ABSTRACT

The competition between industries is getting stronger and requires companies to constantly strengthen management fundamentals so that they will be able to compete with other companies. Inability to anticipate global developments would lead to reduction in volume of business, which in turn resulted in losses for the company. Bankruptcy is a very essential issue which must be aware by the company, the bankruptcy of a company can be assessed and measured through financial statement analysis, by analyzing financial statements, the company management can take immediate action to restructure debt due to the effects of the liquidation of bankruptcy could be detrimental to creditors and investors.

Academic research may provide a model to prevent bankruptcy indispensable in Indonesia, some of the bankruptcy prediction model uses financial data prior to predict financial difficulties. The study compared five models in this research, there are : Altman, Springate, Zmijewski, Zavgren dan Olhson. This study aims to determine the financial distress prediction model with the most suitable in its application to pharmaceutical companies in Indonesia.

Comparisons were made by analyzing the level of accuracy of each model. The samples used were seven pharmaceutical company listed on the Indonesia Stock Exchange 2009-2014. In hypothesis testing using different test engineering analysis tools paired sample t-test, the results show that there are differences between the five models in predicting potential bankruptcy. The most suitable model applied to pharmaceutical companies in Indonesia and has the most appropriate value accuracy is 95% is a model Zmijewski.

***Keywords :** Industry Pharmaceutical, Financial Distress, Predicting potential.*