ABSTRACT

Stock split is a cosmetic or actions that have no economic value should not change stock prices. However, some researchers concluded that a stock split turned out to have a significant influence on stock price movements. The stock split carried out on the basis of two theories. According to the Trading Range Theory, stock prices are high is the driving force for the company to split its shares with the hope of increasing the liquidity of stock trading, putting the stock on the optimal trading range and will be more and more investors are investing. Signaling Theory states that a stock split is the conveyance of information about performance and prospects to the market. This study aims to obtain empirical evidence about the impact of stock splits on stock prices relative.

Data were taken from 30 companies in Jakarta Stock Exchange is a stock split during the years 2006-2008. Stock price data of each company during the five days before and five days after the stock split. The analysis technique used to test the hypothesis salts are Wilcoxon Signed Rank Test (Wilcoxon Signed Rank Test) with a confident level of 95 percent (α = 0.05).

The results showed that when tested on the total sample as a whole stock split did not bring significant impact stock price. Special but the stock price goes up then raise the price of a stock split shares. Medium to share prices falling stock prices reduce the stock split.

Keywords: stock split, stock Cosmetics, Signaling theory, trading range theory, liquidity.