

ABSTRACT

COMPARATIVE ANALYSIS OF SHARE PRICE AND RETURN BEFORE AND AFTER ANNOUNCEMENT SHARES ISSUE RIGHT IN LISTED COMPANIES IN INDONESIA STOCK EXCHANGE

By

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Purpose of this study was to determine whether stock prices and stock returns after rights issue significantly different stock prices and stock returns before the rights issue. The number of samples in this study were 49 companies that were selected using probability methods or non-random, the population in this study are all companies listed on the Stock Exchange that their policy of a rights issue in the period January 2010 to December 2011. The method used to test the hypothesis is a paired t test (paired t test). After a test of the hypothesis, it can be concluded that the stock price and return the shares after the rights issue is not significantly different to the stock price and return the shares before the rights issue which is characterized by the absence of differences in average stock prices and stock returns around announcement date. In other words it can be stated that the announcement of the rights issue does not have sufficient information content for investors to make investment decisions in the process of buying and selling shares does not significantly affect the level of corporate profits.

Keywords: rights issue, stock returns, and stock prices.