ABSTRACT

A company is likely to avoid financial struggle if said company's performance shows a positive report or when that said company shows a good level of profit development compared to the previous year. A good level of profit development can be achieved by practicing continuous innovation. Innovation can be done by initially carrying out an R & D (research and development) process or a research and development process carried out by a certain company. Based on data from the global innovation index, Indonesia achieved a low score regarding research and development. As well as industry growth data, public company R&D cost data, public company sales revenue data, and data on the median growth value of public companies in Indonesia showed a fluctuating value in the previous years. The difference in the results of previous studies regarding R&D costs and the volatility of R&D costs on company sales growth is the background for this study.

This study examines the independent variable, namely, the influence of the cost of R&D volatility on the sales growth of publicly listed companies in Indonesia, and moderates the independent variables with corporate governance index variables, tangible asset volatility, intangible asset volatility, and the existence of control variables return on assets and altman z. -score. The sample of this research is a public company in Indonesia that was listed in 2010 to 2017, where six companies describe their R&D costs for eight consecutive years, with these six companies being the samples in this study. The research data was obtained based on the Bloomberg Laboratory at the Faculty of Economics and Business, Diponegoro University, Semarang. The data is processed using SPSS software.

The results of this study indicate that the cost of R&D volatility has a significant positive effect on the sales growth of publicly listed companies in Indonesia. The influence of the cost of R&D volatility is moderated by the variable corporate governance index, tangible asset volatility, and intangible asset volatility on the sales growth of companies in Indonesia, explaining the influence of these moderating variables on sales growth in Indonesia companies. The influence of the cost of R&D volatility is moderated by the variable corporate governance index, tangible asset volatility, and intangible asset volatility on the sales growth of companies in Indonesia added with the control variable return on assets and the altman z-score shows that there is no influence between the moderating independent variables and the dependent variable, which is the sales growth of companies in Indonesia isn't influenced by these two control variables.

Keywords: R&D expense, R&D Volatility, Corporate governance index, Tangible asset volatility, Intangible asset volatility, Moderation effect, Return on assets, Altman Z-Score