ABSTRACT

Modern developments have driven the emergence of many new companies listed on the Indonesia Stock Exchange, requiring businesses to maintain their sustainability. One important sector is Fast Moving Consumer Goods (FMCG), which plays a vital role in meeting people's basic needs. FMCG companies remain vulnerable to the risk of financial distress, which can be detected through financial reports, especially the Earnings per Share (EPS) indicator. Financial distress is a condition in which a company experiences losses and can be predicted through financial analysis. This study uses data from FMCG companies from 1999 to 2023, with 50 censored companies and 32 uncensored companies. This study aims to analyze factors such as solvency ratio, liquidity ratio, revenue value, profitability ratio, firm size, and activity ratio. These variables will be tested for their impact on financial distress using two survival analysis approaches, namely the Weibull Proportional Hazards Model and the Cox Proportional Hazards Regression with the Efron method. The analysis results show that the Cox model with the Efron approach is more suitable for the data, as it has lower AIC value of 187.308 compared to the Weibull Cox Proportional Hazard model, which is 269.0517. Three variables were found to significantly influence the timing of financial distress based on the Cox model: liquidity ratio, revenue value, and activity ratio. Model interpretation indicates that increases in liquidity ratio, revenue, and activity ratio can reduce the risk of financial distress by 30.77%, 3.20%, and 60.96%, respectively.

Keywords: Financial Distress, Weibull Proportional Hazard, Cox Proportional Hazard, Efron Approximation