IMPLICATION OF CURRENT RATIO AND SALES GROWTH RATIO TO FINANCIAL DISTRESS PREDICTION

(Survey Research on Companies Textile & Garment Sub-Sector Listen Indonesia Stock Exchange Period 2012-2016)

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ABSTRACT

The purpose of this study was to examine empirically the implication of current ratio and sales growth ratio to financial distress prediction survey on Sub Sector Textile and Garment Mining Company Listed on Indonesia Stock Exchange Period 2012-2016. The problems that occur in Sub Sector Textile and Garment Mining Company is the increase of current ratio but the company is predicted to experience financial distress, then the company has increased sales growth ratio but the company is predicted to experience financial distress.

The research uses descriptive verification analysis method with population 18 companys sub sector textile and garment mining, sample select by using purposive sampling, so obtained sampels 7 companys sub sector textile and garment mining with 35 financial reports on Listed Sub Sector Textile and Garment Mining Company in Inonesia Stock Exchange 2012-2016. Technical analysis of the data used is a Multiple linear regression using SPSS Version 16.0 software.

The results of this study indicate that the variable Current Ratio affect the prediction of Financial Distress as measured by Negative Operating Profit and Sales Growth Ratio variables affect the prediction of Financial Distress as measured by Negative Operating Profit.

Keywords: Current Ratio, Sales Growth Ratio, Financial Distress.

I INTRODUCTION

1.1 Background Research

Economic conditions that always have changes have occurred activities and performance of companies, both small companies and large companies so many companies that bankrupt some manufacturing companies in the BEI (Indonesia Stock Exchange). Competition between companies that the more stringent costs that will be issued by the company will be higher, this will affect the company's performance. If a company is not able to compete then the company will experience losses, which in turn can make a company experiencing financial distress. The growing financial problems of a company that is allowed to drag on may be the victim of flying bankruptcy (Revelation, 2009).

Financial distress is a stage of decline in financial conditions that occur prior to the occurrence of bankruptcy or liquidation. If this is not resolved soon will have a major impact on companies such as the loss of trust from stakeholders, and even the companies will go bankrupt (Platt and Luciana, 2004). A company can be categorized as having financial distress where if the company has a performance that shows negative operating profit, negative net profit, negative book value of equity, and merged company (Brahmana, 2007).

The occurrence of financial distress can be predicted by corporate financial ratios. The financial ratios themselves are contained in the financial statements of a company. Tools that are often used in the analysis of financial statements is the analysis of financial ratios (financial ratio).

Financial ratios consist of liquidity ratio, leverage ratio, activity ratio, profitability ratio, growth ratio, and rating ratio (Cashmere, 2010: 110).

The liquidity ratio is the ratio to measure a company's ability to meet its short-term liabilities at maturity by using current assets. The size of this ratio can be seen and measured through the Current Ratio (Current Ratio). Current ratio measures the ability of a firm to repay its current debt by using its current assets (Sudana, 2011: 21). The greater the ratio of current assets to current debt the higher the company's ability to cover its short-term liabilities (Munawir, 2007: 72). The next indicator is the growth ratio which states that the growth ratio represents the percentage growth of the company's post from year to year. These ratios include sales growth and net profit growth.

Sales growth reflects the successful implementation of the company's investment over the past period and can serve as a predictor for future corporate growth. (Pattinasarany, 2010) explains that the ratio of sales growth is used to measure the level of sales growth in a period. Companies that successfully run their strategy in terms of marketing and product sales, will increase the company's sales growth. The high level of sales growth is illustrated indicating a large profit gain. Thus, if the level of a company's sales growth is high it reflects a fairly stable financial condition and away from financial distress, as evidenced by sales that can continue to grow (Harahap, 2011).

The condition of the world economic turmoil affect the weakening of general business activities such as Global Financial Crisis. The occurrence of Delisting of several public companies on the Indonesia Stock Exchange because of liquidity difficulties is a phenomenon that a company tends to experience Financial Distress. As After so long stock listed on the Indonesia Stock Exchange (IDX), finally PT Texmaco Jaya in delisting alias expelled from IDX listing board. "The Exchange decided, the elimination of the listing of PT Texmaco securities from BEI effective since October 10, 2008," said BEI Stock Trading Division, Supandi in the information disclosure Friday. According to him, with the revocation of the status of the company as a listed company, the company no longer has the obligation as a public company and the IDX removes the company's name from the listed company. As it is known, Texmaco is no longer able to rise from the downturn due to liquidity and working capital difficulties, so that several business units and production activities have been halted since 27 June 2008, the company has been liquidated and removed from the list of public companies in Indonesia Stock Exchange and some other companies such as PT. Eratex Djaja which is a company engaged in Textile. Since August 2003 the company's operations have been discontinued due to the unfavorable market situation resulting in the company experiencing liquidity difficulties. (Supandi, 2008).

Based on the description above, the authors are interested to make a research proposal entitled:"**Implication of Current Ratio and Sales Growth Ratio to Financial Distress Prediction (Survey Research on Companies Texile and Garment Sub Sector Listen Indonesia Stock Exchange Period 2012-2016)**".

1.2 Formulation of The Problem

1 Is the financial distress influenced by the current ratio.
2 Is the financial distress influenced by the sales growth ratio.

1.3 Research Objectives

1 To know whether there is influence of current ratio to predict financial distress.
2 To know whether there is influence of sales growth ratio to predict financial distress.

1.4 Usefulness of Research

1.4.1 Practical Use

1. For the Company

The results of this study the authors hope to provide benefits for the company as an input or suggestion that can help activities in the company.

2. For Other Researchers

The results of this study authors hope to provide benefits for the community or other parties that can be used as input or reference.

1.4.2 Academic usefulness

1. For Authors
   The results of this study is expected to be able to study theories and applied to the research and as an addition or input for the author.
2. For Higher Education
   The results of this study are expected to be useful academic documents and provide knowledge and reference for academic activities.

II REVIEW OF LITERATURE, FRAMEWORK FOR THINKING AND HYPOTHESES

2.1 Literature Review

2.1.1 *Current Ratio*

Current ratio is a measure of liquidity ability that is the ability to pay debts that must immediately be met with current assets (Syafrida Hani, 2015: 122).

Current ratio is the ratio between the current assets owned by the company with short-term debt. Short-term debt here includes accounts payable, accounts payable, bank loans, salary payable, and other payables that must be paid immediately (Sutrisno, 2012: 60).

2.1.2 *Sales Growth Ratio*

Sales growth reflects the company's ability over time. The higher the growth rate of a company's sales then the company successfully run its strategy (Widarjo and Setiawan: 2009).

The percentage increase in sales this year compared with last year, the higher the better (Sofyan Syafri, 2007: 310).

2.1.3 *Financial Distress*

Financial distress can be described from two extreme points of short-term liquidity difficulty (the lightest) to insolvable (the most severe). Short-term financial difficulties are usually temporary and not so severe, but if not addressed they can develop into insolvable difficulty (Mamduh, 2007: 278).

Financial distress is a very severe liquidity problem that can not be solved without a change in the size of a company's operations or structure. Financial distress is a condition in which the company's finances are in an unhealthy state or crisis. Financial distress occurs before the bankruptcy and occurs when the company suffers losses (Hapsari: 2012).

2.2 Framework

2.2.1 Influence of Current Ratio Against Financial Distress Prediction

Current ratio measures the ability of a company to meet its short-term debt using its current assets. The greater the ratio of liquidity, the less likely companies experience financial distress (Agnes Sawir, 2005: 56).

Predicted financial distress itself can be done by using financial ratios. The liquidity ratio is one of the financial ratios. In this research, the liquidity ratio is proportional to current ratio (CR), ie current assets divided by current liabilities (Almilia and Kristijadi, 2003).

The higher the level of corporate liquidity reflected in the current ratio, the smaller the potential possibility of companies experiencing financial distress (Triwahyuningtias and Muharam, 2012). Current Ratio (CR) has been studied by Daulat (2008) which states that the ratio of CR has a significant effect on Financial Distress. According to Atika, et al (2012) in his research stated that liquidity ratio using current ratio (CR) in the measurement significantly negatively affect the possibility of financial distress occurring in a company. This means that the greater the availability

of funds to pay off their current liabilities, the less likely the company will experience financial distress.

2.2.2 Influence of Sales Growth Ratio Against Financial Distress Prediction

Growth ratio describes the percentage of growth of company posts from year to year. These ratios include sales growth and net profit growth. Sales growth itself reflects the company's ability to increase sales of its products, either increasing sales frequency or increasing sales volume. Companies that successfully run their strategy in terms of marketing and product sales, will increase the company's sales growth. The high level of sales growth is illustrated indicating a large profit gain. Thus, if the level of a company's sales growth is high it reflects a fairly stable financial condition and away from financial distress, as evidenced by sales that can continue to grow (Sofyan Syafri Harahap: 2011).

According to research Viggo Eliu (2014) proves that sales growth has a significant effect on financial distress. In contrast to research conducted by Widarjo and Setiawan (2009), sales growth has no significant effect on financial distress, similar to research conducted by Liana and Sutrisno (2014) that sales growth has no effect on financial distress.

2.3 Hypothesis

Based on the above framework, the authors take a temporary hypothesis to determine the relationship between current ratio (X1) to the financial distress prediction (Y) and sales growth ratio (X2) to financial distress prediction (Y), then the hypothesis formula is as follows:

H1 : Current ratio effect on financial distress prediction.
H2 : Sales growth ratio effect on financial distress prediction.

III RESEARCH METHODS

3.1 Method of Approach

The research method is a method used by researchers in collecting research data. The method used in this research is descriptive and verifikatif method with quantitative approach. With descriptive research method with quantitative approach used to describe the results of research, while the method of verification research is used to test the truth of the theory and hypotheses that have been advanced by experts.

In this research, descriptive verification method with quantitative approach is used to test the variable of Financial Distress (Y) influenced by variable of Current Ratio (X_1) and Sales Growth Ratio variable (X_2) and to test hypothesis whether accepted or rejected.

3.2 Operational Variables

Operationalization of variables is the drawing of boundaries which further explains the more substantive specific features of a concept. The goal is that the researcher can reach a measuring instrument in accordance with the nature of the already defined variables of the concept, the researcher must enter the process or operational that will be used to quantify the symptoms or variables examined (Imam Chourmain, 2008: 36). To be more clear about the variables studied, it can be seen in table 3.1.

3.3 Data Source

Sources of data in this study are secondary data in the form of current ratio data, sales growth ratio and net income of the company's financial report textile and garment sub-sector are listed on the Indonesia Stock Exchange 2012-2016.

3.4 Population, Sample and Place and Time of Research

3.4.1 Population

Population is all data that concerns us in a scope and time that we specify (Margono, 2010: 118).

The population used in this research is a manufacturing company with textile and garment subsectors listed in Indonesia Stock Exchange (IDX) in 2012 until 2016 which submits complete financial statements amounting to 90 Financial Statements from 18 companies.

3.4.1 Sampling

Making samples from the population to represent the population is caused to raise research conclusions as applicable to the population. The sample is the partial or representative of the population studied (Arikunto, 2010: 174).

Sampling used in this research using purposive sampling method. Then the number of samples used in this study are as many as 35 Financial Reports of Textile and Garment Companies Sub-Sector Listed on Indonesia Stock Exchange Year 2012-2016 coming from 7 units of the company.

3.4.2 Place and Time of Research

To obtain data and information relating to the problems studied, the researcher conducted a study on the Indonesia Stock Exchange which is located at Jl. PHH Mustofa No.33 Bandung to obtain secondary data of textile and garment sub-sector companies listed in Indonesia Stock Exchange in 2012-2015. The time of the research started in May 2017 until August 2017.

3.5 Method of Collecting Data

1. Field Research
   Field research is a research conducted directly in the company that became the object of research. The data obtained are secondary data obtained by: Observation, Document - Document.
2. Library Research
   The data collection is done by reading the literature, the books on the theory of the problems studied and using internet media as supporting media in tracking additional information about the theory and data required in this research.

3.6 Data Testing Method

3.6.1 Multiple Linear Analysis

In this study using multiple regression analysis is used to predict how the state (up and down) dependent variable, when two or more independent variables as indicators. This analysis is used by involving two or more independent variables between the dependent variable (Y) and the independent variable variables (X1 and X2).

Multiple linear regression analysis is used to prove the extent of Influence of Current Ratio and Sales Growth Ratio Against Financial Distress Prediction.

3.6.2 Classic Assumption Test

In multiple linear regression analysis, to obtain more accurate results and non-biased regression model or regression model of Best Linear Unbiased Estimator (BLUE) it is necessary to test the classical assumption first, consisting of normality test, multicolinearity test, heteroscedasticity test, and autocorrelation test.

3.6.3 Correlation Analysis

Correlation analysis aims to measure the power of association (relationship) linear between two variables. Direction is expressed in positive and negative, while the strong or weak relationship is expressed in the magnitude of the correlation coefficient. To be able to provide interpretation of the correlation coefficients found large or small, it can be guided by the following provisions:

Interval Coefficients	Level of Closeness
0,00 - 0,199	Very Low
0,20 - 0,399	Low

0,40 - 0,599	Medium
0,60 - 0,799	Strong
0,80 - 1,000	Very Strong

Sumber : Sugiyono (2014:18)

3.6.4 Coefficient of Determination Analysis

The purpose of determination coefficient analysis is to calculate the magnitude of the influence of independent variables to the dependent variable. The amount of coefficient of determination (Kd) can be partially known by using the formula:

$$Kd = r \text{ ^ } 2 \times 100\%$$

Information:

Kd : Coefficient of Determination or How Far Variable Change Y Used by Variable X

r ^ (2) : Squares of the Correlation Coefficient

100% : Multiplier stated in percentage

3.6.5 Hypothesis

The design of this hypothesis testing to test whether there is influence between independent variable (X_1) Current Ratio and (X_2) Sales Growth Ratio Against (Y) Financial Distress Prediction, with steps as follows:

1. Hypothesis Testing by Partial (Stasis Test t). The statistical hypothesis of this study are:
   Ho: β1 = 0, : Current ratio has no effect on Financial distress prediction.
   Ha: β1 ≠ 0, : Current ratio gives effect to Financial distress prediction.
   Ho: β2 = 0, : Sales growth ratio has no effect on Financial distress prediction .
   Ha: β2 ≠ 0, : Sales growth ratio has an effect on Financial distress prediction.
2. Determine the level of significance
   Determined by 5% of degrees of freedom (dk) = n-k- l, to specify the table as the boundary of the reception area and the rejection of the hypothesis. The significant level used is 0.05 or 5% because it is considered sufficient to represent the relationship of the variables studied and is the level of significance commonly used in research status.
3. Describes Regional Acceptance and Rejection
   To describe the area of acceptance or rejection then used the criteria by comparing Results t arithmetic with the table as follows:
   a) If t arithmetic> t table 0.05 (dk = n-2), then Ho = rejected, Ha accepted
   b) If t arithmetic <t table 0,05 (dk = n-2), then Ho = accepted, Ha rejected

IV RESEARCH RESULT AND DISCUSSION

4.1 Research Results

4.1.1 Results of Deacriftive Analysis

4.1.1.1 *Current Ratio* at Textile and Garmen Sub Sector Companies Listed on Indonesia Stock Exchange 2012-2016

The highest Average Current Ratio in textile and garment sub-sector companies from 2012-2016 is owned by PT. Polychem Indonesia Tbk and PT Tifico Fiber Indonesia Tbk. While the lowest average Current Ratio from 2012-2016 is owned by PT Asia Pacific Fiber Tbk.

4.1.1.2 Sales Growth Ratio of Textile and Garment Sub Sector Companies Listed on Indonesia Stock Exchange 2012-2016

The highest Sales Growth Ratio on textile and garment sub-sector from 2012-2016 is owned by PT. Apac Citra Centertex Tbk and PT Panasia Indo Resources Tbk. While the lowest average Sales Growth Ratio from 2012-2016 is owned by PT Ever Shine Tex Tbk, PT Panasia Indo Resources Tbk, PT Tifico Fiber Indonesia Tbk and PT. Apac Citra Centertex Tbk.

4.1.1.3 Stock Price at Textile and Garment Sub Sector Companies Listed on Indonesia Stock Exchange 2012-2016

The average Financial Distress with the highest operating profit in the textile and garment sub-sector from 2012-2016 is owned by PT. Polychem Indonesia Tbk, PT Sunsi Textile Manufacturer Tbk, PT Tifico Fiber Indonesia Tbk although showing high operating profit but the company indicated experiencing financial distress. While the lowest average Current Ratio from 2012-2016 is owned by PT Asia Pacific Fiber Tbk, PT. Polychem Indonesia Tbk, and PT Panasia Indo Resources Tbk the company is indicated financial distress.

4.1.2 Verifikatif Analysis

4.1.2.1 Classical Assumption Testing Results

1. Normality Test
   To detect whether the data is normally distributed or tiddak can be seen using the kolmogorov smirnov method with the provision significance value> 0.05 then the distribution of the population is normal. From the normality test results in Table 4.7 shows that the probability value (Sig) of each variable> 0.05 which indicates that the data used has a normal distribution so it can be concluded that the data already meet the assumption of normality.
2. Multicolinearity Test
   The multicollinearity test is performed by looking at tolerance value and Variance Inflantion Factor (VIF) with the test criteria if tolerance value> 0.10 and VIF <10 then no multicollinearity occurs. Based on Table 4.8 can be seen the tolerance value of both variables of 1,145 is smaller than 10 and all tolerance independent variables have a value of 0,874 = 87,4% greater than 10%, it can be concluded there is no multicollinearity.
3. Heteroskedasitas test
   Based on Figure 4.5, it is seen that the points obtained form a random and irregular pattern and spread above and below the number 0 on the Y axis so that the regression model to be formed did not find any heteroscedasticity.
4. Autocorrelation Test
   Based on Table 4.9, it is known that the result obtained statistical value Durbin-Watson (D-W) of 1.911. While from Table DW with a significant level (a = 5%), for the number of independent variables as much as 2 variables (k = 2), and the number of observations in the study of 35 samples (n = 35), the lower limit value (dL) 1.343 and the upper limit (dU) of 1.583. Since the Durbin-Watson value of the regression model on the processing result was 1,911 and greater than the upper limit (dU) 1,583 and less than 4 - 1,583 (4 - dU), it was concluded that the regression model had no autocorrelation. Based on Classical Assumption Test above, it is known that all the test data is not found any violation of classical assumption so that data can be analyzed using multiple linear regression.

4.1.2.2 Resuls of Multiple Linear Regression Analysis

$$Y = -80183{,}106 - 944{,}993\ X_1 - 3513{,}191\ X_2$$

The multiple linear regression equation above can be interpreted as follows:

a) Constant of -80183,106; means if the Current Ratio and Sales Growth Ratio value is 0, then the Financial Distress Prediction value is -80183,106.
b) Regression coefficient of variable Current Ratio (X1) is -944,993; meaning that if other independent variables are fixed and Current Ratio has 1% increase, then Financial Distress (Y) prediction will decrease 944,993. Coefficient of negative value means a negative relationship between Current Ratio with Prediction Financial Distress, the higher Current Ratio then the possibility of going Financial Distress will be smaller.
c) The Sales Growth Ratio (X2) regression coefficient is equal to

-3513,191; meaning that if other independent variables are fixed and Sales Growth Ratio is 1% increase, then the Financial Distress (Y) prediction will decrease by 3513,191. Coefficient of negative value means a negative relationship between Sales Growth Ratio with Prediction Financial Distress, the higher Sales Growth Ratio then the possibility of the occurrence of Financial Distress will be smaller.

4.1.2.3 Correlation Coefficient Analysis

Based on table 4:11 above, the relationship between Current Ratio and Prediction Financial Distress when Sales Growth Ratio unchanged is equal to -0.497, meaning Current Ratio has a moderate relationship with Prediction Financial Distress. This can be seen from the correlation value is between 0.40 to 0.599 which belong to the category of being. Negative relationship means, every increase of Current Ratio then the possibility of the occurrence of Financial Distress will be smaller and vice versa.

Based on table 4:13 above, the relationship between Sales Growth Ratio with Financial Distress Prediction when Current Ratio unchanged is equal to -0.492, said Sales Growth Ratio have a moderate relationship with Prediction Financial Distress. This can be seen from the existing values between 0.40 to 0.599 belonging to the medium category. Very negative relationship, every increase of Sales Growth Ratio then the possibility Financial Finansial will be smaller and vice versa.

4.1.2.4 Determination Coefficient Analysis

Partial influence between independent variable to dependent variable is as follows:

a) The effect of Current Ratio on Financial Distress Prediction = $(0,497)^2$ x 100% = 24,7% can be seen in Table 4:11.
b) Influence Sales Growth Ratio To Financial Distress Prediction = = $(0,492)^2$ x 100% = 24,2% can be seen in table 4:13.

4.1.2.5 Partial Hypothesis Testing (t test)

From the above SPSS output obtained tcount value for Current Ratio (X1) of -2.434. With a significant level (α) of 5%, and degrees of freedom (df) = 32, then the value -table value of -2.037. So it can be concluded the value -thount <-ttable (-2.434 <-2.037) and it can be concluded that H0 is rejected and H1 accepted. In conclusion, the Current Ratio significantly affects the Financial Distress Prediction of the Textile & Garment Sub Sector Companies Listed on Indonesia Stock Exchange 2012-2016. To facilitate in understanding the results of hypothesis testing, then depicted area of rejection and acceptance of H0 shown in Figure 4.6.

From the above SPSS output obtained tcount value for Sales Growth Ratio (X2) equal to -2,390. With a significant level (α) of 5%, and degrees of freedom (df) = 32, then the value -table value of -2.037. So it can be concluded the value -thount <-ttable (-2.390 <-2.037) and it can be concluded that H0 is rejected and H1 accepted. In conclusion, the Sales Growth Ratio significantly affects the Financial Distress Prediction of the Textile & Garment Sub Sector Companies Listed on Indonesia Stock Exchange 2012-2016. To facilitate in understanding the results of hypothesis testing, then depicted area of rejection and acceptance of H0 shown in Figure 4.7.

4.1 Discussion

4.2.1 The Influence of Current Ratio on Financial Distress Prediction at Textile and Garment Sub Sector Companies Listed on Indonesia Stock Exchange 2012-2016

The result of this research has got correlation value between Current Ratio and Prediction of Financial Distress when Sales Growth Ratio is unchanged is -0,497 means Current Ratio has medium relationship with Prediction Financial Distress. This can be seen from the correlation value is between 0.40 to 0.599 which belong to the category of being. Negative relationship means, the higher the Current Ratio then the possibility of the occurrence of Financial Distress will be smaller and vice versa.

Then a large percentage of Current Ratio influence to Financial Distress Prediction of 24.7%. Judging from these results, then the influence of Current Ratio against Financial Distress Prediction less dominant. This means that there is another factor of 75.3% that can affect the Financial Distress Prediction such as efficiency ratio, profitability ratio, leverage ratio, market ratio and other factors beyond financial ratios such as economic condition (economic growth, unemployment rate, inflation, other).

The results of this study also explained that the Current Ratio effect on Financial Distress Prediction. This is in accordance with the results of research conducted by Triwahyuningtias and Muharam (2012), Daulat (2008), and Atika, et al (2012) indicating that the Current Ratio Affects the Prediction of Financial Distress.

4.2.2 The Influence of Sales Growth Ratio on Financial Distress Prediction at Textile and Garment Sub Sector Companies Listed on Indonesia Stock Exchange 2012-2016

The result of the research has got correlation value between Sales Growth Ratio with Prediction Financial Distress when Current Ratio is not changed is equal to -0.492 means Sales Growth Ratio have medium relationship with Prediction Financial Distress. This can be seen from the correlation value is between 0.40 to 0.599 which belong to the category of being. Negative relationship means, the higher Sales Growth Ratio then the possibility of the occurrence of Financial Distress will be smaller and vice versa.

Then big percentage of influence Sales Growth Ratio to Prediction Financial Distress that is equal to 24,2%. Judging from these results, then the influence of Sales Growth Ratio against Financial Distress Prediction less dominant. This means that there is another factor of 75.8% that can affect the Financial Distress Prediction such as efficiency ratio, profitability ratio, leverage ratio, market ratio and other factors beyond financial ratios such as economic conditions (economic growth, unemployment rate, inflation and others -other).

The results of this study also explained that the Sales Growth Ratio effect on Financial Distress Prediction. This is in accordance with the results of research conducted by Viggo Eliu (2014) which shows that Sales Growth Ratio Influence on Financial Distress Prediction. Radiansyah (2013) and Martha (2013) which shows that the ratio of sales growth affect the financial distress.

V CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

Based on the results of research and discussion Ratio Current Ratio and Sales Growth on Prediction Distress Finansial, then at the end of this study, the authors draw the following conclusions :

1. Current Ratio affects Prediction of Financial Distress. There is a relationship that is and the negative meaning, Current Ratio is higher then the possibility of the company experiencing Financial Distress will be smaller and vice versa. Changes in Fluctuations in Current Ratios due to an increase or decrease in the amount of taxes payable, accrued expenses, advances for sales, payables to third parties, short-term employee benefits obligations, notes payable, cash and cash equivalents, accounts receivable, accounts receivable, financial assets, , and prepaid taxes today.
2. Sales Growth Ratio effect on Financial Distress Prediction. There is a relationship that is and a negative meaning, the higher Sales Growth Ratio then the possibility of the company experiencing Financial Distress will be smaller and vice versa. Fluctuating changes in Sales Growth Ratio due to an increase or decrease in local and export sales, sales and sales discounts, and sales to related parties.

5.2 Suggestions

5.2.1 Practical Tips

1. For the Company
   For the Textile & Garment Sub-Sector Companies listed on the Indonesia Stock Exchange, especially for the management of the company, the company should

consider more in lending with banks or creditors in the provision of credit to avoid excessive debt, the company also should maintain debt payments as per debt payment due so that the company can maintain the balance of Current Ratio. Balance Current Ratio can show a healthy financial condition because the company can meet its short term obligations through its current assets, so the company can avoid the condition of Financial Distress. Then the company can also do a more effective marketing strategy to increase sales and cooperate with other companies to market their products, so by maintaining the balance of sales growth the company can obtain an optimal profit and can be avoided from the condition of Financial Distress.

2. For Investors
   For investors who are or will invest in Textile & Garment Sub-Sector Companies listed on Indonesia Stock Exchange, it is expected to be thorough in evaluating the company's management in terms of finance, company system, company process rotation such as corporate finance cycle and analyzing company performance. Investors need to consider the Current Ratio and Sales Growth Ratio of the company so as not to be wrong in investing its capital into a company that potentially does not generate optimal profit.

5.2.2 Academic Suggestions

1. For the Development of Science
   The results of this study are expected to provide knowledge and add the latest information for the development of financial accounting, especially on the influence of Current Ratio and Sales Growth Ratio against Financial Distress Prediction.
2. For Other Researchers
   It is expected that the researcher can further research the Current Ratio and Sales Growth Ratio with different measurement standards from this research, and it is expected to examine the variables other than Current Ratio and Sales Growth Ratio, because there are other factors that can influence the Financial Distress Prediction.

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ATTACHMENT

Table 3.1
Operational Variables

Variabel	Konsep Variabel	Indikator	Skala
Current Ratio (CR) Variabel X1	*Current ratio is a measure for the ability of liquidity that is the ability to pay the debt that must immediately be met with current assets* (Syafrida Hani, 2015 : 122)	$Current\ Ratio = \frac{Current\ Assets}{\text{Current Liabilities}}$ (Fahmi ,2013 : 121)	Rasio
Sales Growth Ratio Variabel X3	Sales growth reflects the company's ability over time. The higher the rate of sales growth of a company then the company successfully run its strategy. (Widarjo dan Setiawan, 2009)	$g = \frac{\text{SI} - \text{S0}}{\text{S0}}\ x\ 100\%$ (Home dan Machowicz , 2005)	Rasio
Prediksi *Financial Distress*	A situation where the company's operating cash flow is inadequate to pay off current liabilities (such as accounts payable or	1. Laba bersih (*net operating income)* negatif (Platt dan Platt , 2002)	Rasio

Variabel Y	interest expense) and the company is forced to take corrective action. (Indri, 2012:103)		

Table 4.7
Test Result Kolmogorov-Smirnov

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		35
Normal Parameters[a]	Mean	1.2857143E4
	Std. Deviation	9.97141021E4
Most Extreme Differences	Absolute	.217
	Positive	.126
	Negative	-.217
Kolmogorov-Smirnov Z		1.286
Asymp. Sig. (2-tailed)		.073

a. Test distribution is Normal.

Table 4.8
Assaying Result of Multicollinearity Assumption

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Current_Ratio	.874	1.145
	Sales_Growth_Ratio	.874	1.145

a. Dependent Variable: Financial_Distress

Picture 4.5
Test Result Assumption Heteroscedasticity

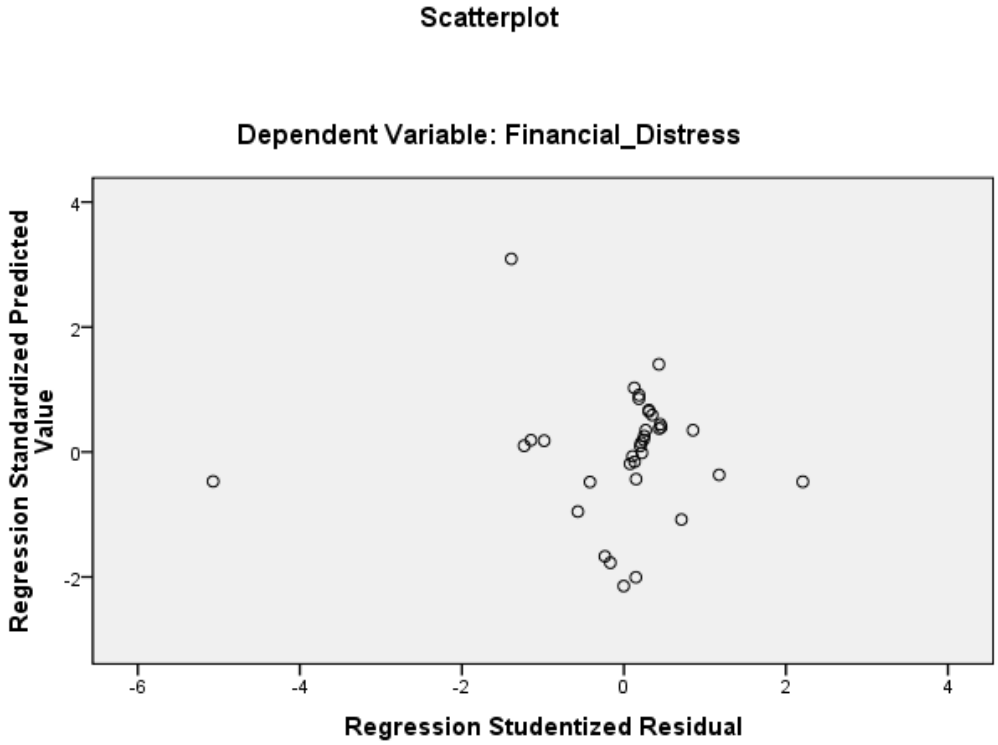


Table 4.11
Pearson Current Ratio Correlation Result with Financial Distress Prediction

Correlations

		Current_Ratio	Financial_Distress
Current_Ratio	Pearson Correlation	1	-.497**
	Sig. (2-tailed)		.002
	N	35	35
Financial_Distress	Pearson Correlation	-.497**	1
	Sig. (2-tailed)	.002	
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.13
Pearson Correlation Results Sales Growth Ratio with Financial Distress Prediction

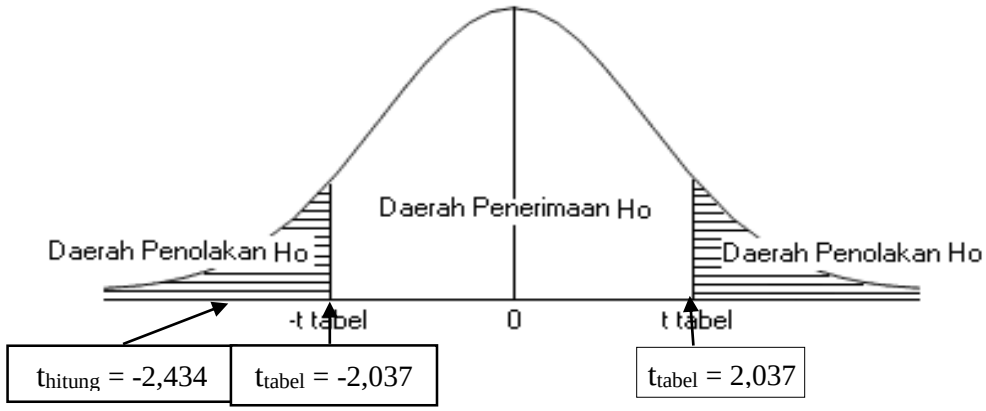
Correlations

		Sales_Growth_Ratio	Financial_Distress
Sales_Growth_Ratio	Pearson Correlation	1	-.492**
	Sig. (2-tailed)		.003
	N	35	35
Financial_Distress	Pearson Correlation	-.492**	1
	Sig. (2-tailed)	.003	
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Picture 4.6

Graph of Rejection and Acceptance H0 On the Current Ratio Against Financial Distress Prediction



Picture 4.7
Graph of Rejection and Acceptance H0 On the Sales Growth Ratio Against Financial Distress Prediction

