International Journal of Business and Management Invention (IJBMI)
ISSN (Online): 2319-8028, ISSN (Print):2319-801X
www.ijbmi.org || Volume 12 Issue 7 || July 2023 || PP 18-24

Analysis of Differences in Stock Prices and Stock Liquidity of Companies That Conduct Stock Splits.

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ABSTRACT
This study aims to find out and analyze the difference in stock prices and stock trading liquidity of companies that make stock split decisions. This study used secondary data. The population of this study is all companies listed on the Indonesia Stock Exchange in the period 2019-2021. The samples in this study used purposive sampling method. The variables of this study consist of stock split as a dependent variable and stock price and liquidity as an independent variable. This study used different test methods for samples related to the SPSS 24 program application. This study analyzes the differences in stock prices and stock liquidity of companies that conduct stock splits. Based on the results of the study, it shows that there are differences in the share price of companies that make stock split decisions and there are differences in the liquidity of stock trading of companies that make stock split decisions.

KEYWORDS*: Stock split, stock price, and stock liquidity*

Date of Submission: 05-07-2023 Date of Acceptance: 16-07-2023

I. INTRODUCTION

The stock market price is an important aspect that can significantly influence the decisions and policies of investors when buying company stocks. According to the law of demand, the demand for a stock naturally tends to decrease when its market price is too high and naturally increases when the market price is relatively low.

One of the steps that companies can take to address the issue of skyrocketing stock market prices is through a corporate action known as a stock split, which is defined as the division of shares or a corporate action to increase the number of shares. The volatility of stock prices in the capital market often leads to stock splits and promotional operations. Supply and demand levels play a role in this. A rise in stock prices is undoubtedly a positive development for a particular business, but if the increase is substantial, it can pose risks to the company and decrease the demand for purchasing shares.

Policies regarding stock splits may have both favorable and unfavorable implications. The number of potential shareholders has a beneficial influence and ultimately helps the company achieve its goal of maximizing shareholder value. Negative responses indicate that stock split policies do not encourage investors to transact and ultimately hinder the company from reaching its objectives.

Problem Formulation

Based on the background description above, the problem can be formulated as follows:

1. Is there a difference in stock prices for companies that implement a stock split decision?
2. Is there a difference in the liquidity of trading for companies that implement a stock split decision?

II. LITERATURE REVIEW

Theoretical Framework

Signaling Theory

According to signaling theory, a stock split signals that a company is in good financial condition and sends a message to investors about the future financial performance of the company. The favorable abnormal returns surrounding split announcements indicate that investors are interested in well-known stocks. After a stock split, the liquidity level will be influenced by an increase in the number of stock transactions as a result of the positive signal that investors are interested in buying shares.

Trading Range Theory
The Trading Range Theory suggests that a stock split is a price adjustment technique that allows investors to purchase a large quantity of shares. Trading activity declines when stock prices become unaffordable, and business growth is closely related to stock price growth. If the price becomes excessive, it leads to a decrease in trading activity, thus necessitating a stock split.

Stocks
Stocks represent an individual's or entity's financial interest in a corporation. Plan & Vijaya (2018:48) state that stocks are documents that indicate ownership of a company and represent securities.

Stock Price
The supply and demand of stocks in the capital market determine the stock price or market value at a given time. A high stock price has the ability to provide financial gains and project a favorable business image. Both in the primary market and secondary market, stocks have a face value and a market price.

Stock Liquidity
Kasmir (2019:130) states that liquidity ratios, commonly known as working capital ratios, are used to assess a company's liquidity. It can be difficult to compare balance sheet items, especially total current assets and total current liabilities (short-term debts).
Liquidity level is one of the many factors that affect a company's stock price. The speed at which assets or securities can be bought or sold in the market without impacting the asset price is referred to as liquidity, according to Investopedia (2017a).

Stock Split
According to Tandelilin (2017:244), a stock split is a corporate action taken to divide the total number of outstanding shares into multiples of two, three, or more. Because a stock split, theoretically, does not change the company's value, it should not create significant price shifts in an efficient market.

Hypothesis Development
Difference in Stock Prices for Companies that Implement a Stock Split
The supply and demand of stocks among market participants determine the stock price, which is the market value of a stock at a given time. According to Narayanti& Gayatri (2020:4), high stock prices can generate capital gains and enhance the reputation of a company, attracting external funds as a result of investor investment in the business.

Stock prices continuously fluctuate, according to Zulfikar (2016:91), and are influenced by the forces of supply and demand. Generally, stock prices will decrease if there is more supply than demand. Stock prices fluctuate over time in response to changing conditions and new information that investors learn about a company's future prospects, as claimed by Brigham and Houston (2010:9).
Regarding stock splits, companies may consider the affordability of stock prices in order to attract investors and increase revenue. According to a study conducted in 2019 by AchmadYusupSulaiman and HidayatDarwis, there is a mismatch in the liquidity of companies before and after a stock split.
H1: Companies that implement a stock split are valued at different levels.

Difference in Stock Liquidity for Companies that Implement a Stock Split
The level of liquidity is one of the factors that affects the value of a company's stock. One important element that reflects a company's stock performance is liquidity.
Hendrawijaya (2009) argues that investors will not stop trading in response to announcements that do not contain new information. However, the availability of unexpected new interpretations that result in more changes will encourage them to engage in stock trading activities.
Companies that enjoy liquidity tend to perform well financially when it comes to stock splits. According to a study conducted in 2019 by AchmadYusupSulaiman and HidayatDarwis, there is a mismatch in the liquidity of companies before and after a stock split.
Based on the previous discussion, the following hypotheses are formulated:
H2: The stock liquidity of companies that implement a stock split varies.

III. RESEARCH METHODOLOGY

Research Type
The study used a descriptive quantitative research design, which aims to explain or describe data results in the form of numerical values, which are then processed into data and draw conclusions. This study aims to determine whether there is a relationship between stock prices and the liquidity of companies after a stock split.

Research Variables

Stock Split

The corporate decision to divide the existing shares into multiples of two, three, or more.

Stock Price

Fluctuations in stock prices in the capital market at a given time, determined by the supply and demand of market players for stocks.

Liquidity

A ratio used to assess the liquidity of a company.

ResearchPopulationandSample

ResearchPopulation

Beforereachinganyconclusions, researchersdecidedtolookatthepopulation, whichisthegeneral area consistingofthingsorpeoplewithcertaincharacteristics. The researchpopulationconsistsofallbusinesseslistedonthe Indonesia Stock Exchange (IDX) between 2019 and 2021. Basedonthesearchresultsonthewebsite (https://www.idx.co.id), theentirepopulationconsistsof 766 companieslistedonthe IDX.

Sample

Characteristicsof a samplelieamongthemanythatthepopulationpossesses. A samplefromthepopulation, ortheentirepopulation as a sample, isused in sampling procedures. The followingcriteriawillbeusedtoselectthesample:

a. Companieslistedonthe Indonesia Stock Exchange from 2019 to 2021.
b. Companiesthatconducted a stocksplitbetween 2019 and 2021.
c. Companiesthatremainedlistedonthe Indonesia Stock Exchange.
d. Companiesthatconducted a stocksplitand had a trading volume ofmorethan 250,000,000.

TypesandSourcesof Data

Thisresearchusessecondary data, whichreferstodetailsfoundbyresearchersusingsecondarysources as intermediaries, such as archivalhistoricalreports. The announcementdatesofthestockspliteventsused as theeventdate (t+0), as well as thetraded volume, numberofoutstandingshares, anddailyclosingpricesofthecompany'sstockduringtheobservationperiod, are someofthe data used in this study.

Teknik Pengumpulan Data

Dalampenelitianini, penelitimenggunakandokumentasisebagai strategi pengumpulan data. Direktori pasar modal Bursa Efek Indonesia berisirincian yang Anda butuhkanuntukpermintaan Anda.

Data Analysis Technique

Different testing methodologies are used in the data analysis approach for the related sample in this research. All tests are conducted using the SPSS statistical package. The following steps are performed in the data analysis methodology of this study:

Understanding the data distribution and whether it is normally distributed is important before conducting separate tests, both parametric and non-parametric, to determine the normality of the data.

1. Use the one-sample Kolmogorov-Smirnov test to assess the data distribution and determine whether the data is normally distributed. The applied significance level is 5%. The following are the basis for making judgments regarding the normality of the data:

a. Data is not normally distributed if the probability (Asymp.Sig) < 0.05.
b. Data is normally distributed if the probability (Asymp.Sig) > 0.05.

To determine whether there are differences in the stock split, a difference test is used. Separate testing is performed using the paired sample t-test for data that is normally distributed based on the findings of the normality test. In the paired sample t-test, the following criteria should be used to decide whether to accept or reject Ho:

a. Ho is rejected if the probability (Asymp.Sig) < 0.05, indicating no difference.
b. Ho is accepted if the probability (Asymp.Sig) > 0.05, indicating a difference.

GENERAL DESCRIPTION OF THE RESEARCH OBJECT

PT Bank Central Asia Tbk (BBCA)

PT Bank Central Asia Tbk is an Indonesian-based company primarily engaged in the banking sector. The company operates a bank under the name Bank BCA or BCA.

PT Unilever Tbk (UNVR)

Unilever Indonesia was first established on December 5, 1933, under the name "Lever's Zeepfabrieken N.V." located in Angke, North Jakarta, based on deed No. 23 by Mr. A.H. van Ophuijsen, a notary in Batavia. This deed was approved by General GeoualvanNederlandsch-Indie based on letter No. 14 on December 16, 1933, registered in RaadvanJustitie, Batavia No. 302 on December 22, 1933, and published in JavascheCourant on January 9, 1934, addition No. 3.

PT Erajaya SwasembadaTbk (ERAA)

PT ErajayaSwasembadaTbk is an Indonesian-based company primarily engaged in the distribution and retail business of mobile phones and tablets. Some of the mobile phone brands distributed and sold at retail by the company include Apple, BlackBerry, HTC, Huawei, LG, Motorola, Nokia, Samsung, and Sony. The company also distributes and sells prepaid top-up cards, SIM cards, computers, and other gadgets, as well as mobile phone accessories.

PT Tower Bersama Infrastructure Tbk (TBIG)

Tower Bersama Infrastructure Tbk (formerly PT Banyan Mas) (TBIG) was established on November 8, 2004. TBIG's scope of business activities includes providing telecommunication support services. Tower Bersama Group is one of the largest independent tower companies in Indonesia. Its main business activity is leasing towerspace at sites for the installation of lessee-owned telecommunication equipment for signal transmission based on long-term lease agreements through its subsidiaries.

PT Surya Citra Media Tbk (SCMA)

PT Surya Citra Media Tbk (SCMA) wasestablished in 1999 underthename PT Cipta Aneka Selaras andlaterchangeditsnameto Surya Cipta Media orbetterknown as SCTV, a televisionstation. In 2002, thecompanyconductedaninitialpublicoffering (IPO) onthe Indonesia Stock Exchange withanofferingpriceof 1100 per share.

IV. RESULTS AND DISCUSSION

ProcedureofPopulationandSampleSelection

All companieslistedonthe Indonesia Stock Exchange between 2019 and 2021 were considered as thepopulationforthis study. Basedontheresearchconductedonthewebsite (https://www.idx.co.id), there were a total of 766 registeredcompanies in the IDX, whichconstitutedtheentirepopulation. Purposive sampling wasused as the sampling techniqueforthisresearch. The followingcriteria were used in thesampleselectionprocess:

Sample Distribution

Description	Quantity
Duringtheperiodfrom 2019 to 2021, thecompanieslistedonthe Indonesia Stock Exchange.	766
Duringtheyears 2019 to 2021, thecompaniesdid not performanystocksplits.	742
Duringtheyears 2019 to 2021, thecompaniesperformedstocksplits.	24
Duringtheperiodof 2019 to 2022, there were companiesthatperformedstocksplitsbutdid not have a trading volume above 250,000,000.	19
The numberofsamplesobtained	**5**

Based on the table above, it can be seen that the research sample consists of 5 companies with a research period of three years.

Normality Test

The normality test aims to determine whether the data is normally distributed or not normally distributed. Detecting normality can be done using non-parametric statistics by using the Kolmogorov-Smirnov test. This statistical test is performed by examining the residual values from SPSS analysis. The following are the output results of the normality test:

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		35
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	1.39753389E2
Most Extreme Differences	Absolute	.222
	Positive	.222
	Negative	-.177
Kolmogorov-Smirnov Z		1.313
Asymp. Sig. (2-tailed)		.063

a. Test distribution is Normal.

Based on the table of normality test results, the significance value obtained is 0.063, which is greater than 0.05 (> 0.05). Therefore, it can be concluded that the stock price variable has a significance value > 0.05, indicating that the data is normally distributed.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		35
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	7.40814962E7
Most Extreme Differences	Absolute	.242
	Positive	.242
	Negative	-.188
Kolmogorov-Smirnov Z		1.433
Asymp. Sig. (2-tailed)		.052

a. Test distribution is Normal.

Based on the table of normality test results, the significance value obtained is 0.052, which is greater than 0.05 (> 0.05). Therefore, it can be concluded that the liquidity variable has a significance value > 0.05, indicating that the data is normally distributed.

Differences Test

Paired Sample t-test is a test used to compare two paired samples, where the subjects in the samples are the same but have undergone different treatments. Since the paired sample t-test is a parametric statistical technique, the assumption that needs to be met is that the data is normally distributed. The following are the results of the paired sample t-test conducted on stock prices.

Differences Test for Stock Prices

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
				95% Confidence Interval of the Difference				
	Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1 rataseblm - ratasesdh	-2.520E1	149.63756	25.29336	-76.60230	26.20230	-.996	34	.326

Based on the table of the difference test results, the obtained p-value is 0.326, which is greater than 0.05 (> 0.05). Therefore, it can be concluded that there is no significant difference in liquidity before and after the stock split. Here are the results of the difference test using the paired sample t-test for liquidity.

Difference Test for Liquidity

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
				95% Confidence Interval of the Difference				
	Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1 transblm - transdh	1.0445E7	8.51322E7	1.43900E7	-1.87989E7	3.96889E7	.726	34	.473

Based on the table of difference test results, the obtained significance value is 0.473, which is greater than 0.05 (> 0.05). Therefore, it can be concluded that there is a difference in liquidity before and after the company's stock split.

DISCUSSION

Difference in Liquidity of Companies that Conduct Stock Split

Based on the research findings, there is a difference in liquidity of companies before and after conducting a stock split. This indicates that there are changes in liquidity between the two periods.

This research finding can be related to the Signaling Theory, which states that stock split sends a signal to investors about the stock, and it is well known that everything is going well. This is evident from the positive changes surrounding the stock split announcement. With the positive signal received by investors, they become interested in buying the stock.

The research findings are consistent with the study conducted by Nuri LesmonoHidayah and HaritsNoordin in 2018, which showed that stock split events have an impact on stock trading.

Difference in Liquidity of Companies Conducting Stock Split

Based on the research findings, there is a difference in the liquidity of companies before and after conducting a stock split. This indicates that when a company undergoes a stock split, there is a difference in the number of transactions before and after the stock split.

This research finding can be related to the Signaling Theory, which states that stock split provides a positive signal to investors. With the positive signal received by investors, they become interested in buying the stock, which leads to an increase in the number of stock transactions after the stock split, impacting the liquidity level.

These research findings are consistent with a study conducted by AchmadYusupSulaiman and HidayatDarwis in 2019, which showed that there is a difference in stock liquidity before and after a stock split event.

V. CONCLUSION

Based on the study findings, several conclusions can be drawn:

1. The stock price of companies that decided to conduct a stock split changed.
2. The trading liquidity of stocks for companies that conducted a stock split varied.

Recommendations

In this study, the following recommendations are provided:

1. Investors are advised to carefully research the policies and information of companies before making investment decisions. Investors can use this information as a guide when deciding whether to invest.
2. For issuers: The findings of this study serve as a reminder to issuers that favorable stock prices and stock liquidity do not always align with anticipated results. Therefore, issuers should consider internal and external factors that may impact market behavior.

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Windra Rante Marampa, et. al. "Analysis of Differences in Stock Prices and Stock Liquidity of Companies That Conduct Stock Splits." *International Journal of Business and Management Invention (IJBMI)*, vol. 12(7), 2023, pp. 18-24. Journal DOI- 10.35629/8028