

# Financial Distress in Garment Company: During the Covid-19 Pandemic

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Received: July, 16, 2021    Revised: August, 31, 2021    Accepted: September, 30, 2021

## Abstract

Financial distress is characterized by a decline in the company's financial condition to the point of inability to meet its obligations. Financial distress is when a company faces financial difficulties that will lead to bankruptcy. Companies need to anticipate bankruptcy by measuring the level of financial distress using the Altman Z-Score method. This study aims to determine the results of financial distress predictions in the garment industry listed on the Indonesia Stock Exchange for 2018-2021 using the Z-Score model and to predict the financial distress conditions in the following year. This research uses a purposive sampling method by setting specific criteria to select samples, so six companies from 2018-2021 were taken as samples. Based on the data analysis, it can be concluded that there are five garment companies in the distress zone during the period 2018-2021 and 1 company in the grey zone in 2018 and 2019 but in 2020 and 2021 in the distress zone. The financial distress conditions for the next year in the garment products industry listed on the Indonesia Stock Exchange show that the company is in the distress zone.

**Keywords:** Financial Distress, Bankruptcy, Garment Companies, Z-Score model

DOI : <https://doi.org/10.57178/atestasi.v4i2.680>

p-ISSN : 2621-1963

e-ISSN : 2621-1505

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## Introduction

The primary objective of a company is to attain profitability to ensure its survival and facilitate growth, particularly in the face of competitive market conditions. The viability and competitiveness of a company can be ascertained by analyzing its financial report. If a company has strong performance, investors are more likely to allocate their resources towards

that particular company. However, if a company cannot effectively compete, its overall performance may deteriorate, resulting in financial distress and potentially even insolvency. Financial distress is when a corporation experiences challenges in maintaining sufficient liquidity and encounters a decline in its capacity to meet its obligations to creditors (Febriyan, 2018). This state is characterized by decreased product quality, delayed delivery, and delayed payment of bank bills. According to Hariyanto (2019), it is crucial for companies to promptly identify and acknowledge financial challenges and initiate appropriate measures to address them. By doing so, organizations can mitigate the risk of more severe consequences, such as bankruptcy.

Various models can be employed to forecast bankruptcy, among which the Altman G-Score model is a viable option. According to Sihombing (2018), the model above demonstrates a 95% accuracy rate when applied to data about the year preceding bankruptcy while exhibiting a 72% accuracy rate when applied to data about the two years preceding bankruptcy. The anticipation of financial hardship is expected to mitigate deteriorating company performance before the onset of bankruptcy. The garment industry is considered a key sector of national importance with significant potential for growth and advancement. Indonesia exhibits promising prospects as a market. The garment sector is characterized by its high reliance on labor, employing a substantial workforce of approximately 1.8 million individuals. Nevertheless, the apparel industry faces challenges and impediments, including the increasing influx of imported goods, particularly from China, India, and Vietnam, through legal and illicit means. The proliferation of more affordable imported goods has resulted in a distortion of the domestic textile and textile product market at a national level. Furthermore, market absorption could be stronger due to a lack of strong purchasing power. In the interim, there is an ongoing escalation in production costs. The escalation in global crude oil prices has directly influenced the cost of raw materials, particularly synthetic fibers. The escalation of global oil prices has concurrently resulted in a rise in energy expenditures, encompassing both electricity and fuel.

The industry's continuous growth in Indonesia indicates that the state of the Indonesian garment industry is frequently characterized by its superior and competitive nature. Companies must possess a competitive edge to effectively compete and sustain their market presence. The garment business is seeing significant expansion, which in turn is leading to intensified competition among garment companies. The emergence of new enterprises poses a potential danger to incumbent firms, leading to a consequential dip in sales, a subsequent reduction in revenue, and potential financial losses. This observation indicates that the corporation is unable to meet its financial obligations. If this situation persists, it will threaten the company's viability and hinder its ability to utilize its income for debt repayment, operational financing, and fulfillment of obligations. In light of this phenomenon, enterprises must engage in the proactive practice of forecasting financial difficulty as a means of

anticipating and preparing for potential bankruptcy. The results of Seto and Trisnaningsih's (2021) study support researchers' use of the Altman Z-Score model due to its proven ability to predict financial distress. Their research revealed that the Altman model achieved a notable accuracy rate of 84.48% in predicting financial distress, thereby piquing the interest of researchers who seek to further validate the predictive accuracy of the Altman Z-Score model in the context of bankruptcy.

The concept of signaling theory elucidates how a corporation can effectively convey signals to the recipients of its financial statements. The signal is informative communication regarding the firm's state-directed toward its owners or those with a vested interest in the company. These signals may also originate from disclosing accounting information, such as annual financial reports, reports detailing management's efforts to fulfill the owner's objectives, or promotional materials and other communications asserting the company's superiority over its competitors (Martha & Juliani, 2018). The financial report represents the culmination of procedures to document and consolidate data related to business transactions. Financial reports are the outcome of an accounting procedure that disseminates financial information or organizational undertakings to stakeholders (Herry, 2016). According to Herry, (2016), the purposes of financial reports include Please furnish accurate and trustworthy data about economic resources and the responsibilities of companies. This report aims to present credible and dependable information regarding the net worth sources derived from business activities to generate profit. It seeks to facilitate the estimation of a company's potential to generate profits. Additionally, this report will provide essential details concerning changes in assets and liabilities. Furthermore, it will disclose any other pertinent information deemed necessary by this report's users.

Financial distress is a state of deteriorating financial health that precedes bankruptcy. If a company encounters challenges related to its liquidity, it is highly likely to go through a phase of financial hardship. Failure to promptly address these adverse circumstances can ultimately lead to the company's insolvency (Fahmi, 2017). Financial distress arises when an entity cannot meet its many responsibilities, particularly those of a short-term nature, such as liquidity and solvency obligations. According to Fahmi (2017), financial difficulty can be classified into four categories. Category A is classified as being of a very high and dangerous nature. According to prevailing discourse, the corporation is purportedly facing bankruptcy within this category. Category B, or high-risk individuals, are deemed to be harmful. Within this area, the organization must contemplate and devise pragmatic strategies to preserve the company's assets. Category C, also referred to as medium, is being discussed. The organization must undertake a comprehensive restructuring of its many policies and management principles that have been put into practice. Furthermore, it is imperative to engage in the recruitment of proficient professionals who possess the responsibility of overseeing and safeguarding the organization.

Bankruptcy is a profound financial hardship that renders a firm incapable of effectively conducting its operational activities. Bankruptcy, often known as company liquidation or firm closure, is commonly used in the field (Brigham & Houston, 2021). Many factors can impact the incidence of financial challenges and corporate insolvency. The economic, social, technological, and governmental sectors determine the overall impact. The company's external elements are subject to customer and supplier impact. Internal company factors refer to the outcomes of ill-advised actions and policies made in the past and instances where management has neglected to take necessary action when required. Excessive cases of credit extended to customers and ineffective management are evident. The Z-Score model forecasts and assesses the likelihood of corporate insolvency. According to Kristanti (2019), the Z-Score model posits that organizations with a low Z-Score exhibit a higher chance of experiencing failure. Altman et al. (2017) proposed three variations of the Z-Score model: the first Z-Score, the Z' Score, and the Z "Score. The ratios will be inputted into the equation, and afterward, the predicted outcomes will be derived to determine the company's financial health, specifically whether it is stable or at risk of bankruptcy. Financial ratios are widely used in financial analysis to evaluate a company's performance. These ratios are derived from the company's financial records, including balance sheets, income statements, cash flow statements, and other relevant reports. Incorporating financial ratios into the Z-Score equation enables the assessment of a company's likelihood of experiencing bankruptcy (Kariyoto, 2018). The initial ratio employed is the Working Capital to Total Assets Ratio. This ratio provides an indication of the level of liquidity within the organization. By subtracting current liabilities from current assets, one can calculate working capital. The subsequent ratio pertains to the Retained Earnings to Total Assets Ratio. The above ratio indicates the company's capacity to create retained earnings that remain undistributed to shareholders. The corporation intends to utilize retained earnings as supplementary capital. The third ratio pertains to the relationship between Earnings before Interest and Taxes and Total Assets. The above ratio indicates the company's capacity to earn profits from its held assets before paying interest and taxes. A lower value of this ratio signifies unfavorable financial conditions inside the company. The fourth ratio pertains to the ratio of the market value of equity to the total liabilities. The ratio above demonstrates the capacity of the corporation to meet its financial obligations or debts by utilizing the market value of its common shares. A lower value of this ratio signifies the company's unfavorable financial state. The fifth ratio pertains to the Revenue to Total Assets Ratio. The above ratio measures the efficiency with which a company's assets are utilized to generate sales, revenue, and profits. A lower ratio signifies a diminished income level for the organization, indicating an unhealthy financial position.

## Research Design and Method

This study employs quantitative and descriptive research methodologies. This study uses

quantitative and descriptive research methods. Sukmadinata (2017) defines the descriptive technique as a research approach that aims to depict phenomena in a manner that is authentic, realistic, and reflective of the current state of affairs. The study encompasses textile firms operating within the textile and textile products industry, whose financial reports have been publicly filed on the Indonesia Stock Exchange (IDX) from 2018 to 2021. In the present study, the sample selection was conducted using the purposive sampling approach, which involved selecting textile enterprises as samples during the research period according to specific criteria (Sugiyono, 2017).

**Table 1. Sample Classification Criteria**

No	Description	Total
1	Initial population (companies in the textile and textile products industry until 2021)	15
2	The company should have displayed financial statement data following this study for four consecutive years in 2018-2021.	(4)
3	Companies that do not have negative net income for two or more consecutive years.	(5)
Sample Total		6

**Table 2. List of Sample Company Name**

No	Stock Code	Company Name
1	ARGO	PT Argo Pantes Tbk.
2	POLY	PT Asia Pasific Fibers Tbk.
3	ESTI	PT Ever Shine Textile Tbk.
4	RICY	PT Ricky Putra Globalindo Tbk.
5	TFCO	PT Tifico Fibers Indonesia Tbk.
6	SSTM	PT Sunson Tekstile Manufacturer Tbk.

**Source:** www.idx.co.id (data processed, 2021)

Six textile and textile industry companies have been selected as research examples based on the above criteria. The primary data utilized in this research consists of the company's annual financial statements acquired from IDX (Indonesian Stock Exchanges) for the period spanning from 2018 to 2021. The author employs the Altman Z-Score model as a method for forecasting the future insolvency of the organization during the data analysis process.

## Results and Discussion

The financial status of a textile and textile product industry company listed on the Indonesia Stock Exchange (IDX) can be assessed through the computation of the company's financial ratios. The present study used the First Altman Z-Score model, a widely utilized analysis technique designed explicitly for publicly traded corporations.

The initial Altman Z-Score model incorporates five distinct ratios: the working capital

to total assets ratio, the retained earnings to total assets ratio, the earnings before interest and taxes to total assets ratio, the equity market value to total liabilities ratio, and the income to total assets ratio.

**Table 3. Calculation Results of Working Capital to Total Assets Ratio**

Company Code	Year			
	2018	2019	2020	2021
ARGO	-1,10	-1,21	-1,62	-1,39
POLY	-7,22	-7,33	-8,19	-7,94
ESTI	-0,05	0,05	0,07	0,08
RICY	0,14	0,17	0,22	0,53
TFCO	0,23	0,26	0,29	0,34
SSTM	0,29	0,19	0,17	0,31

**Source:** Data processed, 2021

Based on the calculation of the ratio of working capital to total assets above, three companies had negative results from 2018 to 2021. These companies include ARGO, POLY, and ESTI. This shows that the company's liquidity is very low because the total current debt owed is greater than the company's total existing assets. The POLY company has the lowest ratio value at -8.19 in 2020, while the RICY company has the highest ratio value at 0.53 in 2021.

**Table 4. Calculation Results of Retained Earnings to Total Assets Ratio**

Company Code	Year			
	2018	2019	2020	2021
ARGO	-3,13	-3,46	-0,00	-3,81
POLY	-16,38	-16,53	-18,33	-17,76
ESTI	-1,06	-1,12	-1,27	-1,32
RICY	0,05	0,06	0,02	-0,02
TFCO	0,01	-0,00	-0,01	0,04
SSTM	-0,26	-0,32	-0,37	-0,26

**Source:** Data processed, 2021

Based on table 4, it can be seen that all companies have a negative retained earnings to total assets ratio value. The negative retained earnings value is due to the small profit on operating activities owned by the company. The POLY company had the lowest ratio value in 2020 at -18.33, while the RICY company had the highest in 2018 at 0.06.

**Table 5. Calculation Results of the Ratio of Earnings Before Interest and Taxes to Total Assets**

Company Code	Year			
	2018	2019	2020	2021
ARGO	-0,05	-0,04	-0,04	-0,01
POLY	-0,19	-0,28	-0,25	-0,26
ESTI	-0,00	-0,01	0,00	0,05
RICY	0,07	0,08	0,02	0,03
TFCO	-0,00	-0,01	-0,00	0,05
SSTM	-0,02	-0,02	-0,02	-0,03

**Source:** Data processed, 2021

Based on the ratio of earnings before interest and taxes to total assets, it can be seen that five companies have negative values. These companies include ARGO, POLY, ESTI, TFCO, and SSTM. The negative results of this ratio indicate that the company could be more efficient and effective in using all assets to generate operating profit. The POLY company had the lowest ratio value of -0.28 in 2018 and the highest ratio value of 0.08 in 2018.

**Table 6. Calculation Result of Market Value of Equity to Total Assets Ratio**

Company Code	Year			
	2018	2019	2020	2021
ARGO	0,02	0,03	0,06	0,05
POLY	0,01	0,00	0,00	0,00
ESTI	0,01	0,01	0,01	0,02
RICY	0,05	0,04	0,03	0,02
TFCO	0,49	0,42	0,34	0,46
SSTM	0,38	0,49	0,56	1,05

**Source:** Data processed, 2021

**Table 7. Calculation Results of Revenue to Total Assets Ratio**

Company Code	Year			
	2018	2019	2020	2021
ARGO	0,35	0,23	0,05	0,06
POLY	3,58	3,00	2,15	2,98
ESTI	0,58	0,49	0,44	0,60
RICY	1,37	1,33	0,74	0,81
TFCO	0,71	0,60	0,47	0,64
SSTM	0,73	0,69	0,46	0,48

**Source:** Data processed, 2021

Table 6 shows that the lowest value of the ratio of the market value of equity to total liabilities is 0.00, which was found in the POLY company in 2019 and 2020. Meanwhile, the

highest value of 1.05 is owned by the SSTM company in 2021. The higher the importance of this ratio, the more it indicates that the company accumulates less debt to equity. Conversely, if the ratio value is low, it suggests that the company has more obligations than its capital.

Table 7 show that the ARGO company owned the lowest income-to-total assets ratio value, which was 0.05 in 2020. At the same time, the POLY company had the highest value at 3.58 in 2019. A lower ratio indicates the company is less effective in using assets to increase revenue. The higher the importance of this ratio, the better the company's ability to face competition.

After obtaining the financial ratios, the bankruptcy index will be determined with the following equation:

$$Z = 1,2 (X1) + 1,4 (X2) + 3,3 (X3) + 0,6 (X4) + 1,0 (X5)$$

By using the formula used by the Altman model, the Z-Score value for each textile and textile product company listed on the Indonesia Stock Exchange for the 2018–2021 period is presented in table 8 below:

**Table 8. Altman Z-Score Calculation Results**

Company Code	Year			
	2018	2019	2020	2021
ARGO	-5,51	-6,20	-2,00	-6,95
POLY	-28.64	-29,84	-34,17	-32,27
ESTI	-0,96	-1,05	-1,24	-0,96
RICY	1,88	1,91	1,11	1,52
TFCO	1,30	1,11	1,01	1,53
SSTM	0,87	0,71	0,41	1,03

**Source:** Data processed, 2021

Table 8 shows that each company has weakened financially in the last four years. These results are obtained after calculating the coefficient value of each variable. The lowest Z-Score value from 2018 to 2021 is -34.17 for the POLY company in 2020, and the highest is 1.91 for the RICY company in 2018.

Forecasting data from each textile and textile product company listed on the Indonesia Stock Exchange for the 2018-2021 period can be seen in table 9.



**Table 9. Least Squares Method Results on PT. Argo Pantes Tbk.**

Year	TREN ARGO			
	Z-Score (Y)	X	XY	X <sup>2</sup>
2018	-5,51	-3	16,54	9
2019	-6,20	-1	6,20	1
2020	-2,00	1	-2,00	1
2021	-6,95	3	-20,84	9
$\Sigma$	<b>-20,67</b>	<b>0</b>	<b>-0,10</b>	<b>20</b>

**Source:** Data processed, 2021

The equation of the linear line is:

$$Y = -5,17 + (-0,01)(X)$$

By using this equation, it can be predicted that the health condition of the company PT Argo Pantes Tbk in 2021 (X = 5) is:

$$Y_{2021} = -5,17 + (-0,01)(5)$$

$$Y_{2021} = -5,19$$

**Table 10. Least Squares Method Results on PT. Asia Pacific Fibers Tbk.**

Year	TREN POLY			
	Z-Score (Y)	X	XY	X <sup>2</sup>
2018	-28,64	-3	85,92	9
2019	-29,84	-1	29,84	1
2020	-34,17	1	-34,17	1
2021	-32,27	3	-96,81	9
$\Sigma$	<b>-124,93</b>	<b>0</b>	<b>-15,22</b>	<b>20</b>

**Source:** Data processed, 2021

The equation of the linear line is:

$$Y = -31,23 + (-0,76)(X)$$

By using this equation, it can be predicted that the health condition of the company PT Asia Pacific Fibers Tbk in 2021 (X = 5) is:

$$Y_{2021} = -31,23 + (-0,76)(5)$$

$$Y_{2021} = -35,04$$

**Table 11. Least Squares Method Results on PT. Ever Shine Textile Tbk.**

Year	TREN ESTI			
	Z-Score (Y)	X	XY	X <sup>2</sup>
2018	-0,96	-3	2,88	9
2019	-1,05	-1	1,05	1
2020	-1,24	1	-1,24	1
2021	-0,97	3	-2,90	9
$\Sigma$	<b>-4,22</b>	<b>0</b>	<b>-0,20</b>	<b>20</b>

**Source:** Data processed, 2021

The equation of the linear line is:

$$Y = -1,05 + (-0,01) (X)$$

By using this equation, the company PT's health condition can be predicted. Ever Shine Textile Tbk in 2021 ( $X = 5$ ) is:

$$Y_{2021} = -1,05 + (-0,01) (5)$$

$$Y_{2021} = -1,11$$

**Table 12. Results of the Least Squares Method at PT. Ricky Putra Globalindo Tbk.**

Year	TREN RICY			
	Z-Score (Y)	X	XY	X <sup>2</sup>
2018	1,88	-3	-5,63	9
2019	1,91	-1	-1,91	1
2020	1,11	1	1,11	1
2021	1,53	3	4,58	9
$\Sigma$	<b>6,41</b>	<b>0</b>	<b>-1,85</b>	<b>20</b>

**Source:** Data processed, 2021

The equation of the linear line is:

$$Y = 1,60 + (-0,09) (X)$$

By using this equation, it can be predicted that the health condition of the company PT Ricky Putra Globalindo Tbk in 2021 ( $X = 5$ ) is:

$$Y_{2021} = 1,60 + (-0,09) (5)$$

$$Y_{2021} = 1,14$$

**Table 13. Least Squares Method Results for PT. Tifico Fibers Indonesia Tbk.**

Year	TREN TFCO			
	Z-Score (Y)	X	XY	X <sup>2</sup>
2018	1,30	-3	-3,90	9
2019	1,11	-1	-1,11	1
2020	1,01	1	1,01	1
2021	1,53	3	4,60	9
$\Sigma$	<b>4,95</b>	<b>0</b>	<b>0,60</b>	<b>20</b>

**Source:** Data processed, 2021

The equation of the linear line is:

$$Y = 1,24 + 0,03 (X)$$

By using this equation, it can be predicted that the health condition of the company PT Tifico Fibers Indonesia Tbk in 2021 ( $X = 5$ ) is:

$$Y_{2021} = 1,24 + 0,03 (5)$$

$$Y_{2021} = 1,39$$

**Table 14. Least Squares Method Results on PT. Sunson Textile Manufacturer Tbk.**

Year	TREN SSTM			
	Z-Score (Y)	X	XY	X <sup>2</sup>
2018	0,87	-3	-2,61	9
2019	0,71	-1	-0,71	1
2020	0,41	1	0,41	1
2021	1,03	3	3,08	9
$\Sigma$	<b>3,01</b>	<b>0</b>	<b>0,18</b>	<b>20</b>

**Source:** Data processed, 2021

The equation of the linear line is:

$$Y = 0,75 + 0,01 (X)$$

By using this equation, it can be predicted that the health condition of the company PT Sunson Textile Manufacturer Tbk in 2021 ( $X = 5$ ) is:

$$Y_{2021} = 0,75 + 0,01 (5)$$

$$Y_{2021} = 0,80$$

## Discussion

### *Bankruptcy Prediction Based on Altman Z-Score Model*

The prediction of company bankruptcy can be known based on the results of calculating the potential bankruptcy analysis of the Altman Z-Score model. The Altman Z-Score model has a cut-off value as an assessment standard. If the Z value is more than 2.99 ( $Z > 2.99$ ), the company is classified as not experiencing bankruptcy (safe zone). If the Z value is between 1.81 and 2.99 ( $1.81 > Z < 2.99$ ), the company is classified as bankruptcy-prone (a gray area). If the Z value is less than 1.81 ( $Z < 1.81$ ), the company is classified as potentially bankrupt (distress zone).

**Table 15. Altman Z-Score Calculation Results**

Company Code	Year			
	2018	2020	2021	2021
ARGO	Distress Zone	Distress Zone	Distress Zone	Distress Zone
POLY	Distress Zone	Distress Zone	Distress Zone	Distress Zone
ESTI	Distress Zone	Distress Zone	Distress Zone	Distress Zone
RICY	Grey Zone	Grey Zone	Distress Zone	Distress Zone
TFCO	Distress Zone	Distress Zone	Distress Zone	Distress Zone
SSTM	Distress Zone	Distress Zone	Distress Zone	Distress Zone

**Source:** Data processed, 2021

### *Forecasting Test Analysis*

After obtaining the forecasting results for each company using the Straight Line Trend Test, namely the Least Squares Method, the values obtained are again classified into the three conditions in the Altman Z-Score model; the forecasting value for each company for 2023 can be seen in table 16.

**Table 16. Z-Score Forecasting Value**

Company	Trends in 2021
ARGO	-5,19
POLY	-35,04
ESTI	-1,10
RICY	1,14
TFCO	1,39
SSTM	0,80

**Source:** Data processed, 2021

### **Conclusions**

The findings of the bankruptcy research conducted utilizing the Altman Z-Score model reveal that within the timeframe spanning from 2018 to 2021, a total of five companies operating within the textile and textile products industry, as listed on the Indonesia Stock Exchange, have been identified as being situated inside the distress zone or have become bankrupt. The companies above are PT Argo Pantes Tbk, PT Asia Pacific Fibers Tbk, PT Ever Shine Textile Tbk, PT Tifico Fibers Indonesia Tbk, and PT Sunson Textile Manufacturer Tbk. The corporation is currently in a distressing position due to a decline in its financial performance conditions for the timeframe spanning from 2018 to 2021. One particular company that exhibits a distinct state is PT Ricky Putra Globalindo Tbk. During 2018 and 2019, the company was in a precarious financial condition, characterized by uncertainty and vulnerability to potential insolvency. Nevertheless, between 2020 and 2021, the corporation encountered a downturn in its financial performance, resulting in its placement within the distress zone. Given the prevailing economic circumstances characterized by diminished and volatile financial conditions, enterprises operating in the textile and textile products sector are likely to encounter financial difficulties throughout the period spanning from 2018 to 2021.

The findings of the Z-Score computation reveal that PT Argo Pantes Tbk, PT Asia Pacific Fibers Tbk, PT Ever Shine Textile Tbk, PT Tifico Fibers Indonesia Tbk, and PT Sunson Textile Manufacturer Tbk, which are textile and textile product companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2021, exhibit a state of financial distress as indicated by Z-Score values below 1.81. In the years 2018–2019, PT Ricky Putra Globalindo Tbk. The Z-Score calculation results showed a degree of financial distress, which fell between

1.81 and 2.99. However, in the subsequent period of 2020–2021, the company's Z-score declined below the threshold of 1.81. Based on applying the Straight Line Trend Test with the Least Square Method to anticipate the performance of six textile and textile product firms in 2021, it is projected that these companies will continue to experience distress, maintaining the same conditions as observed in the previous year.

In the event of a financial crisis and the looming possibility of bankruptcy, companies must restructure debt by implementing a debt-to-equity exchange. This strategic maneuver allows companies to convert their debt obligations into share capital, thereby infusing the organization with fresh operating capital that can be utilized to fulfill outstanding debts. The corporation also has the option to request rescheduling to prolong the duration of debt repayment. Future researchers may consider expanding their investigations to encompass companies operating in industries beyond the textile and textile products sector to advance the existing research. This approach aims to enhance the diversity of the sampled companies and facilitate the utilization of alternative bankruptcy prediction models. Consequently, this will enable comparative analyses in the realm of bankruptcy forecasting.

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