THE EFFECT OF LIQUIDITY AND SALES GROWTH ON *FINANCIAL DISTRESS*
(RESTAURANT, HOTEL AND TOURISM SECTORS LISTED ON THE IDX FOR THE 2022-2024 PERIOD)

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Abstract. Financial distress is a condition in which a company is unable to continue its business activities because it cannot meet its obligations when they fall due. This study aims to determine the effect of liquidity and sales growth on financial distress. The research method used is quantitative. Data analysis includes validity testing, reliability testing, classical assumption testing, multiple linear regression analysis, hypothesis testing, and the coefficient of determination. The population of this study consists of companies in the Restaurant, Hotel, and Tourism sub-sector listed on the Indonesia Stock Exchange (IDX) for the 2019–2021 period. The sampling technique used is purposive sampling, resulting in a total sample of 16 companies out of a population of 45 companies. The results of the study show that liquidity and sales growth simultaneously influence financial distress. Partially, liquidity and sales growth have a positive effect on financial distress. This study can be used as a reference regarding the calculation of liquidity and sales growth conducted by companies. Future researchers are expected to examine other independent variables that may affect financial distress.

Keyword: *Liquity, Salees Gworth, Financial Distress*

I. INTRODUCTION

Many old companies are looking for ideas to compete with other companies such as creating new products, innovating in their products or expanding their business [1]. Expanding a business, company management is very important in carrying out the expansion process so that it can run smoothly. If the company's management is not good at managing finances and the business expansion process does not run smoothly, then the company is certainly faced with bankruptcy or the accounting term "financial distress" [2]. Because to expand the business, you cannot rely on assets, but must make loans.

Financial distress is a situation where a company is unable to continue its business activities because it cannot pay obligations at a predetermined time [2], financial distress is also known as a continuous decline in the company's financial performance. Hotel, restaurant and tourism companies are companies that have the characteristics of a considerable and promising profit value during weekdays and holidays, income and selling value that continue to increase, long life of receivables but on the other hand, the debt that the company has to finance the needs in order to acquire inventory must be paid immediately. Based on these characteristics, it is very important to know what factors can affect financial distress problems in hotel, restaurant and tourism companies. In the 2022–2024 period, companies in the Restaurant, Hotel, and Tourism sub-sectors face various pressures that increase the risk of financial distress. The year 2022 was marked by an uneven post-pandemic recovery, where hotel occupancy rates

and tourist visits have not returned to pre-pandemic levels. Revenue that has not yet recovered has made it difficult for many companies to cover operating expenses that have returned to normal, while some still have pandemic debt that is suppressing cash flow. Entering 2023, companies are increasingly burdened by global inflation and rising raw material prices, especially for restaurants that have to deal with an increase in HPP without being able to fully raise selling prices. Hotels and other tourism businesses were also pressured by weakening exchange rates which increased import and operational costs. At the same time, changes in consumer behavior towards digital services such as online delivery and online reservation platforms have made slow-adapting companies lose market share and face declining efficiency.

Over 2023 to 2024, rising global and domestic interest rates are weighing on debt interest burdens, especially for hotel companies that have long-term loans for construction and renovation. This condition is exacerbated by increasingly fierce competition, both from international F&B brands, budget hotels, and digital-native businesses that offer more competitive prices. On the other hand, the weakening of people's purchasing power in 2024 will make consumption for the leisure and hospitality sectors decrease, having an impact on stagnation and a decrease in income. Premium location rental fees for restaurants and compliance fees for new regulations, including post-pandemic health standards, further narrow profit margins. This combination of factors has caused

many companies to experience liquidity pressures, decreased profitability, and increased risk of default, triggering significant bankruptcy conditions in the 2022–2024 period.

Research from Ingkak Wangsih and Catra Kalbuana [4], proves that there is a ratio that can describe financial distress, one of which is liquidity. This liquidity ratio is usually measured using the current ratio, which is current assets divided by current debt. According to Ardios [3], defining liquidity ratio is the comparative relationship between current assets and current debt that must be fulfilled by a company in a short period of time, in other words, the liquidity ratio is the ability of a company to meet its short-term obligations. The results of previous research conducted by Reta Emining Tyas [5] prove that liquidity has a significant effect on financial distress and the results of research that have been conducted by Atika and Handayani [6] show that liquidity (current ratio) does not have a significant effect on the likelihood of financial distress In a company, this shows that the higher the company's ability to fulfill its short-term obligations, the less likely the company is to experience financial distress. In addition to liquidity, every company must also take into account sales growth in the company.

Sales growth which states that the growth ratio describes the percentage growth of the company's posts from year to year [7]. This ratio includes sales growth and an increase in net profit. Sales growth itself reflects a company's ability to increase sales of the products it produces, either an increase in sales frequency or an increase in sales volume. Companies that successfully execute their strategies in terms of marketing and sales of their products, will increase the company's sales growth. The high level of sales growth indicates a large profit, so if the sales growth rate of a company is high, it means that the company's financial condition is quite stable and far from financial distress, because it is proven by sales that can continue to grow.

Based on the background of the above problems, it is necessary to conduct an analysis to anticipate the occurrence of bankruptcy in the company by predicting the company's financial distress conditions so that the author raises the title of the research "The Influence of Liquidity and Sales Growth on Financial Distress (Restaurant, Hotel and Tourism Sectors Listed on the IDX for the 2022-2024 Period)"

II. RESEARCH METHODS

This study uses the quantitative method. The population in this study is a hospitality, restaurant, and tourism sub-sector company listed on the Indonesia Stock Exchange from 2019 to 2021. The total population in this study is 45 companies. This study uses a purposive sampling technique where (a) Companies listed on the IDX in 2022-2024 are in the restaurant, hotel and tourism sub-sectors. (b) Restaurant, hotel and tourism companies that are consistently listed on the IDX for the 2019-2021 period. (c) Restaurant, hotel and tourism companies that consistently report financial statements for 2022-2024. So that 16 samples were produced with a research period of 3 years, the number of data in the study was 16 samples. The analysis techniques used in this study use descriptive statistical analysis and hypothesis testing.

Quotations and Reference Citation
Validity Test
1) Liquidity Validity Test

Table 1. Liquidity Validity Test Results

Item-Item	r_{count}	r_{table}	Profitability	Verdict
X1.1	0,773	0,200	< 0,05	Valid
X1.2	0,564	0,200	< 0,05	Valid
X1.3	0,553	0,200	< 0,05	Valid

Source: Data processed, 2025

Based on table 1 above, it is explained that all items from each variable have a value that is calculated > r_{table}, so it can be concluded that all liquidity items are declared valid.

2) Sales Growth Validity Test

Table 2. Sales Growth Validity Test Results

Item-Item	r_{count}	r_{table}	Profitability	Verdict
X2.1	0,620	0,200	< 0,05	Valid
X2.2	0,743	0,200	< 0,05	Valid
X2.3	0,611	0,200	< 0,05	Valid

Source: Data processed, 2025

Based on table 2 above, it explains that all items from each variable have a r_{count} > r_{table}, so it can be concluded that all valid items.

3) Financial Distress Validity Test

Table 3. Financial Distress Validity Test Results

Item-Item	r_{count}	r_{table}	Profitability	Verdict
Y.1	0,802	0,200	< 0,05	Valid
Y.2	0,617	0,200	< 0,05	Valid
Y.3	0,490	0,200	< 0,05	Valid

Source: Data processed, 2025

Based on table 3 above, it is explained that all items from each variable have a rcalculate > rtable, so it can be concluded that all items of the financial distress variable are declared valid.

Reliability Test

Table 4. Reliability Test Results

No	Variabel	Cronbach's Alpha	Reliable Standard	Remarks
1	Liquidity (X_1)	0,621	0,60	Reliabel
2	Sales Growth (X_2)	0,732	0,60	Reliabel
3	Financial Distress (Y)	0,701	0,60	Reliabel

Source: Data processed, 2025

The reliability result for the liquidity variable (X1) is that the coefficient value in the Alpha Cronbach column shows the number 0.621. From these results, it can be explained that the data results and questionnaire results have a very good level of reliability. According to the assessment criteria, the value of the reliability coefficient of this study was < 0.6.

The reliability result for the sales growth variable (X2) is that the coefficient value in the Alpha Cronbach column shows the number 0.732. From these results, it can be explained that the data results and questionnaire results have a very good level of reliability. According to the assessment criteria, the reliability coefficient value of this study was < 0.6.

The reliability result for the financial distress (Y) variable is that the coefficient value in the Alpha Cronbach column shows the number 0.701. From these results, it can be

explained that the results of the data and the results of the questionnaire have a very good level of reliability, or in other words the questionnaire data can be trusted. According to the assessment criteria, the reliability coefficient value of this study was < 0.6.

Classic Assumption Test

1) Normality Test

Table 5. Kolmogorov-Smirnov Test Results

No	Variabel	Asymp.Sig. (2-tailed)	Remarks
1	Liquidity (X_1)	0,212	Normal
2	Sales Growth (X_2)	0,212	Normal
3	Financial Distress (Y)	0,212	Normal

Source: Data processed, 2025

The results of the normality test in Table 5 above, show that the significance value of the One Sample Kolmogrov-Smirnov Test is shown in the Asymp table. Sig (2-tailed) for all variables > 0.05 so that it can be concluded that all variables in this study are normally distributed.

2) Multicollinearity Test

Table 6. Multicollinearity Test Results

No	Variabel	Tolerance	VIF	Keterangan
1	Liquidity (X_1)	0,664	1,573	Tidak terjadi multikolinearitas
2	Sales Growth (X_2)	0,632	1,782	Tidak terjadi multikolinearitas

Source: Data processed, 2025

Based on table 6, it is known that the liquidity variable has a VIF value of 1.573, the sales growth variable has a VIF value of 1.782. So it can be concluded that there is no multicollinearity in this model because the entire VIF value is ≤ 10 and or the Tolerance value is ≥ 0.10.

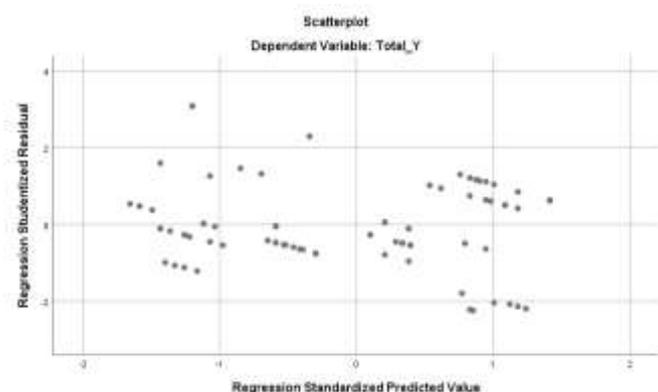3) Heteroscedasticity Test

Figure 1. Heteroscedasticity Test Results
Source: Data processed, 2025

Based on the scatterplot graph image above, it can be seen that the dots are scattered randomly, and are scattered both above and below the number 0 on the Y axis.

Hypothesis Test

1) T test (Partial)

Table 7. T Test Results

Coefficients^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.721	2.612		2.562	.010
Total_X1	.392	.183	.072	5.821	.033
Total_X2	.577	.253	.581	5.453	.018
a. Dependent Variable: Total_Y					

Source: Data Processed, 2025

Based on table 7, for the first hypothesis testing using the t-test, it can be concluded as follows:

The probability value for liquidity (X1) sig value 0.033 < 0.05 of the results shows that there is a significant influence between the liquidity variable (X1) on financial distress.

The probability value for sales growth (X2), the sig value of 0.018 < 0.05 of the result shows that there is a significant influence between the sales growth variable (X2) on financial distress.

2) Simultaneous significance test (F test)

Tabel 8. Hasil Uji F

ANOVA^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	411.111	3	162.074	23.561	.000^b
Residual	553.712	92	5.706		
Total	912.112	95			
a. Dependent Variable: Total_Y					
b. Predictors: (Constant), Total_X1, Total_X2					

Source: Data Processed, 2025

The F test is used to see the influence of all independent variables that together can affect the dependent variables or it can be said that the variables X1, X2 together affect Y. Based on table 8 shows that Fcal = 23.561 > 3.960 with a significance value of 0.000 < 0.005, then H0 is rejected. So in the fourth hypothesis in this study, it is stated that there is a simultaneous positive and significant influence between liquidity and sales growth on financial distress.

Coefficient of Determination R²

Table 9. Determination Coefficient Result (R^2)

R	R Square	Adjusted R Square
0,781	0,799	0.772

Sumber: Data diolah, 2025

Based on table 9 above, it shows that the R value is 0.781 which means that the correlation or relationship between the independent variable that occurs from liquidity and sales growth and the dependent variable, namely financial distress, has a strong relationship. The R Square value shows 0.799, which shows that the liquidity and sales growth variables affect the financial distress variable by 79.9% and the rest are influenced by other factors outside this study.

III. RESULTS AND DISCUSSION

A. The Effect of Liquidity on Financial Distress

This liquidity ratio is usually measured using *the current ratio*, which is current assets divided by current debt. According to Ardios [3], defining the liquidity ratio is the comparative relationship between current assets and current debt that must be met by a company in a short period of time, in other words the liquidity ratio is the ability of a company to meet its short-term obligations. The results of research conducted by Atika and Handayani [6], show that liquidity (current ratio) significantly has a negative effect on *financial distress,* this shows that the higher the company's ability to fulfill its short-term obligations, the less likely the company is to experience *financial distress.* In addition to liquidity, every company must also take into account *sales growth* in the company. This is also supported by research from Natalia and Sha [8], which also shows the same results that liquidity has a negative effect on *financial distress*. If the company is

able to generate high profits, then the company can use these profits to pay its operational costs and liabilities on time, so that there will be no *financial distress.* In addition, it is strengthened by the research of Antoniawati and Purwohandoko [9].

B. *The Effect of Sales Growth on Financial Distress*

Sales growth which states that the growth ratio describes the percentage growth of the company's posts from year to year [7]. This ratio includes sales *growth* and an increase in net profit. Sales growth itself reflects a company's ability to increase sales of the products it produces, either an increase in sales frequency or an increase in sales volume. Companies that successfully execute their strategies in terms of marketing and sales of their products, will increase the company's *sales growth*. The high level *of sales growth* indicates a large profit, so if the *sales growth rate* of a company is high, it means that the company's financial condition is quite stable and far from *financial distress*, because it is proven by sales that can continue to grow. The results of research conducted by Fitri and Muslimin [10] show that *sales growth* has a positive effect on *financial distress*, which means that the higher the level of sales growth of a company, the more likely it is that the company does not experience financial distress and if the *lower the sales growth*, the smaller the potential for the company to experience *financial distress*. Based on the differences in the results of research that have been carried out by previous researchers, in this study sales growth variables are used to prove how sales growth actually affects the prediction of financial distress in a company.

C. *Discussion*

Based on the results of the study, liquidity shows a significant influence on *financial distress* in restaurants, hotels, and tourism subsector companies listed on the IDX for the 2022–2024 period. A high level of liquidity reflects the company's ability to meet its short-term obligations, thereby reducing the risk of financial distress. Companies with good liquidity ratios tend to have more effective cash and current asset management, so that they are able to survive in post-pandemic economic uncertainty that is still felt in the tourism sector. These findings are in line with financial management theory which states that liquidity is an important indicator in maintaining a company's financial stability.

Furthermore, the results of the study show that sales growth also affects financial distress. Positive sales growth reflects increased demand for a company's products or services, which ultimately leads to increased revenue and cash flow. In the restaurant, hotel, and tourism subsectors, sales growth is an indicator of performance recovery after a decline in activity during the previous period. Companies that are able to record sales growth tend to have a smaller chance of experiencing financial distress due to increased ability to cover operational costs and financial obligations. However, in some conditions, high *sales growth* is not always followed by a reduction in the risk of *financial distress* if it is not balanced with good cost management and capital structure. Too fast sales growth can lead to increased operating expenses, large working capital requirements, and dependence on external financing. This shows that company management needs to manage growth optimally so that increased sales really have a positive impact on the company's financial health.

Simultaneously, liquidity and sales growth have an important role in influencing the financial distress conditions of companies in the restaurant, hotel, and tourism subsectors. Strong liquidity provides short-term protection against financial pressures, while sales growth plays a role in the sustainability of long-term performance. Therefore, companies need to maintain a balance between the ability to meet short-term obligations and a sustainable sales improvement strategy. The results of this research are expected to be considered for management, investors, and related parties in making financial and investment decisions.

IV. CONCLUSIONS

Based on the results of the study, it can be concluded that liquidity has an effect on *financial distress* in restaurants, hotels, and tourism subsector companies listed on the Indonesia Stock Exchange for the 2022–2024 period. Companies with a good level of liquidity tend to have a greater ability to meet their short-term obligations, so the risk of *financial distress* can be minimized. In addition, *sales growth* also affects *financial distress*. The positive sales growth reflects the improvement in the company's operational performance which has an impact on improving financial conditions. Simultaneously, liquidity and sales growth play an important role in determining the level of financial health of the company, so the management of these two factors needs to be considered to avoid financial distress conditions.

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