

ABSTRACT

Stock split announcement is one of the information that can cause stock reaction in market. To see this reaction will conducted research to examine and analyze whether stock split announcement in Bursa Efek Indonesia will cause significance abnormal return and examine if there is any difference in stock abnormal return before and after the stock split announcement. This research will involve 30 stocks. In this research will use closing price and Stocks index (IHSG) as a variable to calculate the stock and market return.

The result of this study show that there is no evidence of abnormal return reaction around the stock split announcement, whereas from 21 days of event period only four days that shows significance result. It means that stock split announcement does not give significance information content strength for investor. And the result of average abnormal return before and after the stock split announcement show that there is no significance difference, it means that investor show identical respond before and after the announcement , another possibility it cause of information about stock split has been leaked before the announcement date. Leaked information possibly happen cause of Rapat Umum Pemegang Saham (RUPS) that executed before announcement date, so market has anticipated it when stocks listing with new price.

Keywords: event study, stock split, abnormal return.