ABSTRACT

Telecommunications as a means of exchanging information that is getting faster between cities or countries. The development of internet technology makes products among telecommunications companies must be able to compete with other companies' products. Products that are not ready for existing changes will lose competitiveness with other better company products. This condition will have a negative impact on the company by decreasing the profits obtained will worsen the financial condition of the company. Investor confidence began to decline and many financial problems faced by the company. The condition of the company in the matter of financial difficulties can be called financial distress.

Financial distress can be measured by various types of bankruptcy prediction models such as the Altman Z-score model, Springate Score, Zmijewski, Zavgren, Ohlson and others. In this study the authors want to take financial ratios that exist in the Altman Z-score model, Springate Score, Zmijewski, Zavgren and Ohlson. The researcher has 22 financial ratios and will be simplified using principal component analysis (PCA) to find out which model is the most influential in predicting bankruptcy.

The population in this study is a telecommunications company registered on the IDX. The sample selection technique used was purposive sampling and obtained 5 technology companies with the research period in 2013-2017. The method of data analysis in this study is panel data regression analysis using SPSS software.

This study uses the principal component analysis method to determine the most powerful factor in financial distress. The procedure used to determine the number of factors is seen based on eigenvalues. In this approach, only factors with eigenvalues greater than one are retained.

The final results of this study there are two components that are formed for the entire company. If the 15 indicator variables tested become one factor, then these factors can explain the indicator variance of 81.841%. If the 15 indicator variables tested are made into two factors, then these factors can explain the indicator variance of 90.315%.

Keywords: Financial Ratio, Financial Distress, Principal Component Analysis.