SUMMARY

DONY FIRMAN SANTOSA. Determinant of Financial Distress on The Retail Subsector Companies Listed in Indonesia Stock Exchange. Supervised by LUKYTAWATI ANGGRAENI and KOES PRANOWO.

Retail sector has a big role and contribution for Indonesia economy. Based on BPS data (2016), retail sector contributed 15.24% to gross domestic product and created jobs for 22.4 million workers. The 2017 Global Retail Development Index (GRDI) report released by global consulting firm A.T. Kearney put Indonesia as the 8th developing country with the most attractive retail potential. Different from actual conditions, retail performance declined in terms of average sales growth based on Bank Indonesia Retail Sales Survey (SPE) and trading summary of Indonesian Stock Exchange. The phenomenon throughout 2017 about many publicly listed retailers which close their offline stores such as Matahari Department Stores (PT Matahari Department Store Tbk), Debenhams, Lotus (PT Mitra Adiperkasa Tbk) and Hero (PT Hero Supermarket Tbk) strengthens the indication of financial distress that experienced by national ritel industry.

Some of the data used in this study are company’s annual reports, Bank Indonesia publications and data from Indonesia Stock Exchange. The study was conducted during the months of January to August 2018 using quantitative analysis with statistics and econometrics. The number of companies selected as samples are 14 companies with the election period of 2013 to 2017.

Processing techniques and data analyisis are (1) Financial health conditions analysis by calculating the value of DSCR retail companies using Microsoft Excel 2013, (2) Pearson correlation analysis to identify the the relationship between financial health conditions with companies status based on integral process of financial distress using SPSS 21 and (3) Panel data regression analysis to examine financial ratios and macroeconomics factors which affect to financial distress on the retail companies using Eviews 9. The results of the research shows that retail companies engage in the business of telecommunication devices, building materials, convenience store models and minimarkets have more potential to experience financial distress. The results of pearson correlation analysis shows that there is a weak and negative correlation between DSCR as a proxy of financial distress with deterioration performance and cash flow problem. The financial ratio variables such as current ratio and return on equity have positive and siginificant effect to DSCR, whereas debt to equity ratio has negative and siginificant effect to DSCR. Meanwhile, significant macroeconomic variables were gross domestic product and interest rate. Gross domestic product has positive effect on DSCR while interest rates has negative effect on DSCR.

Keywords: DSCR, macroeconomics, financial ratio, panel data regression, retail