Analysis Abnormal Return And Stock Trading Volume Around Ex-Dividend Date At IDXHIDIV20 In Indonesian Stock Exchange During Covid-19 Pandemic

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Abstract: The impact of the Covid-19 pandemic in Indonesia is the decrease of stock investment returns on the Indonesia Stock Exchange (IDX). The dividend distribution policy is a corporate action that investors have been waiting for because it can provide investment returns during the pandemic. Stock prices will fluctuate during the period of distribution divdends. Fluctuating stock prices will certainly lead to the possibility of abnormal returns and differences in trading voume activity. The purpose of this study is to identify whether there are differences in abnormal returns and trading volume activity of stock before and after the ex-dividend date in companies listed on the high dividend 20 index on the IDX. The results of this study can be used as advice to investors or traders for making investment decisions during dividend distribution period. The quantitative research in this study uses the event study approach. The analysis found that (1) anomalous returns for the High Dividend 20 Index differed significantly before and after the ex-dividend date during the Covid-19 epidemic. This suggests that dividend distribution measures implemented during the Covid-19 pandemic were informative. Investors consider that this dividend distribution contains negative information so that make abnormal stock returns decrease from before and after the ex-dividend date. (2) There is no significant difference in trading volume activity before and after the ex-dividend date on high dividend 20 index during the covid-19 pandemic. Theis is indicates that the dividend distribution policy during the COVID-19 pandemic does not contain information if we viewed from the trading volume activity indicator.

Keywords: abnormal return, trading volume activity, dividend, index high dividend 20, event study

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Introduction

The impact of the Covid-19 pandemic in Indonesia is the decrease of stock investment returns on the Indonesia Stock Exchange (IDX). The dividend distribution policy is a corporate action that investors have been waiting for because it can provide investment returns during the pandemic. The COVID-19 pandemic has also forced laid-off workers to start looking for passive income on the Indonesia Stock Exchange to meet their daily needs. Therefore, in 2020 investors in Indonesia rose 56% compared to the previous year (Sidik , 2021). The high dividend 20 index is one of several indexes provided by the Indonesia Stock Exchange which contains 20 companies which have regularly listed cash dividends and have high dividend yields to their shareholders. Investing in companies that are included in this index will certainly provide certainty of return because companies that regularly distribute dividends.

Dividend declaration and distribution is a frequent corporate practice. Dividends are a common way for businesses to share their profits with their shareholders. The generated gains are partially dispersed to shareholders in the form of cash dividends and partially kept as undistributed profits. Companies that pay dividends are seen favorably by stockholders and potential investors . Shareholders will be more loyal if dividends are increased and given on a regular basis. The attractive dividend is a further incentive for potential investors to put their money to work.As a result of dividend announcements, investors have a reason to purchase shares. For dividends, this is done so that they can be received before the current cum date runs out. There may be a response in the stock market as a result of the statement. Stock yields and trading volumes might fluctuate. Alterations to the yields of the underlying equities are possible. This is because of shifts in stock prices caused by higher consumer demand. If the firm distributes dividends, the market may be react-

ing by increasing demand. A stock's trading volume is influenced by both supply and demand in the market. The number of purchase and sell orders for the underlying shares has grown. One goal of this research is to compare pre-dividend and post-dividend stock returns and anomalous returns of IDXHIDIV20 trading on the Indonesian stock exchange. Examine the change in trading volume before and after announcing dividends for industrial businesses listed on the Indonesian stock exchange.

There are several stages in the distribution of dividends. This dividend distribution starts from the divdend announcement date, then continues with (cumulative date/cum-date), then ex-dividend date and dividend distribution date. Stock prices will fluctuate during the period of distribution dividends. Fluctuating stock prices will certainly lead to the possibility of abnormal returns and differences in trading volume activty, especially on the dates before and after the ex-dividend date.

Research on abnormal returns around ex-dividend date has been carried out by several researchers, but there is a research gap from the research that has been carried out. Research conducted by Zebua in 2020 stated that there was a significant relationship between dividend announcements and stock returns (Zebua, 2018), then research conducted by Saragih in 2019 also stated that there was an effect of dividend announcements on abnormal returns indicated by a positive CAAR value and significant (Saragih, 2019). However, research conducted by Azizah in 2020 stated that there was no difference in abnormal stock returns before and after the ex-dividend date (Azizah, 2020). Based on the phenomenon and research gap that has been explained, here the researcher wants to carry out a study entitled "Analysis of Abnormal Returns and Trading volume activity of Stocks Before and After Ex-dividend date on high dividend 20 Index Companies on the IDX during the Covid-19 Pandemic".

Method

This research is a quantitative research with an event study approach. Event study is a research strategy that examines how the market (investors) responds to news about upcoming events that are disseminated through official announcements. Testing the informative value of announcements, such as about dividend payments, can be done using this event research approach.

"This research was conducted on the Indonesia Stock Exchange where accessing the website www.idx.co.id. The implementation of this research was carried out over a period of six months, precisely in February 2022-July 2022. At this time, data were collected related to stock prices, trading volume activity, and the total number of shares outstanding during the observation period.

Eleven days were considered in this analysis: five days before the ex-dividend date (t-5), one day before the ex-dividend date (t-0), and five days following the ex-dividend date (t+5). For the purpose of this analysis, we will assume that a 100-day horizon (t+6 to t+105) is available.

The population in this study are companies that are included in the High Dividend Index 20 on the Indonesia Stock Exchange which distribute dividends in 2021, either once or twice for one year. The criteria for selecting the sample used purposive sampling technique. After the selection, there were 23 companies included in the research sample.

Data analysis used SPSS Statistic version 25 application. The Shapiro-Wilk test was used in testing the normality of the data because the research sample was small. Then for Hypothesis Testing, Paired Sample t-Test was used for data that were normally distributed and Wilcoxon's test was used to test hypotheses if the data were not normally distributed. (Priyanto, 2012)

Result and Discussion

Descriptive Statistics

Descriptive Statistical Analysis is an analysis used to characterize the value of a data set in terms of its lowest, maximum, mean, and standard deviation.

Table 1. Descriptive Statistical Abnormal Return

No	Note.	N	*Minimum*	*Maximum*	*mean*	*Std. Deviation*
1	AAR_Sblm	23	-0.012558	0.009562	0.0009717	0.00609608

2	AAR_Ssdh	23	-0.024456	0.011765	-0.003944	0.00777293

Source : Data Result processed by researchers, 2022

Based on the statistical results above, overall, the average rate of abnormal return has decreased. The average abnormal return before the ex-dividend date is 0.0009717 and the average abnormal return after the ex-dividend date is (-0.003944). The results of the descriptive statistical analysis of trading volume avtivity (TVA) before and after the ex-dividend date can be shown in table 2 below.

Table 2. Descriptive Statistical Trading Volume Activity

No	Note.	N	*Minimum*	*Maximum*	*mean*	*Std. Deviation*
1	AVA_Sblm	23	0.000310	0.005930	0.001510	0.001262
2	Atva_Ssdh	23	0.000180	0.007000	0.001463	0.001759

Source : Data Result processed by researchers, 2022

Lessening share volume. On average, shares were traded 0.001510 times per day prior to the ex-dividend date, and 0.001463 times per day afterward.

Classic Assumption Test

The purpose of the normality test is to determine if the data used in the analysis follow a normal distribution. Due to the small sample size (30), the Shapiro-Wilk test was utilized to check for normality. If the p-value was greater than 0.05, it was assumed that the data followed a normal distribution. Table 4.3 below displays the outcomes of the study's normalcy tests

Table 3. AAR and TVA Normality Test

No	Variable	N	*Shapiro-Wilk (Sig. Value)*	Information
1	*Abnormal Return* Before the Ex-dividend date	23	0.429087	Normal Distributed Data
2	*Abnormal Return* After Ex-dividend date	23	0.416632	Normal Distributed Data
3	*Trading volume activity* Before Ex-dividend date	23	0.0000678	Data Not Normally Distributed
4	*Trading volume activity*After Ex-dividend date	23	0.0000005	Data Not Normally Distributed

Source : Data Result processed by researchers, 2022

From the results of the normality test above, it shows that the abnormal return research variable data is normally distributed with a sig value. > 0.05 so that for hypothesis testing using the Paired Sample T-test (Parametric Statistics). While the results of the normality test for trading volume activity variable data are not normally distributed with a sig value. <0.05 so that the assumption of normality is not met, and for hypothesis testing, an alternative test will be used, namely the Wilcoxon test (non-parametric statistics)

Hypothesis Test Result

Paired Sample T-test

The sample of this study amounted to 23 companies. From the 23 companies, Since the data are normally distributed, we can calculate the average abnormal returns both before and after the ex-dividend date and then do another test using a paired-samples t-test.

Table 4. Paired Sample T-Test for Abnormal Return

Pair	Paired Sample Test	Conclusion
	Sig. (2-tailed)	
Abnormal return Before Ex-dividend date – Abnormal return After Ex-dividend date	0.006625	There is a Significant Difference

Source : Data Result processed by researchers, 2022

The findings of the above hypothesis test indicate that abnormal returns differ before and after the ex-dividend date. A total significance level of 0.006625 was found in the tests conducted. A p-value below 0.05 indicates accepting Ha1 and rejecting Ho1. It can be concluded that the aberrant returns of the Dividend 20 index businesses during the Covid-19 epidemic were notably different before and after the ex-dividend date

Wilcoxon Test

In this study, 23 samples of companies calculated the average value of their trading volume avtivity both before and after the ex-dividend date, then a different test was performed using the Wilcoxon test because the data were not normally distributed.

Table 5. Wilcoxon Test for Trading Volume Activity

Pair	Wilcoxon	Conclusion
	asymp. Sig. (2-tailed)	
Trading volume activity Before Ex-dividend date – Trading volume activity After Ex-dividend date	0.124418	There is no significant difference

Source : Data Result processed by researchers, 2022

There is no discernible change in trade volume either before or after the ex-dividend date, as shown by the results of the aforementioned hypothesis tests. The combined significance level of the tests was 0.124418. When the value is more than 0.05, Ho2 is accepted while Ha2 is rejected. In conclusion, the 20 high dividend index businesses did not exhibit a statistically significant change in trading volume either before or after the ex-dividend date during the Covid-19 pandemic.

Discussion

Abnormal Return

The first hypothesis in this study states that there are differences in abnormal returns before and after the ex-dividend date on high dividend 20 index companies during the covid-19 pandemic. Viewed descriptively, there is a decrease in the abnormal return value between before and after the ex-dividend date which indi-

cates that there is information content of this dividend distribution policy. During the Covid-19 pandemic, investors considered that this dividend distribution contained negative information or could be said to be bad news so that abnormal stock returns decreased between After the ex-dividend date but before the dividend payment date. There are statistically significant differences in anomalous returns before and after the ex-dividend date, as shown by the results of the hypothesis test, suggesting that the market was affected by the news of the dividend distribution during the pandemic. During the pandemic, this data on dividend payments is also being used by the market to make investment decisions.

Stock prices have decreased between before and after the ex-dividend date during the covid-19 pandeic, indicating that the information contained in the dividend distribution policy causes investors to make desions to sell their shares because this dividend distribution policy is considered a negative signal or information. The dividend distribution policy which was responded negatively by investors showed that most investors prefer companies that keep or retain their net income for the company's future development.

Trading Volume Activity

The second hypothesis in this study states that there is no significant difference in trading volume activty between before and after the ex-dividend date on high dividend 20 index companies during the covid-19 pademic.

The Asymp value is revealed by the results of the Wilcoxon test. Two-sided Sig. = 0.124418. Since this p-value is greater than 0.05, we may conclude that there was no discernible change in volume either before or after the ex-dividend date for the 20 high-dividend index businesses during the Covid-19 pandemic. Based on these results, it shows that the dividend distribution policy during the pandemic does not contain information seen from the trading volume activity indicator. Trading volume activity is an indicator that provides information about the level of stock liquidity. Stocks are said to be liquid if they are frequently traded.

Descriptively, the average value of trading volume activity decreased, the average stock trading volume activity before the ex-dividend date was 0.001510 and the average stock trading volume activity after the ex-dividend date was 0.001463. This shows that there is a decrease in the number of stock transactions in companies that distribute dividends during this pandemic. Although the decrease in transactions is not so signifcant as has been proven from the results of the hypothesis test in the previous table 5. This less significant decrease in trading volume activity was followed by a decrease in stock prices (as seen from the average anormal return). This shows that the dividend distribution policy makes investors decide to sell their shares but do not reach the stage of panic selling.

Conclusion

The purpose of this research is to compare the trading volume and abnormal returns of stocks in the High Dividend 20 Index on the day before and the day after the ex-dividend date, which occurred during the Covid-19 pandemic. The following are inferences that can be made from the data and study presented in the previous chapter: (1) There were statistically significant differences in anomalous returns before and after the ex-dividend date of the 20 high-dividend index businesses during the COVID-19 pandemic. -19 Pandemic (2) There was no discernible change in trading volume activity before or after the ex-dividend date of the Index Company High Dividend 20 during the Covid-19 Pandemic

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