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**THE IMPACT ANALYSIS OF R&D ON THE PUBLIC LISTED
COMPANIES' PERFORMANCE IN INDONESIA**

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Abstract

Objectives R&D is one of the most significant accounts that need to put attention to. In addition, justification on the accounting treatment for mining oil and gas industry as R&D is conducted. First of all, this thesis is to examine whether companies in Indonesia has reported R&D accordingly to the applied accounting standard. The second aim is to examine the relationship of R&D with firm's profitability and performance through profit margin and stock price.

Method The sample used is 106 samples from all industries, except finance and property & real estate industry that listed in Indonesia Stock Exchange (IDX). There are 32 companies that reported R&D. First, the author analyzes how the 32 companies report R&D. Next, the author develops two hypotheses which then analyzed using descriptive analysis, classic test assumptions and multiple regression analysis.

Results The findings signify that all the 32 companies reported R&D accordingly to the applied accounting standard. The first hypothesis testing results shows that there is no relationship between R&D and firm's profitability measured by profit margin. The second hypothesis testing results indicates that there is no relationship between R&D and stock price.

Conclusion

In conclusion, companies in Indonesia do report R&D accordingly and have not seen the importance of R&D to their business activities. Additionally, some companies that are not included as the sample does not report R&D accordingly as the account is combined with another account which is not part of R&D activity.

Key Words

R&D, profit margin, stock price, Indonesia Stock Exchange (IDX)