

## ABSTRACT

The export of mining products had been presenting a percentage change of minus values from 2012 to 2015. Other than that, Gross Domestic Product (GDP) by business, mining and quarrying has declined for two consecutive years in 2014-2015. Though other sectors show positive growth trends. If this condition continued, the sustainability of the company will be threatened. It will be difficult for the companies to gain profit for the stockholders. That condition will increase the chances of the companies to undergo financial distress.

This study uses two types of variables, first is independent variable (consist of liquidity, leverage, and operating capacity). Second is dependent variables (consist of financial distress). The purpose of this study is to determine the influence of the liquidity, leverage, and operating capacity on the financial distress of the mining companies listed in Indonesia Stock Exchange (BEI) either partially or simultaneously.

The mining companies listed in BEI from 2013-2015 are chosen to be the population of the study. The purposive sampling method is used for sampling and 35 companies with three years period are obtained as samples, resulting 105 data to be observed. The model of data analysis in this study is logistic regression by using SPSS 23 software.

The study found that liquidity, leverage, and operating capacity simultaneously influence the financial distress of a company. Partially, liquidity and operating capacity do not have any influences on financial distress, while leverage has influence on financial distress positively.

In order to avoid financial distress, management of a company is suggested to suppress the leverage ratio (debt ratio). For investors, it is suggested not to invest in a mining company listed on BEI that has a high leverage ratio (debt ratio), because it indicates that the company is in financial distress.

Keywords: Financial Distress, Liquidity, Leverage, Operating Capacity.