

ABSTRAK

This research aims to look at how the benefits of financial ratios to predict corporate financial distress. And how accurate financial ratios could predict financial distress in companies listed on the Jakarta Stock Exchange.

The sample in this study consisted of 31 companies consisting of 11 healthy firms, 10 firms experienced negative net income for 2 consecutive years, and the company had a negative cash flow for 2 consecutive years. Multinomial logit regression was used to test the hypothesis whether the financial rasio derived from the income statement, balance sheet and cash flow statement to predict financial distress manufacturing company. This study uses three models to examine the benefits of financial ratios in predicting financial distress. The results in this study financial ratios CA / TA, WC / TA, CASH / TA, ITO, and CFFO / CL is a significant variable in determining a company experiencing financial distress.

Keywords: Financial Distress, Financial Ratios, Multinomial Logit, Financial Ratios