Jurnal Riset Akuntansi Politala
Vol. 7 No. 2, Juli 2024, pp. 270-280

e-ISSN: 2656-7652
p-ISSN: 2715-4610
http://jra.politala.ac.id/index.php/JRA/index

The Influence Of Company Age, Leverage, Total Cash Flow And Company Size On Financial Distress In Textile And Garment Companies Listed On The Indonesian Stock Exchange In 2019-2021

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Abstract

This research was used to determine the effect of company age, leverage, total cash flow and company size on financial distress in textile and garment companies listed on the Indonesia Stock Exchange in 2019-2021. The sampling method for this research uses a purposive sampling method. The analysis technique used is multiple linear regression and the type of research data is quantitative. The research results show that leverage has a significant positive effect on financial distress in textile and garment companies listed on the Indonesia Stock Exchange in 2019-2021. On the other hand, company age, total cash flow, and company size have an insignificant negative effect on financial distress. It is hoped that the results of this research can be a basis for management to make improvements when the company shows financial problems. It is hoped that this research will help them choose which companies they will invest in.

Keywords: *Company Age, Leverage, Total Cash Flow, Company Size, Financial Distress*

1. INTRODUCTION

The company's business and operating results are affected by continually changing economic conditions. Businesses compete harder, increasing costs. Companies that are unable to compete may experience losses, which could lead to bankruptcy or financial difficulties. Inability to pay debts is the cause of bankruptcy. A business is considered bankrupt if it experiences losses for three consecutive years and has negative cash flow for at least three years (Septiani & Dana, 2019).

Jannah, et al., (2021) define bankruptcy as a situation where a company is in an unstable situation to fulfill its obligations to creditors because they cannot fulfill their obligations or the resources they have. Inability to control or maintain performance stability can lead to performance degradation. Investors are deemed unable to gain profits from invested funds, meaning this decline could result in losses for them.

In this research, company age, leverage, total cash flow, and company size are factors that influence financial distress. Firstly, company age, according to Ramadhany and Syofyan (2021), company age shows that the company will continue to carry out its main business as long as they can continue or maintain their existence. The age of a company is the number of years from the start of operations to the year the survey was conducted. In short, company age can predict company finances. The longer a company has been around the more likely it is to get a large return on investment because of its experience. The research results of Theresa and Pradana (2022) and Ramadhany and Syofyan (2021) show that company age has an insignificant positive influence, but Rizaky and Dillak (2020) found that company age has a significant negative impact on financial distress.

The second factor of leverage shows the company's ability to fulfill all its responsibilities. A study conducted by Septiani & Dana (2019) and Christine, et al., (2019) shows that leverage has a significant negative impact. On the other hand, Asfali (2019) found that leverage has a significant positive impact that is detrimental to finances. Leverage can be used by companies to identify and assess their ability to meet certain commitments. Due to increased debt financing and high debt ratios, it is increasingly difficult for companies to raise additional funds. Asset concerns make a company worry that its assets will not be enough to cover its debts. Apart from that, the

lower the leverage ratio, the less external capital is used to finance the business (Handayani, 2020).

Total cash flow is the third factor, according to Christine, et al., (2019) cash flow is defined as the calculation of cash inflow and outflow from operating, investing and financing activities. Investors need cash flow information to find out how well a company can pay its debts. Companies with large cash flows can gain investors' trust, but companies with low cash flows cannot be trusted. Christine, et al., (2019) found that cash flow has a significant positive effect. However, Ramadhany and Syofyan (2021) found that cash flow has a significant negative effect on financial distress.

The fourth factor is company size. Nilasari's (2021) research found that company size has a positive impact, while Christine et al. (2019) found that company size has a negative impact. However, according to Darmiasih, et al., (2022) the positive impact of company size is not significant on financial stress. Because they can easily pay off their debts, companies with lots of assets have good financial conditions (Darmiasih, et al., 2022).

For this research, the population of textile and garment companies was surveyed from 2019 to 2021. Textiles and garments are included in various manufacturing industries in Indonesia. Three subsectors make up the industry, namely the automobile and components subsector, the cable subsector, and the textile and garment subsector. Because the textile and garment industry is still a strategic sector that continues to make important contributions to the national economy, including employment, non-oil and gas exports and contribution to the country's foreign exchange, this industry is worthy of being a research subject. According to Handayani (2020), the influence of globalization on world trade challenges competition in the global market. The purpose of this research is to examine and show how age, leverage, total cash flow, and company size influence financial distress.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Signal Theory

The sender or owner of information according to signaling theory sends signals in the form of information that indicates favorable conditions for the recipient (Spence, 1973). Sabella, et al., (2021) stated that there are two types of signals resulting from providing information in financial reports, good news signals and bad news signals. Using signal theory, a company's financial reports can be used to send positive signals such as good news to investors from a financial and non-financial perspective, or to send negative signals such as bad news to investors by explaining and analyzing their use to determine whether a company is healthy or not (Mardiah and Amin, 2022).

Financial Distress

Faldiansyah, et al., (2020) said that when a company is on the verge of bankruptcy or at high risk and has difficulty paying debts or getting funds for operations, then this is called financial distress. Predicting financial problems is an important way to know when a company may go bankrupt. Measuring financial difficulties can be used as a basis for financial reporting by analyzing financial reports against existing financial indicators (Rachmawati and Suprihhadi, 2021). A company's inability to manage or maintain stable financial performance can cause financial problems. This starts with a lack of product promotion, which results in decreased sales, which in turn results in decreased revenue and decreased sales (Jannah, et al., 2021). Sending signals about the company's condition to external parties is the relationship between signal theory and financial distress.

Company Age

According to Enrico and Virainy (2020) company age can be defined as the time needed for a company to survive, compete and take advantage of economic opportunities. Companies that are newly established or have only been established for a short period of time do not have stable profits. The debt levels, asset values, and equity values of companies with long life cycles are not the same as those of new companies. The likelihood that a company will survive in business for a long time is determined by its age. The older a company gets, the more information the public receives about it. According to signal theory, the age of a company is correlated with the

amount of economic management experience it has and the amount of information investors have which can reduce uncertainty in the future so that a longer company age is a good signal for investors.

Leverage

According to Christine et al. (2019), leverage is defined as the ability of a company to meet all its obligations. Unable to meet commitments, in particular short term obligations such as liquidity and solvency liabilities, are the cause of financial distress. The size of the assets subject to debt financing leverage is a clear indication of the importance of debt funding. With the level of debt, there is an increased likelihood that a company will have financial difficulties and go into bankruptcy. There's a relationship between the theory of leverage and the theory of signals. The more leverage a firm has, the higher its risk of insolvency. Because the very high risk of a financial crisis can be a bad signal for investors.

Total Cash Flow

Cash flow is a list of funds that enter and exit companies, such as investments, loans or otherwise business activities, according to Cristine, et al,. (2019). There will be problems if the company does not have enough cash flow even though it has a high profit margin. Failure occurs when the company's cash flow is less than expected and projected. Important information about the financial health of an organisation is provided by cash flow, which takes into account revenue and payments over a period of time. In order to evaluate the ability of a company to repay its debts, investors require information on cash flow. The investor's trust in the performance of the loans is enhanced by companies with high cash flows. However, if the company's cash flow is low, investors will not believe that the company can pay its debts (Darmiash, et al., 2022). According to investors, companies that have a sound cash flow are enough to cover their debt, which is the relationship between financial flows and signal theory.

Company Size

The financial position of a company can be explained by its size because size shows the size of the assets it owns. There is no likelihood of financial difficulties for a company which owns all its assets. They're able to run different kinds of enterprises Darmiash, et al., 2022 In terms of signal theory and company size large companies are more likely to leverage resources and generate income which is a good indicator for investors.

3. HYPOTHESIS DEVELOPMENT

The Influence of Company Age on Financial Distress

Jannah, et al., (2021) said that bankruptcy or financial crisis is when a company experiences difficulty meeting its obligations or funds. In such a case, the company is in a critical situation because there is a risk of bankruptcy or insolvency which could indicate that the company is unable to fulfil its obligations to the investors. According to Ramadhany and Syofyan (2021) company age refers to when a company starts its operational activities to continue operating or remain in business life. The age of the company shall be calculated from the date on which it was established, up to the year in which the survey is carried out. It is believed that economic management experience and investor information increase with the age of a company which reduces uncertainty in the future. Company longevity benefits investors. The results of research conducted by Rizaky and Dillak (2020) show that company age has a significant negative impact on financial difficulties. As a result, it can be concluded that older companies have a lower probability of experiencing financial problems. The hypothesis is based on theories that have been explained and supported by previous research, namely:

H_1 : It is suspected that company age has a significant negative effect on financial distress in textile and garment companies listed on the IDX in 2019-2021.

The Effect of Leverage on Financial Distress

The term financial distress has been applied to describe a financial situation in which the company is unable to meet its debts and liquidity, thereby increasing the risk of loss, as described by (Darmiasih et al., 2022). This may indicate that the company will not be able to pay its creditors. In order to measure a company's ability to pay its debt, both short and long term, leverage is needed, according to Septiani and Dana (2019). Because its debts are greater than its

assets, the company is at risk of having difficulty paying its debts in the future. If companies do not manage this situation well, they will experience financial problems. The more debt a company has, the greater the risk it bears. This may be a negative signal for investors, as it raises the risk of financial problems. The Asfali (2019) study shows that leverage has a major beneficial effect in terms of economic distress, which means it increases the risk of fiscal crisis. This hypothesis is based on a theory which has been explained and supported by previous research namely:

H_2 : It is suspected that leverage has a significant positive effect on financial distress in textile and garment companies listed on the IDX in 2019-2021.

The Effect of Total Cash Flow on Financial Distress

Jannah et al. (2021) state that bankruptcy occurs when a company faces difficulty meeting its responsibilities or funds. This indicates that the business is in a critical state due to bankruptcy or because there is a risk of bankruptcy which could indicate that the business will not be able to meet its investor obligations. The cash flow statement includes an income statement and balance sheet as well as calculations about money coming in and out of the company's operations, investments and funding (Christine, et al., 2019). If a company does not have external resources a company with high operating cash flow has the resources to repay loans, maintain the business, pay dividends and make new investments. When a company's profits increase and its net cash flow ratio increases, the value of the company increases. Ultimately increasing company profits and preventing financial problems (Rissi and Herman, 2021). The company is considered to have sufficient cash flow to pay its debts to investors, which gives a positive signal to investors. As presented by Ramadhany and Syofyan (2021), overall cash flow has a significant negative impact on financial difficulties. Therefore, it can be concluded that the probability of experiencing financial problems is greater the better the total cash flow. The hypothesis is based on a theory that has been explained and supported by previous research, namely:

H_3 : It is suspected that total cash flow has a significant negative effect on financial distress in textile and garment companies listed on the IDX in 2019-2021.

The Influence of Company Size on Financial Distress

According to Darmiasih et al. (2022), a financial crisis occurs when a company experiences difficulty paying its debts and liquidity, resulting in losses, which indicates that the company cannot fulfill its obligations to investors. Asset size shows how large or small a company's assets are. Therefore, asset size can indicate the financial condition of a company. A signal that encourages investors to invest more money if the company grows. By utilizing available resources, larger companies can generate profits. A study by Ramadhany and Syoyan (2021) found that business size has a significant negative impact on financial stress levels. In conclusion, larger businesses may experience financial problems. This hypothesis is based on a theory that has been explained and supported by previous research, namely:

H_4 : It is suspected that company size has a significant negative effect on financial distress in textile and garment companies listed on the IDX in 2019-2021.

Research Framework

To explain and understand each hypothesis between the independent variable and the dependent variable, a hypothesis framework model is prepared as follows:

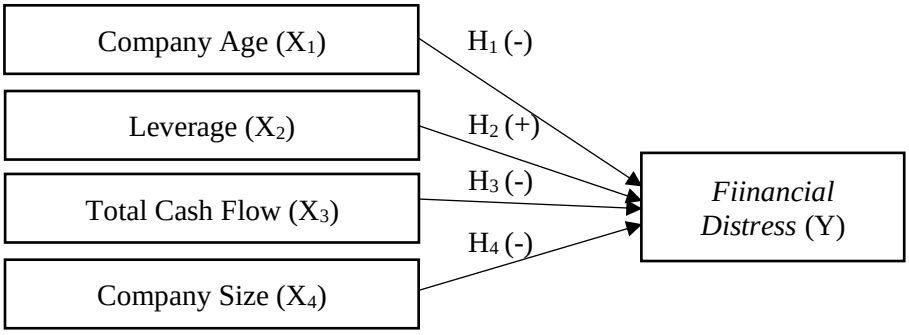

Figure 1. Research Model

4. RESEARCH METHODS

Population and Sample

Sugiyono (2017) states that population is a general area consisting of subjects or objects with certain qualities and characteristics that have been determined by researchers to study and draw conclusions. A total of 13 textile and garment companies listed on the Indonesia Stock Exchange in 2019-2021 were used as samples. Purposive sampling is a sampling technique that is based on certain standards.

The following criteria are used in the sampling process:

1. Textile and garment companies listed on the Indonesia Stock Exchange from 2019 to 2021.
2. Textile and Garment Companies listed on the IDX that publish regular annual reports from 2019 to 2021.
3. Textile and Garment Companies have all the data required for this research including company age, leverage, total cash flow and company size.

Data Types and Sources

As a secondary data source the annual reports of Textile and Garment companies for 2019–2021 were used. The quantitative data that will be processed in this research are numbers analyzed using statistics. Data obtained by researchers indirectly through intermediaries such as documents or other people is referred to as secondary data (Sugiyono, 2016:376).

Data collection technique

The data collected comes from Textile and Garment companies listed on the Indonesia Stock Exchange (BEI) which can be accessed via the official BEI website www.idx.co.id.

Data analysis method

The influence of two or more independent variables on the dependent variable can be measured using multiple linear regression analysis (Ghozali 2021). The model can be built in the following ways:

$$Y = \alpha + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + e$$

Information:

Y	= Financial Distress
A	= Constant
β1, β2, β3, β4	= Regression coefficients for X1, X2, X3, X4
X1	= Company Age
X2	= Leverage
X3	= Total Cash Flow
X4	= Company Size
e	= Standard Error

Operational Definition of Variables and Their Measurement

Financial Distress

According to Jannah et al. (2021) a financial crisis occurs when a company faces difficulties in meeting its obligations or finances and shows that the company is in an expected state due to the threat of bankruptcy or failure. Situations like this can indicate that the business will not be able to fulfill its promises to investors. According to Fadilla and Dillak (2019) financial problems can be explained as follows:

$$Z = 1{,}2\ X_1 + 1{,}4\ X_2 + 3{,}3\ X_3 + 0{,}6\ X_4 + 0{,}999\ X_5$$

Source: (Hanafi, 2014: 656)

Information:

X_1 = working capital/total assets
X_2 = retained earnings/total assets
X_3 = profit before interest and tax/total assets
X_4 = equity/total debt
X_5 = sales/total assets

The companies studied were put into three categories not bankrupt, vulnerable, and at risk of bankruptcy (Fadilla and Dillak 2019). This classification is based on Z-score which is a general index for various discriminant analysis functions based on the following evaluation criteria:

a. Companies that have a Z-Score of more than 2.99 are considered healthy and not bankrupt.
b. Z-Score value of 1.81 less than 2.99 is in the weak or vulnerable zone where it is difficult to know whether the business is included in the category of bankrupt company.
c. Companies that have a Z-Score below 1.81 are likely to go bankrupt.

Company Age

According to Theresa and Pradana (2022) company age is the beginning of operational activities that enable the company to survive. Ramadhany and Syofyan (2021) show the company age scale as follows:

Company Age = Survey Year – Year the Company was Listed on the IDX.

Leverage

According to Asfal (2019) leverage is used to calculate how much debt is used by a company. In other words, leverage can also determine how a company finances its business, whether using more debt or large initial capital. As stated by Asfali (2019) leverage can be formulated as:

$$\text{DER} = \frac{\text{total liabilities}}{\text{total equity}} x100\%$$

Total Cash Flow

According to Faldiansyah, et al., (2020) cash is money that can be used and managed by the company. In a cash flow statement, cash refers to the amount of money in a checking account or bank deposit that is not limited in time or amount and is a short-term investment. According to Faldiansyah, et al., (2020) total cash flow can be formulated as:

Total Cash Flow = (operating cash flow) / (total assets)

Company Size

According to Faldiansyah et al. (2020), the size of a company's assets affects its capital structure. Companies that have significant assets are considered large companies. According to Faldiansyah, et al., (2020) capital structure can be formulated as:

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

5. RESULTS AND DISCUSSION

Table 5.1
Descriptive Statistics

	N	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
Financial Distress	39	1,046	6,630	2,71818	1,233769
UP	39	0	31	20,08	11,939
LV	39	0,189	17,952	2,45171	3,764015
TAK	39	0,005	0,177	0,05338	0,045735
SIZE	39	20,002	29,980	26,00250	3,277484
Valid N (list-wise)	39				

Source: Secondary data processing, 2023

Throughout the research period the minimum value of financial distress was 1.046, the maximum value was 6.630, the average value was 2.71818 and the standard deviation was 1.233769 according to Table 5.1. This data did not change much during the economic crisis, because the standard deviation was smaller than the mean and the difference is 1.484411. In the research period, company age had a minimum value of 0, a maximum value of 31, a mean value of 20.08 and a standard deviation value of 11.939. The standard deviation value is lower than the mean and the difference is 8.141, indicating that there is smaller data variation due to the age of the company. In the research period the minimum leverage value was 0.189, the maximum leverage value was 17.952, the mean value was 2.45171 and the standard deviation value was 3.764015. The standard deviation value is greater than the mean and the difference is 1.312305 indicating that there are significant fluctuations in leverage in the data. During the research period there was a minimum cash flow value of 0.005, a maximum value of 0.177, a mean value of

0.05338 and a standard deviation value of 0.045735. The standard deviation value is smaller than the mean and the difference is 0.007645, indicating that there is little fluctuation in the overall cash flow data. During the research period the minimum company size value was 20.002, the maximum size value was 29.980, the average value was 26.00250 and the standard deviation value was 3.277484. The standard deviation value is lower than the mean and the difference is 22.725016 indicating that there is little variation in the data related to company size.

Classic assumption test

Normality test

Table 5.2
Normality test

Kolmogorov-Smirnov Z	0,107
Asymp. Sig. (2-tailed)	0,171

Source: Secondary data processing, 2023

The results of the Kolmogorov-Smirnov (KS) normality test can be explained by the Asyimp.sig (two-tailed) value of 0.171, which indicates that the data is normally distributed because the value is greater than 0.05.

Autocorrelation Test

Table 5.3
Autocorrelation Test

	Unstandardized Residual
Asymp.sig (2-tailed)	0,869

Source: Secondary data processing, 2023

Because the value of Asymp. sig (two-sided) is 0.869 which is greater than 0.05, the autocorrelation test results show that there is no autocorrelation.

Multicollinearity Test

Table 5.4
Multicollinearity Test

Variable	Tolerance	VIF	Information
UP	0,586	1,706	Multicollinearity did not occur
LV	0,875	1,143	Multicollinearity did not occur
TAK	0,737	1,357	Multicollinearity did not occur
SIZE	0,829	1,206	Multicollinearity did not occur

Source: Secondary data processing, 2023

According to the results of the multicollinearity test, the four independent variables (company age, leverage, total cash flow, and company size) have acceptable values. The absence of multicollinearity is indicated by a tolerance value of more than 0.10 and a VIF value of less than 10.

Heteroscedasticity Test

Table 5.5
Heteroscedasticity Test

Variable	Sig	Information
UP	0,608	Heteroscedasticity does not occur
LV	0,763	Heteroscedasticity does not occur
TAK	0,588	Heteroscedasticity does not occur
SIZE	0,267	Heteroscedasticity does not occur

Source: Secondary data processing, 2023

The results of the heteroscedasticity test show that all significance values of the research variables are greater than 0.05. Therefore heteroscedasticity is not found in the regression model.

Partial Test (t Test)

Table 5.6
Hypothesis testing

Variable	B	sig	Information
(Constanta)	1,066		
UP	-0,005	0,444	H_1 Rejected
LV	0,046	0,012	H_2 Accepted
TAK	-2,487	0,119	H_3 Rejected
SIZE	-0,001	0,958	H_4 Rejected

Source: Secondary data processing, 2023

Table 5.6 shows the results of hypothesis testing which are explained as follows:

1. Hypothesis One Test Results (H1)

   The first hypothesis is that company age has a significant negative effect on financial stress. The test results show that the company age variable has a significance value of 0.444 with a negative coefficient, which means H1 is rejected. Therefore, company age has an insignificant negative impact on financial distress.

2. Hypothesis Test Results Two (H2)

   The second hypothesis is that leverage has a significant positive effect on financial difficulties. The leverage variable has a significance value of 0.012 and a positive coefficient sign, it can be concluded that H2 is accepted. This means that leverage has a significant positive effect on financial distress.

3. Hypothesis Test Results Three (H3)

   The research results show that the third hypothesis is that total cash flow has a significant negative impact on financial difficulties. So H3 is rejected, with a significant value of 0.119 and a negative coefficient sign, which indicates that overall cash flow has a negative and insignificant impact on financial distress.

4. Hypothesis Test Results Four (H4)

   According to the fourth hypothesis, company size has a significant negative impact on financial difficulties. The company size variable has a significance value of 0.958 and a negative coefficient which indicates that H4 is rejected. meaning that company size has an insignificant negative impact on financial difficulties.

Multiple Linear Regression Test

Table 5.7
Regression Test

Variable	B
(Constanta)	1,066
UP	-0,005
LV	0,046
TAK	-2,487
SIZE	-0,001

Source: Secondary data processing, 2023

Table 5.7 shows the results of multiple linear regression tests which produce the equation model:

FINANCIAL DISTRESS = 1.066 – 0.005 UP + 0.046 LV – 2.487 TAK – 0.001 SIZE + e

The meaning of the regression equation is:

The value of fiscal demand is 1.066 if the independent variable is constant, according to research constants. The value of the company age coefficient (UP) is negative 0.005, which means that increasing one unit of company age will reduce its financial burden by 0.005. The leverage factor (LV) value is positive 0.046, which indicates that increasing the leverage factor by one unit will increase the financial burden by 0.046. The total cash flow coefficient (TAK) value is a negative number of 2.487, meaning that when the total cash flow increases by one unit, the financial burden decreases by 2.487. The company size coefficient (SIZE) is negative 0.001,

which means that when the company size increases by one unit, the financial burden decreases by 0.001.

Coefficient of Determination Test

Table 5.8
Coefficient of Determination Test

Model	*Adjusted R Square*
1	0,158

Source: Secondary data processing, 2023

The calculation results show the coefficient of determination with an R-squared value of 0.158. This shows that the independent variables company age, leverage, total cash flow and company size influence financial distress by 15.8%. Other variables not used in the research contributed 84.2%.

DISCUSSION

1. The Influence of Company Age on Financial Distress

The first hypothesis is that company age has a significant negative impact on financial difficulties. The significance test is used to test the first hypothesis. The test results show that company age has an insignificant negative effect on financial distress in textile and apparel companies listed on the IDX from 2019 to 2021. Therefore, the first hypothesis is rejected. The risk of a financial downturn may decrease as a company ages, but the impact is small. Older companies perform better, can survive and grow, and are less likely to experience financial problems. According to signaling theory, this is a positive signal for investors because it increases their trust in the company. This finding is in line with Bukhari and Rozalinda (2022) who found that company age had an insignificant negative impact on the financial crisis.

2. The Effect of Leverage on Financial Distress

The second hypothesis is that leverage has a significant positive effect on financial distress. The second hypothesis was tested using a significance test. The test results show that leverage has a positive effect on the financial condition of textile and apparel companies listed on the IDX from 2019 to 2021. The second hypothesis is accepted. In other words, greater leverage increases the risk of financial distress. One factor that can cause financial difficulties for a company is the amount of debt used to run its business. Companies with high levels of debt have greater obligations that must be fulfilled by the company, which can cause financial problems. According to signaling theory, this is a negative signal for investors so they do not want to invest their money in the company. These results are in line with the findings of Rissi and Herman (2021) who found that leverage has a significant positive effect on financial difficulties.

3. The Effect of Total Cash Flow on Financial Distress

The third hypothesis is that total cash flow has a significant negative effect on economic difficulties. To test the third hypothesis, a significance test was carried out. The third hypothesis was rejected because the test results showed that total cash flow from 2019 to 2021 had an insignificant negative effect on financial distress in textile and apparel companies listed on the IDX. In other words, when a company has high cash flow, the risk of financial failure is low, but the negative impact is small. Companies with good cash flow have good performance, are able to grow, and have less risk if financial problems occur. According to signaling theory, investors can increase their trust in a company. The results of this research are in line with research by Darmiasih, et al., (2022) which states that total cash flow has a negative and insignificant effect on financial distress.

4. The Influence of Company Size on Financial Distress

The fourth hypothesis states that company size has a significant negative effect on financial distress, but the significance test rejects this. The test results show that company size has no negative effect on financial difficulties in textile and apparel companies listed on the IDX from 2019 to 2021. This means that the bigger the company, the lower the risk of a financial crisis, but the smaller the impact. Large companies perform better because it allows them to expand and reduces the risk of financial crises. According to signal theory, investors trust companies that have positive signals more. The results of this research are in line with research by Christine, et al., (2019) which states that company size has an insignificant negative influence on financial distress.

6. CONCLUSION

The results of the analysis of this research discussion are as follows: Company age has an insignificant negative effect on financial distress in textile and apparel companies listed on the Indonesia Stock Exchange from 2019 to 2021. This shows that the risk of financial distress can decrease with increasing age. company. Leverage has a significant positive influence on financial difficulties in textile companies listed on the Indonesia Stock Exchange from 2019 to 2021. This shows that the more debt a company has, the worse its financial condition. Total cash flow has an insignificant negative effect on financial difficulties in textile companies listed on the Indonesia Stock Exchange for the 2019-2021 period. This shows that the better a company's cash flow, the lower the risk of financial bankruptcy. Company size has an insignificant negative influence on the financial condition of textile companies listed on the Indonesia Stock Exchange from 2019 to 2021. This shows that the bigger the company, the weaker the risk of a financial crisis. The next researcher is expected to add a more recent research year and add other independent variables related to financial difficulties so that the results are stronger.

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