A Comparative Analysis of Stock Returns Before and After Stock Split in Companies Listed on the Indonesia Stock Exchange

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ABSTRACT
This study aims to analyze the comparison of stocks return before and after the activity of a stock split. The data used in this study are secondary data from the Indonesia Stock Exchange (IDX). Using purposive sampling method with certain criteria obtained a sample of 75 companies, this study uses event studies with observation periods 7 days before and 7 days after stock split to determine the information content contained in an event. Hypothesis conducted in this study uses the normality test and the Wilcoxon signed rank test. The results of testing the hypothesis in this study indicate that there are no differences in stocks return between before and after the activity of a stock split.

Keywords: Corporate Action, Event Studies, Investor, Stock Prices, Stock Returns, Stock Splits

INTRODUCTION
The main reason people invest is to earn a profit which is known as return. It is a very natural thing if investors demand a certain level of return on the funds they have invested (Tandelilin, 2018: 6). In the capital market, investors choose companies that are considered to have high future profit prospects so that they can provide returns as desired or even exceed expectations. To avoid risk when investing in the capital market, information is needed in the selection of a stock portfolio to be purchased, one of which is the announcement of a stock split. This corporate action has quite an impact on the market, because the stock price drops due to the stock split, it will attract new investors. With the cheaper price of the shares traded, it will increase the market reaction in buying shares. In line with that, the stock price will increase which will generate returns to the company and investors.

Although in theory, a stock split is just a cosmetic or beautifying action where the company makes accounting changes, namely changing the par value per share. The stock split has no effect on cash flow, the value of the company as a whole or its total assets, and for investors or shareholders it is not better or worse than before the stock split. In fact, the stock split is a corporate action that is quite popular and relatively often carried out by companies because many managers and investors think that stock splits are very beneficial. Not a little literature that expresses the view that the decline in stock prices can help increase the interest of investors, especially for those who have limited capital it will be easier to own the split shares.

Research on the effect of stock splits on stocks has been widely carried out, one of them by Febriansyah, Fraternesi and Deta (2021) which shows that there are significant differences in stock returns before and after the stock split. This is also supported by Hendra and Irawati (2021), Togi and Pratomo (2014) and Zahra (2021) who shows the same result. Meanwhile, research conducted by Akhmad and Damayanti (2021), Mardiyaningsih and Andhityar (2020), Satria and Adnan (2018), Sululing, Rasyid and Indrijawati (2022) showed contradictory results, namely there was no significant difference in stock returns before and after stock returns. splits. The existence of a research gap in previous research that underlies this research was conducted to analyze the comparison of stock
returns before and after the stock split.

LITERATURE REVIEW
Investment is a commitment to a number of funds or other resources made at this time, with the aim of obtaining a number of benefits in the future. An investor buys a number of shares today with the hope of profiting from an increase in stock prices or a number of dividends in the future, in return for the time and risk associated with the investment (Tandelilin, 2018: 3). Generally, investments are categorized into 2 types, namely: real assets (real assets) and financial assets (financial assets). Real assets are tangible such as buildings, vehicles and so on. Meanwhile, financial assets are documents (letters) of the holder's indirect claim to the real assets of the party issuing the assets. Similar to investing in other fields, to invest in the capital market apart from the need for funds, it also requires sufficient knowledge, experience, and business sense to analyze which securities or securities to buy, which to sell, and which securities to sell. still held (Ahmad, 2018: 2).

METHODS
This study uses a quantitative approach with a comparative design. Comparative research is a type of research conducted to compare between two or more groups of a certain variable. This type of research is an event study. The purpose of event study research is to determine the effect of an event. In this case the effect of stock split on stock returns. The population in this study are companies listed on the Indonesia Stock Exchange. The sample used in this study was obtained by purposive sampling method with the following criteria:
2. Companies that carry out a stock split policy.
3. Companies that have complete data for data analysis needs.

RESEARCH RESULTS AND DISCUSSION
Research result

<table>
<thead>
<tr>
<th></th>
<th>Before Stock Split</th>
<th>After Stock Split</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>mean</td>
<td>24.35</td>
<td>3.77</td>
</tr>
<tr>
<td>Normal Parameters, b</td>
<td>Std. Deviation</td>
<td>Abs. Deviation</td>
</tr>
<tr>
<td></td>
<td>210.103</td>
<td>.305</td>
</tr>
<tr>
<td></td>
<td>46,245</td>
<td>.223</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Positive</td>
<td>Negative</td>
</tr>
<tr>
<td></td>
<td>.305</td>
<td>-.275</td>
</tr>
<tr>
<td></td>
<td>.223</td>
<td>-.180</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>2,639</td>
<td>1,930</td>
</tr>
<tr>
<td>asymp. Sig. (2-tailed)</td>
<td>.000</td>
<td>.001</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.

Based on the table above, it is known that the Asymp value. Sig. (2-tailed) is smaller than (0.005). This shows that the research data is not normally distributed, therefore the next test
cannot use the Paired T test. So the test used is the Wilcoxon Smith non-parametric alternative test.

**Table 2. Wilcoxon Signed Rank Test Results**

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>After Stock Split</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z</td>
<td>-2.460b</td>
</tr>
<tr>
<td>asymp. Sig. (2-tailed)</td>
<td>.014</td>
</tr>
</tbody>
</table>

a. Wilcoxon Signed Ranks Test  
b. Based on Positive Ranks

Overall Asymp value. Sig. (0.140) > (0.014) then H0 is accepted.  
So it can be concluded that "there is no effect of stock split on stock returns".

**Discussion**  
The test results in this study indicate that there is no effect of stock split on stock returns. These results are in line with previous research by Akhmad and Damayanti (2021), Mardiyaningsih and Andhitiyara (2020), Satria and Adnan (2018), Sululing, Rasyid and Indrijawati (2022).

**CONCLUSION**  
From the results of this study it can be concluded that the stock split does not have a significant effect on stock returns. This reinforces the theory that the stock split is only a cosmetic action in this case beautifying the shares carried out by the company to attract investors to buy shares. Based on the results of this study, it is recommended for issuers to consider internal and external factors that can influence market reactions because stock splits do not guarantee that stock returns will be positive in accordance with the purpose of doing so.

**REFERENCE**  

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