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Research Article

Analysis of Comparison of Stock Return before and After Ex-Dividend Date in Industrial Property, Real Estate and Building Construction in Indonesia Stock Exchange Period 2013

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Abstract: This research aims to know if any difference in stock returns before and after ex-dividend date. The object for this research is companies in industrial property, real estate, and building construction that is registered in Indonesia stock exchange and distribute dividend in period of reseacrh. Data analysis used is non parametric statistical analysis in the form of Wilcoxon test. The results showed that there is not a significant difference between the average of the stock returns before and after the ex-dividend date.
Keywords: return shares, dividend, dividend announcement, and ex-dividend date.

INTRODUCTION

Capital markets are said to run efficiently if the company's stock price on the exchange reflects a variety of information as a whole from the past to the present (Tandelilin, D. 2010). In the theory of Efficiency Market Hypothesis cited by Siaputra & Atmadja (2007) stock prices will react to existing information, including information about dividend distribution. Information on dividend distribution is believed to be able to influence stock prices in the stock market as a result of investor interactions who want the benefits of the moment. Companies often use dividends as a way to increase stock prices. In the dividend signaling model cited by Wongso A. (2013) dividend announcements have information content which results in a reaction in stock prices. the increase in dividend payments by the company is considered by investors as a signal of improvement in the company's current financial performance and as a forecast of the company's profit prospects in the future, so the announcement of rising cash dividends is often followed by an increase in stock prices. (Endri) this study finds the new policy significantly reduces bid-ask spread and market depth, but does not impact trading volume. From the viewpoint of width and immediacy, the stock liquidity is enhanced; but from the viewpoint of depth, the stock liquidity is diminished. To resolve these contradictory results, trading volume is used for comparison. The reduction of bid-ask spread is not followed by the enhancement of trading volume, meanwhile the bid-ask spread in its relation to transaction costs is negatively correlated with trading volume. Pulungan, *et.el* (2016). The results of the study show that day trading has a significant effect on LQ-45 stock returns on the Indonesia Stock Exchange and Monday the fourth and fifth weeks have no effect on the lowest LQ-45 stock return on Monday on the Indonesia Stock Exchange.

The purpose of this study is to determine the difference in stock returns caused by dividend announcements. So the authors hope this research can be useful especially for companies in making dividend policies and investors as a consideration in making decisions on an investment.

Investors invest their capital in the shares of property-based companies with a hope that they will get profits in the form of capital gains and corporate profits in the form of dividends, because the property industry promises long-term investment. The birt in the hand theory states that investors tend to prefer dividends rather than capital gains, because dividends are considered as more certain returns.

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According to Darmaji and Fakhruddin (2012) shares are a sign of the participation or ownership of a person or entity in a company or limited liability company. A tangible piece of paper that explains that the owner of the paper is the owner of the company that issued the securities. The portion of ownership is determined by how much investment is invested in the company.

Dividend distribution is one thing that shareholders look forward to. Dividend distribution can be done quarterly or yearly, depending on the policies set by each company. The actual dividend distribution procedure according to Ang (1997) in Adorini, M.W. (2007) has five important dates in the dividend distribution procedure, namely the announcement date, cum-dividend date, ex-dividend date, recording date, and date of payment.

According to Campbell & Beraneks in Haryanto, S. (2011). On the other hand dividend distribution to shareholders causes a company's cash position to decrease. This also results in greater leverage (the ratio between debt to equity). This provides an explicit clue that dividend distribution will have an impact on corporate funding, because the company issues large cash funds to shareholders. If the dividend payment is getting bigger, the overall capital position will decrease. This can be seen from the emergence of an inverse relationship between dividends and own capital. The larger dividends paid will reduce the amount of retained earnings, so that the company's capital position will decrease. The impact that arises is that market participants will think negatively about the company. The distribution of cash dividends to shareholders will cause the share price to fall on the ex-dividend date.

Investors on the ex-dividend date will automatically think that dividend distribution will have an impact on stock prices. This thought was caused by investors losing their rights to return from dividends and seeing the prospects for the future of companies dividing dividends. On the first thought, Sularso in Adorini (2007) states that investors who wish to benefit from capital gains, prefer not to buy these shares. Thus the stock price will decrease in proportion to the value of the lost return. Whereas in the second thought, investors see that if the company issues a sum of money to pay dividends to shareholders, it will effect the company's cash flow which later can disrupt the company's operations. If the funds spent can disrupt the operation, it can automatically cause the company to experience financial difficulties. The existence of these two thoughts logically will push the price or value of shares in the market to decline.

MATERIALS AND METHOD

The stock price is the price of a stock that occurs on the stock market at a certain time determined by market value. This market value is determined by the activity of market participants on the demand and supply of the relevant shares in the stock market Jogiyanto, H. (2010).

According to Jogiyanto, H. (2010) that Return is the level of profit enjoyed by investors for an investment made. Stock returns are income earned by shareholders as a result of investments in certain companies. Stock returns can be divided into two types, namely return realization (realized return) and expected return (expected return). Return realization is a return that has occurred and is calculated based on historical data. Return realization can be used as one measure of company performance and can be used as a basis for determining future return and risk returns, while expected return is a return that is expected to occur in the future and is still uncertain.

According to Weston and Copeland in Rodoni and Ali (2010) that dividends are company profits in the form of a limited liability company given to shareholders. The amount of dividends given is determined in the shareholders' meeting and is stated in a certain amount or percentage (%) of the nominal value of the shares and not the market value. Dividends can only be paid if the retained earnings balance is positive. So, even if in the current year the profit is obtained, a limited liability company may not distribute dividends if the balance of retained earnings at the end of the year is still negative.

Dividend distribution is one thing that shareholders look forward to. Dividend distribution can be done quarterly or yearly, depending on the policies set by each company. The actual dividend distribution procedure according to Ang in Adorini (2007) that has five important dates in the dividend distribution procedure, namely the announcement date, cum-dividend date, ex-dividend date, recording date, and date of payment. So based on that opinion, the important dates in the dividend distribution procedure are as follows:

1) **Announcement Date**
   The date of the announcement is the date when the directors of the company announce the plan to distribute dividends.
2) **Date of Cum-Dividend (Cum-Dividend Date)**
   Dividend cum date is the date at the end of the stock trading that is still attached to the shareholders' right to get dividends distributed by the company, both cash dividends and stock dividends.
3) **Ex-Dividend Date**
   Ex-dividend date is the date when the rights to the current period dividend are released from its shares, usually with a period of four working days prior to the date of listing of shares.

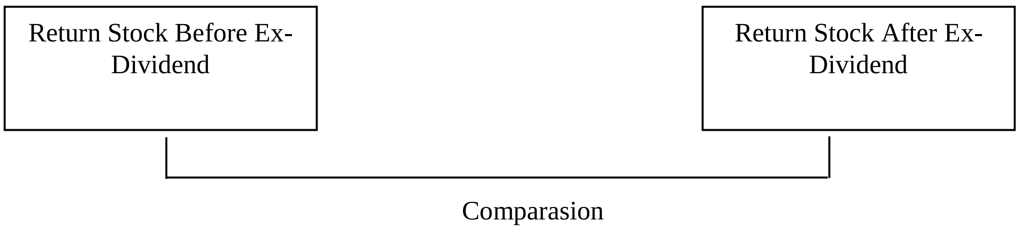
4) **Shareholder Recording Date (holder of record date)**
The date of listing of shareholders is the last day to register as a shareholder to be entitled to receive dividends distributed by the company.
5) **Dividend Payment Date (dividend payment)**
Date of payment of dividend is the date when the company actually sent a dividend check.

Investors on the ex-dividend date will automatically think that dividend distribution will have an impact on stock prices. This thought was caused by investors losing their rights to return from dividends and seeing the prospects for the future of companies dividing dividends. On the first thought, Sularso (2003) in Adorini (2007) states that investors who wish to benefit from capital gains, prefer not to buy these shares. Thus the stock price will decrease in proportion to the value of the lost return. Whereas in the second thought, investors see that if the company issues a sum of money to pay dividends to shareholders, it will effect the company's cash flow which later can disrupt the company's operations. If the funds spent can disrupt the operation, it can automatically cause the company to experience financial difficulties. The existence of these two thoughts logically will push the price or value of shares in the market to decline.

According to Sartono (2010) dividend policy is a decision whether the profits obtained by the company will be distributed to shareholders as dividends or will be held in the form of retained earnings to finance investment in the future.

Thinking Framework

The Thinking framewprk as follows



Picture1. Thinking Framework

Hypothesis
- **Ho:** Allegedly there is not difference in stock returns before and after the ex-dividend date on the property, real estate, and building construction industry on the Indonesia Stock Exchange in 2013.
- **Ha:** Allegedly there is differences in stock returns before and after the ex-dividend date on the property, real estate and building construction industry on the Indonesia Stock Exchange in 2013.

This research is an event study, which is a study that aims to examine the information content based on an event that is ex-dividend date, so that researchers can see the difference in stock returns from these events using comparative research designs, namely research that aims to compare. What will be compared in this study is stock returns 15 days before the ex-dividend date and 15 days after ex-dividend date referring to previous studies conducted by Siaputra and Atmadja (2007).

The population in this study was property, real estate, and building construction companies listed (listed) on the Indonesia Stock Exchange in 2013. The sampling technique in this study was carried out by purposive sampling method, with the following criteria:

- ➢ The company is not in the process of delisting from the property, real estate and building construction industry on the Indonesia Stock Exchange in 2013.
- ➢ The Company distributes dividends to share holders in 2013.
- ➢ Daily stock prices and ex-dividend date for dividends distributed in 2013 are available on the stock or mass media.

Of the criteria set out, 23 companies of the property, real estate and building construction industries were found that met the criteria for the study sample. e data collection technique used in this study is library research which is a secondary data collection technique, namely the technique of collecting data obtained indirectly through an intermediary (second party) media. This study requires company financial statement data to see the ex-dividend date and dividend value shared by the company. Financial reports are obtained from the Indonesia Stock Exchange through the website www.idx.co.id. In addition, a Composite Stock Price Index (CSPI) is needed to measure stock returns between before and after the ex-dividend date. The Composite Stock Price Index (CSPI) is obtained by accessing the site www.finance.yahoo.com.

The average difference analysis uses non-parametric statistical tests in the form of the Wilcoxon test which is used to determine whether or not there are differences in the average of two samples paired together, so the Wilcoxon test is often used as an alternative to paired sample t-test when the research data is not normally distributed, where data that is not normally distributed is considered not to meet the criteria in parametric statistical testing specifically paired sample t-test. So, there needs to be action that must be done by the researcher so that the research data collected can still be tested or analyzed, that is by using non parametric statistical methods.

RESULTS AND DISCUSSION

Result of Hypothesis Test

This test aims to test the hypothesis which states that "there are differences in stock returns before and after the ex-dividend date in the property, real estate, and building construction industry on the Indonesia Stock Exchange in 2013". The test uses the Wilcoxon test.

Table1. Ranks

		N	Mean Rank	Sum of Ranks
Return Stock After Ex-Dividend Date - Return Stock Before Ex-Dividend Date	Negative Ranks	10[a]	11,20	112,00
	Positive Ranks	13[b]	12,62	164,00
	Ties	0[c]		
	Total	23		

a. return stock after ex-dividend date < return stock before ex dividend date
b. return stock after ex dividend date > return stock before ex dividend date
c. return stock after ex dividend date = return stock before ex dividend date

Source: Bursa Efek Indonesia (www.idx.co.id) (Data processed 2016)

Based on table 3 are the data analyzed as much as N = 23 there are 10 data that have negative ranks or the difference between the variables before and after which are negative with mean rank 11.20 and sum of ranks 112.00. This shows that there are 10 companies that experience a decline in stock returns after the ex-dividend date event. On the other hand, there are 13 data that have positive ranks or differences between the variables before and after positive with mean rank 12.62 and sum of ranks 164.00. This shows that there are 13 companies that experience an increase in stock returns after the ex-dividend date event whereas ties are a fixed value (not subject to change). Based on the table above, ties value = 0 indicates that there is no stock return whose value is fixed (not subject to change) after the date ex-dividend event.

Table2. Wilcoxon Test Statistics Test

stock return after ex-dividend date - stock return before ex-dividend date	
Z	-,791[b]
Asymp. Sig. (2-tailed)	,429
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Based on table 2 above, the level of sig. (2-tailed) 0.429 > 0.05 indicates that Ho is accepted and Ha is rejected, ie there is no significant difference between stock returns before and after the ex-dividend date on the property, real estate industry, and building construction on the Indonesia Stock Exchange in 2013. So, ex-dividend date does not effect the level of stock returns. This is in accordance with one of the theories from Modigliani-Miller about dividend policy is Irrelevance Theory, which states that investors pay less attention to dividend distribution and only tend to see capital gains.

Table 3 Average Comparison of 23 Company Stock Returns Before and After Ex-Dividend Date

Before	After	Description
2.106,63	2.176,03	Stock Return increase of 69,4.

Source**:** Finance (www.finance.yahoo.com) (data processed 2017)

Based on table 3 above, it can be seen that the average value of stock returns of the 23 companies studied before the ex-dividend date is 2,106.63 and the average value of stock returns of the 23 companies studied after the ex-dividend date is 2,176.03 that is, there is an increase of 69.4, but based on the results of statistical testing using the Wilcoxon test the results of sig. (2-tailed) 0.429 > 0.05 showed that there were no significant differences. The difference of 69.4 is not enough to provide a significant difference between the average stock return before and after the ex-dividend date on the property, real estate and building construction industry in the Indonesia Stock Exchange. This is consistent with previous research conducted by Haryanto (2011), Hermuningsih and Wardani (2009) that there is no difference in investor reaction between before and after dividend announcements, but inversely proportional to the research conducted by Siaputra and Atmadja (2007), Hermuningsih and Wardani (2009), Novianti (2013), and Frensidy (2016) which states that there are significant differences in stock returns caused by dividend announcements.

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of statistical tests, the comparison of stock returns before and after the ex-dividend date on the property, real estate, and building construction industry on the Indonesia Stock Exchange in 2013, it can be concluded that there is not significant difference in the average stock return before and after the ex-dividend date event, but there is not fixed or unchanged value, of which from 23 data studied, 10 of them experienced a decline after the ex-dividend date event, and 13 others experienced an increase after the ex-dividend date event. Overall, out of 23 companies there was an increase after ex-dividend date even though the amount was not significant to cause differences in stock returns between before and after the ex-dividend date.

Suggestion

For companies, it is expected to be able to determine the right time in announcing dividends, so that the company's objectives to make dividend announcements to express company performance are achieved. While investors can still buy shares after the ex-dividend date because stock returns have increased even though the amount is not significant.

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