















### 3.6 EBITTA on Financial Distress Prediction

Testing using logistic regression analyze in knowing the influence contained in Altman model by looking at the magnitude of the effect both simultaneously and partially on the potential for the occurrence of conditions in the Financial Distress. Results obtained Table 6 can be seen the magnitude of the effect of the Earning variable EBITTA shows a significance level 0.387, value (0.387 >0.05) is greater than the significance value of  $\alpha$ . So that the H3 proposed in the study was rejected, judging by the magnitude of the significance value it means that the EBITTA variable does not partially affect the Financial Distress variable. The coefficient obtained by the EBITTA variable is negative -24,260. So it can be concluded that the negative results of Earning Before Interest and Tax (EBITTA) do not necessarily occur in the condition of Financial Distress.

EBITTA is used to determine the ability of a company to generate profits derived from the company's total assets. If a company earns income that is considered less than fair valuation, it means that the acquisition between income and expenditure does not show a positive gain, so this can make one of the small causes of the EBIT variable acquisition value. Whereas when viewed the value of assets owned, in the sense of bankruptcy the company experiences insolvency. The company has a liability whose value is large enough to exceed the fair valuation of assets owned. However, with the high level of EBITTA acquisition, the company is not necessarily facing financial distress. This is because along with the low income acquisition at the same time the company makes improvements by making investments to make business development efforts. Dharmo and Kume (2016) which examines the trend characteristics of Financial Distress, Financial ratio EBITTA shows a negative signal in predicting Financial Distress, meaning that if an average value increases average makes the level of variability decrease a prediction. The sample used was to examine three industries in the country of Albania, southeastern Europe.

### 3.7 MVETL on Financial Distress Prediction

Research in testing the influence of this variable uses Binary Logistic Regression. Testing carried out to analyze and determine the magnitude of the influence on predictions of financial distress. Based on Table 6 can be known the magnitude of the effect of MVETL shows level significance obtained is 0.034 (0.034 <0.05) this value indicates smaller than the significance value  $\alpha$ . So that H4 is accepted, this means that the MVETL is a variable that affects

predicting financial distress. MVETL variable coefficient is negative -4,537 and the significance value obtained is below the  $\alpha$  significance value. The negative coefficient sign indicates that if there is one MVETL ratio increases, it decreases the probability value of a Financial Distress, or it can be said that it will be more influential with the Financial Distress variable. MVETL a ratio that is used as a guide to the extent to which the ability of a company with the value of the market capitalization that is owned compared to the acquisition of corporate debt value. The results of the MVETL ratio show that if the company has a large debt value there is a tendency for a large amount of Financial Distress. Pranowo et al., (2010) in the results of his research showing the significance value of this ratio MVETL is <0.05. So that it can be said that the Leverage variable has a correlation with the occurrence of the Financial Distress condition. A similar study was also conducted by Gepp and Kumar (2008) the results obtained showed that Financial Leverage variables are very important variables, because this ratio can signal a danger that companies experience business failures. The sample used in the study was 285 companies in Australia. The method used for testing variables using Discriminant and Logit Analysis.

### 3.8 STA on Financial Distress Prediction

Tests to be able to know the good effect simultaneously of partial production can be known by doing logistic regression testing, to be able to know the effect Financial Distress prediction on variables used in Altman model. based on the results of data analysis presented in Table 6. magnitude of the effect of the Sales to Total Asset (STA) variable shows the significance level obtained is 0.049 (0.049 <0.05). So that H5 is accepted, this result proves that the STA partially influences the prediction of financial distress. Coefficient obtained by the STA variable is negative -4,579 significance value is smaller than the level of significance. If seen the significance obtained shows that there is a correlation between the Sales to Total Asset (STA) variable with predictions of the occurrence of Financial Distress conditions on the company. Companies that show low asset turnover show that profits derived from sales are low. The occurrence of a decline in sales conditions certainly creates risks that arise due to the inefficiency of the company in obtaining income so that this supports the company experiencing the condition of Financial Distress. There is a similar study that supports (Asnita and Fuadi, 2016). The results of study show that asset turnover variables detected using the sales



to total asset variable Has significant significance for predicting financial distress.

#### 4 Conclusion

The study of the testing of the market value of equity to total liabilities (MVETL) and Sales to Total Assets (STA) has a significant negative effect on prediction of financial distress. Working Capital to Total Assets (WCTA), Retained Earning to Total Assets (RETA) and Earning Before Interest and Tax to Total Assets (EBITTA) have no effect on financial distress predictions.

The research carried out is still lacking, while the first limitation in the form of the model the Altman 1968, this study was conducted by predicting 5 variables namely WCTA, RETA, EBITTA, MVETL, and STA. The acquisition of the test coefficient of determination shows the value of Nagelkerke R-Square of 85.3% explaining variability in the study, 14.7% explained by other variables outside the study. The next researcher would like to be able to provide corrections by considering other variables outside of this study, as well as using variables contained in the Ohlson model, Fulmer, Springate, Zmijewski. Furthermore, the results of the accuracy of predictions show a gain of 95%, while 5% is still a mistake in predicting the results of the research, so that the next researcher can find a test method in predicting Financial Distress conditions with better accuracy. So that it can be reliable with the results obtained.

Based on the limitations that have been conveyed, the next researcher needs to apply the solutions that have been delivered or create new solutions to be able to produce research that can be in accordance with current conditions. These suggestions, namely further research are expected to continue to look for new variables added to the research model such as cash flow ratios, balance sheets and financial statements. This is to be able to obtain variability that is more accurate and general in nature for the company. There are several research models of Financial Distress that can provide a picture of new variability such as Ohlson, Fulmer, Springate, Zmijewski etc.

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