ABSTRACT

In the past decade, Indonesia's personal care industry has grown, but has been hampered by a prolonged trade deficit that threatens foreign exchange reserves and the rupiah exchange rate. Moreover, global factors, such as rising interest rates, China's economic crisis, the US-China trade war, and the pandemic have triggered a weakening rupiah exchange rate. This has an impact on the body care industry as currency depreciation can increase the price of raw materials and production, thereby reducing the company's revenue.

The purpose of this study is to understand the potential bankruptcy that may occur in body care product industry companies listed on the Indonesia Stock Exchange for the period 2014-2022. In addition, this study also analyzes the level of accuracy of the Zmijewski model in forecasting bankruptcy.

This research uses quantitative methods with a deductive approach. The object of this research uses 4 body care product industry companies listed on the Indonesia Stock Exchange (IDX) for the period 2014-2022. The analysis method used is the Zmijewski Model to analyze the potential bankruptcy of companies in the body care products industry, and checking the accuracy of the Zmijewski model in predicting bankruptcy.

The results showed that 4 companies in the body care products industry were predicted to be healthy. This means that the four companies do not have the potential to experience bankruptcy. In predicting bankruptcy in body care product industry companies, the Zmijewski model has a high accuracy rate of 100%.

Although the results obtained from the four companies are healthy, the company should still avoid relying too much on debt to finance its assets, the company must also ensure that its current assets are sufficient to pay its current liabilities, and have cash reserves to cope with emergency situations. In addition, the company should try to increase its profit margin.

Keywords: *Bankruptcy*; *Zmijewski*; *Accuracy*