

Table of Contents

DECLARATION	i
PREFACE.....	ii
TABLE OF CONTENT.....	iii
LIST OF TABLES	v
LIST OF FIGURES	vi
ABSTRACT	vii
INTISARI	viii
CHAPTER I: INTRODUCTION	1
1.1. Background	1
1.2. Problem Formulation.....	5
1.3. Research Objective.....	6
1.4. Research Contribution.....	7
CHAPTER II: LITERATURE REVIEW	8
2.1. Insider Trading	8
2.2. Asymmetric Information	12
2.3. Efficient Market Hypothesis	14
2.3.1. Weak Form Efficiency.....	17
2.3.2. Semi-Strong Form Efficiency	18
2.3.2. Strong Form Efficiency.....	19
2.4. Market Anomaly.....	20
2.5. Previous Research	22
2.6. Research Hypothesis	26
CHAPTER III: RESEARCH METHOD	29
3.1. Data and Sample.....	29
3.1.1. Data	29
3.1.2. Sample.....	29
3.1.3. Research Period	31
3.2. Operational Definition of Variables	32
3.2.1. Abnormal Return	32

3.2.2. Trade Volume	36
3.3. Testing the Hypothesis	37
3.3.1. Hypothesis 1	37
3.3.2. Hypothesis 2	37
3.3.3. Hypothesis 3	38
CHAPTER IV: RESEARCH FINDINGS & DISCUSSIONS	39
4.1. Testing of Hypothesis 1	41
4.1.1. Testing of Hypothesis 1a	41
4.1.2. Testing of Hypothesis 1b	45
4.2. Testing of Hypothesis 2	49
4.2.1. Testing of Hypothesis 2a	50
4.2.2. Testing of Hypothesis 2b	53
4.3. Testing of Hypothesis 3	56
4.3.1. Testing of Hypothesis 3a	57
4.3.2. Testing of Hypothesis 3b	60
CHAPTER V: CONCLUSIONS & RECOMMENDATIONS	64
5.1. Conclusions	65
5.2. Limitations	65
5.3. Recommendations	66
BIBLIOGRAPHY	67
APPENDIX	70
Appendix 1. Companies Listed on Index S&P 100	70
Appendix 2. Data of <i>Insider Trading Buying</i>	72
Appendix 3. Data of <i>Insider Trading Selling</i>	74
Appendix 4. Abnormal Return Before & After <i>IT Buying</i>	79
Appendix 5. Abnormal Return Before & After <i>IT Selling</i>	80
Appendix 6. Abnormal Return Short & Long Term <i>IT Buying</i>	81
Appendix 7. Abnormal Return Short & Long Term <i>IT Selling</i>	82
Appendix 8. AR of <i>IT Buying</i> with Low & High Trade Volume	83
Appendix 9. AR of <i>IT Selling</i> with Low & High Trade Volume	84

List of Tables

Table 3.1. Companies that meet the criteria of <i>purposive sampling</i>	
From the period 2003-2007	30
Table 4.1. Descriptive Statistics for AR of <i>IT Buying</i>	40
Table 4.2. Descriptive Statistics for <i>AR of IT Selling</i>	40
Table 4.3. Abnormal return six months before and after <i>IT buying</i>	42
Table 4.4. SPSS result of AR from <i>insider trading buying</i>	
(six months before and after)	43
Table 4.5. CAAR six months before and after <i>IT buying</i>	44
Table 4.6. Abnormal return six months before and after <i>IT selling</i>	42
Table 4.7. SPSS result of AR from <i>insider trading selling</i>	
(six months before and after)	43
Table 4.8. CAAR six months before and after <i>IT selling</i>	44
Table 4.9. AR in short term and long term period after <i>IT buying</i>	50
Table 4.10. SPSS result of AR in short and long term after <i>IT buying</i>	51
Table 4.11. AR in short term and long term period after <i>IT selling</i>	53
Table 4.12. SPSS result of AR in short and long term after <i>IT selling</i>	54
Table 4.13. Category of trade volume on <i>IT buying</i>	57
Table 4.14. AR of <i>IT buying</i> with low and high trade volume	58
Table 4.15. SPSS result for AR of <i>IT buying</i> with low and high	
trade volume.....	59
Table 4.16. Category of trade volume on <i>IT selling</i>	61
Table 4.17. AR of <i>IT selling</i> with low and high trade volume	61
Table 4.18. SPSS result for AR of <i>IT selling</i> with low and high	
trade volume.....	63



List of Figures

Figure 3.1. First stage of research period	31
Figure 3.2. Second stage of research period.....	32
Figure 4.1. CAAR movements of <i>insider trading buying</i> (6 months before and after).....	44
Figure 4.2. CAAR movements of <i>insider trading selling</i> (6 months before and after).....	44