ABSTRACT

Stock split is a change to the number of outstanding shares and nominal value per shares in accordance with the split factor specified by the company.This research aims to analyze the difference in abnormal return, systematic risk, and trading volume activity before and after the stock split, in which investors can use the announcement stock split to gain an advantage.

This research uses event study method to observe abnormal return, systematic risk, and trading volume activity within ten days before and after the announcement. This research uses secondary data that collected from Indonesian Capital Market Directory (ICMD) 2006 up to 2013, www.idx.co.id, and BEI corner Business and Economics Faculty of Diponegoro University. There are 20 samples for this research. They are stocks of companies which implemented stock split policy within 2006 up to 2013 and which have been listed in BEI.

The method used was paired sample t-test and wicoxon signed rank test. Paired sample t-test was used when normally distributed variables and wilcoxon signed rank test was used when variables were not normally distributed. The test results showed that H1 and H2 are rejected, meaning there are no significant differences before and after stock split on the abnormal return variable and systematic risk. While only the result H3 is received, meaning that trading volume activity showed significant differences before and after the stock split.

Keywords : **stock split, abnormal return, systematic risk, trading volume activity, event study**