

ABSTRACT

EFFECT OF STOCK SPLIT TOWARD ABNORMAL RETURN AND TRADING VOLUME ACTIVITY IN COMPANIES LISTED IN BEI YEAR 2011-2014

By

Gita Putri Utami Juhri

This research is done to to examine the content of the information through the stock split that may be reflected from the market reaction occurred. Market reaction can be measured by abnormal return and trading volume activity.

This research is event study. Data interpretation technique in this research uses purposive sampling method. The data used are secondary data from 24 companies that go public on the Indonesia Stock Exchange which did stock split in 2011-2014. Hypothesis testing using analysis tools paired sample t-test with the observation period (event window) is 15 days, t-7 (7 days before stock split) and t +7 (7 days after stock split).

The analytical results obtained by the first hypothesis there is a difference in the average abnormal return before and after the events of the stock split. While the second hypothesis indicates that there is no difference in the average trading volume activity before and after the events of the stock split. This means that there is a market reaction to the abnormal return and there is no market reaction on trading volume activity caused by stock split happened.

Keywords: Stock Split, Abnormal Return, Trading Volume activity