

## ACKNOWLEDGEMENT

Praise to the Lord Jesus Christ for all His blessings, love, faithfulness, and guidance so that the author is given strength, patience, and ease to complete this thesis properly. The author believes it is only by His abundant grace that this milestone can be accomplished.

The final paper entitled **“GLOBAL POLICY UNCERTAINTY EXPOSURE AND MARKET VALUE IN THE INDONESIAN FIRMS”** is intended to fulfill part of the academic requirements for obtaining a Bachelor of Management degree in Universitas Pelita Harapan, Tangerang.

The writer realizes that without the guidance, help, advice, and prayers from various parties, this final paper will not be completed on time. Therefore, the authors would like to thank and express gratitude to all parties who have helped in the process of working on this final project, namely:

1. Dra. Gracia Shinta S. Ugut, MBA, Ph.D., as Dean of the Faculty of Economics and Business.
2. Vina Christina Nugroho, S.E., M.M., as the Head of the Management Study Program.
3. Liza Handoko, S.E., M.M., as my Advisor who always guiding and helping me throughout the whole thesis journey. Patiently teaching me, kindly sharing her knowledge, giving input, suggestions, answering my every questions and undoubtedly has a crucial part to help me completing this thesis in every single way possible. I believe no words of gratitude

would be enough to express how thankful and grateful I am to have such a kind, easy-going, and friendly advisor.

4. Juniarty, S.Sos., M.M., as Academic Advisor.
5. Dr. Kim Sung Suk, B.A., M.M., as the Head of the Finance Concentration who has patiently teaching me, sharing his every knowledge during learning process at the Pelita Harapan University. Thank you for all the dedication, efforts, kindness, and faith in Christ that you have given during this whole learning process, especially in Finance Concentration.
6. All the Professors and Lecturers of the Management Study Program who had taught and sharing their knowledge during the learning process throughout the years.
7. All the administrative and academic staff.
8. My parents and my two little sisters who have always prays, love and supported me unconditionally in every way possible during this journey without a pause. I am so grateful and thankful that i am surrounded by the people who support, encourage, and believe me in every path and choices that i choose. I couldn't thank more.
9. Nadya, Tika, Vio, and Aldi who have always support and accompanied me throughout the years, especially the first and half years of the academic year. Thank you for every memory, precious time that we've spent during the dorm life, and friendship that grow during these three past years. I'm so lucky and for sure it will always become a great

memory in my life. I believe our friendship will also last long in the future.

10. My Sister Squad (Thasya, Grace, Felisha, Tata, Jesslyn, Michelle) and Elbert. Best people who colours my college life with so much fun and endless unforgettable memories. Thank you for every memory, precious time that we've spent in the class – and after class as well, and friendship that grow during these three past years. I'm so grateful that i found you guys, and i will always cherish the precious memories that we have made during these past years.

11. All parties whose names cannot be mentioned one by one.

Finally, the writer realizes that there are still many shortcomings in this final project. Therefore, criticism and suggestions from readers will be very useful for the author. Hopefully this final project can be useful for future research and for those who read it.

Pekanbaru, November 7, 2021

Author

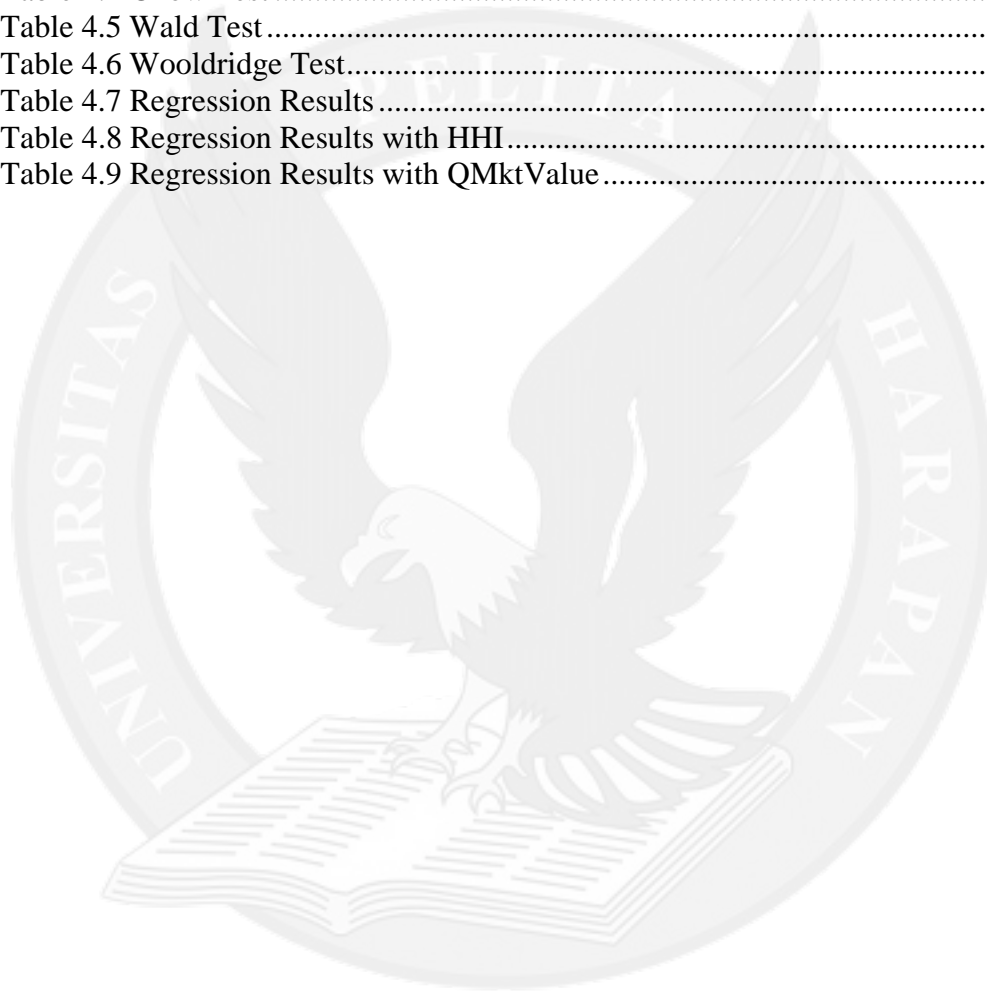
## TABLE OF CONTENTS

ABSTRACT.....	v
ACKNOWLEDGEMENT .....	vi
TABLE OF CONTENTS.....	ix
LIST OF TABLES .....	xi
TABLE OF APPENDIX.....	xii
CHAPTER I.....	1
INTRODUCTION .....	1
1.1    Background of Study.....	1
1.2    Statement of Problem.....	6
1.3    Objectives of Research.....	6
1.4    Use of the Study .....	6
1.5    Systematic of the Study.....	7
CHAPTER II.....	9
LITERATURE REVIEW .....	9
2.1    Economic Policy Uncertainty (EPU) .....	9
2.2    Macroeconomic Condition and Market Value.....	11
2.3    Firms Competitive Status .....	15
2.4    Hypothesis.....	15
CHAPTER III .....	19
RESEARCH METHOD.....	19
3.1    Data .....	19
3.2    Empirical Model.....	21
3.2.1    Measuring the EPU Exposure .....	21
3.2.2    Model Specification .....	21
3.3    Research Variable .....	22
3.3.1    Dependent Variable.....	22
3.3.2    Independent Variable .....	22
3.3.3    Control Variable.....	23
3.4    Operationalization of Variables .....	23
3.5    Data Processing.....	23

3.5.1	Panel Data Methodology.....	24
3.5.1.1	Types of Panel Data.....	24
3.5.1.1.1	Pooled Model.....	24
3.5.1.1.2	Fixed Effect Model.....	25
3.5.1.1.3	Random Effect Model.....	26
3.5.1.2	Selection of Panel Data Model Process.....	26
3.5.1.2.1	Chow Test Redundant Fixed Effect.....	27
3.5.1.2.2	Breusch Pagan Lagrange Multiplier.....	27
3.5.1.2.3	Hausman Test.....	28
3.6	Diagnostic Test.....	28
3.6.1	Autocorrelation Test.....	28
3.6.2	Heteroscedasticity Test.....	30
3.6.3	Cross-Sectional Dependence Test.....	31
CHAPTER IV.....		33
EMPIRICAL RESULT.....		33
4.1	Descriptive Statistics.....	33
4.1.1	Correlation Matrix.....	34
4.2	Panel Data Result.....	35
4.2.1	Hausman Test.....	36
4.2.2	Chow Test.....	36
4.3	Diagnostic Test Result.....	37
4.3.1	Heteroscedasticity.....	37
4.3.2	Autocorrelation.....	38
4.4	Regression Results.....	38
4.4.1	Regression Result Based on Firms Competitive Levels.....	42
4.5	Additional Analysis.....	44
CHAPTER V.....		48
CONCLUSION.....		48
5.1	Conclusion.....	48
5.2	Suggestion.....	49

## LIST OF TABLES

Table 3.1 Sample Selection.....	21
Table 3.2 Operationalization of Variables .....	23
Table 4.1 Descriptive Statistics of Variables .....	33
Table 4.2 Correlation Matrix.....	35
Table 4.3 Hausman Test.....	36
Table 4.4 Chow Test .....	36
Table 4.5 Wald Test .....	37
Table 4.6 Wooldridge Test.....	38
Table 4.7 Regression Results .....	39
Table 4.8 Regression Results with HHI.....	43
Table 4.9 Regression Results with QMktValue.....	46



## TABLE OF APPENDIX

APPENDIX A: REGRESSION RESULTS .....	A-1
APPENDIX B: HAUSMAN TEST RESULTS .....	B-1
APPENDIX C: CHOW TEST RESULTS .....	C-1
APPENDIX D: WALD TEST RESULTS .....	D-1
APPENDIX E: WOOLDRIDGE TEST RESULTS .....	E-1
APPENDIX F: VIF TABLE .....	F-1

