

DIFFERENTIATION ANALYSIS OF ABNORMAL STOCK RETURN AMID POLITICAL CONTESTATION AND PANDEMIC IN INDONESIA

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Abstract

Political events frequently affect the condition of the stock market and industrial sectors anywhere in the world, Indonesia is no exception. Regarding the political year, the manufacturing industry is expected to perform the best. The two manufacturing industry sectors are expected to gain the highest performance growth, namely the food and beverage industry and textile product industry. Due to the increasing demand for election campaign activities in local Indonesia, both are likely to achieve positive growth. The condition of pandemic of Covid-19 strike combined political events are an event that could have implications for capital market turbulence, this hypothesis is developed on the assumption that major events can affect the macroeconomics so that corporate actions in the form of dividend announcements can affect stock returns, this will certainly be avoided by investors. However, in this research using event study data set for 2018-2020 based on the corporate actions of dividend announcements, it was revealed that this was not an influential factor. Using the event study research method and the paired sample t-test, the results show that there is no difference in stock returns before and after the announcement of dividends, even though the corporate action was carried out during the Covid-19 pandemic which was happened consecutively after political events. From the results of the research conducted by the writers, which results in the premise that cash dividend announcements do not provide a good signal for investors in Indonesia, there is an assumption that investors do not notice dividend announcements as a distortion of interest in investing.

Keywords: *Cash Dividend, Abnormal Return, Pandemic, Covid-19, Political Events*

A. INTRODUCTION

The development of capital market activities is one of the information that shows the growth of a country, especially in the financial sector, the capital market is the scene where investors expect on gaining profit in return of investment. To get the expected results, every investor must pay attention to several important aspects of the

company's financial and non-financial investments, which can affect the rate of return. The advantage that gathered by investors when investing in the capital market is the dividends distributed by the issuer. Issuers distribute dividends to shareholders in return for their services. The dividend announcement is the day on which the company provides information about the distribution of dividends to the public, and the company also sets a specific date to determine which shareholders will receive the dividend¹. Jogiyanto suggested that information released as an announcement will provide a signal for investors to make investment decisions.² If the announcement contains a positive value, the market is expected to react if the announcement was accepted by the market. The market reaction is expressed by fluctuation in the trading volume of the stock. When the information is announced and all market participants have accepted the information, market participants first interpret and analyze the information as a good signal (good news) or a bad signal (bad news), this can affect investment decisions. Economic situations these days in Indonesia are unpredictable, presumptions of the cause are sequence of events initiated by general election in 2019 and later the strike of pandemic of Covid-19 which led the economic condition become more reactive. Those two moments were relatively consecutive. As an economic instrument, the capital market cannot be separated from various environmental influences, especially the economic and political environment. Macroeconomic conditions, in the form of economic growth, inflation rates, currency exchange rates and financial sector policies will affect the growth of the capital market in Indonesia. Likewise, the conditions of political events, such as wars, political unrest, changes of government or other events closely related to the stability of a country's economy, will be factors that influence the growth of the capital market. The favorable value of stock returns will lead the capital inflow to the market of the country, which could make the macroeconomic grow and indirectly prosper the society through uplift in purchasing power.

In terms of the stock market, a conducive political situation will make stock prices rise. On the other hand, if the political situation is uncertain, it will create an element of uncertainty in business. Political events frequently affect stock market

¹ John Graham and Scott Smart, *Introduction to Corporate Finance: What Companies Do*, vol. 2011, 2011, <http://books.google.com/books?id=DZE4jbH2u0EC&pgis=1>.

² Hartono Jogiyanto, *Teori Portofolio Dan Analisis Investasi (Edisi Kesebelas)*, Yogyakarta: BPFE, 2017.

conditions and industrial sectors anywhere in the world, Indonesia is no exception. Indonesia has held elections in April 2019. Regarding the political year, the manufacturing industry was expected to perform the best. The two manufacturing industry sectors were expected to gain the highest performance growth, namely the food and beverage industry and the textile and textile product (TPT) industry. Due to the increasing demand for election campaign activities, both were likely to achieve positive growth. Airlangga Hartarto stated that the economy in general will move forward when the presidential and legislative elections are held in a conducive atmosphere. Therefore, industry players are able to take the opportunity in this political year, industrial growth can be boosted by elections as a catalyst. The increase in consumption mainly occurred in food and beverages as well as textile products. During the campaign period, the need for the products of the two manufacturing industry sectors will increase. For example, for campaign attributes and campaign consumption or party meetings³.

The Ministry of Industry stated that the performance of the food and beverage industry, as well as the textile industry and textile product (TPT) were predicted to grow in the first semester of 2019. One of the reasons for this increase was the growth in consumption during the 2019 General Election and the holy month of Ramadan. Secretary General of the Ministry of Industry Haris Munandar revealed that the increase was mainly in the domestic market in line with the election and the entry of the month of Ramadan. It was hoped that a smooth and safe election will support the future business climate. Haris said, "So far, the food and beverage industry, as well as the textile industry and textile product (TPT) continue to contribute to the growth of the non-oil and gas sector and the national economy. Throughout 2018, the growth of the textile and textile products (TPT) industry grew by 8.73% and the food and beverage industry at 7.91%. This realization was higher than the economic growth which was in the range of 5.17%⁴. Looking at the nine sectoral stock indexes on the IDX, the sectors that are still able to register strengthening since the first time the

³ "Pemilu 2019, Ini Rekomendasi Saham Dan Industri Yang Moncer - Finder Indonesia," accessed February 7, 2022, <https://www.finder.com/id/pemilu-2019-ini-rekomendasi-saham-dan-industri-yang-moncer>.

⁴ "Pemilu Dan Ramadan Kerek Pertumbuhan Industri Mamin Dan TPT Semester I - Industri Katadata.Co.Id," accessed February 7, 2022, <https://katadata.co.id/ekarina/berita/5e9a51942f9fd/pemilu-dan-ramadan-kerek-pertumbuhan-industri-mamin-dan-tpt-semester-i>.

Covid-19 case was announced in Indonesia, namely in early March 2020 until now are the consumer goods sector and the basic industry & chemical sector. This shows that consumer goods company stocks are the most resilient in a pandemic. During the period 30 December 2019 to 30 April 2020, the decline in the consumer goods sector index was only 11.27%, lower than the property and real estate sector which fell 41.84%. Even if viewed within a period of one month, March 2020 to April 2020, the consumer goods sector index rose 9.78%, while the property & real estate sector was minus 13.40%. In a pandemic situation like today, what the community needs are basic or primary needs. Companies engaged in business related to basic needs are the ones that can survive the most, as reflected in their share price. If dissected further, a number of researches from capital market analysts explained that the food and beverages (F&B) business line is considered one of the most resistant business sectors to the economic crisis during the Covid-19 pandemic. This is because people need food and drink supplies under any conditions, even in the midst of difficult conditions⁵.

Citing the Liputan 6 News article, it appears that PT Mayora Indah Tbk decided to distribute a cash dividend of Rp 30 per share. The total value of the dividends distributed is Rp. 670.76 billion. Dividends will begin to be distributed on July 30, 2020. In 2019, the Company managed to achieve an increase in sales of Rp. 966 billion, compared to 2018. The figure was from Rp. 24.06 trillion in 2018 to Rp. 25.03 trillion in 2019. "Facing the risks in 2020, PT Mayora Indah Tbk will continue to innovate in its various business lines, so that the products produced by PT Mayora Indah Tbk will always be relevant to consumers," said President Director Andre Sukendra Atmadja. It is believed that these efforts will be able to continue to positively support the long-term financial performance of PT Mayora Indah Tbk⁶. Especially because the business line of PT Mayora Indah Tbk is a food and beverage product that has become the daily consumption needs of the community. 2019 was not an mild year, the dynamics that occurred at home and abroad generally limited the pace of economic growth. In this

⁵ "Mau Investasi Saham? Cek Sektor Usaha Yang Bertahan Di Masa Pandemi : Okezone Economy," accessed February 7, 2022, <https://economy.okezone.com/read/2020/06/10/278/2227600/mau-investasi-saham-cek-sektor-usaha-yang-bertahan-di-masa-pandemi>.

⁶ "Mayora Tebar Dividen Rp 670,7 Miliar - Saham Liputan6.Com," accessed February 7, 2022, <https://www.liputan6.com/saham/read/4290875/mayora-tebar-dividen-rp-6707-miliar>.

case, PT Mayora Indah Tbk was able to face and overcome the existing challenges well, and can even distribute cash dividends.

This research pick the scope of the implications of dividend announcements in the food and beverage sector because companies in that sector play an important role in meeting consumer needs. People's need for food and beverage products will always be there because it is one of the basic daily needs. Based on this fact, food and beverage companies are considered to continue to survive. The food and beverage industry is an industry with good development, positive growth or development, very fast and will always exist because it is a basic need of society. Judging from several previous studies conducted there are different results. According to research by Yulia & Artini⁷, the impact of dividend announcements on abnormal returns in LQ45 companies for the 2014 period showed a significant value that the market reacted at the time of the dividend announcement and after the announcement and there was a significant difference in average abnormal return between before and after the dividend announcement. According to Larasati & Nuraya's research⁸, the difference in abnormal returns before and after the announcement of the ex-dividend date in manufacturing companies for the period 2011-2016 showed that there was no significant difference in average abnormal returns between before and after the announcement of dividends going up and down. Jayanti also investigated the announcement of cash dividends on stock returns of LQ45 companies for the period February 2014 - January 2015 showing that there is a significant difference between abnormal returns before dividend announcements in companies that experience an increase and decrease in dividends, and there is no significant difference between abnormal returns after dividend announcements⁹. In companies that experience an increase or decrease in dividends. Meanwhile, according to Mentari and Abundanti's research that the market reaction to the announcement of cash dividends in 35 manufacturing companies (consumer goods

⁷ I Gusti AYu Artisca Yulia and Luh Gede Sri Artini, "Dampak Pengumuman Dividen Terhadap Abnormal Return Pada Perusahaan Lq45 Yang Terdaftar Di Bursa Efek Indonesia," *E-Jurnal Manajemen Universitas Udayana* 4, no. 12 (2015): 249035.

⁸ Yuliana Larasati and Ahmad Setiawan Nuraya, "Analisis Perbedaan Abnormal Return Sebelum Dan Sesudah Pengumuman Ex - Dividend Date Pada Perusahaan Manufaktur Di Bursa Efek Indonesia Periode Tahun 2011-2016," *Jurnal Ekonomi, Manajemen Dan Perbankan* 4, no. 2 (2018): 56-65.

⁹ Silvie Dwi Jayanti, "Pengumuman Dividen Tunai Terhadap Return Saham," *Jurnal Soshum Insentif*, 2019, 50-66, doi:10.36787/jsi.v2i1.48.

industry sector, basic and chemical industry sector, various industrial sectors) listed on the Indonesia Stock Exchange for the period 2012-2014 shows that there is no difference in the average abnormal return before and after cash dividend announcement¹⁰.

Research on the impact of political events combined with pandemic situation on abnormal returns and stock trading volume activities is conducted through an event study. This event study was conducted to observe stock price movements in the capital market when an event occurred and to find out whether there were unusual investment returns received by investors as a result of the event. This encourages researchers to examine the differential analysis of abnormal return before and after the announcement of cash dividends amid political contestation and pandemic in Indonesia. This research is distinct from previous studies because it was conducted during certain moments, namely political contestation and pandemic conditions so that later readers can find out whether there are significant differences in abnormal stock returns before and after the announcement of cash dividends under certain conditions. In this research, the writer used the data set of event study of IDX listed F&B companies during 2018 – 2020 in regards of cash dividend announcement.

The writer hopes that this research can contribute to various lines related to the capital market, especially related studies that continue to develop. The results of this study are expected to be input for issues so that they can be used as a reference to further improve the company's performance which in the end can maximize the company, then for investors, as a material consideration in making investment decisions and assessing the company, especially in certain conditions that indirectly affect the company like pandemics and politics. The writers also hope that this research can later become an empirical reference support that is relevant to similar research.

B. THEORETICAL STUDY

1. Dividend

Definition of dividend according to Gumanti¹¹ is part of the profits distributed to shareholders which can be in the form of cash dividends or stock

¹⁰ Ni Indah Mentari and Nyoman Abundanti, "Reaksi Pasar Terhadap Peristiwa Pengumuman Cash Dividend Pada Industri Manufaktur Yang Terdaftar Di Bei," *E-Jurnal Manajemen Universitas Udayana* 5, no. 2 (2016): 254266.

¹¹ Tatang Ary Gumanti, *Kebijakan Dividen, Teori, Empiris, Dan Implikasi*, Yogyakarta: UPP STIM YKPN, 2013.

dividend. According to Black's Law Dictionary in Fahmi, the definition of dividend is "The distribution of current or accumulated earnings to shareholders of a corporation pro rate based on the number of shares owned"¹². This means that dividends are the distribution of profits to shareholders given by the company and derived from the profits generated by the company. Definition of dividends according to Pratt is the distribution of cash, shares or property to the shareholders of a company¹³. Dividends are declared quarterly by decision of the company's board of directors, and the amount of dividends is declared per share. Thus, it can be said that dividends are a form of profit or profit sharing to shareholders within a certain period based on the number of shares owned. That is, the amount of dividends depends on the number of shares of each owner. According to Brigham et.al., there are 4 types of dividends¹⁴, namely:

- a. Cash dividend
- b. Stock dividend
- c. Property dividends, and
- d. Liquidating dividends

2. Signalling Theory

The dividend signal hypothesis theory was first proposed by Bhattacharya in John and William¹⁵. This theory states that dividends will reduce information inequality (information asymmetry) between management and shareholders by implying private information about the company's future prospects. The signal hypothesis theory explains that as dividends increase, stock prices will rise, and vice versa. This opinion is a signal from the company to investors about the condition of the company.

¹² Irham Fahmi, *Analisis Kinerja Keuangan Panduan Bagi Akademisi, Manajer, Dan Investor Untuk Menilai Dan Menganalisis Bisnis Dari ASpek Keuangan.*, Cv Alfabeta, 2017.

¹³ JAMIE PRATT and Anwar Y. Salimi, *Financial Accounting in an Economic Context, Issues in Accounting Education*, vol. 25, 2010, doi:10.2308/iace.2010.25.1.178.

¹⁴ Eugene F. Brigham et al., *Dasar-Dasar Manajemen Keuangan*, ed. M. Masykur, 14th ed. (Jakarta: Salemba Empat, 2018).

¹⁵ Kose John and Joseph Williams, "Dividends, Dilution, and Taxes: A Signalling Equilibrium," *The Journal of Finance* 40, no. 4 (1985): 1053, doi:10.2307/2328394.

3. Irrelevancy Theory

Modigliani and Miller argued that under the given investment decision conditions, dividend payments would not affect the welfare of shareholders ¹⁶. Furthermore, Modigliani-Miller believed that the growth of the company depended on the profitability of the company's assets. Therefore, the company's growth is highly dependent on investment decisions. Modigliani-Miller uses various mathematical assumptions to prove that this is a perfect capital market. All investors are rational. There are no issuance fees or floating fees and transaction fees. Dividend policy has no effect on the company's own cost of capital, and every individual has access to information, especially with regard to investment opportunities. Modigliani-Miller believed that the most important point was that the impact of dividend payments on shareholder wealth would be offset by an amount equal to the expenditure or other means of capital ¹⁷.

4. Clientele Effect Theory

This theory states that differences in the amount of dividends distributed will form different clients as well. Clientele effect theory states that there are differences in preferences between different shareholders on the company's dividend policy ¹⁸. The theory also explains that for a certain group of shareholders, a certain dividend policy will benefit them more.

5. Bird in The Hand Theory

The relevant dividend theory or better known as the bird in the hand was put forward by Gordon and Lintner. Gordon¹⁹ and Lintner²⁰ stated that investors prefer cash dividends rather than promised returns on investments (capital gains) in the future, because receiving cash dividends is a form of certainty which means

¹⁶ H. Miller Franco Modigliani, "Dividend Policy, Growth, and the Valuation of Shares," *Journal of Business* 34, no. 4 (1961): 411-33.

¹⁷ Ibid.

¹⁸ Fischer Black and Myron Scholes, "The Effects of Dividend Yield and Dividend Policy on Common Stock Prices and Returns," *Journal of Financial Economics* 1, no. 1 (1974): 1-22, doi:10.1016/0304-405X(74)90006-3.

¹⁹ M. J. Gordon, "Optimal Investment and Financing Policy," *The Journal of Finance* 18, no. 2 (1963): 264, doi:10.2307/2977907.

²⁰ John Lintner, "Dividends, Earnings, Leverage, Stock Prices and the Supply of Capital to Corporations," *The Review of Economics and Statistics* 44, no. 3 (1962): 243, doi:10.2307/1926397.

reducing risk. Bird in the hand theory states that investors prefer dividends to being retained by the company as retained earnings. Investors have the assumption that the dividends paid by investors are more certain so they have a lower risk than capital gains.

6. Abnormal Return

Abnormal return is the difference between the actual return and the expected return²¹. The actual return is the return that occurs at time t which is the difference in the current price relative to the previous stock price. While the expected return is a return that must be estimated. Called abnormal return (abnormal) because it is a return outside the normal. The normal return is the expected return (the return expected by investors). Abnormal returns occur due to new information or new events that change the value of the company and are reacted by investors in the form of an increase or decrease in stock prices. Whilst, according to Tandelilin, abnormal return is the difference between the actual return and the expected return that can occur before the information is published or there has been a leak of information after the information is published²². It can be inferred that the abnormal return is the return received by investors that is not the same as the return they expect because there is information leakage. Abnormal returns can be calculated using the formula²³:

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

Explanation:

- AR_{it} : Abnormal return for stock i on day t.
- R_{it} : Actual return that occurs for stock i on day t.
- $E(R_{it})$: Expected return for stock i on day t

7. Average Abnormal Return (AAR)

Samsul stated that the average abnormal return is the average abnormal return of all types of stocks being analyzed on a daily basis, and also that the

²¹ Jogiyanto, *Teori Portofolio Dan Analisis Investasi (Edisi Kesebelas)*.

²² Prof.Dr. Eduardus Tandelilin MBA CWM, *Portofolio Dan Investasi Teori Dan Aplikasi*, 2010, <http://books.google.co.id/books?id=YLORI8ul44kC&printsec=frontcover&hl=id#v=onepage&q&f=false>.

²³ Jogiyanto, *Teori Portofolio Dan Analisis Investasi (Edisi Kesebelas)*.

average abnormal return can show the strongest reaction, both positive and negative, of all types of stocks on a given day during the window period.²⁴ AAR can be calculated using the formula²⁵:

$$AAR_t = \frac{\sum_{i=1}^k AR_{i,t}}{n}$$

Explanation:

- AAR_t : Average abnormal return of all stocks on day t.
- $AR_{i,t}$: Abnormal return for security i on day t.
- n: number of shares / number of securities affected by the announcement of the event.

8. Cumulative Abnormal Return (CAR)

Cumulative Abnormal Return (CAR) is the sum of Abnormal Return (AR) from period to period, to see the development of abnormal returns over several periods, Cumulative Abnormal Return is the daily cumulative abnormal return from the first day to the following days for each type of stock²⁶. It can be interpreted that cumulative abnormal returns during the period before an event occurs will be compared with CAR during the period after an event occurs.

9. Hypothesis Development

Research on market reaction to dividend announcement documented on several research by Indah Mentari et al, 2016; Larasati et al., 2018; Sudira Putra et al., 2014 which show that there is no difference in the average abnormal return before and after the announcement of cash dividends. While in other researches conducted by Jayanti, 2019; Dwipayana and Wiksuana, 2017; Yulia and Artini, 2015; Alexander Laan, 2019²⁷; Tanveer and Jamil, 2020²⁸ prove that there were

²⁴ Mohamad Samsul, *Pasar Modal Dan Manajemen Portofolio*, Penerbit Erlangga, Surabaya. P, 2006.

²⁵ Jogiyanto, *Teori Portofolio Dan Analisis Investasi (Edisi Kesebelas)*.

²⁶ Husnan, *Dasar-Dasar Teori Portofolio Dan Analisis Sekuritas*, 2005.

²⁷ Alexander Laan, *The Impact of Dividend Changes on Stock Return in the US Stock Market* (2019).

differences between abnormal returns before and after dividend announcement, although some of them wrote that difference was not significant²⁹. There are some similarities between this and previous studies, especially in the use of research methods and test tool, namely event study and paired sample t-test, but what makes the difference--as previously stated above--is the range and moment of the research. Writers used the set data of stock return within the condition of pandemic and political contestation.

The announcement of dividend payments is told to contain information if it provides a significant price and return to the market³⁰. Then the results are compared with the company's stock price. If there is a stock price reaction resulting from an announcement, it can be interpreted that the announcement contains information. Stock price reaction can be measured by using abnormal stock returns as the value of price changes. Reactions arising from the announcement of this dividend can cause positive reactions as well as negative reactions due to information asymmetry, which is a condition where one party has more information than the other party and is more prepared to face future problems.³¹. Based on this analysis, the following framework can be designed as below:

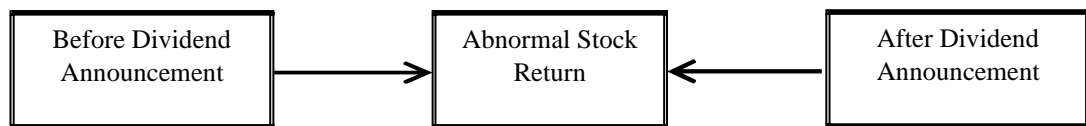


Figure 1 Research Framework

Based on the description of the background, theoretical basis and research framework above, the development of hypotheses from this research are as follows:

H₀ : There is no significant difference in abnormal stock returns between before and after

²⁸ Zubair Tanveer and Muhammad Zul Azri Muhammad Jamil, "The Impact of Dividend Announcement on Stock Returns Among the Ten Top Companies in Pakistan," *Malaysian Management Journal*, 2020, doi:10.32890/mmj.23.2019.9684.

²⁹ I Dwipayana and I Wiksuana, "Penguajian Efisiensi Pasar Di Bursa Efek Indonesia," *E-Jurnal Manajemen Universitas Udayana* 6, no. 4 (2017): 246943.

³⁰ Jogiyanto, *Teori Portofolio Dan Analisis Investasi (Edisi Kesebelas)*.

³¹ Ibid.

the announcement of cash dividends.

H_a : There is a significant difference in abnormal stock returns between before and after the announcement of cash dividends.

C. METHODS

This research using event study method which is observing the market reaction to an event whose information is published as an announcement ³². The event in question is the dividend announcement.

The sampling technique in this study used a purposive sampling technique. The sample criteria in this study are:

1. Listed food and beverage public companies on the Indonesia Stock Exchange in 2018-2020.
2. Those companies also announce dividend consecutively during 2018-2020.
3. The shares of those companies that used as research sample are actively traded shares.
4. During the research period, selected companies that have complete data as needed.

No	IDX Code	Issuer	Dividend Share-out Date		
			2018	2019	2020
1	CEKA	Wilmar Cahaya Indonesia Tbk	04 Juni	04 Juli	3 Sept
2	DLTA	Delta Djakarta Tbk	04 Mei	28 Juni	04 Sept
3	ICBP	Indofood CBP Sukses Makmur Tbk	06 Nov	17 Juni	24 Jul
4	MYOR	Mayora Indah Tbk	06 Juni	01 Juli	07 Jul
5	ROTI	Nippon Indosari Corporindo Tbk	21 Mei	17 Mei	16 Jul
6	SKLT	Sekar Laut Tbk	22 Juni	27 Juni	09 Jul
7	ULTJ	Ultrajaya Milk Industry & Trading Company Tbk	09 Juli	08 Juli	03 Sept

Table 1 Samples of F&B Companies According to the Criteria. Source:

<https://finance.yahoo.com/> (data processed, 2020).

³² Ibid.

Research data obtained by documenting financial data which includes:

1. The name of the issuer that undertook dividend announcement activities during the research period, namely for the 2018-2020 period.
2. The date of the dividend announcement activity.
3. Data on the issuer's daily closing price for 3 days before, 3 days after the dividend announcement, as well as on the D day or the date of the activity ³³.

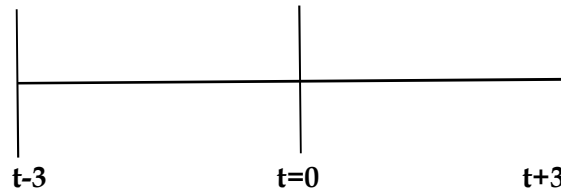


Figure 2 Windows Observing Period

Explanation:

- $t-3$: Period 3 days before ex-date in dividend announcement
- $t=0$: Ex-date in dividend announcement
- $t+3$: Period 3 days after ex-date in dividend announcement

Data Analysis Technique

The data analysis technique used is the statistical analysis of parametric Paired Sample T-Test. Before performing the parametric statistical analysis of the Paired Sample T-Test, descriptive statistical tests and data normality tests are required. Paired Sample T-Test parametric statistical analysis in this study was used to determine differences in abnormal returns before and after dividend announcements.

³³ Ibid.

D. RESULT AND DISCUSSION

1. Descriptive Statistics Test Results

	N	Min.	Max.	Mean	Std. Dev.
AR_Before_Dividend	60	-146.90	364.92	7.2115	82.29458
AR_After_Dividend	63	-230.35	157.25	-12.3568	73.45337
Valid N (listwise)	60				

Table 2 Abnormal Return Descriptive Statistics Test Results

Based on table 2, the abnormal return variables have differences when the average data is 3 days before the dividend announcement and 3 days after the dividend announcement from 60 companies with the minimum value, namely before the dividend announcement is -146.90 and after the dividend announcement is -230.35. These results indicate a difference from the minimum abnormal return value. The maximum value of abnormal return before dividend announcement is 364.92, while the maximum value after dividend announcement is 157.25, there is a difference from the maximum abnormal return value. The mean value of the abnormal return before the dividend announcement is 7.2115 with a standard deviation of 82.29458 and after the dividend announcement the mean value is -12.3568 with a standard deviation of 73.45337 with these results, there is a difference that is not exorbitant.

2. Data Normality Test Results

The normality test of the data uses the Kolmogorov-Smirnov Test with the basis for making decisions, namely ³⁴:

- a. If the significance level > 0.05 means the data is normally distributed, using the paired sample t-test.

³⁴ Singgih Santoso, *SPSS 20 Pengolah Data Statistik Di Era Reformasi*, 2015.

- b. If the significance level <0.05 , it means that the data is not normally distributed, using the Wilcoxon signed rank test.

The results obtained from these tests are as follows:

Period	Positive	Negative	Kolmogorov-Smirnov Z	Asymp. Sig. (2-tailed)
AR Before Dividend	0.129	-0.109	1.000	0.270
AR After Dividend	0.123	-0.093	0.954	0.323

Table 3 Normality Test Results Abnormal Return One Sample Kolmogorov Smirnov Test

Based on table 3, it can be seen that the abnormal return before dividends is in the Asymp.Sig. (2-tailed) column. The signature (2-tailed) is 0.270 and the abnormal return before dividend is 0.323, this indicates that the abnormal return before and after the dividend announcement is normally distributed data where the variable has a significant value greater than 0.05. Thus, to test the difference in abnormal returns before and before the announcement of dividends, parametric statistical tests can be used, namely paired sample t-test.

3. Different Test (t-Test)

Variables	t	Significance
AR Before Dividend - AR After Dividend	1.372	0.175

Table 4 Paired Sample t-Test Abnormal Return Test Result

As seen on table 5, the results of the paired sample t-test test show the value of Sig. of 0.175 which is greater than 0.05 ($0.175 > 0.05$) which means that the hypothesis H_0 is accepted and H_a is rejected. This explains that there is no significant difference between abnormal returns before and after the announcement of cash dividends in food and beverage sector companies listed on the Indonesia Stock Exchange for the 2018-2020 period.

4. Discussion

The test results of market reaction to the dividend announcement as indicated by the presence of abnormal returns, using the paired sample t-test abnormal returns in table 5 do not show any significant difference between abnormal returns in the period before and after the dividend announcement, which is indicated by a significance of p value of more greater than 0.05, the results showed the paired sample t-test is 0.175, which is higher than 0.05. This shows that the announcement of dividends by the company through the annual financial report does not contain relevant information for shareholders to make decisions in investing, for example through buying and selling shares traded on the Indonesia Stock Exchange, even amid political contestation nor the Covid-19 pandemic situation. The leak of information about issuers that would distribute dividends is considered to result in information being spread evenly and not causing a positive and meaningful price reaction. This does not prove the writers' assumption in the background of this study that political climate conditions and pandemics can affect abnormal stock returns before and after the announcement of cash dividends.

The results of descriptive statistical data on market reactions to dividend announcements show a negative signal that causes an abnormal decline, although not significant, from the average value of 7.2115 before dividends and -12.3568 before dividends. Investors stated that the distribution of dividends is not the only information that provides benefits on a share that has been invested in a company, so investors do not keep the shares distributed until before the ex-dividend date. Due to the financial crisis in developed countries, the unstable economic condition in Indonesia is also the reason why investors do not respond to dividends as information that can provide benefits. Investors will be very careful when making investment decisions. Because in a less stable economic condition it will be difficult to predict the uncertainty that will occur. The financial crisis in developed countries will affect the economies of developing countries. Therefore, investors will avoid making investment decisions. This research shows that investors in Indonesia are still opportunistic toward corporate actions, especially dividend announcements. So that the investment climate is not sufficiently affected by conditions that are only temporary like today's. This may be different if it occurs in more severe conditions, such as war.

The results of this study are consistent with the results of research conducted by Larasati and Ahmad who examined the analysis of differences in abnormal returns before and after the announcement of the ex-dividend date using 15 samples of manufacturing companies on the Indonesia Stock Exchange for the 2011-2016 period³⁵, which states that there is no significant difference in the average abnormal return between before and after the announcement of rising and falling dividends. At the same time responding to research conducted by I DGS Putra and I Ketut Sujana who examined the analysis of market reactions to cash dividend announcements using a sample of 185 companies on the IDX that made dividend announcements, which stated that there was no significant difference between abnormal returns before and after the announcement of cash dividend³⁶. As well as research conducted by Ni IM Mentari and Nyoman Abundanti who investigated the market reaction to dividend announcements in 35 manufacturing sector companies that declared cash dividends for the 2015-2016 period, which stated that there was no difference in the average abnormal return before and before the announcement of cash dividends³⁷.

This study has limitations that can be taken into consideration for future researchers in order to get better results, including:

1. The market reaction in this study is only observed from abnormal returns, so therefore it cannot affect the market reaction in this study.
2. The observation period of this study uses a matter of days, so that the variation in stock returns is not very different.

E. CONCLUSION

Based on the research results that has been undertaken on the differentiation of abnormal returns before and after the announcement of dividends, the case study on

³⁵ Larasati and Nuraya, "Analisis Perbedaan Abnormal Return Sebelum Dan Sesudah Pengumuman Ex - Dividend Date Pada Perusahaan Manufaktur Di Bursa Efek Indonesia Periode Tahun 2011-2016."

³⁶ I Dewa Gede Sudira Putra and I Ketut Sujana, "Analisis Reaksi Pasar Terhadap Pengumuman Dividen Tunai Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia," *E-Jurnal Akuntansi* 8, no. 2 (2014): 118-35.

³⁷ Indah Mentari and Abundanti, "Reaksi Pasar Terhadap Peristiwa Pengumuman Cash Dividend Pada Industri Manufaktur Yang Terdaftar Di Bei."

food and beverage companies listed on the IDX during political contestation and Covid-19 pandemic, the writers came to the following conclusions:

1. There is no significant difference between abnormal returns before and after the dividend announcement, even though these events coincided with political contentions and the Covid-19 pandemic in Indonesia, this raises another perspective on investor psychology, which still looks at the intrinsic value of the company itself.
2. Else that can cause this anomaly is because investors do not interpret dividend announcements as profitable information. This signal is not seen properly around the dividend announcement, so it can be interpreted that even if there is an unfavorable market reaction, it cannot change investors' interest in investing. Investors are allegedly sticking with their investment decisions by ignoring information on dividend announcements that occur in the stock market.

This proves the findings of Larasati & Ahmad³⁸, Sudira Putra et al.³⁹, Ni Indah Mentari & Abundanti⁴⁰ that there was no significant difference between abnormal returns before and after the announcement of cash dividend. The significance of p value results show score 0.175, which is greater than 0.05, means that there is no significance differentiation of abnormal returns between before and after dividend announcement, although it is observed amid political events and pandemics.

By means of this research, the writers suggest that investors should more focused and careful in making decisions, and not too focused on internal information, namely dividend announcements because they have no effect on stock returns and more closely observe external information such as macroeconomic changes. On the other hand, it is better for companies to take corporate action, namely in the form of dividend announcements, prioritizing to pay attention to market conditions, whether the market is in a stable condition or not. Because based on the results of this research, dividend announcements do not result a significant implication on the market, so it is

³⁸ Larasati and Nuraya, "Analisis Perbedaan Abnormal Return Sebelum Dan Sesudah Pengumuman Ex - Dividend Date Pada Perusahaan Manufaktur Di Bursa Efek Indonesia Periode Tahun 2011-2016."

³⁹ Sudira Putra and Sujana, "Analisis Reaksi Pasar Terhadap Pengumuman Dividen Tunai Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia."

⁴⁰ Indah Mentari and Abundanti, "Reaksi Pasar Terhadap Peristiwa Pengumuman Cash Dividend Pada Industri Manufaktur Yang Terdaftar Di Bei."

necessary to pay attention to market conditions so that the company's goals of carrying out corporate action could be achieved.

For further research, it is recommended not only inspects the difference between abnormal stock returns before and after the announcement of cash dividends, but also solicits for more other indicators with more diverse characteristics from various independent variables regarding market reactions and adds the number of samples of companies that researched, not only food and beverage companies, but several companies listed on the IDX so that the data is not biased and can give different results, and shortens the window period or the observation period in hours, so that variations in stock returns will show the differentiation and can see better market reaction.

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