

**ANALYSIS OF THE EFFECT OF STOCK SPLIT TOWARDS CHANGES IN
STOCK RETURNS AND LIQUIDITY IN INDONESIAN STOCK MARKET**

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Revision after Thesis Defense on 06-08-2015

STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains neither 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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This thesis discussed about the analysis of stock split on the companies that conducted stock split. Based on the positive signalling theory it is expected that companies that conduct stock split signal a positive event for investors.

Based on the methodology used in this thesis will use the event study method to compare the stock return and trading volume before and after stock split to see whether there is a significant different or not.

Based on the analysis this thesis concluded that the stock split is effective towards stock return and trading volume. While Brajga (2014) states that the Trade Volume Activity has decreased after the stock split is because investors don't see it as an attractive event. This study has resulted in the opposite, and investors could preserve the stock split as an attractive event

Keyword: Stock Split, Trade Volume, Company, Stock Return, Liquidity



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DEDICATION

I dedicate this work for my beloved family, especially my parents for always support me and trust me during my college life. This work is also dedicated for people around me who support and give me strength for all the difficulties and problems I have faced. Last but not least, this represents other accomplishment that I have achieved to start a new life in the future.



ACKNOWLEDGEMENTS

First of all I want to thank God, Allah SWT, for the blessing that finally this final project can be completed. This final project has given me much knowledge and experiences that teach more about the lesson that I have learned during my study in Swiss German University. I realize that this project is not completely perfect. The limitation of my capabilities makes this final project need more revisions and suggestions to be fix from the readers.



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