ABSTRACT: A financial distress decline in financial health a business had before bankruptcy, so it is important for companies to analyze financial distress as a form of prevention from the start. The investigation’s goal was to examine financial distress using financial ratios that were tempered by firm size. The sample for this analysis consists of 41 firms operating in the restaurant, hotel, and tourist industries that are listed on the Stock Exchange of Indonesia between 2018 - 2021. These studies used purposive sampling techniques to gather samples from 23 different businesses. The data testing procedure employs Moderated Regression Analysis (MRA) in SPSS Version 26. Profitability and leverage were shown to be major factors in the probability of financial trouble. There is little correlation between liquidity and the likelihood of economic hardship. Profitability and leverage can exacerbate financial difficulty, although a company's scale can mitigate this. However, the impact of liquidity on financial hardship can't be dampened by a company's size.

KEYWORDS: Financial Distress, Profitability, Liquidity, Leverage, Firm Size

I. INTRODUCTION

In Indonesia, the onset of the COVID-19 epidemic has immobilized nearly all elements of global life. The Indonesian government implemented PSBB and lockdown procedures to contain the infection have created limitations in the domestic business sector, so many companies have been affected. One of the companies affected is the industries related to dining, lodging, and travel.

Based on facts for 2021 from the Ministry of Tourism, only 4.05 million tourist from outside Indonesia visited that country in 2020, of the total foreign tourist visits in 2018 was 15.81 million people, and in 2019 there were 16.11 million people. The decrease in visits also has a direct impact on the hotel business in Indonesia. It was recorded that in March and April 2020, it had decreased to 32.24% and 12.6%, respectively. This figure is very low when compared to the same month in 2019. In addition, approximately 409 thousand workers in the tourism sector lost their jobs due to company layoffs during the COVID-19 pandemic. This causes companies in the restaurant, hotel, and tourism sub-sector to be threatened with financial distress. Early indications of a company experiencing financial distress are business operational losses, decreased equity value, and an inability to pay off debts that are due (Handoko & Handoyo, 2021). Information from financial reports posted on the IDX website indicates that the typical firm in the hospitality industry lost money during the epidemic. Based on financial report information obtained from the official website page of the IDX, the average company in the restaurant, hotel, and tourism sub-sector suffered losses during the pandemic. This is indicated by the business’s declining earnings growth, which is -0.69 in 2019, -6.40 in 2020, and -0.36 in 2021.

Continuously negative profit growth makes the company potentially exposed to financial distress. According to Erayanti (2019), identifying signs of financial difficulty early on might help businesses reduce their vulnerability to insolvency. The Interest Coverage Ratio (ICR) is a statistic for evaluating a business’s financial health by comparing its operating profit to its interest payments (Atina & Rahmi, 2019). A business must be able to maintain stability and evaluate its financial health through analyses of financial statements if it wishes to prevent a financial crisis. Investigation of financial ratios is one such analytical strategy that may help the company's financial statements be understood by their intended audiences. Various financial ratios can be broken down into the following six classes, as described by J. Fred Weston in Sumardi & Suharyono (2020): liquidity ratios; leverage ratios; activity ratios; profitability ratios; growth ratios; and valuation ratios.
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Several studies regarding the analysis of financial ratios and financial distress have been carried out. This study tries to examine several financial ratios that are considered to have an influence on predicting businesses in the hospitality, restaurant, and tourist industries are struggling financially. This study uses several financial ratios, including profitability, liquidity, and leverage.

In addition to financial ratios, another factor that can change the risk of financial distress is the company’s size. Ayu and Gerianta (2018) state that to determine a company's size, many metrics, including revenue, total assets, share value, total equity, and so on, must be used. Total assets are typically used as a proxy for a company's size. Small companies tend to experience financial distress because of the small assets they have. A huge company’s size shows that it has relatively long prospects for growth and hence encounters little financial hardship.

There are differences in research results (research gap) link between profitability, liquidity, and leverage in the financial crisis, and the role that firm size plays in the moderation of this relationship. This opens a door for new investigations that can shed light on the results of existing ones. Therefore, the primary goal of this research is to contribute significantly to the field of business economics, whether they are in good health or experiencing financial distress, and to show variables that can be used to predict financial distress in a company.

II. LITERATUR REVIEW AND HYPOTHESIS DEVELOPMENT

Signaling Theory

This research is based on the signal theory proposed by Spence in 1973. According to Suganda (2018), the signal theory is used to determine the ways in which companies convey signals to users of financial statements which can ultimately change the way investors view the company. Signals come from financial statement information published annually and must be taken into consideration before making the right decision.

Financial Distress

Financial distress is a condition experienced by a corporation when operational the flow of cash cannot meet current obligations, so the company must take corrective steps (Aini & Purwohandoko, 2019). The company will face financial distress before being declared bankrupt. To anticipate bankruptcy, company management needs to conduct a fundamental analysis to predict current financial performance and future prospects. Companies experiencing financial distress have several signs, namely a decrease in sales volume, a very tight level of competition, and companies that fail to expand (Kusumaningtyas, 2017). In this analysis, use the Interest Coverage Ratio (ICR) as a stand in for financial difficulty.

Effect of Profitability on Financial Distress

According to Kristanti (2019), One way to evaluate a business is by looking at how profitable it is. One ratio used to foretell financial trouble is profitability. The company's large profit margin is evidence of its success in generating revenue. High profits will have a positive signal that will make shareholders interested in investing. ROA is used to figure out how profitable a business is in this study. An elevated ROA means that a corporation is making the most of its resources (Fitri & Wikartika, 2022). This makes the company's profit rate high, which helps it pay for its operations and reduces the chance that it will run out of money. Research by Rachmawati, Ichsanuddin Nur, Arohmawati, and Pertiwi (2021) and Arohmawati, Pertiwi, and Rachmawati (2021) found that a company's success is a negative and significant predictor of financial trouble. H1: Profitability is negatively impacted to financial distress.

Effect of Liquidity on Financial Distress

According to Kristanti (2019), One measure of a corporation’s liquidity is the ability to fulfill its’ immediate responsibilities using cash on hand. Strong liquidity is a good signal to investors and creditors that the firm can handle its existing obligations. The Current Ratio (CR) is used as a stand-in for liquidity in this analysis. If the firm has a high current ratio, it means that its current assets are larger than its current liabilities. Because of this, the corporation will have an easier time paying down its debt and staying out of the red. Liquidity has been shown to have a negative and substantial influence on forecasting financial hardship in enterprises by studies by Arohmawati and Pertiwi (2021) and Kartika and Hasanudin (2019). H2: Liquidity is negatively impacted to financial distress.

Effect of Leverage on Financial Distress

As stated by Siswanto (2021), the leverage ratio is a popular indicator for evaluating a corporation’s reliance on debt for funding. High leverage is a warning flag because it indicates that a considerable debt is being used to pay for corporation expense. The Debt to Asset Ratio (DAR) is used as a metric of leverage in this analysis. The more the DAR, the more of the percentage of debt-financed assets in the corporation. The high level of debt increases the possibility of default, which can have
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a devastating effect on the company's finances. Research carried out by Susanti and Takarini (2022) and Putri and Aminah (2022), have demonstrated that leverage has a favorable and significant impact on predicting financial distress.

H₃: Leverage is positively impacted to financial distress.

**Firm Size in Moderating Profitability on Financial Distress**

Companies with high profitability indicate an increase in operating profit. When the profitability ratio is high, a corporation has a good chance of making money. Large operating profits make it easier for companies to meet financing and operational obligations so as to avoid financial distress. According to Kristanti (2019), companies that have a smaller size are more likely to experience financial distress because they have low returns. Conversely, Larger businesses may make better use of their resources, allowing them to expand and thrive. According to research by Mujiani and Jum'atul (2020), The influence of a company's profitability on the anticipation of financial issues is moderated by its size.

H₄: Firm size moderates the effect of Profitability on Financial Distress.

**Firm Size in Moderating Liquidity on Financial Distress**

A corporation is deemed to be in a liquid state if its current assets surpass its current debts. Companies with a high liquidity ratio are able to meet their short-term commitments when they come due (Rahmadianti and Asyik, 2021). Businesses that don’t have trouble meeting their existing financial commitments are less likely to experience financial hardship. This is bolstered if the business is sizable. The lower the likelihood of financial hardship and the larger the ability to handle the payment of short-term commitments that comes with large firm size. Rahmadianti and Asyik’s research from 2021 demonstrates that firm size can decrease the impact of liquidity on financial distress.

H₅: Firm size moderates the effect of Liquidity on Financial Distress

**Firm Size in Moderating Leverage on Financial Distress**

The higher the leverage ratio indicates that the higher the company uses debt (Rachmawati and Ichsanuddin Nur, 2021). High debt can cause various problems, one of which is default due to high-interest expenses, so the company is at risk of experiencing financial distress. When a small firm borrows money from outside sources to fund its expansion, the possibility of the business running into financial trouble increases. According to Kariani and Budiasih's research from 2017, company size can reduce the impact of leverage on the likelihood of a financial crisis.

H₆: Firm size moderates the effect of Leverage on Financial Distress

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**III. RESEARCH METHOD**

A total 41 companies in the restaurant, hotel, and tourism industries recognized on the Stock Exchange of Indonesia make up the sample population for this analysis. Purposive sampling was used to choose participants for this study based on certain criteria. This study's samples came from 23 different businesses. Secondary data using the 2018-2021 financial statements of firms listed on IDX in the restaurant, hotels, and tourist industries were utilized for this analysis. Moderated Regression Analysis (MRA) was employed in this investigation, and statistical analysis was performed with the help of the SPSS program.
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Independent Variables

a. Profitability
   The capacity of a business to turn a profit over a given time frame is referred to as its profitability (Siswanto, 2021). Return on Assets (ROA) is the metric used to measure this variable. Return on Assets (ROA) measures how efficiently a business turns its total assets into after-tax revenue. The ROA formula looks like this:
   \[
   \text{Return On Asset} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%
   \]

b. Liquidity
   The ability of a business to repay its short-term loan when it is due is referred to as liquidity (Siswanto, 2021). The current ratio (CR) is the metric used to assess this factor. The liquidity of a corporation may be seen in the ratio of current assets to current liabilities. The CR equation looks like this:
   \[
   \text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}
   \]

c. Leverage
   The capacity of a business to pay down its long-term debt is known as leverage (Kristanti, 2019). This indicator is measured using the Debt to Assets Ratio (DAR). DAR displays the percentage of a firm’s total assets that are financed by debt. The DAR rule is as follows:
   \[
   \text{Debt to Assets Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}
   \]

Dependent Variables

A corporation enters financial distress when its financial performance begins to worsen and is on the verge of bankruptcy (Kristanti, 2019). The Interest Coverage Ratio (ICR) is used to quantify this factor. ICR demonstrates the corporate capacity for cover the cost of interest on debt through operating earnings. The following is the ICR formula:
   \[
   \text{Interest Coverage Ratio} = \frac{\text{Operating Profit}}{\text{Interest Expenses}}
   \]

Moderating Variables

The size of a corporation may be gauged by looking at its total assets and revenues (Mujiani and Jum'atul, 2020). The logarithm of total assets is used to get this metric’s value. The method is intended to offer quantifiable criteria for determining a company’s size:
   \[
   \text{Size} = \ln(\text{Total Assets})
   \]

Moderated Regression Analysis (MRA)

Moderated Regression Analysis (MRA), also known as moderated regression analysis, is an interaction test in multiple linear regression applications that, in its equation, contains an element of multiplication of two or more variables. A moderating variable’s impact on the intensity of the independent variable’s effect on the dependent variable may be explained by this test (Rahmadianti and Asyik, 2021). The following equation demonstrates the moderation regression model:
   \[
   FD = \alpha + \beta_1\text{PROFIT} + \beta_2\text{LK} + \beta_3\text{LVRG} + \beta_4\text{SIZE} + \beta_5\text{PROFIT} \times \text{SIZE} + \beta_6\text{LK} \times \text{SIZE} + \beta_7\text{LVRG} \times \text{SIZE} + e...
   \]

Classic Assumption Test

Moderation regression analysis can be done if the research data does not conform to the standard assumptions of homoscedasticity, normalcy, multicollinearity, or autocorrelation.

a. Normality Tests
   To determine if the independent variables and dependent variables in the regression model have a normal distribution, the normality test was run (Ghozali, 2021). The criteria for testing data normality in the Kolmogorov-Smirnov (K-S) test are as follows (Purnomo, 2017):
   - If there is a significant value ≥ 0.05 then data distributes normally.
   - If there is a significant value ≤ 0.05 then data is not distributes normally.

b. Multicollinearity Tests
   A multicollinearity tests was performed to determine whether or not the independent variables in the examined regression model were correlated, as suggested by Ghozali (2021). With the following criterion, multicollinearity in the regression model may be seen from the tolerance value and Variance Inflation Factor (VIF). (Widana & Muliani, 2020):
   - While a tolerable value is < 0.1 or VIF > 10, Multicollinearity exists.
While a tolerable value is > 0.1 or VIF < 10, No multicollinearity.

c. Heteroscedasticity Tests

By comparing the variance of the observed data to the variance of the residuals, the heteroscedasticity test may assess if the traditional assumption of heteroscedasticity has been violated (Wiyono, 2020). The heteroscedasticity test, which compares the absolute residuals from each independent variable's regression, is measured with Spearman's rank. Irianto (2017) states that the criteria used to make decisions in this evaluation are:

When the significance value is greater than 0.05, heteroscedasticity is absent.
Heteroscedasticity is present if the significance value is less than 0.05.

d. Autocorrelation Tests

To assess if there is a relationship between the regression model and confounding variables in a given period and the preceding period, an autocorrelation test may be performed (Ghozali, 2021). In this investigation using the autocorrelation analysis was carried out the Durbin-Watson (DW) tests. According to Ghozali (2021), the criteria for testing Durbin Watson are as follows:

Table 1. Autocorrelation Testing Criteria

<table>
<thead>
<tr>
<th>Durbin Watson</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 &lt; d &lt; dL</td>
<td>Positive autocorrelation</td>
</tr>
<tr>
<td>dL &lt; d &lt; du</td>
<td>No conclusion</td>
</tr>
<tr>
<td>du &lt; d &lt; 4 - du</td>
<td>Not autocorrelation</td>
</tr>
<tr>
<td>4 - du &lt; d &lt; 4 - dL</td>
<td>No conclusion</td>
</tr>
<tr>
<td>4 - dL &lt; d &lt; 4</td>
<td>Negative autocorrelation</td>
</tr>
</tbody>
</table>

Hypothesis Testing

a. Simultaneous Test or F-Tests

The simultaneous test (F-test) is used to determine whether all the independent variables collectively (simultaneously) have a substantial impact on the study's dependent variable (Ghozali, 2021). The following criteria are used to evaluate the simultaneous test:

A simultaneous significant effect of the independent factors on the dependent variable is shown if the significance value is less than 0.05.
If the significance value is more than 0.05, it means that the independent variable does not simultaneously affect the dependent variable.

b. Partial Test or T-Tests

To show how much a single independent variable may account for the observed variation in the dependent variable, the t-test was used (Ghozali, 2021). The requirements for the t-test are as follows:

If the p-value is less than 0.05, then the independent factors have a moderate effect on financial hardship.
The independent variable has no influence on financial hardship if the p-value is greater than 0.05.

c. Coefficient of Determination Tests or $R^2$

Ghozali (2021) suggests using the R2 test to quantify a model's explanatory power over its dependent variable of interest.

IV. RESEARCH RESULT AND DISCUSSION

A. Result

4.1 Outliers Test

The purpose of an outlier test is to identify data that stands out from the norm by having unusually high or low values in a given variable or set of variables.

Table 2. Summary of Outlier Testing Results First

<table>
<thead>
<tr>
<th>Residuals Statistics</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean.</th>
<th>Std. Deviation</th>
<th>N.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahal. Distance</td>
<td>.440</td>
<td>47.616</td>
<td>7.913</td>
<td>8.318</td>
<td>92</td>
</tr>
</tbody>
</table>
a. Dependent Variable: DATA
Based on table 1, shows that there are research data that contain outliers because the maximum value is Mahal. Distance (47.616) > Prob value. & Number of Variables (20.515) so it is necessary to eliminate 21 data which are considered to contain outliers.

Table 3. Summary of Outlier Testing Results Second

<table>
<thead>
<tr>
<th>Residuals Statistics</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean.</th>
<th>Std. Deviation</th>
<th>N.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahal. Distance</td>
<td>1.295</td>
<td>18.677</td>
<td>7.887</td>
<td>4.817</td>
<td>71</td>
</tr>
</tbody>
</table>

Based on table 2, Show the data tested there are no outliers because the maximum value is Mahal. Distance (18.677) < Prob value. & Number of Variables (20.515) so data quality of the 71 cases listed has good quality and can be continued.

4.2 Classic Assumption Tests

Table 4. Summary of The Results of Normalitas Tests

<table>
<thead>
<tr>
<th>Kolmogorov-Smirnov Tests</th>
<th>ROA (X1)</th>
<th>CR (X2)</th>
<th>DAR (X3)</th>
<th>FD (Y)</th>
<th>FIRM SIZE (M)</th>
<th>(X1*M)</th>
<th>(X2*M)</th>
<th>(X3*M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>71</td>
<td>71</td>
<td>71</td>
<td>71</td>
<td>71</td>
<td>71</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>Normal Parameters</td>
<td>Mean</td>
<td>.0190</td>
<td>.15262</td>
<td>.3889</td>
<td>.4951</td>
<td>.27920</td>
<td>.5280</td>
<td>42.5915</td>
</tr>
<tr>
<td></td>
<td>Std. Deviation</td>
<td>.05785</td>
<td>.95436</td>
<td>15601</td>
<td>7.00679</td>
<td>1.23465</td>
<td>1.60082</td>
<td>26.79614</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Absolute</td>
<td>.118</td>
<td>.120</td>
<td>.071</td>
<td>.170</td>
<td>.096</td>
<td>.092</td>
<td>.112</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
<td>.118</td>
<td>.120</td>
<td>.058</td>
<td>.170</td>
<td>.096</td>
<td>.092</td>
<td>.112</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>-.101</td>
<td>-.082</td>
<td>-.071</td>
<td>-.143</td>
<td>-.068</td>
<td>-.084</td>
<td>-.086</td>
</tr>
<tr>
<td>Test Statistic</td>
<td>.118</td>
<td>.120</td>
<td>.071</td>
<td>.170</td>
<td>.096</td>
<td>.092</td>
<td>.112</td>
<td>.064</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.163c</td>
<td>.126c</td>
<td>.200c,d</td>
<td>.127c</td>
<td>.173c</td>
<td>.200c,d</td>
<td>.127c</td>
<td>.200c,d</td>
</tr>
</tbody>
</table>

Each of the variables for the study was valued at greater than 0.05 or 5%, according to the findings of the normality test with Kolmogorov Smirnov. in order for the regression model to have a distribution that’s normal.

Table 5. Summary of The Results of the Multicollinearity Tests

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Collinearity Statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tolerance</td>
<td>VIF</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ROA (X1)</td>
<td>.866</td>
<td>1.155</td>
</tr>
<tr>
<td></td>
<td>CR (X2)</td>
<td>.801</td>
<td>1.249</td>
</tr>
<tr>
<td></td>
<td>DAR(X3)</td>
<td>.854</td>
<td>1.171</td>
</tr>
<tr>
<td></td>
<td>FIRM SIZE (M)</td>
<td>.988</td>
<td>1.012</td>
</tr>
<tr>
<td></td>
<td>(X1*M)</td>
<td>.872</td>
<td>1.146</td>
</tr>
<tr>
<td></td>
<td>(X2*M)</td>
<td>.825</td>
<td>1.213</td>
</tr>
<tr>
<td></td>
<td>(X3*M)</td>
<td>.869</td>
<td>1.150</td>
</tr>
</tbody>
</table>

The research's analysis's findings demonstrated that none of the independent variables were multicollinear. Each independent variable value has a tolerance value > 0.10 and a VIF value of 10.00, which is proof of this.
Financial Distress Analysis with Firm Size as a Moderating Variable in the Restaurant, Hotel, and Tourism Sub-Sector Companies on the Stock Exchange of Indonesia

Table 6. Summary of The Result of the Heteroscedasticity Test

<table>
<thead>
<tr>
<th>Nonparametric Correlations</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman 's rho</td>
<td></td>
</tr>
<tr>
<td>ROA (X1)</td>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>CR (X2)</td>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>DAR(X3)</td>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>FIRM SIZE (M)</td>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>(X1*M)</td>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>(X2*M)</td>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>(X3*M)</td>
<td>Correlation Coefficient</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
</tbody>
</table>

The Spearman Rank Correlation Heteroscedasticity Test found no evidence of heteroscedasticity since all independent variables had Sig. values > 0.05.

Table 7. Summary of The Autocorrelation Test's Result

<table>
<thead>
<tr>
<th>Model Summary*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

The end result of the autocorrelation tests showed a DW value of 1.741. It is clear that there is no autocorrelation because this value lies between -2 and +2.

4.3 Hypothesis Testing

Table 8. Summary of The Result of Simultaneous Tests or F-Tests

<table>
<thead>
<tr>
<th>ANOVA*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

It is clear from the tests' results that any changes in the independent variables and moderating variables can explain changes in the dependent variable under investigation, with a computed F value of 5.967 and a level significance of 0.000 < 0.05.

Table 9. Summary of The Result of Partial Tests or T-Tests

<table>
<thead>
<tr>
<th>Coefficients*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>ROA (X1)</td>
</tr>
<tr>
<td>CR (X2)</td>
</tr>
<tr>
<td>DAR(X3)</td>
</tr>
<tr>
<td>FIRM SIZE (M)</td>
</tr>
</tbody>
</table>

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The data that follow are the T-Test's acquired results:

1) With a regression coefficient of 52.240, indicating a positive value, it can be stated that profitability has a substantial influence on financial hardship. The significance role of profitability (X1) is 0.000 <0.05, so H1 is accepted.

2) With a regression coefficient of 0.203, indicating a positive value, and the significance of liquidity (X2) 0.817>0.05, H2 is rejected. This suggests that liquidity has no effect on financial hardship.

3) With a regression coefficient of 10.399, indicating a positive value, and the significance of leverage (X3) being 0.049<0.05, it can be inferred that leverage significantly affects financial distress, so H3 is accepted.

4) It may be stated that firm size moderates the contribution to profitability on financial hardship because the significance of the relationship between profitability and firm size (X1*M) is 0.000<0.05, so H4 is accepted.

5) That H5 is rejected because of the significance of the liquidity-firm size interaction (X2*M), which is 0.592 > 0.05, it may be inferred that firm size has no moderating influence on liquidity's contribution to financial distress.

6) Based on that H6 is accepted and the significance of the relationship between leverage and firm size (X3*M) is 0.015<0.05, it should be added that company size moderating influence on leverage contribution to financial distress.

Table 10. Summary of The Result of Coefficient Determination Test or R²

<table>
<thead>
<tr>
<th>Model Summarya</th>
<th>Model Summarya</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>R</td>
<td>R Square</td>
<td>Adjusted R Square</td>
<td>R</td>
<td>Std. Error of the Estimate</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.631a</td>
<td>.399</td>
<td>.332</td>
<td>5.72733</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The tests conducted yielded an R² value of 0.399, which can be interpreted to mean that the variables of profitability, liquidity, leverage, firm size, moderation-1, moderation-2, and moderation-3 account for 39.90% of the variance in financial distress, while the remaining 60.10% accounts for variance in factors not included in the study.

B. Discussion

a. Profitability has a positive effect on going financial distress

This study establishes that financial difficulties in the restaurant, hotel, and tourism sub-sector enterprises listed on the Indonesia Stock Exchange may be a result of profitability as measured by Return On Assets (ROA). The ROA esteem rising shows that the company’s assets are productive in producing high profits. Companies must spend more money financing assets in order to preserve them. Non-optimal profitability and the potential for financial difficulty will emerge from the company’s inability to keep a balance between income and costs. Financial distress risk will rise in response to an increase in ROA value. In the opposite direction, any drop in ROA value will be accompanied by a drop in the likelihood of financial trouble. According to the signaling theory, this will send a negative message to outside parties, indicating that the corporation is unable to effectively manage its assets, leading to higher financing costs and lower profits. Susanti and Takarini (2022) found that ROA had no impact on financial hardship, which contradicts the findings of the current study. This study's findings, however, are consistent with those of Syahputra and Purwanto (2022) and Yusbardi and Rasyid (2019), who found that profitability is related to financial hardship.

b. Liquidity has no effect on going financial distress

This study establishes that financial difficulty in the restaurant, hotel, and tourism sub-sector enterprises enterprises available on the Stock Exchange of Indonesia cannot be contributed to liquidity as measured by the current ratio (CR). High liquidity does not ensure that the business will stay out of financial trouble. This occurs because two of the accounts that make up current assets inventory and accounts receivable are made up of many accounts. It takes a while for the money in these two accounts to be converted into cash that can be used to pay current obligations. Because even though the CR value has increased, it does not ensure that the corporate has the ability to pay its existing debts, the growth as well as decrease in liquidity value have no impact on the high or low risk of the financial crisis. According to the signaling theories, a corporation with significant liquidity will send a clear signal to outside parties about its ability to pay down present obligations when they become due. This, however, has little effect on the likelihood of financial trouble. The findings of this study contradict those of Arohmawati and...
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Pertiwi’s research (2021), which claims that liquidity has an impact on financial distress. The findings of this study, however, are consistent with studies by Rachmawati and Icshanuddin Nur (2021) and Susilo and Suwaidi (2022), according to which liquidity has little impact on financial distress.

c. Leverage has a positive effect on going financial distress

The results of this study demonstrate that leverage, as measured by the debt-to-asset ratio (DAR), might increase the risk of financial difficulty for enterprises in the restaurant, hotel, and tourism subsectors that are listed on the Indonesia Stock Exchange. An increase in DAR value shows that debt is used to finance the majority of the company’s assets. Debt will result in interest costs that the business will have to cover. The likelihood that the company would encounter financial difficulties due to default rises over time as a result of a high level of debt and interest expense. Financial distress risk will rise in response to any increase in DAR value. In the opposite direction, any drop in DAR value will be accompanied by a drop in the likelihood of financial trouble. According to the theory of signals, this sends a bad message to outsiders since it suggests the corporation may fail on its debt and so lose a lot of its assets. The findings of this study are consistent with those of Putri and Aminah (2022), Rissi and Herman (2021), and Susanti and Takarini (2022), all of whom found that leverage had an effect on financial hardship. Mujiani and Jum’atul’s (2020) research contradicts this, finding that leverage does not contribute to financial distress.

d. Company size moderates the effect of profitability on financial distress

Based on this study, the size of the firm can moderate the impact of profitability on financial distress. The size of a large firm reveals how many assets are possessed. Companies that don’t manage their assets well can increase costs, so if they can’t balance their income with their expenses, profits won’t be maximized and they risk going into financial trouble. The high and low levels of profit might cause high and low risks of the company experiencing financial trouble, depending on the size of the corporate. In line with various signaling theories, a big company size implies a large number of assets. This sends a negative message to outside parties since it shows that the firm can’t manage its assets effectively, which may lead to higher costs and possible financial issues. The findings of this study are consistent with those of Mujiani and Jum’atul’s (2020) study, which found that the size of a corporate can decrease the impact of profitability on financial distress.

e. Company size does’ moderate the effect of liquidity on financial distress

This study establishes that the impact of liquidity on financial distress cannot be moderated by a company’s size. Small business size shows that small companies own the assets. This makes the corporation less liquid and makes it challenging to settle its current liabilities. A huge company’s size cannot ensure that it will be financially stable, as firms with substantial assets that are poorly managed will not be able to generate the highest levels of revenue and profit, eventually depreciating the value of the firm’s liquidity. As a result, an increasing number of current liabilities will be past due. Companies that have trouble paying their bills as they become due may find themselves in a financial crisis. The size of the business does not ensure that it will be able to meet its present obligations on time and stay out of debt. According to the signaling theories, huge corporations display significant assets, which is a positive signal to outside parties but does not ensure that the corporate will not encounter financial troubles. The findings of this study are consistent with those of Tania and Wijaya’s study from 2021, which found that firm size cannot mitigate the impact of liquidity on financial hardship.

f. Company size moderates the effect of leverage on financial distress

This study establishes that the impact of leverage on financial distress can be moderated by a company’s size. A small business has a better chance of expanding, necessitating the need of outside capital for the majority of its operating activities. Significant levels of outside investment result in significant interest costs, which will exacerbate the company’s financial situation. The more loans a corporation makes to third parties, the smaller it is. The likelihood that the company may go into financial difficulties increases with the loan amount. Companies may increase their external finance due to their size. It might put the corporation in serious financial danger. According to the signaling theory, this will send an undesirable message to outside parties because small businesses typically have a high level of debt for business development, increasing the danger of default the corporate faces. The findings of this study are consistent with those of Kariani and Budiasih’s (2017) study, which found that corporate size can reduce the impact of debt on financial distress.

V. CONCLUSIONS

This study examines profitability, liquidity, and leverage in financial distress with company size as a moderator in restaurant, hotel, and tourism sub-sector industries on the Stock Exchange of Indonesia. Based on the results of the MRA test and previous research, it can be concluded that profitability and leverage can make a real contribution to financial distress, while liquidity...
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cannot make a real contribution to financial distress. Company size is able to moderate the effect of profitability and leverage on financial distress. However, company size is not able to moderate the effect of liquidity on financial distress. Companies should be able to use assets effectively and efficiently so as not to incur high additional costs, so that profits are maximized and companies can manage and minimize the use of debt as well as possible so that there is no default that can cause financial distress.

REFERENCES
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