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THE INFLUENCE OF FINANCIAL PERFORMANCE AND *INTELLECTUAL CAPITAL* ON *FINANCIAL DISTRESS* IN FOOD AND BEVERAGE COMPANIES

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ABSTRACT

Research aims to determine the effect of Current Ratio (CR), Return On Assets (ROA), Debt to Equity Ratio (DER), Inventory Turnover (ITO), and Intellectual Capital (IC) on Financial Distress in listed food and beverage companies. on the Indonesian stock exchange in 2018-2021. The type of research used by researchers in this research is a quantitative associative approach. The sample for this research was 36, consisting of 9 companies included in the research category of companies in the food and beverage industry sector listed on the Indonesia Stock Exchange in 2019-2021. Data analysis technique used in this research uses IBM SPSS statistics version 26.00. The research results show that the Current Ratio (CR) has a positive effect on Financial Distress, Return On Assets (ROA) has a positive effect on Financial Distress, Debt to Equity Ratio (DER) has a negative effect on Financial Distress, Inventory Turnover (ITO) has a positive effect on Financial Distress. Intellectual Capital (IC) has a positive effect on financial distress. And simultaneously the current ratio (CR), return on assets (ROA), Debt to Equity Ratio (DER), inventory turnover, and Intellectual Capital (IC) have a positive influence financial distress in food and beverage companies listed on the Indonesia stock exchange in 2019-2021.

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INTRODUCTION

The Covid-19 outbreak has had a major impact on the company's success both financially and operationally. Because of this, the company's operations and financial health were negatively impacted, even experiencing financial difficulties in 2018-2021, especially food and beverage companies experiencing *financial distress.* due to the reduction in consumers and also investors investing capital in the company.

The condition of *financial distress* in food and beverage companies has increased and decreased, especially in 2018-2021, the condition *of financial distress* has decreased quite sharply, reaching 50.77%. However, this figure is still in the gray zone *or* has the potential to experience *financial distress.* This is still within the safe limit because in 2020 food and beverage companies will have ratios that are at ideal standards so that companies will not experience problems in funding their current liabilities because they have adequate current assets (Asyifa & Lasmanah, 2022) .

The following is the decline in profits for Food and Beverage Companies in 2018-2021 listed on the IDX, namely as follows:

Table 1.1
Decline in Profits in Food and Beverage Companies listed on the IDX in 2018-2021

CODE	YEAR	PROFIT	PERCENTAGE
ALTO	2018	IDR 33,021,220,862	0.00%
	2019	Rp. 7,383,289,239	-77.64%
	2020	Rp. 10,506,939,189	42.31%

CODE	YEAR	PROFIT	PERCENTAGE
	2021	Rp. 8,932,197,718	-14.99%
DLTA	2018	Rp. 338,129,985	0.00%
	2019	Rp. 317,815,177	-6.01%
	2020	Rp. 23,465,762	-92.62%
	2021	Rp. 187,992,998	70.14%
INDF	2018	Rp. 4,961,851	0.00%
	2019	IDR 5,902,729	18.96%
	2020	Rp. 8,752,066	48.27%
	2021	Rp. 11,203,585	28.01%
CHEESE	2018	Rp. 67,479,160,972	0.00%
	2019	IDR 98,047,666,143	45.30%
	2020	Rp. 121,000,016,429	23.41%
	2021	Rp. 144,700,268,968	19.59%
MLBI	2018	IDR 1,224,807	0.00%
	2019	Rp. 1,206,059	-1.53%
	2020	Rp. 285,617	-76.32%
	2021	Rp. 66,585	-76.69%
PCAR	2018	Rp. 8,385,167,515	0.00%
	2019	Rp. 10,257,599,104	22.33%
	2020	Rp. 15,957,991,606	55.57%
	2021	IDR 1,278,943,528	-91.99%
PSDN	2018	Rp. 41,264,215,665	0.00%
	2019	IDR 28,372,081,772	-31.24%
	2020	IDR 52,304,824,027	84.35%
	2021	Rp. 81,182,064,990	55.21%
TBLA	2018	Rp. 764,380	0.00%
	2019	Rp. 661,034	-13.52%
	2020	Rp. 680,073	2.88%
	2021	Rp. 791,916	16.45%
ULTJ	2018	Rp. 701,607	0.00%
	2019	IDR 1,035,865	47.64%
	2020	IDR 1,109,666	7.12%
	2021	IDR 1,276,793	15.06%

Source: Indonesian Stock Exchange

According to Yudhistira (2019) found that *Return on Assets* (ROA) has a positive effect on *financial distress,* whereas according to Maulana & Suhartati (2022) *Return on Assets* has no influence on *financial distress.*

Research by Saleh & Sudiyatno (2013) , Andre & Taqwa (2014) , Hidayat & Meiranto (2014) , Waqas & Md-Rus (2018) , and Simanjuntak et al. (2017) shows that *Leverage* as measured by *the Debt to assets ratio* (DAR) has a significant positive influence. Meanwhile, research by Silalahi et al. (2018) who conducted research on transportation subsector companies listed on the IDX for the 2013-2016 period stated that *leverage* as measured by *the debt to assets ratio* had a significant negative effect on *financial distress.* Research by Harianti & Paramita (2019) and Alifiah et al. (2013) also stated that *leverage* as measured by DAR has a negative and significant effect on *financial distress.*

Research conducted by Novelieta & Komala (2018) obtained results that *Total Asset Turnover* (TATO) had a significant positive effect on *financial distress.* Meanwhile, according to Yudiawati & Indriani (2016), Total *Asset Turnover* has a negative and significant effect on *financial distress.* This statement is supported by the results of research conducted by Saleh & Sudiyatno (2013) and Hidayat & Meiranto (2014).

Research conducted by Hasugian & Sadalia (2018) shows that *value added capital employed* (VACA) has a positive and significant effect on *financial distress.* Meanwhile,

according to Fatmala et al. (2022) *Value added Capital employed* does not have a significant effect on *financial distress.*

Based on the phenomena and *research gaps* that have occurred and the economic decline in several food and beverage companies over several periods which have been explained previously and considering the importance of predicting *financial distress,* researchers are interested in conducting research on " **The Influence of Financial Performance and Intellectual Capital on *Financial Distress* in Food and Beverage Companies." Beverages 2018-2021".**

THEORY AND HYPOTHESIS DEVELOPMENT

Signal Theory (*Signaling Theory*)

Signal theory or signaling theory was put forward by Ross (1997) which discusses the encouragement of companies to provide certain information to outside parties. Signal theory is based on the assumption that company executives have good and more complete information about the company's condition to convey to outside parties.

Financial performance

According to Fahmi (2018: 142) financial performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly. Good company financial performance means that the implementation of applicable regulations has been carried out properly and correctly.

Public sector financial performance measurement is carried out to fulfill three purposes, namely:

1. To help improve government performance,
2. To allocate resources and make decisions,
3. To realize public accountability and improve institutional communication
4.

Financial Ratio Analysis

According to Hery (2015:510) "Financial ratio analysis is analysis carried out by connecting various estimates in financial reports in the form of financial ratios." "This financial ratio analysis can reveal important relationships between financial statement estimates and can be used to evaluate the company's financial condition and performance."

***Current Ratio* (CR)**

Current ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due when they are collected in full. In measuring liquidity, what is important is not the size of the difference between current assets and current debt, but rather the relationship or comparison that reflects the ability to repay debt. The industry standard average for *Current ratio* is 200% or 2 times.

This is proven by research from Atika & Handayani (2013) showing that the smaller *the Current ratio,* the greater the company's *financial distress condition.*

H1: *Current ratio* has a positive and significant effect on *financial distress* in food and beverage sector companies listed on the Indonesia Stock Exchange in 2018-2021.

***Return on Assets* (ROA)**

Return on Assets (ROA) is the result of investment returns or better known as *Return on Investment* or *Return on Assets,* which is a ratio that shows the results (*return*) on the number of assets used in the company.

Based on research from Gobenvy (2014), this means that the higher the profitability of a company, the smaller the possibility of the company experiencing *financial distress in the future.*

H2: *Return on Assets* has a positive and significant effect on *Financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

***Debt to Equity Ratio* (DER)**

This research uses *the Debt to Equity Ratio* (DER). DER is a debt ratio which describes the extent to which the owner's capital can cover debts to outside parties and measures the extent to which the company is financed by debt by showing the company's ability to fulfill obligations with existing capital. To measure the extent to which a company is financed by debt, one can look at *the Debt to Equity Ratio* (DER), because it reflects the large proportion between total debt and total capital (total equity). *Total Debt* is total liabilities (both short-term and long-term debt). Meanwhile, *Total Equity* is the total own capital (total paid-up shares and retained earnings) owned by the company.

According to Kasmir, (2017) the measurement of *Debt to Equity Ratio* (DER) is as follows:

H3: *Debt to Equity Ratio* has a positive and significant effect on *financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

***Inventory Turnover* (ITO)**

Inventory Turnover measures the turnover of all assets owned by the company and also measures how many sales are obtained from each rupiah of assets (Kasmir, 2017: 116).

The effectiveness of total asset turnover will indicate the better financial performance achieved by the company so that the possibility of *financial distress* will be smaller (Yudiawati & Indriani, 2016).

H4: *Total Asset Turnover* has a positive and significant effect on *financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

***Intellectual Capital* (IC)**

Capital employed includes the harmonious relationship that a company has with its relations such as the surrounding community, government, suppliers and customers (Fariana, 2014).

Intellectual capital has categories that can be used to group the results of VAIC calculations. *Capital employed* includes harmonious relationships that the company has with external parties such as suppliers, customers, local communities and the government (Fariana, 2014).

VAIC™ = VACA + VAHU + STVA

H5: *Intellectual capital* has a positive and significant effect on *financial distress* in food and beverage sector companies listed on the Indonesia Stock Exchange in 2018-2021.

Financial Distress

Financial distress is a condition where a company experiences financial difficulties or a financial crisis. This *financial distress* condition is the initial stage of company bankruptcy, so companies must prevent things that can trigger *financial distress* (Akmalia, 2020: 9). According to Foster (1986), *financial distress* is a severe liquidity problem and cannot be resolved without making significant changes to operations or structure.

This condition has a detrimental effect on equity and debt owners, Fakhruddin (2008:15), such as:

1. Suppliers providing goods and services on credit will be more careful, and will most likely stop supply altogether, if the company or organization believes there is no opportunity for improvement within a few months.
2. It is likely that customers will develop relationships with their suppliers, planning their own production in the hope of continuity of these relationships.
3. Conditions of financial difficulty will make workers less motivated and feel increasingly anxious at work, this will lead to fewer prospects for the company to progress.
4. Banks or other lenders will of course be more careful and look with prejudice at further loans proposed by companies experiencing *financial distress.*

Based on the description of the theory above, it can be concluded that *the Current ratio, Return on Assets, Debt to Equity Ratio, Inventory Turnover,* and *Intellectual Capital* have a positive and significant effect on *financial distress.*

H6: *Current ratio* (CR), *return on assets* (ROA), *Debt to Equity Ratio* (DER), Inventory Turnover (ITO) and Intellectual Capital (IC) have a positive effect on *financial distress in* Food and Beverage Sector Companies listed on the Indonesia Stock Exchange 2018-2021.

This section contains a framework that explains the relationship between variables theoretically and analytically supported by previous research. This section does not contain subs review References or literature review.

METHOD STUDY

The type of research used by researchers in this research is the associative type. According to Sugiyono (2019: 63), associative research ADDIN CSL_CITATION {"citationItems":[{"id":"ITEM-1","itemData":{"author":[{"dropping-particle":"","family":"Sugiyono","given":"","non-dropping-particle":"","parse-names":false,"suffix":""}],"id":"ITEM-1","issued":{"date-parts":[["2019"]]},"publisher":"Alphabet","publisher-place":"Bandung","title":"Metode Penelitian Kuantitatif, Kualitatif, dan R&D","type":"book"},"uris":["http://www.mendeley.com/documents/?uuid=c0b7e354-959c-445a-8069-ba7c81bd264e"]}],"mendeley":{"formattedCitation":"(Sugiyono, 2019)","manualFormatting":"Sugiyono (2019:","plainTextFormattedCitation":"(Sugiyono, 2019)","previouslyFormattedCitation":"(Sugiyono, 2019)"},"properties":{"noteIndex":0},"schema":"https://github.com/citation-style-language/schema/raw/master/csl-citation.json"}is a researcher's question that asks about the relationship between two or more variables. This research was conducted to examine the influence of financial performance and intellectual capital on *financial distress* in food and beverage companies listed on the IDX in 2018-2021.

The population in this research consists of 30 Food and Beverage companies registered on the IDX. The sample criteria in this study are as follows:

Table 1.1

Sample Criteria

No.	Criteria	Amount
1	Food and Beverage Sector Company listed on the Indonesian Stock Exchange during the period 2018-2021	30
2	Food and beverage sector companies that report financials do not use the rupiah currency during the 2018-2021 period	(15)
3	Companies belonging to the food and beverage sector that do not publish complete financial reports during the 2018-2021 period	(6)
	Number of Companies that meet the criteria	9
	Total research sample (9 companies x 4 years)	36

The number of company samples used in this research is as follows

Table 2

Sample List of Food and Beverage Companies on the IDX

No	**stock code**	**Company name**	**IPO date**
1	ALTO	Tri Banyan Tirba Tbk	July 10, 201220
2	IIKP	Inti Agri Resources Tbk	October 20, 2002
3	FISH	Era Mandiri Cemerlang Tbk	February 12, 2020
4	INDF	Indofood Sukses Makmur Tbk	July 14, 1994
5	CHEESE	Mulia Boga Raya Tbk	November 25, 2019
6	MLBI	Multi Bintang Indonesia Tbk	January 17, 1994
7	PCAR	Prima Cakrawala Abadi Tbk	December 29, 2017
8	PSDN	Presidha Aneka Niaga Tbk	October 18, 1994
9	TBLA	Tunas Baru Lampung Tbk	February 14, 2000

The data sources used in this research are secondary data sources. The data used in this research was obtained from annual reports published by Food and Beverage Companies listed

on the Indonesia Stock Exchange in 2018-2021. This data was obtained through the official website of the Indonesian Stock Exchange, namely www.idx.co.id.

Data collection technique

The data collection technique used in this research is known as the documentation method, which is a technique that requires collecting various information through journals or even company documents. The company document in question is the company's annual financial report which has been announced to the public on the official website (www.idx.co.id) which is registered on the Indonesia Stock Exchange by all members of the listed company.

Operational Definition

According to Nurdin and Hartati (2019:122) the operational definition is defining variables operationally based on observed characteristics which allows researchers to make careful observations or measurements of an object or phenomenon.

Data analysis technique

Data analysis is a process of organizing and sorting data into patterns, categories and basic units of description so that themes are found and working hypotheses are formulated as suggested by the data. At the analysis stage, the data is processed in such a way that it can be concluded that its truth and validity can be used to answer all the questions raised in the research.

So, this research uses several data analysis techniques, including descriptive statistical tests, classical assumption tests (normality test, multicollinearity test, and heteroscedasticity test, and autocorrelation test), multiple linear regression analysis test, partial test (t test), test simultaneous (F test), and coefficient of determination test (R2).

RESULTS STUDY AND DISCUSSION

Descriptive Statistical Test

Based on the table, it is known that the number of samples is 36 samples, with the minimum, maximum, mean and standard deviation values as follows:

1. It is known that *the Z-Score* (Y) with a sample size of 36 with an average *Z-Score value* of 2.2997 with Std Deviation 1.53696. Company with a *maximum Z-score value* of 5.13 namely in companies with the code DLTA in 2019, PSDN companies are categorized as Non- *Distress.* This is because The *Altman Z-score* value is more than 2.90, which indicates that the company is doing well and able to manage bankruptcy risk. While the Minimum value is at the *Financial Distress* variable is 0.22, namely in companies with the ALTO code in 2018, the ALTO company was categorized as a company *Distress.* This matter because ALTO has an *Altman Z-score value* 0.22 is smaller than 1.23.
2. It is known that *the Current Ratio* (X1) with a sample size of 36 with an average *Current Ratio* value of 2.3464 with a Std Deviation of 1.97170, where the Standard Deviation value is lower than the average means no there is a gap between one data and another. The maximum value of the Current Ratio is 8.05, namely in companies with DLTA code in 2019. This shows that the company has able to meet its short-term obligations due to the Current Ratio value DLTA is higher than the average value of the Current Ratio. Minimum Ratio Value Current 0.58 is in companies with PSDN code in 2021. This shows that the company is unable to fulfill its obligations short term because the average PSDN current ratio value is lower compared to the average value of the current ratio.
3. It is known that *Return On Assets* (X2) with a sample size of 36 with an average *Return On Asset* value of 0.0792 with a Std Deviation of 0.12984, which where the standard deviation value is greater than the average value. This shows that the occurrence of discrepancies between one data and another which shows the data the sample used varies more and more from the average. Maximum Value ROA is 0.42 for companies with the MLBI code in 2018. This is shows that the company has been able to make good profits because of value ROA at MLBI companies is higher than the average ROA. While value The minimum ROA is -0.15 for companies with the PCAR code in the year 2020. This shows that the PCAR

company is having difficulty making profits because the ROA value of the PCAR company is lower than the average ROA value.

4. It is known that *the Debt to Equity Ratio* (X3) with a sample size of 36 with an average value of *Debt to Equity Ratio* (DER) is 0.5144 with a Std Deviation of 0.76590, which where the standard deviation value is greater than the average value. This shows that the occurrence of discrepancies between one data and another which shows the data the sample used varies more and more from the average. The Maximum *Debt to Equity Ratio* (DER) value is 2.39 for the ALTO company in 2020, this indicates that the ALTO company's ability to cover debts with its own capital is high. Temporary The Minimum *Debt to Equity Ratio* (DER) value is 0.01 for DLTA companies in 2018-2020 and also for PSDN companies in 2018-2021. Matter This indicates that DLTA and PSDN companies have to cover debts with their own capital.
5. It is known that *Inventory Turnover* (X4) with a sample size of 36 with an average value of Total *Asset Turnover* of 5.3114 with a Std Deviation of 2.48956, where the Standard Deviation value is lower than the average means no there is a gap between one data and another. Maximum *Inventory Turnover Value* was 13.11 in the PCAR company in 2018, this indicates The level of inventory turnover to sales owned by the PCAR company is high. Temporary Minimum *Inventory Turnover value* is 1.16 for MLBI companies in 2020. Pg This indicates that the inventory turnover rate of sales owned by the MLBI company is low.
6. It is known that *Intellectual Capital* (X5) with a sample size of 36 with an average *Intellectual Capital* value of 2.7753 with a Std Deviation of 8.90001, which where the standard deviation value is greater than the average value. This shows that the occurrence of discrepancies between one data and another which shows the data the sample used varies more and more from the average. The maximum value of Maximum Intellectual Capital is 10.01 in the TBLA company in 2018, this indicates that company TBLA using its *intellectual capital assets* properly efficient. Temporary Minimum *Intellectual Capital value* was -31.21 in MLBI companies in 2018, p This indicates that the MLBI company cannot utilize its *intellectual capital assets* efficiently.

Classic assumption test

Normality test

According to Ghozali (2018) the normality test is a test carried out to see whether in the regression model that occurs, the values of the independent variable and dependent variable or both have a normal distribution or not.

Based on the table above, the Asymp value is known. Sig. (2-tailed) in the *Kolmogorov-Smirnov* Test, the significance value is greater than 0.05, namely 0.135 > 0.05. So it can be concluded that the data is distributed normal.

Multicollinearity Test

According to Ghozali (2018) *tolerance* measures the variability of a selected independent variable that cannot be explained by other independent variables.

The results of the multicollinearity test above show that the independent variables in this study have a tolerance value of > 0.01 and VIF < 10, meaning that in the regression model used there is no multicollinearity.

Heteroscedasticity Test

According to Ghozali (2018) , if no particular pattern is formed and the points do not spread above and below the zeros on the y-axis, then heteroscedasticity does not occur, and vice versa

Based on the image above, it can be seen that the *scatter plot graph* does not have a clear pattern and the points are spread evenly, so the indication is that heteroscedasticity does not occur.

Table 4.6
Multiple Linear Regression Test Coefficients ᵅ

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	Q	Sig.
1 (Constant)	-,060	,352		-,172	,865
CR_X1	,394	,058	,506	6,808	,000
ROA_X2	8,259	,909	,698	9,081	,000
DER_X3	-,023	,152	-,011	-,151	,881
ITO_X4	,143	,046	,232	3,139	,004
IC_X5	,012	,013	,068	,900	,375

a. Dependent Variable: ZSCORE_Y

Source: Data processed in 2023

Based on the table above, the results shown in the test below are as follows:

Y = -0.060 + 0.394 x $_1$ + 8.259 x $_2$ + (-0.023 x $_3$) + 0.143 x $_4$ + 0.0 12 x 5

From the regression equation in the research estimation results above, it can be explained as follows:

1. a = 1.121 where the constant value is -0.060 indicating that if there is no movement in each independent variable, then the *financial distress value* is -0.060.
2. b1 = 0.394, namely if *the Current Ratio* increases by 1 unit, then financial distress will also increase by 0.394 assuming that other independent variables (*Return on Assets, Debt to Equity Ratio, Inventory Turnover, Intellectual Capital*) are constant.
3. b2 = 8.259 If *Return On Assets* increases by 1 unit, then financial distress will also increase by 8.259 assuming other independent variables (*Current Ratio, Debt to Equity Ratio, Inventory Turnover, Intellectual Capital*)) are constant.
4. b3 = -0.023 If *the Debt to Equity Ratio* increases by 1 unit, then financial distress will also decrease by -0.023 assuming that the other independent variables (*Current Ratio, Return On Assets, Inventory Turnover, Intellectual Capital*) are constant.
5. b4 = 0.143 If *Inventory Turnover* increases by 1 unit, then financial distress will also increase by 0.143 assuming other independent variables (*Current Ratio, Debt to Equity Ratio, Return on Assets, Intellectual Capital)* are constant.
6. B5 = 0.012 If Intellectual Capital increases by 1 unit, then *financial distress* will also increase by 0.012 assuming other independent variables (*Current Ratio, Debt to Equity Ratio, Return on Assets, Inventory Turnover*) are constant.
7.

Partial Test (t Test)

Ghozali (2018) revealed that the t statistical test or partial test shows how far the influence of an independent variable or the relationship between each independent variable has on the dependent variable (dependent variable).

Based on the table above, partial hypothesis test results can be interpreted as follows:

1. The significance level value is 0, 000 < 0.05 with a $_{calculated}$ t value > t $_{table,}$ namely 6.808 > 1.697. So it can be concluded that $_{H1}$ is accepted, meaning that *the Current Ratio* has a positive effect on *financial distress.*
2. The significance level value is 0.000 < 0.05 with a value of tcount > ttable, namely 9.081 > 1.697. So it can be concluded that H2 is accepted, meaning that Return On Assets has a positive effect on *financial distress.*
3. The significance level value is 0.881 > 0.05 with a tcount < ttable value of -0.151 < 1.697. So it can be concluded that H3 is rejected, meaning that *Debt to Equity Ratio* does not have a positive effect on *financial distress.*
4. The significance level value is 0.004 < 0.05 with a value of tcount > ttable, namely 3.139 > 1.697. So it can be concluded that H4 is accepted, meaning that *inventory turnover* has a positive effect on *financial distress.*
5. The significance level value is 0.375 < 0.05 with a value of tcount > ttable, namely 0.900 < 1.697. So it can be concluded that H5 is accepted, meaning that Intellectual Capital has a positive effect on *financial distress.*

Simultaneous Test (F Test).

According to Ghozali (2017: 98), the F statistical test is a test that shows whether all independent variables together included in the regression model have an influence on the dependent variable or dependent variable.

The table above shows that the calculated F value is 48.835 (in the positive direction) and the significance value is 0.000 < 0.05. So it can be concluded that H_6 is accepted, meaning that simultaneously *Current Ratio, Return on Assets, Debt to Asset Ratio, inventory turnover, intellectual capital* (IC) have a positive effect on *Financial Distress.*

Determination Coefficient Test (R^2)

According to Ghozali (2017: 98), the coefficient of determination is a test used to measure the level of ability of the independent variable as a percentage of the dependent variable. A small or low R2 value indicates that the ability of the independent variable to explain variations in the dependent variable is very limited.

The R-squared value is 0.891, which means that 89.1 % of changes in *Financial Distress* can be explained in the *Current Ratio variable*, *Return On Assets, Debt to Equity Ratio, Inventory Turnover, Intellectual Capital.* Meanwhile, the remaining 21.6 % (100% - 89.1 %) is explained by other independent variables which are not included in this research model such as *quick ratio, net profit margin, gross profit margin, return on equity*.

Discussion

Partial Effect of C*urrent Ratio on Financial Distress*

calculated t value is 7.332 which is positive and the value is Sig. namely 0.000 < 0.05. This means that *the Current ratio* partially has a positive and significant effect on *financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

Based on the results of multiple linear regression analysis in this study, it shows that *the Current ratio* has an effect on *financial distress.* This is because a liquidity ratio that is too high indicates that the company's working capital is unproductive, resulting in costs that will reduce the company's profits and will affect *financial distress.* This research is in line with research conducted by Cahyani & Indah (2021) which states that *the Current ratio* as a calculation of liquidity ratios has an influence on *financial distress.*

The Effect of Partial *Return on Assets* on Taxpayer Interest

calculated t value is 3.512 which is positive and the value is Sig. namely 0.001 < 0.05. This means that *Return on Assets* partially has a positive and significant effect on *financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

Based on the results of multiple linear regression analysis in this study, it shows that *Return on Assets* has an effect on *financial distress.* This is because ROA is a company's strength in generating profits with existing assets. ROA shows the effectiveness of a company in using assets to create income. This research obtained similar research results to Simanjuntak et al. (2017) which states that the profitability ratio as proxied by *Return on Assets* (ROA) has a positive and significant effect on *financial distress.* However, it is different from research conducted by Silalahi et al. (2018) which states that *Return on Assets* as a profitability ratio calculation has a negative and significant influence on *financial distress.*

Influence of *Debt to Equity Ratio* (D E R) Partially on Taxpayer Interests

calculated t value was -3.431 which was negative and the Sig value. namely 0.002 < 0.05. This means that *the Debt to Equity Ratio* partially has a negative and significant effect on *financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

Based on the results of multiple linear regression analysis in this study, it shows that *the Debt to Equity Ratio* negative effect on *financial distress.* This is because the company uses this debt to purchase unproductive assets. The use of large debt by a company can be effective if the company can use its assets financed with debt optimally and on target. This research is in line

with research conducted by Maulida et al. (2021) which states that *the solvency ratio* as proxied by (DER) has a negative and significant effect on *financial distress.*

However, this is different from research conducted by Pertiwi (2021) which states that *the Debt to Equity Ratio* as a calculation of *the solvency ratio,* it has a positive and significant influence on *financial distress.* This is because the company is able to generate more income so that it can pay all its obligations, both short-term debt and long-term debt.

The Effect of Partial *Inventory Turnover* (ITO) on Taxpayer Interest

$_t$ value was found to be 36.812 which is positive and the value is Sig. namely 0.000 < 0.05. This means that *I nventory Turnover* partially has a negative and significant effect on *financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

Based on the results of multiple linear regression analysis in this study, it shows that *Inventory Turnover* influence on *financial distress.*

The results of this research are in line with research conducted by Simanjuntak et al. (2017) who said that the activity ratio is a proxy for *I nventory Turnover* (ITO) has a negative effect on *financial distress.* However, this is different from research conducted by Harry Panjaitan and Anthony (2017) which stated that *Inventory Turnover* as an activity ratio calculation it has no effect on *financial distress.*

Partial Influence of *Intellectual Capital (IC)* on Taxpayer Interests

The t value was found $_{to}$ be 1.399 which is positive and the value is Sig. namely 0.172 > 0.05. This means that *Intellectual Capital* partially has a positive and insignificant effect on *financial distress* in Food and Beverage Sector Companies listed on the Indonesia Stock Exchange in 2018-2021.

Based on the results of multiple linear regression analysis in this research, it shows that *Intellectual Capital* (IC) has no effect on *financial distress.* Having good *intellectual capital management will improve company performance.* An increase in company performance indicates that the company is in good health and is not experiencing *financial distress.*

The influence of Current ratio, *Return on Assets, Debt to Equity Ratio, Inventory Turnover* and *Intellectual Capital (IC)* simultaneously on *financial distress*

, it shows that simultaneously *Current ratio, Return on Assets, Debt to Equity Ratio, Inventory Turnover, Intellectual Capital* (IC) has a positive and significant effect on Financial Distress. The Fcount value is 365.710 (in the positive direction) and the significance value is 0.000 <0.05.

The R-squared value is 0.784, which means that 78.4% of changes in *Financial Distress* can be explained in the variables *Current ratio, Return on Assets, Debt to Equity Ratio, Inventory Turnover* and *Intellectual Capital.* (IC). Meanwhile, the remaining 21.6 % (100%-78.4%) is explained by other independent variables which are not included in this research model, such as *quick ratio, net profit margin, gross profit margin, return on equity*.

CONCLUSION

Based on the research that has been carried out, the following conclusions can be drawn :

1. Results of analysis of the influence of *the current ratio* (CR) on *financial distress* shows that *the Current Ratio* has a positive effect on *financial distress* in food and beverage companies listed on the Indonesian stock exchange in 2018-2021. So it can be concluded that $_{H1}$ is accepted.
2. The results of the analysis of the effect of *return on assets* (ROA) on *financial distress* show that *Return on Assets* has a positive effect on *financial distress* in food and beverage companies listed on the Indonesian stock exchange in 2018-2021. So it can be concluded that H2 is accepted
3. The results of the analysis of the influence of *the Debt to Equity Ratio* (DER) on *financial distress* show that the Debt to Equity Ratio has a negative effect on *financial distress* in food and beverage companies listed on the Indonesian stock exchange in 2018-2021. So it can be concluded that H3 is rejected

4. The results of the analysis of the effect of *inventory turnover* (ITO) on *financial distress* show that *inventory turnover* has a positive effect on *financial distress* in food and beverage companies listed on the Indonesian stock exchange in 2018-2021. So it can be concluded that H4 is accepted.
5. The results of the analysis of the influence of *Intellectual Capital* (IC) on *financial distress* show that Intellectual Capital has a positive influence on financial distress in food and beverage companies listed on the Indonesian stock exchange in 2018-2021. So it can be concluded that H5 is accepted.
6. Results of influence analysis *current ratio* (CR), *return on assets* (ROA), *Debt to Equity Ratio* (DER), *inventory turnover* (ITO), and Intellectual Capital (IC) simultaneously have a positive effect on *financial distress* in food and beverage companies listed on the stock exchange Indonesia 2018-2021. So it can be concluded that H6 is accepted.

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