

Thesis
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**THE DETERMINANTS OF FINANCIAL DISTRESS ON
FAMILY BUSINESS IN INDONESIA**

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Abstract

Financial distress is a declining stage of financial condition in a company before bankruptcy occurs. Predicting financial distress provides an effective early warning system to detect the possibility of bankruptcy. This study aims to identify the indicators of financial distress in family-owned companies listed in Indonesia Stock Exchange (IDX) during the period of 2013 to 2017. Altman Z-Score is used as the proxy of financial distress. The indicator variables used in this study namely the independent commissioner, firm size, maturity, dividend payment, firm performance and liquidity.

This study has selected 120 companies as the research sample through purposive sampling method and the data were collected by using secondary data, which obtained from company' annual report that was downloaded in Indonesia Stock Exchange homepage. In this study, SPSS version 25 and EViews version 10 are used to test the data.

Based on the data analysis and discussion result, it is concluded that Independent Commissioner, Firm Size, Maturity, Dividend Payment and Liquidity have significant and positive effect on financial distress. Meanwhile, Firm Performance negatively affect financial distress.

Keywords: financial distress, Altman Z-Score, family firms