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Market Reaction on Stock Split 2020-2023 in ASEAN

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ABSTRACT

This study aims to analyze the differences in capital market reactions across ASEAN countries to stock splits occurring between 2020 until 2023. The research adopts a quantitative approach using secondary data from 177 ASEAN companies that executed stock splits during this period. To examine market reactions, the study employs variables such as share price, trading volume activity, abnormal returns, and price-earnings ratio, analyzed using the Wilcoxon Signed Rank Test and Paired Sample t-test. The findings reveal that each ASEAN country's capital market exhibited distinct reactions. Malaysia demonstrated the most significant variations in market behavior before, during, and after stock splits, while Vietnam showed the least pronounced differences across these phases. This study seeks to expanding the literature on the stock split phenomenon, particularly within the context of ASEAN capital markets, by examining the alignment between market reactions to stock splits and financial theories - specifically Signaling Theory and Trading Range Theory. Additionally, the research serves as a valuable reference for companies, investors, and regulators in formulating stock split-related strategies, investment decisions, and policy frameworks. The analysis focuses on ASEAN-listed companies that underwent stock splits between 2020 and 2023, segmented into three event windows: pre- and during the stock split, during and post-split, and pre- and post-split.

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1. INTRODUCTION

Corporate actions are decisions that can significantly change a company's condition. One such corporate action is a share subdivision, which is typically implemented by companies once their share price surpasses the industry average (Yuliana et al., 2022). A stock split is a business measure through which divides one share into multiple shares without changing the company's value (Iannino et al., 2024). This is done because a high share price can reduce investor interest in the shares (Putra and Suarjaya, 2020). By conducting a stock split, companies hope to attract the attention of potential investors. Notably, in six ASEAN countries, Indonesia, Philippines, Malaysia, Singapore, Thailand, and the Vietnam, there are 177 companies executed stock splits among 2020 and 2023. The quantity of companies performing stock splits in ASEAN countries increased after the COVID-19 pandemic in 2020. This action was taken as an effort to recover or revive investment interest that had declined due to the pandemic (Wahyuni and Wirakusuma, 2023).

According to signaling theory, companies announcing stock splits are perceived as having strong performance, evidenced by their high share prices (Mustanwir and Rosalia, 2023). When a company declares a stock split, investors often regard it as an encouraging and favorable indication from management, suggesting strong prospects for future growth (Perez et al., 2025). Through carrying out a stock split, companies hope that investors and the capital market will respond positively to this action (Wahyudi and Putra, 2020). Additionally, concept of stock splits aligns under the trading range assumption, which proposes that when a company's share price becomes too elevated, investor transactions may decline (Kurniawati and Fuadati, 2019; Utami and Asandimitra, 2017). Company management views stock splits as an effort to enhance stock liquidity by bringing the share price back to an optimal level (Kristopo, 2018; Tanjung and Ali, 2021). Through stock splits, companies aim to make their equity available to a wider investor base.

Important information, such as a stock split announcement, generally triggers a market activity. This reaction can be observed through changes in share prices, trading volume activity (TVA), abnormal return (AR), and price-earnings ratio (PER). Study by Jumady et al. (2022), Masry (2023), and Syamni et al. (2019) demonstrates share price fluctuations before and after a stock split. A stock division that lowers the price per share, can increase stock liquidity, as reflected in TVA. This aligns with studies by Hidayati and Muin Putri (2022), Muna and Khaddafi (2022), and Utami and Asandimitra (2017), which found significant differences in TVA prior and subsequent a stock split. Additionally, the decline in share prices due to a stock split can lead to a decrease in PER (Hidayat and Riyadi, 2022), consistent with Suharno and Afriani (2021) findings of PER differences pre- and post-split. Furthermore, significant stock split announcements often influence investment decisions, leading to the emergence of abnormal returns. Research by Hidayah and Noordin (2018), Muna and Khaddafi (2022), and Yuniati et al. (2019) provides evidence of atypical gains post share division.

Previous research on stock splits in ASEAN has been limited in exploring variations in market reactions influenced by specific factors such as economic conditions, state regulations, and the characteristics of each country's capital market (Fadlilah and Fianto, 2020). Moreover, studies on capital market reactions in ASEAN countries remain scarce and underexplored. This study aims to analyze ASEAN market responses (2020–2023) using multidimensional variables such as share prices, Trading Volume Activity (TVA), abnormal return (AR), and Price-Earnings Ratio (PER), while evaluating three time intervals (pre-, during, and post-stock split) to provide deeper insights.

This study is conducted to explore the ASEAN capital market's reaction to stock splits to identify patterns and determinants influencing their effectiveness as a corporate strategy.

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Additionally, it aims to enrich empirical literature on stock splits in emerging markets, provide updated evidence on post-split signaling and liquidity mechanisms, and offer valuable information for companies and investors in designing financial and investment strategies. These findings also open opportunities for further research on the interaction between corporate policies and local capital market characteristics.

2. METHODS

The methodology is thoroughly explained. This section outlines the research approach, including the study setting, selection of participants or documents, procedures for gathering data, and techniques for analyzing the data. Typically, the methodology occupies about 10–15% of the overall article length. It may be presented as a single cohesive section or organized under separate subheadings for clarity. This research is quantitative research, emphasizes data in numbers, which are then processed using statistical methods (Sudaryana and Agusiady, 2022). The information utilized in this research consists of secondary data presented in numerical form. These data are obtained from the official IDX website for companies in Indonesia. For companies in Malaysia, Singapore, Thailand, Vietnam, and Philippines are taken from the Yahoo Finance and Investing.com.

This study's population consists of companies in six ASEAN countries that have done a stock split. The sample was taken using purposive samplings. The criteria for sampling are that the company does not take other corporate actions during the predetermined observation period of seven days. By using this technique, samples of 177 companies in ASEAN were obtained.

The collection technique used is a documentation technique. Data collection focuses on share prices, number of shares outstanding, stock trading volume, Composite Stock Price Index (CSPI), and profits of companies in ASEAN that have conducted stock splits from 2020 to 2023, which are then collected in the Microsoft Excel application. The variables used to determine the market reaction to the stock split are Share Price, TVA, AR, and PER. To gather stock prices prior to, throughout, and following the stock split, the researcher utilized closing prices obtained from the official stock exchange website. Trading volume activity (TVA) was computed employing the following formula:

$$TVA = \Sigma \text{ number of shares traded} / \Sigma \text{ number of shares outstanding}$$

Subsequently, abnormal returns (AR) were calculated using the following formula:

$$AR_{it} = R_{it} - E[R_{it}]$$

$$R_{it} = P_{it} - P_{i(t-1)} / P_{i(t-1)}$$

$$E[R_{it}] = CSIP_{it} - CSIP_{i(t-1)} / CSIP_{i(t-1)}$$

Where:

AR	= Abnormal return
R	= Actual return
E[R]	= Expected return
P_{it}	= Share price at day t
$P_{i(t-1)}$	= Share price at day t-1
$CSIP_{it}$	= Composite stock price index at day t
$CSIP_{i(t-1)}$	= Composite stock price index at day t-1

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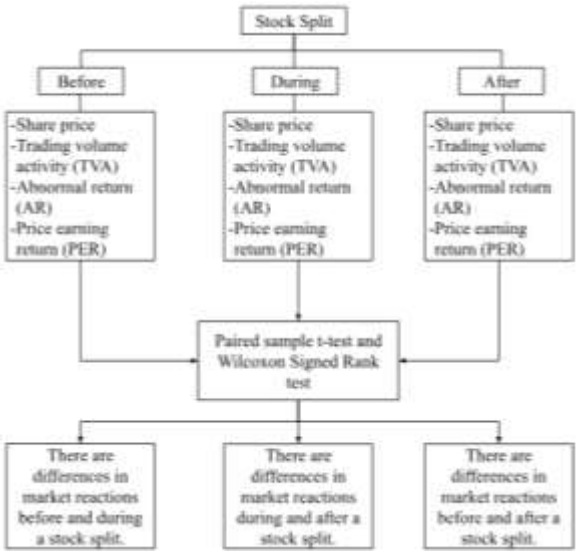
Furthermore, the price-earning ratio (PER) was computed using the formula::

$$PER = \text{Share price} / \text{Earning Per Share (EPS)}$$

$$EPS = \text{Net income} / \text{number of shares outstanding}$$

Then, the research data analysis will be conduct using descriptive statistical analys and event study analysis. Descriptive statistical analysis was conducted to characterize the dataset through diagrams, tables, graphs, and summary measures, thereby enhancing comprehension of the observed phenomena (Fávero and Belfiore, 2019). This analytical approach was employed to systematically, clearly, and concisely delineate the characteristics of the event under investigation. To test the sample, a normality test is applied to assess whether the data follows a normal distribution. If the normality test results exceed 0.05, the data is regarded as normally distributed. Conversely, if the score is below 0.05, the data is considered not to follow a normal distribution. If the data tested has a normal distribution, then the Paired Sample t-test will be continued. If the dataset does not follow a normal distribution, a non-parametric approach, specifically the Wilcoxon Signed Rank test, will be applied instead of the t-test. This analysis was conducted use SPSS ver27. The following diagram illustrates the methodological framework for analyzing market reaction differences across pre-, during-, and post-stock split periods. (**Figure 1)**



Source: Data Processed, 2025

Figure 1. Conceptual Framework Diagram

Both the paired sample t-test and the Wilcoxon signed-rank test serve a similar purpose, as they are used to evaluate the disparity between two variables or medians. The paired sample t-test is a statistical tool employed to analyze paired samples, determining whether The comparison of the two samples reveals a significant effect. (Barizi, 2018). This test is only applicable when the data follows a normal distribution. Conversely, the Wilcoxon signed-rank test serves as a non-parametric statistical technique for comparing differences between two medians when data are not normally distributed. Consequently, this test can be utilized as an alternative to the paired sample t-test for non-normally distributed data. The basis for decision-making in the t-test is if asymp. sig (2-tailed) <0.05, then there is a difference between the two variables. However, there is no difference between the two variables if asymp.sig (2-tailed) > 0.05.

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3. RESULTS AND DISCUSSION

3.1. Results

3.1.1. Result of Descriptive Statistics

Based on the results, it reveals that the highest avg value for share prices pre-, during, and post-stock splits in ASEAN is the share price in Vietnam with a mean share price prior stock split of 31337.430, mean share price during stock split of 31461.024, and mean share price post-stock split of 30939.910. While the ASEAN country that has the lowest mean share price is Singapore, namely the mean share price pre stock split of 0.779, during stock split of 0.823, and post stock split of 0.785.

The ASEAN countries with the highest average TVA before the stock split is Indonesia, with an avg value of 0.139, and Thailand's mean TVA during and after stock split is the highest, 0.0164 and 0.0290. Meanwhile, the lowest mean TVA prior and during stock split is the mean Singapore country, 0.0058 and 0.0020, and the lowest mean TVA after stock split is in Indonesia, 0.0021.

In the descriptive statistical results, the ASEAN country with the highest mean abnormal return prior stock split is Indonesia, with a mean value of 0.0078. Then, the country with the highest mean abnormal return during stock split is Singapore with a mean value of 0.0817, and Indonesia with the highest mean after stock split is at 0.0491. Then, the country in ASEAN that has the lowest average abnormal return pre-stock split is Vietnam at -0.0015. The lowest abnormal mean during stock split is The Philippines with a mean scores of -0.0263, and the lowest mean score post-stock split is Malaysia at -0.0157.

In the descriptive statistical test results, it is shown that the country with the highest average value of PER before, during, and after a stock split in ASEAN is Vietnam with a mean PER value prior stock split of 251.620, mean PER during stock split of 277.775, and mean PER subsequent stock split of 274.054. Then, the ASEAN country that has the lowest mean PER is Indonesia, namely the mean PER pre-stock split of -7070.253, mean PER during the stock split of -27515.344, and mean PER subsequent stock split of -25661.767.

3.1.2. Result of Market Reaction on Before and During Stock Split

At the pre-moment of the stock split (see **Table 1**), the share price variable in Indonesia shows a sig scores of 0.544, in Malaysia show a sig scores of 0.190, in Singapore show a sig scores of 0.045, in Thailand has a sig scores of 0.717, in Vietnam produces a sig scores of 0.322, and in the Philippines produces a sig scores of 0.064. These values indicate that only Singapore accepts H1, thus there is a disparity in prices before and during stock splits. In Indonesia, Malaysia, Thailand, Vietnam, and the Philippines, the data points to a value of more than 0.05, meaning there is no difference in share prices before and during stocks, so H1 is rejected.

Table 1. Results of the Difference Test Before and During Stock Split

	Indonesia	Malaysia	Singapore	Thailand	Vietnam	Phillipine
Share price	0.544	0.190	0.045	0.717	0.322	0.064
Trading Volume Activity	0.000	0.000	0.463	0.015	0.006	0.593
Abnormal Return	0.245	0.289	0.069	0.737	0.085	0.202
Price Earning Ratio	0.000	0.000	0.001	0.000	0.000	0.087

Source: Output SPSS 27 version

In the Trading volume activity variable before and during, Indonesia and Malaysia show a sig value of 0.000, Singapore has a sig scores of 0.463, Thailand shows a value of 0.015, Vietnam produces a sig score of 0.006, and the Philippines shows a sig scores 0.593. These results show differences in TVA before and during stock splits in Indonesia, Malaysia, Thailand, and Vietnam,

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so H4 is accepted. This contrasts the results shown in Singapore and the Philippines, which show no difference in TVA pre- and during stock splits.

The difference test conducted on the abnormal return shows that before and during the stock split, Indonesia shows a sig value of 0.245, Malaysia 0.289, Singapore 0.069, Thailand 0.737, Vietnam 0.085, and the Philippines 0.202. This shows that six countries in ASEAN demonstrate no disparity in abnormal returns pre- and during stock splits, so H7 is rejected, and H0 is accepted.

Furthermore, the PER variable before and during stock splits in Indonesia, Malaysia, Thailand, and Vietnam shows an asymp. sig value of 0.000, in Singapore, 0.001, and in the Philippines, 0.087. From these results, it can be seen that all countries in ASEAN, except the Philippines, show differences in the PER prior and during stock splits. Therefore, H10 can be accepted.

3.1.3. Result of Market Reaction on During and After Stock Split

At the time (during) and after the stock split the price variable in Indonesia shows sig value 0.302, in Malaysia shows sig value 0.000, in Singapore shows sig value of 0.137, in Thailand has sig value 0.711, in Vietnam produces sig value of 0.035, and in Philippines produces stock sig. value of 0.345. Countries that show differences in share prices during and after stock splits are Malaysia and Vietnam, so H2 is accepted (see **Table 2**). Whereas, country Indonesia, Singapore, Thailand, and Philippines do not exhibit variations in share prices during and following stock splits.

Table 2. Results of the Difference Test During and After Stock Split

	Indonesia	Malaysia	Singapore	Thailand	Vietnam	Phillipine
Share price	0.302	0.000	0.137	0.711	0.035	0.345
Trading Volume Activity	0.228	0.135	0.345	0.513	0.217	0.053
Abnormal Return	0.413	0.000	0.064	0.881	0.016	0.166
Price Earning Ratio	0.058	0.121	0.209	0.376	0.476	0.382

Source: Output SPSS 27 version

At the time (during) and after the stock split the price variable in Indonesia shows sig value 0.302, in Malaysia shows sig value 0.000, in Singapore shows sig value of 0.137, in Thailand has sig value 0.711, in Vietnam produces sig value of 0.035, and in Philippines produces stock sig. value of 0.345. Countries that show differences in share prices during and after stock splits are Malaysia and Vietnam, so H2 is accepted. Whereas, country Indonesia, Singapore, Thailand, and Philippines do not exhibit variations in share prices during and following stock splits.

The TVA test results during and following the stock split reveal a value of 0.228 for Indonesia, 0.135 for Malaysia, 0.345 for Singapore, 0.513 for Thailand, 0.217 for Vietnam, and 0.053 for the Philippines. Based on these results, no ASEAN countries show significant differences in TVA during and post-stock split. As a result, H5 is dismissed and H0 is upheld.

In the test results of different abnormal returns during-after stock split. Indonesia shows value of 0.413, Malaysia shows sig value 0.000, Singapore produces sig value of 0.064, Thailand has sig value. 0.881, Vietnam 0.016, and Philippines sig value of 0.166. The findings suggest that only Malaysia and Vietnam demonstrate a shift in abnormal returns during and after the stock split, thus H8 is upheld. In contrast, no difference in abnormal returns was observed in Indonesia, Singapore, Thailand, and the Philippines preceding and subsequent to the stock split.

Findings from the price-earning ratio difference test at the time and after the stock split show that in Indonesia has sig value 0.058, in Malaysia shows sig value 0.121, in Singapore shows value of 0.209, in Thailand has value of 0.376, in Vietnam has value of 0.476, and in Philippines shows

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sig value of 0.382. These results state that all countries in ASEAN do not show differences in PER during and after stock splits.

3.1.4. Result of Market Reaction on Before and After Stock Split

The significance values for the share price prior to and following the stock split are as follows (**Table 3**): 0.392 for Indonesia, 0.051 for Malaysia, 0.757 for Singapore, 0.765 for Thailand, 0.122 for Vietnam, and 0.046 for the Philippines. The results reveal that only the Philippines shows a significant change in share prices prior to and following the stock split, whereas no such change is detected in the other nations.

Table 3. Results of the Difference Test Before and After Stock Split

	Indonesia	Malaysia	Singapore	Thailand	Vietnam	Phillipine
Share price	0.392	0.051	0.757	0.765	0.122	0.046
Trading Volume Activity	0.000	0.000	0.001	0.017	0.009	0.247
Abnormal Return	0.183	0.000	0.226	0.681	0.931	0.854
Price Earning Ratio	0.000	0.000	0.001	0.000	0.000	0.116

Source: Output SPSS 27 Version

The test results for the TVA variable preceding and subsequent to the stock split are different. Indonesia and Malaysia show sig values of 0.000; Singapore has sig value of 0.001; Thailand shows value of 0.017; Vietnam produces sig value of 0.007; and Philippines shows sig value of 0.247. TVA's different test results above show that all countries in ASEAN, except for the Philippines, show differences in TVA preceding and subsequent to the stock split. So, H6 is acceptable.

The analysis comparing abnormal returns prior to and following the stock split in Indonesia produces sig value of 0.183, Malaysia 0.000, Singapore 0.226, Thailand 0.681, Vietnam 0.931, and Philippines 0.854. This indicates that only Malaysia demonstrates variations in abnormal returns prior to and following the stock split. (H9 is accepted), while five other countries do not.

The difference test shows that preceding and subsequent to the stock split in Indonesia, Thailand, and Vietnam, the sig values are 0.000, Malaysia 0.121, Singapore 0.001, and Philippines 0.116. This shows that Indonesia, Singapore, Thailand, and Vietnam significantly differ in the PER earlier than and later than the stock split, so H12 is accepted. However, this is different from Malaysia and the Philippines, which shows revealing no disparity in the PER preceding and subsequent to the stock split.

3.2. Discussion

3.2.1. Market Reaction on Before and During Stock Split

Stock splits are a common occurrence in capital markets, and markets in each country exhibit different reactions to them. Research shows a significant difference in before and after the stock split in Singapore.

In the Singapore stock market, investors may view stock splits as a chance to achieve exceptional returns, making them a factor to consider when formulating investment approaches. By undergoing a stock split, a company may signal strong financial health, which can stimulate heightened interest and buying activity in its shares. Additionally, splitting shares often lowers the price per share, allowing a broader spectrum of investors to participate, thereby potentially boosting market liquidity and the overall trading frequency of the stock. Trading range theory suggests that high stock prices motivate managers to implement stock splits. Excessively high stock prices lead to less active trading activity, thus encouraging companies to implement stock splits.

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From trading range theory, one of the effects of a stock split is enhanced liquidity in the market. Companies often pursue stock splits with the objective of improving the ease of trading their shares, which in turn allows a wider base of investors to hold the stock. Managers implement stock splits to improve trading conditions, thereby increasing investor appeal and increasing trading liquidity. This leads to an augmentation of traded shares and the number of shareholders.

The Singapore stock market reacted to the stock split. These findings support those of West et al. (2020) and Walker (2021), who showed that the market reacted positif to the announcement and developments. Shue and Townsend (2021) found that low-priced stocks exhibited higher volatility than high-priced stocks after a stock split. Price increases occur when a stock split sends a positive signal to the market and companies are confident in their future earnings growth. Shue and Townsend (2021) found that low-priced stocks exhibited higher volatility than high-priced stocks after a stock split. This finding aligns with studies by Masry (2023) and Syamni et al. (2019), which identified differences in stock prices before and during a stock split.

Conversely, in the markets of Indonesia, Malaysia, Thailand, Vietnam, and the Philippines, stock prices did not exhibit any notable change following a stock split. The market assessed that a stock split would not change the amount of paid-in capital. A stock split, unlike issuing new shares or buying back existing shares, does not dilute existing ownership claims. Therefore, if there is no change in a company's earnings potential (i.e., its fundamental value), a stock split does not affect the issuing company's market capitalization. This finding supports studies by Kadiwala and Rasikbhai (2020) and Sihotang et al. (2024), which found no significant price differences during these events.

Variations in stock trading activity were observed prior to and throughout the period of stock splits in Indonesia, Malaysia, Thailand, and Vietnam. This was due to increased investor interest, resulting in more liquid stocks. These findings are in line with the trading range hypothesis, suggesting that stock splits draw investors by lowering stock prices, thereby increasing stock volatility. This suggests that price reductions through stock splits can increase the attractiveness of stocks to investors, leading to increased volatility. This finding is supported by research by Sanusi and Khel (2018) and Trisanti (2020), which found a significant difference in stock trading volume before and during stock splits.

In line with signaling theory, a stock split conveys information to investors regarding the potential for significant gains in the future. Announcing a stock split serves as a communication from company management to the market, indicating positive expectations for the firm's performance. Stock splits are good news for investors, and they involve costs, so only companies with good prospects can implement stock splits.

Meanwhile, in Singapore and the Philippines, there was no significant difference in the total volume of stock activity before and during the stock split. According to Signaling Theory, the market will react to signals given both from within and outside the company. This reaction can be positive, characterized by increased stock trading activity, or negative, characterized by decreased stock trading activity. The market will not react if the signal given lacks strong information content. The announcement cannot be considered good news or bad news because there was no significant change in stock trading volume. The decrease in trading volume activity after the announcement occurred because investors tended to adopt a wait-and-see strategy until investors found the right momentum to sell their shares again.

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Overall, this indicates that stock liquidity decreases proportionally after a stock split, as indicated by a lower average TVA during the split than before the split. This suggests that the stock split policy did not increase trading volume activity in the sample companies' shares.

The research results show no difference in abnormal returns in five contrys before and during the stock split. These results imply that investors expected the event and acted to mitigate risk, limiting excessive trading before the stock split. However, after the stock split, there was a decline in abnormal returns, indicating bad news. Investors responded less favorably to the stock split, as uncertainty persisted over the company's post-split performance.

There are difference in PER before and during stock splits in Indonesia, Malaysia, Singapore, Thailand, and Vietnam. Signaling theory states that stock splits indicate a company's high share price, reflecting good company performance. Managers conduct stock splits to inform investors about the prospect of substantial future returns. These differences in PER can occur due to several factors, such as earnings growth, financial leverage, and others. Fluctuations in share prices are anticipated to boost market activity, which in turn influences the returns on those stocks.

Announcements of stock splits serve as a message from company executives to investors, indicating positive outlooks for the firm’s future. Companies conducting stock splits can be seen as a sign that management believes their stock will continue to grow. Stock splits can send a positive signal to investors, creating positive sentiment that influences trading decisions. Stock splits are a company strategy to create a positive psychological effect and increase the competitiveness of its shares in the market. Although they do not change the total investment value, they can affect investor perception and stock liquidity. This is supported by research by Suharno and Afriani (2021), which found that the PER before and during a stock split showed a significant difference.

However, test results in the Philippines showed no difference before and during a stock split. This may be due to inflation in the Philippines, which causes investors to focus more on company fundamentals than cosmetic measures like stock splits. This makes investors less interested in investing in companies that undergo stock splits. This aligns with research by Hidayat and Riyadi (2022), which found no differences in PER before and during a stock split.

3.2.2. Market Reaction on During and After Stock Split

Research shows a differences in stock prices during and after stock splits in Malaysia and Vietnam. This corporate action, which involves splitting the nominal value of a stock, is generally undertaken with the aim of making the stock more affordable. This increases the potential for the stock to be attractive to investors. Companies need funds for their operations. A common approach involves selling shares. When share prices are perceived as excessively high, investors tend to purchase fewer shares. To address this, a company may issue additional shares to current shareholders at a reduced price, effectively performing a stock split.

Lower stock prices attract small investors, in line with trading range theory, which suggests that stock splits increase investor interest and thus stock prices. This study shows an increase in stock prices during and after stock splits in Malaysia and Vietnam. This finding is supported by research by Jumady et al. (2022), who found a significant difference in stock prices during and after stock splits.

The results showed no significant differences in stock prices during and after stock splits in Singapore, Indonesia, the Philippines, and Thailand. This may be due to varying investor reactions to stock split signals, which are influenced by external factors such as leadership changes and election announcements between 2020 and 2023. These external events likely

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overshadowed the stock split announcements, thus limiting their impact on stock prices. These results align with Sihotang et al. (2024), who found no significant price differences during and after stock splits in their study.

The study results showed no difference in trading volume activity during and after stock splits in Singapore, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. This study indicates that stock split announcements do not provide sufficient information for investment decision-making, resulting in no significant changes in trading volume.

The research results show differences in abnormal returns during and after stock splits in Malaysia and Vietnam. This may occur because investors interpret stock split announcements as signals, leading them to believe the company has promising future prospects. This aligns with signaling theory, which states that stock splits signal good performance from managers. These research findings support the findings of Utami and Asandimitra (2017), who found differences in abnormal returns during and after stock splits.

Different results were shown in Singapore, Indonesia, the Philippines, and Thailand, which showed no difference in abnormal returns during and after stock splits. This lack of difference in abnormal returns was due to rising commodity prices in these four countries. This made investors less confident that the companies undergoing stock splits had promising prospects, resulting in a lack of market response, as indicated by the lack of difference in abnormal returns during and after stock splits in these countries. Prior to the stock split, investors acted cautiously by limiting overly frequent trades, essentially establishing a protective buffer. Following the stock split, abnormal returns declined, signaling negative market information. The stock split was poorly received by investors due to lingering uncertainty about the company's performance after the split.

The PER difference test shows no significant change in PER during and after the stock split in six ASEAN countries.may have anticipated the stock split by considering other factors, such as financial statements and external events, to evaluate the company's performance. (Wirasti et al., 2024). This study is in line with Wirasti et al. (2024) who found no difference in PER during and after the stock split and the image source is placed at the bottom, middle.

3.2.3. Market Reaction on Before and After Stock Split

The study results show a difference in stock prices before and after a stock split in the Philippines. This suggests that the Philippine market perceives stock splits as a positive event, leading many potential small investors to purchase shares in companies that undergo stock splits, which causes the stock price to rise after the split. Stock split policies implemented by companies effectively attract small investors to own shares in those companies. The trading range concept suggests that very high stock prices discourage active transactions. A stock split can reduce share prices, attract more investors, and boost liquidity in the market.

Stock splits act as a signal to the market, informing shareholders about the likelihood of improved future profitability, as suggested by signaling theory. Information plays a role in capital market trading; it influences the supply and demand of shares, which in turn influences share prices and causes price fluctuations.

The results align with the findings of Trisanti (2020) and Jumady et al. (2022), who found differences in stock prices before and after a stock split. Stock splits lower stock prices and can attract more investors to participate in trading. Stock splits are implemented to prevent stock prices from becoming too high, thus increasing the number of shares traded.

However, in Indonesia, Malaysia, Singapore, Thailand, and Vietnam, there was no difference in stock prices before and after a stock split. Emerging markets may behave differently.

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Stock split announcements are not always a positive signal for the market or investors. This is in line with research by Hidayati and Putri (2022), Kadiwala and Prajapati (2020), Haryanto and Lina (2023), and Sihotang et al. (2024), which revealed that stock prices did not fluctuate before or after a stock split.

The research results show a difference in trading volume activity before and after stock splits, which is evident in all ASEAN countries, except the Philippines. Stock splits are carried out to increase stock trading liquidity and make an issuer's share price more affordable for retail investors, which ultimately increases the company's value. Stock splits, which lower the share price, are expected to maintain optimal trading levels and make the stock more liquid. A lower share price will encourage investors to buy, thereby increasing trading volume.

A company's stock split generally indicates good performance. A company's stock split signal can impact or change its performance. A stock split increases the number of shares outstanding, thus reducing the risk of the stock. This lower risk leads to more investors buying and selling the stock, leading to increased trading volume. Signaling theory states that stock splits provide investors with information about the prospect of increased future returns. Information plays a role in capital market transactions; it influences the supply and demand of shares, which in turn influences stock prices and leads to fluctuations in stock prices.

This occurs because the lower share price resulting from a stock split makes it easier for investors and opens up opportunities for potential investors to invest in the stock. Stock splits are implemented by company management to align share prices with market prices, leading to greater availability and turnover of the stock. The results of this study support the findings of Trisanti (2020), Hidayati and Putri (2022), and Muna and Khaddafi (2022), which showed differences in trading volume activity before and after a stock split.

Investors react quickly to stock splits implemented by companies. The market reacts quickly to certain events because they contain information that can influence the market. Investors react quickly to news of company stock split announcements, as evidenced by the increase in trading volume surrounding the stock split. Increased trading volume activity will lead to improved stock liquidity. If this occurs, the manager or company has successfully implemented one of the objectives of a stock split: sending a positive signal to investors. With a stock split, investors will assume the company has good prospects or performance, leading them to choose to purchase its shares. This occurs because investor interest in investing increases, resulting in more liquid shares (Muna and Khaddafi, 2022). This aligns with trading range theory, which states that stock splits can attract investor interest, resulting in increased stock liquidity (Utami and Asandimitra, 2017). This suggests that a price reduction through a stock split can boost investor interest in the shares, thereby increasing its market share activity.

Meanwhile, in the Philippines, the trading range theory could not be proven in this study. The failure to find a difference in trading volume activity occurred due to economic instability and policy changes, which prevented investors from being swayed by the stock split announcement and instead focused on investment security. This could be due to investors' lack of confidence and doubt that the stock split decision was a good one. These findings support those of Kadiwala and Prajapati (2020) and Muslim et al., (2023) which showed no difference in trading volume activity before and after the stock split.

Malaysia is the ASEAN country that exhibits a significant difference in abnormal returns before and after a stock split. This occurs because the dissemination of stock split information can influence investor decision-making and investment preferences. Stock split announcements contain information that can alter investor preferences, thus altering their investment decisions. In this study, abnormal returns before and after the 2020-2023 stock split in Malaysia increased.

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Evidence suggests a significant increase in returns after the announcement. This finding supports the research findings of Burnwal and Rakshit (2021), Riantani and Hendayana (2020) and Yuniati et al. (2020), which found differences in abnormal returns before and after a stock split.

Research in Indonesia, Singapore, Thailand, Vietnam, and the Philippines showed no significant differences in abnormal returns. These results indicate information leakage regarding stock splits, or that investors were already aware of the stock split before it was officially announced. This information leakage can be seen in the positive abnormal returns before the stock split announcement. Investors had anticipated the possibility of a stock split. The market responded negatively to the stock split, with investors placing more trust in companies that had already delivered returns than in predicting future returns.

These findings support the semi-strong form of efficient market hypothesis, which states that no single investor can exploit published information to generate abnormal returns over a long period of time. These events lead investors to anticipate these events by avoiding excessive stock purchases (Naftalia et al., 2024). These results align with research by Almeida et al. (2024), Naftalia et al. (2024), and Sihotang et al. (2024), which found no significant difference in abnormal returns before and after a stock split. Pandemic events, the Russia-Ukraine conflict, elections, and inflation have led to changes in market policy and investor behavior. Investors may become less responsive to stock split announcements, considering lower stock prices insufficient to indicate strong company performance or prospects.

The study showed that in Indonesia, Malaysia, Singapore, Thailand, and Vietnam, there was a change in the PER before and after a stock split, but not in the Philippines. Investors in these countries perceived companies that conducted stock splits as having good performance, reflected in the price-earnings ratio, which encouraged them to invest. The trading range indicates that lower stock prices increase investor purchasing power, leading to a change in the price-earnings ratio. Signaling theory states that stock splits contain information as signals conveyed to the market. Through these stock splits, companies aim to provide information about their performance. Management's announcement of a stock split serves as a signal to shareholders, implying favorable future prospects in terms of both stock performance and market liquidity. This is in line with the research findings of Kristopo (2018) and Suharno and Afriani (2021), which observed differences in the price-earnings ratio before and after a stock split.

However, in the Philippines, there was no difference in the PER before and after the stock split, due to the economic recession, inflation, and political events that occurred during that period. These events led investors to reduce investment transactions to avoid unwanted risks. Furthermore, there was no difference in the price-earnings ratio because investors considered the stock split information provided by the company as a negative signal. This study aligns with the findings of Hidayat and Riyadi (2022), who found no difference in the price-earnings ratio before and after the stock split.

This research provides practical implications for investors, namely recognizing that information related to stock splits is relevant and allowing them to use this information as a basis for investment decisions. Practical implications for companies include the results of this study demonstrating a rapid market reaction, demonstrating semi-strong form efficiency. This is evident in the rapid investor response to the stock split, as evidenced by the difference in trading volume before and after the stock split. Companies' efforts to implement stock splits to revive stock transactions on the stock exchange are appropriate. It is crucial to highlight that the major impact is typically observed on the ex-date rather than at the time the announcement is made.

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The analysis indicates that, in the short run, stock split declarations are not considered by market participants to reflect a company's forthcoming performance. The stock split's effective date tends to provoke market activity. Such an event signals strong financial health of the company and often results in higher investor interest in its shares. Furthermore, a stock split can make the stock more accessible to a wider investor audience, which can increase liquidity and trading volume. The survey indicates that strategies centered on corporate actions, such as stock splits, may help asset managers secure significant profits. Consequently, managers may be encouraged to integrate these approaches into their investment decisions. The results also emphasize the role of regulatory bodies in maintaining market efficiency and mitigating potential disruptions.

4. CONCLUSION

This study found that before and after the stock split, only Singapore and the Philippines showed differences in stock prices, while Indonesia, Thailand, Malaysia, and Vietnam showed differences in TVA. No ASEAN countries showed differences in abnormal returns, except for the Philippines (which showed differences in PER). During and after the stock split, Malaysia and Vietnam had differences in stock prices and abnormal returns, but no differences in TVA were observed across ASEAN. PER remained consistent across all countries. Before and after the stock split, only the Philippines showed variations in stock prices, while all ASEAN countries (except the Philippines) differed in TVA. Malaysia alone recorded differences in abnormal returns, and five countries (excluding the Philippines) showed differences in PER.

This corporate action could provide investors with an opportunity to invest in quality stocks at more affordable prices, especially considering the observed short-term abnormal returns following the stock split. However, investors should still comprehensively evaluate various aspects before making an investment decision. Regulators are expected to facilitate access to stock split information and strengthen related regulations to ensure that stock splits achieve their intended objectives without abuse.

This study only examined stock prices, TVA, AR, and PER. The observation period was only seven days: three days before, one day during, and three days after the stock split. Therefore, different results may occur in countries other than ASEAN or in different observation years. Therefore, future researchers are expected to examine stock split reactions based on other variables in other countries and observation years to answer the research questions. Upcoming studies could examine the extent to which corporate financial indicators serve as predictors for stock splits and mergers. Investigating the factors driving stock splits and mergers in firms that experience abnormal returns versus those that do not would provide valuable insights. Methodologically, future research might utilize nonparametric approaches, including the sign test, BMP, and Corrado methods. Additionally, examining phenomena such as information leakage, investor overreaction, and subsequent mean reversion could further enrich understanding.

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