

ABSTRACT

This research aims to analyze earnings management practices and the value relevance of earnings before and during the Covid-19 pandemic. Earnings management was measured using discretionary accruals with the Modified Jones model (Dechow et al., 1995) and the value relevance of earnings was measured using the Ohlson model.

This research used 137 manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2021. The purposive sampling method was used for sample selection in this research. The data used is secondary data obtained from annual reports available on the IDX website and Yahoo Finance website. Data were analyzed using the Wilcoxon Signed Ranks Test to determine differences in earnings management practices and compare the coefficient of determination for the value relevance of earnings before and during the Covid-19 pandemic.

Based on the results of statistical tests, this research showed that there were no significant differences in earnings management practices before and during the Covid-19 pandemic and there is a decline in earnings management in 79 manufacturing companies. The results of this research's statistical tests also showed that there were no significant differences in earnings management practices during the Covid-19 pandemic (2020) and during the Covid-19 pandemic (2021) even though there was a decline in earnings management in 80 manufacturing companies. In addition, this research found that the value relevance of earnings decreased from the year before (2019) to the year during (2020) the Covid-19 pandemic. It was also found that the value relevance of earnings increased from the year during (2020) to the year during (2021) the Covid-19 pandemic. Therefore Covid-19 pandemic does not make a difference to earnings management practices, but reduces the usefulness of the value of accounting information on the value relevance of earnings.

Keywords: Earnings Management, Discretionary Accruals, Earnings Value Relevance, Earnings Pershare, Covid-19 Pandemic.