EFFECT OF STOCK TRADING VOLUME, STOCK PRICES AND ABNORMAL RETURNS ON STOCK SPLIT DECISION

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Abstract
The purpose of this study was to determine the effect of stock trading volume, stock prices and abnormal returns on stock split decisions. This study used purposive sampling and obtained 40 manufacturing companies in the consumer goods industry sector that were listed on the IDX for the 2019-2021 period. Methods of data collection using the method of documentation. The data analysis technique uses logistic regression analysis using the SPSS version 25 application. The results of this study indicate that stock trading volume has an insignificant negative effect on stock split decisions, stock prices have an insignificant positive effect on stock split decisions, and abnormal returns have a significant negative effect on stock split decisions. stock splits.
Keyword: ***Stock Trading Volume, Stock Prices, Abnormal Returns, Stock Split.***

Abstrak
Tujuan dari penelitian ini adalah untuk mengetahui pengaruh volume perdagangan saham, harga saham dan abnormal return terhadap keputusan stock split. Penelitian ini menggunakan purposive sampling dan diperoleh 40 perusahaan manufaktur sektor industri barang konsumsi yang terdaftar di BEI periode 2019-2021. Metode pengumpulan data menggunakan metode dokumentasi. Teknik analisis data menggunakan analisis regresi logistik dengan menggunakan aplikasi SPSS versi 25. Hasil penelitian ini menunjukkan bahwa volume perdagangan saham berpengaruh negatif tidak signifikan terhadap keputusan pemecahan saham, harga saham berpengaruh positif tidak signifikan terhadap keputusan pemecahan saham, dan abnormal return berpengaruh negatif signifikan terhadap keputusan pemecahan saham. pemecahan saham.
Kata kunci: ***Volume Perdagangan Saham; Harga Saham; Pengembalian Tidak Normal; Pemecahan Saham.***

INTRODUCTION

Indonesia is one of the countries that has been classified as a developed country since its expulsion from developing countries by the United States government as of 22 February 2020. This has had a lot of impact on economic activity in Indonesia (Idris, 2020). At the end of 2020, the Indonesian Central Securities Depository (KSEI) noted that there was a surge in the number of investors in the capital market amid the Covid-19 pandemic. Stock, mutual fund and bond investors reached 3,871,248, up 56% when compared to the same period in 2019 which only amounted to 2,484,354 (Azzahra, 2020). The role and development of activities in the capital market has become a funding alternative that is now favored by both companies and investors. One of the information that is often considered by investors before deciding to invest is information about corporate actions carried out by companies, one of which is a stock split.

Stock trading volume is the number of shares of an issuer that is traded at a price level agreed by the seller and buyer of shares through a stock trading intermediary (broker) in the capital market (Adhiwijaya, 2018). Stock trading volume is important for an investor, because stock trading volume describes the condition of the securities traded in the capital market. Stock trading volume is also one of the activities used to see the difference from the existence of a stock split through the level of trading volume in the capital market (Masyithoh, 2018).

According to Jogiyanto (2017) the notion of stock price is the price of a share that occurs on the stock market at a certain time determined by market participants and determined by the demand and supply of the shares concerned in the capital market. The stock price is very important for potential investors to know because the stock price is one of the factors that influence the supply and demand for stocks. The higher the stock price of a company, it will reduce the interest of investors to invest their capital. Stock prices that are too high will encourage companies to make stock split decisions.

Abnormal Return is the difference between the actual return (actual) or the realization that occurs with the expected return (Halim, 2018). The actual return is the return that occurs at time t which is the difference in the current price relative to the previous price. Expected return is the return that must be estimated. The difference in return will be positive if the return obtained is greater than the expected return. The difference in return will be negative if the return obtained is smaller than the expected return (Alexander and Kadafi, 2018). The condition when the abnormal return is negative, that is where the actual return is lower than the expected return. This condition triggers the company to make a stock split decision.

Stock split is a corporate action carried out by an issuer by splitting the stock price at a ratio determined by the company. The aim is to reduce the price per share and increase the number of shares outstanding (Simamora, 2021). Stock splits can only be carried out by companies whose performance and financial conditions are in a stable condition. Stock splits are usually carried out when the stock price is considered too high, thereby reducing the interest of investors to buy it. Companies make stock split decisions when the stock price is too high which has an impact on the level of stock market liquidity to be low.

The object of this research is a manufacturing company in the consumer goods industry sector. A manufacturing company is a business or business entity capable of processing raw goods or raw materials into semi-finished or finished products that have a sale value (Saretta, 2022). The reason why researchers chose manufacturing companies as research objects is because manufacturing companies are the largest sub-sector on the Indonesia Stock Exchange (IDX), so their existence greatly influences the movement of the JCI. The manufacturing industry is an important industry for the development of the Indonesian economy, especially in the consumer goods industry sector. The number of issuers listed on the Indonesia Stock Exchange (IDX) continues to increase, in tandem with the number of consumers.

RESEARCH METHOD

The population of this research is manufacturing companies in the consumer goods industry sector which are listed on the Indonesia Stock Exchange in 2019-2021 with a total of 69 companies. The sampling method used purposive sampling method. Some of the criteria used in sampling are. 1). Manufacturing companies in the consumer goods industry sector listed on the IDX. 2). Manufacturing companies in the consumer goods industry sector that publish annual reports for the 2019-2021 period. 3). Manufacturing companies in the consumer goods industry sector that have complete data regarding stock splits, stock trading volume, stock prices and stock abnormal returns to meet the analysis needs of the 2019-2021 research period. Based on the criteria for selecting the sample, the sample for this study consisted of 39 manufacturing companies in the consumer goods industry sector that were listed on the IDX for the 2019-2021 period.

The type of data used in this research is documentary data. Documentary data is a record of events resulting from past events (Sugiyono, 2020). The data source used is secondary data in the form of annual reports of manufacturing companies in the consumer goods industry sector for the 2019-2021 period. The data collection method used in this study is the documentation method, namely collecting documents in the form of annual reports of manufacturing companies in the consumer goods industry sector which are listed on the IDX for the 2019-2021 period. Logistic regression analysis was used in the data analysis technique in this study. According to Ghozali (2021) logistic regression is a regression that tests whether the probability of the occurrence of the dependent variable can be predicted with the independent variables. Hypothesis testing was carried out by assessing the feasibility of the regression model (goodness of fit test), assessing the overall model fit, and determining the coefficient of determination using the Negelkerke's R Square value.

RESULTS AND DISCUSSION

Table 1. Goodness of Fit Test Result Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	10.201	8	.251

Table 2. Overall Model Fit Result
Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Constant	Stock Trading Volume	Stock Prices	Abnormal Return
Step 1	1	57.342	-1.774	-0.003	.000	-.026
	2	47.822	-2.487	-.007	.000	-.069
	3	46.731	-2.769	-.012	.000	-.114
	4	46.660	-2.794	-.016	.000	-.123
	5	46.656	-2.784	-.018	.000	-.123
	6	46.656	-2.784	-.018	.000	-.123

Source: Processed Data, 2023

Table 3. Negerlkerke's R Square Value
Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	46.656[a]	.006	.017

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Table 4. Hypothesis Test Results
Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	Stock Trading Volume	-.018	.312	.003	1	.954	.982
	Stock Prices	.000	.000	.224	1	.636	1.000
	Anormal Return	-.123	.216	.323	1	.570	.884
	Contant	-2.784	.509	.509	1	.000	.062

a. Varible(s) entered on step 1: Stock Trading Volume, Stock Prices, Abnormal Return

Effect of Stock Trading Volume on Stock Split Decisions.

The results of this study indicate that stock trading volume has no significant negative effect on stock split decisions. So it can be concluded that **H_1 is rejected**. Stock trading volume is very closely related to all decisions taken by the management and external parties of the company. Not only internal decisions, many interested external parties really need information on stock trading volume. This may be the basis for why stock trading volume has no significant negative effect on stock split decisions. The results of testing the hypothesis in this study support the research of Maulana, et al (2021) and Humaira (2022) which show the result that stock trading volume has an insignificant negative effect on stock split decisions.

The results of this study are not in line with the explanation of signaling theory, namely the lower the volume of stock trading, it will be a negative signal for investors to invest in an issuer, thus triggering the company to immediately make a stock split decision.

Effect of Stock Prices on Stock Split Decisions

The results of this study indicate that stock prices have a not significant positive effect on stock split decisions. So it can be concluded that **H_2 is rejected**. Stock prices provide information about the price of a stock that is needed by many external parties of the company. Liquidity or not stocks have a big impact on the stock portfolio. Stock split decisions taken by companies are not only influenced by stock prices. Information on the high and low stock prices greatly influences the decisions that will be taken by investors. The results of testing the hypothesis in this study support Humaira's research (2022) and which shows that stock prices have no significant positive effect on stock split decisions. The results of this study are not in accordance with the explanation of the signaling theory, namely that the higher the stock price, it gives a positive signal to the company to make stock split decisions.

Effect of Abnormal Returns on Stock Split Decisions.

The results of this study indicate that abnormal returns have no significant negative effect on stock split decisions. So it can be concluded that **H_3 is rejected**. Abnormal returns provide information in the form of the difference between expected returns and realized returns which can be positive or negative. Abnormal return acts as an element that is seen when investors want to invest as a reference material for the realized return that will be obtained for their capital. The results of testing the hypothesis in this study support the research of Alexander and Kadafi (2018) and Utami (2012) which show that abnormal returns have no significant negative effect on stock split decisions. The results of this study are inconsistent with the signaling theory, namely when the abnormal return is negative it will give a negative signal or signal to investors so that it will trigger companies to take corporate action decisions in the form of stock splits.

CONCLUSION

Based on the results and discussion it can be concluded as follows; a. Stock trading volume has no significant negative effect on stock split decisions. b. Stock prices have no significant positive effect on stock split decisions. c. Abnormal return has no significant negative effect on stock split decisions.

Some suggestions and recommendations from the authors based on the conclusions and results of this study are as follows; a. The Negelkerke's R Square value shows a result of 0.17 or 17%, which means that there are other variables outside the research model that are influential and need to be considered in this study. Other variables that are believed to have an effect on the stock split decision can be taken into consideration for subsequent researchers so that the independent variables studied can have a greater influence on the stock split decision taken by the company. b. The sample in this study is limited to manufacturing companies in the consumer goods industry sector in 2019-2021. It is recommended for future researchers to use other sectors or extend the research sampling period. c For manufacturing companies in the consumer goods industry sector that are listed on the IDX to further improve the quality of management performance so that it can influence the level of stock prices, especially to be able to increase the level of stock trading volume and the return obtained on invested capital by investors. The efforts made are expected to encourage companies to make stock split decisions, because only companies with stable financial conditions can do stock splits.

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