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# ANALYSIS OF THE EFFECT OF FIRM SIZE AND EARNINGS PER SHARE ON FINANCIAL DISTRESS DURING THE COVID-19 PANDEMIC IN INDONESIA

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***ABSTRACT***

*The Covid-19 pandemic has had a significant impact on many corporations around the world, including Indonesia, since early 2020. This impact is felt in various sectors, especially the economy, where the decline in public consumption has led to a decline in company sales and revenues. This has resulted in uncertainty and financial difficulties, even bankruptcy. This study aims to analyze the effect of company size and earnings per share (EPS) on financial difficulties in non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2021 period. The method used is the Altman's Z-Score model, which is known to be accurate in predicting financial distress. From 780 listed public companies, after a purposive sampling selection process, 281 companies were obtained as samples. Data analysis using binary logistic regression shows that company size has a significant negative effect on financial distress; the larger the company size, the higher the Altman Z-score value, which means the risk of financial distress is lower. However, EPS does not show a significant effect on financial distress, although higher EPS reflects a lower risk of financial distress, this may be because EPS does not sufficiently describe the company's financial condition as a whole.*

***Keywords:Financial Distress, Firm Size, Earnings Per Share***

## INTRODUCTION

The impact of the Covid-19 pandemic has affected many corporations around the world. The emergence of the Covid-19 virus in Indonesia then spread from early 2020 until now, having a minor impact on all sectors, especially the economy. Based on data from the Central Statistics Agency, Indonesia's economic data decreased by 5.32% year-on-year in 2020 compared to 2019. The decline in public consumption levels caused by the pandemic situation will be followed by a decline in sales and revenue for companies so that companies experience uncertainty, financial difficulties and even bankruptcy. If the company's operational activities stop, then there is no cash to manage. The condition of a company experiencing financial difficulties caused by declining sales is called financial distress. It is a sign of bankruptcy if the company's financial difficulties cause instability in financial management. In order to overcome bankruptcy due to instability in financial management, corporations must develop tactics in managing their finances from operational activities.

In order to analyze the prediction of financial difficulties in a company, one of the parameters is the size of the company (Ananto et al., 2017). Firm size is measured based on the company's total assets. A study by Merlyana (2020) stated that the large assets owned by a company will be attractive to investors because it guarantees higher management of the company's assets and reduces the perception that the corporation will experience a gloomy level of financial difficulties or financial distress.

Not only the financial condition of corporations, the stock market also experienced the effects of the pandemic. Topcu & Gulal (2020) found that the highest impact was on the stock exchanges in emerging markets or stock exchanges in developing countries. Although the negative effects of the pandemic also greatly affected stock prices, these impacts could be controlled again. Topcu & Gulal's (2020) research found that the negative impact that caused the crash in stock prices in March gradually improved. The following is the movement of combined stock prices per sector in Indonesia in 2021.

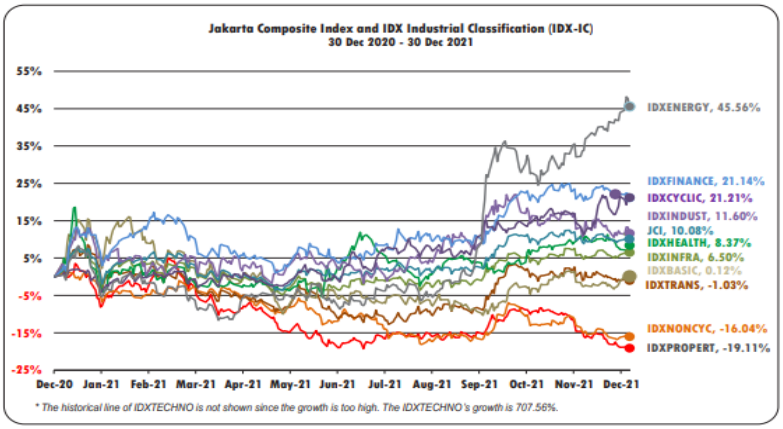


**Figure 1 Composite Stock Price Index Trend by Sector in 2021**

Source: (idx.co.id, 2021)

Figure 1 shows the movement of composite stock prices per sector in Indonesia in 2021, the sectors that experienced a decline were the property sector by -19.11%, the primary consumer goods sector (non-cyclical) by -16.04% and the transportation and logistics sector by -1.03%.

If we compare the stock price index in 2020 with 2021, then the stock price index in 2020 per sector all experienced a decline (except in the Mining sector). The property sector is still the sector most affected by the Covid 19 pandemic.

**Table 1 Corporate Profits in the Transportation and Logistics Sector 2020 – 2021**

| No | Company Code/Name | Name | Current year profit | |
|---|---|---|---|---|
| | | | 2020 | 2021 |
| 1 | ASSA | PT. | 63,896,421,980 | 159,581,031,996 |
| 2 | BIRD | Blue Bird Tbk. | -163,183,000,000 | 8,720,000,000 |
| 3 | BLTA | Berlian Laju Tanker Tbk | -817,144,000,000 | 5,895,387,000,000 |
| 4 | BPTR | PT. | 3,116,278,755 | 11,394,308,741 |
| 5 | GIAA | Garuda Indonesia (Persero) Tbk | -2,476,633,349 | -1,666,607,981 |
| 6 | HELLO | Hasnur International Shipping | 18,626,074,488 | 35,020,639,315 |
| 7 | SMDR | PT. | -2,320,880 | 20,773,701 |
| 8 | TAXI | Express Transindo Utama Tbk. | -53,221,960 | 188,614,656 |
| 9 | TMAS | Temas Tbk. | 52,214,000,000 | 691,627,000,000 |
| 10 | WEH | WEHA Transportation Indonesia | -33,601,480,667 | -9,622,676,055 |

Based on the data above in table 1 shows the Gap Phenomenon that can be seen from the current profit presented in the Financial Report of companies in the Transportation and Logistics sector in 2020-2021, the year when the pandemic hit, many transportation companies recorded a minus. Showing an indication of financial distress from the minus condition in earnings.

Corporations can be classified as experiencing financial distress if the financial condition shows minus figures in operating profit, book value of equity and net profit and then merges (Hsin, 2008). Another indication of financial distress is shown in corporations where their ability to pay short-term obligations to creditors is decreasing or often referred to as a condition of liquidity difficulties (Hanifah 2013).

The state of decline in operational and financial activities in a company shows that there is a strong relationship between financial ratios and financial distress projections because this condition is a reactive cause of financial ratio analysis (Altman, 2000). In analyzing a company's financial ratios, a pattern of interrelationships with each other, a particular account or item contained in the financial report will be formed. This means that the financial ratio shows a picture of the corporation's condition from a comparison of financial position data. The financial position report is then estimated and compared with the standard ratio figures.

Several previous studies still have a Research Gap, Helgawati's (2017) study shows that the scale of corporate size has a positive impact on financial distress. In line with the studies of Dewi and

Novridayani (2019), Ikepsu (2019) and Handriani et al. (2020) in the form of their studies showing that company size has a direct impact on financial distress. However, the conclusions of the studies by Silalahi et al. (2018), Murhadi et al. (2018), Setyowati (2019) and Hafiz et al. (2019) show that firm size testing has a negative impact on financial distress. Compared to studies by Hastuti (2014), and Cinantya et al. (2015) showing that corporate size has no impact on financial distress, this study is also in line with the study by Mahera and Hartono (2022).

The inconsistency of the elements that influence financial distress is shown in the results of previous studies, resulting in differences and giving rise to ambiguity in the study materials and giving rise to problems regarding the relationship between factors that influence financial distress conditions.

The Noveltyof this research is by referring to existing literature,where this study offers an in-depth explanation of the causal factors that influence financial distress. Unlike previous studies that tend to focus on certain sectors, this study involves corporations from all sectors listed on the main board of the Indonesia Stock Exchange in the period 2020 to 2021. By using the Altman's Z-score model, this study aims to provide a comprehensive and holistic analysis of the financial condition of these companies. This approach is expected to provide new insights and broaden the understanding of how various variables, both internal and external, can contribute to the level of financial distress experienced by companies, as well as broader implications for managerial policies and practices in the context of the Indonesian capital market.

## FORMULATION OF THE PROBLEM

The Covid 19 pandemic in 2020-2021 which had an impact on the decline in stock prices in all sectors also affected the financial conditions within the corporation. Corporations that are indicated to be experiencing financial distress have a minus in earnings (Platt & Platt, 2006). Then there are still indications of inconsistent results from previous studies between firm size, earnings per share and financial distress.Based on this background, the problem formulation in this study is:

1. To determine the effect of firm size on financial distress in 2020-2021 in non-financial sector companies listed on the IDX using the Altman method (Z-Score) during the Covid-19 pandemic?
2. To determine the effect of earnings per share on financial distress in 2020-2021 in non-financial sector companies listed on the IDX using the Altman method (Z-Score) during the Covid-19 pandemic?

## LITERATURE REVIEW

### Financial Distress

Fitz Patrick (1932) first developed a bankruptcy prediction model called the unvariant model. It is an extension of the model through parametric statistical techniques. In this method there is only one predictor which compares 13 ratios of corporations from successful and failed companies. Another study was improved by William Beaver (1966). Beaver made observations through 30 financial ratios in 79 companies for five years before the observation company went bankrupt as a sample, and used companies that did not go bankrupt as a control group. One financial ratio out of 30 financial ratios in Breaver's study is considered the best because it can categorize the types of bankrupt and non-bankrupt corporations. However, this model has weaknesses because the use of different variables results in different bankruptcy predictions.

Because financial report analysis is the main thing to support companies in measuring the extent of their condition in this period or the condition of the corporation in the future period, the study of financial report analysis that connects financial ratios in predicting the bankruptcy of a corporation will become more widespread.

*Financial distress*reviewed expensive because it realizes the company's potential to pursue risky things for debt holders and non-financial stakeholders that can hinder credit flexibility and create costs related to stakeholders (Altman, EI, & Sabato, G. 2021). The decline in financial performance before bankruptcy or liquidation occurs, the stage of financial distress begins when the company is unable to pay off its obligations, especially short-term obligations. According to Kumar, S., & Singh, P. (2023) financial distress is a broad scheme that includes conditions when a company is facing financial difficulties. In general, to describe these conditions are insolvency, failure, bankruptcy and default. If shareholders such as creditors know that the company is experiencing a weakening financial condition, the company can lose the trust of shareholders. This triggers shareholders to decide to sell their shares or ask the company to buy back shares from the company. If they are unable to restore their financial condition, this is a sign for the company that bankruptcy can be caused by financial difficulties.

*Financial distress*is a condition when a corporation has the opportunity to go bankrupt due to the corporation's inability to pay all debts and obtain little profit but has an impact on changing

capital so that the company in question needs to be restructured (Feng, W., & Zhang, Y., 2022). A study by Bharath, ST, & Shumway, T. (2022) classifies companies that are experiencing financial difficulties if one of the criteria is met, namely not paying dividends for more than 1 year and for 2 years the corporation generates negative net operating profits.

*Financial distress*useful as a signal for investors in making funding policies. Financial distress as a form of unfavorable conditions for the company where the opportunity for bankruptcy is very important in the company's ideal capital policy (Bharath, ST, & Shumway, T., 2022).

**Firm Size (Company Size)**

Based on Riyanto (2011:313) is the size of the company calculated based on the amount of asset figures, equity figures, and sales figures. Based on the study of Sawir (2015:101) the size of the company is said to be a determinant through the financial structure. Through this explanation, it can be observed that the size of the company is a scale that determines the size of the company that can be observed but on the sales value, equity value, total asset value and total employees.

Based on Dang et al., 2018, company size can be defined as a parameter of the size of a corporation based on various aspects, such as total assets, average total assets, stock market value, profit, number of employees, total sales or total income, average sales and others. Companies easily get loans/credit if the company is in the category of large-sized companies compared to small-sized corporations. Large-scale corporations will provide higher stock returns than small-scale corporations. Therefore, investors are more confident in the projections of large-scale corporations with the hope of also getting big profits.

In this study, company size is formulated as follows (Sugiarto, 2011:145):

$$Ukuran\ Perusahaan(Firm\ Size) = Ln\ Total\ Asset$$

Companies that are getting taller can be classified if they have higher assets (Widayanti & Colline, 2017). Conversely, if the company size is minimal so that it has minimal assets. So companies with high asset ownership can realize optimal profits and can affect the increase in earnings per share (Shinta & Laksito, 2020).

**Earning per Share**

The ratio that can be used to calculate the value of shares is the market ratio or stock ratio. The market ratio is a report that is very useful, because it can guide investors regarding the sustainability of the company in the future. The better the acquisition of the market ratio, the smaller the scale of the corporation is likely to experience financial distress, inversely, the greater the potential for the company to experience financial distress if this ratio is small. In line with Signaling theory, where the formation presented by the corporation to external parties can provide good news or bad news so that the perspective of the company's earnings in the coming period, a picture of the company's financial reliability, an understanding of opportunities and risks in the future.

Darmadji & Fakhruddin (2016:198) defines earning per share (EPS) as one of the types of financial ratios. The portion of profit for each outstanding share is indicated by this ratio. Earnings per share is a form of profit for shareholders on shares owned in one share.

The formula for Earnings per share is:

$$Earnings\ per\ share = \frac{net\ income - preferred\ dividends}{end\ of\ period\ common\ shares}$$

According to Brigham & Houston (2018), the definition of market ratio value is a ratio that links the value of the company's stock price to earnings with the company's book value price. If EPS is continuously positive, it is a manifestation of the company in good growth conditions. If on the contrary, the company has negative EPS, it will result in investors' hesitation to invest their capital in the company. As a result of the lack of investors in investing in the company, it results in a condition of lack of funds, which triggers financial difficulties in the company.

**The Effect of Firm Size on Financial Distress**

The size that reflects the total assets owned by the company is firm size (Astuti & Pamuji, 2015). The perspective of W. P Rahayu & Sopian (2017) regarding the relationship between firm size and financial distress is described in signal theory. Where the size of the firm size shows that the assets owned are getting higher, thus indicating the company's ability to meet its debts in the future so that the company can avoid financial distress.

Assets are chosen to calculate the size of the company because assets are considered the most stable, therefore the size of the assets owned is related to the company's finances. The greater the total assets owned by the company, the less likely the company is to experience financial distress. Companies with large total assets will find it easier to diversify their businesses so that the possibility of experiencing financial distress is small. In addition, with large total assets, it is hoped that the company will be more able to pay off debts and obligations in the future so that the company will avoid financial problems (Putri & Merkusiwati,

2014). Conversely, the smaller the size of the company, the higher the potential for financial distress to be experienced by the company.

The influence of company size on financial distress has been proven by Singh and Rastogi (2022) who showed that firm size testing has a negative impact on financial distress. The greater the company's total assets, the more stable and stronger the company's financial condition will be in facing financial difficulties (Ayu et al., 2017).Based on a review of previous research, the researcher formulated the following hypothesis:

H1: There is a negative influence of Firm Size on Financial Distress

**The Influence of Earnings per Share on Financial Distress**

Market ratio or stock ratio is a ratio used to measure stock value (Darmadji and Fakhruddin, 2001). According to Hanafi (2004) the market ratio measures the market price of a company's shares, relative to its book value. According to Kasmir (2016) the earnings per share ratio is a ratio to measure management's success in achieving profits for shareholders. Profit or earnings are the basis for determining dividend payments and stock price increases in the future.

The viewpoint of this ratio is more based on the decision of potential investors or investors, although management is also interested in this ratio. An investor will decide to buy or maintain the shares owned in the hope of obtaining dividends or capital gains. So that shareholders are more interested in the nominal earnings per share reported by the company. In this study, the market ratio is EPS, because EPS is considered to be able to represent the company's market value. The higher the market ratio, the less likely the company is to experience financial distress.

Research conducted by Murni (2018) stated that earnings per share (EPS) has a negative influence on the level of financial distress, the results of a similar study conducted by Santosa (2017) stated that EPS has a negative influence on financial distress.Based on a review of previous research, the researcher formulated the following hypothesis:

H2: There is a negative influence of Earnings per Share on Financial Distress

**Research Framework**

Based on the discussion regarding theoretical basis and previous research, the following is a framework of thought according to the following diagram:

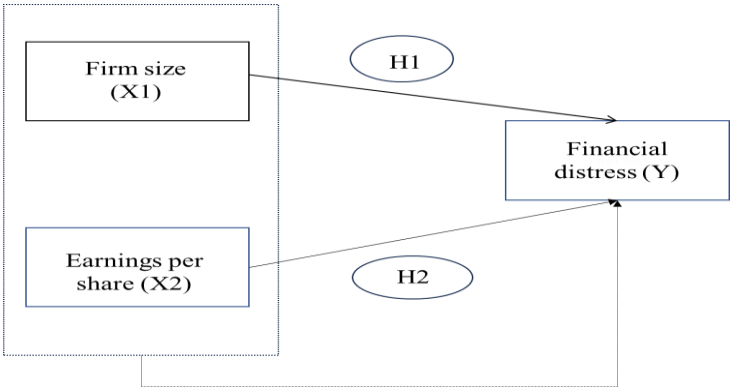


**Figure 2 Framework of Thought**

Source: Developed with modifications by the author, 2022

## RESEARCH METHODS

**Research Design**

This study uses a quantitative approach using dynamic panel data and the GMM (Generalized Method of Moments) system analysis method. Dynamic models are defined as a regression model analysis that has variables with the current time but also depends on the previous time. The definition of panel data is a collection of time series and cross section data.

**Types and Sources of Research Data**

The types of data sources used in the research are secondary data sources which consist of,facts, historical reports, and writings that have been compiled in published archives. Data obtained and collected through annual financial report files obtained by reviewers via the website (www.idx.co.id), each company's website during the 2020-2021 observation period.

**Population and Sample**

The population in the study conducted was all corporations that have been verified in the Indonesia Stock Exchange with a total of 780 companies. The sample used in this study is using a sampling technique with certain observations/ benchmarks or purposive sampling. The criteria used to select the sample are as follows:

a. Issuers that are listed or not yet delisted.

b. Stock issuers during the 2-year consecutive period from 2020 – 2021 were on the main board.
c. Excluding companies in the financial sector and the basis for determining the sample is a sample that has complete data as required.

**Method of collecting data**

The data collection techniques used by the author in this study are as follows:

a. Library Research
   In this step, the reviewer attempts to obtain various reports to become a theoretical basis and benchmark for managing data, in the technique of observing, reviewing and being able to examine supporting literature in the form of journals, papers, previous studies and books related to the conflict being studied.
b. Internet Research (Online Research)
   During this step, the reviewer attempts to obtain various reports and additional references from sites that are still related to this review.
c. Field Research
   It was carried out using direct survey techniques to the Capital Market Information Center to collect the data needed for this study.

## RESEARCH RESULT

**Descriptive Statistics of Research Variables**

The independent variables of this study are earnings per share and firm size, while the dependent variable in this study is financial distress. The results of descriptive measurements on the data can be seen in the table below:

**Table 2 Results of Descriptive Analysis of Research Variables**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Earning Per Share (X1) | 281 | -711349.00 | 1242.40 | -3730,5324 | 46926,1559 |
| Firm Size (X2) | 281 | 11.61 | 31.65 | 20,9108 | 5.54922 |
| Financial Distress (Y) | 281 | 0.00 | 1.00 | 0.3452 | 0.47628 |
| Valid N (listwise) | 281 | | | | |

The results of the descriptive analysis in table 4.2 above show that there are 281 data samples (n) in the variables studied. The minimum value of the financial distress variable is 0 with a maximum value of 1. The mean value obtained is 0.3452, with a standard deviation value of 0.47628. The minimum value of the Earning Per Share variable is -711.349 where the data comes from Sat Nusapersada Tbk data and the maximum value is 1,242.40 from PT MNC Vision Networks Tbk data. The mean value obtained is -3,730.53, with a standard deviation value of 46,926.15. The minimum value of the Firm Size variable is 11.61 from Darma Henwa Tbk data with a maximum value of 31.65 from PT Batavia Prosperindo Trans Tbk data. The mean value obtained is 20.9108, with a standard deviation value of 5.5492. The firm size variable has an average value that is greater than the standard deviation value, indicating relatively small data deviation and fairly good data distribution.

**TestHosmer and Lemeshow**

If the Hosmer and Lemeshow test shows a probability value (P-value) ≥ 0.05 (significant value), it means that there is no significant difference between the model and the data or it can be said that the model can be used to predict the observation value.

**Table 3 Feasibility Test Results**

| Hosmer and Lemeshow Test | | | |
|---|---|---|---|
| Step | Chi-square | df | Sig. |
| 1 | 15,086 | 8 | ,058 |

Based on the table above, the Sig. value is 0.058, which is greater than 0.05, so it can be concluded that the regression model can be accepted because it fits and matches the observation data and it can also be said that the regression model is able to predict the value of research observations.

**TestHosmer and Lemeshow**

Table 4 shows the determination coefficient in the logistic regression analysis which can be seen in the model summary table which includes the Cox & Snell R Square value and the Nagelkerke R Square value as below,

**Table 4 Results of Determination Coefficient Test**

| Step | -2 Log likelihood | Cox & Snell R Square | Nails R Square |
|---|---|---|---|
| 1 | 357,907a | ,150 | ,208 |

The Cox and Snell and Nagelkerke R Square values are used to determine how much variation the independent variable has on the dependent variable using the Nagelkerke R Square which is a modification of the Cox and Snell coefficient value. Processed with SPSS (Statistical Package Social Sciences) version 26, the Cox and Snell R Square value is 0.150 which is between zero and one. While the R Square value is 0.208 which indicates that 20.8% of the financial distress variable can be explained by the earning per share and firm size variables, the remaining 79.2% is influenced by other variables outside the research variables.

**Wald Test (Partial t Test)**

If the test results show a significance value above or equal to 0.05, it means that the independent variable does not individually affect the dependent variable. And if the significance value is <0.05, it means that the independent variable individually affects the dependent variable.

**Table 5 Wald Test Results**

| | B | SE | Wald | df | Sig. |
|---|---|---|---|---|---|
| Earning Per Share (X1) | ,000 | ,000 | ,000 | 1 | ,988 |
| Firm Size (X2) | -,047 | ,023 | 4,153 | 1 | ,042 |
| Constant | ,342 | ,493 | ,481 | 1 | ,488 |

From this equation it can be explained as follows:

1. The regression constant value (a) of 0.342 shows that if the independent variable has a value of 0, the financial distress value is 0.342.
2. X1 is the firm size variable that has a regression coefficient value of -0.047. This means that a 1% increase in the firm size variable will increase financial distress by 0.047 assuming other variables remain constant.
3. X2 is the earnings per share variable that has a regression coefficient value of 0.00. This means that a 1% increase in the earnings per share variable will not change financial distress assuming other variables remain constant.

**Hypothesis Test Results**

**The first hypothesis (H1) is that firm size has a negative effect on financial distress.**

The results of direct testing of firm size on financial distress show a significance level of 0.042. In this study, partially firm size has a significant effect on financial distress because the significance level is 0.042 <0.05 and the negative B coefficient value is -0.047. These results indicate that the hypothesis stating that firm size has a negative effect on financial distress is accepted. This means that if the value of the company size increases, it will avoid the threat of financial distress.

The results of this study are in line with research by Dirman (2020) which states that firm size has a negative effect on financial distress conditions, and research by Singh and Shailesh (2022) because the greater the total assets owned by the company will have an impact on increasing the company's ability to pay off its obligations in the future so that the company avoids financial distress conditions.

**The second hypothesis (H2) is that earnings per share has a negative effect on financial distress.**

The results of the Wald (t) test on Earning per Share against financial distress show a significance level of 0.988. In this study, partially Earning per Share does not have a significant effect on financial distress because the significance level is 0.988> 0.05. While the positive coefficient B value indicates that the hypothesis stating that the market ratio (proxied by Earning Per Share) has a significant negative effect on financial distress is rejected. This means that if the value of earning per share increases, the company has not completely avoided financial distress.

The results of this study are in line with the research of Yudadibrata & Soenarno (2016) and Murni's research (2018) where earnings per share have an insignificant effect on the level of financial distress.

## DISCUSSION

**InfluenceEarning Per Share And Firm Size Against Financial Distress**

The Omnibus test is used to test the effect of earnings per share and firm size on financial distress. If the Omnibus test of model coefficients (Simultaneous Testing) shows significant results, then overall the independent variables can be included in the model or in other words no variables are removed from the model. From the results of the logistic regression test, by looking at the Omnibus Test of Model Coefficients table in table 4.7, the Chi-square value is known = 4.258 and the degree of freedom = 2. The level of significance is 0.012 (0.012 <0.05), so this means

that the influence of earnings per share and firm size together affect financial distress.

The ability of the earning per share and firm size variables to explain their influence on financial distress can be seen from the Nagelkerke R Square value of 0.208 or 20.8% which means that 20.8% of the amount of financial distress can be explained by the earning per share and firm size variables. While the remaining 79.2% is explained by other variables outside the model.

**The Influence of Firm Size on Financial Distress**

Company size as seen from the number of assets can be used as a predictor of financial distress. The higher the assets, the more the company will be able to generate more profits from its management. More profits prevent the company from getting negative profits which are a sign of financial distress. The results of the firm size test on financial distress measured using Ln total assets show a coefficient of -0.047 and a significance level of 0.042 where the value of 0.042 <0.05 (α = 5%), this means that the firm size variable has a significant negative effect on financial distress and means H1 is accepted and shows that the firm size variable partially affects financial distress.

In this study, company size has been shown to have a significant effect on financial distress. The larger the company size, the higher the Altman Z-score value, which means that financial distress is getting smaller. This is possible because the size of the total assets alone guarantees the effectiveness of managing these assets so that they can generate profits. This study obtained results that support Dirman's (2020) research which states that firm size has a negative effect on financial distress conditions, and Singh and Shailesh's (2022) research. However, this study is inconsistent with Murni's (2018) research which states that company size does not have a significant effect on financial distress.

**The Influence of Earnings Per Share on Financial Distress**

The results of testing the earning per share variable on financial distress show a coefficient of 0.000 and a significance level of 0.988, where the value of 0.988> 0.05 (α = 5%), this means that the earning per share variable has no effect on financial distress and means that H2 is rejected and shows that earning per share partially has no effect on financial distress.

*Earnings per share*the bigger, which reflects the market ratio, the smaller the financial distress. The lower financial distress is indicated by the higher Altman Z-score value. So it can be stated that the high EPS published by the company has not been able to reduce the probability of the company experiencing financial distress, this may occur because the EPS indicator is not enough to reflect the actual financial condition of a company.

The results of this study are in line with the research of Wilujeng and Yulianto (2020) and the research of Murni (2018) where earnings per share has an insignificant effect on the level of financial distress, and contradicts the results of the research of Curry and Banjarnahor (2018) where the variable earnings per share has a positive effect on the occurrence of financial distress.

## RESEARCH LIMITATIONS

The following are the limitations of this study:

1. Limited Research Period: This study was conducted in a relatively short period, namely from 2020 to 2021. By only covering these two years, the results obtained may not reflect broader conditions or long-term changes in factors that influence financial distress. Future research is advised to expand the analysis period in order to capture more complex dynamics over a longer period.
2. Data Limitations: The data used in this study are sourced from published financial reports, which may not fully reflect the internal conditions of the company. The possibility of bias in the financial reports could affect the results of the analysis. Therefore, further research needs to consider the use of additional data, such as interviews or surveys, to gain a more in-depth perspective.

## PRACTICAL IMPLICATIONS

The following is a description of the managerial implications that can be taken from the research results.

1. *Firm size*affect financial distress in non-financial sector companies listed on the IDX for the 2020-2021 period. With large total assets, the effectiveness of operations will be higher when compared to companies with smaller total assets. Companies that have many assets and can be managed well will encourage the amount of company income that will be obtained in a certain period.
2. For investors, they can consider the market ratio shown in earnings per share (EPS) to predict whether a company is experiencing financial distress or not. The market ratio has been proven to have no significant effect on financial distress.
3. This research can be used as a reference or source of reference related to the condition of companies during the Covid-19 pandemic in Indonesia and provide an overview of future

solutions related to the influence of firm size and earnings per share on financial distress.

## CONCLUSION

Based on the discussion of the results conducted by researchers regarding the Analysis of the influence of firm size and earnings per share on financial distress conditions during the Covid-19 pandemic in non-financial companies listed on the Indonesia Stock Exchange for the 2020-2021 period, it is concluded that:

1. Simultaneous testing of the independent variables firm size and earnings per share on the dependent variable financial distress together have an effect on financial distress.
2. Partial testing of the independent variable firm size on the dependent variable financial distress has an effect, so H1 is accepted.
3. Partial testing of the independent variable earnings per share (EPS) on the dependent variable financial distress had no effect, so H2 was rejected.

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