

ABSTRACT

As a result of the Covid-19 pandemic, many corporations around the world have been affected, in Indonesia, which then expanded from the beginning of 2020, it has a minor impact on all fields, especially in the economic field. The decline in the level of public consumption caused by the pandemic situation will be followed by a decrease in sales and a decrease in revenue for the company so that the company experiences uncertainty, financial difficulties and even bankruptcy. Bankruptcy happens if the company's financial difficulties cause instability in financial management.

To analyse the prediction of financial difficulties in the company, one of the parameters is company size (Ananto et al., 2017). Earnings per share (EPS) is one type of financial ratio that shows the share of profit for each outstanding share (Darmadji & Fakhruddin (2016: 198). An increase in earnings per share means that the company is in a growth stage or the company's financial condition has increased in sales and profits.

This research aims to analyses the effect of firm size and earnings per share on financial distress in non-financial sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2021. We use Altman's Z"-Score model which is believed to be the most accurately modelled in financial distress prediction in general. The number of public companies listed on the Indonesia Stock Exchange during the 2 (two) year period and at the same time used as research observations is 780 companies, but after going through a sample selection process using the purposive sampling method, a sample of 281 companies was obtained.

The method of statistical analysis of data used in this study is binary logistic regression analysis. The result of the study obtained the results of the firm size variable has a significant negative effect on financial distress. A larger company size increases the Altman Z-score value, which means that financial distress is getting smaller. This may happen because the mere amount of total assets guarantees the effectiveness of managing these assets so that they can generate profits. In the research of earning per share variables, the results show that EPS has no effect on financial distress. The greater earnings per share reflects the smaller financial distress. The financial distress that is getting lower is indicated by the higher Altman Z-score value. The high EPS issued 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 sufficient to reflect the real financial condition of a company.

Keywords: *Financial distress, firm size, earnings per share*