

ABSTRACT

THE EFFECTS OF OPERATING CAPACITY, SALES GROWTH, LEVERAGE, AND PROFITABILITY ON FINANCIAL DISTRESS

**(A Survey on Telecommunication Sub-Sector Companies Listed on the
Indonesia Stock Exchange, Period 2017-2021)**

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This study aims to determine and analyze: (1) operating capacity, sales growth, leverage, profitability, and financial distress in telecommunication sub-sector companies listed on the Indonesia Stock Exchange during the period 2017-2021. (2) The simultaneous and partial effects of operating capacity, sales growth, leverage, and profitability on financial distress in telecommunication sub-sector companies listed on the Indonesia Stock Exchange during the period 2017-2021. The research method is a descriptive associative with a quantitative approach using secondary data. The sample size of the study consisted of 13 Telecommunication Sub-Sector Companies listed on the Indonesia Stock Exchange. The analysis technique used binary logistic regression. The study concluded that: (1) Operating capacity experiences inefficiency, sales growth was ineffective, leverage was inefficient, profitability was inefficient, and the majority of companies experience financial distress. (2) Simultaneously, operating capacity, sales growth, leverage, and profitability have a significant impact on financial distress in telecommunication sub-sector companies listed on the Indonesia Stock Exchange during the period 2017-2021. Partially, only leverage has a positive and significant effect on financial distress. On the other hand, operating capacity, sales growth, and profitability have a negative but not significant effect on financial distress in the telecommunication sub-sector during the period 2017-2021

Keywords: Financial Distress, Leverage, Operating Capacity, Profitability, Sales Growth