Bankruptcy Prediction Analysis on Mining Sector Companies in Indonesia

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Abstract : This research aims to classify the mining sector companies based on Altman's Z-score model, and providing an analysis based on the Altman's Z-score model's financial ratios to provide a picture about the financial condition in mining sector companies in Indonesia and their viability in the future, and to find out the partial and simultaneous impact of each of the financial ratio variables in the Altman's Z-score model, namely (WC/TA), (RE/TA), (EBIT/TA), (MVE/TL), and (S/TA), toward the financial condition represented by the Z-score itself. Among 38 mining sector companies listed in Indonesia Stock Exchange (IDX), 28 companies are selected as research sample according to the purposive sampling criteria.The results of this research showed that during 3 years research period at 2010-2012, the amount of the companies that was predicted to be healthy in each year was less than half of the total sample companies and not even reach up to 50%. The multiple regression analysis result showed that all of the research hypotheses are accepted, which means that (WC/TA), (RE/TA), (EBIT/TA), (MVE/TL), and (S/TA), both partially and simultaneously had an impact towards company's financial condition.

Keywords : Altman's Z-score model, financial condition, mining companies, Indonesia

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