

POTENTIAL ANALYSIS OF COMPANY BANKRUPTCY AT PT. GOWA MAKASSAR TOURISM DEVELOPMENT TBK

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Abstract

Analysis of Company Bankruptcy Potential at PT. Gowa Makassar Tourism Development TBK. thesis. Department of Management, Faculty of Economics and Business. Makassar public university. Supervised by Mr. Muhammad Ilham Wardhana Haeruddin and Mr. Nurman. This study aims to determine the potential for corporate bankruptcy at PT. Gowa Makassar Tourism Development Tbk Period 2017 to 2021. The type of research used is quantitative descriptive. The population in this study is the financial statements of PT. Gowa Makassar Tourism Development Tbk. The sample of this research is the income statement and balance sheet from the financial statements of PT. Gowa Makassar Tourism Development Tbk. 2017 to 2021. The data collection technique used is Documentation. Data analysis techniques are used to assess, identify and explain the possibility of bankruptcy. The results of this study indicate the analysis of the level of bankruptcy of the modified Altman Z-score model of PT. Gowa Makassar Tourism Development TBK. the 2017-2021 period is categorized as being in good health or not bankrupt.

Keywords: *Altman Z-score, Bankruptcy*

1. INTRODUCTION

The company basically has a goal to achieve and increase operating profits as much as possible. But in achieving its goals, the company cannot avoid what is called industrial competition which is influenced by the tight competition that exists in this globalization era. The decrease in the size of the income can eventually cause the company to go bankrupt. because management fundamentals cannot be strengthened to anticipate industry competition. To overcome this, investors must be able to identify indicators of financial distress which are signals from within the company that can indicate potential financial difficulties.

If a company experiences liquidity problems, it is likely to experience a period of financial distress, and if the problem is not resolved immediately, the company may experience a period of financial difficulties which can lead to bankruptcy (Akbar, & Anwar 2022: 4659). When a company goes bankrupt, both internal stakeholders such as directors

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and employees or external stakeholders such as creditors and investors will be worried, and investors can lose their shares where they are invested. Creditors can feel a loss because they have lent capital which cannot be repaid by the company which cannot be collected, so an analysis of the level of bankruptcy of the company is needed.

According to Krishnatama, (2020: 114) that Bankruptcy is a condition in operation which causes the company's inability to finance its operations normally and the inability to pay its various obligations. In order to avoid bankruptcy, companies need to make advance preparations to prevent unwanted events from happening. It is hoped that the company will be able to evaluate the current situation in order to produce a much clearer picture of the current situation. This will enable the company to take appropriate steps to improve and maintain its weaknesses in order to compete and survive.

By running financial ratios on the income statement and balance sheet issued by the company concerned, it is possible to identify & measure indications of company bankruptcy. In terms of collecting data about the company's financial situation and the results achieved in relation to the necessary strategic choices. to implement, financial ratios are a very useful tool.

According to Anwar. (2019:171) that financial ratio analysis is an analysis that links one item (account) to another item (account) on the income statement and balance sheet. In understanding the weaknesses and strengths of a company, it is important to look at its financial statements. This data is needed to assess effectiveness. and take it into account in making plans for the future of the company.

Various models and methods which can be used in predicting the probability of a company going bankrupt. Financial ratios are data that can be used to predict how well a company will do finances. The first limitation of ratio analysis is that it is univariate, or discrete and affects the mix of ratios based solely on financial analysis considerations. Thus, in order to overcome the drawbacks of ratio analysis and develop a useful predictive model, it is necessary to incorporate various ratios.

In order to complement the limitations of ratio analysis, analytical tools can be used which link the ratios together to predict the probability of a company going bankrupt. The Altman Z-Score method, which was developed by Edward I. Altman at New York University in 1960 by using discrimination analysis to build a company bankruptcy prediction model, is one of the methods used in financial risk. Altman's statistical model for determining the level of corporate bankruptcy, known as Altman discriminant analysis, is able to determine financial ratios which are the most reliable method for predicting business failure. The Z-score is derived from this ratio and is used to determine the level of bankruptcy of a company. The Z-score is based on three categories: gray area, bankrupt, and not bankrupt (healthy).

Rudianto (2013: 254) states Z-Score Analysis is a method for analysis which can predict the continuity of life in business to combine a number of common financial ratios and assign different weights to each ratio.

The Altman Z-Score model can be used to predict the probability of a company going bankrupt within two years. In the two years before the company's bankruptcy, this model had an accuracy of 72%, and in the year before its bankruptcy. and has an accuracy of 80% -90% in predicting bankruptcy one year before bankruptcy (Altman 2000) in (Edi & Tania 2018:111). The accuracy when predicting corporate bankruptcy makes the Almant Z-score model a reference for every investor and investment manager as a tool to assist investment decisions.

Regarding the importance of knowing the level of bankruptcy of a company, in this regard researchers are interested in applying it to PT. Gowa Makassar Tourism Development, Tbk. Because the company is a leading state-owned company which has its head office in the city of Makassar, when seen from the company's financial statements, revenue from sales has decreased and there have been losses for several years.

PT. Gowa Makassar Tourism Development Tbk. has a variety of activities which contribute to the development of the real estate and property industry. Developing Tanjung Bunga in Makassar, South Sulawesi, by PT. Gowa Makassar Tourism Development Tbk. Since 1997, the company's physical development has been ongoing. By PT. Lippo Karawaci Tbk, which is the indirect holding company, which has consolidated.

The table below provides a summary of the financial achievement process. company PT. Gowa Makassar Tourism Development Tbk. for the last five years, from 2017 to 2021.

Table 1. Financial position of PT. Gowa Makassar Tourism Development Tbk. in 2017-2021

| Year | Profit and loss (IDR) | Income (IDR) | Total Assets (IDR) |
|------|--------------------------|-----------------|-----------------------|
| 2017 | 68,230,259,472 | 237,267,562,075 | 1,242,714,753,944 |
| 2018 | 61,443,212,441 | 253,808,572,531 | 1,252,865,156,022 |
| 2019 | -70,115,543,611 | 211,154,716,963 | 1,107,518,134,867 |
| 2020 | -105,950,046,766 | 171,579,489,556 | 987,323,142,096 |
| 2021 | -27,376,369,761 | 141,833,536,671 | 1,026,372,255,571 |

Source: Financial Report of PT. Gowa Makassar Tourism Development Tbk 2017-2021. Data is processed.

Through table 1, PT. Gowa Makassar Tourism Development Tbk. experienced a significant decrease in profit from 2017 to 2018, namely Rp. 68.23 billion decreased to Rp. 61.44 billion, where in 2019 to 2021 there were sizable losses. The cause of these losses was an increase in operating expenses and other expenses, as well as a decrease in income from sales and reserves of intangible assets and inventory levels and receivables. Where in 2019 a loss of Rp. 70.11 billion, compared to the previous year in 2020 the company's losses swelled to Rp. 105.95 billion and in 2021 the company's losses will decrease to Rp. 27.37 billion compared to the previous year.

One of the reasons for the decline in company profits was due to the decrease in net income. You can see table 1 above. In 2021, net sales will face a decrease of Rp. 29.74 billion to Rp. 141.83 billion compared to 2020 of Rp. 171.57 billion. The decrease in operating income was due to a

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decrease in sales contribution from the house and land segment, as well as due to the slowdown in the national property market.

From table 1 above, the assets of PT. Gowa Makassar Tourism Development Tbk, 2016 to 2020 describes the company's financial position in 2017 to 2018 an increase in good assets. However, in the following year, from 2019 to 2021, the condition of the company's assets worsened. Has decreased based on the company's assets over the last four years, causing the company's financial position to become very bad and the value of land owned by PT.Gowa Makassar Tourism Development Tbk. to be very low. This shows that there is a decline in the company's performance which, if not addressed immediately, can have a negative impact on the business and can lead to bankruptcy.

2. RESEARCH METHOD

2.1 Research variables

In accordance with the research title, the variable used is the potential for corporate bankruptcy. The modified Altman score was used as a variable component in this study (1995). The modified Z-Score ratio consists of the following components: working capital as a percentage of total assets, retained earnings as a percentage of total assets, previous interest earnings as a percentage of total assets, and the book value of equity as a percentage of the book value of debt.

2.2 Types of research

This study is a quantitative descriptive survey in which data from businesses are collected, classified, analyzed, and interpreted to provide an overview of the current situation. This empirical research was conducted at PT. Gowa Makassar Tourism Development Tbk. Year 2017-2021, through the official IDX website.

2.3 Operational Definitions and Variable Measurements

a. Variable Operational Definition

The operational definition of the research uses the Altman method which utilizes profitability statements to distinguish between businesses where bankrupt and not bankrupt. Altman's Z value obtained information, namely:

- a. $X_1 = \text{Working Capital} / \text{Total Assets}$.

The ratio of Net Working Capital to Total Assets assesses PT. Gowa Makassar Tourism Development TBK. ability to provide net working capital results as a proportion of total assets. The calculated ratio divides financial assets by net working capital. Subtract total assets from current assets to calculate net cash flow.

- b. $X_2 = \text{Retained Earnings} / \text{Total Assets}$.

The ratio explains the company's ability to generate retained earnings through the total assets of PT. Gowa Makassar Tourism Development Tbk. Retained earnings are profits that are not distributed to shareholders. In other words, retained earnings show how much the company's income is not distributed to shareholders as dividends. Retained earnings are a claim on assets, not equity assets held by shareholders.

c. $X3 = \text{Profit Before Interest and Tax} / \text{Total Assets}$.

The ratio calculates the rate of return on assets. PT. Gowa Makassar Tourism Development Tbk. uses earnings before tax and actual interest on total assets at the end of the fiscal year. The ratio shows the importance of achieving company profits, especially in the context of filling shareholder interest expenses.

d. $X4 = \text{Book Value of Equity} / \text{Book Value of Debt}$.

The ratio used to determine how much equity book PT. Gowa Makassar Tourism Development Tbk. financed with debt. It refers to a company's debt in relation to its assets. This ratio is used to understand a company's ability to understand all of its short and long term commitments if the company is dissolved or declared bankrupt.

b. Variable Measurement

Bankruptcy variable measurement in this study uses Altman z-score company criteria: Z-Score > 2.60 means the company is in a healthy area, Z-Score 1.10 – 2.60 means the company is in a gray area. Z-Score < 1.10 means the company is in a bankrupt area.

2.4 Population and sample

a. Population

Sugiyono (2017:80). that "Population is a generalization area consisting of: subjects or objects with certain qualities and characteristics determined by researchers to be studied and then conclusions drawn". Where there is a population in the study, namely the financial statements of PT. Gowa Makassar Tourism Development Tbk. Period 2017-2021.

b. sample

Sugiyono (2017: 80), that "The sample is part of the number and characteristics possessed by the population". The sample used in this study is the income statement and balance sheet financial reports PT. Gowa Makassar Tourism Development Tbk. 2017 to 2021.

2.5 Data collection techniques

The technique used is using the documentation method in collecting company data for this research. Documentation, namely the method of collecting data through reviewing and analyzing the documents issued by the company in the form of PT. Gowa Makassar Tourism Development Tbk. Year 2017-2021. Secondary data obtained from the official website of the Indonesia Stock Exchange is used to compile documentation.

2.6 Data Analysis Techniques

At PT. Gowa Makassar Tourism Development Tbk, data analysis techniques on financial statements are used to assess, identify and explain the possibility of bankruptcy. The author uses quantitative methods to analyze data, performs calculations relevant to the research question. In this study, the step of analyzing quantitative data then examines financial report data so that financial reports can be accounted for. The following analysis techniques are used:

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1. Attempting to calculate some of the company profitability metrics that make up this original study specimen.
2. Data from results the calculation of the profitability ratio is then evaluated using the Altman Z-Score equation, namely:

$$Z = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$$

X1: Working Capital / Total Assets.

X2: Retained Earnings / Total Assets.

X3: Earnings Before Interest And Tax / Total Assets.

X4: Book Value of Equity / Book Value of Debt.

The criteria for assessing bankruptcy can be seen when companies are grouped in one of the following areas:

Z-Score < 1.10 means the company is in the area/condition bankrupt (bankrupt area)

Z-Score 1.10 - 2.60 means the company is in the area/condition gray (gray areas).

Z-Score > 2.60 means the company is in the area/condition Healthy

3. RESULTS AND DISCUSSION**3.1 Results**

Based on the numbers generated from the calculation of the Z-score, it has increased in 2017 to 2020 and has decreased in 2021. For more details, the following table presents the results of calculating the Z-score ratio where it is obtained.

Table 9. Z-score ratio results for PT. Gowa Makassar Tourism Development TBK. 2017-2021

| Year | Ratio | | | | Z-Scores |
|------|-------|-------|--------|-------|----------|
| | X1 | X2 | X3 | X4 | |
| 2017 | 0.065 | 0.52 | 0.06 | 1,917 | 4,537 |
| 2018 | 0.103 | 0.564 | 0.057 | 3,116 | 6,17 |
| 2019 | 0.16 | 0.571 | 0.039 | 3,893 | 7,261 |
| 2020 | 0.133 | 0.534 | 0.022 | 4,529 | 7,516 |
| 2021 | 0.189 | 0.466 | -0.003 | 3,292 | 6,196 |

Source: Processed data

Through the results of the calculation of the Altman Z-score above, it is clear that the financial condition of PT. Gowa Makassar Touristm Development tbk. meet the standards set by Altman. Following are the criteria in question:

- a) value, $Z > 2.60$ so that the criteria for a healthy company (Non-Bankrupt)
- b) value, $1.10 < Z < 2.60$ so that the company's criteria are in the gray area (Grey area), so that it is labeled as a company that is experiencing difficult finances, but it is possible to go bankrupt and be saved, both of which depend on the actions and policies of the company's management being the decision maker.
- c) value, $Z < 1.10$ so that the criteria for a bankrupt company (Bankrupt).

Based on the criteria and calculation of the Z-score results described above, the following table is presented which will show the condition of PT. Gowa Makassar Tourism Development TBK. from 2017 to 2021.

Table 10. Analysis of the results of the Z-score ratio for PT. Gowa Makassar Tourism Development TBK. Year 2017-2021

| Year | Z-Scores | Interpretation |
|---------|----------|--|
| 2017 | 4,537 | The company is in good health or not bankrupt (non-bankrupt) |
| 2018 | 6,17 | The company is in good health or not bankrupt (non-bankrupt) |
| 2019 | 7,261 | The company is in good health or not bankrupt (non-bankrupt) |
| 2020 | 7,516 | The company is in good health or not bankrupt (non-bankrupt) |
| 2021 | 6,196 | The company is in good health or not bankrupt (non-bankrupt) |
| Average | 6,336 | The company is in good health or not bankrupt (non-bankrupt) |

Source: Processed data. 2023

The results of the modified Z-score analysis of PT. Gowa Makassar Tourism Development TBK. with the Z-Score value from 2017-2021 being with a Z interval value > 2.60 , meaning that it is in a healthy condition or not bankrupt (Non-Bankrupt).

3.2 Discussions

Through the addition of the modified Altman Z-score model of PT. Gowa Makassar Tourism Development TBK. assess the level of bankruptcy of the company. 2017 to 2021 states if the company is in good health or not bankrupt (Non-Bankrupt). Where this condition is due to total assets which are increasing every year even though in 2020 there has been a slight decrease but in 2021 total assets have increased again, namely increasing income from sales, and increasing cash and cash equivalents. especially from 2017 to 2020 the company's total debt tends to decrease and the share price per share of the company increases every year. Based on the findings of the Z-score calculation analysis, PT. Gowa Makassar Tourism Development TBK has no indication that the company will show bankruptcy if it is associated with signals of potential bankrupt companies. So that the company can be categorized as being in a healthy condition or not bankrupt (Non-Bankrupt). But when viewed from the financial work of PT. Gowa Makassar Tourism Development TBK. Having performance which is decreasing, if left unchecked can cause financial distress and if not evaluated it can lead to bankruptcy.

Based on table 9 above, the lowest Z-score value was in 2017, this is still in good health. This condition was due to the high current liabilities in 2017 resulting in low net working capital owned by the company, which resulted in retained earnings of 0.52 or 52%

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of total net assets due to poor revenue generation. The net profit earned was Rp. 68.23 billion. This means that the book value of capital of IDR 68.23 billion can be guaranteed for every IDR 1 of debt. The low EBIT obtained due to the increase in operating expenses from the previous year could be affected by this.

The decrease in EBIT was due to the decrease in operating profit owned by the company, even from 2019 to 2021 PT. Gowa Makassar Tourism Development TBK. loss. As the EBIT decreases to the company's total assets, it results in a decrease in operating profit and even a negative profit (loss). This is because the total assets owned by the company cannot generate the maximum operating profit from its operational activities.

The highest Z-score is in 2020, the company is in good health or not bankrupt (Non-Bankrupt). Where the company's total current assets increased significantly in the early year Rp. 459.25 billion to Rp. 466.61 billion. In addition, the company's debt/liabilities decreased from 2017 to 2020, namely IDR 538.87 to IDR 402.38 billion, and this was due to the price per share which saw substantial growth between 2017 and 2020, namely IDR 10,175 to IDR 17,950 or experienced an increase of 76.4%. Even though in 2020 the company suffered a sizable loss, due to the high retained earnings in the previous year, namely in 2019, it was able to cover the company's losses so that the profit reserves retained by the company in 2020 amounted to IDR 527.44 billion.

The balance of retained earnings as a percentage of total assets fluctuated, increasing from IDR 646.64 billion in 2017 to IDR 706.55 billion in 2018, this increase was due to an increase in company sales to IDR 253.81 billion in 2018. The company experienced strong sales growth generated a net profit of IDR 61.44 billion and was followed by an increase in the company's total assets.

4. CONCLUSION

In accordance with the results of data analysis and discussion carried out in chapter IV on the financial statements of PT. Gowa Makassar Tourism Development TBK. During 2017 to 2021, the researchers concluded that:

1. PT. Gowa Makassar Tourism Development TBK. Has a Z-score value above the interval range category > 2.60 , from 2017 to 2021, meaning that the company is in a healthy condition/area and has no potential for bankruptcy, but the company's financial performance is in a bad condition seen from the total profit which tends to decreased even negative value.
2. PT. Gowa Makassar Tourism Development TBK. shows the level of profit acquisition is not good and even has a negative profit (loss). This can be seen from the calculation of X3, namely EBIT to total assets, the cause of this is due to an increase in operating/operating expenses and a decrease in total revenue which results in the company being unable to bear its operating expenses.

3. Seen from table 8. The results of the Z-score ratio of PT. Gowa Makassar Tourism Development TBK. where the X1 ratio tends to decrease in 2019-2020, due to the use of current liabilities which tends to increase. In X2 owned in 2019-2021 it tends to decrease due to the company's low retained earnings every year. X3 owned tends to decrease and even has a negative value because the company suffers losses, and the total assets owned by the company cannot generate profits in 2019-2021 from its operational activities. X4 owned has decreased in 2021 due to a significant increase in the company's total debt.

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