MARKET REACTIONS TO SOCIAL ETHICS VIOLATION NEWS BY COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

(Undergraduate Thesis)

By

SEKAR ARUM PROBOWATI RAMBE

FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITY OF LAMPUNG
BANDAR LAMPUNG
2018

ABSTRACT

MARKET REACTIONS TO SOCIAL ETHICS VIOLATION NEWS BY COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

By

SEKAR ARUM PROBOWATI RAMBE

This Research aims to investigate the market reaction to unexpected news about the social ethics violation. The news source in this research is from Kompas.com. This Research used Abnormal Return and Trading Volume Activity as variables to investigate the market reaction. This research was used Wilxocon-Signed Rank Test method to analyze the Abnormal Return and Trading Volume Activity.

One Sample T-Test was used to find on which day the Abnormal Return occured. The Results of this research show that there is a negative market reaction shown by Abnormal Return Variable, and it occure at t+3. It indicates that the market reacts conservatively and feel overconfidence therefore the respond is late. Meanwhile for Trading Volume Actvity Variable does not show any market reaction after the event.

Overall market will only reacts to stock prices meaning news about social ethics violation contain enough information to make the market react. The contribution of this research is as an information to make managerial decisions. Managers should be more aware about the action that they take whether it will harm the company or not

Key words: Abnormal Return, Trading Volume Activity, Event Study.

MARKET REACTIONS TO SOCIAL ETHICS VIOLATION NEWS BY COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

By

SEKAR ARUM PROBOWATI RAMBE

Undergraduate Thesis

As One of Requirements to Achieve
BACHELOR OF ECONOMICS

in

Accounting Department
Faculty of Economics and Business, University of Lampung

FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITY OF LAMPUNG
BANDAR LAMPUNG
2018

Thesis Title : **MARKET REACTION TO SOCIAL ETHICS VIOLATION NEWS BY COMPANIES LISTED IN INDONESIA STOCK EXCHANGE**

Student Name : *Sekar Arum Probowati Rambe*

Student ID : **1411031119**

Department : **Accounting**

Faculty : **Economics and Business**

APPROVING

Advisor Committee

Susi Sarumpaet, S.E., M.B.A., Ph.D., Akt.
NIP 19691008 199501 2 001

Dewi Sukmasari, S.E., M.S.A., Akt.
NIP 19800625 200604 2 001

ACKNOWLEDGING

Head of The Department of Accounting

Dr. Farichah, S.E., M.Si., Akt.
NIP 19620612 199010 2 001

ADMITTED BY

1. Examination Committee

   Chairperson : **Susi Sarumpaet, S.E., M.B.A., Ph.D., Akt.** ....

   Secretary : **Dewi Sukmasari, S.E., M.S.A., Akt.** ....

   Chief Examiner : **Prof. Dr. Lindrianasari, S.E., M.Si., Akt.** ....

2. Dean Faculty of Economics and Business

Prof. Dr. H. Satria Bangsawan, S.E., M.Si.
NIP 19610904 198703 1 001

Thesis Examination Passing Date : **April 25th, 2018**

STATEMENT OF ORIGINALITY

I, the undersigned below

Name : Sekar Arum Probowati Rambe

NPM : 1411031119

hereby certify that:

1. This undergraduate thesis, titled "*Market Reactions to Social Ethics Violation News by Companies Listed in Indonesia Stock Exchange*" is my own work, and neither did I imitate nor cite the works of others in a manner that is against the acceptable standards in the scientific community, which is defined as **plagiarism.**
2. I, as the author of this undergraduate thesis, assign all the intellectual property rights over this academic writing to the University of Lampung.

If in the future, any of these statements prove incorrect, I am willing to bear the consequences and to submit to the due legal process.

Bandar Lampung, April 2018

METERAI TEMPEL
4557BAFF052002175
6000
ENAM RIBU RUPIAH

Sekar Arum Probowati Rambe
NPM 1411031119

AUTHOR BIOGRAPHY

Sekar Arum Probowati Rambe was born in Bandar Lampung on 13 September 1996, she is the first child of two siblings. Her father's name is Efendi Rambe and her mother's name is Sri Mardiningsih, her little brother's name is Muhammad Ashari Dwi Kurniawan Rambe. The Author received her kindergarten education at Al-Kautsar Kindergarten and graduated in 2002. The author was continued her education at Al-Kautsar elementary school and graduated in 2008. She went to junior high school education at SMP Negeri 4 Bandar Lampung and graduated in 2011. The author went to SMA Negeri 2 Bandar Lampung and graduated in 2014.

Furthermore, the writer was registered as a student of Accounting Department of Faculty of Economics and Business of Lampung University through National Selection of State University Entrance (SNMPTN) in 2014. During the lecture session, the author was active as a member of HIMAKTA (Accounting Student Association), KSPM (Capital Market Study Group) at the start of the lecture in 2014, and AIESEC (International Student Association in Economic and Commercial Sciences) in 2015 as Project Manager for Finance and Governance.

In addition, in 2016 the author also selected to join sit in class program about the Safety and Relief and Japanese Culture Program at Kansai University of International Studies, at the same year the author also became Liaison Officer at National Accounting Symposium (SNA) which is an annual event organized by Ikatan Akuntan Indonesia (IAI) as a manifestation of the accountant's concern for the development of the nation and state of Indonesia. In 2017 the author was selected to participate in Brevet A and B Tax training program held by the FEB Unila Tax Center in cooperation with the Indonesian Tax Consultant Association of Lampung branch.

DEDICATIONS

All the praises and thanks be to Allah Almighty for all grace, great blessing to the author. This work I dedicate to:

My Father Efendi Rambe and My Mother Sri Mardiningsih

who always love me, giving me advices and motivation, praying for me everysingle time, and always be patient hearing all my complaints.

My brother Muhammad Ashari Dwi Kurniawan Rambe

who always gives me a cheer, and spirit for me.

My whole family and friends

who always pray for me, give me advices for me.

My dear Almamater, University of Lampung.

Do not lose heart nor fall into despair! You shall triumph if you are believers. **(The Holy Quran 47:35)**

Don’t take a rest after your first victory because if you fail in second, more lips are waiting to day that your first victory was just a luck.

(Dr. A.J.P. Abdul Kalam)

Do things you are a little not-ready-to-do yet. That is how you grow and have breakthroughs.

(Marissa Mayer)

ACKNOWLEDGEMENTS

This thesis, titled **"Market Reactions to Social Ethics Violation News by Companies Listed in Indonesia Stock Exchange"**, is submitted for partial fulfilment for the Bachelor Degree in Economics in the Accounting Department of Faculty of Business and Economics, University of Lampung. This would not have been possible without support from individuals and parties. The author would like to extend his sincerest gratitude to:

1. Prof. Dr. H. Satria Bangsawan, S.E., M.Si., The Dean of Faculty of Economics and Business, University of Lampung.;
2. Dr. Farichah, S.E., M.Si., Akt., The Head of Accounting Department ofthe Faculty of Economics and Business, University of Lampung;
3. Mrs. Yuztitya Asmaranti, S.E., M.Si., Akt. as The Secretary of Accounting Department of Faculty of Economics and Business University;
4. Dr. Susi Sarumpaet, S.E., M.B.A., Ph.D., Akt. as The Chairperson of advisor this thesis. Words can not express my gratitude for your precious guidance, direction, and encouragement;
5. Mrs. Dewi Sukmasari, S.E., M.S.A., CA., Akt. as the Advisor of this research, the author is profoundly grateful for your guidance that has been given in the process of writing this research;
6. Prof. Dr. Lindrianasari, S.E., M.Si., Akt. The Assessor of this thesis. I am immensely grateful for your guidance and constructive criticism to improve this thesis, also for all the help and kindness that you have provided;

7. Mrs. Chara P Tidespania Tubarad, S.E., M.Acc., Ak. as Author's Academic Advisor who always be there when the author was having trouble;
8. Mrs Agustina Awan, Mr Noveriadi, Mr Yana, Ms Diana, and all lecturers and staffs at the Faculty of Economics and Business, University of Lampung;
9. My father, Efendi Rambe; my mother, Sri Mardiningsih; and my brother, Muhammad Ashari Dwi Kurniawan Rambe. Without your love, support, and prayers I would not made it this far, i sincerely love you;
10. To my dearest Ntah, Arini, Fani, Dhissa, Ica, Eel, Nasa, Tegar, Anis. Thank you for putting up with me for laughing at my terrible jokes, for hearing my unnecessary stories, for protecting me, for always be there for me, i dont know what would i do without you guys;
11. My precious friends, Mira, Danang, Suri, Deby, Mara, Yogi. Thank you for always making me laugh when everything was not going so well, and then you guys made me happy. I could never thank you enough, thank you for being my best friends;
12. To my junior highschool mates, Maiza, Bella, Sunita, Clarissa. Thank you for supporting me no matter what since 7th grade until now.
13. KKN Depok Rejo 1 and 2, Anisa, Arninda, Fadhil, Abel, Eel, Tegar, Bang Salam, Kak Ibnu, Ketut, Muthia, Uwi, Boim, Nuy. Thank you for the unforgettable 40 days, we argue, we fight, we even stop talking to each other at times, but i still thank you guys profoundly and i am totally happy to have such a good mates like you guys;
14. 1shoot1kill batch 2, Amalia, Bipa, Restu Bella, Reka. Thank you so much for fighting together and supporting each other, thank you for strengthening me and walking together with me even when there was a big obstacle in front of us;
15. To my Babies Shark friends, Dicky, Mirul, Chatia, Ilham, Gilda, Amel. Thank you my friends through ups and downs in writing this thesis;

16. Bilingual Class 2014, Indra, Regita, Gilda, Amirul, Dhissa, Fani, Zakia, Adinda, Probo, Alin, Lupita, Intan Wulandari, Surya, Robert Ardeno, Tia, Ratih and others. Thank you for your support since the first the that we met;
17. To all of my Seminar Committees, Ajeng, Atika, Rezika, Dila Ayu, Magfiroh, Nadiaa, Oftika, Umi Khoirunnisa, Zelda, Intan Crusita, Dhana, Yandi, Niken, Rosa, Riska, Rebecha, Reggy, Yuda, Dani, Anggit, Elsa , and others that I can not mention one by one. I am lucky to have you all;
18. My Friends in Accounting 2014, Agro, Dewi, Yanto, Dewi, Oftika, Faila, Robert, Haffin, Amin, Renaldo, Iqbal, Sendy, Rachel, Eko, Nabila, Mertalia, Megah, Dila Anjelika, Jefry, Indra, Iszenzia, Winda, and others that I can not mention one by one Thank you so much;
19. Last but not least i'd like to say thank you to all individuals and parties that contributed to the writing of this thesis.

The author would also like to offer apologies for the limitations of this thesis, and invites constructive criticisms in order to maximize its benefits to the readers and to the society in general.

Bandar Lampung, April 2018
Author,

Sekar Arum Probowati Rambe

CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDIX

CHAPTER I

INTRODUCTION

1.1. Background

The role of the business world has contributed greatly to advancements, economic, social and cultural, but also cause considerable social-cultural implications, neglected community rights, loss of life's resources, and human rights violations caused by the activities of the company. It has been the fact that the overwhelming desire of the companies to maximize the profits often overrides the impact on others. Not just about the environment but also about their lack of attention to the workforce and the rights of others.

In Indonesia the regulation about social responsibility is stated by the UUPT (Law on limited liability company) no. 40 year 2007 which according to Article 1 number 3 social and environmental responsibility is the commitment of the company to participate in sustainable economic development in order to improve the quality of life and environment that is beneficial both for the company itself, the local community, and society in general. The Stakeholders will judge the performance of the company not only with the published financial statements alone, but coupled with the social responsibilities that they do.

In looking at whether a company is in healthy state there are several indicators such as firm performance and its stock market. According to Al-Matari *et al.* (2014), the firm's success is basically explained by its performance over a certain period of time. AL-Matari *et al*. also stated three ways to measure the firm performance they are accounting based measurement such as ROA, ROE, EPS, PE, market based measurement such as market to book value, abnormal return, and other measurement such as output per staff, cost per service provided and cost per client served. Stock price is one of indicators to see company's performance, because the performance of a company usually reflects its stock price (Shamsudin *et al*., 2013).

In assessing the stock price, there are many factors that can affect stock prices such as the country's fundamental economic conditions, corporate performance, rumors and sensitivity. Investors need information that comes from the internal and external conditions of the issuer. Solomone *et al*. (2001) stated that any information related to a company as a matter of fact should be given to the stakeholders whether it is about environmental policies, environmental management systems, environmental targets, environmental friendly products and processes and other environmental-related information. The Issue or news of a company cause reactions to the investor's psychology. Overreaction is one of the symptoms or abnormalities in the capital market. This phenomenon occurs when the stock price, according to new data changes more than it should (Naderi, 2012).

Investors not only react from what is reported by the company in its annual report but also react to the events reported in the mass media. Event that contain information, whether it is positive or negative information, that may affect the value of the company such as employee strikes, the changing of CEO, fraud, ethical offenses, natural disasters and so on is something that could made market react. To find out whether these events affect the market reaction or not is to look at the state of the company's stock price (Fabozzi, 2003).

In this research, the author would like to investigate the market reaction to social ethics violation news. The violation issues of this research would be about termination of employment, cartel, the employee's rights. Cartel is the cooperation of a number of competing firms to coordinate its activities so as to control the amount of production and the price of a good or service to gain profit above a reasonable level of profit. In case of PT Indosat Tbk in 2016 regarding the alleged cartel by PT Indosat Tbk and PT XL Axiata, in the presence of the joint venture, the two companies could exchange confidential information leading to pricing, market allocation, and output restrictions (Kompas. com). The link between the cartel phenomenom and investment is that cartels can indicate an arbitrary price-making event called a monopoly, which means the market becomes inefficient. While investor's decision to invest or not by assess whether or not the market from the level of efficiency. Pasaribu (KPPU.go.id) state that fair competition can have a positive impact, investment in a competitive perspective is an investment that provides prosperity and not a collection of fraudulent business actors.

Another social issue of this research is about termination of employment, there are many cases about termination of employment that have been done by companies which have difficulties in maintaining the sustainability of their companies as reported in the case of 2014. In 2014 the cigarette industries are shaken by new regulations in the country, such as excise, local taxes, and Government Regulation No. 109/2012 concerning Security of Materials Containing Addictive Substances. The incident resulted in a sales decreased by the cigarette industry such as HM Sampoerna and Bentoel where there were about 4900 employees who were laid off from their work.

If the termination of employees happen there will be a lot of unemployment in the country so it can affect the country's economic growth. According Sukirno (2008: 423), economic growth means fiscal development of goods and services in the country. Economic growth is one of the indicators to assess economic performance. As reported by geotimes.co.id the existence of termination of employment will decrease the level of public consumption. Because, if someone does not have income, they would not be able to buy goods for their consumption. Moreover, Indonesia's current economy is still dependent on the level of consumption up to 70 percent. Murni (2006: 202) states that with a bad growth of labor, causing a lethargy for investor to invest. In line with the statement above, Shahzad (2013) states that high economic growth rates are likely to lure investors in finding the potential market to have good return.

In the Indonesian Republic law number 13 of 2003, chapters 5 and 6 explaining that the workforce is entitled to equal treatment and opportunity. In the case of PT Sumber Alfaria Trijaya Tbk in 2012 where employees are questioning their right to claim health insurance, the company does not take further steps regarding health insurance filed by employees (Kompas.com). Another case in PT Toba

Pulp Lestari Tbk in 2013 is reported to violate human rights, PT Toba Pulp Lestari Tbk acts arbitrarily against the local citizens. Based on UUPT Law No. 40 of 2007 companies should embrace human rights and principles of good environmental and sustainability management in where they carry out their operational activities. Those kind of issue would affect company’s image, because the media is a means for delivering information to all interests in this research focus on investors.

Many studies of disclosures such as CSR and intellectual capital have an influence on firm value or company performance. Intellectual capital is divided into three. There are relation capital, structural capital and human capital. Human being is a central attention in twentieth century. It relates to the progress of the economic development sciences and sociology. The experts of those sciences agree on one thing that human capital takes a significant role or even more important than technological factor driving the economic growth (Ishwati and Anshori, 2007).

According to Ayza (2014) an investor may not have the ability to assess and analyze in depth the information that is provided. In this case, reputation comes into play. Accounting firms, auditors, and other professionals rely on their reputation, as these are the signals used as indicators for their evaluation. It means that an auditor would be trusted when they can do their job clearly, vice versa when the auditor is frozen for a matter, fraud, then their reputation will go down and make the client will hesitate to ask that auditor to audit their report. A reputation can be defined as the stakeholder's evaluation of an organization. Investor is interest to find out about any information related to a company or their image in media reflects general expectation and those image could help to trigger a decision. The normative and empirical literature suggests that investor decisions maybe influenced by both their economic and social motives (Boyle *et al.*, 1997).

An event study is a statistical method to assess the impact of an event on the value of a firm. For example, the announcement of a merger between two business entities can be analyzed to see whether investors believe the merger will create or destroy value. Capital market reaction to information content in an event can be measured by using return as a value of price change or by using abnormal return which is the difference between return actual returns expected by investors. Abnormal Return is an indicator used to measure the market reaction due to the occurrence of an event. If an event contains good information then the abnormal return shown will be positive and vice versa.

In this globalization era is very easy for investors to get information related companies that become places of investment. Fabozzi (2003) states that prices at all times are fully reflected on all the available information that is relevant to the valuation of securities. The investor will appreciate of any form of information they got because the expectation will be identical to the optimal forecast using all available information. In his book Fabozzi also said that a good announcement does not always result in an increasing stock price, but the stock price will respond to announcement only when the information is announced is new and unexpected.

Events that contain information will cause a market reaction, but events that contain positive info such as earnings announcements and dividend divisions which will certainly happen won't cause a response to stock price because investors already know that the information will be announced. Mass media is a source of information widely used by market participants to identify an event or news. The rumored news is an unpredictable thing therefore in accordance with Fabozzi's book that the investor will react to the unexpected announcement than when the news is rumored to affect the stock price.

This research aims to investigate the market reaction to unexpected news about the social ethic violation such as termination of employment, cartel, and employment’s rights committed by the company. Therefore the title of this research is "**Market Reactions to Social Ethics Violation News by Companies listed in Indonesia Stock Exchange".**

1.2. Problem Statement

Therefore based on the explanation above the formulation of this research problems are:

1. Is there a market reaction to the news of social ethics violation indicated by the change in abnormal return after the news of social ethics violation committed by companies in the Indonesian stock exchange?
2. Is there a market reaction to the news of social ethics violation indicated by the change in average trading volume activity after the news of social ethics violation committed by companies in the Indonesian stock exchange?
3. Is there any significant abnormal return surround the news of social ethics violation?\

1.3. Purpose of The Research

The purpose of this research is to investigate whether there is a difference of market reaction to the news about social ethic violation shown by abnormal return and trading volume activity before and after the news release.

1.4. Research Benefit

1.4.1. Theoritical Benefit

This research is used as an application of theory that has been obtained by the author during the lecture and this research is also expected to increase knowledge and be used as a reference for further research.

1.4.2. Practical Benefit

The benefit of this research for the company is as a reference to management in terms of knowing whether a social ethic violation news in the media can generate market reaction or not.

CHAPTER II

LITERATURE REVIEW

2.1 Theoritical Base

2.1.1. Signaling Theory

Signalling theory is how accounting can be used to signal information about the firm accounting reports are often used to signal information about firm. The logical consequence of signaling theory is that there are incentives for all managers to signal expectations of future profits because, if investors believe the signals (Godfrey *et al*., 2010).

According to Spence (2002) signaling theory is fundamentally concerned with reducing information asymmetry between two parties, where there is a commonly understood desire to communicate accurate information to each other. The information contained in an announcement will provide a signal for investors in making investment decisions. The intuitive nature of signaling theory in part helps explain its pervasiveness (Conelly *et al*., 2011).

2.1.2. Eficient Market Hypothesis Theory

Fama (1970) argues that in an efficient market the price will fully reflect the information available and as a result the price will react instantaneously without any bias against new information. Based on Fabozzi (2003) the efficient market hypothesis predicts that stock will reflect all publicly information, Fabozzi also state that additional information might be used to help forecast stock returns because stock price may overreact to news announcement. Hartono (2013) stated that the market called efficient when information is widely available to market participants. Usually market participants generally get information through radio, newspapers, and other mass media so that the information can be received simultaneously. Investors will react quickly to achieve a new equilibrium price in terms of responding to information. The stock price will respond to announcement only when the information being announced is new and unexpected. Fama (1970) classified the pricing efficiency of a market into three forms, the difference between those three forms is on the relevancy of information reated to stock price.

a. Weak Efficiency

Weak efficiency means that the price of the security reflects the past price and trading history of the security. This weak market efficiency occurs when in the buying and selling decisions of investors' stocks using past price and volume data.

b. Semi-strong Efficiency

Semi-strong efficiency means that the price of security fully reflect all public information, which includes but is not limited to historical price and trading patterns. The market can be said to be half strong if the investor's decision to buy and sell shares using latest price data, recent volumes, and all published information such as financial statements, annual reports, stock announcements, international financial information, government regulations, social events and so on may affect the economy national. This means that investors use a combination of technical and fundamental analysis in the process of calculating the value of shares, which will be a guide in purchasing the bid price and bid price.

c. Strong efficiency

Strong efficiency exist in a market where the price of a security reflect all information, whether or not it is publicly available. The market can be said to be strong when investors use more complete data such as past prices, last volumes, published information, and unpublished personal (private) information in general. Examples of personal information are the results of research published by the work unit at the company or purchased from other research institutions.

2.1.3. Event Study

An event study is a statistical method to asses the impact of an event on the value of a firm. For example the merger between two business entities can be analyzed to see whether investors believe the merger will create or destroy value. Events such as environmental or social ethics violations by companies may effect stock price because after a law regulating of social responsibility such as No. 40 of 2007 and article 17 No. 25 of 2007 on limited liability companies required to preserve the environment and about planting investor's capital is more through in choosing the issuer.

According to Samsul (2006) event studies are defined as studying the effect of an event on the stock price in the market, both at the time of the event and some time after the event occurred. According to Bodie *et. al* (2014) an event study describes a technique of empirical financial research that enables an observer to assess the impact of a particular event on a firm's stock price. According to Spais and Filis (2008) the advantage and disadvantage about event study are:

Table 2.1.
Advantage and Disadvantage Event Study

Advantages	**Disadvantages**
• The advantage of event studies in the context of company is the event study will create an abnormal performance of an event which will have an impact on the shareholder of the company.	• Considering that the event study method is increasingly used to examine the impact of managerial decision-making it is necessary to ensure whether it has been implemented correctly, results have been reported clearly, and whether the interpretation of the results has been appropriate.
• Event study is very useful for capital market research as a way to test market efficiency. Event study focuses on the time when the incident occurred and can be useful to understand the policy decisions that the company does. And also could minimize the errors.	• The result of event study depends on how the research is designed, in the research of event study there are some research that uses unsupported theories and inappropriate techniques, therefore the difficulty of the event study is must have the right techniques and theories so that the results reflect the real market reaction.

2.1.4. Abnormal Return

The market reaction is indicated by the price change of the securities in question, if the announcement contains information then it is expected that the market will react when the announcement is received by the market (Pratama *et al*., 2015). Capital market reaction to information content in an event can be measured using a return as a value of price change or using an abnormal return.

An investment is the current commitment of money or other resources in the expectation of reaping future benefits. The impact of an event on each type of event are varies. Investors in assessing the company to be invested will measure with the return earned from current prices and previous prices. According Samsul (2006) in event study in order to analyze specific events it used abnormal return. Abnormal Return is the difference between actual return and expected return, which can occur before the official information is published or information leak has occurred.

Signs of a positive or negative abnormal return indicate the direction of market reaction due to good or bad news. Events of good news are expected to be reacted positively by the market, and vice versa bad news are directing the market reaction negatively. According to Samsul (2006: 276), abnormal return is classified into 4 groups, namely:

- Abnormal Return (AR), abnormal return is the difference from actual return with expected return calculated on a daily basis. Thus it can be known highest and lowest abnormal returns and strongest reactions in the days of the window period.
- Average abnormal return, average abnormal return is the average of all types of stocks on a daily basis. By calculating the average abnormal return then it can viewed the most powerful reaction of all types of stocks in the days on window period.
- Cumulative Abnormal Return (CAR), cumulative abnormal return is the accumulation of daily abnormal return for all types of stocks. Cumulative

abnormal return is used for compare each type of stock that has an effect on before and after the event.

- Cumulative Average Abnormal Return (CAAR), cumulative average abnormal return is the accumulation of the average abnormal return. Cumulative average abnormal return is used for knowing the tendency of a positive or negative impact of a event. To know the trend of the impact of a event then the cumulative average abnormal return before the event compared with an abnormal cumulative average return after the event.

2.1.5. Trading Volume Activity

Huddart *et al.* (2005) state that to examine the investors's behavior, we can use trading volumes and stock price fluctuations. Performing an event study, they were able to conclude that investors's behaviour is influencing the trading volumes of the stock market and the stock prices themselves. The value of the trading volume is the most important indicator of the stock market, which quantifies the supply and demand intersection for the price equilibrium. The dynamics of the trading volume are widely used in the technical analysis (Remorov, 2014).

2.1.6. Termination of Employment

The causes of termination of an employment agreement are regulated in Indonesian Law number 13 of 2003 regarding Manpower (Labor Law). The employment law regulates a variety of causes of termination of an employment agreement, conducted by either the employee or employer or based on mutual agreement. There are many reasons why the termination of employment happen, such as a deceased employee, an employee who commits an offense, an employee who has moved to another company, an employee who decides to resign by theirown will, the company of the employer goes bankrupt (Indonesia-investment, 2014). Kucharcikova (2011) state that human capital as a business resource or asset which forms part of the market value of the company.

2.1.7. Cartel

The definition of a cartel is the cooperation of a number of competing firms to coordinate its activities so as to control the amount of production and the price of a good or service to gain profit above a reasonable level of profit. The cartel regulations are spreading in various articles of Law Number 5 of 1999 about Prohibition of Monopolistic Practices and Unfair Business Competition (Law No. 5 of 1999), as descripted on article 5 about price fixing, article 9 on territorial cartels and Article 11 concerning the production and marketing cartels. According to Article 35 letter a Law no. 5 of 1999, if the business actor violates article 4 up to Article 16, KPPU will conduct an assessment of the agreement which may result in monopolistic practices and or unfair business competition. Based on the article, if the business actor is indicated to conduct a cartel then KPPU should be assessed by its agent. It is this agreement that will be evidence of a cartel. As Allan Green Span, former FED Governor said that the market economy grew through three things. One of those is the level of domestic competition, especially for developing countries, the level of state openness to trade and its integration with other parts of the world. A competition policy is created to create a competitive environment so that economic growth is not only efficient but also encourage welfare (Martadisastra, KPPU’s Member, 2011).

2.1.8. Accuracy of News In Online Journalism

The term "The world in hand" is a term suitable to describe the sophistication of technology in this present era. All information can be easily found only by using a smartphone. People no need to be hard to find the latest information on the newspaper because there are many online news sources that provide the information needed. But not a little the impact resulting from sophistication of technology such as fraudulent sites and news sites that spread unreliable news. As explained earlier, Fabozzi (2003) any additional information that has value can influence market reaction especially if the information is unpredictable. Information about the company other than obtained from the company's annual report can also be found in news sources.

Online news sources can be said to be credible if they have Believeness, Fairness/ Objective, Accuracy, Completeness (Cassidy, 2007). Johnson and Kaye (2008) state that the internet is a one-stop shopping source for political information: news stories and analysis, video clips, candidate speeches and issue positions, up-to-date results, and ballot information. Believability, related to factual news writing, is there mixing of facts and opinions of journalists. To be believed believable, transparency of news sources is a major requirement that must be met (Hungbo, 2007). Accuracy explains whether there is a suitability of news content that is able to support the title and news lead and about the accuracy of news writing, whether there is something less or not (Flanagin, 2000). For completeness, a news is fulfill of news elements. The basic online story form has been described as " print plus". It's a text story that includes additional elements like photographs, audio, and video, or hyperlinks to more information. Objective is method for verifying information, journalists can report stories that do not reflect their own personal views. The story itself, in other words, should be impartial and fair. The challenge for journalists is to report all significant viewpoints in a way that is fair to those involved and that also presents a complete and honest picture to the audience. Fairness means, among other things, listening to different viewpoints, and incorporating them into the journalism (Potter, 2006).

2.2. Previous Research

Table 2.2.
Previous Research

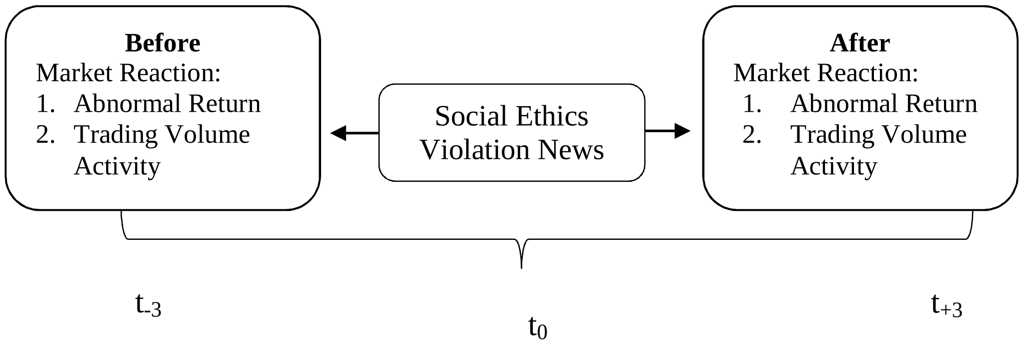
No.	Author	Tittle	Variables	Result
1.	Charles H Anderson-Weir (2010)	How Does The Stock Market React to Corporate Environmental News?	Independent: Environmental News such as green ranking. Dependent: Abnormal Return	This paper finds that the stock market reacts negatively to news about the environmental behavior of firms.
2.	Zsuzsanna Deak & Berna Karali (2014)	Stock Market Reaction To Environmental News in The Food Indusrty.	Independent : Environmental Ranking Scheme, Article, Rated Food Companies. Dependent : Cummulative Abnormal Return before and after event.	Results show that positive (negative) events that are the result of direct internal company actions lead to higher (lower) predicted returns, whereas events related to third-party opinions lead to smaller changes in predicted returns in short event windows.
3.	Nazir *et al.* (2014)	Impact of Political Events on Stock Market Returns: Empirical	Independent : Political Events showed by stock price	The empirical result shows that political events have an impact on the Karachi Stock

		Evidence From Pakistan	Dependent : Average Abnormal Returns before and After event.	Exchange returns.
4.	Pratama *et al.* (2015)	ReaksiPasar Modal Indonesia terhadapPeristiwaPolitik (Event Study padaperistiwaPelantikanJokoWidodoSebagaiPresiden RI ke-7)	Independent : Event Study about the changing of Indonesian's President. Dependent : Abnormal Return	Abnormal return on the event period was varied but not statically significant. Market reaction before and after the event is not significant.
5.	Tay *et al.* (2016)	The Effect Of White Collar Crime Announcement on Stock Price Performance	Independent: White collar crime announcement Dependent : Average Abnormal Return	The finding indicates that an announcement of a white-collar crime has a negative abnormal return on the share price.
6.	Firmansyah *et al.* (2016)	Analisis Perbandingan Trading Volume Activity dan Abnormal Return Sebelum dan Sesudah Stock Splits	Independent: Stock Splits Dependents : Abnormal Return and Trading Volume Activity	The result of this research shows that there are no significant different in trading volume activity dan abnormal return before and after the event.
7.	Oliver Kim & Robert E Verrecchia (1991)	Trading Volume and Price Reaction to Public Announcement	Indepenent : Public Announcement Dependent: Trading Volume Activity	The results are first, the price change at the time of announcement is proportional to both the unexpected portion Of the announcement and its relative importance across the posterior beliefsof traders. This relative importance is increasing in the precision of the announcement and decreasing in the precision of the pre announcement information.

2.3. Research Framework

Based on the background and problems that have been described above, this research is an event study about social ethics violation news by companies which listed in IDX. This event study will see the effect on market reaction shown by stock price. In this research the market reaction will be seen using abnormal return and trading volume activity.

Figure 2.1.
Research Framework



2.4. Hypothesis

On efficienct market hypothesis theory state that a stock price is show the publicity information and that information would forecast a return affected by the information annoucement. The market reaction can be measured by using the return as a value of price change or by using an abnormal return. Abnormal return is an indicator used to see the market reaction about an event. Investor sensitivity to an event can have different effects such as panic or even undisturbed with the news. The Issue or news of a company result a reaction to the psychological of investors, overreaction is one of the symptoms or abnormalities in the capital market. This phenomenon occurs when the stock price, according to new data changes more than it should (Naderi, 2012).

Events that contain positive information will have a positive impact on the abnormal return and otherwise (Pratama *et al*., 2015). Events on ethical violations by the company and audible by the public will degrade the company's image. The Indonesian government has regulated the obligations of the company in terms of responsibility the social responsibility of the Law no. 40 in 2007. So based on this regulation the company does not view social disclosure as a charity but also as a means of competing to get interest from investors. The release of information on corporate social responsibility will support the sustainability of the company.

Signaling theory state that information that received by the investor would affect the investor’s interest to buy or sell the stock, the change of trading volume. The increasing volume of supply and demand for a stock, the greater the effect on stock price fluctuations in stocks, and the increasing volume of stock trading shows the increasing of stocks's interest by the public that will have an effect on price or inventory increases (Firmansyah *et al*., 2016). Investor interest to find out about any information related to a company or their image in media reflects general expectation and those image could help to trigger a decision.

Based on Weir (2014) the unexpected green rankings had significant effect on abnormal returns, suggesting that the stock market did react to the unanticipated component of the Newsweek Ranking. This paper also state that the company who got the unexpected worse rank would have a negative stock abnotmal return. Tay *et al*. (2016) also finds that white collar crime announcement demonstrates evidence of negative price reaction throughout the days subsequent to the day of announcement. Nazir *et al.* (2014) finds there are political events that show a significant differences in abnormal returns, this research also state that the people react for short period of time and after that they absorb the noisy information.

Beaver (1968) change in price reflects average change in trader's beliefs, while volume reflects the sum of differences in trader's reaction to announcement. Volume identifies systematic differences in investors' knowledge or other characteristics which result in different reactions to public announcements across firms or across types of announcement (Kim and Verrechia, 1991).

This research would investigate whether events about social ethic violation by companies will affect market reaction that could be seen by abnormal return and trading volume. So the hypothesis in this research are:

H_1 : There is a negative market reaction to social ethics violation news as indicated by a decrease in average abnormal returns before and after the event.

H_{2} :There is a negative market reaction to social ethics violation news as indicated by the decrease in average trading volume activity before and after the event.

H_3 : There is an abnormal return surround the observation period of the event study which is t-3 to t + 3.

CHAPTER III

RESEARCH METHODOLOGY

3.1. Data Resource

Kompas.com is one of the pioneer media online in Indonesia when first present on the internet on September 14, 1995 with the name of Kompas Online. Kompas.com won some journalistic award, the last in 2016 was awarded the best website award. Kompas.com is a reliable and accurate online media resource. Based on research by Damayanti (2016) who examines 4 online news sources there are Detik.com, Kompas.com. Tribunnews.com, Liputan6.com then Damayanti concluded that the four news are credible online news. In looking for news related to the social ethic violation news on companies listed on the Stock Exchange, the author search it from Kompas.com. While financial data such as stock price and trading volume, the author will look through the Indonesia Stock Exchange website, yahoofinance.com, and investing.com.

3.2. Population and Sample

According to Salkind (2003) a population is a group of potential participants to whom you want to generalize the results of study. The population in this researchare all companies listed in Indonesia Stock Exchange period 2010-2016.

Salkind (2003) state that sample should be selected from populations in such a way that you maximize the likelihood that the sample represents the population as closely as possible. Sample should be selected from populations in such a way that you maximize the likelihood that the sample represents the population as closely as possible.In this research the sampling method would be use purposive sampling method and the criteria are a company listed on Indonesia Stock Exchange from 2010-2016 and having a news published on Kompas.com which related to social ethics violation news during the period 2010-2016.

Table 3.1.
Research Sample

No	Explanation	The Total Observation
1.	The number of news related to social ethics violation 2010-2016	72
2.	Companies that conduct corporate action during window period	(3)
3.	Do not have complete financial report data and stock trading data that can be accessed through official website of IDX or other capital market sites such as yahoo finance, investing.com	(6)
	The Total of Sample	**64**

3.3.Variables

Salkind (2003) state that variable is a noun, not adjective, and represent a class of outcomes that can take on more than one value. There are two main variables of a research, dependent variable which represent the measure that reflect the outcomes of a research study and independent variable which represent the treatments or conditions that the researcher controls to test their effects on a particular outcome. To test this research hypothesis about event study to market reaction hence variable used in this research is abnormal return and trading volume.

3.3.1. Abnormal Return

Abnormal Return is the difference between actual return and expected return, which can occur before or after the official information has published. (Samsul, 2006). According to Tay *et al.* (2016) abnormal returns can be determined by finding the difference between the actual returns and the expected return of the stock. First, we calculate the actual return as follows:

AR_{it} = Abnormal Return of I stock on t period

R_{it}= Actual return of I stock y on t period

$E(R_{it)=}$ Expected return of I stock on t period

$$AR_{it} = R_{it} - E(R_{it})$$

To calculate actual return :

R_{it} = Actual return of I stock on t period

P_{it}= price stock of I stock on t period

P_{it-1}= price stock of I stock on t-1 period

$$R_{it} = \frac{Pit - P(it-1)}{P(it-1)}$$

Expected market return or normal return

R_{mt} = Market Return on t period

IHSG = IHSG on t period

$IHSG_{it-1}$= IHSG on t-1 period_it

$$R_{mt} = \frac{IHSG - IHSG_{(it-1)}}{IHSG_{(it-1)}}$$

3.3.2. Trading Volume Activity

Observation of market reaction to an event other than using abnormal return can be seen by trading volume. The development of stock trading volume reflects the strength between supply and demand which is a manifestation of investor behavior. Rising trading volume is an increase in trading activity of investors in the stock. The increasing volume of supply and demand for a stock, the greater the effect on stock price fluctuations in stocks, and the increasing volume of stock trading shows the increasing interest of stocks by the public that will have an effect on price or inventory increases (Firmansyah *et al*., 2016). TVA can be defined as the comparison between the volume of shares traded with the number of outstanding shares at a certain period.

$$\boldsymbol{TVA = \frac{Trading\ Volume\ on\ t\ period}{Outstanding\ Stock\ on\ t\ period}}$$

3.4. Data Analysis Method

3.4.1. Descriptive Statistic

To illustrate the data used in this research, financial analysis ratio is used in descriptive statistics to provide an overview and summarize data to be observed. The statistic description used is based on the mean, standard deviation, as well as the maximum and minimum values of abnormal return and trading volume before and after the reporting of layoffs by manufacturing companies listed on the IDX.

3.4.2. Normality Test

This test of observed data to be applied with the samples used in this research is normally distributed or not. In this research based on previous research for the example of data normality can be done by one-sample test method of Kolomogrov-smirnov test with the help of SPSS. Samples will form normally distributed if Asymptotic sig> the level of confidence used in the test. Reaction is not normal when asymptotic sig < confidence, in this case is 95% or $\alpha = 5\%$.

3.4.3. Hypothesis Test

3.4.3.1. Paired Sample T-Test

If the data is normally distributed the hypothesis test would be done by parametric test which is Paired Sample T Test, paired sample t-test is a method that can be used to test the difference between two paired samples. Decision-making accepts or rejects the hypothesis reflected by test results performed with a significance level of 5% or 0.05. If the probability shown (Sig) is less than 0.05 then H_o is rejected and H_a is accepted. If the probability shown (Sig) is more than 0.05 then H_o is accepted and H_a is rejected.

3.4.3.2.Wilxocon Signed-Rank Test

If the data is not normally distributed the hypothesis would be done by non parametric test which is wilcoxon Signed-Rank Test. Decision-making accepts or rejects the hypothesis reflected by test results performed with a significance level of 5% or 0.05. If the probability shown (Sig) is less than 0.05 then H_o is rejected and H_a is accepted. If probability shown (Sig) is more than 0.05 then H_o is accepted and H_a is rejected.

3.4.3.3. One Sample T-Test

One Sample T-Test is performed to determined whether the market occurred during window period. This test is conduct to find on which day abnormal return will occurred.

- If the probability value < 0.05, then it can be concluded, statistically, significant reactions occurred.
- If the probability value >0.05, then it can be concluded, statistically, there is no significant reactions occurred.

CHAPTER V

CONCLUSION AND SUGGESTION

5.1. Conclusion

This research aims to investigate whether there is a negative difference of market reaction to the news about social ethics violation shown by abnormal return and trading volume of activity before and after the event. Based on the results in this research it can be concluded that Indonesian Capital Market reacted significantly negative to the news of social ethics violations and it shown by a decrease in average abnormal return as much as 0,26%. Therefore the first hypothesis is supported (H_1).

The TVA variable does not show any significant difference before and after the event. Even if based on descriptive test, there is a decrease before and after the event by 0,08%, but it still cannot be sure to indicate that issues of social ethics is the one which make a decrease on TVA of a company because the difference obtained in this research is not significant. Therefore the second hypothesis (H_2) is not supported.

Based on one sample t-test, abnormal return occurs at t + 3 after the event with the significant number is 0,001. It indicates that the market reacts conservatively and feel overconfidence therefore the respond is little late. Therefore the third hypothesis is supported (H_3). Overall the market only reacts to stock prices meaning news about violations of social ethics contains enough information to make the market react, but not to trading volume activity, due to the various market responses to TVA makes the market does not show significant results.

5.2. Limitations

This research has the following limitations:

1. In this research, the data source is only use kompas.com so it is possible that the news about social issues reported through other online media.
2. This research focuses on violations committed by a company or negative news on social issues only. So it is possible that the information contained is not enough to make the market react.

5.3. Suggestions

Based on the conclusions and limitations of this research the author provide suggestions that can be considered for further research, for further research is expected to add the topic or issue to be discussed not only negative news about social ethics but by added negative issues about politic or environment, and also adding data sources through other media online. The contribution of this research is as an information to make managerial decisions. Managers should be more aware about the action that they take whether it will harm the company or not.

REFERENCES

Al-Matari, Ebrahem Mohammed., Al-Swidi, Abdullah Kaid., Bt Fadzil, Faudziah Hanim., 2014.The Measurements of Firm Performance's Dimensions. *Asian Journal of Finance and Accounting Vol. 6, No.1. 24-49.*

Atmaja, Lukas Setia. 2011. *Who Wants To Be An Irrational Investor?.* Portofolio Artikel Investasi Saham di Harian Kontan.

Ayza, Joaquim M Perramon. 2014. The Influence of Media on Investment Decision: The Case of Bubbles. *Innovation and Business UANL 11(22):297-311.*

Beaver , William H. 1968. The Information Content Of Annual Earning Announcement. *Journal of Accounting Research, Vol. 6. 67-92.*

Bodie, Zvi., Kane, Alex., Marcus, Alan J. 2014. *Investment 10th Edition*. New York: McGraw-Hill Education.

Boyle, Edmund J., Higginds, Mark M., Rhee, Ghon S. 1997. Stock Market Reaction To Ethical Initiative Of Defense Contractors: Theory and Evidence. *Critical Perspectives on Accounting Vol 8, Issue 6. 541-561.*

Cassidy, William P. 2007. *Online News Credibility: An Examination of The Perception Of Newspaper Journalist*. United States: Journal of Computer-Mediated Communication.

Conelly, Brian L., Certo S Trevis., Reutzel, Duane Ireland Christopher R. 2011. Signaling Theory: A Review and Assesment. *Journal of Management.Vol, 37. No.1. 29-67.*

Damayanti. 2016. *Perbandingan Akuransi Media Online DalamBerita" Brexit" Pada Empat Portal Berita Indonesia*. Bandar Lampung: Seminar Nasional Komunikasi.

Deak, Zsuzsanna., and Karali, Berna. 2014. Stock Market Reaction To Environmental News In The Food Industry. *Journal of Agricultural and Applied Economics: 209-225.*

Fabozzi, Frank J., and Mudigliani, Franco. 2003. *Capital Market (Institutions and Instruments) Third Edition*. United States: Prentice Hall.

Fama, Eugene F.1970. Efficient Capital Markets :A Review of Theory and Empirical Work. *Journal of Finance Vo. 25 No.2. 382-417.*

Flanagin, Andrew J and Miriam J. Metzger. 2000. *Journalism and Mass Communication Quarterly.Perceptions of Internet Information Credibility*. California: University of California

Firmansyah, Alfian Dodi., Agustin, Sasi. 2016. Analisis Perbandingan Trading Volume Activity dan Abnormal Return Sebelum dan Sesudah Stock Split. *Jurnal Ilmu dan Riset Management Vol.5 No.5.*

Geotimes.co.id. *PHK Dapat Mengganggu Pertumbuhan Ekonomi*. https://geotimes.co.id/arsip/phk-dapat-menganggu-pertumbuhan-ekonomi/ .Accessed in October 31st 2017.

Godfrey, Jayne., Hodgson, Allan., Tarca, Ann., Hamilton, Jane., Holmes, Scott. 2010. *Accounting Theory 7th Edition*. Australia. John Wiley & Sons Australia, Ltd.

Hartono, Jogiyanto. 2013. *Teori Portofolio dan Analisis Investasi 8th Edition*. Yogyakarta. BPFE-Yogyakarta.

Huddart, Steven., Yetman, Michelle., Lang, Mark H. 2005. *Psychological Factor, Stock Price Paths, and Trading Volume*. AFA 2006 Boston Meeting Paper

Hungbo, Jendele. 2007. *Credible New"s Measures: A Medium"s Integrity*.

Indonesia-investment.com. October 11st 2014. *Termination Employement Agreement Indonesia: Causes of Termination.* Accessed in November 2nd 2017.https://www.indonesia-investments.com/business/business-columns/termination-employment-agreement-indonesia-causes-of-termination/item2506

Ishwati, Sri., and Anshori, Muslich.2007. *The Influence of Intellectual Capital to Financial Performance at Insurance Companies in Jakarta Stock Exchange (JSE).* Asia PasificMangement Conference.

Johnson, Thomas J., and Kaye Barbara K. 2002.Webelievability: A Path Model Examining How Convenience And Reliance Predict Online Credibility. *Journalism & Mass Communication Quarterly 79: 619.*

Kim, Oliver., and Verrecchia, Robert E. 1991. Trading Volume and Price Reaction to Public Announcement. *Journal of Accounting Research Vol.29 No.2. 302-321.*

Kompas.com. Januari 17th 2012. *Aksi tuntu tkejelasan asuransi kesehatan*. Accessed in November 11th2017.http://health.kompas.com/read/2012/01/17/04435831/aksi.tuntut. kejelasan.asuransi.kesehatan.

Kompas.com. October 27th 2016. *KPPU Lanjutkan Penyelidikan Dugaan Kartel Anak Usaha Patungan.XL-Indosat.* Accessed in November 11th

2017.http://bisniskeuangan.kompas.com/read/2016/10/27/104858926/kppu.lanjutkan.penyelidikan.dugaan.kartel.anak.usaha.patungan.xl-indosat.

Kppu.go.id.Martadisastra,DediS. *Pertumbuhan ekonomi dan kebijakan persaingan*. Accessed on November 11th 2017. http://www.kppu.go.id/id/blog/2011/08/pertumbuhan-ekonomi-dan-kebijakan-persaingan/.

Kppu.go.id.Pasaribu, Benny. *KPPU dan Investasi untuk Kesejahteraan*. Accessed on November 11th 2017.http://www.kppu.go.id/id/blog/2011/04/kppu-dan-investasi-untuk-kesejahteraan/.

Kucharcikova, Altbeta. 2011. Human Capital Definition and Approaches. *Human Resources Management and Ergonomics Vol. 5. 60-70.*

Murni, Asfia. 2006. *Ekonomika Makro*. Bandung. Refika Aditama.

Naderi, Masoumeh., Mekanik, Sasan. 2012. An Analysis of Short- Term Overreaction Stock Market News: Iranian Evidence. *International Journal of Academic Research in Business and Social Science Vol. 2, No.9.* 230-241.

Nazir, Mian Sajid., Yiunus, Hassan., Kaleem, Ahmad., Anwar, Zeshan.. 2014. Impact of Political Events on Stock Market Returns: Empirical Evidence From Pakistan. *Journal of Economic and Administrative Science Vol. 30 No.1. 60-78.*

Potter, Deborah. 2006. *Handbook of Independent Journalism*. US Department of State : A Responsible Press Office: An Insider's Guide.

Pratama , Bhakti I Gede., Sinarwati Ni Kadek., Darmawan, Nyoman Ari Surya.. 2015. Reaksi Pasar Modal Indonesia Terhadap Peristiwa Politik (Event Study Pada Peristiwa Pelantikan Joko Widodo ebagai Presiden Republik Indonesia ke-7). *E-Journal Universitas Pendidikan Ganesha Vol. 3 No.1.*

Remorov, Rodion. 2014. Stock Price and Trading Volume During Market Crashes. *International Journal of Marketing Studies.Vol. 6, No. 1. 21-30.*

Samsul, Mohammad. 2006. *Pasar Modal dan Manajemen Portofolio*. Jakarta: Penerbit Erlangga

Salkind, Neil J. 2003. *Exploring Research*. Kansas: Prentice Hall.

Shahzad, Arfan., and Al-Swidi, Kaid. 2013. Effect of Macroeconomic Variables On The FDI Inflows: The Moderating Role of Political Stability: An Evidence From Pakistan. *Asian Social Science Vo.9, No.9. 270-279.*

Shamsudin, Norazidah., Mahmood, Wan Mansoor Wan., Ismail, Fathiyah.. 2013.The Performance of Stock and The Indicators. *International Journal of Trade, Economics and Finance, Vol. 4, No. 6. 409-413.*

Salomone, Roberta., Galluccio, Giulia.. 2001. Environmental Issues and Financial Reporting Trends: A Survey In The Chemical Oil And Gas Industry. *FEEM Working Paper No. 32. 2001.*

Spais, George S., Filis, George N. 2008. Measuring Stock Market Reaction to Sponsorship Announcement: The Case of Fiat and Juventus. *Journal of Targeting, Measurement, and Analysis of Marketing, Vol. 16, Issue.3 169-180.*

Spence, Michael. 2002. Signalling In Retrospect and The Informational Structure of Markets. *The American Economic Review, Vol. 92, No.3. 434-459.*

Sukirno, Sadono. 2008. *EkonomiPembangunan*. Yogyakarta: BPFE Yogyakarta.

Suparsa, Made Joni., and Ratnadi, Ni Made Dwi. *2014* Perbedaan Abnormal Return dan Trading Volume Activity atas Pengumuman Harga BBM Pada Saham LQ 45. *E-Journal Akuntansi Universitas Udayana 7.2. 382-389.*

Suryanto. 2015. Analysis of Abnormal Return Before and After The Announcement of Investment Grade Indonesia. *International Journal of Business and Management Review. Vol.3 No.1. 11-23.*

Tay, Liang-Mui., Puah, Chin-Hong. 2016. The Effect of White Collar Crime Announcement on Stock Price Performance. *Journal of Finance Crime Vol. 23 No.4. 1126-1139.*

Weir, Charles Anderson. 2010. How Does The Stock Market React To Corporate Environmental News?.*Undergraduate Economic Review Vol. 5 Issue 1. Article 9.*