

**ANALYSIS OF RELATIONSHIP BETWEEN STOCK TRADING VOLUME
AND STOCK RETURN BASED ON COMPANIES LISTED IN INDONESIA
STOCK EXCHANGE**

By

Fabio Suryaputra Hadian
11403110

BACHELOR'S DEGREE
in

BUSINESS ADMINISTRATION – BANKING & FINANCE
FACULTY OF BUSINESS AND COMMUNICATION

SWISS GERMAN UNIVERSITY


SWISS GERMAN UNIVERSITY
The Prominence Tower
Jalan Jalur Sutera Barat No. 15, Alam Sutera
Tangerang, Banten 15143 - Indonesia

AUGUST 2018

Revision after the Thesis Defense on 20th July 2018

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.

Fabio Suryaputra Hadian

Student

Date

Approved by:

SWISS GERMAN UNIVERSITY

Wardatul Adawiyah, S.E., MBA.

Thesis Advisor

Date

Dr. Nila K. Hidayat, SE., MM

Dean

Date

Fabio Suryaputra Hadian

ABSTRACT

ANALYSIS OF RELATIONSHIP BETWEEN STOCK TRADING VOLUME AND STOCK RETURN BASED ON COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

By

Fabio Suryaputra Hadian
Wardatul Adawiyah, Advisor

SWISS GERMAN UNIVERSITY

Investment is one of major influences in terms of keeping the economy liquid. Stock market is heavily filled with players, seeking their optimal return on their investments. This study will discuss the relationship between trading volume and stock return in Indonesia Stock Exchange. The purpose of this study is gaining in depth knowledge towards the relationship itself, the ability to learn its characteristics. Many previous literatures found that the relationship between trading volume and stock return is strongly positive. Tapa and Hussin (2016) states it is likely to have different result in terms of emerging stock market due to high risk and return. This study will determine the outcome of the contemporaneous relationship between trading volume and stock return/volatility in Indonesia Stock Exchange.

Keywords: Trading Volume, Stock Return, Stock Return Volatility



SWISS GERMAN UNIVERSITY

DEDICATION

I dedicate this thesis to my parents, family, advisor, lecturers, and all of my friends.



ACKNOWLEDGEMENTS

First and foremost, i would like to thank Allah SWT. for all of the blessings throughout my life. The blessings to improve my individual from every aspects in life.

To my beloved parents, Oki Hadian and Dewi Suryowati, to my siblings Syula Rania Putri Hadian and Darryl Wiraputra Hadian for their unlimited support and warmth.

My advisor, Ms. Wardatul Adawiyah and all of my lecturers in Swiss German University, I am deeply in graditute for their patience on sharing your knowledge throughout my four years of study.

My deepest thanks to all of my friends from schooldays until university, who are all always kind and helpful in and outside study.

SWISS GERMAN UNIVERSITY

TABLE OF CONTENTS

	Page
STATEMENT BY THE AUTHOR.....	2
ABSTRACT.....	3
DEDICATION.....	5
TABLE OF CONTENTS.....	7
LIST OF FIGURES.....	9
LIST OF TABLES.....	10
CHAPTER 1 - INTRODUCTION.....	11
1.1. Background.....	11
1.2. Research Problems.....	13
1.3. Research Questions.....	14
1.4. Research Objectives.....	14
1.5. Scope and Limitation.....	15
1.6. Significance of Study.....	15
CHAPTER 2 - LITERATURE REVIEW.....	16
2.1 Conceptual Framework.....	16
2.1.1 Stocks.....	17
2.1.2 Rate of return.....	18
2.1.3 Trading Volume.....	19
2.1.4 Return-Volatility-Trading Volume Relationship.....	19
2.1.4 Efficient Market Hypothesis.....	23
2.2 Previously Study.....	25
2.3 Study Differences/Similarities.....	28
2.4 Hypothesis.....	29
CHAPTER 3 – RESEARCH METHODOLOGY.....	30
3.1 Type of Study.....	30
3.2. Unit Analysis/Unit Observation.....	30
3.3 Sampling Design.....	30
3.3.1 Population and Sample.....	30
3.3.2 Sampling Method.....	30

3.3.3 Sample Size.....	31
3.4 Location & Time Frame of Study	31
3.5 Data Sources and Collection Method.....	31
3.5.1 Type of Data	31
3.5.2 Data Collection Method	32
3.6 Research Model	32
3.7 Variable Operationalization	33
3.8 Data Processing Procedures	35
3.8.1 Data Preparation.....	35
3.9 Data Analysis Technique	35
3.9.1 Descriptive Analysis Technique	35
3.9.1.1 Normality Test	36
3.9.2 Inferential Analysis Technique	36
CHAPTER 4 – RESULTS & DISCUSSIONS	41
4.1 Brief Company Background	41
4.2 Respondent Profile.....	41
4.3 Descriptive Statistics Analysis.....	43
4.4 Inferetial Statistic Analysis	45
4.4.1. Correlation Test	45
4.4.2 The Relationship between Trading Volume towards Stock Return.....	46
4.4.3 The Relationship between Stock Return towards Trading Volume.....	49
4.4.4 The Relationship between Stock Return Volatility towards Trading Volume ...	51
4.5 Hypothesis Testing Result & Analysis	54
CHAPTER 5 – CONCLUSION AND RECOMMENDATION	56
5.1 Conclusion	56
5.2 Managerial Implications	56
5.3 Recommendation for Further Study.....	57
GLOSSARY	58
REFERENCES	59
APPENDICES	65
Appendix A : Chow Test, Hausmann Test results.....	65
Appendix B : Regression results.....	66