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https://doi.org/10.35609/gebssproceeding.2023.1(98)

ABSTRACT

This study intends to analyze the effect of financial risk, operational risk, lending interest rate, company size, and inflation on financial distress in 10 telecommunications companies with the largest capitalization in Asia 2013-2022 period. The research uses financial data from these 10 telecommunications companies with the largest capitalization in Asia over the past 10 years. This research adopts a quantitative approach with secondary data listed on the Asian stock exchanges. The analysis method used is logistic regression, which is employed to examine the relationship between independent variables and the dependent variable. The research results indicate a negative correlation for lending interest rate and a positive correlation with inflation. A decrease in lending interest rate will increase the risk of financial distress for companies, as seen in the tendency for an increase in current liabilities when there is a decrease in lending interest rate. Inflation has a significant positive effect on financial distress, meaning that an increase in inflation will increase the risk of financial distress. The research results also show that financial risk, operational risk, and company size do not have a significant influence on financial distress in the largest telecommunications companies in Asia during the period 2013-2022.

Keywords: financial distress, financial risk, firm size, inflation, lending interest rate, operational risk, Telecommunications Company.