

ABSTRACT

Analysis of Factors Affecting the Stock Split at Companies Listing On IDX (Indonesia Stock Exchange)

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Stock split is one form of information provided by issuers to raise the number of outstanding shares. Distribution of shares as a result of the stock split will only affect the companies as a “cosmetic”, which only divide the outstanding shares in smaller quantities.

The purpose of this study was to seek empirical evidence whether the Price Earning Ratio (PER), Price to Book Value (PBV) stock trading frequency proxies by Trading Volume Activity (TVA) and corporate performance affects the company's decision to conduct a stock split. The data used are the closing price of the company's annual data in the year of 2007-2010 from IDX who just do stock split policy, not to other policies, such as stock dividends, rights issue and others.

The results successfully showed that the Price Earning Ratio (PER), Price to Book Value (PBV) and frequency of stock trading positive effect on the company's decision to conduct a stock split. Price Earning Ratio (PER) and Price to Book Value (PBV) strongly correlate with the company's decision to conduct a stock split. This study failed to prove the performance of the company is one of the factors that influence the company in the stock-split.

Keywords: *Stock Split, Signaling Theory, Trading Range Theory*