

ABSTRACT

THE INFLUENCE OF CASH DIVIDEND ANNOUNCEMENT TOWARD MARKET PERFORMANCE AT INDONESIA STOCK EXCHANGE

(Studies in go Public Companies Listed on Indonesia Stock Exchange)

By

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The purpose of this study was to determine differences in the market reaction to the announcement of dividend changes on the performance of the market . The market reaction will be indicated by a change in abnormal return . This kind of research is event study research, that looked at the effect of a particular event. The population is all the go public company in the year 2008-2011. Samples are grouped into 21 companies that announced increases dividend and 20 companies with decreases dividend. This study uses a 5-day window period before the date of the announcement and 5 days after the date of dividend announcement. Calculation of the measurement variable is to calculate Abnormal Return (ARit) and data analysis using the normality test (Kolmogorov Smirnov One Sample) and different test (paired sample t - test). The results showed that : (1) There is a significant effect on the Abnormal Return , and the market reacts at t-2 before the date of the announcement, then H₁ is accepted. Results of paired sample t - test on the t-2 show t-calculated value by 2,176 on an average abnormal return of company that do the announcement and the company that not do the announcement of the dividend. (2) There is a significant effect on the Abnormal Return on the day before the dividend announcement and the day after the announcement of increases dividend, then H₂ is accepted. Results of paired sample t-test show the value of t-calculated 3,022. (3) There is a significant effect on the Abnormal Return on the day before the dividend announcement and the day after the announcement of decreases dividend, then H₃ is accepted. Results of paired sample t-test show the value of t-calculated 2,129 at the 5% significance level .

Keywords : *Abnormal Return (ARit) , dividend increase , dividend decreases*