

**THE COMPARISON BETWEEN CHANGING IN FINANCIAL
PERFORMANCE AND CHANGING OF STOCK PRICE OF
SPLITTING AND NON-SPLITTING COMPANIES**

A THESIS

**Presented as Partial Fulfillment of the Requirements
to Obtain the Bachelor Degree in Accounting Department**



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YOGYAKARTA
2004**

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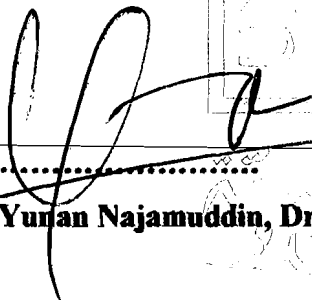
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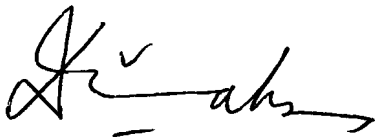
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A BACHELOR DEGREE THESIS

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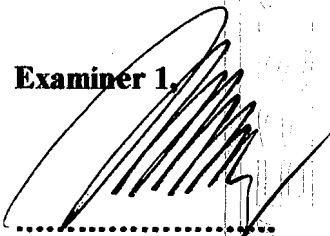
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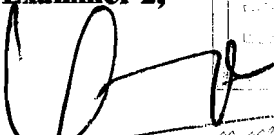
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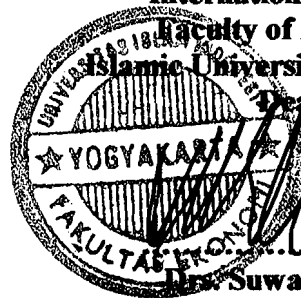
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The writer realizes about the incapability, limitation, and knowledge that is far from perfect in doing the research. Therefore the writer will be gladly accepting any comments or critics to improve this thesis. Finally, the writer wishes that the thesis will be useful for next researcher and public in general.

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ABSTRAK

Febrian, Rizqi (2004). **The Comparison between Changing in Financial Performance and Changing in Stock Price of Splitting and Non-Splitting Companies**. Yogyakarta, Jurusan Akuntansi, Fakultas Ekonomi, Universitas Islam Indonesia.

Pemecahan saham adalah suatu tindakan yang dilakukan perusahaan dimana perusahaan tersebut meningkatkan jumlah saham yang diterbitkan dengan cara memecah jumlah saham yang telah dikeluarkan menjadi unit kepemilikan yang lebih kecil. Setiap saham yang telah dikeluarkan 'dipecah' menjadi dua saham atau lebih. Secara teoritis, tindakan tersebut tidak memiliki nilai ekonomis.

Signaling dan Trading Range theory, sebagai penjelasan utama pemecahan saham telah muncul dalam literatur keuangan semenjaki dibahas oleh Fama (1969). Menurut *signaling theory*, yang juga dikenal sebagai *information content hypothesis*, pengumuman pemecahan saham mengandung informasi yang disukai mengenai peningkatan kas deviden atau pendapatan (atau keduanya) jangka panjang. Ini didukung dengan literatur sebelumnya (Grinblatt [1984]; Desai dan Jain [1997]; Conroy dan Harris [1999]). *Trading range theory* menyatakan bahwa pemecahan saham tersebut dilakukan untuk menata kembali harga saham per lembar menjadi dalam rentang harga yang lebih rendah, yang akan menjadikan harga saham tersebut tidak terlalu tinggi (*overprice*)

Riset ini menguji 31 perusahaan yang melakukan pemecahan saham untuk periode selama tiga tahun, yaitu dari tahun 1999 hingga 2001. Seluruh perusahaan tersebut terdaftar di Bursa Efek Jakarta (BEJ). Perusahaan-perusahaan tersebut, baik yang melakukan pemecahan saham maupun tidak, diperbandingkan melalui *Indonesian Capital Market Directory* dan total aktiva.

Kemudian hipotesis-hipotesis tersebut diuji menggunakan hasil uji *Mann-Whitney* melalui program Statistical package Social Science (SPSS) 10.0. Hasil pengujian menyatakan perbedaan yang tidak signifikan antara perusahaan yang melakukan pemecahan saham dan yang tidak, dalam konteks kinerja keuangan yang diwakilkan oleh laba dan laba per saham. Ini tidak konsisten dengan *signaling theor*. Sedangkan perusahaan yang melakukan pemecahan saham berbeda dengan perusahaan yang tidak melakukan pemecahn saham dalam konteks harga saham yang diwakilkan oleh rasio harga terhadap nilai buku (*PBV*), tetapi tidak demikian dengan rasio harga terhadap laba bersih (*PER*). Ini mendukung *trading range theory*.

Semoga penelitian ini dapat memberikan manfaat untuk peningkatan pengetahuan tentang manajemen biaya yang dapat dijadikan bahan acuan untuk penelitian selanjutnya atau sebagai alat pemecahan permasalahan.

Kata kunci: Pemecahan saham, *Signaling theory*, dan *Trading range theory*

CHAPTER I

INTRODUCTION

A. Study background

The capital market in Indonesia has grown rapidly since 1989 because companies are required to gather fund to increase their authorized capital. Capital market as market in general represents the place where sellers and buyers meet. According to Koetin (1980), capital market is a meeting place among them (individual or corporation) owning jobless fund, with the corporation that requires additional capital to operate.

According to Act No. 8/1995 about capital market, it is defined as activities related to initial public offering and securities trading of going public company concerning its securities and all related institutions and professions. It covers primary and secondary markets.

Capital market represents one of construction fund for every required productive sector for its existence. Capital market also represents as the alternative investment place for the society. It gathers fund from the society. The fund is expected to support the development process so that the society's earnings and prosperity increase.

Investment according to Charles P Jones (1999) can be defined as the commitment of funds to one or more assets that will be held over some future time period. From the actions, an investor expects some return to improve their wealth. For maximizing the expected returns, traditionally investors have to analyze and

evaluate the stocks by using two well-known approaches, which are fundamental and technical approaches.

Technical analysis can be defined as the use of generated data from specific market for the analyses of both aggregate stock price and individual stocks. It identifies changes in the direction of stock price, which tend to move in trends as the stock prices adjust to a new equilibrium. Technicians study the market using graphical charting of price changes, volume of trading over time, and a number of technical indicators.

Fundamental analysis is the study of a stock's value using basic data such as its earnings, sales, risk, and so forth. In equilibrium, the current market price of a security reflects the average of the intrinsic value. It can be done by following a bottom-up approach or a top-down approach. With the first approach, investors focus directly on a company's basics. It requires time and efforts to produce detailed financial analysis even for small companies, while investors who apply top-down approach begin with the macroeconomic analysis, industry analysis and finally company analysis.

Whatever the approach is used, investors try to achieve profit by acting before the stock prices reflect the correct information. It refers to an Efficient Market, which means the prices of all securities quickly and fully reflect all available information, public and private. Therefore any information in capital market will influence the stock price. One of that information which attracts many researchers today is stock split, a puzzling corporate phenomenon.

Stock split increases the number of shares through a proportional reduction in the par value (James C. Van Horne). It tends to strive the shares to arouse interest from the investors although there are no improvements of investors' prosperity since their portion of ownership in the company does not change.

The leading explanation of stock split which has emerged in the financial literature since the publication of Fama; et al (1969) is the signaling and the trading range hypothesis. According to signaling theory, stock split provides the information about the future performance of a company while trading range hypothesis suggests that splits realign per-share prices to a preferred price range (Mc Nichols and Dravid (1990))

Based on the above explanation, this thesis re-examine a study, which was done by Marwata in the basic and chemical industries for the period of 1996 to 1997, "Financial Performance, Stock Price and Stock Split". This research is different with his study since the writer examines stock split in different periods and use broader industry than the previous one.

B. Problem Identification

Stock split conducted by a company gives a good signal of future performance of a company. Splitting the stock is done to re-arrange the stock price at spanning certain price on the chance of adding market concerning the trade.

According to the Efficient Market Hypothesis (Charles P Jones 1999 : 1), the market should rationally responded to every information which can influence

stock price. One of that information is stock split announcements. Many empirical research have examined its effect on the market. Therefore this thesis tries to examine the effect of stock split on the financial performance and stock price for splitting and non-splitting firms in accordance with Marwata (2002) who examined it in the period of 1996 to 1997.

C. Problem formulation

1. Are there any differences in financial performance between splitting and non-splitting companies?
2. Are there any differences in stock price between splitting and non-splitting companies?

D. Limitation of Research Area

The research area is limited on the common stock of splitting and non-splitting manufacturing companies listed on Jakarta Stock Exchange (JSX) in the period of 1999 to 2001.

E. Research Objectives.

The research was intended to investigate the effect of stock split on the splitting and non-splitting companies. The specific objectives are to examine the differences of the financial performance and stock price between the splitting and non-splitting companies and to investigate the improvement of earnings before stock split.

F. Research Contributions

1. For market participants, this research can be used as a guide for their decision-making process.
2. For academician, this research will add some literature, which already exist.
3. For the researcher, this study will strength knowledge and understanding the lecture, which has been achieved in the university.

G. Definition of Terms

The definitions of terms give explanations for readers to identify and understand the content of the thesis

- a. Stock split is an increase in the number of shares outstanding by reducing the par value of the stock (Wachowicz, 1995)
- b. Financial performance is the measurement of a company's performance in a year by considering the elements of its financial statements.
- c. Efficient market hypothesis is the proportion that securities markets are efficient, with the prices of securities reflecting their economic value. (Charles P Jones, 1999)
- d. Common stock is an equity security representing the ownership interest in a corporation. (Charles P Jones, 1999)

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1 Stock Splits

Stock split is an increase in the number of shares outstanding by reducing the par value of the stock (Wachowicz 1995: 2). A split can be made in any such proportion as n-for-one, for the example two-for-one or 1.5-for-one. The new stock price after splitting is $1/n$ past stock price.

From the above explanation, stock split does not result in any change in shareholders' equity. It is because the previous outstanding shares are the same. This action will attract more buyers or investors, especially individual holdings because it places a stock in the appropriate price, more popular trading range and it makes investors become more prosperous than before.

The accounting for split is very simple. Wachowicz in his book "*Fundamentals of Financial Management*" used by Chen industries served as an example:

Two-for-one stock split

Before		After	
Common Stock		Common Stock	
(\$5 par; 400,000 shares)	\$ 2,000,000	(\$2.5 par; 800,000 shares)	\$ 2,000,000
Additional Paid in Capital	1,000,000	Additional Paid in Capital	1,000,000
Retained Earnings	7,000,000	Retained Earnings	7,000,000
Total Stockholders' equity	\$ 10,000,000	Total Stockholders' equity	\$ 10,000,000

It is also possible for the company to reduce the number of shares by reverse stock split, one-for-two (one new share as an exchange of every two old shares held). It usually doubles the price and contains negative signaling effect.

One-for-four reverse stock split

Before		After	
Common Stock		Common Stock	
(\$5 par; 400,000 shares)	\$ 2,000,000	(\$20 par; 100,000 shares)	\$ 2,000,000
Additional Paid in Capital	1,000,000	Additional Paid in Capital	1,000,000
Retained Earnings	7,000,000	Retained Earnings	7,000,000
Total Stockholders' equity	\$ 10,000,000	Total Stockholders' equity	\$ 10,000,000

2.2 Underlying Reasons for Stock Split

Late last year, many companies were considering two common questions arising from this announcement. They were what is stock split and what is its purpose. Stock Split is a corporate action through which the corporation increases the number of shares outstanding by dividing the number of shares outstanding into smaller units of ownership. Each share outstanding splits into two or more shares.

One of the main reasons for doing stock splits is to reduce the share's market value. The split divides the market price per share in proportion to the split. But whatever happens, the result is that the market value of the firm remains unchanged with the stock split having no effect on the value of the firm, its assets, its earnings or the shareholder's return.

There is a school of thought which believes that the price of shares will not fall precisely in proportion to the increase in the number of shares. After a 10 for 1

split the value of the share will not necessarily drop to Rp 10 and any value above that amount will be for the benefit of the shareholder. But recent studies seem to indicate that this will only occur if there is a corresponding positive trend in earnings.

Conservation of corporate cash is often a reason why a company will undertake a share split exercise as opposed, for example a cash dividend to its owners. However, the wise investor will try to ascertain the underlying reasons for this strategy. Is it an attempt to preserve cash for further attractive investments or has the company hit a liquidity crisis?

Some companies occasionally have stock splits to broaden the market for their shares. Splitting high-priced shares may be advisable if a firm is seeking to widen its shareholding group to include that sector who will invest in an Rp 10 share but not in an Rp 100 share. However, there would be no significant changes since the additional small investors gained would not be expected to control enough investing power to raise the share price.

"The purpose of the stock split is to make more shares available in the public float and to adjust the Company's capital structure to better position it for future capital-raising transactions," said Timothy M. Roberts, Chairman and CEO of Infinium Labs, Inc.

Hudson River Bancorp's President and Chief Executive Officer, Carl A. Florio stated, "the Board of Directors has declared this stock split to reduce its price per share and increase its market liquidity for the purpose of enhancing the securities' appeal to both private and institutional investors."

A final observation is that share splits sometimes can convey information to the market that there will be a subsequent increase in dividends and that management expects future earnings to increase.

Stock splits are basically paper-shuffling exercises and, in all cases, it is a company's earning power that will provide the basic source of its share value. In the short term, a split can cause high returns in anticipation of future cash dividends but if they are not forthcoming then the returns will inevitably fall.

The purpose for the stock split is to benefit the shareholders by enhancing the liquidity of the common stock.

Many commentators and investors ask, "Why stock splits?" The main argument is that stock splits add no value; they do nothing more than tear the number of shares in two, three, four, or whatever ratio the split is. In a vacuum, this is technically correct. People do not, however, trade and invest within a vacuum. While companies may split their stock for many diverse reasons, the companies that split again and again, year after year, have certain common attributes: they are leaders in their industries, they make money, and they attract investors. This is one way wealth is built. So, while the act of splitting in and of itself may not add value, investors know that good companies have stock prices that rise and split, only to rise and split again. This attracts investors, and when a split is announced and when a stock actually splits, the investors take the opportunity to get in on these great companies. This generates excitement with these issues resulting in price appreciation in anticipation of the announcement, at the announcement, and at the actual split. People play these stocks for long term

appreciation arising from the repeated splits as well as short term gains generated by the split excitement.

People often buy our long-term holds when they feel a split is up coming to enjoy the appreciation before and right after the split announcement, and then get additional shares to boot. People will just as quickly buy options on a pre-announcement candidate minutes before the close only to sell the next morning at the height of the surge after the announcement. People buy Long Term Equity Appreciation Securities on great companies that split their stock often so they can enjoy the fantastic appreciation of value as the Long Term Equity Appreciation Securities split in half and then rise back above their split price. People write covered calls on their long-term holds while things are quiet and the stock is in a trading range so they can increase their revenue beyond the actual split announcement.

2.2 The Efficient Market Hypothesis

In efficient market, prices always reflect all related information. New information will change prices rapidly. If stock price reflects all available information, therefore the changing of stock price changing reflects all previous unpredictable information.

According to Jennissen, efficient market can be categorized into three characteristics, they are:

1. **Informational Efficiency**, it means that the changing of price reflect all of relevant information available at the moment

2. **Operational Efficiency**, it means stock market with minimum cost of transaction
3. **Allocative Efficiency**, it means that investors can do investment and transaction by using various instruments, which have already approved and met certain requirements.

Fama (1970) classified informational stock market efficiency as follows:

1. **Weak-form efficiency**

In this phase, the previous stock price changing cannot be used to estimate the future stock price. Consequently, an investor cannot use trading rules to earn abnormal return. The various kind of information that are included in this class are previous stock price, previous trading volume and previous short-term interest.

2. **Semi-strong efficiency**

It means that the current price reflect all available public information such as financial statement, dividend announcement, stock split and merger. These information are rapidly and accurately reflected in the stock price. Hence investors cannot receive abnormal return from public information.

3. **Strong form efficiency**

In this condition, stock price has already reflect all information whether public or private information.

Many researchers have already did research in some capital markets to test whether they are grouped in weak-form efficiency or not. In 1965, Fama proved

that New York Stock Exchange (NYSE) had already met all requirements to be considered as weak form of Efficient Market Hypothesis. This also happened in Japan which is shown by Ang's and Pohlman's research in 1978. For Indonesia, this kind of research has already been done in the Jakarta Stock Exchange in different years. In 1991, in corporation with Hanafi, Husnan found the reflection of past information in stock price in the year 1990. Then Johan JC Tambotoh and Hari Sunarto tested weak form market efficiency in the Jakarta Stock Exchange in the period of 1995 to 1997. They found that in that time, Jakarta Stock Exchange had already met the requirements to have a weak form of Efficient Market Hypothesis.

2.3 Financial Statement

All commercial, industrial and business enterprises, in the public or the private sectors around the world prepare and present financial statements for their stakeholders. There are differences among them, which are probably caused by various activities, economic, legal circumstances, and by different needs of different users. Referring to the Framework For The Preparation And Presentation Of Financial Statements that was issued by the International Accounting Standard Committee (IASC), the users of financial statement and their needs are:

1. Employees are interested in information about the stability and profitability of their employers, the ability of the enterprise to provide retirement benefit and opportunities.

2. Creditors are interested in information about the ability of debtors to pay their loans and interests in the due date.
3. Suppliers and other trade creditors are interested in information about the ability of the company to pay loan when it is due.
4. Customers have an interest in information about the continuance of an enterprise.
5. Government and their agencies are interested in the allocation of resources and their activities in order to regulate them and determine taxation policies.
6. Public are interested in information about the trends and recent developments in the prosperity of the enterprises.
7. Investors are interested in information which assesses the ability of the company to pay dividends thus it helps them to determine whether to invest in a company or not.
8. Management is interested in information in order to carry out their planning, decision-making and control responsibilities.

With the purpose of meeting all of these interests, management has a primary responsibility to prepare and present the financial statement of the enterprise as a result of accounting process. They also have the ability to determine the information and contents of additional information to inform or to reflect the real condition of the company.

International Accounting Standard Committee (IASC) affirmed that a complete set of financial statements normally includes a balance sheet, an income

statement, a statement of changes in financial position, and those notes and other statement and explanatory materials that are an integral part of the financial statement. The first two statements are essential to compute various financial ratios. The third statement is used to assess the cash or liquidity position of the firm.

The balance sheet is a statement of the company's assets, liabilities and shareholder's equity. The assets represent the resources of the company, the liabilities are its debts and equity is the amount of stockholders' capital in the firms. It provides a "snapshot" of the financial performance or financial position of the firm at a particular time. Its elements are:

1. Assets

- Cash
- Receivable
- Inventories
- Property, plant and equipment

2. Liabilities

- Account payable
- Dividend payable
- Taxes payable

3. Stockholders' equity

- Common Stock
- Preferred stock
- Retained earnings

The income statement presents a summary of the profitability of the firm over a period of time such as a year. It indicates revenues generated during the operating period, the expenses incurred during that same period and its earning or profit that is obtained from the difference between the revenues and expenses. It reflects the management's success in operating the firm. The elements of income statement are:

1. Revenues

- Net sales
- Interest income
- Other income (e.g. rent income)

2. Expenses

- Cost of good sold
- Selling, general and administrative expense
- Interest expense
- Depreciation expense

3. Earnings

The statement of changes in financial position, which is known as the statement of cash flow, provides a summary of the firm's cash flow and other events that caused changes in the cash position. It consists of cash from operation, cash from investment activities and cash from financing activities. The firm's cash position increases over time because of the positive impact on the company's liquidity and its ability to meet operating needs.

The study of the relationship among and between financial statement account that is known as ratio analysis is done to observe what accounting statements really have to describe the firm's operating result and its financial performance. In this way, interested parties, particularly investors, take a look at the liquidity, activity and profitability of the firm, leverage and common stock or market measures. To get the most from them, investors must have a good understanding on financial statement.

2.4 Financial Performance

In order to know the enterprise's financial performance, outstanding parties, especially investors can calculate their profitability ratio or consider their earnings from financial statement. Profitability ratio is very important to evaluate the effectiveness of management in using their fund resources, How successful an enterprise has been in attaining its profit goal. Profitability is more important than profit since high profit is not a guarantee for company's efficiency. Investors will invest their money to the company with good profitability. Profitability ratio can be classified into two groups those are profitability to sales and profitability to investment.

With the relation to share, income is reflected in Dividend Per Share (DPS) and Earning Per Share:

1. Dividend Per Share is the comparison of total dividend to total outstanding share. Therefore it calculates the amount of earnings, which will be distributed to stockholders for each share.

$$DPS = \frac{\text{Dividend}}{\text{outs tan dingshare}} \times 100\%$$

2. Earning Per Share reflects company's net earnings for every unit share for certain period in the term of currency. It is derived from net earnings divided by total outstanding shares. High EPS means high stock value.

$$EPS = \frac{\text{NetEarnings}}{\text{Outs tan dingshare}} \times 100\%$$

This thesis uses Earnings and Earning Per Share to evaluate management effectiveness or their financial performance.

2.5 Stock Valuation

There are some valuation methods for stock: book value, market value and intrinsic value. Those are very important to identify whether growth or undervalued stock. A growth company, which shows Investment Opportunity Set (IOS), can be known from its book value and market value. Its market value is more than intrinsic value. Value stocks usually are already priced with the worst possible outcome anticipated or in other words its market value is less than intrinsic value thus it is undervalued.

1. Book value

It is a stock valuation derived from a company's bookkeeping. Book value per share shows stockholder's net assets for having one share. Book value per share is total equity divided by outstanding shares; therefore net assets are total stockholders' equity.

2. Market value

Market value is different from book value since it is determined by supply and demand for a stock in the capital market at a certain time. It can be used to identify undervalued and growth stock.

3. Intrinsic value

Fundamental security analysis, company and technical analysis are usually used to determine the real value of a company. Fundamental analysis uses companies' financial data such as earnings, dividend paid, and sales, while technical analysis uses stock market data for instance stock price and trading volume.

By using fundamental analysis, there are some approaches to calculate intrinsic value, which are Present Value Approach, Price to Sales Ratio, Price Earning Ratio (PER), and Price to book value. The first approach estimates stock value by capitalizing the income and the present value of future cash flow. In the efficient market, stock valuation is determined by expected cash flow and it does not influence market value of a stock (Western and Coppeland, 1986). Present value approach is a classical method that is computed by the following formula:

$$P_0 = \sum_{t=1}^n \frac{CashFlow}{(1+k)^t}$$

Where: P_0 : Intrinsic Value
k: Expected Return
t: Time Period

Price to Sales Ratio is calculated by comparing market value (Price x Total outstanding shares) to sales. While PER approach is used to estimate stock value by dividing the present stock price by Earning Per Share (EPS). This approach does not consider time value of money and it is also usually used by many analysis in calculating the intrinsic value of a share. Share with high PER is assumed to have high price and also on the contrary.

Price to Book Value compares stock price to book value of net assets, which refer to balance sheet. This technique is usually used to evaluate financial institution. Market value of a company is equivalent to book value if its PBV is one (1). This research only uses the last two approaches because of their popularity.

This research reexamines Marwata's study, which was test to forty-one listed companies in the basic and chemical industry of The Jakarta Stock Exchange (JSX) as the unit of analysis. Independent t-test to compare means is used to test whether the performance and share price of the splitting firms differ from non-splitting firms. Paired t-test to compare means is also used to test whether the fifty-four firms of splitting companies during July 1996-June 1997 period have increasing net income experiences prior to stock splitting.

Its result indicated that the splitting firms do not differ from the non-splitting firms in terms of performance as measured by net income nor by earnings per share. This is not consistent with the signaling theory. The splitting firms differ from the non-splitting in terms of share price as measured by price to book value, but not by price to earnings. This is consistent with the trading range

theory. The splitting firms have increasing net income experiences during the three years prior to stock splitting.

2.6 Theoretical Framework

There are numerous explanations, although some research indicates that, for the most part, stock splits have a positive effect on the stock price. Rice University professor, David Ikenberry, conducted a study of 2,750 companies from 1975 to 1990, he found that, on average, shares rose 3.4% in the days just after the stock split. Moreover, Ikenberry's study showed that, over a three year period, split shares outperformed non-split shares: by 8% in the first year after the split, 9% the second year, and 12% in the third year. (see graph 2.1 below).

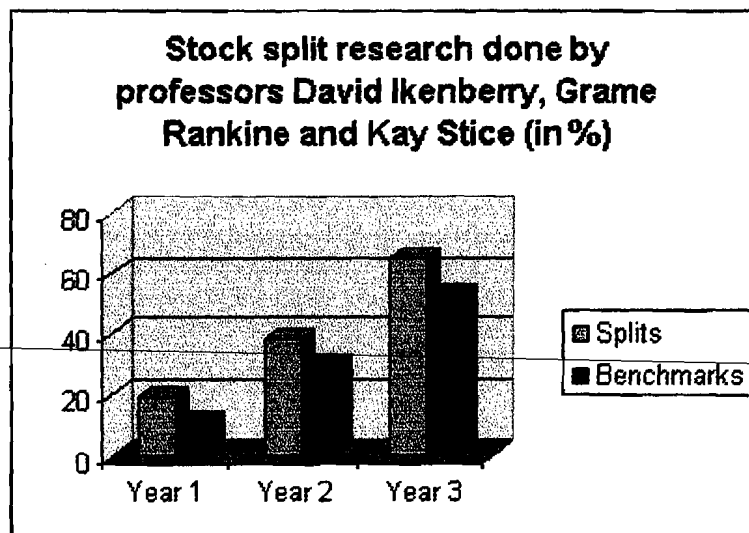


Figure 2.1

The Research of Stock Split done by Prof. Ikenberry, Grame Rankine and Kay Stice

These results show that, over a long term, stock splits seem to have a considerable effect on the company's stock price.

Although stock splits have no direct effect on a company's equity, the event of a split does forecast hints and signs of how the company is performing. Companies usually tend to split their shares when the company has an optimistic view of its future and operations. The announcement of a stock split can be a symbol that a stock has attained a certain level of success, especially when the company declaring the split has had previous stock splits. The fact that a company has a record of multiple stock splits usually indicates that the company is among one of the faster growing firms, since their stock has been splitted numerous times. Generally, a company is motivated to split their stock to attract more investors with a lower share price. As a psychological influence, people would rather buy a stock at \$30/share than at \$60/share even though the cost basis will be identical. However, some people can only buy lower priced stock because they may not have the buying power to make a larger investment. Thus, they wait until a stock splits so they can afford some shares. Just because a company declares a stock split, it does not mean that the stock price will inevitably rise in reaction.

There are many other variables that influence investors' decisions in the result of a stock split.

Companies also split their shares if they need to broaden their shareholder base and make more shares available to investors. A motivation for this could be a company's defense to a potential hostile takeover. Stock splits make the company

more liquid, allowing more investors the opportunity to purchase an ownership in their company.

There are also some benefits for the company to do stock splits besides some reasons above. First, the splitting companies want to increase their image in the view of investors. Since doing stock splits need relatively high costs, so only companies in a healthy performance can do the stock splits. Second, the splitting companies will achieve high abnormal return, that come from the difference between the price and the book value of the stock, that will increase the companies' capital.

Most stocks seem to experience a significant rise in their share price before the actual split and the stock sells off after the split is executed. Although this may seem like a good rule of thumb, nothing is ever that easy. There are many other variables involved as well, including economic reports, market stability, earnings, interest rates, external conflicts, etc.

Moreover, there is another factor that engenders the announcement of a stock split. Companies tend to try to keep their stock within a certain price range. ~~Therefore, when a stock hits the company's price target, the company, upon~~ approval of the Board of Directors and the shareholders, will announce a stock split. Apparently, every company has their own idea of what price and when is the most desirable time to split their stock.

The above explanation has already explained the motive of stock split which is a cosmetics corporate event. The signaling and the trading range hypothesis, as the leading explanation of stock splits, have emerged in finance

literature since Fama, et al (1969) paper. According to signaling hypothesis, known also as information content hypothesis, stock splits announcements convey favorable information about increases in future cash dividends or earnings, or both. It agrees with the prior documented literature (Grinblatt et al (1984); Desai and Jain (1997); Conroy and Harris (1999)). The trading range hypothesis suggests that splits realign per-share prices to a preferred price range (McNichols and Dravid (1990)) so that the price is not overpriced. It is supposed to improve liquidity and marketability.

Some companies believe that their stock should be inexpensive so more people can buy it. This creates a condition where more of the company's stock is bought and sold [this is called "increased liquidity"]. The problem, in theory, is that the increased activity will also lead to bigger gains and drops in the stock, making it more volatile.

Some investors believe splits are a good thing. The stock is where it was remembered that each share now represents half of the equity in the company that it did before the split. That means that each share is entitled to half the dividend, half the earnings, and half of the assets that it once was. Although it now looks like they have more money, their economic haven't changed in reality. This, incidentally, should prove that it is pointless to wait for a stock split before buying shares of a company.

Robert M. Conroy and Robert S. Harris empirical investigation of announced split factors, split announcement returns, and revisions of analysts' earnings forecasts shows that a firm's past history of stock splits plays a crucial

role in both the design and effect of current splits. Managers appear to design splits to return their company's stock price to the price level achieved after the last split. Moreover, when managers announce a split factor to achieve an even lower price than in the last split, both investors and analysts interpret this as a signal of especially positive information.

"The purpose (of splits), apparently, is to bring the market price of the split stock down to the desired range--in the nineteen forties and fifties, \$15 to \$40 a share." -- Arthur Stone Dewing (1953) in the leading finance text of the day.

"Managers report that the main motive for issuing stock splits is to move the stock price into a better trading range...the preferred trading range for these managers is from \$20 to \$35." -- Baker, Phillips, and Powell (1995) in a review article on splits.

Despite their longevity, splits have long puzzled finance theorists. splits are at one level only cosmetic changes, slicing the same pie into smaller pieces but not changing an investor's fractional ownership of the equity interest and votes in the company.

A large proportion of the cross-sectional variation in split prices (price to which a stock splits) can be explained by readily available public information. A significant contributing factor is the stock price level after a firm's last split. Managers appear to engineer splits to return their company's share price to a particular level that is remarkably stable over time. This role for the lagged split price has not been incorporated in prior studies. Managers take advantage of these regularities in split prices to construct new tests to discriminate between the

information and liquidity effects of splits. Using their findings on patterns in split prices, they use public information to estimate an expected split factor for a company. This anticipated factor should reflect liquidity concerns and the average information effect of splits. Unlike prior studies that investigated share returns around split announcements, their approach develops a firm-specific measure of expectations, rather than looking only at the absolute level of share price or split factor. They find that abnormal returns to shareholders are significantly higher when management announces a larger-than-anticipated split factor.

The signaling and trading range hypotheses are not mutually exclusive since managers have more accurate information about their company's prospect, they will split their stock into favorable price. Ikenberry, Rankine and Stice (1996) refer to this explanation as the self-selection hypothesis.

CHAPTER III

RESEARCH METHOD

3.1 Research Method

In this study, the writer wants to test whether there is a difference in financial performance and stock price among splitting and non-splitting companies. Then it is followed by examining the earnings of splitting companies one year to three years before stock split. In this thesis, the writer uses quantitative data and statistical method to prove the hypothesis. The critical value of t-test is 5% that was tested using Statistical Package for Social Science (SPSS) 10.0 computer software.

3.2 Research Subject

The subject of this research was manufacturing companies listed in Jakarta Stock Exchange (JSX) which announced stock split in the period of 1999 to 2001.

3.3 Research Setting

This research used all information needed from the stock exchange corner at the Faculty of Economics UII Yogyakarta as the representation of Jakarta Stock Exchange (JSX), Jakarta.

3.4 Research Instrument

This research used secondary data, which were collected from the library and JSX corner at the Faculty of Economics UII. The sources are:

- a) Splitting and non-splitting companies which were gathered from the ICMD
- b) Research variables; Earnings, EPS (Earning Per Share), PBV (Price to Book Value), and PER (Price to Earning Ratio) calculated from the ICMD

3.5 Research variables

Variables used in this research are explained as follows:

1. Financial Performance was proxy by Earnings and Earning Per Share (EPS).

$$EPS = \frac{NetEarnings}{Outstandingshare} \times 100\%$$

2. Stock Price was proxy by Price to Book Value (PBV) and Price to Earning ratio (PER), and was calculated using the following formula:

$$PBV = \frac{Stock Price}{BVofnetassets}$$

$$PER = \frac{Stock Price}{EPS}$$

3.6 Research Procedures

Research Procedures are needed to answer all the research hypotheses effectively and efficiently. The procedures were constructed as follows:

- Collecting all variables needed
- Doing the statistical test using SPSS release 10.00
- Analyzing and interpreting the result of the statistical test
- Deriving conclusion and other fudges

3.7 Technique of Data Analysis

3.7.1 Population and Sample

The population of this research is the companies listed in Jakarta Stock Exchange. Then it was limited to the manufacturing companies with some considerations such as data completeness, big number of companies therefore the result can represent or describe the real condition of the population.

Splitting companies are manufacturing companies which split their share in the period of 1999 to 2001, they are listed below:

No	Splitting Company	Date of Stock split
1	SUBA INDAH	09-Jun-99
2	IGAR JAYA	16-Agust-99
3	EKADHARMA TAPE	06-Sep-99
4	FAJAR SURYA WISESA	20-Sep-99
5	DANKOS LABS	20-Sep-99
6	KALBE FARMA	27-Sep-99
7	SUNSON TEXTILE	27-Sep-99
8	BUDI ACID JaYA	28-Sep-99
9	KURNIA KAPUAS UTAMA	29-Sep-99
10	DAYA SAKTI UNGGUL	18-Okt-99
11	SURYA DUMAI	21-Okt-99

12	LAUTAN LUAS	08-Nop-99
13	METRO DATA	09-Des-99
14	TRIAS SANTOSA	2000
15	ASTRA GRAPHIA	07-Mar-00
16	TIRTA MAHAKAM PLYWOOD	15-Mei-00
17	ASIAPLAST INDUSTRIES	16-Agust-00
18	UNITED TRACTOR	05-Sep-00
19	INDOFOOD	29-Sep-00
20	INTRACO PENTA	06-Nop-00
21	UNILEVER	06-Nop-00
22	FAST FOOD	05-Des-00
23	EVERSHINE TEXTILE INDUSTRY	11-Des-00
24	PT ULTRAJAYA MILK INDUSTRY	16-Jan-01
25	TUNAS RIDEAN	06-Jul-01
26	SUMMIT PLAST INTERBENUA	31-Jul-01
27	SARASA NUGRAHA	06-Agust-01
28	SURYA INTRINDO	30-Agust-01
29	H M SAMPURNA	24-Sep-01
30	TUNAS BARU LAMPUNG	29-Okt-01
31	SIANTAR TOP	20-Des-01

With the purpose of making this thesis research different from the previous one, it assigned firms to non splitting firms by matching process that is similar to Oranee Tawatnuntachai and Ranjan D'mello (2002). Matching process means one splitting company is matched with a non splitting company. Therefore, the number of non splitting will be the same as splitting companies.

For matching process, non splitting firms have to satisfy the following criteria:

1. Their shares are traded in Jakarta Stock Exchange;
2. They have the same category as splitting firms;
3. They are identical with splitting firms.

In this research, identical means almost similar in total assets. If they are identical, they have the same ability to compete. A small company cannot be compared to a big company and a manufacturing company cannot be compared to an agricultural company. As a result, reasonable comparison, as the consequence of matching process, could be achieved. Therefore the samples of non-splitting companies are:

No	Non-Splitting Company	Total Asset (in million)
1	INTER DELTA	72796
2	KEDAUNG INDAH CAN	172969
3	PERDANA BANGUN P	61275
4	INDOMOBIL SUKSES	2904018
5	MIWON	367392
6	TRIPOLYTA	2015198
7	ULTRAJAYA	698624
8	ALUMINDO	879685
9	INDAL	226812
10	MULTI BINTANG	410704
11	SUMALINDO	1851102
12	DAVOMAS	577464
13	AQUA	216845
14	SUMALINDO	1607559
15	TUNAS RIDFAN	800269
16	CAHAYA KALBAR	286857
17	INDAL	259436
18	INDORAMA SYNTHETIC	5541400
19	INDOCEMENT	11649037
20	SELAMAT SEMPURNA	529837
21	TRIPOLYTA	2268733
22	SARASA NUGRAHA	175689
23	BAT	812466
24	TUNAS BARU	936637
25	TEXMACO	1160862
26	ADES	207358
27	PRIMARINDO	181790

28	IGAR JAYA	250481
29	POLYSINDO	9558644
30	ANEKA KIMIA	935727
31	DAYA SAKTI	411384

3.7.2 The Period of Observation

This research observed three to one year before splitting year.

3.7.3 Hypothesis Testing

Based on the hypothesis formulation, hypothesis can be drawn as follows:

Hypothesis for the first, second, third and fourth hypothesis was:

H_{01} = The earnings of the splitting companies do not differ significantly from the non-splitting companies.

H_{A1} = The earnings of the splitting companies differ significantly from the non-splitting companies.

H_{02} = The increase of EPS of the splitting companies does not differ significantly from the non-splitting companies.

H_{A2} = The increase of EPS of the splitting differ significantly from the non-splitting companies.

H_{03} = The increase of PBV of the splitting companies does not differ significantly from the non-splitting companies.

H_{A3} = The increase of PBV of the splitting companies differs significantly from the non-splitting companies.

H_{04} = The increase of PER of the splitting companies does not differ significantly from the non-splitting companies.

H_{A4} = The increase of PER of the splitting companies differs significantly from the non-splitting companies.

The first to the fourth hypothesis were conducted by independent t-test with 5% significant level. Then the data were processed using SPSS Computer software. The next analysis was done by looking at their level of significance. If the value of t-statistic is significant (less than 0.05), then the hypothesis can be accepted. The statistical hypothesis can be formulated as follows:

$H_{01}: \text{Earning}_s = \text{Earning}_{ns}$	$H_{A1}: \text{Earning}_s \neq \text{Earning}_{ns}$
$H_{02}: \Delta \text{EPS}_s = \Delta \text{EPS}_{ns}$	$H_{A2}: \Delta \text{EPS}_s \neq \Delta \text{EPS}_{ns}$
$H_{03}: \Delta \text{PBV}_s = \Delta \text{PBV}_{ns}$	$H_{A3}: \Delta \text{PBV}_s \neq \Delta \text{PBV}_{ns}$
$H_{04}: \Delta \text{PER}_s = \Delta \text{PER}_{ns}$	$H_{A3}: \Delta \text{PER}_s \neq \Delta \text{PER}_{ns}$

3.7.4 Statistical Test

The recommended test above was done if the distribution of data was normal. To test whether the distribution of data was normal, the writer will use one sample Kolmogorov-Smirnov and Shapiro-Wilk test for normality. They were also supported by Normal Q-Q Graph. If the result of normality test is not normal, the statistical testing above has to be changed into non-parametric statistic for hypothesis testing.

CHAPTER IV
RESEARCH FINDINGS, DISCUSSION AND IMPLICATION

4.1. Research Description

In this research, the writer used secondary data, which are companies' earnings, Earnings Per Share, Price to Book Value and Price to Earning Ratio. Those data were taken from the Jakarta Stock Exchange file from the JSX Corner at FE UII. The data for the splitting and non-splitting companies were collected from the Indonesian Capital Market Directory (ICMD).

The sample used in this research was also obtained also from Indonesian Capital Market Directory (ICMD). There are 31 stocks split announcements in manufacturing industry for the period of 1999 to 2001 which were appropriate to all research requirements.

For matching process, the splitting companies and the non-splitting ones were compared using their total assets on the splitting year. In order to prove it, the writer did one sample T-test. This test is used to analyze the level of significance on the difference between the total assets of splitting and non-splitting companies. The result of the testing is described in table 4.1.

Table 4.1.
Summary of T-test for Total Assets of Splitting and Non-Splitting Companies

	Mean	T-value	P-value
Diff	35821.45	1.133	0.266

The test showed an insignificant result, since t-value is 1.133 with P-value of 0.266. P-value has higher value than the 5% level of significance, which means

all splitting and non-splitting companies are identical. Therefore they can be compared to each other. Those companies are explained in the appendix. The data were processed by using Microsoft Excel and were analyzed by using SPSS release 10.0 for the test of significant model.

4.2 Test of Normality

To confirm with the previous study, data obtained for this research study were Earnings, PER, PBV, and EPS of splitting and non-splitting companies for three years respectively. They were taken from company's financial statement, which was published on Indonesian Capital Market Directory. First, they were tested using one-sample Kolmogorov-Smirnov and Shapiro-Wilk with 5% of significance level (α). It was done with the intention of knowing their normality distribution. Data is normally distributed if their α is less than 5%. To test All Hypothesis, parametric testing was done if the majority data is normal. While if it is not, researcher will use non-parametric testing as the best solution.

According to Singgih Santoso, the following diagram can explain two-sample test non-parametric statistical procedures:

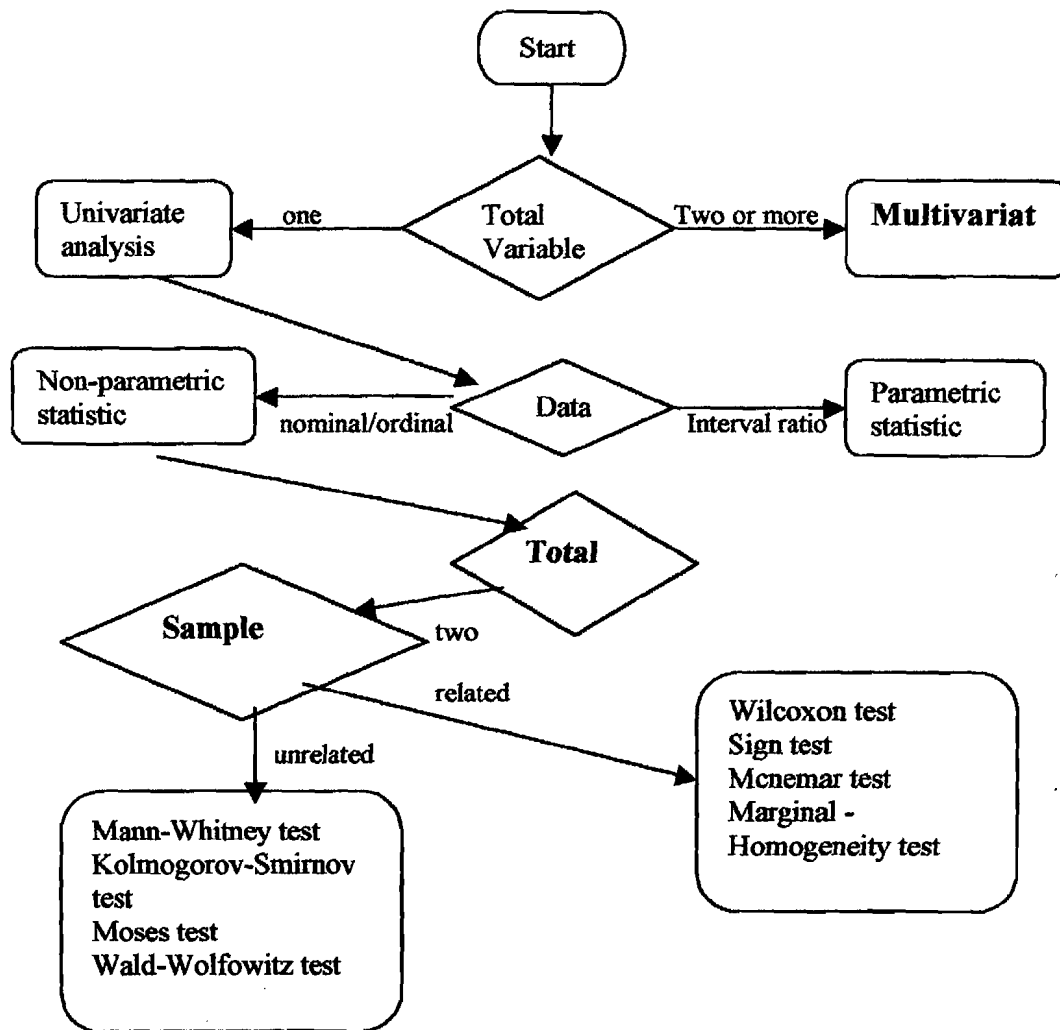


Figure 4.1
Decision making through statistical method

These are some advantages that can be obtained from non-parametric statistical procedure:

1. There is a low possibility to use non-parametric procedures wrongly since they need minimum assumption.
2. For some non-parametric procedures, the calculation can be done easily and fast, especially if it is necessary to be done in manual. This procedure can do

the calculation efficiently. It can be treated as an important consideration if the study result has to be occurred immediately or if high capable calculation machine is not available.

3. Researchers with low statistical and mathematics knowledge usually find that non-parametric concept and procedure are easy to be understood.
4. Non-parametric Procedure can be applied if data have been processed using low scale measurement.

The result of normality testing for splitting companies is described in table 4.2.

Table 4.2.
Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PERT1	.355	31	.000	.409	31	.010**
PERT2	.326	31	.000	.611	31	.010**
PBVT1	.277	31	.000	.577	31	.010**
PVT2	.241	31	.000	.763	31	.010**
EPST1	.327	31	.000	.414	31	.010**
EPST2	.329	31	.000	.583	31	.010**
EARNT1	.334	31	.000	.679	31	.010**
EARNT2	.369	31	.000	.538	31	.010**
EARNT3	.366	31	.000	.402	31	.010**

** . This is an upper bound of the true significance.

a. Lilliefors Significance Correction

All of the above result illustrates that data distribution is not normal since their significance levels from Kolmogorov-Smirnov or Shapiro-Wilk testing, respectively 0.000 and 0.01, are less than 0.05. These results are also supported by Normal Q-Q Graph that was presented in the appendix. All graphs indicate that the data are not spread and they are far from the straight line. The result of normality testing for non-splitting companies is presented below in table 4.3.

Table 4.3.
Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PERT1	.442	31	.000	.336	31	.010**
PERT2	.346	31	.000	.491	31	.010**
PBVT1	.208	31	.002	.868	31	.010**
PVT2	.325	31	.000	.675	31	.010**
EPST1	.243	31	.000	.871	31	.010**
EPST2	.217	31	.001	.838	31	.010**
EARNT1	.396	31	.000	.346	31	.010**
EARNT2	.321	31	.000	.533	31	.010**

** . This is an upper bound of the true significance.

a. Lilliefors Significance Correction

The result does not differ from splitting companies since they also have less significance level than 0.05. As its consequence, Different with Marwata's study that use both parametric and non-parametric statistic, this research only use non-parametric statistics as the best method to answer all hypotheses. He also applied non-parametric to confirm the parametric statistic (t-test) for the reason that some proxies are normally distributed while the rest are not.

4.3 Research Findings and Discussion

It is important to understand the differences between this research and the previous one. In Marwata's research, it used basic and chemical industry of Jakarta Stock Exchange as the unit of analysis. While this research' samples are manufacturing companies. Then in previous research, the test used two methods of statistical analysis, parametric and non-parametric. Non-parametric is used to support parametric result. This research only uses non parametric as explained in chapter 4. Though both use the same data (earnings, EPS, PER AND PBV), the

researcher prefers to use the increasing amount of them for three years period. And the last one is, Marwata used all non-splitting companies as the sample, this thesis research only uses non-splitting companies that are in manufacturing group.

For answering hypothesis formulation, the writer did statistical test, which was processed using Statistical Package Software System. Since all data are not normally distributed, therefore the first to fourth hypotheses were conducted by Mann-Whitney test with 5% significant level.

In order to test the first and second hypotheses, the distribution of the differences in the earnings and Earning Per Share as proxy of financial performance are analyzed. The result of Mann-Whitney test is summarized in table 4.4 below:

Table 4.4.

Summary of Mann-Whitney test for splitting and non-splitting companies

	z-Value	Asymp. Sig.
Hypothesis 1 Earning	-1.612	0.107
Hypothesis 2 EPS	-0.183	0.855

From the result presented above, it can be seen whether the financial performance of the splitting companies whether they are better than non-splitting or not. The hypothesis testing confirmed the first hypothesis (H_0) which describes the insignificance differences between earnings and increasing EPS of the splitting and non-splitting companies for hypothesis one and two. It is because their significant levels are higher than 0.05 (0.107 and 0.855 > 0.05).

This result supports the previous research, which used 2 kinds of statistical analysis, parametric and non-parametric. Both methods showed insignificant differences between splitting and non-splitting companies' financial performance.

Table 4.5

Summary of Mann-Whitney test for splitting and non-splitting companies

	z-Value	Asymp. Sig.
Hypothesis 3 PBV	-3.703	0.000
Hypothesis 4 PER	-1.323	0.186

From the presenting result, PBV's significant value (p value=0.000) is less than 5%, this is statistically significant. Therefore H_{A3} cannot be rejected and the increasing of price of book value of splitting differs significantly from non-splitting companies.

The rest proxy of stock price, Price Earning Ratio has different result from PBV. Since its critical value, 0.186 is higher than 0.05, in this case H_{A4} is rejected. It means that stock price of splitting companies is no more expensive than non-splitting companies.

All of the above research findings are consistent with the previous one, they indicate that the financial performance, which was proxy by earning and EPS, of splitting companies is not better than non-splitting companies. Thus it does not support the Signaling theory known also as information content hypothesis which said that stock splits announcements convey favorable information about increases in future cash dividends or earning, or both.

In the beginning of this thesis, hopefully, stock price which proxy by Price to Book Value and Price to Earning Ratio can explain the trading range theory that suggests that splits realign per-share prices to a preferred price range. Thus, increasing its market liquidity for the purpose of enhancing the securities' appeal to both private and institutional investors. Unfortunately only PBV support this theory since PER showed the insignificant result for splitting and non-splitting companies.

4.4 Research Implication

Theoretically, stock split has no direct effect whether to splitting firms or non-splitting firms. It also has no economical value for them since there is no changing in market value and stockholders' wealthy. It indicates the management's optimism for the future.

As the leading explanation of stock split, signaling and trading range hypotheses have emerged in the finance literature since Fama, et al (1969) paper. According to signaling theory, known also as information content hypothesis, stock split announcements convey favorable information about increases in financial performance. While for trading range theory, stock split improve share's liquidity and marketability. It also suggests that splits realign per-share prices to a preferred price range (McNichols and Dravid (1990)).

The result of this study showed that financial performance of splitting companies that is proxy by earnings and Earning Per Share are not better than non-splitting companies. It does not support signaling theory to explain the

phenomenon of stock split. While, splitting companies' stock price which proxy by Price to Book Value support trading range theory as it is more expensive than non-splittings. Other proxy for stock price in this thesis, Price Earning Ratio does not support this theory. Those results can be seen in the figure along this chapter that describes insignificant value for Earning, EPS and PER and insignificant value for PBV.

The implication of this result was there is more precious consideration other than company itself to make investment decision. It is corresponding to Hayes, Timothy (2000) in the book: *The Research Driven Investor* revealed two approaches, bottom-up and top-down, to understand market so as investors can beat it. The last approach is preferable for several reasons: (1) Its information is easily to get, (2) It gives broad array of style and investing options and (3) It gives time and has good assets allocation. This approach would slide down from matters as broad as macroeconomic factors, capital market, industrial analysis and finally determining good prospect companies. It also describes investors' awareness for stock split announcements as cosmetic corporate event which has no economical value besides an indication for management's optimism about the future.

Taking into account the condition in mid 1997 to the end of 1998 where economics crisis occurred followed by some non-economics factors which made Indonesia as one of the high-risk countries for investors. Investment activities were decreased at that time. Since this research need data in 1999 to 2001 when our condition has not stable yet.

In accordance to the analysis above, the writer recommend investors to be aware and understand the strategies applied to achieve their earnings. While for managements, until now the condition of Indonesia is still not stable yet. Therefore they have to be smart in running their company.

CHAPTER V

RESEARCH CONCLUSION AND RECOMMENDATION

5.1 Research Conclusion

This thesis examined whether the signaling and trading range theory are valid to explain splits phenomenon. Based on the statistical test and analysis that had been done, some conclusions are drawn as follows:

1. There are no differences between changing in the financial performance of splitting and non-splitting companies.
2. There is a difference between changing in stock price of splitting and non-splitting companies which proxy by PBV, but not by PER.

As a whole, the results of this study are consistent to the prior research done by the other researchers. It shows that signaling theory is not consistent since the performance as measured by net income nor by EPS of the splitting firms do not differ from the non-splitting firms. There is a difference in terms of share price as measured by PBV, but not by PER. This is consistent with the trading range theory.

5.2 Research Recommendation

After completing this research, the following recommendations are proposed:

1. Further research hopefully can include other proxy for financial performance and stock price.

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APPENDICES

APPENDIX 1

List of Splitting and Non-splitting Companies

Splitting Companies			Non-splitting Companies	
CODE	Date of Stock Split	Total Assets	CODE	Total Assets
SUBA	9-Jun-99	71007	INTD	72796
IGAR	16-Aug-99	171039	KICI	172969
EKAD	6-Sep-99	54736	KONI	61275
FASW	20-Sep-99	3256736	INDS	2904018
DNKS	20-Sep-99	402164	MWON	367392
KLBF	27-Sep-99	2002677	TRPT	2015198
SSTM	27-Sep-99	693130	ULTJ	698624
BUDI	28-Sep-99	875726	ALMI	879685
KKGU	29-Sep-99	226918	INAI	226812
DSUC	18-Okt-99	411384	MLBM	410704
SUDI	21-Okt-99	1841188	SULI	1851102
LTLS	8-Nov-99	596022	DAVO	577464
MTDL	9-Dec-99	206764	AQUA	216845
TRST	22-Jun-05	1621196	SULI	1607559
ASGR	7-Mar-00	851558	TURI	800269
TIRT	15-May-00	280096	CEKA	286857
APLI	16-Aug-00	270377	INAI	259436
UNTR	5-Sep-00	5450044	INDR	5541400
INDF	29-Sep-00	12554360	INDC	11649037
INTA	6-Nov-00	518209	SMSM	529837
UNVR	6-Nov-00	2253637	TRPT	2268733
FAST	5-Dec-00	186774	SRSN	175689
ESTI	11-Dec-00	802911	BAT	812466
ULTJ	16-Jan-01	970601	TBLM	936637
TURI	6-Jul-01	1113007	TEJA	1160862
SUMM	31-Jul-01	205862	ADES	207358
SRSN	6-Aug-01	181301	BIMA	181790
SIMM	30-Aug-01	258854	IGAR	250481
HMSP	24-Sep-01	9470540	POLY	9558644
TBLM	29-Oct-01	936637	AKRA	935727
STTP	20-Dec-01	404060	DSUC	411384

Par 1

NPar Tests

ilco)

Mann-Whitney Test

T_2 - T

Ranks

	COMPAN	N	Mean	Sum of
PBV	S	31	39.98	1239.5
	NS	31	23.02	713.5
	Total	62		
PE	S	31	34.53	1070.5
	NS	31	28.47	882.5
	Total	62		
EP	S	31	31.92	989.5
	NS	31	31.08	963.5
	Total	62		
EARNIN	S	31	35.19	1091.0
	NS	31	27.81	862.0
	Total	62		

T_3 - T

a. T
b. T
c. T
d. T
e. T
f. T

Test Statistics^a

	PBV	PER	EPS	EARNING
Mann-Whitney U	217.500	386.500	467.500	366.000
Wilcoxon W	713.500	882.500	963.500	862.000
Z	-3.703	-1.323	-.183	-1.612
Asymp. Sig. (2-tailed)	.000	.186	.855	.107

Z
Asym
a.
b.
c.

a. Grouping Variable: COMPANY

