

**THE VALUE RELEVANCE ANALYSIS OF EARNINGS, BOOK VALUE OF
EQUITY, AND R&D ON STOCK PRICE
BEFORE AND DURING COVID-19 PANDEMIC
(Empirical Study on Manufacturing Companies
Listed on the IDX in 2018 – 2021)**



SHEREN DOHERTY

181523990

**INTERNATIONAL UNDERGRADUATE PROGRAM
IN BUSINESS ACCOUNTING
FACULTY OF BUSINESS AND ECONOMIC
ATMA JAYA YOGYAKARTA UNIVERSITY
2022**



Letter of Statement

No. 666/J/I

Based on the Thesis Defense results that has been held on Wednesday, 13 July 2022 with the following examiners:

- | | |
|---|----------|
| 1. Dr. I Putu Sugiarta Sanjaya, SE., M.Si., Akt., CA. | Chairman |
| 2. Ignatia Ryana Widyatini, SE., M.Acc. | Member |
| 3. Wimpie Yustino Setiawan, SE., M.Comm., MPA. | Member |

The examiners team has decided that:

Name : Sheren Doherty
Student Number : 181523990
Program : International Undergraduate Program in Business Accounting

Has passed
Without Revision

This letter of statement is made for Yudisium/Graduation of Bachelor of Accounting in Faculty of Business and Economics Universitas Atma Jaya Yogyakarta.

Dean,

Drs. Budi Suprpto, MBA., Ph.D.

Alamat
Kampus III Gedung Bonaventura
Jalan Babarsari 43 Yogyakarta 55281
URL
<https://fbe.uajy.ac.id>

Kontak
Telepon : +62-274-487711 ext. 3120, 3127
Fax : +62-274-485227
Surel : fbe@uajy.ac.id



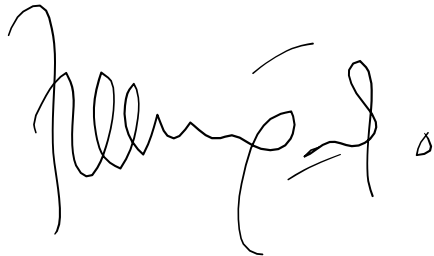
Thesis Entitled

**The Value Relevance Analysis Of Earnings, Book Value Of Equity, and R&D on
Stock Price Before and During Covid-19 Pandemic
(Empirical Study on Manufacturing Companies
Listed on the IDX in 2018 – 2021**

Arranged by:
Sheren Doherty
NPM: 181523990

Be accepted as partial fulfilment of the requirements for the Degree of Sarjana
Akuntansi (S1) in International Undergraduate Program in Business Accounting
Faculty of Business and Economics Universitas Atma Jaya Yogyakarta

Advisor



Ignatia Ryana W, S.E., M.Acc

31st May 2022

AUTHENTICITY ACKNOWLEDGEMENT

I hereby declare that the thesis with the title:

**The Value Relevance Analysis Of Earnings, Book Value Of Equity, and R&D on
Stock Price Before and During Covid-19 Pandemic
(Empirical Study on Manufacturing Companies
Listed on the IDX in 2018 – 2021**

Is really my own thinking and writing. I fully acknowledge that my writings do not contain other or parts of others' writing, except for those that have been cited and mentioned in the references.

Yogyakarta, 21st May 2022,



Sheren Doherty

ACKNOWLEDGEMENT

Praise the Lord Jesus Christ for His guidance and grace, the researcher can complete the thesis entitled “The Value Relevance Analysis of Earnings, Book Value of Equity, and R&D on Stock Price Before and During the Covid-19 Pandemic”. This thesis is part of the final requirement for obtaining the Bachelor of Accountancy at the International Financial Accounting Program of the Faculty of Business and Economics, Atma Jaya Yogyakarta University.

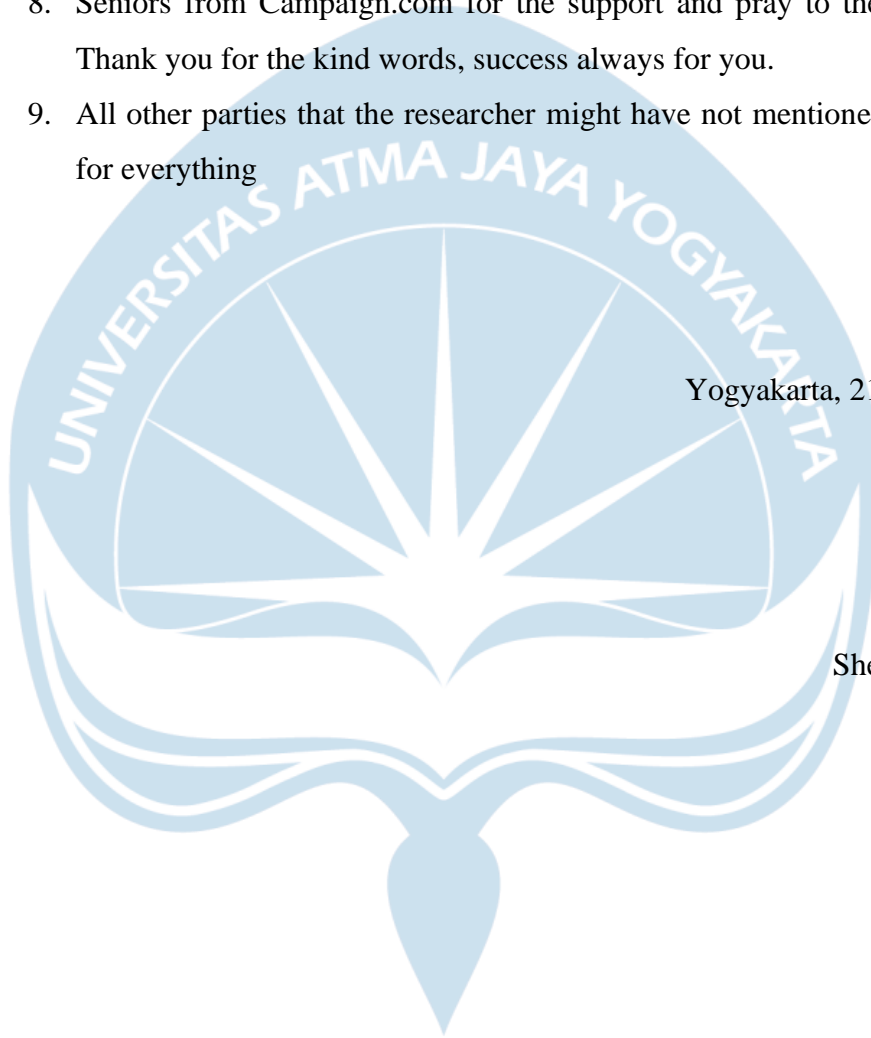
The completion of the thesis process cannot be completed without the support of so many parties. Therefore, the researcher would like to express the gratitude for:

1. Lord Jesus Christ and Mother Mary for their accompaniment and blessings so the researcher can complete the thesis on time and maintain good health during the process
2. The researcher’s family resides in Pontianak, for their continuous support, encouragement, and advice all the time and pray for the researcher’s success in the thesis completion
3. Mrs. Ignatia Ryana W, S.E., M.Acc. as thesis supervisor for the advice and suggestion, the patience in explaining and guiding the researcher to complete the thesis. Without your direction, this thesis will not be able to finish properly.
4. All lecturers at the Faculty of Business and Economics, University of Atma Jaya Yogyakarta who shared knowledge with the researcher during college. Thank you for your time and patience in teaching all students.
5. The researcher’s best friends from “Poojah” and “Cant”, for the emotional support to one another. Wish all the best from all of you, stay healthy and happy always.
6. Belinda Ramli Tandrawijaya, the MVP, for accompanying the researcher all night while doing the thesis and helping with the research data

7. All classmates of IFAP Batch 18, for the support and the help when the researcher is having a hard time. Let us meet each other again after we have finally finished this process. Stay healthy friends.
8. Seniors from Campaign.com for the support and pray to the researcher. Thank you for the kind words, success always for you.
9. All other parties that the researcher might have not mentioned, thank you for everything

Yogyakarta, 21st May 2022

Sheren Doherty



ABSTRACT

The purpose of this research is to provide empirical evidence regarding the value relevance of earnings, book value, and R&D in explaining the company's market value and observing the condition around the Covid-19 pandemic. The samples used are all manufacturing companies listed in Indonesia Stock Exchange that disclose consistent R&D expenditures during the observation period (2018-2021). The findings indicate that earnings and R&D have no significant impact on stock price in both periods while the book value of equity has a positive relationship and significant impact on the stock price. The value relevance of book value of equity also increases during the pandemic. This research concludes that in the time of financial crisis, investors rely on the information about book value of equity more than earnings and R&D.

Keywords: Value Relevance, Earnings, Book Value of Equity, R&D, Covid-19 Pandemic

TABLE OF CONTENTS

<i>CHAPTER I</i>	<i>1</i>
<i>INTRODUCTION</i>	<i>1</i>
1.1 Background.....	1
1.2 Research Problem	5
1.3 Research Objective	5
1.4 Research Contribution	6
1.5 Writing Systematic.....	6
<i>CHAPTER II</i>	<i>8</i>
<i>LITERATURE REVIEW</i>	<i>8</i>
2.1 Agency Theory.....	8
2.2 Information Asymmetry Theory	9
2.3 Signalling Theory	9
2.4 Market Efficiency Theory	10
2.5 Financial Statements.....	12
2.6 Earnings per Share	13
2.7 Book Value per Share	13
2.8 Research and Development	14
2.9 The Value Relevance of Accounting Information	16
2.10 Share Price.....	16
2.11 Previous Study.....	17

2.12 Hypothesis Development	20
2.13 Conceptual Framework	24
CHAPTER III	25
RESEARCH METHODOLOGY.....	25
3.1 Types of Research	25
3.2 Population and Sample.....	25
3.3 Data Collection	26
3.4 Measurement of Variables	26
3.4.1 Independent Variable	26
3.4.2 Dependent Variable.....	27
3.4.4 Control Variable.....	28
3.5 Data Analysis.....	28
3.5.1 Normality Test	28
3.5.2 Multicollinearity Test.....	29
3.5.3 Heteroscedasticity Test	29
3.5.5 Descriptive Statistics	30
3.6 Hypothesis Testing	30
CHAPTER IV.....	33
DISCUSSION.....	33
4.1 Descriptive Statistics	33
4.2 Classic Assumption Test.....	34
4.2.1 Normality Test	34
4.2.2 Heteroscedasticity Test	35
4.2.3 Multicollinearity Test.....	36
4.2.4 Autocorrelation Test	38

4.3 Hypothesis Testing	38
4.3.1 The value relevance of Earnings per Share before and during the pandemic	41
4.3.2 The value relevance of Book Value per Share before and during the pandemic	42
4.3.3 The value relevance of Research and Development before and during the pandemic	43
CHAPTER V	45
CONCLUSION	45
5.1 Conclusion	45
5.2 Limitation and Suggestion	46
APPENDICES	54

