Financial Distress Analysis in the Consumer Goods Industry Post Covid-19 Pandemic

Linda Grace Loupatty
Faculty of Economics and Business, Universitas Pattimura; Ambon, Indonesia
E-Mail: lindagrace.loupatty@gmail.com

Rita J. D. Atarwaman
Faculty of Economics and Business, Universitas Pattimura; Ambon, Indonesia

Alfrin E. M. Usmany
Faculty of Economics and Business, Universitas Pattimura; Ambon, Indonesia

Submitted:
17 MAY 2024

Accepted:
28 AUGUST 2024

ABSTRACT

This study aims to empirically test whether Net Working Capital to Total Assets, Retained Earnings to Total Assets, EBIT to Total Assets, and Book Value of Equity to Book Value of Total Debt have an effect on Financial Distress in companies in the Consumer Goods Industry sector listed on the Indonesia Stock Exchange after the Covid-19 pandemic using the Altman Z-Score method. The sample used consisted of 52 companies obtained through a saturated sampling technique (Census Technique). The data analysis method employed was the Modified Altman Z-Score III Model and Logistic Regression Test. The independent variables (X) in this study are net working capital to total assets, retained earnings to total assets, EBIT to total assets, and book value of equity to book value of total debt, while the dependent variable (Y) is financial distress. The data used in this study are secondary data, namely annual reports. The results of the study show that, partially, Net Working Capital to Total Assets, Retained Earnings to Total Assets, EBIT to Total Assets, and Book Value of Equity to Book Value of Total Debt do not have a significant effect on the occurrence of financial distress.

***Keywords**: Financial Distress, Altman z-score, Net Working Capital, Total Assets*

ABSTRAK

Penelitian ini bertujuan untuk menguji secara empiris apakah Net Working Capital to Total Assets, Retained Earning to Total Assets, EBIT to Total Assets, dan Book Value of Equity to Book Value of Total Debt berpengaruh terhadap Financial Distress pada perusahaan di sektor Industri Barang Konsumsi yang terdaftar di Bursa Efek Indonesia setelah pandemi Covid-19 dengan menggunakan metode Altman Z-Score. Sampel yang digunakan adalah 52 perusahaan yang diperoleh menggunakan teknik sampling jenuh (Census Technique). Metode analisis data yang digunakan adalah Model Modifikasi Altman Z-Score III dan Uji Regresi Logistik. Variabel independen (X) dalam penelitian ini adalah net working capital to total assets, retained earnings to total assets, EBIT to total assets, dan book value of equity to book value of total debt, sedangkan variabel dependen (Y) adalah financial distress. Data yang digunakan dalam penelitian ini adalah data sekunder, yaitu laporan tahunan. Hasil penelitian menunjukkan bahwa secara parsial, Net Working Capital to Total Assets, Retained Earning to Total Assets, EBIT to Total Assets, dan Book Value of Equity to Book Value of Total Debt tidak memiliki pengaruh yang signifikan terhadap terjadinya financial distress.

***Kata kunci**: Kesulitan Keuangan, Skor Z Altman, Modal Kerja Bersih, Total Aset.*

JIMKES

Jurnal Ilmiah Manajemen Kesatuan
Vol. 12 No. 5, 2024
pp. 2041-2050
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v12i5.2532

INTRODUCTION

The pandemic that has been going on for almost two years has changed people's consumption patterns. Consumers who usually go shopping to the market are now using other methods to get their needs. By utilizing many online delivery services. Meanwhile, people who are used to eating at restaurants prefer to use the take away system or order their food online. Changes in consumption patterns have also made the food and beverage industry sector more active in developing innovations so that it is easier for people to shop by paying attention to health protocols and maintaining the cleanliness and taste of food. This sector, which is closest to the community, should indeed utilize technology to make it easier for its consumers. Even changes in people's consumption patterns are related to changes in the marketing, logistics, and production systems in the food and beverage industry. The government is encouraging the food and beverage industry to prepare itself to welcome public consumption which is predicted to increase after the Covid 19 pandemic. This strategic sector is expected to grow positively in 2023, considering that food and beverage products are in great demand by the community. The Ministry of Industry noted that during 2020 to 2022, the food and beverage industry was able to make a significant contribution to the national economy. This strategic sector is included in the development priorities in the Making Indonesia 4.0 Road Map.

Post-pandemic purchasing power recovery is the hope for a number of consumer goods sector issuers whose businesses have been under pressure due to the pandemic. Optimistic that the pandemic conditions will be more under control so that the economy can be more active in 2023. To optimize performance, the company will adjust its strategy in 2023 with the development of community needs and Indonesia's economic recovery. The Covid-19 pandemic has had a significant impact on the financial performance of companies in the food sub-sector from 2020-2022. The extraordinary circumstances that gave birth to this multidimensional crisis have affected the company's financial capabilities. Many companies are concerned about financial performance in these years due to the slowing economic growth in Indonesia and the world, and the implementation of the Covid-19 handling protocol which has made business activities sluggish. and is predicted to result in financial distress.

According to Lewaru & Loupatty (2021), the factors causing financial distress from within the company are more micro in nature. The factors from within the company are cash flow difficulties, the amount of debt and losses in the company's operational activities for several years. Cash flow difficulties occur when the company's income from operating activities is not enough to cover the business expenses arising from the company's operational activities. In addition, cash flow difficulties can also be caused by management errors when managing the company's cash flow in making payments for company activities which can worsen the financial condition of a company. The large amount of debt, the company's debt policy to cover costs arising from the company's operations will create an obligation for the company to repay the debt in the future. When the bill is due, while the company does not have enough funds to pay off the bills, then the possibility of what the creditor will do is to seize the company's assets to cover the shortfall in payment of the bill. Losses in the company's operational activities for several years, in this case, are the company's operational losses which can cause negative cash flow in the company. This can happen because the operational expenses are greater than the income received by the company.

Even though a company can overcome the three problems above, it is not certain that the company can avoid financial distress, this is because there are still external factors of the company that can cause financial distress. Damodaran (1997), external factors of the company are more macro in nature, where the scope is wider. External factors can be in the form of government policies that can increase the burden of business borne by the company, for example increasing tax rates can increase the burden on the company. In addition, there is still a policy of increasing loan interest rates, which can cause an increase in the interest burden borne by the company. The Altman Z-Score model is used to predict the occurrence of financial distress which can lead to bankruptcy. The

results of the Z-Score analysis can provide an overview of the company's financial position in a healthy condition, vulnerable or in a state of bankruptcy. This analysis is an early warning system needed to find out the company's financial condition in the future, and can help stakeholders in decision making (Loupatty et al., 2024). The financial ratios that will be tested are Working Capital to Total Assets Ratio, Retained Earnings to Total Assets Ratio, EBIT to Total Assets Ratio, Market Value of Equity to Total Debt Ratio.

The subjects of this study are companies in the Consumer Goods Industry sector listed on the Indonesia Stock Exchange in 2020-2022. It is assumed that stocks in this sector are stocks that are very strong against all kinds of economic conditions, whether the country is in good economic condition or even in crisis, because everyone will definitely still need the products produced by this business line (such as rice, soap, medicines and so on). The shares of companies in this consumer goods sector are defensive stocks for long-term investment. This happens because the products they produce are products in the primary needs category. And on the other hand, the more the population of Indonesia, the greater the opportunity for profit that will be obtained by stocks in this group because the greater the opportunity for demand for their products (Silanno & Loupatty, 2021). Based on the phenomena that have been described above, this study was conducted to test and analyze whether net working capital to total assets, retained earnings to total assets, EBIT to total assets and book value of equity to book value of total debt have an effect on the occurrence of financial distress in companies in the consumer goods sub-sector on the Indonesia Stock Exchange.

LITERATURE REVIEW

Signal theory or Signaling Theory is based on the assumption that the information received by each party is not the same. This theory is related to information asymmetry which shows the existence of information asymmetry between company management and financial parties interested in information. For this reason, managers need to provide information to interested parties through the publication of financial reports. In building a signal theory based on the existence of asymmetric information between information from management (well-informed) and information from shareholders (poorly informed). This theory is based on the idea that management will provide information to investors or shareholders when they get good information related to the company such as increasing the company's value. However, investors do not trust this information because managers are stakeholders. According to Wibowo & Febriani (2023), signal theory explains how a company should provide signals to users of financial reports. This signal is in the form of information about what management has done to realize the owner's wishes.

From the above understanding, it can be concluded that the signaling theory discusses how signals (information) of management success and failure should be conveyed to stakeholders. These signals (information) can be provided through the company's financial statements. Managers provide information through financial statements that they implement conservative accounting policies that produce quality profits. This accounting policy is a principle that prevents companies from exaggerating profits and helps users of financial statements by presenting profits and assets that are not overstated. The information received by investors can be in the form of good signals (good news) or bad signals (bad news). A good signal, if the company's reported profit increases and vice versa if the company's reported profit decreases, it is a bad signal for investors. So that information is an important element for investors or business actors, because this information presents information, notes or descriptions of the company both for past, current and future conditions for the continuity of the company's business. Complete, relevant, accurate and timely information is needed by investors in the capital market as an analysis tool for investment decision makers.

Companies experiencing financial difficulties generally experience a decline in growth, profitability, and fixed assets, as well as an increase in inventory levels relative

to healthy companies (Lestari, 2019; Zees & Kawatu, 2022; Baros et al., 2022). According to Ramadayanti (2024), financial distress is a difficulty in funds to cover company obligations or liquidity difficulties that start with mild difficulties to more serious difficulties, namely if debt is greater than assets. Muis (2020), said that financial distress or often referred to as financial difficulties, occurs before a company actually goes bankrupt. Financial distress is a condition that indicates a stage of decline in the company's financial condition that occurs before bankruptcy or liquidation occurs. So, it can be concluded that financial distress is a condition of financial difficulties experienced by a company before going bankrupt or liquidated. If the company has entered a state of financial distress, then management must be careful because it could enter the bankruptcy stage and must apply a priority scale in financial management (Misra et al, 2020; Sudarmanto, et al, 2021). The management of companies experiencing financial distress must take action to overcome these financial problems to prevent bankruptcy.

According to Hikmah & Afridola (2019), there are four types of financial distress that can cause a company to go bankrupt. In the research of Usmany & Loupatty (2021), it is explained that Economic Failure refers to a condition where a company cannot cover total costs, so it cannot pay employee salaries. This is because the level of profit generated is smaller than the total costs incurred, prompting the company to ask for additional capital from investors or look for new investors. Business Failure occurs when a company loses creditors and has to stop the production process (Dewantara & Nufitasari, 2021; Siagian, 2024). In this situation, the company needs to save money to minimize possible risks. Third, Financial Failure is defined as a condition where a company cannot meet its short-term obligations, such as failing to pay debts on time (insolvency), due to losses or reduced liquidity. Financial failure is generally divided into two types, namely technical insolvency and bankruptcy insolvency. Finally, Legal Bankruptcy is a condition in which a company is declared legally bankrupt. In Indonesia, the requirements and decisions for a company to go bankrupt are regulated in Article 2 of Law No. 4 of 1998.

Multiple Analysis Discriminant or multiple discriminant analysis is one of the frequently used corporate bankruptcy prediction models. This MDA was developed by Altman in 1968. Discriminant analysis is a statistical technique used to categorize companies into bankrupt and non-bankrupt categories. Discriminant analysis is very useful for predicting bankruptcy in companies. If a company that is predicted to go bankrupt does not make improvements, the company's bankruptcy will actually occur (Kurniadi, 2021; Ujung & Nanda, 2022). Several studies related to bankruptcy cases and phenomena have been conducted. Altman (1968) was one of the early researchers who conducted the research. The research conducted by Altman produced a formula called the Z-Score. Z-Score analysis is a method for predicting the bankruptcy of a company by combining several common financial ratios and giving different weights to each other (Pri-yanti & Riharjo, 2019; Langoday & Sabir, 2020).

Altman selected 22 financial ratios, and finally found 5 ratios that can be combined to see companies that are bankrupt and not bankrupt, the 5 types of ratios are: Working Capital to Total Assets, Retained Earning to Total Assets, EBIT to Total Assets, Market Value of Equity to Book Value of Total Debt and Sales to Total Assets. The use of the Altman model as a measure of bankruptcy performance is not fixed but has evolved over time, the testing and discovery of the model has continued to be expanded by Altman until its application is not only in public manufacturing companies but also includes non-public manufacturing companies, non-manufacturing companies, and corporate bond companies (Ramadhani & Lukviarman, 2009; Rihma, 2020; Yunus, 2021).

Over time and adjustments to various types of companies. Altman conducted further research on the potential for bankruptcy of companies other than manufacturing companies, both public and non-public. The latest Z-Score formula is a formula that is considered very flexible because it can be used for various types of company business

fields and is suitable for use in developing countries such as Indonesia (Rudianto, 2013; Telaumbanua & Budiantara, 2020). This model is known as the Modified Altman model. In relation to the Altman III Z -Score formula, Altman eliminated the X5 variable (sales/total assets) because this ratio varies greatly in industries with different asset sizes (Ramadhani & Lukviarman, 2009).

The Modified Altman Model (III) uses four ratios to analyze the financial health of a company. First, (X1) Working Capital to Total Assets, which measures the company's ability to generate net working capital from the total assets owned. This ratio is calculated by dividing net working capital, which is obtained from current assets minus current liabilities, by total assets. Second, (X2) Retained Earnings to Total Assets, which shows the company's ability to generate retained earnings from total assets. Retained earnings are profits that are not distributed to shareholders, and a larger ratio indicates a greater role of retained earnings in forming company funds. Third, (X3) Earnings Before Interest and Taxes to Total Assets, which shows the company's ability to manage total assets to earn profits before interest and taxes, with earnings before interest and taxes obtained from the income statement and total assets from the company's balance sheet. Finally, (X4) Book Value of Equity to Book Value of Total Debt, which shows the company's ability to meet obligations from the book value of equity, where the book value of equity is the total amount of equity, while the book value of debt is obtained from the amount of current and long-term liabilities. The criteria for company health based on the Modified Altman Z-Score Model, according to Ramadhani & Lukviarman (2009), are as follows: if the Z index value "<1.1, the company is predicted to go bankrupt; If 1.1 < Z" < 2.6, the company is in the grey area and has the potential to experience financial problems; and if Z" > 2.6, the company is considered not bankrupt.

METHODS

This research is a quantitative study that aims to measure the effect of a company's financial capability on financial distress. The research objects include independent variables, namely net working capital to total assets, retained earnings to total assets, EBIT to total assets, and book value of equity to book value of total debt, as well as dependent variables in the form of financial distress. The subjects of the study were companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) in the period 2020-2022. The research population consisted of all companies in this sector listed on the IDX in that year, while the sample was taken from 52 companies that published financial reports in 2020-2023. The data used are secondary data, obtained through annual report documentation available on the IDX website (www.idx.co.id). The data analysis method involves the Altman Z-Score Modification III model to measure financial distress, with the steps of calculating the values of variables X1 to X4 according to a predetermined formula. In addition, logistic regression analysis is used to test the effect of independent variables on financial distress, with the null hypothesis stating that there is no significant effect. The Hosmer and Lemeshow test and determination coefficient analysis were used to assess the suitability of the model. The results of the logistic regression coefficient test determine the effect of each independent variable on financial distress, with a significance level set at 5%. The model prediction accuracy criteria are expected to reach more than 75%. This study provides an important contribution to the understanding of the relationship between financial capacity and financial distress risk in the consumer goods industry sector.

RESULTS

The output table 1, the logistic regression equation formed is as follows: Ln [p/(1-p)] = 99.386 – 583.358 X1 – 239.277 X2 – 677.779 X3 – 91.445 X4. The estimated value presented in this logistic regression equation cannot be interpreted directly as in the ordinary linear regression model. However, the estimated value of the logistic regression equation can be interpreted through the Exp (B) value, which is commonly referred to as the odds ratio. The interpretation for the Exp (B) value obtained is as follows: The Exp

(B)1 value for net working capital to total assets is 0.000, which means that for every 1 increase in net working capital to total assets, the chance of financial distress will increase by 0.000. Furthermore, the Exp (B)2 value for retained earnings to total assets is 0.000, which means that every 1 increase in retained earnings to total assets will also increase the chance of financial distress by 0.000. In addition, the Exp (B)3 value for EBIT to total assets of 0.000 indicates that every 1 increase in EBIT to total assets will cause an increase in the chance of financial distress by 0.000. Finally, the Exp (B)4 value for book value of equity to book value of total debt of 0.000 means that every 1 increase in book value of equity to book value of total debt will increase the chance of financial distress by 0.000.

Table 1. Estimated Values of Logistic Regression Coefficients

Variables in Equations	B	S.E.	Wald	df	Sig.	Exp(B)
Net_Working_Capital_to_Total_Assets_X1	-583.358	13136.5	0.002	1	0.965	0
Retained_Earning_to_Total_Assets_X2	-239.277	8307.85	0.001	1	0.977	0
EBIT_to_Total_Assets_X3	-677.779	28132.7	0.001	1	0.981	0
Book_Value_of_Equity_to_Book_Value_of_Total_Debt_X4	-91.445	2273.94	0.002	1	0.968	0
Constants	99.386	2083.03	0.002	1	0.962	1,00E+43

A goodness of fit test is needed to ensure that there are no weaknesses in the conclusions of the logistic regression model obtained. To validate the model fit or goodness of fit test, the Hosmer and Lemeshow test is used where the hypothesis is Ho: There is no difference between the model and the data (model Fit) and Ha: There is a difference between the model and the data (model not Fit). A good logistic regression model is a model that is able to predict the observed values or a model that can be accepted because it fits the observation data (fit with data). If the Sig. value obtained is less than 0.05, then the null hypothesis (Ho) is rejected. Using the SPSS 21.0 program, the results of the Hosmer and Lemeshow test were obtained with a Sig. value obtained of 1,000 and greater than 0.05 so that in accordance with the hypothesis testing criteria, it is to accept Ho and reject Ha. This means that there is no difference between the model and the data, so the model can be said to be fit or in other words the model has been able to predict its observation values correctly. Overall Model Fit Test

The Likelihood L test is conducted to determine whether the obtained logistic regression model fits overall (overall model fit), which means that there is no difference between the data and the observed model. In conducting the overall fit model test, a comparison is made between the Likelihood L value when the model only enters a constant value or -2 Log L at step 0 with the model after entering the independent variable or -2 Log L at step 1. If there is a decrease in the value of -2 Log L from step number 0 to step 1 (-2 Log L initial > -2 Log L final), it means that there is no difference between the data and the observed model, so that the overall model shows a good regression model.

The R Square coefficient is a value that shows the magnitude of the contribution of the influence given by the independent variable to the dependent variable. The Cox & Snell R Square coefficient value can be interpreted like the R Square value in the linear regression model. Based on data processing using the SPSS program, the Cox & Snell R Square value obtained is 0.576 or 57.6%. These results indicate that simultaneously net working capital to total assets, retained earnings to total assets, EBIT to total assets, and book value of equity to book value of total debt contribute 57.6% to financial distress in the Consumer Goods Industry Listed on the Indonesia Stock Exchange for the period 2020-2022, while the remaining 42.4% is the large contribution of influence given by other factors that were not studied. The following will be a partial logistic regression equation significance test using the Wald test (Wald statistic).

Table 2. Partial Hypothesis Test Results

Variable	B	S.E.	Wald	df	Sig.	Exp(B)
Net Working Capital to Total Assets (X1)	-583.358	13136.5	0.002	1	0.965	0
Retained Earnings to Total Assets (X2)	-239.277	8307.85	0.001	1	0.977	0
EBIT to Total Assets (X3)	-677.77	28132.7	0.001	1	0.981	0
Book Value of Equity to Book Value of Total Debt (X4)	-91.445	2273.94	0.002	1	0.968	0
Constants	99.386	2083.03	0.002	1	0.962	1,00E+43

The Wald test (Wald statistic) is used to test the hypothesis partially as in the linear regression model. If the probability (sig) is greater than 0.05, then the independent variable does not have a significant effect on the dependent variable. If the probability (sig) is less than 0.05, then it can be said that the independent variable has a significant effect on the dependent variable. The table 2 of estimated values of the logistic regression coefficient presented in the table above (variables in the equation), it is known that the value of the logistic regression coefficient for net working capital to total assets is -583.358 with a negative sign, meaning that the higher the value of the company's net working capital to total assets, the lower the chance of financial distress in the company. The Sig. value obtained is 0.965 and is greater than 0.05, which indicates that partially net working capital to total assets does not have a significant effect on financial distress.

The variable retained earnings to total assets has a logistic regression coefficient value of -239.277 and is negative, meaning that the higher the value of retained earnings to total assets, the lower the chance of financial distress in the company. The Sig. value obtained is 0.977 and is greater than 0.05, which indicates that partially retained earnings to total assets do not have a significant effect on financial distress. The EBIT to total assets variable has a logistic regression coefficient value of -677.770 and is negative, meaning that the higher the EBIT to total assets value, the lower the chance of financial distress in the company. The Sig. value obtained is 0.981 and is greater than 0.05, which indicates that partially EBIT to total assets does not have a significant effect on financial distress.

The book value of equity to book value of total debt variable has a logistic regression coefficient value of -91.445 and is negative, meaning that the higher the book value of equity to book value of total debt value, the lower the chance of financial distress in the company. The Sig. value obtained is 0.968 and is greater than 0.05, which indicates that partially book value of equity to book value of total debt does not have a significant effect on financial distress. One part of logistic regression analysis is assessing the accuracy of model predictions. A regression model is said to be good if it has a fairly high prediction accuracy. The level of accuracy can be seen from the value of the agreement between the observation results and the prediction results. The following is a calculation of the level of prediction accuracy between observation data and prediction results produced through the logistic regression equation based on the analysis produced by SPSS.

Table 3. Classification Matrix

Observed		Financial Distress_Y		Percentage Correct
		Non-Financial Distress	Financial Distress	
Financial Distress_Y	Non-Financial Distress	127	0	100
	Financial Distress	0	23	100
Overall Percentage				100

The output table above, it can be seen that for the overall percentage value of accuracy, a percentage value of 100% is obtained, which shows the percentage of accuracy of the model in predicting the financial distress or non-financial distress category.

DISCUSSION

In 3 years, it can be seen that the Net Working Capital to Total Assets in the Consumer Goods Industry Listed on the Indonesia Stock Exchange for the 2020-2022 period tended to fluctuate. The average Net Working Capital To Total Assets in 2020 was 0.259, then in 2021 it was 0.256, and in 2022 it was 0.272, with the highest Net Working Capital To Total Assets value reaching 0.78 in 2020, while the lowest value of -0.56 occurred in 2021. The Net Working Capital To Total Assets variable has a logistic regression coefficient of -583.358 with a negative sign, meaning that the higher the value of the company's net working capital to total assets, the lower the chance of financial distress in the company. The Sig. value. obtained is 0.965 and greater than 0.05 which shows that partially Net Working Capital to Total Assets does not have a significant effect on Financial Distress in Consumer Goods sub-sector companies on the Indonesia Stock Exchange.

It can be concluded that financial difficulties that occur in companies are not determined by the high or low value of net working capital to total assets owned by the company. Because companies that have a high net working capital to total assets value are not necessarily free from bankruptcy and companies that have low net working capital to total assets are not necessarily bankrupt. The Effect of Retained Earning To Total Assets on Financial Distress The average Retained Earning To Total Assets in 2020 was 0.21, then in 2021 it was 0.22, and in 2022 it was 0.23, with the highest retained earnings to total assets value reaching 0.93 in 2022, while the lowest value of -1.01 occurred in 2021.

The Retained Earning to Total Assets variable has a logistic regression coefficient value of -239.277 and is negative, meaning that the higher the Retained Earning To Total Assets value, the lower the chance of Financial Distress in the company. The Sig. value obtained is 0.977 and is greater than 0.05, which indicates that partially Retained Earning to Total Assets does not have a significant effect on Financial Distress in Consumer Goods Sub-Sector companies on the Indonesia Stock Exchange. Retained Earnings to Total Assets in the consumer goods industry tends to increase in the 2020-2022 period. This indicates that it will result in a decrease in the chances of Financial Distress in companies that have Retained Earning to Total Assets. namely in several companies such as PT. Akasha Wira International Tbk, PT. Boston Furniture Industries Tbk, PT. Kedaung Indah Can Tbk, PT. Indonesian Tobacco Tbk.

In 3 years, it can be seen that EBIT To Total Assets in the Consumer Goods Industry Listed on the Indonesia Stock Exchange for the 2020-2022 period tend to fluctuate. The average EBIT To Total Assets in 2020 was 0.08, then in 2021 it was 0.10, and in 2022 it was 0.09, with the highest EBIT To Total Assets value reaching 0.10 in 2021, while the lowest value of -0.34 occurred in 2022. The EBIT to total assets variable has a logistic regression coefficient value of -677.770 and is negative, meaning that the higher the EBIT To Total Assets value, the lower the chance of financial distress in the company. The Sig. value obtained is 0.981 and is greater than 0.05, which indicates that partially EBIT to total assets does not have a significant effect on financial distress in Consumer Goods Sub-Sector companies on the Indonesia Stock Exchange. This shows that the company does not have the profit to show the company's assets. According to Febriani and Amanah (2013), the Earnings Before Interest and Taxes/Total Asset ratio is used to measure a company's ability to generate profits from the assets used.

In 3 years, it can be seen that the Book Value of Equity to Book Value of Total Debt in the Consumer Goods Industry Listed on the Indonesia Stock Exchange for the period 2020-2022 tends to increase. The average Book Value Of Equity To Book Value Of Total Debt in 2020 was 0.07, then in 2021 it was 2.02, and in 2022 it was 2.11, with the highest Book Value Of Equity To Book Value Of Total Debt value reaching 8.25 in 2021, while the lowest value of -0.34 occurred in 2020. The results of the Book Value of Equity to Book Value of Total Debt variable have a logistic regression coefficient value of -91.445 and are negative, meaning that the higher the Book Value of Equity to Book Value of Total Debt value, the lower the chance of Financial Distress in the company.

The Sig. value. obtained is 0.968 and greater than 0.05 which indicates that Partial Book Value of Equity to Book Value of Total Debt does not have a significant effect on Financial Distress in Consumer Goods Sub-Sector Companies on the Indonesia Stock Exchange. This shows that on average companies have the ability to meet obligations from the value of common shares.

CONCLUSION

Based on the data analysis and discussions presented in the previous chapter, several conclusions can be drawn regarding the impact of financial ratios on financial distress within the Consumer Goods Industry listed on the Indonesia Stock Exchange following the Covid-19 pandemic. Firstly, the net working capital to total assets ratio does not exhibit a significant influence on financial distress, indicating that variations in this ratio do not meaningfully affect a company's financial health in this sector. Similarly, the retained earnings to total assets ratio also demonstrates no significant effect on financial distress, suggesting that retained earnings alone are not a reliable predictor of a company's financial stability. Furthermore, the EBIT to total assets ratio fails to show a significant correlation with financial distress, reinforcing the idea that profitability metrics may not suffice in assessing financial risks in the industry. Lastly, the ratio of book value of equity to book value of total debt does not significantly impact financial distress either. In conclusion, the analysis reveals that none of the four financial ratios assessed contribute significantly to the financial distress condition in the Consumer Goods Industry in Indonesia post-pandemic, highlighting the need for further investigation into other factors that may influence financial health in this sector.

REFERENCES

[1] Altman, E. I. (1968). Financial ratios, discriminant analysis and the prediction of corporate bankruptcy. *The journal of finance*, *23*(4), 589-609.

[2] Baros, F., Ayem, S., & Prastyatini, S. L. Y. (2022). The Influence of Liquidity, Profitability and Company Size on Financial Distress Risk in Manufacturing Companies. *Akurat | Jurnal Ilmiah Akuntansi Fe Unibba*, *13*(02), 87-105.

[3] Basmar, E., & Hasdiana, S. (2021). Literasi Keuangan Dimasa Pandemi Covid 19 (FLC19) dan Pengaruhnya Terhadap Siklus Keuangan di Indonesia. *POINT: Jurnal Ekonomi Dan Manajemen*, *3*(2), 21-33.

[4] Brigham, E. F. (1990). *Intermediate Financial Management: Instructor's Manual*. Dryden Press.

[5] Dewantara, R., & Nufitasari, D. (2021). Politik Hukum Pengaturan Mengenai Tindakan Pencegahan Non-Performing Loan pada Bank dalam Masa Pandemik dengan Pendekatan Konsep Bifurkasi Hukum. *Jurnal Bina Mulia Hukum*, *6*(1), 66-83.

[6] Hikmah, H., & Afridola, S. (2019). Analisis penilaian financial distress menggunakan model altman (z-score) perusahaan manufaktur. *Jurnal Niara*, *11*(2), 195-202.

[7] Kurniadi, A. (2021). Financial Ratio Analysis to Predict Financial Distress of Manufacturing Companies on the IDX. *Jurnal Ilmiah Manajemen Kesatuan*, *9*(3), 495-508.

[8] Langoday, S. S., & Sabir, M. (2020). Bankruptcy Potential Analysis of Airlines Listed on the Indonesia Stock Exchange. *Jurnal Ulet (Utility, Earning and Tax)*, *4*(1), 28-43.

[9] Lestari, E. D. (2019). *Pengaruh arus kas operasi, kapasitas operasi dan likuiditas terhadap financial distress pada perusahaan manufaktur yang terdaftar di BEI pada tahun 2015-2017.* Surabaya: Dissertation, STIE Perbanas Surabaya.

[10] Loupatty, L. G., Soepriadi, D. N., Lewaru, T. S., & Radjawane, E. P. (2024). Indonesian Capital Market Reactions Post Covid 19 Pandemic to National Political Events (Event Study on LQ45 Shares for the Period Before the 2024 Presidential Election). *Jurnal Akuntansi Indonesia*, *13*(1), 81-104.

[11] Misra, I., Zakiah, Z., & Sukmana, E. T. (2021). Mekanisme Bagi Hasil pada Sistem Affiliate Marketing Taqychan Saffron. *Al-Iqtishadiyah: Ekonomi Syariah dan Hukum Ekonomi Syariah*, *7*(2), 94-106.

[12] Muis, M. A. (2020). Analysis of the Influence of Return on Assets, Net Profit Margin Return on Equity, Debt to Equity Ratio, and Debt to Asset Ratio to Predict Financial Distress in Manufacturing Companies Listed on the Indonesia Stock Exchange for the Period 2014-2017. *JMB: Jurnal Manajemen dan Bisnis*, *9*(1), 51-61.

[13] Priyanti, M. W. A., & Riharjo, I. B. (2019). Analisis Metode Altman Z-Score, Springate, Dan Zmijewski Untuk Memprediksi Financial Distress. *Jurnal Ilmu dan Riset Akuntansi (JIRA)*, *8*(6).

[14] Putri, S. M. (2023). Analisis Resiko Kebangkrutan Pt Superkrane Mitra Utama Dengan Metode Z Score Dan Zmijewski Periode Tahun 2017-2019. *BISMA: Business and Management Journal*, *1*(03), 23-29.

[15] Ramadayanti, P. (2021). *Pengaruh Financial Distress, Debt Default, Profitabilitas, Likuiditas, Pertumbuhan Perusahaan Dan Tipe Audit Terhadap Opini Audit Going Concern Dan Tinjauannya Dari Sudut Pandang Islam (Studi Pada Perusahaan Sektor Property and Real Estate yang terdaftar di Bursa Efek Indonesia Periode 2016-2020).* Dissertation, Universitas YARSI.

[16] Ramadhani, A. S., & Lukviarman, N. (2009). Perbandingan analisis prediksi kebangkrutan menggunakan Model Altman pertama, Altman revisi, dan altman modifikasi dengan ukuran dan umur perusahaan sebagai variabel penjelas (studi pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia). *Jurnal Siasat Bisnis*, *13*(1).

[17] Ratnasari, I., Nugraha, N., & Sutardiyanta, I. (2024). Predicting Bankruptcy of Pharmaceutical Companies Using the Altman Z-Score and Grover Methods. *Accounthink: Journal of Accounting and Finance*, *9*(1).

[18] Rihma, A. (2020). *Prediksi Kebangkrutan Pada PT Bakrie & Brothers Tbk. di Bursa Efek Indonesia.* Makasar: Dissertation, Universitas Negeri Makassar.

[19] Rudianto, E., & Rudianto, E. (2013). *Akuntansi Manajemen Informasi Untuk Pengambilan Keputusan Strategis.* Jakarta: Erlangga.

[20] Silanno, G. L., & Loupatty, L. G. (2021). The influence of current ratio, debt to equity ratio and return on assets on financial distress in companies in the consumer goods industry sector. *Jurnal Ekonomi, Sosial & Humaniora*, *2*(07), 85-109.

[21] Telaumbanua, J. K., & Budiantara, M. (2020). Pengaruh Penerapan Good Corporate Governance Terhadap Financial Distress Pada Perusahaan Jasa Sektor Infrastruktur, Utilitas, dan Transportasi yang Terdaftar di Bursa Efek Indonesia Tahun 2016 â€“2018. *Jurnal Riset Akuntansi Mercu Buana*, *6*(2).

[22] Usmany, P., & Loupatty, L. G. (2021). Analisis Potensi Kebangkrutan Sebagai Dampak Pandemi Covid-19 Pada Perusahaan Sub Sektor Restoran, Hotel Dan Pariwisata Di Bursa Efek Indonesia. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, *4*(2), 603-615.

[23] Wibowo, L. E., & Febriani, N. (2023). *Implementasi Teori Agensi, Efisiensi Pasar, Teori Sinyal Dan Teori Kontrak Dalam Pelaporan Akuntansi Pada Pt. Eskimo Wieraperdana.* Researchgate. Net.

[24] Yunus, Y. (2021). *Analisis Tingkat Kebangkrutan PT. Garuda Indonesia (Persero) Tbk.* Makasar: Dissertation, Universitas Negeri Makassar).

[25] Zees, N., & Kawatu, F. S. (2022). Pengaruh Arus Kas dan Laba terhadap Financial Distress pada Perusahaan BUMN yang Terdaftar di Bursa Efek Indonesia. *Jurnal Akuntansi Manado (JAIM)*, 425-433.