



THE EFFECT OF CORPORATE ACTION ON INVESTOR RESPONSE: REGULAR DIVIDEND AND NON-REGULAR DIVIDEND

Yenny Hutomo*

Faculty of Economics and Business
Petra Christian University
Indonesia
d12180123@john.petra.ac.id

*Corresponding Author email: d12180123@john.petra.ac.id

Submitted: 24 November 2021

Revised: 27 December 2021

Accepted: 08 January 2022

Peer-review under responsibility of 7th Asia International Conference 2021 (Online) Scientific Committee

<http://connectingasia.org/scientific-committee/>

© 2022 Published by Readers Insight Publisher,

Office # 6, First Floor, A & K Plaza, Near D Watson, F-10 Markaz, Islamabad, Pakistan,

editor@readersinsight.net

This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).



ABSTRACT

This study aims to determine the investor's response to the corporate action taken by the company. The number of samples used in this study is 116 companies with 457 dividend announcements in transportation sector companies in ASEAN during the 2016-2020 period. Investor response is measured using cumulative abnormal return (CAR), while corporate action uses a dummy variable to categorize regular and non-regular dividend announcements. In addition, the control variables used in this study include firm size, firm age, firm leverage, and M&A. The results of this study indicate that there is a significant positive effect on investor responses to corporate action announcements. The firm leverage control variable had a significant negative effect on the entire event window used in this study. The M&A control variable only had a significant effect on the event window (-1.0), while the firm size and firm age have no significant impact on investor response.

Keywords: *Corporate Action; Investor's Response; Cumulative Abnormal Return.*