Abstract

The purpose of this research was to examines and evidence empirically the effects of liquidity (NWCTA), profitability (RETA, EBITTA) and liability (MVETD) on the probability of company’s bankruptcy. The sample are taken from food and beverage company listed in Jakarta stock exchange (JSE) in the period of 2001 to 2004. The Logistic regressions model is used to estimate the probability of company’s bankruptcy. The result of this study show that factors: liquidity (NWCTA); profitability (RETA, EBITTA) and liability (MVETD) have significant effect to the probability of company’s bankruptcy. Using analysis of logistic regression the research found that probability bank of bankruptcy (dummy variable) is dependent variable and NWCTA, RETA, EBITTA, and MVETD at variable independent.

Keyword: probability companied of failures, liquidity, profitability, liability