ABSTRACT

The impact of the COVID-19 pandemic on daily life and economic adjustment of countries and companies has affected the financial condition of companies, which can be an early sign of financial distress. This study aims to investigate the effect of earnings management, business strategy, board of directors, and debt asset ratio moderated by firm size on financial distress. Using the purposive sampling method, 10 telecommunication companies in Southeast Asia from 2013 to 2022 were selected as samples. The analysis was conducted through logistic regression and moderation regression. The results show that overall, earnings management, business strategy, board of directors, and debt-to-asset ratio jointly affect financial distress. However, individually, earnings management, board of directors, and debt asset ratio have a negative effect on financial distress, while business strategy has no effect. The effect of company size as a moderator of the debt-to-asset ratio on financial distress is not significant. The limitations of this study lie in the selected variables, research subjects, and the time studied. The originality of this study lies in its focus for 10 years on telecommunications companies in ASEAN facing financial difficulties, despite the various limitations that exist.

Keywords*: earnings management, business strategy, board of directors, debt asset ratio, financial distress, firm size*