INFLUENCE OF LEVERAGE, FIRM SIZE, AND SALES GROWTH ON FINANCIAL DISTRESS
(Empirical Study on Retail Trade Sub-Sector Companies Listed in Indonesia Stock Exchange Period 2016-2020)

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Abstrak:	This study aims to find out either the partial or simultaneous effect of leverage, firm size, and sales growth on financial distress. The population in this study are retail trade sub-sector companies listed in Indonesia Stock Exchange (IDX) period 2016-2020 with total 27 companies. The sample's determination in this study used purposive sampling technique, so that obtained 17 companies. The data analysis method used logistic regression analysis and the data processing used SPSS. Testing the influence of variables on the partial test (wald test) shows the results that leverage has a significance value of 0,041 (sig < 0,05) and a positive B regression coefficient (2,303) then Ho is rejected and Ha is accepted, which means partially leverage has significant positive effect on financial distress. Firm size has a significance value of 0,027 (sig < 0,05) and a negative B regression coefficient (-0,527) then Ho is rejected and Ha is accepted, which means partially firm size has significant negative effect on financial distress. Sales growth has a significance value of 0,655 (sig > 0,05) then Ho is accepted and Ha is rejected, which means partially sales growth has no significant effect on financial distress. Testing the influence of variables on the simultaneously test (omnibus test) shows the results that simultaneously the leverage, firm size, and sales growth has effect on financial distress.
Keywords:	*Financial Distress, Leverage, Firm Size, Sales Growth*

1. INTRODUCTION

Retail trade or what is commonly referred to as retail business is a line of business that sells goods and services to meet household and individual consumption needs. This line of business is considered an important link in the distribution process of goods, because retail serves as the last link in the chain that connects producers with consumers. Retail also has a role in Indonesia's economic growth, because retail is one of the components of the trade sector that provides the second largest contribution during the 2016-2019 period, which is 52,24% and occupies the third position in 2020, which is 12,93% to the growth rate of Gross Domestic Product (GDP), where GDP is used as a benchmark for economic development in Indonesia. In addition, retail also has a role in reducing the unemployment rate in Indonesia

because retail can absorb a large number of workers. In line with that, the retail business has developed quite rapidly from year to year. General Chairman of the Association of Indonesian Retail Companies (Aprindo) Roy N. Mandey said the data on the development of retail business in Indonesia tends to increase every year. Although in 2016 retail development in Indonesia only grew around 3,5%, reaching Rp. 205 trillion, the graph continued to rise in 2017 by 3,7%, which reached Rp. 212 trillion, until 2018 it increased rapidly 10%, which was Rp. 233 trillion, and in 2019 it also reached 10%, which was Rp 256 trillion (www.kabaruang.com, 2019). The development of this retail business is a big challenge for new and old retailers, because this will lead to the potential for increasingly fierce business competition. Retail companies compete with each other to move forward and be the best in market share, which in the end can result in the bankruptcy of several retail companies due to losing competitiveness. Before bankruptcy occurs, the company will experience financial difficulties first, which is called financial distress. Financial distress is a condition in which the company is experiencing a stage of financial decline which is marked by the company's inability to fulfill its liabilities (debt), and if the company cannot overcome it, bankruptcy will occur. (Ratna & Marwati, 2018) explains the signs of a company that is in financial distress can be seen from the decrease in sales volume, the decreased ability of the company to generate profits, and dependence on large debts. One of the retail companies that experienced financial difficulties until led to bankruptcy was PT Modern Sevel Indonesia, which officially stopped the operational activities of all its outlets known as 7 Eleven (SEVEL) at the end of June 2017. The closure of all SEVEL outlets was not due to the sluggish retail market, but because the stores did not reach the company's target so that there was a lack of resources to fund store operations and caused a loss of Rp 447,9 billion in the first quarter of 2017.

The financial difficulties (financial distress) experienced by retail companies in Indonesia continue to get worse as they enter 2020 as a effect of the COVID-19 outbreak phenomenon. COVID-19 (*Corona Virus Disease* 2019) is an infectious disease caused by the SARS-CoV-2 virus, which started in Wuhan, China in December 2019, then spread to various countries including Indonesia so that it was declared a pandemic by WHO (*World Health Organization*). As time goes by, the increase in the number of people infected with COVID-19 in Indonesia is increasing rapidly, this has prompted the government to make prevention and handling efforts of COVID-19, Starting from mandatory masks, Large-Scale Social Restrictions (LSSR), online learning for schools and universities, to Work From Home (WFH) for those who work. The lack of public activities definitely have an impact on a sharp decline in the national economy. The Central Statistics Agency (CSA) noted that Indonesia's economic growth throughout 2020 had a contraction of -2,07% YoY (Year on Year) compared to 2019 which was able to grow to 5,02% (www.ekonomi.bisnis.com, 2021). This realization's drop was largely due to a decrease in household consumption growth of -2,63%, Besides that, there is also a loss of public's purchasing power around Rp. 362 trillion. This automatically makes retail companies affected. Based on the Real Sales Index (RSI), retail sales in 2020 have decreased by -19,2% YoY (Year on Year). For more details, can be seen in the figure below.

Figure 1
Retail Sales Chart December 2019-2020 (%)

Source: www.ceicdata.com

Based on Figure 1, the decline in retail sales began to look significant after the COVID-19 pandemic entered Indonesia in March 2020 which decreased by 4,5%, then continued to get worse in April to May. Although it had improved in June to September 2020, but in the end it weakened again in October to December 2020. Therefore, during the 2020 period, all retail companies experienced very heavy pressure, some of which suffered heavy losses and entered the phase of financial distress, some even ended up going bankrupt. The management of PT Ramayana Lestari Sentosa Tbk (RALS) in its disclosure of information to the Indonesia Stock Exchange said that the pandemic forced the company to close several outlets. The company's revenue is estimated to decrease by 51% to 75% compared to 2019. The company must also lay off 421 employees during the period January to June 2020. In the 2020 financial report published by the Indonesia Stock Exchange, PT Matahari Department Store Tbk (LPPF) posted a net operating profit loss of Rp 626 billion. This is certainly a sharp blow for LPPF because for the last 4 years before 2020, the Company has never experienced a loss in its operating net profit. Reviewing what happened to retail companies both before the COVID-19 pandemic and after the pandemic, shows that retail companies can get into financial distress at any time. However, companies or investors can predict these conditions so that when start entering the phase of financial distress, companies can immediately realize it and when investors want to invest can be more careful. There are several predictors that are often used in research to predict financial distress, such as financial ratios, namely liquidity, leverage, activity, profitability, and market. In addition to financial ratios, there are also other predictor variables such as size of commissioners, independent commissioners, operating capacity, interest rates, company size, and sales growth. In this study, the author chose to use the predictor variables of leverage, firm size, and sales growth.

Leverage is a ratio used to calculate or measure how much of a company's assets or assets and its activities are financed by debt, both short-term and long-term. If the company uses too much debt in its funding, it will result in liabilities (debt) in the long term in the future and increase the possibility of the company to experience financial distress.

Company size is a scale that classifies companies in the category of large or small companies using several measurements. In general, firm size is measured by total assets. Companies with small total assets tend to experience financial distress because companies that have large total assets indicate that the company has reached the maturity level, where at

this level the company's cash flow already positive and is considered to have good prospects in a relatively long period.

Sales growth is a ratio used to measure how stable sales are and how successful the company is, from one period to the next period. Every company definitely wants to maintain and increase its sales from year to year and the company continues to run because of the increasing sales growth, the better prospects they have. otherwise, if the company's sales growth decreases, the greater the potential for the company to get into financial distress.

2. LITERATURE REVIEW

Signalling Teori

According to Brigham & Houston in (Anza, 2020) signalling theory is an action taken by the company to provide clues to investors about how management views the company's prospects. This signal is one of the most important things that must be considered for company's external parties, because this signal is in the form of information regarding what management has done to realize the owner's wishes. Before making an investment, an investor will of course do research first to find out the condition and quality of a company where he will invest. Financial reporting is one form of signalling theory (Arnas, Y; Lamtiar, S; Kurniawati, Z; Kurnianto, B; Kalbuana, 2021; Hastomo, Karno, Kalbuana, Nisfiani, & ETP, 2021; Hendriarto, Mursidi, Kalbuana, Aini, & Aslan, 2021; Kalbuana, N; Christelia, S; Kurnianto, B; Purwanti, T; Tho'in, 2021; Kalbuana, Nawang; Budi R, A.Nugroho; Yulistiani, 2020; Kalbuana, Sutadipraja, Purwanti, & Santoso, 2019; Kalbuana, Utami, & Pratama, 2020; Nurwati, Prastio, & Kalbuana, 2021; Prasetyo, B; Utami, S; Abdusshomad, A; Wijaya, M; Kalbuana, 2021; Yohana; Kalbuana, N; Solihin; Yanti, 2020)

Financial distress is related to signal theory because the addition of debt carried out by the company can be captured by investors as a positive signal because debt can be used to finance the company's operational activities or support the company in expanding its business but the addition of debt must be followed by profit increasement. If the addition of the company's debt is not followed by profit increasement and the amount of company assets is smaller than the amount of debt, the company will be difficult to pay off its debts and cause financial distress to the company so that it can be caught as a negative signal by investors. But a company that has gone through and rise from the period of financial distress can also be seen as a positive thing for investors because it means that the company has the strength and strategy to get through the crisis that hit it.

Financial Distress

According to (Perdana & Dillak, 2019), financial distress is a condition where the company is in a financial difficult which is characterized by the company's inability to pay off its liabilities (debts) which if not resolved can lead to bankruptcy or liquidation. Companies that are in the financial distress can be seen from several signs, such as decreased sales volume, decreased ability of the company to generate profits or there are negative numbers in operating profit, and companies are dependent on large debts. Financial distress is classified into four terms written by Altman & Hotchkiss in (Ardeati, 2018), those are:

1. Economic Failure
   The company's revenue cannot cover all of the total costs used. The company in this condition can continue to operate if the creditor still wants to provide additional capital and the owner can receive a return below the market interest rate.
2. Business Failure

Business failure is used to describe a variety of unsatisfactory business conditions.

3. Insolvent

Insolvent conditions are experienced by companies that cannot fulfil their short-term liabilities because they are unable to obtain net income. Insolvents can be divided into two groups, Technical Insolvency and Bankruptcy Insolvency. Technical insolvency is a temporary condition of an illiquid company, but if it can increase cash and is able to pay its liabilities, it can be said that the company is safe from the threat of failure. Bankruptcy insolvency occurs when the company has a book value of total liabilities greater than the market value of its assets, so the value of the company is negative.

4. Legal Bankruptcy

Legal Bankruptcy is a condition when the company has been declared bankrupt and legally ratified.

(Kristanti, 2019) states that there are two factors that can make a company experience financial distress, which are as follows:

1. Company's Internal

Problems that occur in the company's internal can trigger financial distress, for example:
   a) Human resources, which includes poor quality and quantity of human resources.
   b) Products, which includes products that are bad and do not meet consumer expectations.
   c) Pricing, which includes unrealistic budgets and pricing.
   d) Marketing, which includes inappropriate marketing activities that reduce the company's sales.
   e) Distribution, which includes poor distribution channels so that the sales not as expectations or the product is damaged so that causes company losses.

2. Company's External
   a) Socio-cultural, which includes the company's inability to adapt to the socio-cultural environment where the company operates, can increase the company's reasons for failure.
   b) Macroeconomic conditions, such as inflationary economic growth, new policies from regulators, both fiscal and monetary, and other macro factors that could trigger a financial distress of company.
   c) Technology, that is the presence of new technology often makes it difficult for some companies to immediately adopt it so that it makes them less competitive in the market.
   d) Legal, which includes laws that regulate quotas, exports, imports, and trade which if not in accordance with the law can be subject to penalties. And all of that can cause financial problems for the company.

Leverage

The leverage ratio is also known as the solvency ratio. (Kasmir, 2018) states that the solvency ratio is a ratio used to measure the extent to which company assets are financed with debt. This means how much debt is borne by the company compared to its assets. There are three types of leverage used by companies to obtain sources of funds with fixed costs, namely operating leverage, financial leverage, and combined leverage. The use of assets that cause fixed expenses is called operating leverage, while the use of funds with fixed expenses is called financial leverage, then the joint calculation between operating leverage and financial leverage is called combined leverage Hanafi in (Jumaiyah, 2019).

Firm Size

(Widiastari & Yasa, 2018) states that company size is a scale which the size of the company can be classified as measured by total assets, total sales, share value and etc. While (Ponziani & Azizah, 2017) explains that the size of the company is a reflection of the total assets owned by the company. Companies that have large total assets indicate that the company has reached the maturity level, where at this level the company's cash flow already positive and is considered to have good prospects in a relatively long period.

Machfoedz in (Apriyana & Rahmawati, 2017) classifying company size into three categories, those are:

1. Large Company
   Is a company that has a net worth of more than IDR 10 billion including land and buildings, and has sales of more than IDR 50 billion per year.
2. Medium Company
   Is a company that has a net worth of IDR 1-10 billion including land and buildings, also have sales of more than one billion rupiah and less than 50 billion rupiah.
3. Small Company
   Is a company that has a net worth of at most IDR 200 million excluding land and buildings, and has sales of at least IDR 1 billion per year.

3. RESEARCH METHOD

The research method that the author uses in this research is quantitative research. Quantitative research method is a research method that aims to test established hypotheses so as to obtain new findings, relationships between variables and causality (cause and effect) of the studied variables using statistical data analysis techniques or other of quantification (measurement). The data used in this study is secondary data. Secondary data is data that is not obtained directly from the main source but through a second, third, and etc. The data source in this study is the annual financial report of retail trading sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020. The data was obtained through the official website of the Indonesia Stock Exchange www.idx.co.id dan addition website www.idnfinancials.com. After collecting all the data needed in this study, the population and sample are determined to test the established hypothesis.

The population in this study are retail trading sub-sector companies listed on the Indonesia Stock Exchange in 2016-2020, which are 27 companies. The sampling technique in this study is purposive sampling, which is a data sampling technique based on certain considerations (Sugiyono, 2017). The following are the criteria determined for sampling in this study:

1. Retail trading sub-sector companies listed on the Indonesia Stock Exchange (IDX) period 2016-2020
2. The company has complete data needed in this study, which includes the company's financial statements ending on December 31
3. Companies that issue financial statements in rupiah currency.

Based on predetermined criteria, of the 27 population of companies listed on the Indonesia Stock Exchange period 2016-2020, that left 10 companies which do not meet the criteria and obtained a sample of 17 companies that meets the criteria with 5 years of observation that is 2016-2020, so the number of observations is 85.

Financial distress in this study is classified as dummy variable and is measured using the Interest Coverage Ratio formula (ICR). Dummy variable is a variable that is used to quantify qualitative variable (ex: gender, race, religion, government policy changes, different situations and etc). Interest Coverage Ratio is a ratio that describes the company's ability to pay loan interest expenses. Company that has an ICR value of less than 1 (ICR < 1) is a company that's in financial distress and coding for the dummy variable is coded 1, while the company with an ICR value of more than 1 (ICR > 1) is a company whose financial condition is healthy or not experiencing financial distress and coding for the dummy variable is coded 0. The formula for calculating the interest coverage ratio is (Agustini & Wirawati, 2019):

$$Interest\ Coverage\ Ratio = \frac{Earnings\ Before\ Interest\ and\ Taxes\ (EBIT)}{Interest\ Expense}$$

In this study, leverage using the Debt to Asset Ratio (DAR) proxy, is a debt ratio used to measure the ratio between total debt and total assets (Kasmir, 2018). The formula for calculating the debt to asset ratio is:

$$Debt\ to\ Asset\ Ratio = \frac{Total\ Liabilities}{Total\ Assets}$$

Firm size in this study is proxied by Natural Logarithm (Ln) of Total Assets. The natural logarithm is used to reduce the significant difference between the firm size that is too large and the firm that is too small, so from the number of assets formed the natural logarithm which aims to make the data on the number of assets normally distributed (Rate, 2018). The formula for calculating firm size is:

$$Size = Ln\ (Total\ Assets)$$

Sales growth in this study was measured using the sales growth ratio proxy. Sales growth ratio describe the comparison of the difference between total net sales for the current year and the previous year. The formula for calculating the sales growth ratio is (Hosea, Siswantini, & Murtatik, 2020):

$$Sales\ Growth = \frac{Sales\ of\ year\ (t) - Sales\ of\ year\ (t-1)}{Sales\ of\ year\ (t-1)}$$

This study uses logistic regression because the dependent variable, namely financial distress, is a dummy variable with the category of company experiencing financial distress being coded 1 and company not experiencing financial distress being coded 0. The logistic regression model used to test is (Novyarni & Dewi, 2020):

Y = a+β1X1+β2X2+β3X3+β4X4+e
Description:
Y = Probability of financial distress
a = Constant
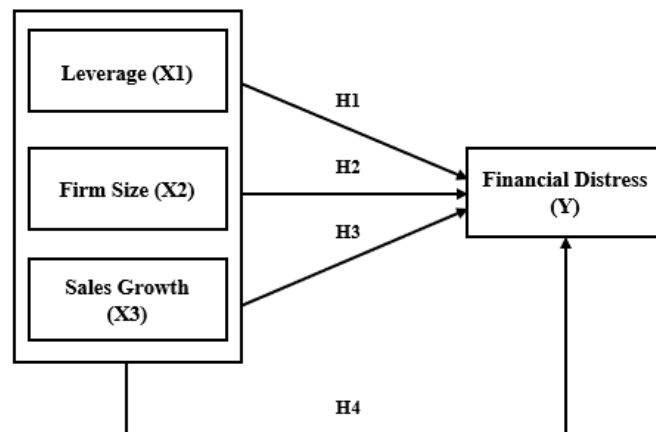β1-β4 = Regression Coefficient
X1 = Leverage
X2 = Firm Size
X3 = Sales Growth
e = Error

Hypothetical framework is a conceptual model that explains how the relationship between one variable and other variables is. The hypothetical framework in this study is as follows:

Figure 2. Hypothetical Framework

4. RESULTS AND DISCUSSION
4.1 RESULTS

Descriptive statistical analysis is used to describe the data of variable that has been processed. The results of this study's variable data processing obtained descriptive of variables as follows:

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial Distress	85	0	1	.46	.501
Leverage	85	.082	90.990	4.30271	13.869545
Ukuran Perusahaan	85	22.837	30.888	28.46412	1.684752
Pertumbuhan Penjualan	85	−.871	22.381	.21409	2.446248
Valid N (listwise)	85				

The results of the descriptive statistical test in table 1 show that the independent variable leverage has a mean value of 4.30271 which is smaller than the standard deviation of 13.869545 (4.30271 < 13.869545) which indicates that the results obtained are not good. This means the data of leverage in the samples are has a considerable difference or quite significant so that the distribution of the data is not normally distributed or unevenly distributed. Because the standard deviation is a reflection of the average deviation of the data. The company that has the smallest leverage is PT Electronic City Indonesia Tbk, which is 0.082 in the 2016 observation year. The company with the largest leverage is owned by PT Global Teleshop Tbk, which is 90,990 in the 2019 observation year.

The independent variable firm size has a mean value of 28.46412 which is greater than the standard deviation of 1.684752 (28.46412 > 1.684752). This means the results obtained is quite good because the distribution of data is normally distributed or between data with one another on the firm size variable doesn't differ too much. Firm size in this study is measured

by total assets. The company that has the smallest total assets in the sample is PT Global Teleshop Tbk in the 2019 observation year, with a minimum value of 22,837. And the company with the largest total assets is PT Sumber Alfaria Trijaya Tbk in the 2020 observation year, with a maximum value of 30,888.

The independent variable sales growth has a mean value of 0,21409 which is smaller than the standard deviation of 2,446248 (0,21409 < 2,446248). This describe that the results obtained are not good, caused by the sales growth data on the sample between one another have differences that are quite far or significant so that the distribution of data is not normally distributed or uneven. The company with the smallest sales growth value is PT Global Teleshop Tbk, which is -0.871 in the 2020 observation year. While the company with the largest sales growth value is PT Mitra Communication Nusantara Tbk, which is 22,381 in the 2017 observation year.

The dependent variable of financial distress has a mean value of 0.46 which is smaller than the standard deviation value 0.501 (0.46 < 0.501), which means the financial distress data in the sample between one company and another is on average not same so that the data is not normally distributed.

Hosmer and Lemeshow's test aims to determine whether the regression model used is feasible so that the study can be continued.

Table 2. Hosmer and Lemeshow's Test

Hosmer and Lemeshow Test

Step	Chi–square	df	Sig.
1	3.992	8	.858

The results of Hosmer and Lemeshow's test in table 2 shows the Chi-square value of 3.992 with a significance of 0.858 greater than 0.05 (0.858 > 0.05). Based on this results, it can be seen that the regression model in this study is able to predict the value of the observations so that it is suitable for use in further analysis.

The -2 Log Likelihood Value test aims to test whether the overall model fits the data. The value of -2 Log Likelihood Value in the first block (block number 0) is the value before the independent variables are entered, which is 117.258 which can be seen in the following table.

Table 3. -2 Log Likelihood Value (Block Number 0) Test

Iteration History[a,b,c]

	Iteration	-2 Log likelihood	Coefficients Constant
Step 0	1	117.258	–.165
	2	117.258	–.165

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 117.258

c. Estimation terminated at iteration number 2 because parameter estimates changed by less than .001.

Then, the value of –2 Log Likelihood in the second block (block number 1) is the value after the independent variables are entered, which is 90,423 which can be seen in the following table.

Table 4. –2 Log Likelihood Value (Block Number 1) Test

Iteration		–2 Log likelihood	Coefficients			
			Constant	Leverage	Ukuran Perusahaan	Pertumbuhan Penjualan
Step 1	1	99.463	14.425	.001	–.513	.054
	2	97.336	15.120	.033	–.540	.071
	3	95.653	13.449	.096	–.484	.078
	4	94.626	12.566	.180	–.455	.080
	5	93.905	12.288	.303	–.448	.080
	6	92.825	12.246	.617	–.453	.077
	7	90.496	12.953	2.008	–.503	.062
	8	90.423	13.455	2.297	–.526	.059
	9	90.423	13.473	2.303	–.527	.059
	10	90.423	13.473	2.303	–.527	.059

a. Method: Enter

b. Constant is included in the model.

c. Initial –2 Log Likelihood: 117.258

d. Estimation terminated at iteration number 10 because parameter estimates changed by less than .001.

Based on the comparison between the value of -2 Log Likelihood in block number 0 with a value of -2 Log Likelihood in block number 1, it shows a decrease, which means that the overall regression model in this study fits the data.

Negalkerke's R Square test aims to measure how much the independent variable can explain the dependent variable.

Table 5. Negalkerke's R Square Test

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	90.423[a]	.271	.362

Table 5 shows the results of the Cox & Snell R Square value of 0.271 and the Negalkerke R Square value of 0.362. These results indicate that the dependent variable in this study can be explained 36.2% by the independent variable, and the remaining 63.8% can be explained by other variables not included in this study.

The model classification test aims to determine the predictive power of the regression model which is interpreted as a percentage to predict the probability of companies which experiencing financial distress.

Table 6. Classification Test

			Predicted		
			Financial Distress		
	Observed		Non Financial Distress	Financial Distress	Percentage Correct
Step 1	Financial Distress	Non Financial Distress	41	5	89.1
		Financial Distress	19	20	51.3
	Overall Percentage				71.8
a. The cut value is .500					

Classification Table[a]

Based on the Classification Table above, the number of samples that didn't experience financial distress was 46 samples (41+5). A total of 41 samples are from companies that did not experience financial distress and the other 5 are from samples that experienced financial distress, so that the accuracy of the classification is 0.891 or 89,1% (41:46).

The number of samples experiencing financial distress is 39 samples (19+20). 19 samples are from companies that included in the category of non-financial distress, and 20 samples are from companies that included in the category of financial distress, so that the accuracy of the classification is 0.513 or 51,3% (20:39). The table above shows the overall percentage value is 71.8, which means the accuracy of the model classification in this study is 71.8%.

Simultaneous test aims to determine whether there is an effect of the independent variable simultaneously (together) on the dependent variable in this study.

Table 7. Simultaneous Test (Omnibus Test)

Omnibus Tests of Model Coefficients

		Chi–square	df	Sig.
Step 1	Step	26.835	3	.000
	Block	26.835	3	.000
	Model	26.835	3	.000

In the Omnibus Test table, it can be seen that the Chi-square value is 26.835 with a significance of 0.000 less than 0.05 (0.000 <0.05), which means the fourth hypothesis (H4) which states that leverage, firm size, and sales growth have an effect on simultaneously to financial distress, accepted.

Partial test aims to determine whether there is an effect of the independent variable partially on the dependent variable in this study.

Table 8. Partial (Wald Test)

Variables not in the Equation			Score	df	Sig.
Step 0	Variables	Leverage	7.610	1	.006
		Firm Size	16.105	1	.000
		Sales Growth	.362	1	.548
	Overall Statistics		16.464	3	.001

Based on the table above, the logistic regression model can be arranged as follows:

$$Y = a + 2{,}303 - 0{,}527 + 0{,}059 + e$$

4.2 Discussion
Effect of Leverage (X1) on Financial Distress (Y)
The results of hypothesis testing on the independent variable leverage shows a significance value of 0.041 which is smaller than 0.05 ($0{,}041 < 0{,}05$). This indicates that Ho is rejected and Ha is accepted, which means the first hypothesis (H1) which states that leverage partially has an effect on financial distress is accepted. This results is in accordance with the study conducted by (Erawati, 2016), (Susilawati, Sofianty, & Sukarmanto, 2017), and (Anza, 2020) which states that the higher the leverage ratio, so the higher the probability or opportunity for the company to experience financial distress. This is shown from the results of data analysis that PT Global Teleshop Tbk, which is the company with the largest leverage (90.990) in the 2019 observation year, has an ICR (Interest Coverage Ratio) value of -3.559 which is smaller than 1 ($-3.559 < 1$) which indicates the company is experiencing financial distress. Otherwise, PT Electronic City Indonesia Tbk, which is the company with the smallest leverage (0.082) in the 2016 observation year, has an ICR value of 18.903 which is greater than 1 ($18.903 > 1$) which indicates that the company is not experiencing financial distress.

Effect of Ukuran Perusahaan (X2) on Financial Distress (Y)
The results of hypothesis testing on the independent variable company size shows a significance value of 0.027 which is smaller than 0.05 ($0{,}027 < 0{,}05$). This indicates that Ho is rejected and Ha is accepted, which means the second hypothesis (H2) which states that company size partially has an effect on financial distress is accepted. The results of this study are reinforced by the results of (Susilawati et al., 2017)'s study which states that the greater the total assets owned by a company, the less chance the company experiencing financial distress. This is shown from the results of data analysis that PT Sumber Alfaria Trijaya Tbk, which is the company with the largest total assets (30.888) in the 2020 observation year, has an ICR (Interest Coverage Ratio) value of 7.725 which is greater than 1 ($7.725 > 1$) which indicates the company does not experience financial distress. Otherwise, PT Global Teleshop Tbk, which is the company with the smallest total assets (22.837) in the 2019 observation year, has an ICR value of -3.559 which is smaller than 1 ($-3.559 < 1$) which indicates the company is experiencing financial distress.

Effect of Pertumbuhan Penjualan (X3) on Financial Distress (Y)

The results of hypothesis testing on the independent variable of sales growth shows a significance value of 0.655, which is greater than 0.05 (0,655 > 0,05). This indicates that Ho is accepted and Ha is rejected, which means the third hypothesis (H3) which states that sales growth partially has effect on financial distress, is rejected. It means, sales growth partially has no effect on financial distress. The results of this study are contrary to the results of (Kusumawati, Rita. Krisma, 2018)'s and (Agustini & Wirawati, 2019)'s study which state that the greater the sales growth ratio of a company, the smaller the chance that the company will experience financial distress.

Sales growth cannot be used as a reference for predicting the financial distress of a company, the reason is because if the company's sales decline in a certain year, it doesn't have an impact at that time, it's just that the company will experience a decrease in net profit. The value of sales growth every year is not always the same or the percentage can go up and down, therefore a decrease in company profits during the year will not cause the company to experience financial distress, because it was helped by sales that were relatively stable or even high in the previous year. So even though the sales volume has decreased, the profit earned by the company is still able to cover expense so that the company doesn't get into financial distress. For example, PT Mitra Communication Nusantara Tbk which has a minus (decreased) sales growth value in 2016 of -0.555, in 2018 of -0.250, in 2019 of -0.096, and in 2020 of -0.19, but did not experience financial distress, evidenced by the ICR (Interest Coverage Ratio) value of 74.757 which is greater than 1 (74,757 > 1). The reason of the company did not experience financial distress even though it already had a minus average of sales growth value during the observation year was because it was helped by high sales growth in the 2017 observation year of 22,381 so that the company's financial condition stay stable and did not experience financial distress.

5. CONCLUSION

Based on the results of the study, the following conclusions can be drawn:

1. Leverage which has a significance value in the partial test of 0.041 (sig < 0.05) and a positive B regression coefficient value (2.303) indicates that Ho is rejected and Ha is accepted, which means that partially leverage has significant and positive effect on financial distress at retail trading sub-sector companies listed in the Indonesia Stock Exchange in 2016-2020.
2. Firm size which has a significance value in the partial test of 0,027 (sig < 0,05) and a negative B regression coefficient value (-0,527) shows that Ho is rejected and Ha is accepted, which means that partially firm size has significant and negative effect on financial distress at retail trading sub-sector companies listed in the Indonesia Stock Exchange in 2016-2020.
3. Sales growth which has a significance value in the partial test of 0,655 (sig > 0,05) shows that Ho is accepted and Ha is rejected, which means that partially sales growth has no effect on financial distress at retail trading sub-sector companies listed in the Indonesia Stock Exchange in 2016-2020.
4. Leverage, firm size, dan sales growth which has a significance value in the simultaneous test of 0,000 (sig < 0,05) shows that simultaneously the leverage, firm size, and sales growth has effect on financial distress at retail trading sub-sector companies listed in the Indonesia Stock Exchange in 2016-2020.

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