INFLUENCE OF THE CORPORATE ACTION: 
DIVIDEND DISTRIBUTION INFORMATION 
TO STOCK PRICE BEFORE AND AFTER 
CUM DIVIDEND DATE IN PERIOD 2008-2011

By

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THESIS ADVISER
RECOMMENDATION LETTER

This thesis entitled “INFLUENCE OF THE CORPORATE ACTION: DIVIDEND DISTRIBUTION INFORMATION AND STOCK PRICE BETWEEN BEFORE AND AFTER CUM DIVIDEND DATE IN PERIOD 2008-2011” prepared and submitted by Adiputra in partial fulfillment of the requirements for the degree of Bachelor in the Faculty of Economics has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, 25 January 2012

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DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “INFLUENCE OF THE CORPORATE ACTION: DIVIDEND DISTRIBUTION INFORMATION AND STOCK PRICE BETWEEN BEFORE AND AFTER CUM DIVIDEND DATE IN PERIOD 2008-2011” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, 25 January 2012

Adiputra
This research is about to understand about stock price phenomenon near Cum Dividend Date. In this research, there is shown about stock phenomenon related with market efficiency theory by Eugene Fama that Indonesia market is in weak form market efficiency.

Eugene Fama has been known in famous financial institution and his hypothesis still has been used by analyst until now.

The research takes 28 samples corporate in period 2008-2011. The sample is taken through data from KSEI and securities. Thus, this research was conducted from 25 November until 20 January 2012.

This research only conduct analysis near Cum Dividend Date, the data already selected with no other factor affect stock price. So, this research is taken 5 days before and 5 days after Cum Dividend Date to exempt any factor that can change stock price that not related by Cum Dividend Date factor and then researcher find out the correlation by using Regression Linear.

The researcher also uses Paired Sample T-Test to know the difference is significance or not, then the corporate that has been selected is the corporate that has not in suspended status, bankruptcy status or in another situation at near the process that can give impact to stock price such as acquisition, new contract or any corporate action that will be affect stock price (example: stock split, reverse stock split, etc).

The researcher also taken the selected corporate that not in high prices, because the change of the price per day may not be equal with corporate who has low range price. The result has shown there is significance but only around T-1 and T+1.
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Throughout process to do my thesis for my Bachelor Degree, I was supported by many people. At this moment, I would like to acknowledge to people who supported me:

1. Thank you to GOD, who gives me strong motivation and supported to finish this thesis.
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CHAPTER I

INTRODUCTION

1.1. Background of the study

In financial market, investment analysis is important before conduct investment. Because investment analysis may be analyzed from external factor such as global crisis which will impact one each other unpredictable (domino effect) and also may be analyzed from internal factor.

Afterwards, many external factors that will give negative impact to investment but in other side, there is also many external factors also can give positive impact as well as internal factor. The Good Corporate Governance (GCG) is one of positive internal factor that need to implement in the company to have more powerful management. By having Good Corporate Governance (GCG) automatically the corporate will have good relationship to stockholder or shareholder such as they make decision to distribute dividend to stockholder or shareholder. The another corporate actions are stock split, reverse stock split, buyback, coupon payment, rights issue, etc.

Dividend is a part of earning or corporate revenue declares by board of directors and has been authorized in General Meeting of Shareholders to share the dividend for stockholders. The portion stockholder for having high or low dividend is from corporate profit and depending on corporate situation and also General Meeting of Shareholders. The corporate also can make decision to not distribute dividend after holding General Meeting of Shareholders if they want to expand their company (re-investment) with their retained earning.

There is two type of dividend that is cash dividend and stock dividend. Cash dividend is where the stockholder will be given dividend in form of cash. Stock Dividend is where the stockholder will be given dividend in form of stock.
There has some argument against dividend policy which based on the belief that a firm that re-invested fund (rather than paying out the dividend) will increase value of the corporation, this argument especially support by they who point out taxation on dividend is higher than capital gain. Nevertheless, corporation that without paying dividend history will still be generate viewed when they declare to distribute the dividend.

Furthermore, in the market there is two type of investor, they are short term investor called as trader and long term investor. Short term trader will take profit even it is a just small profit, they really pay attention when information released that can affect the price. And long term investor usually they will invest their money in the corporate for a long time, they seek a big return but not all long term investor will have good return, somehow the corporate that nearly bankrupt make they will lose their money.

"... the existence of many sophisticated analysts helps make the market more efficient which in turn implies a market which conforms more closely to the random walk model. Although the returns to these sophisticated analysts may be quite high, they establish a market in which fundamental analysis is a fairly useless procedure both for the average analyst and the average investor.” (Eugene Fama, 1965)

In Efficiency Market Hypothesis (EMH) theory believe if the change of the stock price because of new information released and the price already reflects from the news that already provided in the market.

1.2. Problem Identified

In globalization era, the investor really pays attention about the information that will release from corporate because corporate action may affect to stock price. Investors who do not want to hold the stock too long can give negative impact to stock price and investor who wants to hold after buy the stock because of the dividend may give positive impact to stock price. Then, in this condition, it may
give impact become positive or negative to stock price when the corporate announces to distribute the dividend.

In typical short term investor, there are some investors that only want to get entitled to receive dividend, usually they will buy the stock near or in Cum Dividend Date but they do not want to hold the stock too long. They are called as trader.

Furthermore, investor that will buy stock in Ex-Dividend Date, they will not have entitled to receive dividend. In this condition, the stock price may become increasing, decreasing or not changing at around Cum Dividend Date.

1.3. Statement of Problem

The statement of problem is:

1. Is there any significance difference between before and after Cum Dividend Date?

2. Is dividend distribution information is the good decision to attract new investor to invest in the corporate?

1.4. Research Objective

The research objectives are:

- To measure which day that has any significance difference between 5 days before and after Cum Dividend Date.

- To know if the dividend distribution is giving benefit to attract investor or not.
1.5. **Significance and the Important of Study**

There are some objectives that researcher to achieve when conducting this research. This research may have some advantages to the student, other researcher, company and also investors.

As for me, the student, there are several objectives want to be achieved from this research as follows:

- To examine whether the day before and after Cum Dividend Date is having great or less influence because corporate gives dividend toward to stock price at Indonesia Stock Exchange (IDX).

- To know the knowledge about trading condition before and after company give entitled to investor to have dividend around Cum Dividend Date in period 2008-2011.

For another academic community, these advantages are:

- This research can as guideline for those who will conduct same research about this study. The researcher hopes that this research can be supporting the idea for next new research in the same area.

- This thesis also becomes open research that can be developed by another researcher to conduct the deeper study about stocks.

For the corporate to decide for distribute dividend as their corporate action. The advantage is:

- Give explanation the impact of corporate action who distributes dividend in form of cash to stock price whether it is becomes the best corporate action or not to attract the investors to invest in the corporate.

The advantage for the investors is listed below:
The researcher hopefully this research can be one of element to investors become consideration for investors to take investment decision when corporate decide to distribute cash dividend.

1.6. Theoretical Framework
This theoretical framework consists of theories in the stock market, and will be explained as the basic of the study:

a. **Efficient Market**

An efficient market is one in which securities prices reflect all available information. This means that every security traded in the market is correctly valued given the available information.

There are a number of different definitions of what constitutes an efficient market depending on the information is deemed to be available.

b. **Inefficient Market / Market Anomaly**

Market Anomaly is a price or return distortion in financial market that seems contradictory with Efficient Market. In this situation where price “may” be predicted that will be involved any excess return to the investor. One of situation that will be supported this case is because lack of market transparency or information.

c. **Efficient Market Hypothesis**

The efficient-market hypothesis (EMH) asserts that financial markets are "informational efficient". That is, one cannot consistently achieve returns in excess of average market returns on a risk-adjusted basis, given the information available at the time the investment is made. There are three major versions of the hypothesis: "weak", "semi-strong", and "strong".

d. **Dividend Distribution**

Dividend is payment to shareholders or stockholders. The corporate will declare to share their profit by announce by give stockholders or shareholders with dividends.

e. **Stock**
Stock is form of shares of common stock. As a unit of ownership, common stock typically carries voting rights that can be exercised in corporate decisions. Preferred stock differs from common stock in that it typically does not carry voting rights but is legally entitled to receive a certain level of dividend payments before any dividends can be issued to other shareholders.

1.7. Scope and Limitation of study

The scope and limitation of study is useful for limitation, boundaries of the research and also to focus in level of depth of the research which is intended for. From this thesis “INFLUENCE OF THE CORPORATE ACTION: DIVIDEND DISTRIBUTION INFORMATION AND STOCK PRICE BETWEEN BEFORE AND AFTER CUM DIVIDEND DATE IN PERIOD 2008-2011” the scope of the study may defines as providing study only the corporate who give dividend in form of cash. This thesis will present the influence of dividend between 5 days after and before Cum Dividend Date to stock price at Indonesia Stock Exchange (IDX) in period 2008-2011.

The researcher use 5 days before Cum Dividend Date because the date shall be taken before 1 week business day (example: Monday – Friday or Tuesday – Monday or Wednesday - Tuesday) to exempt any factor that will affect the price.

The researcher also use 5 days after Cum Dividend Date because the date shall be taken after 1 week business day (example: Monday – Friday or Tuesday – Monday or Wednesday - Tuesday). The researcher takes 5 days after Cum Dividend Date to exempt any issue that will affect the price.

The researcher has chosen the corporate who are not in high price, not in suspended status and corporate action who can affect stock price such as stock split, acquisition, reverse stock split, buyback, etc.
1.8. Hypothesis

In this thesis, the groups that will be compared are: stock prices before and after Cum Dividend Date, thus the Hypothesis is stated stock price has significance difference before and after Cum Dividend Date.

1.9. Definition of terms

1. *Indonesia Stock Exchange (IDX)* is a stock Exchange based in Jakarta, Indonesia.

2. *Domino effect* is a chain reaction that occurs when a small change causes a similar change nearby, which then will cause another similar change, and so on in linear sequence.

3. *Stock* is an instrument that signifies an ownership position (called equity) in a corporation, and represents a claim on its proportional share in the corporation's assets and profits.

4. *Stockholder / Shareholder* is one who owns shares of stock in a corporation or mutual fund. For corporations, along with the ownership comes a right to declared dividends and the right to vote on certain company matters, including the board of directors.

5. *Investor* is a party who invests the money with objective of receiving financial return.

6. *Corporate Governance* is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled.

7. *General Meeting of Shareholders* is company's highest decision-making body which deliberates and decides important issues concerning the Company, reflecting the opinions of shareholders.
8. *Corporate Action* is an event initiated by a public company that affects the securities (equity or debt) issued by the company.

9. *Dividend Distribution* is one of corporate action that will share their profits to stockholder or shareholder members.

10. *Cash Dividend* is dividend which gives to investor in form of cash.

11. *Stock Dividend* is dividend which gives to investor in form of stock.

12. *Stock split* is one of corporate action that will increase the number of shares in a public company without change stockholders equity.

13. *Reverse stock split* is one of corporate action that will increase the number of shares in a public company without change stockholders equity.

14. *Buyback* is one of corporate action which they made investment to their company to reduce their number of share outstanding in the market.

15. *Coupon Payment* is annual interest paid on a bond, usually in semi-annual tranches. Coupon payments are expressed as a percentage of the face value (par) of a bond.

16. *Right issue* is one of corporate action that issue of additional shares by a company to raise capital under a seasoned equity offering.

17. *Cum Dividend Date* is the date when buyer of stock has entitled to receive the dividend but will not paid now.

18. *Ex-dividend Date* is the date when buyer of stock has no entitled to receive the dividend.

19. *Record Date* is the date by which a shareholder must officially own shares in order to be entitled to a dividend.

20. *Payment Date* is the date on which a declared stock dividend is scheduled to be paid.
21. *Portfolio* is a collection of investments all owned by the same individual or organization.

22. *Retained Earning* is the percentage of net retained earning that will be not paid as dividend.
CHAPTER II

LITERATURE REVIEW

In this globalization, the center of economy realize in the stock market. One of the corporate actions can affect to shareholder or stockholder to take investment decision. Therefore, there is need for understanding common concept about stock market.

2.1. Stock Exchange

Stock exchange is an organization that facilitate for either physical or virtual trading shares, bonds and warrants or various financial products where investors (represent by stock brokers) may buy shares of a wide range corporate and transaction which is called short sell is allowed only for some groups.

In the stock exchange, the corporate must already have listed before issuing stock to the market. They listed as IPO (Initial Public Offering) and when they are conducted IPO means they are full disclosure, transparency about their financial statement then they shall adjust their management into Capital Market Law which is regulated by Capital Market Supervisor’s Agency.

2.1.1. Indonesia Stock Exchange (IDX)

The name before Indonesia Stock Exchange (IDX) is Jakarta Stock Exchange (JSX). Indonesia Stock Exchange (IDX) is merging from Jakarta Stock Exchange (JSX) and Surabaya Stock Exchange (SSX).

Then, to give update information to public, IDX give information through printed media (newspaper) or electronic media (website). Indicator movement toward stock price is called as “stock price index”. Now IDX have seven (7) type of index, there are:
a. **IHSG**

Index that uses all the stock as component for index calculation.

b. **Sectoral Index**

Index that uses all shares in every sector.

c. **LQ-45 Index**

Index that uses 45 selection stock after several selection process.

d. **Individual Index**

Index to each share based on basic price.

e. **Jakarta Islamic Index**

Index that represent as from all of the Syari’ah stock.

f. **Kompas 100 Index**

Index that selected from 100 selection stock from *Kompas Newspaper*.

g. **Main Board and Board Development Index**

Index that selected based on group of stock (Main Board and Board Development group) which is noted by IDX.

**2.2. Financial Market**

In economics, a financial market is a mechanism that allows people and corporate to buy and sell (trade) financial securities (such as stocks and bonds), commodities (such as gold, silver or oil), and other items.

The financial markets can be divided into different subtypes, i.e.:

a. Capital markets that consist of:
- Stock markets, which provide financing through the issuance of shares or common stock, preferred stock, etc.

- Bond markets, which provide financing through the issuance of bonds usually for long term funding.

  a. Commodity markets, which facilitate the trading of commodities.

  b. Money markets, which provide short term debt financing and investment.

  c. Derivatives markets, which provide instruments for the management of financial risk.

  d. Futures markets, which provide standardized forward contracts for trading products at some future date.

  e. Insurance markets, which facilitate the redistribution of various risks.

  f. Foreign exchange markets, which facilitate the trading of foreign exchange.

The capital markets consist of primary markets and secondary markets. Newly formed (issued) securities are bought or sold in primary markets. Secondary markets allow investors to sell securities that they hold or buy existing securities. The transaction in primary market exists between investors and public while secondary market is between investors.

**2.3. Stock**

Stock is instrument of investment which is famous in capital market. Corporate who issues stock is the one of the many decision to get fund from investor. Investor who expect return in that corporate, they can buy the stock that will be issued by related corporate.

There are three type of stock according to Taufik Hidayat (2011), i.e.:
a. Bonus Shares

“Saham bonus adalah saham yang berasal dari kapitalisasi agio saham. Agio saham itu sendiri adalah selisih antara harga saham saat penawaran umum dengan harga nominal saham. Dengan kata lain, saham bonus merupakan agio saham yang dikembalikan kepada pemegang saham dalam bentuk saham bonus”.

Bonus Shares is share which is from agio capitalization of the company stock. That agio is spread of stock price between Public Offering with nominal stock price. In another word, bonus share is agio stock which is return to stockholder in form of bonus shares.

b. Preferred Stock

“Saham ini memiliki karakteristik yang sedikit berbeda dengan saham biasa. Boleh dibilang saham ini adalah produk hybrid alias campuran antara saham biasa dengan efek pendapatan tetap karena pemilik saham ini akan mendapatkan pendapatan tetap yang dibagikan secara rutin dalam bentuk dividen”.

This stock has different characteristic between common stock. It says if this stock is hybrid product or mixed between common stock with fixed income securities because owner of this stock will receive earning by routine in form of dividend.

c. Common Stock

“Saham biasa adalah saham (atau biasa disebut saham) adalah saham dimana pemegang saham yang memiliki menolak kepemilikan di perusahaan sebesar modal yang ditanamkan. Jika anda memiliki saham suatu perusahaan, maka Anda adalah pemilik perusahaan tersebut sebesar modal yang ditanamkan”.
Common Stock (usually called as “Stock”) is stock where the stockholder represent their ownership in corporate as well as their fund that already been invested. If the investors are stockholder and they sell the stock to another investor, so the ownership will be moved to new investor.

2.4. Stock Price

The stock price will represent the value of money that they will be invested in. Nominal price and initial price are stock price that related to investor when buy stock in public offering, open price, market price or closed price. According to Taufik Hidayat (2011), the stock price have been categorized, there are:

a. Nominal Price

“Setiap saham yang dikeluarkan oleh perusahaan memiliki harga. Harga nominal saham adalah harga yang tercantum pada lembar saham yang diterbitkan. Harga ini akan digunakan untuk tujuan akuntansi yaitu mencatat modal disetor penuh”.

Every stock that issued by corporate is having the value. Nominal stock price is price that listed in shares that have been issued. This price will be used to accountant purpose, which is noted fully paid up capital.

For the example, XXX Corporation issued stock with nominal price Rp. 2000,00

b. Initial Price

“Meski harga nominal saham sudah ditetapkan, harga penawaran umum perdana kepada investor di pasar perdana belum tentu sama dengan harga nominal saham tersebut. Bisa jadi, harga perdana saham lebih kecil atau lebih tinggi dari harga nominal, akan ada selisih yang disebut dengan agio. Sebaliknya jika haga perdana lebih rendah dari harga nominal, selisih tersebut disebut dengan disagio”.
Even nominal price has been set up, initial public offering price to investor in primary market may different with nominal stock price. It could be initial stock price given with lower price or higher price than nominal price. If initial price is higher than nominal price, it will give spread that called \textit{agio}. In other way if initial price is lower than nominal price, it will called as \textit{disagio}.

c. Opening Price

\textit{“Harga pembukaan adalah harga saham yang berlaku saat pasar saham”}.

Opening price is stock price which is applicable in stock market that open in related day.

For example, opening price BUMI Resources Tbk. (BUMI) is Rp. 2225,00 in 16 November 2011 at 09:30 a.m. Bumi Resources Tbk. (BUMI)’s opening price has been increased Rp. 25,00 from opening price at 15 November 2011.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure2.1.png}
\caption{Example of Open Price (BUMI Resources Tbk.)}
\end{figure}

\textit{Sources : e-trading Securities (HOTS)}

d. Market Price

\textit{“Setelah diperdagangkan di lantai bursa, harga saham tersebut kemudian akan ditentukan oleh permintaan-penawaran. Harga pasar adalah harga saham di bursa efek pada saat itu”}.
After the transaction is on the process, the stock price will be determined by demand and supply. Market price is current price in the stock market. For the example, in the below state if the current price of BUMI Resources Tbk. (BUMI) is Rp. 2450,00 in 16 November 2011 at 09:55 a.m.

![Figure 2.2. Example of Market Price (BUMI Resources Tbk.)](image)

Sources: e-trading Securities (HOTS)

e. Closing Price

“Setelah dibuka sejak pagi, pasar atau bursa saham akan ditutup pada sore hari. Tepat pada pukul 16:00 WIB, transaksi jual-beli saham di Bursa Efek Indonesia dihentikan dan akan dilanjutkan keesokan harinya. Saat bursa tutup, harga pasar saham yang saat itu sedang berlaku akan menjadi harga penutupan untuk hari itu.”

After stock market open since morning (09:30 a.m), stock exchange will be closed in the evening (04:00 p.m). Right on 04:00 p.m., the transaction in the Indonesia Stock Exchange (IDX) will be stopped and continued at tomorrow. At the time when stock exchange is closed, current price that in the closing time is called as closing price.

For the example, Astra International Tbk. (ASII) is closed in Rp. 71,350.00 in 16 November 2011 at 04:00 p.m.
2.5. Dividend

Dividend is corporate net income after tax which is reduced with retained earnings. Dividend can be said as NIAT (Net Income After Tax) or EAT (Earnings After Tax). Dividend is paid to stockholder as corporate sum profit which will be shared as dividend to investor and be decided in General Meeting of Shareholders. There are factor that become consideration for corporate to distribute dividend, the related factor are corporate profit, corporate liquidity, law aspect and market price.

2.5.1. Type of Dividend

There is many type of dividend that will be chosen by corporate, usually they will choose the type of dividend based on result at General Meeting of Shareholders, for the example if the corporate does not able to paid in cash, they will choose to pay by using stock dividend. In the below will be described type of dividend, i.e.:

There are 2 type of dividend can be categorized based on year-ended, there are:

a. Interim Dividend
Interim Dividend is distribution of profits to stockholders (shareholders) before a firm’s annual earnings have been computed, or at any time between two successive annual general meetings (AGM).

b. Final Dividend

Final Dividend is distribution of profit that given after declaring the final result of company in the form of financial statements. Final and proposed dividends will same if interim dividend is given in trial balance and final dividend is given outside of trial balance.

There is also two type of dividend based on payment form, there are:

a. Cash Dividend

Cash dividend is distribution of profit that given in form of cash. The purpose to give in form of cash is to improve performance and interest of the stock to become more active in the stock exchange.

b. Stock Dividend

Stock Dividend is distribution of profit that given in form of stock. The purpose to give in form of stock is because improve stock liquidity in stock market. And then corporate usually give if they are not able to distribute profit by cash.

2.5.2. Dividend Policy

Based on John E. Junarsin (http://cwma.or.id) if the corporate receives net income and cash flow in some specified period, management will be faced to plan for net income where will be used for. Two alternatives using the net income are: (1) distribute as dividend or (2) retained as retained earning. This decision is known as dividend policy, means that corporate decides amount of net income will be distributed as dividend.

In the financial market, there are three concepts about dividend policy, i.e.:
a. Irrelevance theory (Modigliani–Miller theorem)

This theory assumes if dividend policy is not affecting anything with corporate value. So, amount of dividend that will be paid is not affecting anything in the corporate value.

b. Bird-in-the-hand theory

This theory assumes if investor like to receive dividend because cash in hand is more important than any asset in any form. The bird in hand theory may sound familiar as “a bird in the hand is worth two in the bush”. In this theory “the bird in the hand” is referring to dividend and “the bush” is referring to capital gains.

c. Tax preference theory

These theories assume if investor put big consideration (dislike) with dividend. And they prefer to get capital gains than dividend.

2.5.3. Dividend Procedure

Dividend has procedure to declare, register, record and pay. And this procedure is common in stock market, this date is important to investor or analyst because this issue can be as guideline for them in deciding their investment. The important date will be listed below, i.e.:

1. Declaration Date

Declaration Date is announcement date which is announced by corporate that contained dividend amount, type of dividend that will be paid and date of payment.

2. Cum Dividend Date

Cum Dividend Date is last day of stock transaction which is having entitled to receive dividend.
3. Ex Dividend Date

Ex Dividend Date is the date where stock transaction will not give entitled to stockholder to receive the dividend.

4. Record Date

Record Date is date where investor registered becomes stockholder to get entitled to receive divided.

5. Payment Date

Payment Date is date where investor will be paid as stockholders to receive dividend.

2.6. Efficient Capital Market

Eugene Fama issues his influence article, “Efficient Capital Market”. This theory states if stock market already reflects all the information. Because of this theory assume if the market efficient, thus there is impossible to investor to gain excess return or abnormal return. But since the market is not efficient enough, so there is some implicit concept in this theory according to Tengku Maya Sarah (2007):

- Efficient Market do not put this theory that stock price must same based on expectation. The requirement for this theory that the error in the market is not bias, which the difference is caused by random things.

- Because of the difference is caused by random things, thus all of the stock have chance to be undervalued or overvalued in specified time, that the difference is not related to another factor that can be observed.

- Influence because of random things, so there is no investor will find undervalued stock or overvalued stock with special investment strategy.
2.6.1. Efficient Market Hypothesis (EMH)

Eugene Fama states the market is already efficient but it depends on which category, it means the information already reflects to the price. This EMH theory same like random walk model which is stated by Burton G. Malkiel, random walk model believes if no one can predict stock price in the return. Burton G. Malkiel believes there is no correlation between previous event to next event. Psychologist assume this concept to NBA Basketball, they made detail study on it and they said if there is no positive correlation between previous shots and outcomes of the shots afterwards. If the stock goes up one day, no stock market participant can accurately predict that it will rise again in the next. Just same like basketball player, even “hot hand” can miss the next shot, the stock that seems on the rise can be fall anytime.

Eugene Fama states Efficient Capital Market into three common forms, there are:

a. **Weak-form Efficient Market**

In this theory, it assumes if current price already reflect from historical price, thus technical analysis is not able to provide excess return but fundamental analysis may still provide excess return.

b. **Semi strong-form Efficient Market**

This theory assumes if there is any information will reflect to the prices really fast, thus fundamental analysis or technical analysis cannot provide excess return because the efficient market in this level quite high, but there is market nonpublic information (insider information) may provide excess return.

c. **Strong form Efficient Market**

Even fundamental analysis, technical analysis, public, private and no one may not provide excess return. All the information already reflect to the current price, means that no any group can monopolize the market because the information update transparency and given with no fee.
2.7. Type of Trading

Based on Adam Milton, there are three type of trading, i.e.:

a) Day Trading

Day trading as a style is short term trading where a trade might last anywhere from a few seconds to a few hours, with most trades lasting several minutes.

b) Swing Trading

Swing Trading is named after the strategies of taking advantage of brief price swings in strongly trending stocks and riding the momentum in the trends' direction. That is, buying if the trend is up or selling short if the trend is down. This if often called "riding the direction of the trend".

c) Position Trading

On the other hand, position trading (also known as investing) involves taking a position in a stock with an objective of holding onto that position for a time frame that may vary between a few days and a few months in return for a larger than normal gain. Position traders or investors generally trade the long term or secular trends and are not concerned with the day to day market volatility. Position traders or investors are difference, position traders more aggressive and different with long term investor.
CHAPTER III

METHODOLOGY

This chapter will provide research method in order to examine data to test the validity. The methodology is quantitative method. The object study is corporate who take action by dividend distribution as their corporate action.

3.1. Research Method

Researcher will explain about methodology that is applied in this research. The methodology will be used to determine analytical method and confidential interval percentage that will be used in this research.

Quantitative analysis method will be applied in this research and the method of statistic that used is Paired Sample t-test.

And to measure the correlation strength between dividend and stock price, the researcher uses Regression Linear (Pearson Correlation test and R squared test).

3.2. Research Instruments

In this research, there will be a variable used for the research, the data that will be used is:

- Corporate which conduct dividend distribution as their corporate action. Thus, the phenomenon in the market will be examined in this research. The increasing stock price means strong buy is dominating the market; the decreasing stock price means strong sell is dominating the market. It measures based on 5 days before and after Cum Dividend Date.
3.3. Sample Design

Sample that used in this research is the corporate that already have listed in Indonesia Stock Exchange in period 2008-2011. The criteria used for this sample is stated below:

- All corporate have already listed in Indonesia Stock Exchange in period 2008-2011.

- All corporate are not in suspended, bankruptcy status, acquisition or any kind of corporate action that affect stock prices (example: stock split, reverse stock split, contract with government or company, etc).

- All corporate not in high level prices.

- All corporate who distribute dividend in form of cash in period 2008-2011.

- The date of chosen corporate that distribute dividend twice per year will be taken the first one (earlier one).

- The chosen corporate are active in Indonesia Stock Exchange. Thus, there are 28 fulfilling corporate to become sample in this research. The 28 sample corporate are:

<table>
<thead>
<tr>
<th>No</th>
<th>Corporate’s name</th>
<th>Symbol</th>
<th>Cum Dividend Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bumi Resources Tbk.</td>
<td>BUMI</td>
<td>27 July 2011</td>
</tr>
<tr>
<td>2</td>
<td>Charoen Pokphand Indonesia Tbk.</td>
<td>CPIN</td>
<td>24 January 2011</td>
</tr>
<tr>
<td>3</td>
<td>Ace Hardware Indonesia Tbk.</td>
<td>ACES</td>
<td>3 June 2011</td>
</tr>
<tr>
<td>4</td>
<td>XL AxiataTbk.</td>
<td>EXCL</td>
<td>11 May 2011</td>
</tr>
<tr>
<td>5</td>
<td>Aneka Tambang Tbk.</td>
<td>ANTM</td>
<td>6 July 2011</td>
</tr>
<tr>
<td>6</td>
<td>Adaro Energy Tbk.</td>
<td>ADRO</td>
<td>27 May 2011</td>
</tr>
<tr>
<td>7</td>
<td>Krakatau Steel Tbk.</td>
<td>KRAS</td>
<td>27 June 2011</td>
</tr>
<tr>
<td></td>
<td>Company Name</td>
<td>Ticker</td>
<td>Date</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------</td>
<td>--------</td>
<td>------------</td>
</tr>
<tr>
<td>8</td>
<td>Sampoerna Agro Tbk.</td>
<td>SGRO</td>
<td>29 June 2010</td>
</tr>
<tr>
<td>9</td>
<td>Bumi Serpong Damai Tbk.</td>
<td>BSDE</td>
<td>01 July 2010</td>
</tr>
<tr>
<td>10</td>
<td>Alam Sutera Realty Tbk.</td>
<td>ASRI</td>
<td>20 July 2010</td>
</tr>
<tr>
<td>11</td>
<td>Elnusa Tbk.</td>
<td>ELSA</td>
<td>07 January 2010</td>
</tr>
<tr>
<td>12</td>
<td>Telekomunikasi Indonesia Tbk.</td>
<td>TLKM</td>
<td>07 July 2010</td>
</tr>
<tr>
<td>13</td>
<td>Jasa Marga Tbk.</td>
<td>JSMR</td>
<td>28 June 2010</td>
</tr>
<tr>
<td>14</td>
<td>Perusahaan Gas Negara Tbk.</td>
<td>PGAS</td>
<td>08 July 2010</td>
</tr>
<tr>
<td>15</td>
<td>Unilever Indonesia Tbk.</td>
<td>UNVR</td>
<td>26 June 2009</td>
</tr>
<tr>
<td>16</td>
<td>United Tractors Tbk.</td>
<td>UNTR</td>
<td>11 June 2009</td>
</tr>
<tr>
<td>17</td>
<td>Berlian Laju Tanker Tbk.</td>
<td>BLTA</td>
<td>13 July 2009</td>
</tr>
<tr>
<td>18</td>
<td>Medco Energi International Tbk.</td>
<td>MEDC</td>
<td>03 August 2009</td>
</tr>
<tr>
<td>19</td>
<td>Kimia Farma Tbk.</td>
<td>KAEF</td>
<td>25 June 2009</td>
</tr>
<tr>
<td>20</td>
<td>Semen Gresik Tbk.</td>
<td>SMGR</td>
<td>21 July 2009</td>
</tr>
<tr>
<td>21</td>
<td>Summarecon Agung Tbk.</td>
<td>SMRA</td>
<td>30 June 2009</td>
</tr>
<tr>
<td>22</td>
<td>Bank Central Asia Tbk.</td>
<td>BBCA</td>
<td>12 June 2008</td>
</tr>
<tr>
<td>23</td>
<td>Bank Mandiri Tbk.</td>
<td>BMRI</td>
<td>19 June 2008</td>
</tr>
<tr>
<td>24</td>
<td>Bank Negara Indonesia Tbk.</td>
<td>BBNI</td>
<td>17 June 2008</td>
</tr>
<tr>
<td>25</td>
<td>Bank Rakyat Indonesia Tbk.</td>
<td>BBRI</td>
<td>18 June 2008</td>
</tr>
<tr>
<td>26</td>
<td>Bank Danamon Indonesia Tbk.</td>
<td>BDMN</td>
<td>16 May 2008</td>
</tr>
<tr>
<td>27</td>
<td>Mayora Indah Tbk.</td>
<td>MYOR</td>
<td>14 July 2008</td>
</tr>
<tr>
<td>28</td>
<td>Indofood Sukses Makmur Tbk.</td>
<td>INDF</td>
<td>12 August 2008</td>
</tr>
</tbody>
</table>

Sources: www.ksei.co.id & e-trading Securities (HOTS)

3.3.1. Type and Sources of Data

The type of data that used in this research is secondary data, which taken from the corporate listed in Indonesia Stock Exchange, there are:

- The data of corporate who distributed dividend in form of cash in period 2008-2011.
• The data of the corporate that got from Indonesian Central Securities Depository (ICSD), e-trading Securities (HOTS) and Indonesian Capital Market Directory (ICMD).

• The data of daily stock price, closing price get from www.ksei.co.id and e-trading Securities. The date when the corporate distribute dividend in form of cash is expressed as \( t_0 \). After \( t_0 \) determined, thus it will be continued by determining 5 days before \( t_0 \) and 5 days after \( t_0 \), Saturday and Sunday are not including in the data because the market is closed and will not be expressed as 0 (zero), it will go to next day after market have open.

3.3.2. Data Informational Gathering Method

The method to gather data in this research are:

a. Observing all historical prices and all corporate timeline from e-trading Securities (HOTS) through online.


c. Gathering secondary source of corporate action timeline from www.ksei.co.id

3.4. Statistical Treatment

Researcher will use SPSS for calculation method. Before researcher use calculation method in SPSS, in this part researcher will provide formula that will be used.

The formula that will be used is Dependent Paired Sample T-test is used to determine there is significance difference between average values of the same measurement that made between two conditions. The data that uses by researcher is in a sample based on regulation from Dependent Paired Sample T-Test. The
paired sample will be tested and this formula will explain if there is have significance difference before and after Cum Dividend Date or not.

And to measure the correlation between two variable, which is one dependent and one independent, the researcher uses Regression Linear which is *Pearson Correlation test and R squared test.*

### 3.5. Analytical Method

This research will use *Dependent Paired Sample T-Test,* which with the level of significance $\alpha = 5\%$ or confidential interval percentage 95% $(1-\alpha)$, the formula will state below:

$$
t = \frac{\sum d}{\sqrt{\frac{n(\sum d^2) - (\sum d)^2}{n-1}}}
$$

- $t =$ Standard normal
- $\sum d =$ difference between $\sum X_2$ with $\sum X_1$ or $(\sum X_2 - \sum X_1)$
- $n =$ the sample amount Cum Dividend Date

If the result of $t$ has been determined, to calculate degrees of freedom is equal to sample minus one $(df = N-1)$. Therefore, the p-value (in SPSS for *Paired Sample T-Test* is same as *Sig. (2-tailed)* in the table) can be determined from $df$ and $t$ by using p-value calculator.
3.5.1. Hypothesis Test

From *Dependent Paired Sample T-test* result, researcher can make hypothesis about this research. If the p-value (sig. t) is less than $\alpha = 5\%$, so $H_a$ is accepted. On the other hand, if the p-value (sig. t) is more than $\alpha = 5\%$, so $H_0$ is accepted.

Furthermore, if $H_a$ is accepted means all variable have significance difference before and after Cum Dividend Date. Afterwards, if $H_0$ is accepted means all variable do not have significance difference before and after Cum Dividend Date.

In the hypothesis statement will be stated in below:

$H_0: \mu_1 = \mu_2$, if p-value $> 0.05$, $H_0$ is accepted

The stock price does not have significance difference before and after Cum Dividend Date.

$H_a: \mu_1 \neq \mu_2$, if p-value $< 0.05$, $H_a$ is accepted

The stock price does have significance difference before and after Cum Dividend Date.

3.6. Correlation Test

To determine whether there is influence between dividend and stock price, the researcher uses Regression Linear that show *Pearson correlation test (R)* and *R squared test*. Researcher uses SPSS version 19 to conduct this analysis. There are hypothesis for correlation listed below:

a) **Pearson Correlation test (R)**

Measure the strength degree of the relationship is between -1 until +1 which +1 is positive correlation and -1 is negative correlation.

b) **Coefficient of Determinants (R²)**
Measure percentage of the relationship which is 0% or 0 is no influence and 100% or 1 is the perfect factor that the variable has affected.

c) **Autocorrelation Test**

Correlation test is performed to determine the correlation between gadfly (error term) in a period with an error in the previous period which usually occurs because using time series data. If there is a correlation, then there is a problem called autocorrelation. A good regression model is the regression that is free from autocorrelation.

Autocorrelation test is done by calculating the value of the Durbin Watson (DW). If the DW range between -2 to +2 indicates that the regression model did not occure autocorrelation.

3.7. **Limitations**

The limitations from this research is hard to gather data in 2008 until 2011 and hard to find which corporate decide to distribute dividend because not all of corporate distribute dividend and if they distribute dividend, some corporate are not distribute dividend in form of cash but they distribute dividend in form of stock. Therefore, the data is taken a lot of time to find which company distribute dividend and if they distribute dividend, it must be in form of cash according to this research.

3.7.1. **Lack of sources to develop the topic**

Because of this topic is not common topic, many books are reviewed. And the data also hard to get because need one by one to gather the data.
CHAPTER IV

ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

This chapter explains about research that determined the calculation of two conditions between before and after Cum Dividend Date in period 2008 until 2011. The analysis uses Paired Sample T-Test to determine significance difference between two conditions. Therefore, the date that is taken for observation is 5 days before and after Cum Dividend Date. In the end of this chapter will show result of the analysis.

4.1. Analysis Data

The statistic tool to calculate and analysis hypothesis is using Paired Sample T-Test that already explained. The result of Paired Sample T-Test and degrees of freedom will show p-value which p-value will explain which hypothesis of this result belonging. The result of t-test in before and after Cum Dividend Date, p-value will be compared to the level of significance which is \( \alpha = 5\% \).

4.1.1. Hypothesis Test

The hypothesis test in this research is whether to know if there is significance difference stock price before and after Cum Dividend Date. Afterwards, the result of Paired Sample T-Test (this is means p-value or in SPSS quote by Sig. (2-tailed) will be comparing 5 days before and after Cum Dividend Date to test the Hypothesis.

The statement of the hypothesis listed in the below:

a. \( H_0: \mu_1 = \mu_2 \)
It means the stock price does not have significance difference before and after Cum Dividend Date.

b. \( H_a: \mu_1 \neq \mu_2 \)

It means the stock price does have significance difference before and after Cum Dividend Date.

The applicable provisions of this test are:

a. Ho will be accepted if \( p \text{ value} > 0.05 \)

b. Ha will be accepted if \( p \text{ value} \leq 0.05 \) or Ho is rejected

The result and analysis by using SPSS 19 is listed below:

**Table 4.1. The result of SPSS in 5 days before and after Cum Dividend Date**

<table>
<thead>
<tr>
<th>Period</th>
<th>N</th>
<th>Mean Before 5 Days</th>
<th>Mean After 5 Days</th>
<th>Mean Difference</th>
<th>T</th>
<th>Degrees of Freedom (df)</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Days</td>
<td>28</td>
<td>3041.57</td>
<td>3058.46</td>
<td>-16.893</td>
<td>-.250</td>
<td>27</td>
<td>.805</td>
</tr>
</tbody>
</table>

*Source: SPSS 19*

In the above, the table show mean in 5 days before (3041.57) and after (3058.46), where the difference is -16.893. It shows the difference is 0.555% changing price from 3,041.57.

Therefore, result of *Paired Sample T-test* shown \( t \) (-.250) and df (27), it is equal to \( \text{sig. (2-tailed)} \) in 5 days before and after which is .805, there is shown \( p\text{-value} \) greater than level of significance (0.05). It approves the requirement for accepting Ho or there is not significance difference between 5 days before and after Cum Dividend Date.
Table 4.2. The result of SPSS in 4 days before and after Cum Dividend Date

<table>
<thead>
<tr>
<th>Period</th>
<th>N</th>
<th>Mean Before 4 Days</th>
<th>Mean After 4 Days</th>
<th>Mean Difference</th>
<th>T</th>
<th>Degrees of Freedom (df)</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Days</td>
<td>28</td>
<td>3044.82</td>
<td>3053.18</td>
<td>-8.357</td>
<td>-.131</td>
<td>27</td>
<td>.896</td>
</tr>
</tbody>
</table>

Source: SPSS 19

In the above, the table show mean in 4 days before (3,044.82) and after (3,053.18), where the difference is -8.357. It shows the difference is 0.274% changing price from 3,044.82.

Therefore, result of *Paired Sample T-test* shown t (-.131) and df (27), it is equal to *sig. (2-tailed)* in 4 days before and after which is .896, there is shown *p-value* greater than level of significance (0.05). It is approve the requirement for accepting Ho or there is not significance difference between 4 days before and after Cum Dividend Date.

Table 4.3. The result of SPSS in 3 days before and after Cum Dividend Date

<table>
<thead>
<tr>
<th>Period</th>
<th>N</th>
<th>Mean Before 3 Days</th>
<th>Mean After 3 Days</th>
<th>Mean Difference</th>
<th>T</th>
<th>Degrees of Freedom (df)</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Days</td>
<td>28</td>
<td>3,032.50</td>
<td>3,035.14</td>
<td>-2.643</td>
<td>-.061</td>
<td>27</td>
<td>.951</td>
</tr>
</tbody>
</table>

Source: SPSS 19

In the above, the table show mean in 3 days before (3,032.50) and after (3,035.14), where the difference is -2.643. It shows the difference is 0.087% changing price from 3,032.50.

Therefore, result of *Paired Sample T-test* shown t (-.061) and df (27), it is equal to *sig. (2-tailed)* in 3 days before and after which is .951, there is shown *p-value*
greater than level of significance (0.05). It approves the requirement for accepting Ho or there is not significance difference between 3 days before and after Cum Dividend Date.

Table 4.4. The result of SPSS in 2 days before and after Cum Dividend Date

<table>
<thead>
<tr>
<th>Period</th>
<th>N</th>
<th>Mean Before 2 Days</th>
<th>Mean After 2 Days</th>
<th>Mean Difference</th>
<th>T</th>
<th>Degrees of Freedom (df)</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Days</td>
<td>28</td>
<td>3,074.43</td>
<td>3,016.36</td>
<td>58.071</td>
<td>1.689</td>
<td>27</td>
<td>.103</td>
</tr>
</tbody>
</table>

*Source: SPSS 19*

In the above, the table show mean in 2 days before (3,074.43) and after (3,016.36), where the difference is 58.071. It shows the difference is -1.8% changing price from 3,074.43.

Therefore, result of *Paired Sample T-test* shown t (.531) and df (27), it is equal to *sig. (2-tailed)* in 2 days before and after which is .103, there is shown *p-value* greater than level of significance (0.05). It approves the requirement for accepting Ho or there is not significance difference between 2 days before and after Cum Dividend Date.

Table 4.5. The result of SPSS in 1 day before and after Cum Dividend Date

<table>
<thead>
<tr>
<th>Period</th>
<th>N</th>
<th>Mean Before 1 Days</th>
<th>Mean After 1 Days</th>
<th>Mean Difference</th>
<th>T</th>
<th>Degrees of Freedom (df)</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Day</td>
<td>28</td>
<td>3,079.29</td>
<td>3,015.29</td>
<td>64.000</td>
<td>3.724</td>
<td>27</td>
<td>.001</td>
</tr>
</tbody>
</table>

*Source: SPSS 19*
In the above, the table show mean in 1 days before (3,079.29) and after (3,015.29), where the difference is 64.000. It shows the difference is -2.08% changing price from 3,079.29.

Therefore, result of Paired Sample T-test shown t (3.724) and df (27), it is equal to sig. (2-tailed) in 1 day before and after which is .001, there is shown p-value greater than level of significance (0.05). It is approve the requirement for rejecting Ho or there is a significance difference between 1 day before and after Cum Dividend Date.

Table 4.6. The total result of SPSS in before and after Cum Dividend Date

<table>
<thead>
<tr>
<th>Period</th>
<th>N</th>
<th>Mean Before 5 Days</th>
<th>Mean After 5 Days</th>
<th>Mean Difference</th>
<th>T</th>
<th>Degrees of Freedom (df)</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Days</td>
<td>28</td>
<td>3,041.57</td>
<td>3,058.46</td>
<td>-16.893</td>
<td>-.250</td>
<td>27</td>
<td>.805</td>
</tr>
<tr>
<td>4 Days</td>
<td>28</td>
<td>3,044.82</td>
<td>3,053.18</td>
<td>-8.357</td>
<td>-.131</td>
<td>27</td>
<td>.896</td>
</tr>
<tr>
<td>3 Days</td>
<td>28</td>
<td>3,032.50</td>
<td>3,035.14</td>
<td>-2.643</td>
<td>-.061</td>
<td>27</td>
<td>.951</td>
</tr>
<tr>
<td>2 Days</td>
<td>28</td>
<td>3,074.43</td>
<td>3,016.36</td>
<td>58.071</td>
<td>1.689</td>
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<td>.103</td>
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<td>1 Day</td>
<td>28</td>
<td>3,079.29</td>
<td>3,015.29</td>
<td>64.000</td>
<td>3.724</td>
<td>27</td>
<td>.001</td>
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<tr>
<td>Total</td>
<td>140</td>
<td>3,054.52</td>
<td>3,035.69</td>
<td>18.83</td>
<td>.866</td>
<td>139</td>
<td>.388</td>
</tr>
</tbody>
</table>

Source: SPSS 19

In the above, the table show total mean in 5 days before (3,054.52) and after (3,035.69) , where the difference is 18.83. It shows the difference is -0.617% changing price from 3,052.52.
Therefore, result of *Paired Sample T-test* shown $t = .866$ and $df = 139$, it is equal to *sig. (2-tailed)* in total 5 days before and total 5 days after which is .388, there is shown *p-value* greater than level of significance (0.05). It is approve the requirement for accepting Ho or there is not significance difference between total 5 days before and total 5 days after Cum Dividend Date.

Overall, the total result shows if there is no significance difference between total of 5 days before and after but there has significance difference 1 day before and after. Therefore, it shows short term trader (securities dealers) buy stock 1 day before Cum Dividend and sell the stock 1 day after Cum Dividend based on article “Who trades around the Ex-dividend Dividend Day? Evidence from NYSE Audit File data” by Jeniffer Lynch Koski and John T.Scruggs and second article “Trading Dividends” by “www.optionistics.com”.

### 4.2. Explanation Analysis before and after Cum Dividend Date

After the analysis has been conducted, thus from SPSS realize if there has significance difference 1 day before and 1 day after Cum Dividend Date. In the chart below will show if the price is changed based on average of 28 sample of corporate that has been taken:

![Chart of Mean Stock Price before and after Cum Dividend Date](image)

**Figure 4.1. Chart of Mean Stock Price before and after Cum Dividend Date**
The chart above has been shown if the price is changed between around 3040 to near of 3080 and decreasing after dividend distribution until near 3010.

4.3. Correlation Data

4.3.1. Pearson Correlation test (R)

Table 4.7. Result of Pearson Correlation test (R)

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Total_Average</th>
<th>Dividend</th>
</tr>
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<td>1.000</td>
<td>.836</td>
</tr>
<tr>
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<td>1.000</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>28</td>
<td>28</td>
</tr>
</tbody>
</table>

This result shows the correlation between dividend and stock price are positive and have strong correlation. Based on the research, the result of correlation which is .836 is in the strong relationship range as showed at Figure 4.2:

![Figure 4.2. Explanation of correlation range](sources: http://cosmos.bgsu.edu)
4.3.2. Coefficient of Determinants ($R^2$)

Table 4.8. Result of Coefficient of Determinants ($R^2$)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.836a</td>
<td>.699</td>
<td>.688</td>
<td>1532.694</td>
<td>.699</td>
<td>60.520</td>
</tr>
<tr>
<td></td>
<td>a. Predictors: (Constant), Dividend</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Dependent Variable: Total_Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the table above has showed the R Square is .699, it means 69.9% that dividend affect stock price, the rest 30.1% is another factor that affect stock price.

4.3.3. Autocorrelation Test

Table 4.9. Result of Autocorrelation Test

<table>
<thead>
<tr>
<th>Model</th>
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<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
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<tbody>
<tr>
<td></td>
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<td>.699</td>
<td>.688</td>
<td>1532.694</td>
<td>.699</td>
<td>60.520</td>
</tr>
</tbody>
</table>

From the table above has showed the Durbin Watson test is 1.559, it means the data still in the range between -2 to +2, so there is no autocorrelation.
CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

The conclusion from this research from the analysis of stock price between before and after Cum Dividend Date in period 2008-2011 is:

1. There is strong positive correlation and significance difference between 1 day before and 1 day after Cum Dividend Date from the test that already conducted between 5 days before and 5 days after Cum Dividend Date.

2. Dividend distribution information is good decision because the information attracts investor to invest in the corporate.

5.2. Recommendation

Based on the conclusion from this research, the researcher want to give a few recommendations, there are:

For another researcher that related in this topic:

This research only uses information about dividend information. Researcher hopes if this research can become supporting idea for next research by another researcher. In this research, there is no depth analysis which corporate will be active in the future, it is better if next research will use active company or blue chip stocks in the stock market and for the next research may use another variable that can affect stock price such as stock split, buy back, acquisition, reverse stock split.
For corporate:

For the corporate, the recommendation is corporate may still give dividend based on decision from General Meeting of Shareholders to keep relation with current investor.

For investor:

Because near of the Cum Dividend Date the stock price going higher then to have more profit, investor shall buy stock in the 5, 4, 3 or 2 days before Cum Dividend Date at lower price and sell the stock 5 or 4 days after Cum Dividend Date at higher price.
LIST OF REFERENCES

Books


Articles


Website


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<th>Symbol</th>
<th>D1</th>
<th>D2</th>
<th>D3</th>
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**Note:** The table contains stock prices and dividend information for various companies. The values represent the closing prices for different dates and the average dividend for each company.
Paired Sample T-Test

Before 1 day and after 1 day Cum Dividend Date

### Paired Samples Statistics

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<tr>
<th></th>
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<th>Std. Deviation</th>
<th>Std. Error Mean</th>
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### Paired Samples Correlations

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### Paired Samples Test

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<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>95% Confidence Interval of the Difference</th>
<th>Sig. (2-tailed)</th>
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<tr>
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<td>BeforeA - AfterA</td>
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<td>17.187</td>
<td>28.735 - 99.265</td>
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Paired Sample T-Test

Before 2 days and after 2 days Cum Dividend Date

Paired Samples Statistics

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<td>Pair 1</td>
<td>BeforeA</td>
<td>3079.29</td>
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<td>2806.976</td>
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<td>2744.931</td>
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Paired Samples Correlations

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Paired Samples Test

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<th>Sig. (2-tailed)</th>
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Paired Sample T-Test

Before 3 days and after 3 days Cum Dividend Date

Paired Samples Statistics

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<th>Std. Error Mean</th>
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</thead>
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Paired Samples Correlations

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<td>.997</td>
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Paired Samples Test

<table>
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</thead>
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<tr>
<td>Mean</td>
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Paired Sample T-Test

Before 4 days and after 4 days Cum Dividend Date

Paired Samples Statistics

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Paired Samples Correlations

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<td>Pair 1 BeforeD &amp; AfterD</td>
<td>28</td>
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</table>

Paired Samples Test

|       | Paired Differences | 95% Confidence Interval of the Difference | Sig. (2-tailed) |
|-------|--------------------|------------------------------------------|----------------|----------------|
|       | Mean Std. Deviation| Std. Error Mean | Lower | Upper | t | df |        |
| Pair 1 BeforeD - AfterD | 8.357 | 336.310 | 63.557 | -138.765 | 122.050 | - | 27 | .896 |

49
Paired Sample T-Test

Before 5 days and after 5 days Cum Dividend Date

Paired Samples Statistics

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Paired Samples Correlations

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Paired Samples Test

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<td>358.132</td>
<td>67.681</td>
<td>-155.762</td>
<td>121.976</td>
</tr>
</tbody>
</table>

50
Paired Sample T-Test

Total result in before and after Cum Dividend Date

### Paired Samples Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td>BeforeE</td>
<td>3041.57</td>
<td>28</td>
<td>2715.822</td>
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<tr>
<td></td>
<td>AfterE</td>
<td>3058.46</td>
<td>28</td>
<td>2767.713</td>
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</table>

### Paired Samples Correlations

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Correlation</th>
<th>Sig.</th>
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</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td>28</td>
<td>.992</td>
<td>.000</td>
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### Paired Samples Test

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>95% Confidence Interval of the Difference</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td>BeforeE - AfterE</td>
<td>358.132</td>
<td>67.681</td>
<td>-155.762-121.976</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>BeforeE</td>
<td>16.893</td>
<td></td>
<td></td>
<td>.250</td>
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### Correlations

<table>
<thead>
<tr>
<th></th>
<th>Total_Average</th>
<th>Dividend</th>
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</thead>
<tbody>
<tr>
<td>Pearson Correlation Total_Average</td>
<td>1.000</td>
<td>.836</td>
</tr>
<tr>
<td></td>
<td>Dividend</td>
<td>0.836</td>
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<tr>
<td>Sig. (1-tailed)  Total_Average</td>
<td>.</td>
<td>.000</td>
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<tr>
<td></td>
<td>Dividend</td>
<td>.000</td>
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<tr>
<td>N Total_Average</td>
<td>28</td>
<td>28</td>
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<tr>
<td></td>
<td>Dividend</td>
<td>28</td>
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### Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
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<tbody>
<tr>
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<td>R Square Change</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>F</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>df2</td>
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<td>Sig. F Change</td>
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<td>Durbin-Watson</td>
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<tr>
<td>1</td>
<td>.836^a</td>
<td>.699</td>
<td>.688</td>
<td>1532.694</td>
<td>.699</td>
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<td>1.559</td>
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</tbody>
</table>

a. Predictors: (Constant), Dividend  
b. Dependent Variable: Total_Average

### ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1</td>
<td>1.422E8</td>
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<td>.000^b</td>
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<tr>
<td></td>
<td>Residual</td>
<td>26</td>
<td>2349150.432</td>
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<tr>
<td></td>
<td>Total</td>
<td>27</td>
<td>2.032E8</td>
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<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Dividend  
b. Dependent Variable: Total_Average  

---

^a Predictors: (Constant), Dividend  
^b Dependent Variable: Total_Average
## Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>659.25</td>
<td>421.84</td>
<td>1.56</td>
<td>.13</td>
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<tr>
<td>Dividend</td>
<td>27.031</td>
<td>3.475</td>
<td>.836</td>
<td>7.77</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Total_Average

---

### Histogram

**Dependent Variable: Total_Average**

![Histogram](image-url)

- Mean = 2.575, SD = 0.861
- N = 20