

ABSTRACT

Stock split is an event which is carried out by issuer to split stock value into a stock with a smaller nominal value. The event is aimed to increase the numbers of stocks which have been circulated without an increase in paid up capital in order to make an increase in stock transaction. The research on stock split has often been done by the researcher. The research gives various results, but basically it can be divided into two groups. First, pure stock split is known as “cosmetic”. Second, stock split can be stated to have real influence to the stock.

The emergence of argument about this issue has raised a debate. So the purpose of this research is to re-examine whether it is true that there are some differences of stock split which gives influence to the variability of the level of profit, stock price and stock return.

This research has been conducted on manufacturing companies which are listed in Indonesia Stock Exchange (IDX) in 2012-2016 periods. The population is 134 companies, the sample collection criteria has been carried out by using purposive sampling. 21 companies have been selected as samples after the selection has been carried out based on the criteria. Paired sample t test and event study have been applied in this research. The research is in 20-day periods which is divided into two periods i.e. 10 days before and 10 days after the stock split event. The result of the research shows that there are no differences of the variability of the level of profit, stock price, and stock return before and after stock split. This result shows that stock split is just a “cosmetic” in which it does not give any influence to those three variables.

Keywords: Stock Split, variability of profit level, stock price, stock return, event study