



The Impact Of Daftar Efek Syariah (Des) Announcement To The Asii's Abnormal Returns And Trading Volume

Agus Saur Utomo¹

Makhzumi Jundana²

Mahendra Galih Prasaja³

Agus Saur Utomo³

¹Fakultas Ekonomi, Universitas Muhammadiyah Purworejo

Email : agussaur@umpwr.ac.id

²Fakultas Ekonomi, Universitas Muhammadiyah Purworejo

Email : jundana1511@gmail.com

³Fakultas Ekonomi, Universitas Muhammadiyah Purworejo

Email : mahendra.galih@umpwr.ac.id

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Abstract

DES announcement can be an important information for investors in making investment decisions. Islamic investors have to sell their stock when their stocks are excluded from DES. On the other hand, investors who want to invest in Islamic stocks will buy stocks that are included in the DES. The purpose of this study is to examine the impact of ASII stock reentry and exit from and into DES to the abnormal return and trading volume activity. This study uses secondary data obtained from investing.com. The data used in this study are daily stock closing prices, IHSG index and daily stock trading volume. This study follows event study methods. The first event window used in this study is 7 days before November,23,2020 and 7 days after. The second event window used is 7 days before May 24, 2023 and 7 days after. Descriptive statistic and Wilcoxon sign ranks is used to analysis the data. The results showed that there was no significant difference in abnormal returns both at the time of ASII exit and reentry. However, trading volume of ASII stock significant difference before and after exit announcement. But when ASII stock reentry to the DES there was no significant difference.

Keywords: Abnormal Return, Trading Volume Activity, DES, ASII

Abstrak

Pengumuman DES dapat menjadi informasi penting bagi investor untuk mengambil keputusan investasi. Investor syariah harus menjual sahamnya ketika saham yang dimilikinya dikeluarkan dari DES. Selain itu investor yang ingin berinvestasi pada saham syariah harus membeli saham yang masuk dalam DES. Tujuan penelitian ini adalah untuk menguji dampak keluar masuknya saham ASII dari dan kedalam DES terhadap abnormal return dan trading volume activity. Penelitian ini menggunakan data sekunder yang diperoleh dari investing.com. Data yang digunakan dalam penelitian ini meliputi harga penutupan saham harian, IHSG serta volume perdagangan harian saham. Penelitian ini menggunakan metode event study. Event window pertama yang digunakan dalam penelitian ini adalah 7 hari sebelum dan 7 hari sesudah tanggal 23 November 2020. Event window kedua yang digunakan dalam penelitian ini adalah 7 hari sebelum dan 7 hari sesudah tanggal 24 Mei 2023. Analisis data menggunakan statistik deskriptif dan wilcoxon sign ranks. Hasil penelitian menunjukkan bahwa tidak ada perbedaan abnormal return yang signifikan baik pada saat ASII exit maupun reentry. Namun disisi lain, perubahan volume perdagangan saham ASII ketika keluar dari daftar saham syariah memiliki perbedaan yang signifikan tetapi tidak dengan volume perdagangan saham ketika saham ASII reentry kedalam daftar saham syariah.

Kata Kunci: Abnormal Return, Trading Volume Activity, DES, ASII.

INTRODUCTION

The capital market has a close relationship with a country's economy. The healthier the capital market, the healthier the country's economy and vice versa (Robiyanto et al., 2019). There are two types of capital markets, namely conventional capital markets and Islamic capital markets. The fundamental difference between conventional capital markets and Islamic capital markets is that Islamic capital markets require all transactions not to conflict with Islamic principles (Luthfi et al., 2022), (Al-Khazali et al., 2014). However, there is no significant difference when it is viewed from the aspect of market activities.

Based on the Fatwa MUI (Indonesia Sharia Council), sharia securities are securities whose contracts, company management and method of issuance comply with sharia principles (Utomo, 2022), (Utomo, 2021). Sharia stocks must go through two screening stages, namely the business screening and financial screening (Utomo & Hanafi, 2022). Business screening are used to filter out companies based on the core business. The companies whose core business involve alcohol, gambling conventional financial services, pork related product, tobacco and weapon are excluded from sharia list. Financial screening is based on the company's financial report. A stock will be categorized as Sharia compliant if it satisfies the following requirements: interest-based debt is less than 45% of total debt, and non-halal revenue is less than 10%. Stocks that pass business screening and financial screening are categorized as sharia stocks and will be included in the Sharia-Compliant Securities List (DES) published by the Financial Services Authority (OJK) every six months.

The announcement of DES will affect the decision of Islamic investors in buying and selling stocks in the capital market. Islamic investors must sell their stock within 10 days after the DES announcement if their stocks are excluded from DES. On the other hand, investors who want to invest in Islamic stocks will buy stocks that are included in the DES. Therefore, DES announcement can be an important information for investors in making investment decisions. Research on the impact of DES announcement on stock price and trading volume is important to test the market reaction to new information related to the exit and entry of Islamic stocks. The market reaction to the DES announcement will be reflected in changes in stock prices that are useful for investors to make decisions to buy or sell stocks.

Signaling theory explains that information published by issuers or other parties can provide signals to investors in making investment decisions. If an information contains a signal, the market reaction will be shown by changes in the price and trading volume. DES contains information on changes in stock options available in the capital market. It will be a positive or negative signal as a basis for making investment decisions. If investors capture DES information as a positive signal, it will be reflected in an increase in stock prices and vice versa. The announcement of DES is a signal contain often interpreted as positive news, creating positive momentum among investors. The effect is not only on an increase in the volume of demand for the stock, but also on an increase in the stock price in response to the increased interest and confidence of the market. The efficient market hypothesis (EMH) states that an efficient market is a market in which the prices of securities reflect the information available (Fama, 1970). The more efficient a market is, the faster information is reflected in the price of a securities (Chavali et al., 2020). If investors think that DES announcements contain valuable information, then investors' perceptions will be reflected in changes in the price and trading level of the related securities.

Research on market reaction to announcements usually uses event studies. Event study is used to test the information content of an announcement (Indrawati, 2021). Research on the impact of the sharia index announcement to price stocks has been carried out, however, the results are still mixed. (Rahmasuciana et al., 2016) found that screening of Islamic stocks by OJK from 2011-2016 did not have a significant impact on the return and liquidity changes of Islamic stocks. This is different from research conducted by (Kassim et al., 2017) which examines the impact of stock exits on the sharia index whereas there is permanent significance in the abnormal return and trading volume of stocks that enter to the index and there is a temporary decrease in stock prices and trading volume of stocks that leave to the index after the announcement.

PT Astra International Tbk (ASII) is a company engaged in the automotive industry which was founded in 1957 in Jakarta. ASII stock is a blue chip stock and is always included in the Indonesia Sharia Stock Index (ISSI). ASII is the most valuable company on the Indonesia Stock Exchange (IDX) with a capitalization value of IDR 192 trillion in 2020. As a top ten largest capitalization stock in

Indonesian, ASII is always included in the Jakarta Islamic Index (JII) as a representation of liquid Sharia stocks. Many Sharia investors and Sharia investment managers include ASII in their investment portfolios and Sharia mutual funds. Based on Decree of No.Kep-63/D.04/2020 stipulated on November 23, 2020, ASII stock was excluded from DES after 11 years as member. It had an impact to the Sharia investors or Sharia investment managers to remove these stock from their portfolios. Figure 1 shows the price movement and trading volume of ASII stock when the DES was issued which excluded ASII stock from the list of Sharia stocks.

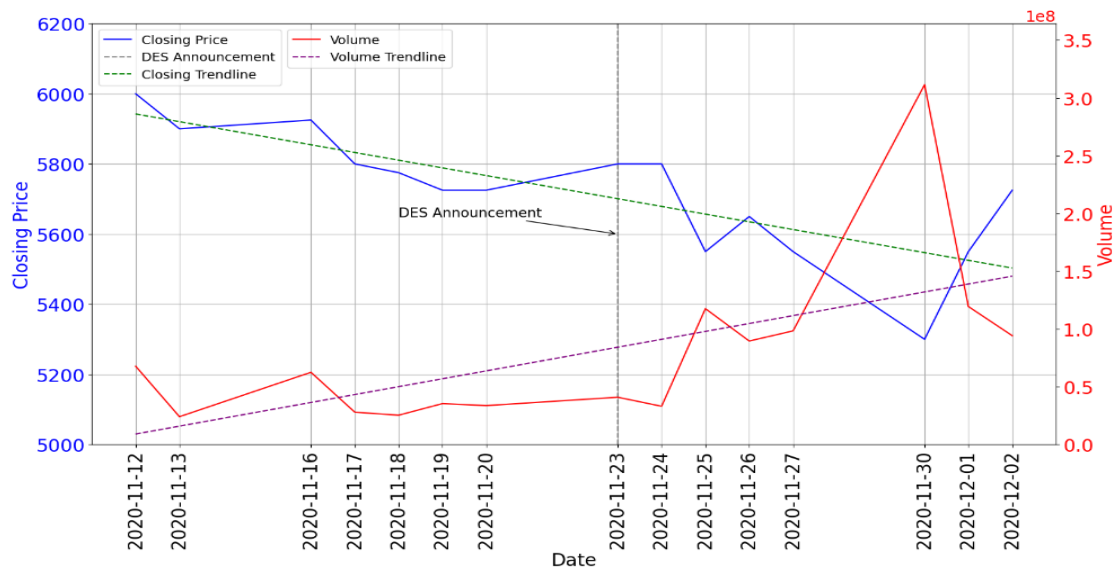


Figure 1. Price Movement and Trading Volume of ASII Stock Before and After DES Announcement in November 2020

Figure 1 shows that the trend of ASII stock price movement before the announcement of DES tends to decrease. After the announcement of DES, ASII's stock price continued a sharper downward trend. Overall, both before and after the DES announcement, there was a downward trend in ASII's stock price. On the other hand, the trading volume of ASII stock experienced an upward trend both before and after the announcement. The highest increase in trading volume occurred when the stock price was at its lowest price.

Since 3 years after ASII stock being excluded from the DES, on May 24, 2023 OJK put ASII stock back into the Sharia stock list. ASII's re-entry into the Sharia Securities List indicates that ASII has fulfilled all the requirements of Sharia stocks. The reentry of ASII shares into Sharia stocks can have an impact on the decisions of Sharia investors and Sharia investment managers in compiling their investment portfolios. Figure 2 shows the movement of stock price and trading volume of ASII stock during the reentry into Sharia stocks

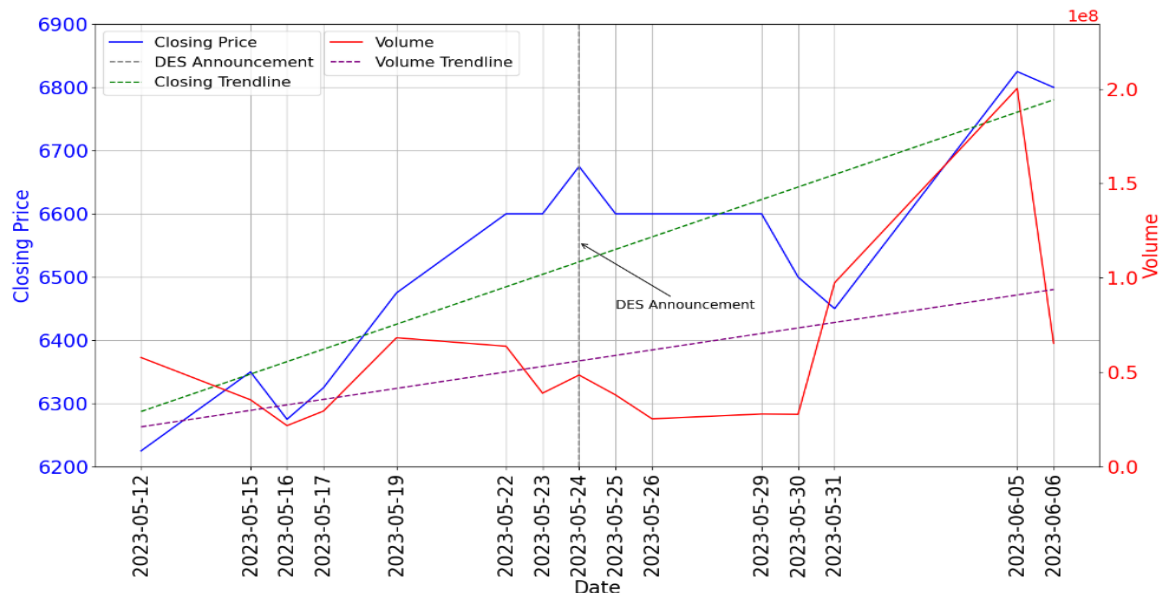


Figure 2. Price Movement and Trading Volume of ASII Stock Before and After the DES Announcement in May 2023

Figure 2 shows that there is an upward trend in the closing price and trading volume of stock both before and after the DES announcement. The highest stock price movement is also accompanied by the highest increase in stock trading volume.

Due to the inconsistency of research result before and changes price dan trading volume after DES announcement, it is necessary to conduct research whether the announcement of DES has an impact on the price movement and trading volume of ASII stock. The purpose of this research is to examine the impact of ASII stock exit and reentry from and into DES by using abnormal return and trading volume activity.

LITERATURE REVIEW

Signaling Theory

Signaling theory states that company managers, who have an important information about their company, will be encouraged to provide this information to investors (Muchori et al., 2017), (Karaman et al., 2020), (Bae et al., 2018). The core of signaling theory is the signaler, receiver and the signal itself (López-Santamaría et al., 2021), (Connelly et al., 2011), (Taj, 2016). Corporate announcement is an information that can be used by investors as a signal in making investment decisions (Putri et al., 2022). This announcement can be issued by the company itself or by other parties, namely the government. If an announcement contains a signal for the market, the market reaction will be shown by changes in the price and trading volume of a stock (Alexander & Amin Kadafi, 2018). If the announcement contains a signal that is interpreted by market participants as good news, investors will increase the number of stock purchases so that there will be an increase in stock prices (Nie & Yin, 2022), (Dempsey & Sheng, 2023). Vice versa, if investors assess the signal as bad news, investors will decide to withdraw their investment so that prices will fall (Alexander & Amin Kadafi, 2018).

Efficient Market Hypothesis

Information is important for investors when they will invest in the capital market (Madani et al., 2020), (Sánchez-Granero et al., 2020). Information can be used by investors to reduce the level of risk and this will be reflected in the stock price and stock trading volume (Madani et al., 2020), (Boya, 2019), (Bouoiyour et al., 2018). An efficient market is a market in which the prices of existing securities fully reflect all available information (Fama, 1970). Price in efficient market reflects existing information quickly. If the market reaction takes a long time to an event or information, it shows the existence of asymmetric information. Due to the imbalance of information between investors and

company managers, it is difficult for outsiders to determine the true value of a stock (Li, 2020), (Sun & Du, 2024).

Abnormal return

Abnormal return is a positive or negative difference between actual return and expected return (Roviah & Ariyanto, 2016). The more inefficient the market, the more investors will be able to enjoy abnormal returns for a long time (Alam et al., 2020). Based on the semi-strong market hypothesis, abnormal returns should only be observed on the day the information is announced. The return observed on the day of the announcement is the effect of an event that is not anticipated by the market and contains information.

Trading volume activity

Volume of stock trading is indicating the liveliness of a market (Putri et al., 2022). Stock trading volume describes the number of shares traded between investors at an agreed price (Baskara et al., 2020). Changes in trading volume are measured using trading volume activity (Munthe, 2016). Trading Volume Activity (TVA) can be used to see the market reaction to information because it is directly proportional to stock liquidity (Alexander & Amin Kadafi, 2018).

Hypothesis Development

Investment decisions are crucial steps that can shape the company's strategic path and affect changes in the price of the company's securities in the financial markets. Relevant information from both internal and external companies can change the investment strategy of investors (Indrawati, 2021). According to the signaling theory the relevant information published can provide signals to investors in making investment decisions. Market will react to the signals that contain relevant information by adjusting market prices and trading volume. When the information announced is positive or "good news" the market tends to respond with optimism (Syed & Bajwa, 2018). The increase and decrease in price are the result of demand and supply that goes up and down to form a new equilibrium price.

The dynamics of increasing and decreasing security prices are influenced not only by disclosed information, but also by the complex interaction between the volume of demand and supply in the market. Investors seeking to buy and sell create continuous price changes, forming equilibrium prices that reflect market conditions at any given time (Bodie et al., 2017).

The importance of information is also evident in the context of the Shariah Securities List (DES), where the announcement of entry or exit from the DES is a significant highlight. The announcement of a stock's inclusion in the DES is often interpreted as positive news, creating positive momentum among investors. The effect is not only on an increase in the volume of demand for the stock, but also on an increase in the stock price in response to the increased interest and confidence of the market. Mat Nor et al., 2019 found that there is a negative impact on stocks excluded from the index. This study is in line with research conducted by Kassim et al., 2017 which states that excluding stocks from sharia index have negative impact to the returns and trading volume.

H1: There is a significant difference in abnormal return and trading volume activity before and after DES announcement which excludes ASII stock from sharia stock list.

Investing in financial markets not only relies on information as a guide, but also requires a deep understanding of the complex dynamics between disclosed information, market responses, and changes in supply and demand. Market participants need to undergo a process of deep analysis and rapid adaptation to meet the challenges and opportunities in an evolving and changing investment ecosystem (Liu et al., 2020).

Negative information or "bad news" can trigger a decline in security prices, reflecting market uncertainty and concerns about the company's prospects (Alexander & Amin Kadafi, 2018). The announcement of a stock's exit from DES is considered negative news, and may trigger a decline in stock price as losing DES status may dampen investor interest. Mat Nor et al., (2019) found that there was a negative impact on stocks excluded from the index. This research is in line with research conducted by Kassim et al., (2017) which states that stocks declared out of the Islamic stock index show negative changes in returns and trading volume that are temporary.

Mohd Jaapar et al., (2020) state that when a company is re-entered into the sharia index, it was attract sharia investors so that the stock prices and trading volume increased. When a company reentry into the sharia index, it will be considered as good news by sharia investors. Research conducted by (Kassim et al., 2017) also shows that including stocks into sharia index significantly changes abnormal returns and trading volume. (Indrawati, 2021) found that there is a positive market reaction when stocks are added to the index. Based on the description above, the hypothesis proposed is:

H2: There is a significant difference in abnormal return and trading volume activity before and after DES announcement which reentry ASII stock into sharia stock list

RESEARCH METHODS

Research Design

This study is quantitative research used event study. Event study is used to test the information content of an event that is observed through the event period (Indrawati, 2021), (Brown & J.B. Warner, 1985). Event in this study is DES announcement which excluded from dan included stock into sharia stock list. The event window used in the study is 7 days before and after the announcement.

Data and Sample

Daily data of ASII stock are collected from investing.com. Data is separated into 2 groups based on the DES announcement period. Stock price, IHSG index and trading volume data are processed to get abnormal return and TVA data.

Definition of Operational Variable

Abnormal return

Abnormal returns are used to test semi-strong market efficiency. The formula used to get the abnormal return (Hartono, 2019) is:

$$AR_{it} = R_{it} - E(R_{it})$$

where,

AR_{it} : abnormal return

R_{it} : actual return

$E(R_{it})$: expected return

Actual return is formulated (Hartono, 2019) as follows:

$$R_{it} = \frac{P_{it} - P_{it-1}}{P_{it-1}}$$

where,

R_{it} = actual return

P_{it} = stock price of i at t period

P_{it-1} = stock price of i at t-1 period

Expected return is following formula (Hartono, 2019):

$$E(R_{it}) = R_{mt}$$

$$E(R_{it}) = R_{mt}$$

$$= \frac{IHSG_{it} - IHSG_{it-1}}{IHSG_{it-1}}$$

where,

$E(R_{it})$ = expected return of i stock in the t period

R_{mt} = index actual return

$IHSG_{it}$ = Indonesia Composite Stock Index on t period

$IHSG_{it-1}$ = Indonesia Composite Stock Index on t-1 period

Trading Volume Activity

Trading volume activity or TVA is the ratio between the number of stocks traded at a certain time and the total number of stocks in circulation during a certain period (Munthe, 2016). TVA is formulated as follows:

$$TVA = \frac{\text{Number of stocks of company } i \text{ traded at time } t}{\text{Number of stocks of company } i \text{ outstanding at time } t}$$

Data analysis

Descriptive statistic and t-test are used to analysis the data. Normality test is carried out using the shapiro-wilk to determine data normalities. Data is declared normally distributed when the probability value is > 0.05 . T-test is conducted to prove whether DES announcement has significant impact on abnormal return and trading volume activity of ASII stock. The t-test uses paired sample t-test when the data is normally distributed, however if the data is not normally distributed Wilcoxon Signed Ranks Test will be used.

RESULT AND DISCUSSION

Result

Table 1. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
AR_Pre_Exit	7	-0,02748	0,00924	-0,00826	0,01287
AR_Post_Exit	7	-0,03928	0,02716	-0,00545	0,02283
TVA_Pre_Exit	7	0,00060	0,00168	0,00098	0,00045
TVA_Post_Exit	7	0,00082	0,00769	0,00305	0,00217
AR_Pre_Reentry	7	-0,00657	0,01949	0,00829	0,01003
AR_Post_Reentry	7	-0,00846	0,05811	0,00562	0,02351
TVA_Pre_Reentry	7	0,00054	0,00169	0,00111	0,00045
TVA_Post_Reentry	7	0,00063	0,00495	0,00170	0,00157

Source:Output SPSS 25 (2024)

Table 1 shows that the mean of abnormal return after exiting from sharia stock list is negative. This result indicates that investors are not able to get abnormal return during the announcement of DES. However, the mean of abnormal return before and after ASII stock re-entered Sharia stocks (DES) is positive. This indicates that before and after ASII stock re-entering to the sharia stocks list, investors can get abnormal returns. The mean of trading volume activity after exiting from and reentry into sharia stocks list is larger than the mean before the announcement. This indicates that there is an increase in the volume of stock traded after the announcement of DES.

Table 2 . Normality Test

	N	Kolmogorove Smirnov	Saphiro Wilks
AR_Pre_Exit	7	0,200	0,941
AR_Post_Exit	7	0,200	0,985
TVA_Pre_Exit	7	0,048	0,043
TVA_Post_Exit	7	0,004	0,012
AR_Pre_Reentry	7	0,200	0,561
AR_Post_Reentry	7	0,001	0,000
TVA_Pre_Reentry	7	0,200	0,465
TVA_Post_Reentry	7	0,177	0,014

Source:Output SPSS 25 (2024)

Normality tests using Kolmogorove Smirnov and Saphiro Wilks on all data groups showed varying significance values. This indicates that not all data is normally distributed so that hypothesis testing uses the Wilcoxon signed ranks test.

Table 3. Abnormal Return Test when ASII Stock Excluded from Sharia Stock List

	Z	Sig.
Difference in <i>abnormal return</i> before and after DES announcement	0,000	1,000

Source:Output SPSS 25 (2024)

Table 3 shows the result of the difference test of abnormal return before and after DES announcement using Wilxocon sign ranks. The Z value is smaller than 1,645 and the significance value is greater than 0.05. These results indicate that there is no significant difference between abnormal return before and after the DES announcement. This result also shows that the first hypothesis is rejected because there is no significant difference in abnormal return before and after the announcement of DES which excludes ASII stock from sharia stocks list.

Table 4. Trading Volume Activity Test when ASII Stock Excluded from Sharia Stock List

	Z	Sig.
Differences in <i>trading volume activity</i> before and after DES announcement	-2,028	0,043

Source:Output SPSS 25 (2024)

Table 4 shows the difference test result of trading volume activity before and after DES announcement using Wilxocon sign ranks. The Z value is more negativ than -1.645 and the significance value is smaller than 0.05. These results indicate that there is a significant difference between trading volume activity before and after the DES announcement. This result also shows that the second hypothesis is accepted because there is a significant difference in trading volume activity before and after the announcement of DES which excludes ASII stock from sharia stocks list.

Table 5. Abnormal Return Test when ASII Stock Reentry into the Sharia Stock List

	Z	Sig.
Difference in <i>abnormal return</i> before and after DES announcement	-0,845	0,398

Source:Output SPSS 25 (2024)

Table 5 shows the result of the difference test of abnormal return before and after DES announcement using Wilxocon sign ranks. The Z value is not more negative than -1.645 and the significance value is greater than 0.05. These results indicate that there is no significant difference between abnormal return before and after the DES announcement. This result also shows that the third hypothesis is rejected because there is no significant difference in abnormal return before and after the announcement of DES which re-includes ASII stock into Sharia stocks list.

Table 6. Trading Volume Activity Test when ASII Stock Reentry into the Sharia Stock List

	Z	Sig.
Differences in <i>trading volume activity</i> before and after DES announcement	-1,014	0,310

Source:Output SPSS 25 (2024)

Table 6 shows the difference test result of trading volume activity before and after DES announcement using Wilxocon sign ranks. The Z value is not more negative than -1.645 and the significance value is greater than 0.05. These results indicate that there is no significant difference

between trading volume activity before and after the DES announcement. This result also shows that the fourth hypothesis is rejected because there is no significant difference in trading volume activity before and after the announcement of DES which re-includes PT Astra International Tbk into Sharia stocks list.

DISCUSSION

Abnormal return and trading volume activity before and after ASII stock is excluded from DES

Based on the t-test results in Table 3, there is no significant difference abnormal return before and after the announcement of DES that excludes ASII stock from sharia stocks. It shows that investors cannot get abnormal return after the announcement of DES. This result is reinforced descriptive statistics whereas abnormal return before and after DES announcement are both negative. This indicates that investors cannot get abnormal return both before and after the announcement of DES.

Abnormal return is highly dependent on the investor's expected return. This means that the high and low abnormal return is strongly influenced by how to calculate the expected return. Market adjusted model uses the IHSG return as the investor's expected return. The results of the t-test on abnormal return showed an insignificant difference. This may occur because the market does not overreact to DES information. Information on stock exits from DES is very important only for Islamic investors but may not be so for general investors. Islamic investors must immediately sell ASII stock while general investors have no obligation to do so. The relatively small size of the Islamic capital market in Indonesia may be the cause of the unaffected price and trading volume of ASII stock after its removal from the DES. In other words, the exit of ASII stock from DES is not significant enough to make changes in stock prices and trading volume. Or it could be that information coming from issuers is very quickly absorbed by the market so that investors are unlikely to get abnormal returns. Another factor affected the test result is the method of calculating abnormal returns that use the market adjusted model.

The results are not in line with research conducted by (Indrawati, 2021) which states that stocks excluded from the index have a significant difference in the average abnormal return. However, this study is in line with research conducted by (Putri et al., 2022), (Gemilang & Mukhibad, 2021), (Rahmasuciana et al., 2016) who found no difference in stock returns between before and after the announcement of the Sharia Stock List.

Based on the Table 4, there is a significant difference between trading volume activity before and after DES announcement which excluded ASII stock from sharia stocks list. This indicates that the number of switching ownership from sellers and buyers before and after the announcement of DES is significantly different. The announcement of DES that excludes ASII stock from Sharia stocks can be a negative signal for investors so that sharia investors will sell the stock. This can be seen from the average trading volume activity after the DES announcement is high but the abnormal return is more negative.

The difference test of trading volume activity before and after the announcement also significantly different. The significant difference in trading volume activity may be due to the market's negative response to the DES announcement, which increases the pressure to sell, which in turn increases trading volume activity. This is in line with research conducted by (Mohd Jaapar et al., 2020) and (Rahmasuciana et al., 2016) that announcement of exiting stock from sharia list have impacted to the stock liquidity.

Abnormal return and trading volume activity before and after ASSI stock is re-entered into DES

Based on Table 5, there is no significant difference the abnormal return before and after the announcement of DES which re-includes ASII stock into sharia stocks list. Although the difference test shows insignificant results, the descriptive statistics showed a positive value of abnormal return before and after the announcement. This indicates that investors still get abnormal return.

The insignificant difference of abnormal return may be because the market does not overreact to the information and the market has anticipated the announcement. The market may consider the announcement of the re-entry of ASII stock as important information but not significant enough to make changes in stock prices. This further strengthens the notion that the small size of the Islamic capital market ultimately does not affect the market price of ASII stock. Another possibility is the occurrence of information leakage so that the market reacts before the information is published. This is corroborated

by descriptive statistical data where the abnormal return before the announcement is higher than after the announcement. Another factor that affects the results of this difference test is the way abnormal returns are calculated using the market adjusted model. The insignificant difference in abnormal returns can also be caused by the absence of time limits for sharia investment managers to include ASII stock in their portfolios. Unlike when a stock is declared off the list of sharia stocks, investment managers must remove the stock from their portfolios 10 days after the announcement.

The results of this study are not in line with research conducted by (Indrawati, 2021) and (Kassim et al., 2017), however it is in line with research conducted by (Putri et al., 2022), (Gemilang & Mukhibad, 2021), and (Rahmasuciana et al., 2016) which found no difference in stock returns before and after the announcement of the Sharia Securities List.

Table 6 showed there is no significant difference between trading volume activity before and after the announcement that ASII stock reentry into sharia stocks. However, descriptive statistics shows an increase in the average trading volume activity after the announcement of DES. It indicates that the market reacted to the announcement.

The announcement of DES which re-includes ASII stock into Sharia stocks can be a positive signal for investors so that many investors buy the stock. However, the market response was not significant enough to make a difference in trading volume activity before and after the announcement. Although there is no significant difference in trading activity, the increase in trading volume activity after the announcement is an indication that DES announcement information is interpreted more widely by the market. This indicates the complexity in market behavior.

The results of this study are not in line with research conducted by (Kassim et al., 2017) however it is in line with research conducted by (Rahmasuciana et al., 2016) which found no difference in stock trading volume activity between before and after the announcement of the Sharia Securities List.

CONCLUSION

There is no significant difference abnormal return before and after the announcement of the exit of ASII stock from the sharia stock list. Investors cannot get abnormal returns after the announcement however it can be increase trading activity significantly. It mean that the market reacted negatively to the DES announcement which exclude ASII stock from sharia stock list.

Meanwhile, when the DES announcement stated that ASII stock reentry into sharia stock list there is no significant difference both abnormal return dan trading volume activity. However, descriptive statistics show a positive value of abnormal return and increasing trading volume activity after the announcement. It is indicating that investors still get abnormal returns and the market reacted to the announcement positively.

RECOMENDATIONS

Practically, general investors is no need to overreact to DES announcements because it is not perceived as valuable information. The entry and exit of Islamic investors into the capital market does not have a significant impact on supply and demand so it will not affect the price of sharia-compliant stocks. General investors are advised to wait and see or hold their sharia-compliant stocks when the DES announcement appears. As for Islamic investors, the exit of sharia stocks from DES will not reduce the stock price, so Islamic investors do not need to worry about underprice when they have to sell. Similarly, when a stock is included in Sharia stocks, Islamic investors do not need to worry about getting overprice.

Theoretically, the results of this study prove that the Indonesian capital market is semi-strong efficient because public information is absorbed very quickly by the market so that investors are unlikely to get abnormal returns. Future research could use others public information like ISSI Index announcement and JII Index announcement. This study is only employ one stock, next study can use data from a wider variety of stock and also longer event window.

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