

**ANALYSIS OF THE COMPARISON RETURN STOCK BEFORE AND  
AFTER STOCK SPLIT ON THE COMPANIES HAVE BEEN LISTED AT  
BURSA EFEK INDONESIA (2007 – 2011)**

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***ABSTRACT***

*Stock split is one kind of corporate action implemented by companies in order to rearrange stock price to be a more liquid range and provide more positive signal to investor. The purpose of this research is to analyze the differences of stock price and actual return before and after stock split event, so that investors could use this event to gain benefit. This research uses event study method to observe average stock price and actual return within seven days before and after event date. This research uses secondary data that collected from IDX Statistics 2007 until March 2011. The data used in research were taken from : announcement date of stock split applied as event date, daily closing price of the companies applying stock split within observation period. There are 28 companies which implemented stock split policy within 2007 up to 2011.*

*The results of the study showed that there are negative significant differences of the actual return from pre and post event. The results give this finding empirical evidence that stock split event doesn't support signalling theory.*

*Keyword : stock split, stock price, actual return, event study.*