

## **Financial Distress Analysis using The Altman Z – Z-Score Method in Hotel Companies Listed on The Idx**

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### **ABSTRACT**

The purpose of this study was to determine the business continuity of PT. Eastparc Hotel Tbk, PT. Bukit Uluwatu Village Tbk and PT. Hotel Sahid International Tbk uses secondary data as financial statements for 2019 – 2021. This study uses the Altman Z Score method, which is one method for assessing a company's bankruptcy. The covid 19 pandemic caused a significant decrease in performance at PT. Bukit Uluwatu Village Tbk Z. Z Score PT. Bukit Uluwatu Village Tbk in 2020 was -2.91, it decreased from 0.35 in 2019. Such conditions indicate that PT. Bukit Uluwatu Village Tbk experienced financial distress.

**Key Words:** Altman Z Score, Financial Distress, Hotel Industry

### **INTRODUCTION**

The COVID-19 pandemic that occurred at the end of December 2019 posed a threat to the survival of a company's business. The business sector generally experienced a decline in performance due to large-scale social restrictions. This also caused quite a few companies to stop operations and were forced to lay off workers in large numbers.

The tourism, hotel and restaurant industry is one of the business sectors that has felt the impact of the Covid-19 pandemic. Before the COVID-19 pandemic, the tourism, hotel and restaurant industry was a superior sector. However, after the COVID-19 pandemic, on the other hand, this industry experienced a very drastic decline in performance because There are concerns that both domestic and foreign tourists will be exposed to the COVID-19 virus. The hotel industry suffered losses of IDR 30 trillion, the restaurant industry IDR 40 trillion, the aviation industry IDR 11.7 trillion, and the travel agency industry IDR 4 trillion (Wahyudi, 2020). Company managers make various efforts to maintain profits to avoid bankruptcy.

This phenomenon has resulted in quite a few companies experiencing financial distress. Financial distress is a stage of decline in a company's financial condition before bankruptcy occurs (Kristiani, 2019). From this experience, it is essential to detect whether a company will experience financial distress during the pandemic. It ensures that management and owners can strive for business continuity by determining a more competitive strategy.

Early detection of whether a company will experience financial distress or not is by analyzing its financial performance. Financial performance analysis can be done using company financial reports information. One method that can be used is the Altman Z score method.

## METHOD

### Design and Sample

This research uses secondary data from the Indonesia Stock Exchange (BEI) in the form of annual financial reports (Annual Report) of companies in the hotel industry from 2019 - 2021. The company studied was PT. Eastparc Hotels Tbk, PT. Bukit Uluwatu Villa Tbk, and PT. Sahid Jaya International Tbk. The research was conducted for two months, from August to September 2023.

The samples used in this research were determined based on the following criteria:

1. Companies included in the hotel industry are listed on the IDX
2. Report annual financial reports (Annual Report) regularly every year

### Instrument and Procedure

The data used in this research is secondary data downloaded from [www.idx.co](http://www.idx.co). Namely in the form of an annual financial report (Annual Report) PT. Eastparc Hotels Tbk, PT. Bukit Uluwatu Villa Tbk, and PT. Sahid Jaya Internasional Tbk from 2019 – 2021. The indicator used to determine whether a company is in financial distress is to determine the Z value at 1. Z Score > 2.99 is not bankrupt, 2.  $1.81 < Z - \text{Score} < 2.99$  grey area means the company is in financial distress. However, the company that is in bankruptcy can still be saved, 3—z – Score < 1.81.

### Data Analysis

The analysis used in this research is the equation for predicting Altman Z Score bankruptcy.

## RESULTS AND DISCUSSION

The equation used by the Altman Score method in determining financial distress is as follows:

$$Z_i = 6.56 X_1 + 3.26 X_2 + 6.72 X_3 + 1.05$$

PT. Z value calculation results. Eastparc Hotels Tbk, PT. Bukit Uluwatu Villa Tbk, and PT. Sahid Jaya Internasional Tbk is as follows:

**Table 1**  
**Z Score PT.Eastparc Hotel Tbk (EAST)**

Year	1.2(X1)	1.4(X2)	3.3 (X3)	0.6 (X4)	Z SCORE	Analysis Results
2019	0.08	0.01	0.11	2.80	3.00	Safe

2020	0.00	0.04	0.06	8.16	8.26	Safe
2021	0.02	0.03	0.18	10.42	10.66	Safe

Source: Annual financial report (Processed Data)

PT. Eastparc Hotel Tbk (EAST) experienced an increase in the Z value from 2019 to 2021. The increase in the Z value is shown by numbers starting from a Z value of 3.00 in 2019, increasing by 8.26 in 2020 and to 10.66 in 2021. In 2020 PT. Eastparc Hotel Tbk experienced a decrease in revenue from IDR 64,086,124,551 in 2019 to IDR 37,074,443,482 in 2020. It was due to restrictions on social interaction, which had an impact on the limited number of domestic and foreign tourists—one of the efforts made by PT. Eastparc Hotel Tbk aims to increase revenue in 2021 to achieve the target occupancy rate from 79%-81% to 80%-87%. In 2021, the Z score value of PT. Eastparc Hotel Tbk increased from 0.11 to 0.20. The increase in Z score was accompanied by an increase in income from IDR 37,074,443,482 in 2020 to IDR 1,131,974,178 in 2021—the strategy implemented by PT. Eastparc Hotel Tbk in 2021 is to make operational costs efficient and minimize debt burden.

**Table 2**  
**Z Score PT. Bukit Uluwatu Villa Tbk (BUVA)**

Year	1.2(X1)	1.4(X2)	3.3 (X3)	0.6 (X4)	Z SCORE	Analysis Results
2019	(0.28)	0.05	(0.09)	0.68	0.35	<i>Distress</i>
2020	(0.83)	(0.52)	(1.71)	0.15	(- 2.91)	<i>Distress</i>
2021	(1.11)	0.92	(0.64)	0.01	(- 0.82)	<i>Distress</i>

Source: Annual financial report (Processed Data)

PT's Z score. Bukit Uluwatu Villa Tbk (BUVA) from 2019 to 2021 experienced a significant decline. The Z score value in 2020 decreased from 0.35 in 2019 to -2.91. The decline in Z Score will continue until 2021 to -0.82. Various business sectors are still feeling the impact of the COVID-19 pandemic, so PT. Bukit Uluwatu Villa Tbk is still in a state of financial distress. PT. Income Bukit Uluwatu Villa Tbk experienced a significant decline from 2020 to 2021. Revenue in 2020 amounted to IDR 67,905,888,011, a significant decrease compared to 2019 of IDR 612,705,519,111. It resulted in a significant increase in losses in 2020, amounting to IDR 1,189,598,412,341, compared to 2019, amounting to IDR 113,422,115,432. As a result of the decrease in the Z score value of PT.

**Table 3**  
**Z Score PT. Sahid Jaya International Hotel Tbk (SHID)**

Year	1.2(X1)	1.4(X2)	3.3 (X3)	0.6 (X4)	Z SCORE	Analysis Results
2019	0.17	0.03	-	(0.01)	0.18	<i>Distress</i>
2020	0.12	0.04	-	(0.06)	0.11	<i>Distress</i>
2021	0.15	0.10	-	(0.05)	0.20	<i>Distress</i>

Source: Annual financial report (Processed Data)

PT. Sahid Jaya Internasional Tbk experienced a decrease in its Z Score in 2020 from 0.18 in 2019 to 0.11 in 2020, then experienced an increase in 2021 to 0.20. Meanwhile, PT. Hotel Sahid Jaya Internasional Tbk decreased significantly from IDR 155,824,493,314 in 2019 to IDR 58,839,967,314 in 2020. The COVID-19 pandemic is still the leading cause of the decline in revenue—all business segments of PT. Hotel Sahid Jaya Internasional Tbk experienced a decline in room rentals food and beverage sales. The decrease in income resulted in increased losses for the year from IDR 12,677,181,973 in 2019 to IDR 47,095,781,940 in 2020. The loss increase was partly due to the temporary closure of hotel operations in Solo, Yogyakarta, Surabaya, Manado and Lampung.

## CONCLUSION

Since the Covid-19 pandemic occurred, the development of the hotel industry business has slumped. It is considered by people who choose to go on holiday during the pandemic, which is very risk of contracting the Covid 19 virus. This results in a decrease in the income of companies that manage hotels. It can be done to determine how much a company can maintain its business activities by predicting whether a company will experience financial difficulties due to the impact of implementing social restrictions that affect operational activities. One method that can be applied to predict a company's financial condition or performance is to determine each company's Z Score. PT. Eastparc Hotel Tbk can still maintain its business continuity without experiencing financial difficulties. PT. Bukit Uluwatu Villa Tbk experienced terrible conditions from 2019 to 2021 due to the pandemic. A significant decrease in the Z score value indicates it.

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