

ABSTRACT

The purpose of this study is to analyze the determinants of financial distress condition in Indonesia manufacturing firms using Altman EM-Score, Springate S-Score, and Zmijewski X-Score model approaches. This study tries to analyze the effect of current ratio, working capital to total assets, retained earnings to total assets, debt to asset ratio, total assets turnover, firm size and firm age on the financial distress condition.

The sample of this research is manufacturing firms listed on Indonesia Stock Exchange for the period 2014-2018. Through purposive sampling method, the final sample that met the criteria and used in this study were 106 firms. The data analysis technique used is logistic regression using SPSS 23 application.

The results of this study indicate that retained earnings to total assets appear as the most influential variable on financial distress because the results of hypothesis testing consistently show a significant negative relationship in the three models. Another result shows that debt to asset ratio has a significant positive effect on financial distress in Altman and Zmijewski models. Working capital to total assets, total assets turnover and firm size have a significant negative effect on financial distress in Springate model. Meanwhile, the current ratio and firm age in this study are not proven to have a significant effect on financial distress because there are no significant results in the three models.

Keywords: Financial Distress, Altman Model, Springate Model, Zmijewski Model, Current Ratio, Working Capital to Total Assets, Retained Earnings to Total Assets, Debt to Asset Ratio, Total Assets Turnover, Firm Size, Firm Age.