

**Analysis of the Effect of Dividend Announcements on Stock Prices  
Around the Date of the Ex-Dividend Date**

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**ABSTRACT**

This study aims to determine the extent of the dividend announcement date published around the ex-dividend date will affect the market reaction, in this case the investor. Whether there is a market reaction can be seen from the changes in stock prices around each ex-dividend date date by issuers of banking companies listed in Indonesia Stock Exchange. This study uses secondary data, sampling using purposive sampling method. Research conducted during the period of 3 years (2010-2012 fiscal year) by using samples are 8 companies. This study uses the observation window for 5 days prior to the announcement of dividend and 5 days after the announcement of the dividend. The method used in this research is event study by observing the movement of stock prices in the Indonesia Stock Exchange. Then to test whether there is a market reaction then tested abnormal return, in this case the cumulative average abnormal return around the announcement date of the dividend ex-dividend date using simple linear regression. In the statistical test results, when the announcement around the ex-dividend date date did not contain information that could affect the market reaction seen from the stock price around each ex-dividend date date. The absence of a significant relationship between the ex-dividend date announcements on stock prices, has shown that investors or financiers less make dividends as the only factor that should be taken into consideration. In another sense there are other factors that are considered more important to be taken into consideration rather than the announcement of the ex-dividend date.

Keywords: Announcement of dividends, around the date of the ex-dividend date, the stock price and the cumulative average abnormal return