ABSTRACT

Analysis of Effect of Cash Dividend Announcement in The Stock Return in The Jakarta Stock Exchange

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The objective of this study is to analyze the effect of cash dividend announcement in stock return. The Performance measurement using the “event study” approach is conducted to find out whether such companies having significant abnormal return. The data used for this study are collected from The LQ-45 group of company having annual cash dividend announcement during 2006 period of time.

The result of this study shows that overall there is no significant different in actual stock return and risk before and after the cash dividend announcement. However, the announcements takes an impact to the stock return. Investors are obtaining a significant positif abnormal return on H-1.