ACKNOWLEDGEMENTS

Praise to God Almighty for all His the blessings and gifts that He has given so that I can finish this thesis. Thesis with title "THE EFFECT OF CHANGES QUANTIFYING KOMPAS100 IN STOCK PRICE INDEX ON CONSITUTION, VOLUME AND LIQUIDITY" is aimed to fulfill the requirements needed for obtaining a degree in economics of Universitas Pelita Harapan Karawaci.

The author is fully aware that without the guidance, support and prayers from various parties, this thesis will not be completed on time. Therefore, in this occasion the authors want to thank you profusely to:

1) Dr. Kim Sung Suk, Ph.D., as Dean of Faculty of Economics and Chairman of the Department of Management

2) Mr. Ardo Ryan Dwitanto, SE, MSM, as the supervisor who has provided guidance wholeheartedly and also giving meaningful input and direction to the author during the writing of this Final Assignment.

3) Lecturers and staff throughout the Faculty of Economics UPH for any guidance and knowledge provided to the author during the study period.

4) Staff employees who helped the author in finding the references used in the preparation of this thesis.

5) Parents and siblings who give a lot of support, prayers and compassion.

6) The author’s close friend Harris, Angel, Lydia, Rudy, Yoana, Fang, Michelle, Wanwan, Hendro, and Anthon who have supported and gave encouragement to the author.

7) Friends from Management Department Lydia Andreani, Maria, Ivana,
William, Andra, Tony, Alvin, Irene, Ivone, Grace, Anna, and Kelly.

8) All parties that cannot be mentioned one by one.

For the last words, the author realizes that there’s still imperfection in this dissertation. Criticism and suggestions from readers are appreciated, and will be happily received. Hopefully this dissertation can be beneficial to all parties read and need it.

Karawaci, November 2011

Author
# TABLE OF CONTENT

COVER  
STATEMENT OF ORIGINALITY  
AGREEMENT OF THESIS MENTORING  
EXAMINATION COMMITTEE  

ABSTRACT ................................................................. vi  
ACKNOWLEDGEMENT ...................................................... vii  
TABLE OF CONTENT ...................................................... ix  
LIST OF FIGURE ............................................................. xi  
LIST OF TABLE ............................................................ xii  
LIST OF ATTACHMENTS .................................................. xiii  

1. INTRODUCTION  
1.1 Background ............................................................ 1  
1.2 Problem Statement ................................................... 6  
1.3 Research Objectives .................................................. 6  
1.4 Restriction of Study .................................................. 6  
1.5 Writing Systematics ................................................. 7  

2. THEORETICAL FRAMEWORK  
2.1 Previous Researches .................................................. 8  
2.2 Underlying Hypothesis : Market Efficiency Theory ................ 12  
2.3 Indonesian Stock Indices ............................................ 18  
2.4 KOMPAS100 Index ..................................................... 19  
2.5 Hypothesis ............................................................. 20  
2.5.1 Short Term Hypothesis ............................................. 20  
2.5.2 Long Term Hypothesis ............................................. 22  

3. RESEARCH METHODOLOGY  
3.1 Sampling Techniques ............................................... 24  
3.2 KOMPAS100 Index ...................................................... 25  
3.3 Event Window ........................................................ 27
3.4 Data Types .................................................................................. 30
3.5 Data Collection Method.............................................................. 31
3.6 Analysis Method ........................................................................ 31
  2.6.1 MAR and CMAR test............................................................. 31
  2.6.2 Volume Ratio Measure.......................................................... 34
  2.6.3 Liquidity Measurement.......................................................... 35

3 DATA ANALYSIS AND DISCUSSION
  4.1 Sample Classification............................................................... 36
  4.2 Abnormal Return Test Result.................................................... 37
    4.2.1 Before Effect.................................................................. 41
    4.2.2 After Effect.................................................................... 42
  4.3 Abnormal Volume Measure..................................................... 43
  4.4 Liquidity Measure.................................................................... 44

5 CONCLUSION AND SUGGESTION
  5.1 Conclusion.............................................................................. 50
  5.2 Suggestion.............................................................................. 51
# LIST OF FIGURE

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>Hypotheses of Index Change Effect</td>
<td>12</td>
</tr>
<tr>
<td>Figure 4.1</td>
<td>CMAR-Full Period AD-20 to ED+20</td>
<td>40</td>
</tr>
<tr>
<td>Figure 4.2</td>
<td>CMAR AD-20 to AD+5</td>
<td>41</td>
</tr>
<tr>
<td>Figure 4.3</td>
<td>CMAR ED-5 to ED+40</td>
<td>42</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Kompas-100 Index Change Announcement Date</td>
<td>25</td>
</tr>
<tr>
<td>3.2</td>
<td>Added and Deleted Companies List</td>
<td>26</td>
</tr>
<tr>
<td>3.3</td>
<td>Time Frame Event Window</td>
<td>28</td>
</tr>
<tr>
<td>4.1</td>
<td>MAR and CMAR Result</td>
<td>37</td>
</tr>
<tr>
<td>4.2</td>
<td>Volume Ratio Measurement</td>
<td>43</td>
</tr>
<tr>
<td>4.3</td>
<td>ILLIQ Test Result Added Companies</td>
<td>46</td>
</tr>
<tr>
<td>4.4</td>
<td>ILLIQ Test Result Deleted Companies</td>
<td>47</td>
</tr>
<tr>
<td>4.5</td>
<td>Test for equality of Means Between Series</td>
<td>48</td>
</tr>
</tbody>
</table>
APPENDICES

Appendix A  Closing Price of Companies & IHSG
Appendix B  Abnormal Return of Companies
Appendix C  MAR t-stat Calculation
Appendix D  CMAR T-stat Calculation
Appendix E  Mean Equality Test
Appendix F  Variance Equality Test