



# THE EFFECT OF STOCK SPLIT ON STOCK PRICES IN TRANSPORTATION SECTOR

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## **A B S T R A C T**

There are many previous studies that analyzed the response of investors towards stock splits. Stock splits are considered a good signal for investors because the number of shares during stock split is increasing but the price per share becomes cheaper. This study was conducted in the transportation sector in ASEAN because there was limited research in the transportation sector. This study aims to evaluate the effect of corporate action (stock split) on investor responses in ASEAN transportation companies. This study measured investor response using cumulative abnormal returns. The control variables used in this study include firm age and firm leverage. The number of samples in this study was 110 companies that had been conducted stock splits in the transportation sector in ASEAN during the 2015-2020 period. The results showed that there was a significant investor response towards corporate action in the form of a stock split.

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