

Analysis Of Financial Distress With The Altman Z-Score Method In Food Franchise Companies

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ABSTRACT

The Covid-19 pandemic that occurred in Indonesia required the government to take steps by imposing policies during the pandemic. Applicable policies such as the enactment of the large-scale social restriction policy (PSBB), the imposition of restrictions in community activities (PPKM). This gave rise to a phenomenon during the pandemic that occurred in companies, especially food franchises. Phenomenon that occur such as the closing of food outlets in transit areas, shopping centers, and there are even companies that take to the streets to sell their products at relatively affordable prices. As a result of this phenomenon, there are many issues circulating that food franchise companies are experiencing financial distress. This study aims to determine whether a food franchise company is experiencing financial distress by analyzing it using the Altman Z-score method. This study uses a descriptive quantitative approach, the samples used are 3 food franchise companies. Data collection techniques using literature and documentation. The analysis technique was carried out using the Altman Z-score method. The calculation result of the Z score using the Altman method state that food franchise companies are in a state of distress and declining income. The result of this study state that food franchise companies are experiencing financial distress and there is a risk of bankruptcy. This research is also a warning for companies in improving financial performance in the future, so that bankruptcy does not occur.

Keywords: Financial Distress, Altman Z-Score, Franchise, Covid-19, Pandemic

INTRODUCTION

Coronavirus disease 2019 or covid-19 is a virus that was reported from Wuhan, China. The Covid-19 phenomenon which limits social interaction has had an impact on global activities (Aji,2022). The Covid-19 pandemic has hit the economic sector and influencing the rate of increase in poverty and underdeveloped development, problems global facing every country, especially developing countries like Indonesia (Aji,2022). COVID-19 has exposed a huge gap between the rich and the rich poor in the world (Boro,2023). The first case of the spread of Covid-19 in Indonesia was on March 2022. Covid-19 became a pandemic that spread throughout the world and changed the landscape social, economic and educational in various countries, including Indonesia (Hafni,2022). Samsudin (2022) In 2020, the Indonesian economy experienced a growth contraction of 2.07 percent compared to 2019. In response to this, the Indonesian government began enforcing policies including Social Distancing, Physical Distancing, Large-scale social restrictions (PSBB), enforcement of restrictions on community activities (PPKM). The occurrence of a pandemic in Indonesia requires the government to implement policies in an effort to prevent transmission by imposing PSBB (Widowati & Nugroho, 2022).

The limited mobility of the people due to the covid-19 pandemic and the closure of recreational and entertainment venues has had a sizable economic impact on the hotel, restaurant and tourism sector (Usmany & Loupatty, 2021). Large-scale social restrictions (PSBB) are said to have made people more active at home and the occupancy rates of hotel and restaurant rooms have dropped dramatically as a result of this (Lewaru & Loupatty, 2021). The Covid-19 pandemic

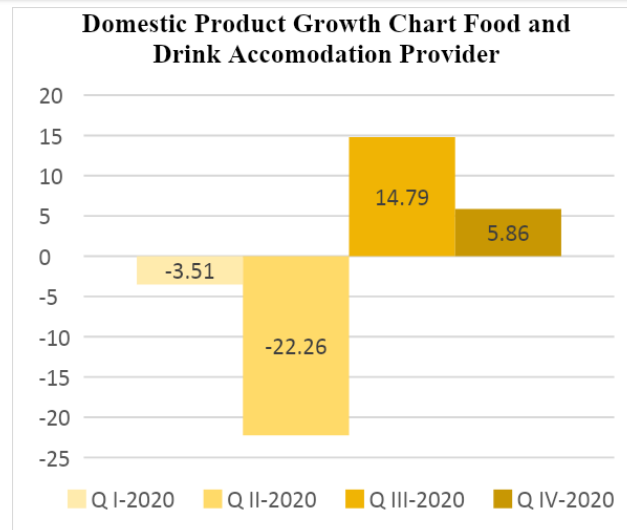
has had an impact on reducing community activities outside the home (Safitri, 2022).

Globalization has become a topic of discussion in international economics (Hasibuan,2019). The very rapid development of the business world, followed by technological developments, has brought business into the modern era (HS Supyati,2022). According to (Retnaningdiah et al.,2023) most MSMEs in their activities only think about how to get big profits without paying attention to the negative impacts that exist. The existence of a global market has become something that cannot be avoided and must be faced by Indonesian entrepreneurs (Anita,2019). (Retnaningdiah et al., 2020) Strengthening the competitiveness of SMEs is a key factor in the success of SMEs in facing the challenges of the ASEAN Economic Community. Saputri and Nugroho (2022) Increasingly tight competition encourages every company to maintain its existence and continue to improve its company performance or even further develop for the purpose of company prosperity.

Globalization can no longer be avoided and must be faced by Indonesian entrepreneurs, especially SMEs (Small and Medium Enterprises) (Nugroho,2019). According to research conducted by Retnaningdiah et al., 2020 there are 52.2 MSME units spread throughout Indonesia. Micro, Small and Medium Enterprises (MSME) activities are one of the business fields that can develop and be consistent in the national economy (Fathah,2020). Small and Medium Enterprises (UKM) needs a precise and systematic method that can be used to be able to enter and survive in the global market (Anita,2020). Traditionally, SMEs have several

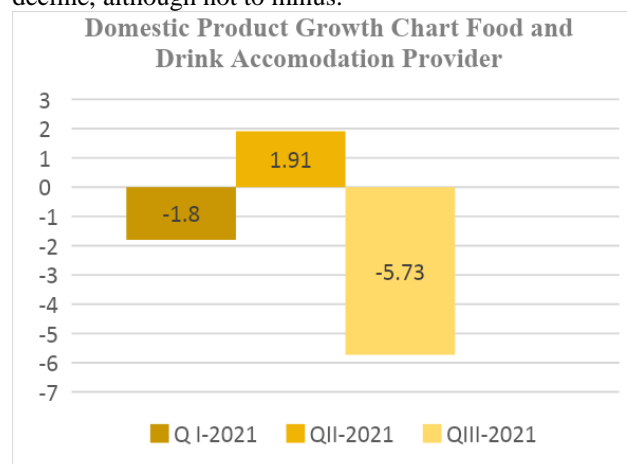
advantages such as flexibility in adapting to change (Diharto,2018). SMEs tend to be more innovative and resilient because they are learning-oriented. MSMEs have long been understood to have a significant role in a country's economic development (Ariadin,2021). It is believed that the development of MSMEs can accelerate the achievement of broader economic and socio-economic goals, including poverty alleviation in developing countries (Hidayat,2023). Wulandari et al.,2019, SMEs that successfully enter the global market will gain huge profits large, especially from currency exchange differences. Business company in operation aims to make a profit (Fatma,2021). Based on the data center of the Ministry of Cooperatives and SMEs, since the Covid19 pandemic there has been a decline in sales of MSME products by 57% (www.merdeka.com). However, MSMEs are still an alternative driver of the people's economy (Suyatno,2022). Not only that, according to Wulandari et al., 2021, in adapting to the global market, a Global Value Chain strategy is needed to face competition.

The implementation of the PSBB has an impact on various sectors, one of which is the hotel, restaurant and tourism sector. Retnaningdiah (2017) Changes in the complex business environment and competition tend towards freedom without limits, requiring business actors, especially business owners, to make better business plans. (Retnaningdiah et al.,2023)This diversity can have benefits, potential, and big impacts become increasingly massive decision making, creativity, and innovation. Holding entrepreneurship training can motivate you to become one successful entrepreneur (Rahmawati,2020). As quoted from the official news from the central statistics agency Indonesia's economic growth in the first quarter of 2021 stated that the Indonesian economy un the first quarter of 2021 compared to the first quarter of 2020 (yoy) experienced a growth contraction of -0,74 percent (down). Business fields that experienced a relatively deep contraction in growth included accommodation and food and beverage providers. To increase the availability and security of food with nutrition, the government is implementing a food diversification program based on local potential (Suyatno,2019).



Source: Central Bureau of Statistics (BPS 2021)

The growth of the Gross Domestic Product in the accommodation and food and beverage business sector in the percerntages from the frist quarter of 2020 to the fourth quarter of 2020. The diagram for the provision of accommodation and food and drink presents the percentage in quarter I-2020 of -3,51 percent, in quarter II-2020 it decreased to -22,26 percent and increased in quarter III-2020 to 14,79 percent. Furthermore, in quarter IV-2020 it experienced an increase of 5,86 percent. The percentages above show that the provision of accommodation and food and drink in 2020 has decreased in the quarter I and quarter II. But the quarter III it experienced a relatively small increase, while in the quarter IV it gains experienced a decline, although not to minus.



Source: Central Bureau of Statistics (BPS 2021)

The growth of the gross domestic product in the business sector providing food and drink accommodation in the percentage of the first quarter of 2021 to the trird quarter of 2021. In the diagram for the provision of accommodation and food and drink, the percentage in the first quarter of 2021 has decreased by -1,8 percent. Whereas in quarter II-2021 it increased to 1,91 percent. Furthermore, in quarter III-2021 it decreased by -5,73 percent.

The restaurant is one of the places to provide food and drink with the concept of the fast food. Consumers can immediately enjoy eating and drinking. Of course, food and drinks served in restaurants have different prices. According to (Anggita Safitri et al., 2020) price is something random and occurs naturally without there is an act of speculation. This will of course increase consumer interest, according to Yuniarti et al., 2022, interest is a motivation that encourages someone to relate to a particular object, whether in the form of work, lessons, objects, or people. To make it happen, costs are required. According to (Alfatica et al., 2022) Costs are economic resources sacrificed to obtain goods or services that are expected to provide benefits now or in the future which will come. according to (Safitri et al., 2020) Costs in providing food can be categorized into three things namely grocery costs (food costs), costs labor and other costs (overhead). on the spot with various menus provided. Consumers can immediately enjoy eating and drinking on the spot with various menus provided.

This can provide satisfaction to consumers. Safitri (2023) Consumer satisfaction is when comparing the results (performance) they feel with their expectations, consumer complaints represent the personal level. In the economy, the government level, such as BUMDes management, also provides facilities food court to provide a community forum in providing opportunities to reach out wider consumer. However, during the pandemic, restaurant operations were also affected because restaurants relied on interaction between people. Weakening public consumption will have a significant impact on the sustainability of the restaurant industry (Kurniawati & Puspasari, 2021). The phenomena in this study were obtained from 3 events during the covid-19 pandemic that occurred in Indonesia. the three companies use American brands by franchising. Franchise is a derivative business from a pre-existing business (Tandiono & Sahetapy, 2020).

Pizza Hut is a restaurant chain and international franchise from the United States. The phenomenon of Pizza Hut during the pandemic was selling on the roadside that were quite affordable. This phenomenon raises questions and suspicions from the public why Pizza Hut is doing marketing by taking to the streets.

PT. Fast Food Indonesia, Tbk., was founded by the Galael family in 1978, as the sole franchisee for the KFC brand in Indonesia. These activities focus on increasing the efficiency of financial supervision, including closing outlets with very low sales, such as in malls and airports.

PT. Cipta Selera Murni, Tbk., the company is currently one of the holders of the Texas Chicken franchise rights in Indonesia (ciptaseleramurni.co.id). The Texas Chicken fast food restaurant in the company's annual report has experienced a decrease in revenue due to the reduced impact of the covid-19 pandemic caused by the closure of 8 outlets.

In mid-2021 the policy in imposing restrictions on community activities (PPKM) began to be implemented where assumptions emerged whether the company's financial performance was decreasing or the company was still able to survive during the covid-19 pandemic, where the company had the potential to experience financial distress. Apart from the policy of implementing restrictions on community activities, a good indicator to use is the Composite Stock Price Index (IHSG) indicator. According to (Muhlis & Nugroho, 2022) IHSG is an index that shows the performance of all shares listed on the Indonesian Stock Exchange. so there is a need for optimal resource utilization. According to (Safitri et al., 2023) , resources are divided into 2, namely material and non-material resources. non-material resources in the form of human resources owned by the organization (Safitri et al., 2023)

Due to the phenomenon that occurred during the covid-19 pandemic in Indonesia, especially those experienced by the restaurant sector, this research was conducted to analyze the financial distress experienced by food franchise companies for the period 2020-2022 with quarterly financial report data. This research is entitled **"Analysis of financial distress using the altman z-score method in food franchise companies."**

LITERATURE REVIEW

1. Financial Statements

Are reports that show the company's financial condition at this time or in a certain period. Financial statements are the result of an accounting process that is used as an information tool to determine the condition of a company's financial health and company performance. (Pahlevi et al., 2022) Business strategy and entrepreneurial mindset is considered capable.

improve the performance of a company. The purpose of financial reports in general is to provide information related to a company's finances, at a certain time or for a certain period.

According to (Affandi & Meutia, 2021) financial reports are a process of dissecting financial statements that have been reported by a company into units of information and analyzed with the aim of obtaining a more precise understanding of financial reports that can be used by management in making decisions (Aji, 2022). (Rahmawati et al., 2022) Good management can be created from the application of management functions, namely planning, organizing, leading and controlling, which are applied to every organizational activity. It's important to deal with adversity economy with economic management good family and looking for business other alternatives that can add family financial income (Safitri, 2020). The preparation of financial reports is adjusted to the conditions of the company and the needs of the company, if you want to know the company's current financial position, you can see it after analyzing the financial statements. Financial reports are important to provide information in making decisions, both for potential investors or investors, creditors, company

management, to stakeholders (Al Idrus & Safitri, 2021). Apart from that, financial reports are also a form of accountability. safitri and rigel 2018, Forms of accountability differ from one another depending on the type of organization in question. According to Nugroho (2020) Rational investors will choose this efficient portfolio because it is a portfolio formed by optimizing one aspect, namely return expectations or portfolio risk.

2. Financial Statement Analysis

According to (Kasmir, 2021) an analysis of financial statements will show the actual financial condition of the company. The financial condition referred to is the amount of assets, liabilities, and equity. So that it can be seen how the results of operations (profit or loss) are obtained during a certain period financial report analysis method there are 2 types of financial statement analysis methods commonly used, namely (Kasmir, 2021):

- Vertical (Static) Analysis, is an analysis performed on only one period of financial statements.
- Horizontal Analysis (Dynamic) an analysis carried out by comparing the financial reports for several periods.

3. Financial Distress

Financial distress is a situation where a company experiences financial problems in fulfilling its obligations. One indication that a company will face financial distress can be seen from its financial performance in financial reports (Yunas & Bawono, 2022). Then according to (Hamitaputri, 2022) financial distress is a prerequisite for the bankruptcy of a company, marked by the emergence of consecutive negative returns borne by the company. As a result, the company does not have sufficient financial resources to meet its obligations.

According to Damodaran in (Usmany & Loupatty, 2021) states that the factors that cause financial distress are caused by factors from companies that are micro internally and externally, namely:

1. Internal factors

- Cash flow difficulties occurs when a company's operating profit is insufficient to cover operating costs. In addition, cash flow difficulties can be caused by management errors when managing cash flow to pay for company activities.
- The amount of debt. Debt that occurs continuously without the ability to repay it will cause the company to be in a critical condition. The large amount of high debt will make financial performance unhealthy and worse.
- Losses in the company's operational activities for several years. Losses incurred will result in negative cash flow.

2. Eksternal factors

- Government policies in taxation and loan interest rate policies that can add to the company's burden.

- Changes in the world economy resulting in a global economic crisis.

How to predict financial distress several ways to predict financial distress (Dwijayabti in Rahma, 2022), namely;

- Predictions with the company's corporate governance financial distress can be predicted through evaluation of corporate governance.
- Predictions with macroeconomic conditions financial distress conditions can be predicted through and evaluation of the macroeconomic conditions that exist in a country. If macroeconomic conditions in a country worsen, it is likely that the company will experience financial distress because it is influenced by several factors, namely; inflation fluctuations resulting in price volatility of raw materials/sales, employee wage rates and low interest rates.
- Cash flow analysis a company's cash flow statement contains financial components from year to year.
- Analysis of financial ratios this analysis is the method most often used in predicting financial distress and produces a lot of research using various prediction methods composed of various financial ratios. Financial ratios are an activity of comparing existing numbers financial reports by dividing one number by another number (Fitri,2022). The method is the Altman Method (1968), Springate Method (1978), Ohlson Method (1980), Zavgren Method (1983) and Zmijewski Method (1984).

4. Altman Z-Score

The bankruptcy prediction method was developed by Edward Altman. The Altman Z-Score method was first developed by Altman by applying Multiple Discriminant Analysis (MDA) in 1968 (Nugroho et al., 2022). The model using MDA is to combine several financial ratios into one prediction method (Rahma, 2022).

The model using MDA is to combine several financial ratios into one prediction method (Rahma, 2022). Financial ratios can be used to measure how well a company is performing (Sari & Retnaningdiah, 2021) and financial ratios are a tool for analyzing financial performance (Rahmawati & Kiswara, 2022). The result of financial ratios will show the health condition of a company (Mujizat & Retnaningdiah, 2022). Suyatno 2022, in an organization, a strong and positive culture is needed..So, by developing organizational culture and strengthening work involvement, individual performance will also increase (Samsudin et al.,2020). There are several different roles and contributions that each business sector has, according to Sugiyo et al., 2022, social networks must be able to provide important support and coordination for each sector, especially in changing individual behavior.

Edward Altman was one of the early researchers who conducted research on the phenomenon of bankruptcy. The research carried out obtained a formula known as the Z-score (Usmany & Loupatty, 2021). The formula for calculating the Altman Z-score is as follows (Lewaru & Loupatty, 2021):

$$Z'' = 6,56 X1 + 3,26 X2 + 6,72 X3 + 1,05 X4$$

In research (Kurniasih et al., 2020) there are four ratios in the modified Altman Z-score method used to measure the financial condition of companies that are performing well or are at risk of failure.

- Ratio of Working Capital to Total Assets (X1) The X1 ratio measures the company's liquidity to see the company's ability to meet its short-term obligations by comparing working capital to total assets owned.
- Ratio of Retained Earnings to Total Assets (X2) The X2 ratio measures a company's ability to generate retained earnings from the use of total assets. Retained earnings are the remaining net profit that has been deducted from dividends.
- Earnings before interest and tax to Total Assets (X3) The X3 ratio is used to measure the productivity of the use of company assets, or the profit generated from the use of company sets by comparing the company's earnings before interest and taxes (EBIT) to total assets.
- Ratio of Book Value of equity to Book Value of Liabilities (X4) The X4 ratio is an operating ratio that measures a company's ability to cover its obligations with its own funds, by comparing the book value of its equity with the carrying amount of its debt.

5. Franchise

According to the Black Law Dictionary in (Trisna, 2018) franchise is defined as a license or permit from the owner of a brand or trade name to another party to sell products or services under his brand or trade name. meanwhile, according to (Tandiono & Sahetapy, 2020) Franchise is a derivative business from an existing business form. The classification of franchises according to the East Asian Executive Report in 1983 in (Trisna, 2018) Classifies franchises into 3 types, namely as follows:

- Product franchise, the franchisee only acts to distribute products from their partners with area restrictions such as shell fuel retailers.
- Processing franchise or manufacturing franchise, the franchisor only plays the role of providing knowledge or recipes from a production process such as coca-cola and fanta drinks
- Business format/ franchise system, the franchisor already has a unique way of pesenting products in one package, to consumers such as Dunkin Donuts, KFC, Pizza hut and others.

METHOD

In this study, researchers used a type of quantitative research. Safitri (2018) Quantitative research is systematic scientific research on parts and phenomena and their relationships. This study uses a descriptive approach that aims to describe a situation or object concern in systematic research activities or This research method was a descriptive survey (Muftililah,2023). Method Descriptive can be interpreted as a procedure for solving the problem being investigated by describing the state of the research object (person, institution, society) at the present time based on facts that appear or are as they are (Hafni,2020). Data validation is important to measure the extent to which the data obtained can be trusted (Rasyid,2022). The variable in this study is only one (independent), namely financial distress or financail difficulties. To test the financial distress, the researchers used the altman z-score method.

The pupulation in this tudy is the hotel, restaurant and tourism sector companies. This study usess a purposive sampling technique, namely samples taken based on certain considerations (Wahyuni, 2020). The sample criteria for this study are:

- Companies that are included in food providers or fast food restaurant.
- Companies that do food franchises and are listed on the Indonesia Stock Exchange (IDX).
- Companies that publish financial reports during the pandemic or starting in 2020-2022.
- Companies that have quarterly financial reports in 2020-2022.

Table 1 Selection Of Research Samples

Information	Amount
Hotel, restaurant and tourism sector companies listed on the Indonesia Stock Exchange (IDX)	46
Restaurant sub-sector companies listed on the Indonesia Stock Exchange (IDX)	8
Food frnachise company	3
The number of companies that became the research sample	3

Table 2. Research sample

No	Code	Company name
1.	PZZA	PT. Sarimelati Kencana, Tbk
2.	FAST	PT. Fast Food Indonesia, Tbk
3.	CSMI	PT. Cipta Selera Murni, Tbk

The data source in this study uses secondary data in the form of quarterly financial reports of companies that carry out food franchises listed on the Indonesia Stock Exchange (IDX) in 2020-2022 which are accessed through the website www.idnfinancials.com, www.idx.co.id, and annual report of each food franchise company. The data collection technique in this research is library research and documentation.

In this study, the altman z-score method can be used to find out the value of the z-score. Where the final result of the z-score value can be classified according to the altman z-score method. The steps taken in this research are as follows:

1. Indification of the research sample, namely food franchise companies listed on the Indonesia Stock Exchange (IDX).
2. Calculating the ratio in the Modified Altman Z-score method.
 - Calculating Working Capital to Total Assets
 - Calculating Retained Earnings against Total Assets
 - Calculating Earnings Before Interest and Taxes (EBIT) to Total Assets
 - Calculating the Book Value of Equity against the Book Value of Total Debt

Calculate the formula used in the Modified Altman Z-Score method. The formula for calculating the Altman Z-score is as follows (Lewaru & Loupatty, 2021):

$$Z'' = 6,56 X1 + 3,26 X2 + 6,72 X3 + 1,05 X4$$

Information :

X1 = Working capital / total assets

X2 = Retained earnings / total assets

X3 = Earnings before interest and taxes / total assets

X4 = Book value of equity / book value of liabilities

Classification of the result of the analysis using the Z-score, namely:

Table 3. Altman Z-score Cut-Off Value

Z-Score Value	Caterory	Description
$Z'' < 1,10$	Distress	that the company is experiencing serious financial difficulties and is predicted to go bankrupt.
$1,10 < Z'' < 2,60$	Grey Zone	that the company is experiencing some financial problems.
$Z'' > 2,60$	Safe Zone	that the company is in good health and is unlikely to go bankrupt

RESULT AND DISCUSSION

The results of this study use a modified Altman Z-score. By using the WC/TA, RE/TA, EBIT/TA and BVE/BVTL ratios, the following are the results of the prediction of financial istress in food franchise companies listed on the Indonesia Stock Exchange.

Table 4. Z score result of PT. Sarimelati Kencana, Tbk

Quarter	X1	X2	X3	X4	Z
2020					

I	-0,181	0,642	0,040	1,388	1,889
II	-0,216	0,524	0,076	1,189	1,573
III	-0,272	0,523	0,039	1,272	1,562
IV	-0,238	0,403	-0,184	1,117	1,098
2021					
I	-0,193	0,431	0,079	1,289	1,606
II	-0,279	0,379	0,186	1,238	1,524
III	-0,343	0,343	0,141	1,145	1,286
IV	-0,097	0,398	0,247	1,165	1,714
2022					
I	-0,376	0,397	0,034	1,138	1,193
II	-0,593	0,284	0,032	0,932	0,655
III	-0,604	0,236	-0,032	0,839	0,439

The results of calculations that have been carried out in accordance with Altman's formulation to find the Z-score of PT Sarimelati Kencana, Tbk,. obtained a Z-score value in 2020, quarter I of 1.889, quarter II of 1.573, quarter III of 1.562 and quarter IV of 1.098. In 2021, quarter I of 1.606, quarter II of 1.524, quarter III of 1.286 and quarter IV of 1.714. Meanwhile, in 2022 quarter I 1.193, quarter II 0.655 and quarter III of 0.439. Furthermore, the Z-score is interpreted in accordance with the existing Z-score value. The following is the interpretation of the Z-score of PT Sarimelati Kencana, Tbk.

Interpretation Z score PT. Sarimelati Kencana, Tbk

The following is a Z-score interpretation that can show the condition of the company based on the modified Altman Z-score.

Quarter	Z-score	Cut off	Description
2020			
I	1,889	$1,10 < Z < 2,60$	Grey Zone
II	1,573	$1,10 < Z < 2,60$	Grey Zone
III	1,562	$1,10 < Z < 2,60$	Grey Zone
IV	1,098	$Z < 1,10$	Distress
2021			
I	1,606	$1,10 < Z < 2,60$	Grey Zone
II	1,524	$1,10 < Z < 2,60$	Grey Zone
III	1,286	$1,10 < Z < 2,60$	Grey Zone
IV	1,714	$1,10 < Z < 2,60$	Grey Zone
2022			
I	1,193	$1,10 < Z < 2,60$	Grey Zone
II	0,655	$Z < 1,10$	Distress
III	0,439	$Z < 1,10$	Distress

So it can be interpreted from the results of the z score above, that if the company is in a gray zone condition, it means that the company tends to experience few financial problems, while if the company is in distress, it means that the company is experiencing serious financial difficulties and has the potential to go bankrupt.

Table 5. Z score result PT. Fast Food Indonesia, Tbk

Quarter	X1	X2	X3	X4	Z
2020					

I	0,726	1,324	0,013	0,913	2,976
II	1,664	1,159	-0,346	0,742	3,219
III	0,328	1,076	-0,689	0,674	1,381
IV	0,146	0,904	0,807	0,528	2,384
2021					
I	0,075	0,910	-0,140	0,541	1,385
II	0,019	0,917	-0,147	0,550	1,338
III	-0,157	0,768	-0,426	0,441	0,626
IV	-0,337	0,647	0,641	0,366	1,317
2022					
I	-0,350	0,654	-0,026	0,372	0,650
II	-0,150	0,702	-0,124	0,399	1,074
III	-0,508	0,837	-0,039	0,488	0,856

The results of the calculations that have been carried out in accordance with Altman's formulation to find the Z-score of PT Fast Food Indonesia, Tbk., obtained a Z-score value in 2020, quarter I of 2.976, quarter II of 3.219, quarter III of 1.381 and quarter IV of 2.384. In 2021, quarter I of 1.385, quarter II of 1.338, quarter III of 0.626 and quarter IV of 1.317. Meanwhile, in 2022 the first quarter was 0.650, the second quarter was 1.074 and the third quarter was 0.856. Furthermore, the Z-score is interpreted in accordance with the existing Z-score value. The following is the interpretation of the Z-score of PT Fast Food Indonesia, Tbk.

Interpretation Z score PT. Fast Food Indonesia, Tbk

The following is a Z-score interpretation that can show the condition of the company based on the modified Altman Z-score.

Quarter	Z-score	Cut off	Discription
2020			
I	2,976	$Z > 2,60$	SafeZone
II	3,219	$Z > 2,60$	Safe Zone
III	1,381	$1,10 < Z < 2,60$	Grey Zone
IV	2,384	$1,10 < Z < 2,60$	Grey Zone
2021			
I	1,385	$1,10 < Z < 2,60$	Grey Zone
II	1,338	$1,10 < Z < 2,60$	Grey Zone
III	0,626	$Z < 1,10$	Distress
IV	1,317	$1,10 < Z < 2,60$	Grey Zone
2022			
I	0,650	$Z < 1,10$	Distress
II	1,074	$Z < 1,10$	Distress
III	0,856	$Z < 1,10$	Distress

So it can be interpreted from the results of the z score above, that if the company is in a safe zone, it means that the company's finances are said to be safe and there is little chance of bankruptcy. while the gray zone means that the company tends to experience a few financial problems, and if the company is in distress, it means that the company is experiencing serious financial difficulties and has the potential to go bankrupt.

Table 6. Z score result PT. Cipta Selera Murni, Tbk

Quarter	X1	X2	X3	X4	Z
2020					
I	-2,482	0,023	-0,391	0,243	-2,607
II	-1,576	0,021	-0,780	0,489	-1,847
III	-1,730	0,022	-1,165	0,402	-2,471
IV	-2,084	0,019	-1,565	0,345	-3,285
2021					
I	-2,581	0,020	-0,327	0,265	-2,623
II	-2,625	0,020	-0,483	0,208	-2,881
III	-3,000	0,021	-0,958	0,119	-3,818
IV	-2,848	0,015	-1,177	0,253	-3,757
2022					
I	-3,131	0,016	-0,258	0,210	-3,163
II	-3,312	-0,016	-0,191	0,219	-3,301
III	-3,613	0,018	-0,432	0,186	-3,841

The results of the calculations that have been carried out in accordance with Altman's formulation to find the Z-score of PT Cipta Selera Murni, Tbk., obtained a Z-score value in 2020, quarter I of -2.607, quarter II of -1.847, quarter III of -2.471 and quarter IV of -3.285. In 2021, quarter I of -2.623, quarter II of -2.881, quarter III of -3.818 and quarter IV of -3.757. Meanwhile, in 2022 quarter I of -3.163, quarter II of -3.268 and quarter III of -3.841. Furthermore, the Z-score is interpreted in accordance with the existing Z-score value. The following is the interpretation of the Z-score of PT Cipta Selera Murni, Tbk.

Interpretation Z score PT. Cipta Selera Murni, Tbk

The following is a Z-score interpretation that can show the condition of the company based on the modified Altman Z-score.

Quarter	Z-score	Cut off	Description
2020			
I	-2,607	$Z < 1,10$	Distress
II	-1,847	$Z < 1,10$	Distress
III	-2,471	$Z < 1,10$	Distress
IV	-3,285	$Z < 1,10$	Distress
2021			
I	-2,623	$Z < 1,10$	Distress
II	-2,881	$Z < 1,10$	Distress
III	-3,818	$Z < 1,10$	Distress
IV	-3,757	$Z < 1,10$	Distress
2022			
I	-3,163	$Z < 1,10$	Distress
II	-3,268	$Z < 1,10$	Distress
III	-3,841	$Z < 1,10$	Distress

So it can be interpreted from the results of the z score above, that the company is in distress, meaning that the company is experiencing serious financial difficulties and has the potential to go bankrupt.

CONCLUSION AND RECOMMENDATION

Based on the results of the calculation of the Z score with the Altman method and the results of the research discussion, it is concluded that: "food franchise companies are in financial distress and experiencing a decline in revenue. This research is also a warning for companies in improving financial performance in the future, so that bankruptcy does not occur".

RECOMMENDATION

Based on the data results from research that has been conducted on food franchise companies, suggestions that can be proposed in further research, namely:

1. It is expected to add methods or compare methods that can be used to determine financial distress.
2. It is hoped that the population and research samples are not only companies in the restaurant sub-sector, especially food franchises listed on the Indonesia Stock Exchange, but can be expanded using other companies.

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