on growth sales on financial distress, because the growth sales obtained by the company are relatively stable or even increase every year, so that investors will receive dividends and the company is able to obtain a good annual sales profit and is not experiencing financial difficulties.

5. CONCLUSION

From the results of the discussion in this study, it can be concluded that the research is as follows : Transportation companies that have the ability to pay short-term obligations, both obligations to parties outside the company and to parties within the company, are unable to predict that the company will experience financial distress. In transportation companies, the value of the Basic Earning Power ratio, namely operational profit compared to total assets, is higher, but it shows that companies tend to experience financial distress. Transportation companies that have the ability to pay long-term debt that is fulfilled from the total capital cannot predict that the company will experience financial distress. Turnover of total assets in a transportation company generates a large sales profit, it also cannot predict that the company is experiencing financial distress. The percentage increase in sales of transportation companies every year tends to increase, but it also cannot predict financial distress.

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