

ABSTRACT

Study on the factors that influence the success of corporate turnaround is important to be carried out as more and more cases of world economic crisis cause national and local companies to experience ups and downs on their journey. there are many choices of strategies that can be applied to improve financial performance, such as downsizing, assets retrenchment, and expense retrenchment. The purpose of this study is to analyze the influence of these variables on corporate turnaround in companies that experienced financial distress in 2009-2017.

The analytical method used in this study is logistic regression analysis. The population of this study are non-financial companies listed on the Indonesia Stock Exchange from 2009-2017 totaling 437 companies. From this population, there were 67 sample of companies experiencing corporate turnaround after they experienced financial distress in the previous years. a company is categorized as a turnaround if it previously had a z-score below 1,81, and then for at least the next two years the z-score is above 1,81.

The results of the study shows that downsizing has a significant negative effect on corporate turnaround. Assets retrenchment also has a significant negative effect, and is the strongest against the probability of corporate turnaround. whereas, expense retrenchment proved to have no significant effect on corporate turnaround.

Keywords : *financial distress, corporate turnaround, downsizing, assets retrenchment, expense retrenchment*