ABSTRACT

Financial distress is the initial stage of the decline in the company's financial condition prior to bankruptcy or liquidation. Every company has the same possibility to face financial difficulties. This study aims to predict financial distress using the Altman Z-Score and Support Vector Machine in infrastructure, utility, and transportation companies listed on the IDX for the 2017-2020 period.

Z-Score is a model that predicts financial distress using financial ratios developed by Altman. While Support Vector Machine works by maximizing the boundary of the dividing line or hyperplane so that the maximum margin size is obtained. hyperplane margin hyperplane.

The method used in this research is quantitative research. The population in the study was 79 companies in the infrastructure, utility, and transportation sectors from 2017-2020. The research sample used purposive sampling technique and obtained as many as 49 companies. In predicting financial distress , 30 companies use training data to train the Support Vector Machine.

The results show that the Altman Z-Score prediction distress consecutive years with a prediction accuracy of 48% and the Support Vector Machine predicts 13 companies experiencing distress for four consecutive years with an accuracy of 53%. Based on the results of hypothesis testing, it is concluded that there are differences in the prediction results between the Altman model and the SVM model.

Keywords: Financial Distress, Altman Z-Score, Support Vector Machine