



# THE EFFECT OF RIGHTS ISSUE ON INVESTOR REACTION IN THE FINANCIAL SECTOR IN THE INDONESIA STOCK EXCHANGE

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## ABSTRACT

This study aims to determine the impact of the rights issue on investor reactions. The variables used in this research are the rights issue as an independent variable and investor reaction, measured by cumulative abnormal return as the dependent variable. Other independent variables in the form of control variables are leverage, firm size, and market share. The sample in this study is companies in the financial sector on the Indonesia Stock Exchange that conduct rights issues in 2016-2020. The data collection method uses purposive sampling, and the number of samples in this study was 405 companies. This study conducted a descriptive statistical analysis: the mean, the highest value, the lowest value, and the standard deviation. The data analysis method used in this research is multiple linear regression analysis. The study found that the independent variable, the rights issue, had no significant effect on CAR. This study also found that there was no significant difference in CAR before and after the rights issue. The test results of leverage and market share control variables also have no significant effect on CAR; only firm size control variables substantially impact CAR.

**Keywords:** *Right Issue; Investor Reaction; Dar; Firm Size; Market Share*