ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

The Effect of Liquidity, Leverage, Activity and Institutional Ownership on Financial Distress with Company Size as a Moderating Variable in the Hotel Industry

Wahyu Kurniawan[1]; Dr. Bambang Santoso Marsoem, Ma[2]
Universitas Mercu Buana

Abstract:- Corona Virus Illness 2019 has turned into a worldwide pandemic that presents a number of dangers. In an effort to reduce the spike in cases, the government has issued restrictions or limitations as stipulated in Government Regulation No. 21 of 2020. The restrictions are implemented by, among other things, closing access in and out of the country, restricting travel, and reducing public mobility. The hospitality industry is one of the sectors most affected by the rapid spread of the virus. The study focuses to investigate the influence of financial performance with indicators namely Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turn Over (TATO) and Institutional Ownership (KI) on Financial Distress (FD) with Firm Size (Total Asset) as moderating. Annual data for the period of observations from 2020 to 2022 were used. Purposive Sampling is used and found four companies with certain criteria within 3 years of observations which made the total number of observations as much as 90. There is no significant partial influence between the liquidity variable and the financial distress variable in hotel companies listed on the IDX. There is a significant partial influence between the leverage variable and the financial distress variable in hotel companies listed on the IDX. There is a significant partial influence between the activity variable and the financial distress variable in hotel companies listed on the IDX. There is no partial influence between the institutional ownership variable and the financial distress variable in hotel companies listed on the IDX. Partially, there is no influence of the moderating variable of company size on the influence of the liquidity variable on financial distress in manufacturing companies listed on the IDX. Partially, there is a moderating influence of company size on the influence of activity variables on financial distress in hotel companies listed on the IDX. Partially, there is a moderating influence of company size on the influence of activity variables on financial distress in manufacturing companies listed on the IDX. Partially, there is no moderating effect of company size on the influence of institutional ownership variables on financial distress in manufacturing companies listed on the IDX. (Abstract)

Keywords:- *Component; Formatting; Style; Styling; Insert.*

I. INTRODUCTION

Corona Virus Disease 2019 has become a global pandemic that poses various risks throughout the world. According to data from the World Health Organization (WHO) as of May 2023, the number of confirmed cases of the Covid-19 virus globally is 766.9 million people, while the death toll has almost reached 7 million cases. The first news of the Covid-19 outbreak since the end of December 2019 came from a cluster of human pneumonia cases in Wuhan, China. This marked the beginning of the pandemic's history. Patients with fever, dry cough, and dyspnea were diagnosed with pneumonia virus infection on December 1, 2019, which was the earliest date of case emergence. On March 31, 2020, Covid-19 was declared a pandemic in Indonesia through Presidential Decree Number 11 of 2020 concerning the Determination of the Corona Virus Disease 2019 Public Health Emergency in Indonesia. Since then, the social order in Indonesia has begun to change. Many community activities and activities have stopped. In an effort to reduce the spike in cases, the government has issued restrictions or limitations as stipulated in Government Regulation No. 21 of 2020. The restrictions are implemented by, among other things, closing access in and out of the country, restricting travel, and reducing public mobility.

Fig 1: Hotel Occupancy Rate in Indonesia in 2019-2022
Source: Data from www.bps.go.id, 2023.

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

The hospitality industry is one of the sectors most affected by the rapid spread of the virus. The global hospitality industry has suffered major losses due to the pandemic, which has required quarantine periods, border closures, and travel restrictions. The figure shows that during the Covid-19 pandemic in Indonesia, according to data from the Central Statistics Agency, the hotel occupancy rate in Indonesia decreased from 53.80% in 2019 to only 32.41% in 2020. Then it improved in 2021 to 36.09% and 47.60% in 2022, but has not reached the occupancy level before the Covid-19 pandemic. Financial ratios can be used to assess a financial performance of the company. To put it another way, ratios can be used to assess the information included in financial statements (Brigham & Houston, 2019).

As the quickest way to ascertain a company's financial performance, financial ratio analysis is a frequently employed analytical technique (Handayani et al., 2021). Several variables are used to predict financial distress, including liquidity, leverage and activity ratios, because these ratios are considered to be able to indicate the financial performance and efficiency of the company in general to predict financial distress (Azky et al., 2021).

Liquidity is a ratio used to determine the company's ability to pay off its debts due within one year (Brigham & Houston, 2019). According to earlier research, there is a positive correlation between liquidity and financial distress (Amalia et al., 2020; Ariqoh & Yuniningsih, 2022; Farliansyah et al., 2021; Septyanto et al., 2022). There are differences in the results of research conducted by (Amah et al., 2023; Azizah & Yunit, 2022; Jati et al., 2021; Moch et al., 2019; Ramadani & Ratmono, 2023) stating that liquidity negative. Then in (Ashsif., 2023; Azky, 2021; Khafid et al., 2019; Oktaviani & Lisiantara, 2022; Sunaryo, 2021) stated that liquidity has no effect on financial distress.

Leverage is a measure used by a company to calculate its ability to pay long-term obligations or debts (Brigham & Houston, 2019). Previous research results conducted by (Dance & Made, 2019; Jati et al., 2021; Khafid et al., 2019; Safitri & Yuliana, 2021) on the effect of leverage on financial distress, stated that leverage. There are differences of (Andiani, 2022; Lawita & Binangkit, 2022; Septyanto et al., 2022; SherlinaTheresa & Pradana, 2022) stating that liquidity has a negative effect on financial distress. Then in research conducted by (Amalia et al., 2020; Dirman, 2020; Kuntari & Machmuddah, 2021; Sunaryo, 2021) stated that leverage has no effect on financial distress.

Activity is a ratio that shows how well a company makes use of its resources in order to produce revenue. Previous studies on the relationship between activity and financial distress (Farliansyah et al., 2021) found that activity reduces financial distress. The findings of studies by Amah et al. (2023) and Handayani et al. (2021) that claim the activity ratio has a favorable impact on financial hardship differ from one another. According to research, however, activity has little bearing on financial distress (Azizah & Yunit, 2022; Azky et al., 2021; Chabachib et al., 2019; Oktaviani & Lisiantara, 2022).

Corporate Governance is a system in a company that is created to regulate contractual relationships between the BOD, managers, BOC, shareholders and stakeholders in a company. GCG can be determined by an entity so that the entity has a strong foundation and can compete with other entities. In addition, the implementation of corporate governance will have an impact on financial statements, so that a crucial role for corporate governance in economic development (Fathya & Kristanti, 2023).

Institutional ownership is part of corporate governance that has an impact on financial statements, so it has an important role in economic development. The ownership of business shares by organizations, including banks, insurance providers, and investment firms, is referred to as institutional ownership (SherlinaTheresa & Pradana, 2022). In previous studies, there were inconsistent results regarding institutional ownership's impact on financial distress.

Previous findings (Sherlina Theresa & Pradana, 2022) indicated that institutional ownership had a positive effect on financial hardship. Different studies have found different things when it comes to the positive effects of institutional ownership on financial hardship (Nugrahanti et al., 2020; Ogwoka et al., 2020; Tarighi et al., 2022; Widhiadnyana & Wirama, 2020). Afterwards, research by Jodjana et al., 2021, Fathya & Kristanti, 2023, and Hamdiyah & Rizki, 2020 asserted that institutional ownership had no effect on financial distress. Based on a variety of characteristics, a scale known as "company size" classifies enterprises into large and small categories. Usually, total assets are used to determine the size of a corporation. Companies with sizable total assets suggest that they have reached a mature stage when they have a healthy cash flow and are seen to have promising long-term prospects. Because of this, businesses with modest overall assets frequently experience financial difficulties (Ashsifa et al., 2023).

One moderating variable included. Previous research by Ramadani and Ratmono (2023) demonstrated that the impact of liquidity on financial distress can be mitigated by the size of the organization. The research of Ariqoh & Yuniningsih, 2022; Ashsifa et al., 2023; Lawita & Binangkit, 2022, however, varies in that they do not agree.

Previous research (Ariqoh & Yuniningsih, 2022; Ashsifa et al., 2023; Ramadani & Ratmono, 2023) has demonstrated that the impact of debt on financial distress can be mitigated by the size of the company. On the other hand, a different study (Lawita & Binangkit, 2022) found that leverage mitigated by organization. all firm assets will size business. In light of the background information and description provided, the researcher is keen to carry out a study.

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

II. LITERATURE REVIEW

A. Financial Distress

Prior to bankruptcy or liquidity, there is a stage of financial decline known as financial hardship. Businesses that show negative net operating income for multiple years are categorized as being in financial trouble. Financial statements from the two years before to bankruptcy can be used to indicate financial trouble, which happens before bankruptcy. In 2002, Platt and Platt.

B. Signaling Theory

The theory related to signals given by companies to be used by investors to decide whether to invest or not is the signal theory. Signal theory is closely related to external parties such as investors, tax collectors, and customers. Because not only management needs company information but also parties outside the company. According to one financial expert, namely (Brigham & Houston, 2019), argues that a company's decision to channel information or signals to other parties and conditions is known as the signal theory.

C. Trade Off Theory

A capital structure hypothesis called trade-off theory asserts that businesses weigh the advantages of debt financing from taxes against the risks associated with possible bankruptcy (Brigham & Houston, 2019). According to the trade-off concept, a company's capital structure is the outcome of balancing the tax advantages of taking on debt with the associated expenses. The goal of trade-off theory in capital structure is to strike a balance between the advantages and disadvantages of employing debt. More debt is still acceptable as long as the advantages outweigh the drawbacks.

D. Liquidity

Liquidity is the ability of a business entity or business to meet or pay short-term obligations with its current liabilities (Brigham & Houston, 2019). The liquidity ratio is one of the financial ratios of many other ratios to assess and measure a company's performance by calculating current assets divided by its current liabilities.

E. Leverage

Leverage or excessive debt refers to a company being caught in financial trouble due to a relatively high level of debt, which can make it difficult for the entity to relieve itself of that debt burden. (Fahmi, 2013). Companies during the pandemic tend to struggle to obtain profits, so to continue their business operations, they need capital from external sources, namely debt. Thus, the pandemic conditions actually increase the risks for the companies themselves.

F. Activity

The activity ratio has a relationship with since used calculate turnover all assets & to gauge sales volume. A low ratio suggests that the business has not been able to maximize its resources. (Amah and others, 2023).

G. Institutional Ownership

Institutional ownership refers to the ownership of shares in a business organization held by non-bank financial institutions, such as insurance companies, investment firms, and others. (Company et al., 1976). Institutional ownership with a significant amount of shares will provide strong incentives for them as guardians of management activities, to gather information and encourage better performance, and can be used as a tool to monitor the company. The increase in institutional ownership in businesses can be an indication of potential managerial control.

H. Size

Company size is one of the criteria that should be considered by every potential investor in order to formulate an investment plan. (Lawita & Binangkit, 2022).

III. RESEARCH METHODS

Variables by involving moderating variables in hotel companies for the period 2020 to 2022, or during the Covid-19 pandemic in Indonesia. The dependent variables, moderating and The following independent variables were included in this study :

- Dependent variable : *financial distress* (FD)
- Moderation variables : *Firm Size (Total Asset)*
- Independent variables : (CR), (DER), *Total Asset* (TATO) & Institutional Ownership (KI).

Operational of Financial Distress (FD) as dependent variable, Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turn Over (TATO) and Institutional Ownership (KI) as independent variables, and Firm Size (Total Asset) as moderating variable using ratio scale.

A. Sampling Techniques

The author of this study combined a purposive sampling strategy with a non-probability sampling approach. Since not all samples meet the author's criteria, purposive sampling was used to select samples for this study. The author selected the purposive sampling technique by identifying specific requirements that the samples used in this study had to meet. 29 of the 39 hotel companies that were listed on the IDX matched the requirements for the research sample. Over the course of the study, which covered the years 2020 to 2022, 87 yearly reports were observed. The procedure for choosing samples is as follows:

Table 1: Company Sample Selection Process

No.	Sample Criteria	Amount
1.	Hospitality industry companies listed on the Indonesia Stock Exchange in 2020-2022	39
2.	Hospitality industry companies that do not publish annual financial reports	(6)
3.	Hospitality industry company IPOs amid research	(4)

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

4.	Number of hotel company samples	29
5.	Observation period	3
Number of observation samples for the period 2020-2022		87

Source: Processed Secondary Data

B. Company Samples

Sugiyono (2017) asserts that a sample is a subset of the population. As a subset of the population that is used as a source of data, a research sample can be used to represent the full population. Within the population of 21 companies, the study's sample consisted of 13 companies that met the criteria. The list of names of palm oil plantation companies selected as samples after going through the selection process is as follows:

Table 2: Company Sample List

No.	Stock Code	Issuer Name
1.	ARTA	PT Artharvest Tbk
2.	BUVA	PT Bukit Uluwatu Villa Tbk
3.	CLAY	PT Citra Putra Realty Tbk
4.	CTRA	Ciputra Development Tbk
5.	DFAM	Dafam Property Indonesia Tbk
6.	EAST	PT Eastparc Hotel Tbk –
7.	FITT	PT Hotel Fitra International Tb
8.	HRME	PT Menteng Heritage Realty Tbk –
9.	INPP	Indonesian Paradise Property Tbk
10.	JGLE	Graha Andrasentra Propertindo
11.	JIHD	Jakarta International Hotels & Development Tbk
12.	JSPT	Jakarta Setiabudi Internasional Tbk
13.	KPIG	MNC Land
14.	LPKR	Lippo Karawaci Tbk
15.	MINA	PT Samurbasta Mitra Tbk –
16.	NASA	PT Andalan Perkasa Abadi Tbk –
17.	NATO	PT Surya Permata Andalan Tbk –
18.	NIRO	Nirvana Development Tbk
19.	PANR	PT Panorama Sentrawisata Tbk
20.	PGLI	PT Pembangunaan Graha Lestari Indah Tbk
21.	PLIN	Plaza Indonesia Realty Tbk
22.	PNSE	PT Pudjiadi & Sons Tbk –
23.	PSKT	PT Red Planet Indonesia Tbk –
24.	PUDP	Pudjiadi Prestige Tbk
25.	PWON	Pakuwon Jati Tbk
26.	RISE	Jaya Sukses Makmur Sentosa Tbk
27.	SHID	Hotel Sahid Jaya International Tbk
28.	SMRA	Summarecon Agung Tbk
29.	SOTS	Satria Mega Kencana

Source: Processed Secondary Data

Study library research, namely by collecting materials or data related to the object of discussion. Researchers also collect data by downloading annual report data from hotel companies listed on the Indonesia Stock Exchange for the 2020-2022 period. The type of data used in this study is secondary data. Secondary data is data that has been processed, obtained based on audited and published annual reports. This annual report data was obtained by researchers from the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id (2020).

C. Descriptive Analysis

Analyses that are used to discuss quantitative data are called descriptive analyses. To determine the value or quantity of variables X (liquidity, leverage, activity, and institutional ownership) and Y (financial distress), ratio analysis is used.

The descriptive approach of data analysis involves presenting the obtained data in its original form without attempting to draw generalizations or conclusions that can be applied to the wider population. Furthermore, Sugiyono (2017) contends that descriptive statistics encompass the following: data distribution through average calculations, standard deviations, and percentage calculations; mode calculations, medians, means, decile calculations, and pictograms; and data presentation through tables, graphs, pie charts, and pictograms.

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

D. Logistic Regression Analysis

Because the dependent variable is dummy, logistic regression analysis is employed, according to Ghozali (2018). The study does not meet the assumption of a multivariate normal distribution since the independent variables are a combination of continuous (metric) and categorical (nonmetric), negating the need for the assumption of normality in the independent variables when using the regression method. Accordingly, it is not necessary for the explanatory variables to be linear, have a normal distribution, or have the same variance across all groups. Because heteroscedasticity is ignored by logistic regression, homoscedasticity for each of the independent variables is not necessary for the dependent variable.

E. Overall Model Fit Test

According to Ghozali (2018), the first step in logistic regression analysis is to assess the overall model fit to the data.

A reduction in the value of -2LogLikelihood is the Chi-Square value in the omnibus test of the model coefficient. It can be determined if the Chi-Square result has a significance value of less than 0.05 that the use of independent variables in the research model can simultaneously predict the independent variables.

F. Goodness of Fit Test

According to Ghozali (2018), the indicators of the Goodness of fit test are:

- *Nagelkerke R Square*

An analysis of the independent variable's ability to explain and impact the dependent variable is done using the Nagelkerke R square test. In order to guarantee that the values range from 0 (zero) to 1 (one), Nagelkerke's R Square is a modification of the Cox and Snell coefficients. The Cox and Snell coefficient values. Similar to the R2 value in multiple regression, the Nagelkerke's R2 value can be interpreted. Ghozali (2018:333)

G. Wald Test

In accordance with Ghozali (2018), parameter estimation is visible from the equation's output variable table, which displays the regression coefficient for each tested variable and the relationship between them. To conduct this partial test, the significant value is compared to the error rate (α) = 5%.

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \varepsilon$$

➢ *Description:*

Y = Financial distress
A = Constant regression equation
β1,β2,β3,β4 = Independent variable coefficients
X1 = Liquidity
X2 = Leverage
X3 = Activity
X4 = Institutional ownership
ε = Residual error (error)

IV. RESULTS AND DISCUSSION

The research objects studied consisted of 30 hotel companies listed on IDX, the Indonesia Stock Exchange. Information from the 30 companies were taken over a three-year period, namely from 2020 to 2023. A total of 120 data.

Table 3: The Companies that were used as Research Objects Include the Following

No.	Kode Saham	Nama Emiten
1.	ARTA	PT Arthavest Tbk
2.	BUVA	PT Bukit Uluwatu Villa Tbk
3.	CLAY	PT Citra Putra Realty Tbk
4.	CTRA	Ciputra Development Tbk
5.	DFAM	Dafam Property Indonesia Tbk
6.	EAST	PT Eastparc Hotel Tbk -
7.	FITT	PT Hotel Fitra International Tb
8.	HRME	PT Menteng Heritage Realty Tbk -
9.	INPP	Indonesian Paradise Property Tbk
10.	JGLE	Graha Andrasentra Propertindo
11.	JIHD	Jakarta International Hotels & Development Tbk
12.	JSPT	Jakarta Setiabudi Internasional Tbk
13.	KPIG	MNC Land
14.	LPKR	Lippo Karawaci Tbk
15.	MINA	PT Sanurhasta Mitra Tbk -
16.	NASA	PT Andalan Perkasa Abadi Tbk -
17.	NATO	PT Surya Permata Andalan Tbk -
18.	NIRO	Nirvana Development Tbk
19.	PANR	PT Panorama Sentrawisata Tbk
20.	PGLI	PT Pembangunan Graha Lestari Indah Tbk
21.	PLIN	Plaza Indonesia Realty Tbk
22.	PNSE	PT Pudjiadi & Sons Tbk -
23.	PSKT	PT Red Planet Indonesia Tbk -

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

24.	PUDP	Pudjiadi Prestige Tbk
25.	PWON	Pakuwon Jati Tbk
26.	RISE	Jaya Sukses Makmur Sentosa Tbk
27.	SHID	Hotel Sahid Jaya International Tbk
28.	SMRA	Summarecon Agung Tbk
29.	SOTS	Satria Mega Kencana
30	ICON	Pt. Island Concepts Indonesia

V. RESEARCH DATA ANALYSIS

A. Descriptive Statistics

Table 4: Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Y	120	0	1	51	,57	,053	,498
M	120	22,46	31,58	2491,98	27,6887	,24597	2,33345
X1	120	,04	140,25	522,14	5,8016	1,92201	18,23383
X2	120	-598,44	50,19	-481,94	-5,3549	6,69044	63,47112
X3	120	,00	1,00	13,48	,1498	,01602	,15200
X4	120	,00	31,77	145,97	1,6219	,59398	5,63498
Valid N (listwise)	120						

➢ *Descriptive Statistics Data Allow for the Following Inferences to be Made:*

1. The sample consists of 30 BEI hotel companies over a 3-year period from 2020 to 2022 so that the observation units are 75 units. Observation results on the variables of financial distress, liquidity, leverage, activity, institutional ownership, company size.
2. The liquidity variable has a minimum value of -.04 owned by PT Red Planet Indonesia Tbk in 2020, with a maximum value of 50.19 owned by PT ARTA Tbk in 2021. The average value (mean) is 27.6887 with a standard deviation value of 2.33345.
3. The leverage variable has a minimum value of -598.44 owned by PT CLAY Tbk in 2022, with a maximum value of 30.12500 owned by PT DFAM Tbk in 2021. The average value (mean) is 5.3549 with a standard deviation value of 63.47112.
4. The activity variable has a minimum value of 00 owned by PT BUVA Nusantara Tbk, in 2020, with a maximum value of 010 owned by PT ARTA Tbk, in 2021. The average value (mean) is ,1498 with a standard deviation value of ,15200.
5. The institutional ownership variable has a minimum value of 00 owned by PT EAST Tbk, in 2022, with a maximum value of 31.77 owned by PT ICON Tbk, in 2022. The average value (mean) is 1.6219 with a standard deviation value of 5.63498.
6. The company size variable has a minimum value of 22.46 owned by PT JSPT Tbk., in 2021, with a maximum value of 31.58 owned by PT LPKR Tbk., in 2021. The average value (mean) is 27.6887 with a standard deviation value of 23345.

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

B. Analisis Regresi Logistik

According to Ghozali (2018), logistic regression analysis is used because the dependent variable is dummy. The assumption of multivariate normal distribution also cannot be met in this study because the independent variables are a mixture of continuous (metric) and categorical (nonmetric) so that. Logistic regression ignores heteroscedasticity, meaning that the dependent variable does not require homoscedasticity for each of its independent variables.

C. Overall Model Fit Test

According to Ghozali (2018), the first step in logistic regression analysis is to assess the overall model fit to the data. This test is used to assess whether the hypothesized model has fit or not with the data, the test is carried out by comparing the value between -2 log likelihood at the beginning (block number = 0) with the.

D. Uji Omnibus Test Of Model Coefficient

This test is conducted to test whether the independent variables simultaneously affect the dependent variable. the use of independent variables in the research model can simultaneously predict the independent variables.

Table 5: Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	18,456	5	,000
	Block	18,872	5	,000
	Model	18,872	5	,000

Table 2 explains the results of the Omnibus test where the results of this test have a significance value of 0.000 where the Current Ratio (X1), Debt to Equity Ratio (X2), Total Assets Turn Over (X3), Institutional Ownership (X4) show that together they have a significant effect on the occurrence of financial distress predictions.

E. Uji Kelayakan Model Regresi (Goodness of fit test)

Hosmer and Lemeshow's Goodness of Fit Test is used to test the null hypothesis that empirical data fits or matches the model (there is no difference between the model and the data so that the model can be said to be fit). According to Ghozali (2018), the indicators of the Goodness of fit test are:

- If the statistical value of Hosmer and Lemeshow's Goodness of Fit Test is equal to or less than 0.05, then the null hypothesis is rejected. This means that there is a significant difference between the model and its observation value so that the Goodness fit of the model is not good because the model cannot predict its observation value.
- If the statistical value of Hosmer and Lemeshow's Goodness of Fit Test is greater than 0.05, then the null hypothesis is accepted, indicating that the model is able to predict the observed value or it can be said that the model is acceptable because it is in accordance with the observed data.

Table 6: Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	15,827	5	,118

The Hosmer and Lemeshow test can see whether the model has explained the data. The ChiSquare used has a value of 12.819 with a p-value of 0.118, meaning that it can be concluded that the model has explained the data.

F. Nagelkerke R Square

Nagelkerke R square is a test conducted to determine how much the independent variable is able to explain and influence the dependent variable. Nagelkerke's R Square is a modification of the Cox and Snell coefficients, to ensure that the values vary from 0 (zero) to 1 (one), the Cox and Snell coefficient values based on the likelihood estimation technique with a maximum value of less than 1 (one) are difficult to interpret. The Nagelkerke's R2 value can be interpreted like the R2 value in multiple regression. Ghozali (2018:333)

Table 7: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	104,290[a]	,689	,654
a. Estimation terminated at iteration number 6 because parameter estimates changed by less than ,001.			

The value of Nagelkereke R Square is the proportion of variance of the independent variable to the dependent variable. Thus it can be interpreted that with Current Ratio (X1), Debt to Equity Ratio (X2), Total Assets Turn Over (X3), Institutional Ownership (X4), the proportion of financial distress variance is 0.654 or 65.4%.

G. Uji Wald

According to Ghozali (2018), Parameter estimation can be seen from the output variable table in the equation which is the regression coefficient of each variable tested, showing the influence between one variable and another. This partial test is carried out by comparing the significant value with the error rate (α) = 5%. If the value (sig) is less than 0.05 (<0.05) then Ha is accepted which means that the independent variable individually has an effect on the dependent variable. Meanwhile, if the number (sig) is more than 0.05 (> 0.05) then Ha is rejected which means that the independent variable individually has no effect on the dependent variable.

Table 8: Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	M	3,647	1	,000
		X1	,743	1	,055
		X2	,626	1	,003
		X3	8,008	1	,008
		X4	3,733	1	,235
	Overall Statistics		**16,464**	**5**	**,006**

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

The logistic regression equation model formed in this study is as follows:

$$Y = \alpha + \beta 10{,}743 + \beta 20{,}626 + \beta 38{,}008 + \beta 43{,}733 + \varepsilon$$

Information:

Y	= Financial distress
$\beta 1, \beta 2, \beta 3, \beta 4$	= Independent variable coefficient
X1	= Liquidity
X2	= Leverage
X3	= Activity
X4	= Institutional ownership
ε	= *error*

Based on the Wald test, it shows that Liquidity has no effect on financial distress prediction while Leverage and activity partially have a significant effect on financial distress prediction and institutional ownership does not have a significant effect on financial distress where the results of this study are in line with the research conducted by Moh'd et al. (1998), Crutchley (1999), Agusti (2013), Pattinasarany (2010). While Activity, partially has a significant effect on financial distress prediction, has results that are contrary to previous studies conducted by Houston and Brigham (2006) and Chen et al. (2010).

H. Moderated Regression Analysis

Interaction test or called Moderated Regression Analysis (MRA) is a special application of multiple linear regression where in the regression equation there is an element of interaction (multiplication of two or more independent) which aims to determine whether the moderating variable will strengthen or weaken the influence between the independent variable on the dependent variable. Moderated Regression Analysis (MRA) in this study is used for testing the moderator which is done by creating an interaction regression, but the moderator variable does not function as an independent variable (Ghozali, 2018).

Table 9: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,753	,074		10,128	,000
	X1	-,004	,003	-,147	,426	,057
	X2	-,001	,001	-,092	3,905	,038
	X3	,958	,355	-,292	2,698	,008
	X4	-,010	,009	-,117	-,101	,274
	X1M	,000	,000	-,151	-,476	,054
	X2M	-2,633E-5	,000	-,091	3,903	,039
	X3M	,036	,013	-,303	2,841	,006
	X4M	,000	,000	-,124	-,185	,239
a. Dependent Variable: Y						

➢ *MRA Equation Model According to Rahadi & Farid (2021):*

- $Y = \alpha \pm -004\ X1it + -,001X2it +, ,958\ X3it + -,010\ X4it + \varepsilon it$ ……. Model 1
- The constant value is 0.753, when Independent Liquidity, Leverage Activity and Institutional Ownership, and the moderating variable of company size do not change (value 0), then the financial distress value is 0.753.
- The negative Liquidity Coefficient at -.004 means that when the independent variable does not change (has a value of 0), then a decrease in the liquidity variable by one unit will increase financial distress by -.004, and vice versa.
- Leverage coefficient, negative at -.001 means that when the independent variable does not change (has a value of 0), then a decrease in the leverage variable by one unit will increase financial distress by -.001 and vice versa.
- A positive activity coefficient of .958 means that when the independent variable does not change (has a value of 0), then an increase in the activity variable by one unit will increase financial distress by .958 and vice versa.
- The negative institutional ownership coefficient at -1.101 means that when the other independent variables do not change (have a value of 0), then an increase in the institutional ownership variable by one unit will reduce financial distress by -1.101, and vice versa.

VI. CONCLUSION

This study is to identify the influence between the variables of liquidity, leverage, activity, institutional ownership with the variable of company size as a moderating variable on the variable of financial distress. Which of these variables has a significant relationship of influence and whether the existence of the financial distress moderating variable can strengthen or weaken the relationship of influence between the explanatory variables of liquidity, leverage, activity, institutional ownership on financial distress so that it can be used as a strategic consideration in formulating investment strategies.

➢ *The Results of the Influence Test (Wald Test) in this Study can be Concluded as Follows:*

- There is no significant partial influence between the liquidity variable and the financial distress variable in hotel companies listed on the IDX, so hypothesis 1 is not proven and is rejected.

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14637064

- There is a significant partial influence between the leverage variable and the financial distress variable in hotel companies listed on the IDX, so that hypothesis 2 does not have sufficient evidence.
- There is a significant partial influence between the activity variable and the financial distress variable in hotel companies listed on the IDX, so that hypothesis 3 has sufficient evidence.
- There is no partial influence between the institutional ownership variable and the financial distress variable in hotel companies listed on the IDX, so hypothesis 4 does not have sufficient evidence.
- Partially, there is no influence of the moderating variable of company size on the influence of the liquidity variable on financial distress in manufacturing companies listed on the IDX, so that hypothesis 5 does not have sufficient evidence.
- Partially, there is a moderating influence of company size on the influence of activity variables on financial distress in hotel companies listed on the IDX, so that hypothesis 6 has sufficient evidence.
- Partially, there is a moderating influence of company size on the influence of activity variables on financial distress in manufacturing companies listed on the IDX, so that hypothesis 7 has sufficient evidence.
- Partially, there is no moderating effect of company size on the influence of institutional ownership variables on financial distress in manufacturing companies listed on the IDX, so that hypothesis 8 does not have sufficient evidence.

With the results of the hypothesis test in this study, the problem formulation has been answered.

VII. SUGGESTION

- Companies should adjust their financial strategies based on company size, because size can affect the risk of financial distress associated with leverage and operational activities. Carefully assessing and managing operational activities can reduce potential financial risks, while policies tailored to company size can help minimize the impact of financial distress. In addition, because company size does not moderate the relationship between institutional ownership and financial distress, companies need to look for other factors such as ownership and governance policies that can affect financial risk and maintain financial stability.
- For academics who focus on institutional ownership and financial distress, the results of the study indicate that company size does not function as a moderating variable in this relationship. Therefore, future research needs to look for other moderating variables or factors that may be more relevant in influencing the relationship between institutional ownership and financial distress. These may include factors such as industry type, ownership structure, or specific company policies. Identifying potential alternative moderating variables will help clarify the conditions that affect this relationship and provide more detailed insights.
- For researchers who want to develop further research models, it is important to use robust analysis methods and consider the complexity of the relationships between variables. This study underlines the importance of not only measuring the direct relationship between variables but also exploring possible moderating effects. Therefore, it is recommended to use analytical techniques that allow simultaneous assessment of direct and moderating effects, as well as conducting sensitivity analysis to ensure consistent and reliable results. With a comprehensive approach, the research results will be more accurate and provide more meaningful contributions to the literature and practice in accounting and finance.

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