SUMMARY

RADITYA ARIE PRIADI. Impact of External and Internal Factors on Corporate Financial Distress Manufacturing Go Public Sub Sector Food and Beverage 2008-2017. Supervised by BONAR M. SINAGA and TRIAS ANDATI.

The manufacturing industry is one of the important industries for the country of Indonesia because it plays a major role in driving the acceleration of development and national economic equality. The food and beverage sub-sector is a sub-sector in the manufacturing sector with the largest contribution and growth rate. The food and beverage industry (mamin) is one of the important sectors for the national economy. Generally, food and beverage industry businesses use various types of financing to support their businesses such as bank loans, government-facilitated financing institutions namely Industrial Financing Institutions which began operating in 2016, as well as obtaining financing through public funds by issuing shares (go public) and issuance of bonds or debt securities.

Based on the background presented, the food and beverage sub-sector companies are very susceptible to financial distress, as seen from the growth of the DSC ratio from 2010-2017 showing a declining condition, with five out of seven sample companies experiencing financial distress with an average ratio DSC below 1.2. This is due to the decline in the company's ability to fulfill payment obligations to the bank as a funder in business activities. Financial distress itself is a condition where the results of a company's operations are not enough to meet the company's obligations (insolvency). Manufacturing companies engaged in food and beverages desperately need large capital to run business operations, so that the funding needed is not enough if they rely on internal funding sources, so that external funding sources are needed, one of which is loans to banks, related parties or other funding companies. Companies that use external funding sources in the form of debt give rise to an obligation that must be fulfilled in future periods in the form of repayment of loan principal and interest, if the payment cannot be met, the company will experience financial distress.

The financial distress model of food and beverage companies built in the research is a system of equations consisting of 16 equations or 16 variables (G) and total variables in the model, namely endogenous variables and 38 variable predetermined variables (K). The number of endogenous and exogenous variables included in one particular maximal equation in the model 6 variables (M) is thus obtained results (K-M)> (G-1) so that it can be concluded that all structural equations are declared overidentified. Next, the estimation method used is 2SLS (Two Stage Least Square). The type of data used in the study is panel data consisting of 7 food beverage sub-sector companies listed on the Indonesia Stock Exchange in the period 2008-2017.

The results of the study show that the simulation of deteriorating external conditions needs to be carried out efficiency of cost of goods sold, general administration expenses and sales marketing expenses and increasing current assets through cash and accounts receivable for payment of debts that are due and need to reduce funding through external factors. free from financial distress so that the debt service coverage ratio increases.

Keywords: panels data, external factors, internal factors,financial distress,food and beverage companies.