

INDUSTRY CONCENTRATION AND STOCK PERFORMANCE OF
INDONESIA'S LISTED REAL ESTATE COMPANIES

By

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

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The main purpose of this thesis is to investigate the relationship between industry concentration and stock returns of listed real estate and property firms in Indonesia. The researcher uses two groups of control variables: firm-specific and macroeconomic control variables. As the data is a strongly balanced panel data, the researcher runs several tests to determine the model which best matches the panel data. It turns out that the data should be analyzed using pooled Ordinary Least Squares. The researcher uses hierarchical pooled OLS which allows for the existence of control variables in the regression.

After controlling the firm-specific variables, the industry concentration has an insignificant positive relationship with stock returns. Furthermore, after controlling both firm-specific and macroeconomic variables, the relationship between industry concentration and stock returns remains positive yet significant at significance level of 10%. A positive relationship suggests that the more unconcentrated the industry, the lower the stock returns offered by the firms. While the significant relationship signifies that the industry concentration can explain the stock returns of firms within the industry.

Keywords: industry concentration, stock returns, real estate and property industry.



DEDICATION

I dedicate this thesis work to my parents and brothers.



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