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Analysis of the Effect of Financial Ratio on Financial Disress in the Hospital Sector in the List of Sharia Securities Affected by the Covid-19 Pandemic

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Abstract

This study aims to examine the effect of the current ratio, debt to asset ratio, return on assets and tobin's q in influencing the incidence of financial distress in hotel sector companies affected by the COVID-19 pandemic. The data used in this study is secondary data obtained from the company's financial statements in 2020 - 2021. The object of this research is the hotel sector company which is listed on the Indonesia Stock Exchange and is included in the category of the Sharia Securities List. This study uses a purposive sampling method in determining the research sample, then obtained 8 companies with a total of 56 financial reports from the first quarter of 2020 to the third quarter of 2021. The hypothesis testing used is panel data regression with a significance level of 5%. The results of this study are showing that return on assets have no effect on financial distress. Meanwhile, the current ratio, debt to asset ratio, and Tobin's q have an effect on financial distress.

Keywords Financial distress; covid-19; hotel sector companies

INTRODUCTION

Financial distress is a condition of a company experiencing a bad financial condition, namely when the company cannot fulfill its obligations to third parties (Kamaluddin et al., 2019). Companies experiencing financial distress will face financial difficulties and worsening financial performance (Kazemian et al., 2017). In early 2020 the Indonesian government officially announced that the COVID-19 virus had become a pandemic in Indonesia with the establishment of the Task Force for the Acceleration of Handling Covid-19 on March 13, 2020 through Presidential Decree No. 07 of 2020. After the formation of the Covid-19 task force, the government issued PP No. 21 of 2020 on large-scale social restrictions. The weakening economy due to the global crisis triggered by the COVID-19 pandemic has affected the company's condition both directly and indirectly. The existence of regulations limiting physical distance that must be carried out makes people reduce activities outside the home. Physical activity that is hampered makes the economy a bit hampered.

According to Statistics News No. 83/11/Th. XXIV gross domestic growth in Indonesia in the first quarter of 2020 decreased to 2.97% from 4.96% in the previous quarter. Indonesia's economic growth in 2020 was the first time it touched negative numbers since 1998, which was more precisely in the second quarter of 2020, which decreased to -5.32%. In the next quarter, the Indonesian economy experienced an increase but was still at a negative level, until in the fourth quarter of 2020 at -2.19%. The sector that was most affected at the end of 2020 was the trade sector which experienced a decline at -3.72%, followed by the construction sector at -3.26% and the sector that did not touch the negative level, one of which was the agricultural sector at 1.75%.. Indonesia's economic situation continued to improve until in the second quarter of 2021 for the first time it touched a positive level since the pandemic occurred, namely at 7.07%, then decreased again to 3.51% in the third quarter of 2021. According to the Indonesia Stock Exchange report, IDX yearly 2019 and 2020 growth in the property, real eastat, and building construction sectors at the end of 2019 was at 2,052, while at the end of 2020 there was a drastic decline to 396.

The trade sector is the sector that experienced the highest decline compared to other sectors, including the services trade sector. One of the companies affected by the COVID-19 pandemic is a company engaged in hospitality services. Where with the physical

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restrictions and the prohibition of activities outside the home, the number of hotel service users is decreasing. However, with diminishing income, companies still have to pay employee salaries, so many companies decide to terminate their employment to reduce the company's burden. Companies have to limit their operating hours and also have to apply WFH (Work From Home) to some employees. However, even with the reduction in expenses, if it is not balanced with an increase in income, it will still not get the maximum profit, so that the company's cash flow is not smooth. The situation of financial difficulties can get worse if the company is illiquid, namely when costs increase and revenues decrease, especially in conditions of economic crisis (Kamaluddin et al., 2019). It can be concluded that non-current company liquidity can increase the chances of financial distress. In addition to liquidity, solvency and profitability also have a relationship with financial distress (Kamaluddin et al., 2019).

One of the characteristics of a company experiencing financial distress is when the company has difficulty accessing credit (López-Gutiérrez et al., 2015). Can be concluded that when the company is in a condition of financial difficulty and difficulty in accessing credit, it can be interpreted that the company is in a condition of financial distress.

The emergence of financial distress in a company which is reflected in the company's report can be used as a signal used by investors in making decisions in a company. Financial distress signals can also be used by management and creditors. Management will be able to make the right decisions when signs of financial distress appear, so that the possibility of bankruptcy in a company can be overcome before bankruptcy occurs. Financial distress can also assist creditors in analyzing the company's condition before making a decision to grant a loan to the company, whether the company can repay the loan (Kazemian et al., 2017).

The results of research by Iswari and Nurcahyo (2020) state that the current ratio has no influence on the emergence of financial difficulties, but research conducted by Kazemian et al., (2017) mentions different things, the study explains that the current ratio can be used in analyzing the emergence of financial difficulties. The current ratio can show the capability of a company in settling its current liabilities, besides that this ratio is the ratio used in assessing the liquidity of a company. Research conducted by Iswari and Nurcahyo (2020) shows that there is evidence that return on assets has an impact on the emergence of financial difficulties. Return on assets indicates the company's capability to earn a profit, the ratio of return on assets is used as an indicator of a company's profitability.

Kazemian et al., (2017) say that the Tobin's q ratio has a significance in the occurrence of financial difficulties, in their research it is also stated that the lower the Tobin's q value, the greater the possibility of financial distress. The high value of Tobin's q ratio reflects that a company is considered more valuable by the market, thus indicating that the company is in optimal condition and has the ability to be better in the future.

The research focuses on companies listed on the Sharia Securities List. The list of sharia securities was chosen because only sharia shares whose growth was in line with economic conditions in Indonesia. According to the Indonesia Stock Exchange report, IDX Statistics 3rd Quarter 2021 recorded the growth of the Indonesia Sharia Stock Index YTD (year to date) as of December 2020, which decreased by -5.46%, at which time Indonesia's economic growth was at -2.19% and in the third quarter three growth in the ytd of sharia shares was at a positive number, namely 2.29%, at which time Indonesia's economic growth was also at a positive level of 3.51% and while other stock indices were at a negative level, namely the LQ45 index, Kompas 100, and Bisnis-27 which the index is contrary to Indonesia's economic growth. It can be said that sharia shares are experiencing growth in line with Indonesia's economic growth, so it is necessary to further investigate the potential for financial distress in sharia shares, especially in the hotel sector. The results of this research can later be used by management to make decisions in anticipating financial distress. In addition, this research can also help investors to make investment decisions in a company. Based on previous research, this study examines in depth the current ratio, debt to asset ratio, return on assets and Tobin's q in influencing the incidence of financial distress as measured using Altman z score analysis.

Literature review

Signaling theory

The theory used in this research is signal theory. Signal theory is used in providing an explanation that a financial report can convey positive signals and negative signals to the

parties who use financial statements. According to Agustini and Wirawati (2019), the higher the company's liquidity can convey a positive signal to investors and creditors, because with high liquidity the company is considered to have the capability to cover all of the company's current liabilities.

Signal theory uses the basis that information obtained by interested parties is likely not the same. Signal theory can be related to the presence of asymmetry or information inequality. Signal theory shows that there is an inequality of information received between management and other parties, so management is required to convey information needed by interested parties to the company.

Signal theory is an explanation that a company can convey signals to interested parties. The signal in question is information about the company's performance and management in running the company. Signals can be in the form of activities to achievements that have been made by the company, one of which is a signal in the form of dividend distribution. The achievements of the company can also be a signal, namely information that shows that the company's performance has improved compared to the previous year.

The published financial reports will be accepted by stakeholders and will be interpreted as a good signal or a bad signal. One of the signals used is the level of profit and loss submitted by the company through the issuance of profit/loss reports. The profit/loss report can be used as a good signal or a bad signal. The company's profit submitted in the financial statements by the company has increased, so that information can be classified as a good signal or a positive signal, because an increase in company profits indicates that the company's condition is in optimal condition and vice versa if the company's profit shows a declining condition, it can be said that the company is experiencing a less than optimal condition so that it can be classified as a bad signal.

Low profitability is a signal of the company's limitations in converting revenue streams into profits, so it can be interpreted that the greater profitability value means that the possibility of financial distress can occur is getting smaller (Kazemian et al., 2017). Meanwhile, according to Lotfi (2018), to form a credible signal and not misinterpret, there must be alignment of interests with relevant stakeholders. It can be concluded that financial statements can be used as a signal for users of financial statements that are used as consideration when making a decision.

Indonesian sharia stock index

One of the developments in the Islamic economy in Indonesia is the ISSI (Indonesian Sharia Stock Index). The Islamic stock index is a summary that shows the performance of Islamic stocks listed on the Indonesia Stock Exchange. The Indonesian sharia stock index consists of all companies included in the sharia securities list (DES). The list of sharia securities is a list of all companies listed on the Indonesia Stock Exchange whose business activities do not violate the provisions of Islamic law. The list of periodic sharia securities is issued periodically by the Board of Commissioners of the Financial Services Authority.

The list of sharia securities was first published by Bapepam-LK through regulation no. IX.A13 regarding the issuance of sharia securities and No. IX.14 concerning contracts used in the issuance of sharia securities, which was followed by the issuance of a list of sharia securities on September 12, 2007 (Fauzani, 2021, p. 4). Sharia shares at that time only amounted to 174 shares, but until now it has experienced significant growth until 2020 the number of sharia shares amounted to 457 shares. At present, the list of sharia securities is no longer issued by Bapepam-LK, but is issued by the Board of Commissioners of the financial services authority.

As of May 12, 2011, the Indonesian stock exchange had two sharia stock indices, namely the Jakarta Islamic Index (JII) and the Indonesian Sharia Stock Index (ISSI) (Azis et al., 2015, p. 71). The difference between the sharia index and other indices is that its issuance is not only based on the law, but must also be based on the MUI fatwa so that it can be ensured that the shares included in the sharia stock index are in accordance with the provisions of Islamic law. Fatwa concerning the capital market that has been issued, among others, is Fatwa No. 40/DSN-MUI/X/2003 concerning Capital Markets and General Guidelines for the Implementation of Sharia Principles in the Capital Markets MoU of Bapepam & LK with DSN-MUI, Fatwa No. 65/DSN-MUI/III/2008 concerning Sharia Pre-emptive Rights (Preemptive Rights), and Fatwa No. 80/DSN-MUI/III/2011 concerning the Application of Sharia Principles in the Mechanism of Trading Equity Securities in the Regular Market of the Stock Exchange.

Issuance of a list of sharia securities, the Board of Commissioners of the financial services authority must refer to the criteria for the issuance of sharia securities. The criteria for the issuance of sharia securities are regulated in the Financial Services Authority Regulation No. 35/POJK.04/2017 concerning Criteria and Issuance of Sharia Securities List. According to Article 2 paragraph 1 letter b, the criteria for sharia shares are as follows, do not carry out activities and types of business that are contrary to sharia principles, one of which is the sale of goods or services that are haram not because of the substance (haram li-ghairihi) stipulated by the National Sharia Council - Indonesian Ulema Council and goods or services that damage morals and are harmful. Apart from the aspect of the object of business activity, the company must also meet financial requirements, namely total interest-based debt compared to total assets of not more than 45% and total interest income and other non-halal income compared to total operating income and other income of not more than 45%. than 10%.

Based on the Financial Services Authority regulation, it is clear that in order to determine the list of sharia securities which will later be included in the Indonesian Sharia Stock Index, a strict screening process has been carried out. The stringent regulations can eliminate public doubts about the presence of sharia shares and thus increase the number of investors in sharia shares in Indonesia.

Current ratio

One of the methods used in assessing high or low liquidity in a company is to use the current ratio or current ratio. The current ratio explains how a company's current liabilities can be covered by assets that can be converted into cash in a short time. The current ratio can be used as an indicator of a company's liquidity level.

In the research of Maulida et al., (2018), it is explained that the current ratio is the ratio used in assessing the capability of a company to meet current liabilities using current assets. The study also explains that the current ratio has a strong ability to measure liquidity. A current ratio with a high value can explain that a company will be more efficient in managing current assets to meet its obligations.

A high current ratio is an indicator that shows the company's capability to settle current liabilities using current assets and conversely a low current ratio is a sign that the company does not have the ability to use current assets to meet current liabilities (Kazemian et al., 2017). A high current ratio value can mean that a company's liquidity is also getting higher, this is because the company has the ability to pay or is able to settle its current liabilities.

A current ratio that is too high can also be considered bad for the company, because it can be assumed that a lot of funds will not be used productively. A high current ratio can also show that the company has excess cash compared to the level of need and vice versa, a fairly low current ratio means that the company is in liquidity problems.

Debt to asset ratio

Debt to asset ratio is a ratio that can be used to measure solvency, by assessing the ratio of total debt and total assets of the company. It can be interpreted that the debt to asset ratio is the size of a company's assets funded by debt (Sumani, 2020). The higher value of the debt-to-asset ratio means that more of the company's assets are obtained through debt. The higher the liability of a company, the higher the interest on debt that must be paid by the company.

Debt to asset ratio is a debt ratio used in assessing the comparison between total debt and total assets. Debt in question is all debt that the company includes current liabilities and non-current liabilities. Creditors like a debt ratio with a low value, this is because with a low debt ratio, the possibility of debt repayment will be greater so that the risk of bad credit is lower.

In practice, if the company has a large solvency ratio, there is a high possibility of losses caused by high debt, but there is also the possibility of an opportunity to get a large profit if the debt can be managed optimally. Conversely, if the company has a low solvency ratio, it has a low risk of loss, but reduces the rate of return because most of the funding is only done with equity. Management must manage the solvency ratio optimally, with optimal management, the company will get high returns even though it has high solvency. It should be noted that the high or low this ratio depends on the liabilities owned by the company, in addition to the assets owned by the company (equity).

Return on assets

Return on assets is a ratio that can be used in assessing the capability of a company to earn a profit (Daryanto et al., 2019). The return on assets value is obtained by comparing net income with the total assets owned by the company. The increase in the value of the return on assets means that the company's

ability to earn profits is getting better, so this is good for the company.

Return on assets is a ratio that has a relationship to profitability, namely assessing the capability of a company in obtaining profits. Determinants of return on assets are net income and total assets. The net profit in question is the last number in the profit/loss statement. Net income is the difference between income and expenses. The assets in question are assets owned by the company to conduct business. Total assets are all assets owned by a company in the form of tangible assets and intangible assets.

Tobin's q ratio

Tobin's q ratio is the ratio used to provide an assessment of a company. Tobin's q is one of the ratios used to measure the value of the company, which is a measuring tool that defines the value of the company in tangible and intangible assets (Dura, 2022:56). Tobin's q value is obtained from the comparison between the market value and book value of liabilities with the book value of assets (Mediyanti et al., 2021). The higher the Tobin's q value, the more valuable the company is, it can also be interpreted that the company is in optimal condition.

The advantage of Tobin's q is that this ratio can be used in making investment decisions. Tobin's Q can show the value of a company so that the information can later be relevant to investment decisions that will be made. The company will increase the share capital if the tobin's q ratio is high, this is because if the tobin's q value is high, the company will be able to get a higher rate of return. The company's assessment using Tobin's Q not only conveys an assessment through the company's fundamentals, but also measures the size of a market assessing the company.

Tobin and Brainard (1976) in their research on Tobin's q are as follows:

“One, the numerator, is the market valuations: the going price in the market for newly produced commodities. We believe that this ratio has considerable macro-economic significance and usefulness, as the nexus between financial markets and markets for goods and services”

Tobin's q is a calculation that explains the value of the company through tangible assets and intangible assets. The small value of Tobin's q indicates that the cost of replacing the company's assets is greater than the market value of the company. A low Tobin's q value is also a sign that the market values a company low. Conversely, if the Tobin's q value of a company is high, the company's value is greater than the book value of the company's assets.

Financial distress

Financial distress is a condition of a company that is in a condition of unstable financial performance that starts from the company's cash flow that is not smooth and the company's sales decline, resulting in a decrease in the company's profit. According to Beaver (1966) in Vianez et al., (2019) "stated that financial distress is based on the theoretical framework of cash flow models, by performing a comparison between water deposits and companies in financial difficulties, as resources that were draining away."

Financial distress is a condition of a company that is experiencing financial difficulties which is characterized by a negative net profit for two years and if no improvement efforts are made, bankruptcy can occur (Sumani, 2020). From this explanation, it can be concluded that financial distress can be a signal for the company to immediately make improvements to prevent bankruptcy.

Conceptual framework

The conceptual framework used in the study is as follows:

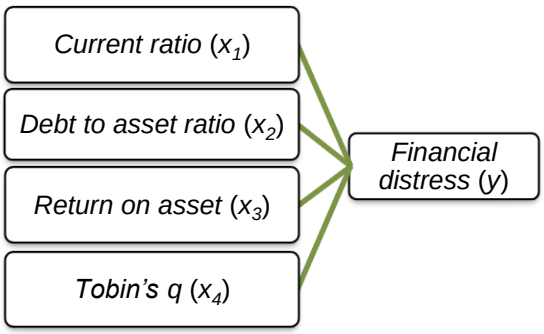

Figure 1. Research Conceptual Framework

The approach used in detecting financial difficulties that occur in a company is through financial ratio analysis. Based on Figure 1, this study will examine whether the variables current ratio, debt to asset ratio, return on assets and Tobin's q can affect financial distress in a company.

Variable X1 is the current ratio, which is the variable used to determine the level of the company's current debt to the company's current assets. The debt to asset ratio in the

X2 variable is used in assessing the company's debt level to the company's assets. In the X3 variable, the return on assets is used to see the level of the company's capability to earn a profit, then for the X4 variable, namely Tobin's q ratio, the ratio used to measure the value of the company which is assessed from the stock price. The Y variable in this research is financial distress, to measure the Y variable, the Altman z score is used in assessing the size of financial distress in the company.

Hypothesis

Based on empirical studies, theoretical studies, and the conceptual framework of the research, the hypotheses in this study are as follows:

Effect of current ratio on financial distress

The current ratio is an indicator that shows that the company has the ability to settle the company's short-term liabilities with current assets and vice versa, a high current ratio is a sign that the company has the ability to use current assets to meet short-term liabilities (Kazemian et al., 2017).

The current ratio can be used to measure the company's liquidity level. The liquidity of a company can be used as a signal for users of financial statements. According to Agustini and Wirawati (2019), high liquidity is able to give a positive signal to investors and creditors, the company is considered to have the ability to meet current liabilities and is able to manage the company. Signaling theory can be used to explain that the current ratio can provide a signal for users of financial statements, where the greater the value of the current ratio, the better the financial condition of a company. However, a liquidity ratio that is too high can also indicate that the company's working capital is not productive.

Unproductive working capital can result in costs that can reduce the company's profit and in the end can lead to the possibility of financial distress. The results of research by Nurhamidah and Kosasih (2021) explain that the current ratio has an influence on financial distress. Research conducted by Nurhidayah and Rizqiyah (2017) also explains the same thing, namely the current ratio has an influence on financial distress. Based on this explanation, the hypotheses used are:

H1: Current ratio has an effect on financial distress.

Effect of debt to asset ratio on financial distress

According to Iswari and Nurcahyo (2020) financial theory generally states that the amount of debt in a company can cause a large interest expense, and can lead to financial distress. This condition is in accordance with one of the characteristics of the emergence of financial distress where the company is unable to fulfill its obligations. However, the study also explained that with the amount of debt, the company can get a high level of return from the debt management activities (high risk high return). With a high rate of return, the company can pay its obligations.

In signaling theory the debt to asset ratio can be used as a signal to users of financial statements. The smaller debt to asset ratio can be a positive signal and vice versa where the high debt to asset ratio can be a negative signal for users of financial statements.

The results of research from Sumani (2020) show results where primary sector companies experience financial distress. Financial distress in primary sector companies is triggered by a high debt to asset ratio. This condition was triggered by improper debt management, so the risk became higher without being balanced by a high rate of return. The results of the research of Nurhayati et al., (2017) state that the debt to asset ratio has an impact on the occurrence of financial distress. This research is also supported by research that has been done by Sasongko et al., (2021) which says that debt to assets has an impact on financial distress. From this explanation, the hypothesis used is:

H2: Debt to asset ratio has an effect on financial distress.

Effect of return on assets on financial distress

Return on assets is an indicator that shows the capability of all assets to generate profits (Agustini & Wirawati, 2019). When the company decides to allocate an asset, it is necessary to calculate the return that will be obtained. If the allocation of assets only produces low returns, it will result in a smaller return on assets.

In signaling theory the company can provide a signal from the published financial statements, a positive signal of a company can be seen from the high return on assets value and conversely a low return on asset value can give a negative signal. It can be concluded that a large return on assets indicates that the financial condition is in a healthy condition.

In research conducted by Iswari and Nurcahyo (2020) there is evidence that the return on assets ratio has an impact on the emergence of financial distress. This research is also supported by research conducted by Silvia and Yulistina (2022) which states that return on assets has an impact on financial distress. Based on this explanation, the hypotheses used are:
H3: Return on assets can affect the state of financial distress.

Effect of tobin's q on financial distress

Tobin's q ratio is the ratio used in assessing a company. The higher Tobin's Q ratio is an indication of the higher incentives to build assets for speculative purposes (Curto, 2020). A large Tobin's q ratio indicates a company is considered valuable by the market, thus indicating the company is in an optimal condition and has good possibilities in the future.

Tobin's q ratio can be used as a signal for users of financial statements. The higher the value of Tobin's q means the company is in a healthy condition. In signaling theory, the larger Tobin's q value can give a positive signal and vice versa where the lower Tobin's q value can give a negative signal about the condition of the company.

The results of research conducted by Kazemian et al., (2017) say that the Tobin's Q ratio has an influence on the occurrence of financial distress. In his research, it is also stated that the lower the Tobin's Q value, the greater the possibility of financial distress. From this explanation, the hypothesis used:
H4: Tobin's Q can affect financial distress.

RESEARCH METHODS

The approach used in this research is a quantitative approach which is measured using numbers and statistical procedures. What is meant by quantitative research is research based on the philosophy of positivism whose data analysis is quantitative/statistical (Saragih et al., 2021).

The research method used in this research is used to obtain information about financial distress. With this research, it will be known the relationship between the current ratio, return on assets, debt to assets, and tobins'q on financial distress in a company, especially those engaged in the hospitality service sector.

Population and sampling techniques

The population used in this research is a public entity that runs in the field of hospitality services and is registered in the Sharia Securities List. The sampling technique used is purposive sampling technique. Only entities that meet the requirements will be the sample in this study. With the condition that the company must submit a report for the first quarter of 2020 until the third quarter of 2021. The population in this study is as follows:

Table 1. Hotel Service Sector Companies

No.	Company name	Code
1.	PT. Indonesian Paradise Property Tbk	INPP
2.	PT. Hotel Sahid Jaya International Tbk	SHID
3.	PT. Jakarta Setiabudi International Tbk	JSPT
4.	PT. Red Planet Indonesia Tbk	PSKT
5.	PT. Island Concepts Indonesia Tbk	ICON
6.	PT. Hotel Fitra International Tbk	FITT
7.	PT. Planet Properindo Jaya Tbk	PLAN
8.	PT. Andalan Perkasa Abadi Tbk	NASA
9.	PT. Graha Lestari Indah Tbk Development	PGLI
10.	PT. Jakarta International Hotells & Development Tbk	JIHD
11.	PT. Bukit Uluwatu VIIa Tbk	BUVA

Source: OJK Board of Commissioners Decree No. KEP-63/D.04/2020 Regarding List of Sharia Securities

Of these companies that meet the sample criteria, only 8 companies, this is because there are several entities that do not meet the purposive sampling requirements, namely the company PT. Bukit Uluwatu VIIa Tbk. with BUVA code. After searching the company's website and also the website of the Indonesian stock exchange, annual financial statements were not found for 2020. The company's status is still suspended based on the announcement of the temporary suspension of securities trading number Peng-SPT00006/ BEI.PP1 /07-2021, Peng-SPT-00012 /BEI.PP2/07-2021, and Peng-SPT-00009/BEI.PP3/07-2021 dated July 16, 2021. In addition, PT. Planet Properindo Jaya Tbk. with the PLAN code also did not meet the requirements because they did not submit financial statements for the first quarter to the third quarter of 2020 and PT. Hotel Sahid Jaya International Tbk. have not submitted their financial statements for the third quarter of 2021. Of the eleven companies, only eight met the purposive sampling requirements. The total sample in each variable is 56 originating from the financial statements of the first quarter of 2020 to the third quarter of 2021.

List of entities that have met the purposive sampling requirements are as follows:

Table 2. Sample of Hotel Service Sector Companies

No.	Company name	Code
1.	PT. Indonesian Paradise Property Tbk	INPP
2.	PT. Jakarta Setiabudi International Tbk	JSPT
3.	PT. Red Planet Indonesia Tbk	PSKT
4.	PT. Island Concepts Indonesia Tbk	ICON
5.	PT. Hotel Fitra International Tbk	FITT
6.	PT. Andalan Perkasa Abadi Tbk	NASA
7.	PT. Graha Lestari Indah Tbk Development	PGLI
8.	PT. Jakarta International Hotells & Development Tbk	JIHD

Source: OJK Board of Commissioners Decree No. KEP-63/D.04/2020 Regarding List of Sharia Securities

Hotel Fitra International with the code FITT is a company established with the deed of establishment no. 34 dated January 24, 2014 and domiciled in Majalengka, previously this company was named PT. Hotel Fitra Syariah. On June 11, 2019, this company was officially listed on the Indonesia Stock Exchange. Hotel Fitri International has a subsidiary, namely PT. Bumi Majalengka Permai and PT. Fitra Amanah Wisata.

Jakarta International Hotel & Development was established under the name PT. Djakarta International Hotel. The Company was later changed to PT Jakarta International Hotel based on the Deed of Amendment to the Articles of Association No. 41 dated June 8, 1973. The Company was established in 1969 to continue the construction of the Borobudur Inter-Continental Hotel (now known as Hotel Borobudur Jakarta - HBJ), as well as to take over its ownership from the previous owner PT Perhotelan Banteng Baru. Hotel Borobudur Jakarta has a 19-storey building with 866 rooms that stands on a land area of 89,510 m 2. Hotel Borobudur Jakarta also has serviced apartments "Garden Wing" with a capacity of 140 units.

The company turned into a public company by listing shares on February 29, 1984 on the Jakarta Stock Exchange with a total of 6,618,600 shares (42.02% of the issued and fully paid capital) with a par value of Rp 1,000 per share and an offering price of Rp 1,500. The Company has a subsidiary under the name PT. Danayasa Arthatama, the company's business business is increasing in real estate (mall) along with the operation of Pacific Place Jakarta (integration of Pacific Place, One Pacific Place offices, The Ritz-Carlton Pacific Place and Pacific Place Residence Apartment) in SCBD in 2007. Then in 2007, through PT Pacific Place Jakarta (a subsidiary of PT Danayasa Arthatama) operates The Ritz-Carlton Pacific Place and The Langham Jakarta, which are the integration of three new office buildings, namely Revenue Tower, Treasury Tower and Prosperity Tower.

PT Jakarta Setiabudi International Tbk. was established based on the deed of establishment No. 4 dated July 2, 1975 the company is engaged in the real estate investment business which concentrates on property and hospitality. In 1998, the Company became a public company after conducting an initial public offering on the Indonesian stock exchange with the stock code JSPT. Subsequently, in 2002, the company conducted a limited public offering I in the context of Pre-emptive Rights. Several hotels that are subsidiaries of Jakarta Setiabudi Internasional are PT Hotel Investama Realty, PT Bangun Hotel Nusantara, PT Hotel Kemang Realty, PT Hotel Yogya Realty, PT Hotel Cikini Realty, PT Hotel Pekalongan Realty, PT Bali Nusadewata Village, PT Belitung Resort Internasional, and PT Natuna Resort International.

Companies that are sampled in this study are companies registered in the list of sharia securities. If the company is in the list of sharia securities, it can be ascertained that the hotel company has fulfilled the requirements not to carry out activities and types of business that are contrary to sharia principles, one of which is the sale of haram goods or services not because of the substance (haram li-ghairihi) stipulated by the National Sharia Council - Indonesian Ulema Council and goods or services that damage morals and are harmful. Apart from the aspect of the object of business activity, the company must also meet financial requirements, namely total interest-based debt compared to total assets of not more than 45% and total interest income and other non-halal income compared to total operating income and other income of not more than 45%. than 10%.

Types and sources of data

The data that will be used in this research is the type of quantitative data. Quantitative data used are financial data for 2020 and 2021 issued by companies which are available on

the company's website and the Indonesian stock exchange website. The data sources used are secondary data sources from published financial reports.

Variable operationalization

Independent variable

The independent variables in this research are the current financial ratio, debt to asset ratio, return on assets and Tobin's Q. The data will be obtained from secondary data from the company's financial statements.

Table 3. Variable Formula

No.	Variable	Formula
1.	*Current Ratio*	$\frac{Current\ Asset}{Current\ Liabilities}$
2.	*Debt to Asset Ratio*	$\frac{Liabilities}{Total\ Asset}$
3.	*Return on Assets*	$\frac{Net\ Income}{Total\ Asset}$
4.	*Tobin's Q*	$\frac{Market\ Value + Liabilities}{Asset}$ *Market Value* = Share x *Price*

Source: (Mediyanti et al., 2021; Ramadhanty & Sukmaningrum, 2020; Sumani, 2020)

Dependent variable

Dependent variable is financial distress which is proxied by Altman Z score. The data can be obtained through analysis of data from the company's financial statements. Altman Z score is used to determine the level of financial distress in a company. The first Altman z score model was first coined by Altman 1968. Goh et al., (2021) in their research stated as follows:

"Altman's z-model is a simple bankruptcy prediction model, yet largely accurate, and can be used by individuals who have limited or no in-depth exposure to accounting or finance to assess business continuity of a firm."

Based on this statement, it can be concluded that the financial distress assessment method using the Altman z score is still relevant and accurate. Altman z score formula quoted from the research of Goh et al., (2021) as follows :

Z = 3.3 (X1) + 0.999 (X2) + 0.6 (X3) + 1.2 (X4) + 1.4 (X5)

X1 = EBIT/total assets
X2 = Net revenue/total assets
X3 = Market cap/total liabilities
X4 = Working capitalI/total assets
X5 = Retained earnings/total assets

According to Goh et al., (2021) "a healthy z-score is usually more than 2.99, while a score between 1.80 and 2.99 is normally categorized as "undetermined" where the model could not determine the financial health status of a firm. "A healthy z-score is usually above 2.99, while a score of 1.80 to 2.99 is usually categorized as "undetermined" which cannot explain the company's financial health status."

Data analysis techniques

Data analysis techniques used include descriptive statistical analysis, classical assumption test, panel data regression analysis, and hypothesis testing. In data analysis, Eviews 12 software is used , Eviews 12 is used because the software is more appropriate when used for panel data model research when compared to other software such as SPSS and MiniTab, especially on macroeconomic data (Santoso, 2018:7). According to Juanda (2021) advantages of Eviews compared to other econometric application programs is its completeness in providing equipment for time series econometrics and panel data processing. Eviews analytical skills include synthetic data, financial analysis, cost analysis and forecasting (Kusumaningtyas et al., 2022:11).

Descriptive statistics

According to Wahyuni (2020) descriptive statistics are activities to calculate the mean, median, mode, and standard deviation. Descriptive statistics is a part of statistical science, which is related to data collection which aims to explain the data displayed numerically (data distribution, placement size, data deviation and frequency distribution) or in the form of graphics (graphs and diagrams/tables) to make it easier to understand.

Panel data regression analysis

According to Juanda (2021:6) the combination of time series and cross section data is panel data, ie data obtained from the cross section is examined by repeating with the same individual unit but at different times. Panel data regression is a combination of data from cross section and time series data where there are individual/object differences in a time span.

Panel data regression equation model which is a combination of cross section data and time series data Juanda (2021:178) as follows:

$Yit = \alpha + \beta 1X1it + \beta 2X2it + \ldots + \beta nXnit + e$
Yit = dependent variable (dependent)
α = Constant
β1 = Regression coefficient
Xit = Independent variable
i = Entity-*i*
t = Period-*t*

Panel data model estimation

According to Mire (2022:167) there are three estimation techniques for panel data regression models. The models are the common effect model, fixed effect, and random effect model.

Common effect model

This technique is a simple technique for measuring models in the form of panel data (Kusumaningtyas et al., 2022:20). Measurements using the common effect model are carried out in a combined way between cross-section and time series but do not take into account differences in time and entities. The most commonly used approach is the Ordinary Least Square (OLS) method. The Common Effects model does not take into account differences in individual time and size, i.e. the behavior of the data between individuals is the same over different time periods.

Fixed effect model

The effects model approach still uses the assumption that the intercept force for each individual is different but the gradient between individuals remains. In this technique, dummy variables are used to define interindividual differences in intercepts. Intercept differences can be in the form of work culture, incentives, and managerial (Kusumaningtyas et al., 2022:20).

Random effect model

According to Kusumaningtyas et al., (2022:20) the random effect model is suitable for data with high complexity. The approach used in the random effect is assumed that each company has a different intercept where the intercept is a random variable. This model is useful if the sampled companies are randomly selected and represent the population.

Data analysis stage

In determining/determining the right method in using panel data, how many tests can be done. The selection or determination of the best estimation technique between the common effect, fixed effect, and random effect model is the Chow test and the Hausman test (Mire, 2022:172). Chow test is used to see whether panel data regression using the fixed effect model is more appropriate than panel data regression that does not use dummy variables/ common effect method. Hausman test used in determining whether the fixed effect model is better to use than the random effect model.

Classical assumption test

In order to achieve the objectives of this research, first it is necessary to carry out a classical assumption test, this test is used to provide certainty whether the panel data regression model used has met the requirements of normality, multicollinearity, and heteroscedasticity. If all the classical assumptions are met, it means that the analytical model can be used. Classical assumption test was run to get reliable regression results. However, specifically in panel data regression research, only a few classical assumption tests are needed, namely multicollinearity and normality.

Normality test

According to Hadi Ismanto and February (2021:59) the normality test is intended to determine whether the residuals are normally distributed, or in other words, the research data is normally distributed or not. The normality test is used to see whether the variables in the research are normally or not normally distributed.

Multicollinearity test

The multicollinearity test is a classic assumption test used to see whether there is a correlation between independent variables. To perform the multicollinearity test, it can be done with the VIF test and the correlation test (Hadi Ismanto & February, 2021:67).

Hypothesis test

Hypothesis testing is used in assessing the significance of the regression coefficients. Therefore, the regression coefficient needs to be tested. There are several kinds of hypothesis testing on the regression coefficient, namely:

T test

According to Hadi Ismanto and February (2021:137) the t-test is used to check whether the parameters used to estimate the regression model equation are the right measurements. If the f-test is used to check the regression coefficients simultaneously, then the t-test is used to check the regression coefficients individually. If the probability value is less than 0.05, it can be said to have a

significant effect and vice versa if the probability value is higher than 0.05, it means that it has no effect.

Coefficient of Determination

The coefficient of determination is a coefficient that shows the variation in the impact of an independent variable on the dependent variable (Hadi Ismanto & February, 2021:138). The coefficient of determination or often referred to as goodness of fit is explained by R-square, which is one of the measurements needed in the regression model, this is because R-square is able to provide information on the feasibility of an estimated regression model. The value of the coefficient of determination shows the amount of variation in the dependent variable can be explained through the independent variable.

RESULTS AND DISCUSSION

Descriptive statistical analysis

Descriptive statistical analysis is used in research to produce a description of the data or descriptive. Descriptive statistical analysis in this research displays the number of observations, max value , mean and standard deviation of each variable used in a research. The display of descriptive statistics on each research variable is presented in table 4 below:

Table 4. Descriptive Statistics

No.	Variabel	Mean	Maximum	Minimum	Std. Dev.
1.	Z	3.293	2.870	-0.336	5.076
2.	ROA	-0.019	0.075	-0.139	0.036
3.	Q	1.081	2.465	0.425	0.468
4.	DAR	0.298	0.595	0.049	0.149
5.	CR	2.068	8.500	0.168	1.775

Source: Data processed Eviews 12, 2022

Based on the results of descriptive statistics in table 4 the following conclusions are obtained:

1. Financial distress variable has a min value of -0.336 and has a max value of 2.870 The average value (mean) with a size of 3.293 thus means that most hotel sector companies do not have serious financial problems. Financial distress has a standard deviation of 5,076 the number is greater than the average value (mean) is 3,293. Based on the data, it can be interpreted that the average value of financial distress as measured by the Altman z score has a high deviation.
2. Return on asset variable has a min value of -0.13 9 and has a max value of 0.075. The average number (mean) is -0.019. Return on assets has a standard deviation of 5.06 3 , this figure is more than the average (mean) which is -0.019. Based on these data, it can be concluded that the average return on assets variable has a high deviation rate.
3. Tobin's q ratio variable has a min value of 0.425 and a max value of 2.465. The average number (mean) is 1,081 which indicates that the hotel sector company has a high number of companies, which is greater than the book number. Tobin's q ratio has a standard deviation of 0.468, this number is smaller than the average (mean) of 1.081. Based on these data, it can be interpreted that the average Tobin's q ratio has a low deviation.
4. Debt to asset variable has a min value of 0.049 and a max value of 0.595. The average number (mean) is 0.298. Debt to assets has a standard deviation of 0.149, which is smaller than the average (mean) of 0.298. Based on these numbers, it can be concluded that the average debt to asset has a low deviation.
5. Current ratio variable has a min value of 0.168 and a max value of 8,500. The mean (mean) is 2.068. The current ratio has a standard deviation of 1.775, which is smaller than the mean (mean) of 2.068. Based on these data, it can be interpreted that the average current ratio has a low deviation.

Test of panel data model estimation

Common effect model

Common effect model technique is a simple model used in estimating the measurement of the panel data model, through the use of the assumption that the intercept and slope are constant over time periods and units. (Individual). Common Effect models are presented in the following table.

Table 5. Common Effect Model

No.	Variable	Coefficient	Std. Error	t-Statistic	Prob.
1.	C	1.445	1.236	1.168	0.248
2.	ROA	-1.870	1.029	-1.816	0.075
3.	Q	2.413	0.731	3.298	0.002
4.	DAR	-1.469	2.599	-5.652	0.000
5.	CR	1.578	0.223	7.064	0.000

Source: Data processed Eviews 12, 2022

Fixed effect model

fixed effect model approach uses the basic assumption that the intercept for each individual is different and the slope between individuals is the same. The fixed effect model is presented in the following table:

Table 6. Fixed Effect Model

No.	Variable	Coefficient	Std. Error	t-Statistic	Prob.
1.	C	2.334	1.868	1.249	0.218
2.	ROA	2.990	6.360	0.470	0.641
3.	Q	6.474	0.744	8.700	0.000
4.	DAR	-2.607	6.748	-3.864	0.000
5.	CR	0.868	0.187	4.640	0.000

Source: Data processed Eviews 12, 2022

Random effect model

The approach used in random effects uses the assumption that each research object has a different intercept and the intercept is a random/stochastic variable. The random effect model is presented in the following table:

Table 7. Random Effect model

No.	Variable	Coefficient	Std. Error	t-Statistic	Prob.
1.	C	0.665	1.502	0.442	0.660
2.	ROA	2.625	6.259	0.419	0.677
3.	Q	5.656	0.659	8.580	0.000
4.	DAR	-1.839	4.261	-4.317	0.000
5.	CR	0.991	0.177	5.592	0.000

Source: Data processed Eviews 12, 2022

Data analysis test

There are several tests to determine the best panel data regression model, whether common effect , fixed effect or random effect. The following are the tests carried out for the selection of panel data regression models.

Chow test

This test is used to see whether the panel data regression technique using the fixed effect method will more precise than regression using the common effect method.

Table 8. Chow Test

No.	Effects Test	Statistic	d.f.	Prob.
1.	Cross-section F	24.857	-7,44	0.000
2.	Cross-section Chi-square	89.617	7	0.000

Source: Data processed Eviews 12, 2022

If the p-value < 0.05 then the fixed effects model is more appropriate to use than the common effects (Kusumaningtyas et al., 2022:105). Based on table 8, it can be seen that the probability of showing the number 0.000 means that the probability value is less than 0.05 and it can be concluded that the fixed effect model is the right model. The model chosen is fixed effect, so it is necessary to test Hausman to ascertain whether the fixed effect model is more appropriate than the random effect method model.

Hausman test

The Hausman test is a test method to ensure that the fixed effect model is more appropriate than the random effect model.

Table 9. Hausman Test

No.	Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
1.	Cross-section random	9.293	4	0.054

Source: Data processed Eviews 12, 2022

Conclusions in the Hausman test are used as guidelines if the probability value > 0.05 means that a better model is used, namely the random effect model. If the probability value is < 0.05, it means that the most appropriate model to use is the fixed effect model (Kusumaningtyas et al., 2022:105).

The output results from the Hausman test table above show the probability value of the Hausman test of 0.05 4 which is greater than 0.05 so that it can be concluded that the most appropriate model used in this study is the random effect model rather than the fixed effect model. The method chosen is random effect, it is necessary to test the lagrange multiplier to determine whether the random effect method is more appropriate than regression using the common effects method.

Lagrange Multiplier Test

This test is used to determine whether the panel data regression technique using the random effect method will more precise than regression using the common effect method.

Table 10. Lagrange Multiplier Test

No.		Test Hypothesis		
		Cross-section	Time	Both
1.	Breusch-Pagan	48.001	0.104	48.106
2.		(0.000)	(0.746)	(0.000)
3.	Honda	6.928	-0.323	4.671
4.		(0.000)	(0.626)	(0.000)
5.	King-Wu	6.928	-0.323	4.469
6.		(0.000)	(0.626)	(0.000)

7.	Standardized Honda	10.421	-0.085	3.077
8.		(0.000)	(0.533)	(0.001)
9.	Standardized King-Wu	10.421	-0.084	2.792
10.		(0.000)	(0.53)	(0.002)
11.	Gourieroux, et al.	--	--	48.001
12.				(0.000)

Source: Data processed Eviews 12, 2022

If the Breush-Pagan p-value < 0.05, it means that the random effects model is more appropriate than regression using the common effect method (Kusumaningtyas et al., 2022:105). The output results from the Lagrange multiplier test table above show the Breush-Pagan probability value of = 0.000 which is smaller than 0.05 so that it can be concluded that the most appropriate model used in this study is the random effect model rather than the common effect model.

Classical assumption test

Normality test

Normality test is one of the classical assumption tests used in determining a dependent and independent variable having normal or abnormal distribution observations. The results of the normality test can be seen in the following figure:

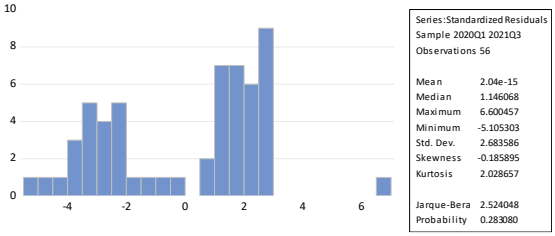

Figure 2. Normality Test
Source: Data processed Eviews 12, 2022

The normality test in this research uses the jarque-fall method. The data can be said to be normal if the p-value is > 0.05 (Kusumaningtyas et al., 2022:64). Based on Figure 2, it can be seen that the results of the normality test show that the probability value shows the number 0, 283 and the number is greater than the number 0.05, so from the value 0, 283 > 0.05, it can be concluded that the data is normally distributed. According to Pallant (2007) in Viana et al., (2021) the data "Pallant states that studies with a large sample of more than 40 samples can ignore the problem of normality because a large sample can follow the population distribution." The sample used in this study amounted to 56 and the jarque fallow value was above 0.05, so it can be concluded that the data is normal.

Multicollinearity test

In multicollinearity testing, it is intended to explain that in the regression model there is a correlation between independent variables. The right regression model should not have a correlation between the independent variables. The variable has multicollinearity problems if the correlation between X1 and X2 exceeds 0.08 (Kusumaningtyas et al., 2022:68). The results of the multicollinearity test are presented in the following table.

Table 11. Multicollinearity Test

No.		Z	ROA	Q	DAR	CR
1.	Z	1	0.206	0.438	-0.691	0.797
2.	ROA	0.206	1	-0.199	-0.428	0.359
3.	Q	0.438	-0.199	1	-0.089	0.273
4.	DAR	-0.691	-0.428	-0.089	1	-0.539
5.	CR	0.797	0.359	0.273	-0.539	1

Source: Data processed Eviews 12, 2022

Based on the results of the multicollinearity test above, it shows that there is no large correlation value between the independent variables, namely with a value that does not exceed 0.8. With a value below 0.8, it can be concluded that from these results there is no data that has multicollinearity.

Panel data regression analysis

Based on the panel data regression model using the Eviews program (common effect model, fixed effect model, and random effect model) and the tests carried out (chow test , hausman test , and lagrange multiplier test) it can be concluded that the most appropriate regression model is used for This research is a random effect model. The results of the fixed effect model panel data regression can be seen in the following table:

Table 12. Random Effect model

No.	Variable	Coefficient	Std. Error	t-Statistic	Prob.
1.	C	0.665	1.502	0.442	0.660
2.	ROA	2.625	6.259	0.419	0.677
3.	Q	5.656	0.659	8.580	0.000

4.	DAR	-1.839	4.261	-4.317	0.000
5.	CR	0.991	0.177	5.592	0.000

Source: Data processed Eviews 12, 2022

Research using panel data regression was conducted to see the impact of the independent variable on the dependent variable. The results of panel data regression in the fixed effect model show the results of the variable current ratio, debt to asset ratio, return on assets and Tobin's q on financial distress , which in this case financial distress is measured using the Altman z score. The panel data regression equation is as follows:

Z = 0.665 + 2,625ROA + 5.656Q + (-1.839)DAR + 0.991CR + e

From the regression can be explained as follows:
1. Constant coefficient of 0.665 and positive value, it can be concluded that Y = Z score will have a value of 0.665 if the current ratio, debt to asset ratio, return on assets and Tobin's q each have a value of 0.
2. Variable return on assets (ROA) has a regression coefficient of 2.625 states that each addition of the return on asset variable is 1%, and it is assumed that other variables are the same, it can increase the z score by 2.625.
3. The regression coefficient of the Q ratio shows a number of 5.656, which means that every 1% increase in the Q ratio variable, and it is assumed that other variables are fixed, it will increase the z score by 5,656.
4. The variable debt to asset ratio (DAR) has a regression coefficient of -1.839 that every increase in the debt to asset ratio variable is 1%, and it is assumed that other variables are fixed, it will reduce the z score by -1,839.
5. Current ratio regression coefficient has a number of 0.991 , which means that each addition of the current ratio variable is 1%, assuming other variables are fixed, it will increase the z score by 0.991.

Hypothesis test

T test

T test is used in regression testing. The results of the t-test test are concluded using the t-statistical value and probability value, whether it is above 0.05, which means that the independent variable has no effect on the dependent variable. If the test number shows a probability number below 0.05 which means that the independent variable has an influence on the dependent variable. Based on table 4.12 the T hypothesis test obtained the following research results:
1. First hypothesis (H1) current ratio has an influence on the state of financial distress. Based on the results of the current ratio regression , it produces a probability value of 0.000 < 0.05 and the t statistic value is 5. 592. The current ratio variable has a probability value below 0.05 which means that the current ratio has an influence on financial distress.
2. The second hypothesis (H2) debt to asset ratio has an effect on financial distress. Based on the results of the debt to asset ratio regression, it produces a probability value of 0.00 0 < 0.05 and the t statistic value is -4.3 17. From these data, it can be concluded that the debt to asset ratio has a negative effect on financial distress.
3. The third hypothesis (H3) returns on assets can affect the state of financial distress. Based on the results of the regression return on assets produces a probability value of 0.6 77 > 0.05 and a statistical t value of 0.419. A value greater than 0.05 can be concluded that the return on assets has no effect on financial distress.
4. The fourth hypothesis (H4) tobin's q has an influence on financial distress. Based on the results of Tobin's q regression, it produces a probability value of 0.000 < 0.05 and the t statistic value is 8. 580. Based on these data, it can be concluded that Tobin's q has an influence on financial distress.

Coefficient of Determination Test

Testing the coefficient of determination / r-square is a number that shows the size of the capability of the independent variable to explain the dependent variable. The magnitude of the value of r 2 is between zero and one (0 < R < 1). If the value shows a number that is getting closer to one, then the regression model can be said to be good. Based on table 4.10 the value is 0.795 , it means that 79.5 % financial distress can be explained through the variables current ratio, debt to asset ratio, return on assets and Tobin's q. While 20 0. The other 5 % is explained by variables other than this research model.

Discussion

Effect current ratio to financial distress

ratio is an indicator that shows the company's capability to settle short-term liabilities using current assets (Kazemian et al., 2017). The results of this research show that H1 is accepted, namely the current ratio has a positive influence on financial distress.

These results are supported by a probability value of 0.000 < 0.05 and the t statistic value is 5. 592.

These results are consistent with the research of Nurhamidah and Kosasih (2021) which shows that the current ratio has an effect on financial distress. The study also explained that the influence of the current ratio on financial distress means that the smaller the value of the current ratio , the greater the possibility of financial distress.

This study is in line with the findings of Nurhidayah and Rizqiyah (2017) which show that liquidity measured using the current ratio has an effect on financial distress. The influential results in this study are because the company does not have enough funds to meet its obligations, so it takes a long time to liquidate other assets.

The current ratio is one way to assess the level of liquidity of a company and the liquidation of a company can be used as a signal for users of financial statements. High liquidity can give a positive signal to investors and creditors, with high liquidity the company is considered to have the ability to meet current obligations and is capable of managing the company (Agustini & Wirawati, 2019). signaling theory is used to explain that the current ratio can provide a signal for users of financial statements, where the higher the current ratio value means the better the financial condition of a company.

influence means that the higher the current ratio , the higher the z score, which means that the possibility of financial distress will be lower. The current ratio tall is a good indicator for the company. A hotel company with a high current ratio means that it has the ability to meet its current liabilities so that later it can reduce the occurrence of financial distress.

Influence debt to asset ratio against financial distress

The amount of debt in a company can lead to high interest expenses, and can lead to financial distress (Iswari & Nurcahyo, 2020). one of the characteristics of the emergence of financial distress namely a condition where the company does not have the ability to settle its obligations. The debt to asset ratio (DAR) is a comparison between total debt and total assets and is used in assessing solvency, in other words, the amount of company assets financed by debt (Sumani, 2020). The results of this study show that H 2 is accepted, namely the debt to asset ratio has a negative effect on the emergence of financial distress, this is evidenced by the sig value of 0.00 0 < 0.05 and the t statistic value is -4.3 17.

With signaling theory the debt to asset ratio is used as a signal to users of financial statements. The smaller the value of the debt to asset ratio can be a positive signal, this is because the value of the debt to asset ratio will be better the lower it is. Debt to assets is a ratio that assesses a company 's assets financed by debt, so if the debt to asset ratio is higher, it means that more assets are financed through debt.

This study is consistent with the findings of Nurhayati et al., (2017) which shows that the debt to asset ratio has an effect on financial distress. The study also explained that the higher the value of the debt to asset ratio , the greater the company experiencing financial distress. The cause of financial difficulties is the increasing burden of the company in settling its liabilities and interest.

The research results of Sasongko et al. (2021) also show that the debt to asset ratio has an influence on financial distress. In this study, it is explained that if the company's financing is mostly sourced from debt, then the company will have difficulty paying future liabilities. The difficulty is due to the greater the amount of debt than assets.

The negative effect on the emergence of financial distress occurs when the higher the debt owned by a company. The higher the debt, but not followed by higher income, the company will find it difficult to pay its obligations, thereby leading the company to a state of financial distress.

The decline in hotel company revenues occurred as a result of the COVID-19 pandemic resulting in a decrease in the company 's ability to pay debts and interest and bringing the company closer to financial distress. Having a negative effect means the lower the debt to asset ratio , the higher the z score , which means the healthier the company's finances are.

Influence Return on Assets Against Financial Distress

Return on assets is an indicator that shows the capability of all assets to generate profits (Agustini & Wirawati, 2019). The results of the study show that return on assets has no effect on financial distress , it is evidenced by the probability value of 0.6 77 > 0.05 and the t statistic value of 0.419. With a significance value above 0.05, it can be concluded that the research results reject H 3. The results of the study prove that return on assets has no effect on financial distress. This research contradicts

the research conducted by Iswari and Nurcahyo (2020) , which shows that there is evidence that the return on assets ratio has an influence on the incidence of financial distress.

Low profitability is a signal of the company's limitations in converting revenue streams into profits, so the higher the profitability, the lower the possibility of financial distress (Kazemian et al., 2017). This condition is because the high return on assets has an indication that the financial condition is in a healthy condition. Return on assets is a ratio used to assess the ability of a company to earn a profit (Daryanto et al., 2019).

The results of this study are in line with research Maulana and Suhartati (2022) who show that return on assets has no effect on financial distress. In signaling theory , the company can provide signals from the published financial statements. One of the positive signals of a company can be seen from the value of high return on assets , but based on research results that have no effect on financial distress , if the return on assets is high, the positive signal obtained is only in the form of improved profitability.

Research conducted by Peluni et al., (2020) shows the same result, namely that return on assets has no effect on financial distress. In the study, it was stated that if the company is able to manage assets effectively and efficiently, then the company will get optimal profits and will not cause financial distress.

Basically ROA is a company's strength in generating profits through empowering the company's assets, properly a high ROA ratio should be followed by a decrease in financial distress. With a relationship that has no effect in this study, it can be explained that the higher/lower ROA will not have an impact on financial distress.

As long as the company has sufficient capital to bear the risks, sufficient liquidity, and good cost management, the ROA ratio will not have a significant impact on financial distress. Therefore, the high and low ROA of hotel companies will not affect the occurrence of financial distress.

Influence Tobin's Q Against Financial Distress

Tobin's q ratio is a ratio used to assess the value of a company. The higher Tobin's q ratio is an indication of the higher incentives to build assets for speculative purposes (Curto, 2020). The results of panel data regression analysis show a probability value of 0.00 0 < 0.05 and the t statistic value is 8. 580. Based on this value, it can be concluded that H 4 is accepted, namely Tobin's q ratio has an effect on financial distress. The results of this study are in accordance with research conducted by Kazemian et al., (2017) which states that the Tobin's Q ratio has a significant relationship to the occurrence of financial distress. Tobin's q ratio can be used as a signal for users of financial statements. The higher the value of Tobin's q means the company is in a healthy condition. In signaling theory , a higher Tobin's q value can give a positive signal.

Research conducted by Maslachah et al., (2017) shows that Tobin's q has an effect on financial distress. The study also explained that if the company has a high investment opportunity as measured by the Tobin's q ratio, where the stock is highly valued by the market, it can affect the company's sales growth and the company's equity will be valued higher.

This study is consistent with the findings of Valentina and Tjhai (2020) which state that company performance as measured by Tobin's q has an influence on financial distress. In this study it is also stated that high company performance will be able to meet the expectations of shareholders who hope to make profits. High profits will also be able to attract new investors to invest in the company.

Tobin's q ratio is a ratio that becomes a benchmark for the company's value. Based on the test results, this ratio has a positive effect, which means that the higher the Tobin's q value, the higher the z score , which means the healthier the company's finances and the lower the possibility of financial distress.

CONCLUSION

This study aims to determine the current ratio, debt to asset ratio, return on assets and Tobin's q in influencing the incidence of financial distress. which is the financial distress variable measured using the Altman z score. The research was conducted on hotel sector companies listed in the sharia securities list. The research data is obtained from secondary data in the form of financial statements for the first quarter of 2020 to the third quarter of 2021. Based on the results of the regression test, it can be concluded that the current ratio, debt to asset ratio, and Tobin's q ratio have an effect on financial distress , while return on assets has no effect on financial distress.

Limitations

The study was conducted to determine the current ratio, debt to asset ratio, return on assets and Tobin's q in influencing the incidence of financial distress. Observations were made for hotel sector companies during the COVID-19 pandemic. A small number of observations in a short time were obtained only in the financial statements of 2020 and 2021. The limitations in this study are as follows:

1. The observation uses quarterly/quarterly financial reports, so the accuracy of the data is inadequate because the quarterly financial statements have not been audited/ unaudited.
2. Observations using quarterly/quarterly financial reports, the capital expenditures issued by the company have not received optimal results and on the other hand the next quarter's financial statements have been issued.
3. Purposive sampling requirement because the company was suspended from the Indonesia Stock Exchange as a result of not submitting financial statements.
4. At the time this research was conducted, the company had not published its financial statements for the fourth quarter of 2021 because it was still in the process of being produced, so that the financial statements were only limited to the financial statements of the third quarter of 2021.

Suggestions

Based on the conclusions of the research above, the authors have several suggestions, namely:

1. It is hoped that further research can use audited financial statements so that the research data is more valid.
2. It is hoped that further research will be able to use a different sample.
3. It is hoped that further research will use other indicators apart from the current ratio, debt to asset ratio, return on assets and Tobin's q.
4. It is hoped that further research can use a longer period than this research, in order to obtain more valid data and also be able to describe more precise results.

Research implications

The implications that the author can give with this research are as follows:

1. For the Company, it is hoped that the results of this study can be used as an analysis in anticipating the occurrence of financial distress.
2. For science, this research can be used as a reference for other researchers who will conduct research related to the title that the author is researching.
3. For practitioners, it is hoped that it can be used as material for analysis by investors and stakeholders in assessing the financial distress of a company.

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