

ABSTRACT

This purpose of the study is to analyze how the covid-19 pandemic will affect Indonesian hospitality, transportation, and manufacturing companies in 2017-2022. This study used covid-19 pandemic as independent variable, earnings management as dependent variable, dan financial distress as mediating variable. This study proposes four hypotheses; the covid-19 pandemic has a significant effect on earnings management, the covid-19 pandemic has a positive effect on financial distress, the financial distress has a significant effect on earnings management, and the covid-19 pandemic has an effect on earnings management through financial distress.

This study used 50 companies for the sample including hospitality, transportation, and manufacturing companies listed on the IDX sites within 2017-2022 period. The object of the study is financial report data on the IDX sites so that the research data is a secondary data using purposive sampling method. To test the hypotheses, this study used panel data regression analysis and simple regression analysis. The results of this study indicate that covid-19 pandemic does not have significant effect on earnings management and the covid-19 pandemic does not affect earnings management through financial distress. Financial distress could motivate manager to use income-decreasing method for earnings management.

Keywords: covid-19 pandemic, earnings management, financial distress