

ABSTRACT

This study aims to develop a financial distress prediction model for Indonesian companies. Furthermore, this study also aims to determine the accuracy of the financial distress prediction model. The dependent variable in this study is financial distress, while the independent variables consist of 20 financial ratios.

The population of this study is all company sectors, except the financial sector, and has the variables used in this study and is listed on the Indonesia Stock Exchange from 2015-2023. The sample obtained was 2640 samples consisting of companies experiencing financial distress and companies that did not experience financial distress. This study uses the logistic regression analysis method.

The results showed that the model has a fairly high accuracy in predicting financial distress, which is 88.6%. In addition, 9 financial ratios such as Return on Asset, Working Capital to Total Asset, Quick Ratio, Cash to Total Asset, Debt to Total Asset (DAR), Retained Earnings to Total Asset, Dummy Net Income, Dummy Total Liabilities and Total Asset, and EBIT to Total Asset significantly influence the formation of a financial distress prediction model for companies in Indonesia.

Keywords: financial ratios, financial distress, logistic regression analysis