

Market Reaction to Dividend Announcement during the Covid-19 Pandemic on the Indonesian Stock Exchange



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ABSTRACT: This research uses Average Abnormal Return and Trading Volume Activity to test the market reaction around the dividend announcement date. Tests using these two parameters are expected to provide a more comprehensive description of market reactions. This research is quantitative research using secondary data. Even study method with a window period of 5 days before and 5 days after the dividend announcement date. Abnormal returns were calculated using a market model for 252 dividend announcement events on the Indonesia Stock Exchange in 2020. The sample was determined using purposive sampling technique and data analysis using the IBM SPSS Statistics 25.0 application. The research results show that there is a market reaction in terms of abnormal returns and differences in trading volume activity when cash dividends are announced during the Covid-19 pandemic. The announcement of an increase in the value of cash dividends and a decrease in the value of cash dividends during the pandemic caused a market reaction characterized by a significant positive average abnormal return. Meanwhile, for the announcement of the provision of dividends and the elimination of dividends, there were no significant average abnormal returns and no significant differences in trading volume activity.

KEYWORDS: Covid-19 Pandemic, Event Study, Dividend Announcement, Trading Volume Activity, Abnormal Return

INTRODUCTION

Macroeconomic conditions are one of the rational factors outside the company's performance. The world's economic conditions, including Indonesia, are under pressure in 2020 due to the Covid-19 Pandemic outbreak. This outbreak first appeared in Wuhan City, Hubei, China on December 31, 2019 and continues to spread throughout the world including Indonesia. The World Health Organization (WHO) has declared this outbreak a pandemic on March 11, 2020. At least 178 countries in the world must deal with the Covid-19 Pandemic. Eighty-five million people in the world were reportedly infected and 1.8 million people died during 2020. Meanwhile, the first case of Covid-19 infection in Indonesia appeared in early March 2020. The outbreak spread rapidly throughout Indonesia. By the end of December 2020, the number of positive cases of Covid-19 in Indonesia reached 743,198 with 22,138 deaths.

The impact of the Covid-19 Pandemic on the Indonesian economy was most pronounced in the first semester of 2020. The impact of the worsening world economy, mobility restriction policies, the implementation of health protocols, and the imposition of Large-Scale Social Restrictions (PSBB) policies have put pressure on the Indonesian economy. The impact of the policy to prevent the spread of Covid-19 which limits people's economic activities has begun to be reflected in the economic data for the first quarter of 2020. As the data presented in Table 1, economic growth slowed to 2.97% (yoy) in the first quarter of 2020 and experienced growth of -5.32% (yoy) in the second quarter of 2020. Economic growth improved slightly in the third quarter of 2020 with a growth rate of -3.49% (yoy) and further improved in the fourth quarter of 2020 to -2.19% (yoy). Overall, the Indonesian economy in 2020 contracted by 2.07% (c-to-c) compared to 2019. In terms of expenditure, almost all components forming economic growth contracted. Exports of goods and services experienced the deepest contraction of 7.7% (c-to-c). The government consumption component was the only expenditure component that grew positively by 1.94% (c-to-c).

The Indonesia Stock Exchange (IDX) as a barometer of the Indonesian economy was not spared from the adverse impact of the Covid-19 Pandemic. Starting 2020 trading at 6,300 index number, the Jakarta Composite Index (JCI) began to decline in January 2020 where the JCI closed at 5,940 index number. This decline continued in February 2020 and reached its lowest position in March 2020 when the government announced the first positive case of Covid-19 in Indonesia. In March 2020 itself, JCI fell to 3,938 on March 24, 2020 which was also the lowest position of JCI during 2020. By the end of March 2020, the JCI has experienced a

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27.95% year-to-date decline. The pressure on JCI did not stop in March 2020, the pressure was still felt in April 2020 until December 2020 although it has started to ease and JCI started to creep up. The JCI in 2020 closed at 5,979 or a decline of 5.1% year-to-date. The IDX took steps to prevent the JCI from falling further due to market panic in buying and selling transactions. The IDX issued IDX Board of Directors Decree number Kep-00024/BEI/03-2020 dated March 10, 2020 concerning Amendments to the Guidelines for Handling the Continuity of Trading on the Indonesia Stock Exchange in Emergency Conditions. This decree regulates, among others, the rules for temporary freezing of trading (trading halt) for 30 minutes if the JCI decline exceeds 5% in 1 (one) same trading day. During 2020, the IDX has implemented 7 trading halts, namely on March 12, 2020, March 13, 2020, March 17, 2020, March 19, 2020, March 23, 2020, March 30, 2020, and September 10, 2020.

Dividend distribution announcements as a form of corporate action are said to have information content if they can influence the investment decisions of investors as reflected in stock price movements and trading volume. The speed of information to affect stock prices determines the level of capital market efficiency. The more efficient the capital market, the faster the information will be reflected in stock prices. The three main forms of market efficiency are weak, semi-strong, and strong efficient markets (Fama, 1970). The market is said to be efficient in weak form if security prices fully reflect past information so that in a weak form efficient market, historical data such as financial statements cannot be used by investors to obtain abnormal returns. The market is said to be semi-strongly efficient if security prices fully reflect all published information. The market is said to be efficient in a strong form if the security price has reflected all information, both public and private.

Changes in trading activity around the dividend announcement date are also in line with Signal Theory. Signal Theory states that dividend distribution is a signal that the company has sufficient profit and good prospects. Conversely, a decrease in the number of dividends is a signal that the company has poor profits and prospects. The information contained in the dividend distribution event becomes the basis for investor analysis in decision making. If the dividend distribution contains information, there will be a market reaction where investors will make decisions by realizing transactions. This market reaction can be measured by abnormal returns and trading volume around the dividend announcement date.

LITERATURE REVIEW AND HYPOTHESIS

The decline in abnormal returns on dividend announcements during economic recessions has been studied by Khanal and Mishra (2017) and Anwar et al. (2017). Khanal and Mishra (2017) used data from 2006-2012 to find that stock dividend announcements caused a positive reaction to stock prices during financial crises. However, the abnormal returns that occurred were still smaller than the results of previous studies. Anwar et al. (2017) found a decline in abnormal returns on dividend announcements in the period after the recession (2009-2013) compared to the period before the recession (2003-2008). Pratama and Kaluge (2024) conducted research on the Indonesian Capital Market in 2020-2021 and found that there was an effect of dividend announcements on abnormal returns, especially in the energy and consumer cyclical sectors. Pratama and Kaluge (2024) also found that there was an effect of dividend announcements on trading volume activity in the Indonesian Capital Market, especially in the basic materials and technology sectors. The effect of dividend announcements on trading volume activity was also found by Metty and Utami (2021) and Amrulloh and Muis (2019) who found that there was an effect of dividend announcements on trading volume activity. However, Juliana and Chandraningrat (2020) found the opposite, namely that there was no difference in trading volume activity before and after the cash dividend announcement.

H1a: There is an Abnormal Return on Cash Dividend Announcements During the Covid-19 Pandemic.

H1b: There is a Difference in Trading Volume Activity Before and After Cash Dividend Announcements During the Covid-19 Pandemic.

Khanal and Mishra (2017) conducted a study on market reactions to dividend announcements during the economic crisis due to the 2007 financial crisis and the Great Recession using data from 460 dividend announcements for the period 2006-2012. The researchers found a significant market reaction around the dividend announcement date. Stock prices showed positive movements due to dividend announcements, but the abnormal returns that occurred were still smaller than the results of studies in previous economic crises. The results of this study are in line with the research of Anwar et al. (2017) who found a positive average abnormal return (AAR) on cash dividend announcements. Rabbani (2017) conducted a study on the impact of announcements of changes in cash dividend values on stock prices on the Dhaka Stock Exchange. The results showed that there was no abnormal return on the announcement of dividend increases or constant dividends. However, the researchers found a significant positive abnormal return in the period before the announcement date (preannouncement period) of the dividend increase. The market reaction to the announcement of dividend increases is also supported by research by Ozo and Arun (2019). Pratama and Kaluge (2024) in their research on the Indonesian Capital Market in 2020-2021 found that there was an influence of dividend announcements on abnormal returns, especially in the energy and consumer cyclical sectors. Pratama and Kaluge (2024) also found that there was an influence of dividend announcements on trading volume activity in the Indonesian Capital Market,

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especially in the basic materials and technology sectors. The influence of dividend announcements on trading volume activity was also found by Metty and Utami (2021) and Amrulloh and Muis (2019). However, Juliana and Chandraningrat (2020) found the opposite, namely that there was no difference in trading volume activity before and after the cash dividend announcement.

H2a: There is a Positive Abnormal Return on the Announcement of Cash Dividend Increases During the Covid-19 Pandemic.

H2b: There is a Difference in Trading Volume Activity Before and After the Announcement of Cash Dividend Increases During the Covid-19 Pandemic.

Rabbani's (2017) research at the Dhaka Stock Exchange found a market reaction in the form of a significant negative abnormal return on the dividend reduction announcement date. The market reaction lasted until the 20th day after the announcement date. The market reaction to the announcement of a dividend reduction was influenced by profit performance and dividend distribution patterns in previous years. The market reaction to the announcement of a dividend reduction was also found in Ozo and Arun (2019). Pratama and Kaluge (2024) conducted research in the Indonesian Capital Market using data from 2020 and 2021 and found that there was an effect of dividend announcements on abnormal returns in the Indonesian Capital Market, especially the energy and consumer cyclical sectors and there was an effect of dividend announcements on trading volume activity in the Indonesian Capital Market, especially the basic materials and technology sectors. The results of Pratama and Kaluge's (2024) research related to differences in trading volume activity are in line with the results of Metty and Utami's (2021) and Amrulloh and Muis' (2019) research. However, Putra and Sujana (2014) and Juliana and Chandraningrat (2020) found different results, namely that there was no difference in trading volume activity before and after the dividend announcement.

H3a: There is a Negative Abnormal Return on the Announcement of Cash Dividend Reduction During the Covid-19 Pandemic.

H3b: There is a Difference in Trading Volume Activity Before and After the Announcement of Cash Dividend Reduction During the Covid-19 Pandemic.

Fabian and Santoso (2020) conducted a study on the impact of dividend initiations and dividend omissions on the Indonesia Stock Exchange using 2016-2018 data. The results of the study showed that there was a difference in market reaction before and after the announcement of dividend initiations. Meanwhile, for the announcement of dividend omissions, the researchers found no difference in market reaction before and after the announcement. Research by Pertiwi and Wirama (2019) found no market reaction to dividend initiation announcements. Prakash and Yogesh (2021) conducted research at the Bombay Stock Exchange and found that market reaction to dividend announcements increased positively during the Pandemic compared to the previous year. Pratama and Kaluge (2024) in their research on the Indonesian Capital Market using 2020-2021 data found that there was an effect of dividend announcements on abnormal returns, especially in the energy and consumer cyclical sectors. Dividend announcements also affect trading volume activity in the Indonesian Capital Market, especially in the basic materials and technology sectors. The results of Pratama and Kaluge's (2024) research are in line with the research of Metty and Utami (2021) and Amrulloh and Muis (2019). Putra and Sujana (2014) and Juliana and Chandraningrat (2020) found different results, namely that there was no difference in trading volume activity before and after the dividend announcement.

H4a: There is a Positive Abnormal Return on the Announcement of Cash Dividend Procurement (Dividend Initiations) During the Covid-19 Pandemic.

H4b: There is a Difference in Trading Volume Activity Before and After the Announcement of Cash Dividend Procurement (Dividend Initiations) During the Covid-19 Pandemic

METHODS

This study was designed to determine the information content in the cash dividend announcement event on the Indonesia Stock Exchange when the Covid-19 Pandemic began, namely in 2020. The study focused on determining the market reaction to the cash dividend announcement event during the Covid-19 Pandemic based on the presence or absence of abnormal returns around the dividend announcement date and the presence or absence of differences in trading volume activity before and after the cash dividend announcement date. The cash dividend announcement event in this study focuses on the event of changes in dividend value so that the cash dividend announcement events that will be tested in this study are divided into four groups of events, namely the cash dividend increase announcement event, the cash dividend decrease announcement event, the cash dividend initiation announcement event, and the cash dividend omission announcement event. The 2020 cash dividend distribution announcement event with the same cash dividend value as in 2019 is not included in the research object because it does not contain elements of changes in the cash dividend value. The research begins with determining the topic, phenomenon, and results of previous studies in the background of the problem section. The research problem is described in the form of questions that will be answered in the research objectives. The research is expected to provide benefits to the government, issuers, and investors. The research hypothesis is formulated based on theoretical studies and the results of previous studies. The research approach used is an event study to analyze market reactions to cash dividend announcements. The research population is companies on

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the Indonesia Stock Exchange that take corporate actions in the form of decisions to distribute and not distribute dividends during 2020. The sampling method uses non-probability, namely purposive sampling. The study uses quantitative data types in the form of secondary data, namely stock prices. The research variables consist of dependent variables in the form of abnormal returns (AR) and trading volume activity (TVA) and independent variables, namely cash dividend announcement events. Data analysis in this study uses one sample t-test and paired sample t-test.

RESULT AND DISCUSSION

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The results of the normality test of abnormal return data for the period t-5 to t+5, average abnormal return, and trading volume activity of dividend announcements in 2020 obtained data are not normally distributed. Therefore, hypothesis testing is carried out with nonparametric statistics in the form of the One Sample Wilcoxon Signed Rank Test to test the abnormal return data t-5 to t+5 and the average abnormal return. Meanwhile, the trading volume activity data was tested with the Two Paired Sample Wilcoxon Signed Rank Test. The reason researchers use nonparametric statistical test tools is because researchers want to use all existing samples at the 2020 cash dividend announcement event. The test results are presented in Table 1 and Table 2.

Table 1 shows that the significance value at t-3, t-2, t+3, and average abnormal return is smaller than 0.05, while for the other periods it has a significance value more than 0.05. The significance value at t-3 is 0.015 < 0.05, t-2 is 0.036 < 0.05, and t+3 is 0.000, and the average abnormal return is 0.000 which means there is a significant abnormal return. Meanwhile, for other periods there is no significant abnormal return.

Table 1. One Sample Wilcoxon Signed Rank Test Results of 2020 Dividend Announcement Year

Description	Sig.	Result
AR t-5	0,633	Ho Accepted
AR t-4	0,152	Ho Accepted
AR t-3	0,015	Ho Rejected
AR t-2	0,036	Ho Rejected
AR t-1	0,293	Ho Accepted
AR t 0	0,255	Ho Accepted
AR t+1	0,689	Ho Accepted
AR t+2	0,697	Ho Accepted
AR t+3	0,000	Ho Rejected
AR t+4	0,332	Ho Accepted
AR t+5	0,297	Ho Accepted
AAR	0,000	Ho Rejected

Secondary Data, 2024

Table 2. Results of Two Paired Sample Wilcoxon Signed Rank Test of 2020 Dividend Announcement

	TVA 2020 After – TVA 2020 Before
Z	-2.520 ^b
Asymp. Sig. (2-tailed)	.012
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Table 2 shows the results of the Two Paired Wilcoxon Signed Rank Test using trading volume activity data before and after the 2020 dividend announcement date. The test results obtained a significance value of 0.012 < 0.05, which means that there is a difference in trading volume activity before and after the dividend announcement date in 2020.

Market Reaction to Dividend Increase Announcement During Covid-19 Pandemic

The results of the data normality test for testing the dividend increase announcement event obtained data results are not normally distributed except for abnormal returns at t-4. Based on the results of the normality test, hypothesis testing on data that is not normally distributed uses the One Sample Wilcoxon Signed Rank Test tool, while for normally distributed data using the one sample t-test parametric statistical test tool. The reason researchers use nonparametric statistical test tools for data that is not normally distributed is because researchers want to use all existing samples at the 2020 cash dividend increase announcement

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event. The One Sample Wilcoxon Signed Rank Test results for abnormal returns t-5, t-3, t-2, t-1, t 0, t+1, t+2, t+3, t+4, t+5, and average abnormal returns are presented in table 3.

Table 3. One Sample Wilcoxon Signed Rank Test Results of 2020 Dividend Increase Announcement

Description	Sig.	Result
AR t-5	0,488	Ho Accepted
AR t-3	0,675	Ho Accepted
AR t-2	0,361	Ho Accepted
AR t-1	0,595	Ho Accepted
AR t 0	0,059	Ho Accepted
AR t+1	0,916	Ho Accepted
AR t+2	0,536	Ho Accepted
AR t+3	0,000	Ho Rejected
AR t+4	0,227	Ho Accepted
AR t+5	0,856	Ho Accepted
AAR	0,000	Ho Rejected

Secondary Data, 2024

Table 3 shows that the significance value of the One Sample Wilcoxon Signed Rank Test for data t-5, t-3, t-2, t-1, t 0, t+1, t+2, t+3, and t+4 is more than 0.05, which means there is no significant abnormal return. As for the t+3 data and the average abnormal return, the significance value is smaller than 0.05 so that Ho is rejected or there is a significant abnormal return. The t-4 data is normally distributed so the one sample t-test is presented in table 5.24. Table 5.24 shows that the significance value of the one sample t-test of abnormal return data at t-4 is $0.077 > 0.05$, which means that there is no significant abnormal return at t-4 of the 2020 dividend increase announcement event.

Table 4. One Sample t-Test Results of 2020 Dividend Increase Announcement

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
AR t-4	.802	9	.077	.004796274	-.00053031	.01012286

Secondary Data, 2024

Table 5. Two Paired Sample Wilcoxon Signed Rank Test Results of 2020 Dividend Increase Announcement

	TVA After – TVA Before
Z	-2.348 ^b
Asymp. Sig. (2-tailed)	.019
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Secondary Data, 2024

Trading volume activity data before and after the announcement of the 2020 dividend increase is not normally distributed. Thus, hypothesis testing uses a nonparametric statistical test tool in the form of the Two Paired Sample Wilcoxon Signed Rank Test. The reason researchers use nonparametric statistical test tools is to maintain the use of all existing samples at the 2020 dividend increase announcement event. The results of the Two Paired Sample Wilcoxon Signed Rank Test are presented in table 5.25. Based on the data in table 5.25, the significance value is 0.019 (< 0.05), which means that there is a difference in trading volume activity before and after the announcement of the 2020 dividend increase.

Market Reaction to the Announcement of Dividend Decrease During the Covid-19 Pandemic

The normality test of abnormal return and trading volume activity data on the dividend decline announcement event shows that the abnormal return data t-5 to t+5 and trading volume activity data are not normally distributed. Meanwhile, the average abnormal return data is normally distributed. Therefore, in hypothesis testing two test tools are used, namely nonparametric statistics for data that is not normally distributed and parametric statistics for normally distributed data. The reason researchers use nonparametric statistical test tools for data that is not normally distributed is because researchers will use all available samples

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at the 2020 cash dividend impairment announcement event. The nonparametric statistical test tools used are the One Sample Wilcoxon Signed Rank Test for abnormal return data and the Two Paired Sample Wilcoxon Signed Rank Test for trading volume activity data before and after the announcement of the dividend reduction. The parametric statistical test tool used is One Sample t-Test.

The results of hypothesis testing using the One Sample Wilcoxon Signed Rank Test for abnormal returns t-5 to t+5 are presented in table 5.26. Table 5.26 shows that around the dividend announcement date is dominated by the absence of significant abnormal returns. The Significance value of the One Sample Wilcoxon Signed Rank Test on t-5, t-4, and t-2 to t+5 obtained a sig value > 0.05, which means that the null hypothesis (Ho) is accepted. As for the test at t-3, the significance value is 0.003 < 0.05, which means Ho is rejected or there is a significant abnormal return.

Table 6. Results of One Sample Wilcoxon Signed Rank Test 2020 Dividend Decrease Announcement

Description	Sig.	Result
AR t-5	0,881	Ho Accepted
AR t-4	0,331	Ho Accepted
AR t-3	0,003	Ho Rejected
AR t-2	0,317	Ho Accepted
AR t-1	0,211	Ho Accepted
AR t 0	0,940	Ho Accepted
AR t+1	0,824	Ho Accepted
AR t+2	0.852	Ho Accepted
AR t+3	0.292	Ho Accepted
AR t+4	0.708	Ho Accepted
AR t+5	0.352	Ho Accepted

Secondary Data, 2024

The One Sample t-Test test results for the average abnormal return data are presented in table 7. Table 7 shows the results of the One Sample t-Test test obtained the significance value (2-tailed) is 0.009. The significance value that is less than 0.05 indicates that Ho is rejected, which means that there is a significant abnormal return.

Table 7. One Sample t-Test Test Results of 2020 Dividend Decrease Announcement

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
AAR	2.674	88	.009	.0028	.00073462	.00498935

Secondary Data, 2024

The results of the Two Paired Sample Wilcoxon Signed Rank Test on trading volume activity data before and after the dividend announcement are presented in table 8. Based on table 8, the significance value is 0.129 (>0.05). A significance value more than 0.05 means that Ho is accepted, which means that there is no significant difference in trading volume activity before the announcement of a dividend reduction with trading volume activity after the announcement of a dividend reduction.

Table 8. Results of Two Paired Sample Wilcoxon Signed Rank Test for 2020 Dividend Decline Announcement

	TVA After – TVA Before
Z	-1.520 ^b
Asymp. Sig. (2-tailed)	.129
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Secondary Data, 2024

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Market Reaction to Dividend Procurement Announcements During the Covid-19 Pandemic

The normality test results of abnormal return and trading volume activity data on the dividend procurement announcement event show varying results where some data are normally distributed, and some data are not normally distributed. Normally distributed data are abnormal return data at t-4, t-3, t-1, t0, t+2, t+4, t+5, and average abnormal return. Meanwhile, data that are not normally distributed are abnormal return at t-5, t-2, t+1, t+3, and trading volume activity. Therefore, the hypothesis test for normally distributed abnormal return data uses a parametric static test tool in the form of One Sample t-test. Hypothesis testing for abnormal return data that is not normally distributed uses a nonparametric statistical test tool in the form of the One Sample Wilcoxon Signed Rank Test. Hypothesis testing for trading volume activity data uses a nonparametric statistical test in the form of the Two Paired Sample Wilcoxon Signed Rank Test. The reason researchers use nonparametric statistical test tools for data that is not normally distributed is to maintain the use of all existing samples at the 2020 cash dividend procurement announcement event. In addition, the number of samples available at the dividend procurement announcement event is relatively small, which only amounts to 20 samples.

The results of the One Sample Wilcoxon Signed Rank Test for abnormal return data that are not normally distributed are presented in table 9. Table 9 shows that the significance value of the One Sample Wilcoxon Signed Rank Test for abnormal return data t-5, t-2, t+1, and t+3 is more than 0.05. A significance value more than 0.05 indicates that Ho is accepted, meaning that there is no significant abnormal return.

Table 9. One Sample Wilcoxon Signed Rank Test Results of 2020 Dividend Procurement Announcement

Description	Sig.	Result
AR t-5	0.881	Ho Accepted
AR t-2	0.455	Ho Accepted
AR t+1	0.852	Ho Accepted
AR t+3	0.478	Ho Accepted

Secondary Data, 2024

Market Reaction to Dividend Procurement Announcements During the Covid-19 Pandemic

The normality test results of abnormal return and trading volume activity data on the dividend procurement announcement event show varying results where some data are normally distributed, and some data are not normally distributed. Normally distributed data are abnormal return data at t-4, t-3, t-1, t0, t+2, t+4, t+5, and average abnormal return. Meanwhile, data that are not normally distributed are abnormal return at t-5, t-2, t+1, t+3, and trading volume activity. Therefore, the hypothesis test for normally distributed abnormal return data uses a parametric static test tool in the form of One Sample t-test. Hypothesis testing for abnormal return data that is not normally distributed uses a nonparametric statistical test tool in the form of the One Sample Wilcoxon Signed Rank Test. Hypothesis testing for trading volume activity data uses a nonparametric statistical test in the form of the Two Paired Sample Wilcoxon Signed Rank Test. The reason researchers use nonparametric statistical test tools for data that is not normally distributed is to maintain the use of all existing samples at the 2020 cash dividend procurement announcement event. In addition, the number of samples available at the dividend procurement announcement event is relatively small, which only amounts to 20 samples.

The results of the One Sample Wilcoxon Signed Rank Test for abnormal return data that are not normally distributed are presented in table 5.29. Table 5.29 shows that the significance value of the One Sample Wilcoxon Signed Rank Test for abnormal return data t-5, t-2, t+1, and t+3 is more than 0.05. A significance value more than 0.05 indicates that Ho is accepted, meaning that there is no significant abnormal return.

Table 10. One Sample Wilcoxon Signed Rank Test Results of 2020 Dividend Procurement Announcement

t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
AR t-4	19	.782	.002722692	-.01755937	.02300475
AR t-3	19	.222	-.011507625	-.03056842	.00755316
AR t-1	19	.910	-.000722760	-.01389616	.01245064
AR t0	19	.525	-.005015487	-.02121408	.01118311
AR t+2	19	.948	-.000689450	-.02241447	.02103557

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AR t+4	1.915	19	.071	.013388527	-.00124298	.02802003
AR t+5	-.731	19	.474	-.005752766	-.02223237	.01072684
AAR	.768	19	.452	.001906821	-.00328681	.00710045

Secondary Data, 2024

The results of the Two Paired Sample Wilcoxon Signed Rank Test on trading volume activity data before and after the announcement of dividend procurement are presented in table 5.31. The significance value of the Two Paired Sample Wilcoxon Signed Rank Test test is 0.601 (>0.05). The significance value more than 0.05 indicates that H_0 is accepted, meaning that there is no significant difference in trading volume activity before and after the announcement of dividend procurement in 2020.

Table 11. Results of Two Paired Sample Wilcoxon Signed Rank Test 2020 Dividend Procurement Announcement

	TVA After – TVA Before
Z	-.523 ^b
Asymp. Sig. (2-tailed)	.601
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Secondary Data, 2024

Market Reaction to the Announcement of Dividend Abolition During the Covid-19 Pandemic

The results of the data normality test used to determine the market reaction to the announcement of dividend elimination show that the abnormal return data t-5 to t+5 are not normally distributed. The average abnormal return and trading volume activity data before and after the dividend announcement are not normally distributed. Therefore, the statistical test tool used is nonparametric statistics in the form of the One Sample Wilcoxon Signed Rank Test for abnormal return data t-5 to t+5 and average abnormal return. As for the trading volume activity data before and after the dividend announcement using the Two Paired Sample Wilcoxon Signed Rank Test nonparametric statistical test tool. The reason researchers use nonparametric statistical test tools is to maintain the use of all available samples at the 2020 cash dividend elimination announcement event.

The One Sample Wilcoxon Signed Rank Test and Paired Sample Wilcoxon Signed Rank Test results are presented in table 5.32 and table 5.33. Table 5.32 shows that the significance value at t-5 and t-4 is 0.049 (<0.05), meaning that there is a significant abnormal return. While in the period t-3 to t+5, including the average abnormal return, the significance value is more than 0.05, thus there is no significant abnormal return in that period. The results of the Two Paired Sample Wilcoxon Signed Rank Test on trading volume activity data before and after the dividend elimination announcement as shown in table 5.32 show a significance value of 0.418. The significance value of 0.418 (>0.05) indicates that there is no significant difference in trading volume activity before and after the 2020 dividend elimination announcement.

Table 12. One Sample Wilcoxon Signed Rank Test Results 2020 Dividend Elimination Announcement

Description	Sig.	Result
AR t-5	0.049	Ho Rejected
AR t-4	0.049	Ho Rejected
AR t-3	0.669	Ho Accepted
AR t-2	0.664	Ho Accepted
AR t-1	0.245	Ho Accepted
AR t 0	0.101	Ho Accepted
AR t+1	0.335	Ho Accepted
AR t+2	0.289	Ho Accepted
AR t+3	0.361	Ho Accepted
AR t+4	0.566	Ho Accepted
AR t+5	0.924	Ho Accepted
AAR	0.273	Ho Accepted

Secondary Data, 2024

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Table 13. Results of Two Paired Sample Wilcoxon Signed Rank Test of 2020 Dividend Elimination Announcement

	TVA After – TVA Before
Z	-.809 ^b
Asymp. Sig. (2-tailed)	.418
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Secondary Data, 2024

CONCLUSION

The results of this study can contribute to the use of theory and add to the understanding of market reactions to dividend announcement corporate actions that are further deepened based on the comparison of dividend values with the previous year. In addition, this research can provide insight into how the market reacts when corporate actions are carried out in economic conditions under pressure such as the Covid-19 Pandemic and the difference when carried out in normal economic conditions. Based on the research results, dividend announcements before the Covid-19 Pandemic and during the Covid-19 Pandemic both caused market reactions in terms of changes in trading volume activity before and after the announcement date. The difference is that the dividend announcement before the Covid-19 Pandemic did not cause a significant average abnormal return while the dividend announcement during the Covid-19 Pandemic caused a significant average abnormal return. Information leakage before the dividend announcement date and a short reaction after the dividend announcement both occur in dividend announcements before the Covid-19 Pandemic and during the Covid-19 Pandemic. The announcement of a dividend increase during the Covid-19 Pandemic caused a positive market reaction as indicated by a significant average abnormal return and the difference in trading volume activity before and after the announcement. Slightly different from the announcement of a dividend decrease where the market reacts positively in terms of a significant average abnormal return but is not supported by the difference in trading volume activity before and after the announcement. Meanwhile, for dividend procurement and dividend elimination announcements, the market does not react.

Managerial Implication

Based on the results of this study, it can practically be used as a consideration for investors who will invest in companies listed on the Indonesia Stock Exchange. Investors are expected to make the right investment decisions based on the corporate action of dividend announcements made by companies in normal economic conditions and economic conditions under pressure as occurred during the Covid-19 Pandemic. Understanding the market reaction to the corporate action of dividend announcements, dividend increase announcements, dividend decrease announcements, dividend procurement announcements, and dividend elimination announcements is expected to maximize the benefits obtained by investors in investing.

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