

SUMMARY

This study is a study that uses secondary data on agricultural and consumer goods companies listed on the Indonesia Stock Exchange in 2016-2020. The study took the title: "*The Effect Operating Cash Flow And Debt Equity Ratio On Financial Distress Using Zmijewski Model In Agricultural And Consumer Goods Listed In IDX*". This research aims to find out the effect of operating cash flow and debt equity ratio on financial distress in manufacturing companies listed on the Indonesia Stock Exchange using the X-Score Zmijewski Model.

The purpose of each company was established basically with the hope that it will generate profit so that it can grow and survive for a long period of time, and not experience liquidation and financial distress. In fact, targets and predictions are not always in line with expectations. Not infrequently companies that have operated for a certain period of time are forced to be liquidated because of financial distress

The importance of agricultural sector companies because the agricultural sector is one of the drivers of the Indonesian economy. In addition, agricultural sector companies also absorb quite a lot of non-formal labor that has a low level of human resources, to be employed in the company's factory or plantation

One of the important interrelationships is the need for food that is very much to meet the consumption needs of its people. Each resident also needs and uses various other types of goods, in other terms every community consumes various types of goods and services Sjamsir (2017). Based on the previous statement can be concluded that companies in the agricultural sector and consumer goods become quite crucial for the community, then if experiencing financial distress the community will be directly affected by the condition. Sjamsir (2017).

This thesis researcher using signaling theory because, Signalling theory explains why companies have the urge to provide financial report information to external parties. The company encourages to provide information because there is an asymmetry of information between the company and outside parties because the company knows more about the company and its future prospects than outside parties (investors, creditors). One way to reduce asymmetry information is to signal to outsiders, one of which is reliable financial information and will reduce uncertainty about the company's future prospects.

Signal theory suggests the importance of information issued by the company to investment decisions. Information is an important element for investors and businesses because it presents a description of past, current and future records and descriptions for companies and capital markets. Complete and relevant and accurate and timely information is required for capital market investors as a tool to analyze before making decisions to invest. Information published as an announcement will signal to investors in investment decision making.

The population in this study is a agricultural and consumer goods company listed on the Indonesia Stock Exchange that has an annual financial report that lists operational cash flow data, debt equity ratio and firm size in 2016 - 2020. The

samples in the study amounted to 100 samples with 20 companies. The sampling technique used is purposive sampling. The data analysis in this study is multiple regression analysis, Test F and Test T. The results of this study show that the debt equity ratio has a positive effect on financial distress. Operational cash flow has a negative and insignificant effect on financial distress.

In order to increase investor interest in the company, the company should be able to effectively and efficiently optimize available assets and minimize the presence of more loans to outsiders, especially if only to cover the shortfall in operating costs. Companies must innovate more on products that have been produced by not reducing the quality of the products produced. Companies need to be more selective in applying for loans to third parties. Company should pay more attention to the debt ratio that has been taken by his company.

