



The Influence of the Work Creation Law Draft on Abnormal Return and Trading Volume Activity in LQ45 Share

Ansorimal^a, Harry Patuan Panjaitan^{a*}, Teddy Chandra^a

^aBusiness Faculty, Institut Bisnis dan Teknologi Pelita Indonesia, Riau, Indonesia

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*Corresponding author

harry.patuan@lecturer.pelitaindonesia.ac.id

Abstract

This study aims to analyze the effect of the event on the work copyright bill on abnormal returns and trading volume activity on LQ45 shares on the Indonesian stock exchange. It is hoped that the findings of this study can contribute to the development of studies on financial management. The research population is LQ45 companies listed on the IDX in 2020, with secondary data collection from sites (Yahoo Finance, n.d.) and (Indonesian Stock Exchange, n.d.). Quantitative research data analysis techniques used in the form of descriptive analysis techniques, hypothesis analysis. Testing the data from this research is in the form of a t-hypothesis test, and by using the Ms. excel. The results of this study found that there was no difference in abnormal returns before and after the events studied and also there is no difference in trading volume activity before and after the events studied.

Keywords: Abnormal Return, Trading Volume Activity

1.0 INTRODUCTION

One of the things that investors need to pay attention to is price movements in the capital market. Price movements in the capital market can be influenced by several things. In general, price movements in the capital market are influenced by events that occur in the environment, both economic and non-economic environments. In terms of the economic environment, such as changes in savings and deposit interest rates, inflation, foreign exchange rates, and other government economic sector policies are factors that can affect the capital market both in terms of price fluctuations and trading volume. Then from the side of the non-economic environment, although it is not directly related to the dynamics that occur in the capital market, it does not mean that the influence of the non-economic environment does not have an impact on activities in the world of capital markets. One of the anomalous events or one of the unusual events that occurs in our country, Indonesia, where the event is expected to affect the capital market, namely the initiation and ratification of the Job Creation Bill. The draft Job Creation Law (UU Ciptaker) was launched by the government in order to respond to the decline in Indonesia's economic growth.

The incident on the Job Creation Bill as one of the economic sector policies and at the same time the government's political sector is estimated that this event can be one of the factors that can affect the capital market, especially abnormal returns (Lumbantoruan, Panjaitan, & Chandra, 2021) and trading volume activity. The following describes the general condition of abnormal returns and trading volume activity of companies listed on the Indonesian Stock Exchange, especially companies included in the LQ45 index companies. The conditions for abnormal returns and trading volume activity that will be described are the conditions before and after events related to the Job Creation Draft Law were rolled out by the government, namely when the presidential letter regarding the Job Creation Bill was read in the DPR forum on April 2, 2020.

In general, it can be seen that there were abnormal returns and trading volume activity before and after the event. The president's letter regarding the Job Creation Bill was read in the DPR forum on April 2 2020. But can these events really have more impact on abnormal returns and trading volume activity in all LQ45 companies listed on the Indonesia Stock Exchange, the researcher is interested in conducting research and testing the information (Chandra, Renaldo, & Putra, 2018) content of these events by using the event study research form. The purpose of this study was to analyze the effect of the work copyright law draft event on abnormal returns and trading volume activity on LQ45 stocks on the Indonesia Stock Exchange.

2.0 LITERATURE REVIEW

In the capital market, various long-term financial (Wiariningsih, Junaedi, & Panjaitan, 2019) instruments can be traded, whether issued by the government or private parties. The capital market plays a role in supporting the implementation of national development in order to increase equity, growth, and national economic stability towards increasing people's welfare (Sudrajat, 2017). Meanwhile, according to (Fahmi, 2015) the notion of the capital market is a place where various parties, in particular, sell stocks and bonds with the aim that the proceeds from the sale will later be used as additional funds or to strengthen the company's capital. From some of the definitions of the capital market above, it can be concluded that the capital market is a market that trades long-term financial instruments between sellers and buyers, be it individuals, corporations or the government in order to obtain additional funds to strengthen company capital.

Shares are securities that can be traded as a sign of participation or individual or institutional ownership in a company (Hadi, 2013). Meanwhile, according to (Fahmi, 2012) stocks are one of the capital market instruments that are most in demand by investors, because they are able to provide an attractive rate of return.

There are several factors that can influence stock price fluctuations in the capital market, this happens because stock prices can be influenced by external factors from the company and internal companies. Stock prices are influenced by several factors (Brigham & Houston, 2010), namely:

1. Internal factors

Announcements about sales production marketing such as advertising, contract details, price changes, new product recalls, production reports, safety reports, and sales reports. Funding announcements, such as announcements related to equity and debt. Announcement of management board of directors announcements such as changes and replacements of directors, management and organizational structure. Verified takeover announcements such as investment merger reports, equity investments, take over by acquisitions and acquired reports, investment reports and others. Investment announcements such as expanding research development factories and closing other businesses. Labor announcements, such as new negotiations, new contracts, strikes, and others. Announcement of the company's financial statements, such as forecasting before the end of the fiscal year and after the end of the fiscal year, earnings per share (EPS) (Lasrya, Chandra, & Panjaitan, 2021), dividend per share (DPS), Price Earning Ratio, Net profit margin, Return On Assets (ROA) and others.

2. External factors

Announcements from the government such as changes in interest rates on savings and foreign exchange deposits, inflation, as well as various economic regulations and regulations issued by the government. Legal announcements such as claims against the company or against its manager and the company's claim against its manager. Securities industry announcements, such as insider trading annual meeting reports, trading volume or stock prices, restrictions or trading delays. In addition to internal and external factors, the condition of the company can also affect stock prices. The better the performance (Wulansari, Junaedi, & David, 2019) of a company will affect the profits earned by the company and the profits obtained by investors, thereby affecting the increase in stock prices.

Stock return according to (Ang, 2010) is the level of profit enjoyed by investors on the investment made. According to (Abdillah & Hartono, 2015) is the result obtained from the investment made, returns can be in the form of realizations that have occurred and expectations that have not occurred but are expected to occur in the future. Meanwhile, according to (Tandelilin, 2010) stock returns are one of the factors that motivate investors to invest and are also a reward for the courage of investors to bear the risk of their investments. So it can be concluded that stock returns (Dimaranty, Junaedi, & Panjaitan, 2019) are one of the factors that motivate investors to invest by expecting returns received from their stock investments for the future.

(Hartono, 2017) suggests that market efficiency can be viewed in terms of the availability of information and also from the sophistication of market participants in making decisions. The market is said to be efficient if it reacts quickly and accurately so as to achieve a price balance that fully reflects the available information. The market is said to be efficient if no one gets an abnormal return in the long term by using the existing trading mechanism. This means that the price in the market reflects the availability of information in the market. The market will react quickly to available information and will immediately re-adjust to reach a new equilibrium price (equilibrium). Markets that can react like this are called efficient markets.

Abnormal return is the return obtained by investors that is not in line with expectations. Abnormal return is the difference between the expected return and the return obtained. The difference in return will be positive if the return obtained is greater than the expected return or the calculated return. Meanwhile, the return will be negative if the return obtained is smaller than the expected return or the calculated return.

Trading Volume Activity shows transactions that occur in stock trading activities that have changed hands so that it can be used to measure the intensity of changes in these shares (Ong, 2016).

According to (Khoo & Lim, 2015) trading volume of shares transacted indicates a stronger trend. A stock is in a strong trend when trading volume increases from usual trading with an increase in price and contract volume on a day when the price starts to fall slightly. Trading volume can be used as a confirmation point to determine the direction of the trend in the future.

The Job Creation Law is a government breakthrough to speed up licensing, so that it can bring in a lot of investment and create jobs in Indonesia. So that the next impact is expected to improve the welfare of workers. The Coordinating Ministry for Economic Affairs of the Republic of Indonesia in a press release. No. HM.4.6/08/SET.M.EKON.2.3/01/2020 which was published on its official website on January 24, 2020 states, The Job Creation Bill is an effort to improve economic quality through 11 clusters of regulatory improvements. (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2020).

Hypothesis Development

Events of Ratification of the Job Creation Law and Abnormal Returns

To measure the reaction of investors to information indicated by changes in stock prices, it is measured by abnormal returns (Hartono, 2017). So that after investors receive information, the market will react so that it will affect stock prices in the capital market. Event study research on abnormal returns to find out market reactions and changes in stock prices was also carried out in research (Chandra, 2013) and (Rofikie et al., 2018) which showed that there were differences in abnormal returns before and after an event.

H1: There are abnormal stock returns before and after the following events in the LQ45 company on IDX:

- a. Events The Presidential Letter regarding the Job Creation Bill was read out on April 2, 2020.
- b. Events The DPR Legislative Body held its first working meeting with the government to discuss the draft Job Creation Bill on April 14 2020.
- c. The event of the Job Creation Bill was passed on October 5, 2020.

H2: There are differences in abnormal stock returns before and after the following events for LQ45 companies on the IDX:

- a. Events The Presidential Letter regarding the Job Creation Bill was read out on April 2, 2020.
- b. Events The DPR Legislative Body held its first working meeting with the government to discuss the draft Job Creation Bill on April 14 2020.
- c. The event of the Job Creation Bill was passed on October 5, 2020.

Events of Ratification of the Job Creation Law and Trading Volume Activity

The development of stock trading volume illustrates the strength between supply and demand which is an illustration of investor (Renaldo, Andi, Nur, Junaedi, & Panjaitan, 2021) behavior (Saerang & Liogu, 2015). If the trading volume increases, it means that there is an increase in buying and selling activity in the market, the greater the volume of supply and demand, the greater the effect of fluctuations in stock prices and this can illustrate that these shares (Renaldo, Suhardjo, Putri, Sevendy, & Juventia, 2021) are in great demand by investors, and vice versa.

Event study research using Trading Volume Activity (TVA) to measure reactions has been carried out a lot such as research by (Ramandani. E K, Abrianto. TH, 2019; Suharyanto & Asma, 2013; Wulan et al., 2018) shows that there are differences in trading volume activity (TVA) before and after the event.

H3 : There are differences in trading volume activity of shares before and after the following events in LQ45 companies on the IDX:

- a. Events The Presidential Letter regarding the Job Creation Bill was read out on April 2, 2020.
- b. Events The DPR Legislative Body held its first working meeting with the government to discuss the draft Job Creation Bill on April 14 2020.
- c. The event of the Job Creation Bill was passed on October 5, 2020.

3.0 METHODOLOGY

The research population is LQ45 companies listed on the IDX in 2020, with secondary data collection from sites (Yahoo Finance, n.d.) and (Indonesia Stock Exchange, n.d.). Quantitative research data analysis techniques used in the form of descriptive analysis techniques, hypothesis analysis. Testing the data from this study is in the form of a t-hypothesis test, and by using the Ms. excel.

4.0 RESULTS AND DISCUSSION

Events The Presidential Letter regarding the Job Creation Bill was read out on April 2, 2020

Hypothesis Testing 1

The first hypothesis will test whether there is an abnormal return before and after the incident. The Presidential Letter on the Job Creation Bill was read on April 2, 2020.

To see whether or not there was an abnormal return on stocks before and after the events on April 2, 2020, you can see from the following table:

Table 1. Table of Abnormal stock returns before and after the events on April 2, 2020

| Day | t count | Sig | Result |
|-----|---------|-------|--------|
| t-3 | -2.539 | 0.015 | Sig |
| t-2 | 0.678 | 0.501 | Insig |
| t-1 | -0.539 | 0.593 | Insig |
| t+1 | 0.486 | 0.630 | Insig |
| t+2 | 2.917 | 0.006 | Sig |
| t+3 | 1.798 | 0.079 | Insig |

Source: Processed secondary data, 2021

The conclusion that can be obtained is that there were abnormal returns before and after the incident. The President's Letter regarding the Job Creation Bill was read on April 2, 2020, meaning that Hypothesis 1 for the first event of this study was accepted.

Hypothesis Testing 2

The second hypothesis will test whether there are differences in abnormal returns before and after the incident. The Presidential Letter on the Job Creation Bill was read on April 2, 2020. To see whether or not there were differences in abnormal stock returns before and after the events on April 2, 2020, you can look at it from the following table:

Table 2. Differences in abnormal stock returns before and after the events on April 2, 2020

| Day | AAR | Day | AAR | Difference | Mean | 0.022 |
|-----|--------|-----|-------|------------|---------|-------|
| t-3 | -0.013 | t+3 | 0.019 | 0.031 | Stdev | 0.012 |
| t-2 | 0.003 | t+2 | 0.030 | 0.026 | t count | 3.170 |
| t-1 | -0.002 | t+1 | 0.006 | 0.008 | Sig. | 0.087 |
| | | | | | Alpha | 0.050 |
| | | | | | Result | Insig |

Source: Processed secondary data, 2021

So the conclusion is that there is no difference in abnormal returns before and after the incident. The President's Letter regarding the Job Creation Bill was read on April 2, 2020, meaning that Hypothesis 2 for the first event of this study was rejected.

Hypothesis Testing 3

The third hypothesis will test whether there are differences in trading volume activity in stocks before and after the event. The Presidential Letter on the Job Creation Bill was read on April 2 2020. To see whether or not there were differences in trading volume activity in stocks before and after the events on April 2 2020 can be seen from the following table:

Table 3. Differences in trading volume activity of shares before and after the incident (The President's letter regarding the Job Creation Bill was read on April 2, 2020)

| Day | ATVA | Day | ATVA | Difference | Mean | 0.001 |
|-----|-------|-----|-------|------------|---------|--------|
| t-3 | 0.003 | t+3 | 0.006 | 0.003 | Stdev | 0.002 |
| t-2 | 0.004 | t+2 | 0.004 | 0.001 | t count | 0.957 |
| t-1 | 0.004 | t+1 | 0.003 | -0.001 | Sig. | 0.440 |
| | | | | | Result | T. Sig |

Source: Processed secondary data, 2021

In conclusion, there is no difference in trading volume activity of stocks before and after the event. The President's Letter regarding the Job Creation Bill was read on April 2, 2020, meaning that Hypothesis 3 for the first event of this study was rejected.

Events The DPR Legislative Body held its first working meeting with the government to discuss the draft Job Creation Bill on April 14 2020

Hypothesis Testing 1

The first hypothesis will test whether there were abnormal returns before and after the incident. The DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020. To see whether or not there was an abnormal stock return before and after the DPR Legislative Body event held the first working meeting with the government to discuss the draft Job Creation Bill on April 14 2020 can be seen from the following table:

Table 4. Abnormal stock returns before and after the incident The Legislative Body of the DPR held its first working meeting with the government to discuss the draft Job Creation Bill on April 14 2020

| Day | t count | Sig | Result |
|-----|---------|-------|--------|
| t-3 | -2.854 | 0.007 | Sig |
| t-2 | 0.362 | 0.719 | Insig |
| t-1 | 1.222 | 0.228 | Insig |
| t+1 | 10.673 | 0.000 | Sig |
| t+2 | 4.069 | 0.000 | Sig |
| t+3 | -19.954 | 0.000 | Sig |

Source: Processed secondary data, 2021

The conclusion that can be obtained is that there were abnormal returns before and after the incident where the DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020, meaning that Hypothesis 1 for the second event of this study was accepted.

Hypothesis Testing 2

The second hypothesis will test whether there are differences in abnormal returns before and after the incident. The DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020. To see whether or not there were differences in abnormal stock returns before and after the events in April 14 2020 can be seen from the following table:

Table 5. Differences in abnormal stock returns before and after the events on April 14 2020

| Day | AAR | Day | AAR | Difference | Mean | -0.003 |
|-----|--------|-----|--------|------------|---------|--------|
| t-3 | -0.008 | t+3 | -0.089 | -0.081 | Stdev | 0.071 |
| t-2 | 0.002 | t+2 | 0.017 | 0.016 | t count | -0.063 |
| t-1 | 0.004 | t+1 | 0.062 | 0.057 | Sig. | 0.956 |
| | | | | | Alpha | 0.050 |
| | | | | | Result | Insig |

Source: processed secondary data, 2021

In conclusion, there was no difference in abnormal returns before and after the incident where the DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020, meaning that Hypothesis 2 for the second event of this study was rejected.

Hypothesis Testing 3

The third hypothesis will test whether there are differences in trading volume activity in shares before and after the incident. The DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020. To see whether or not there were differences in trading volume activity in shares before and after the events on April 14 2020 can be seen from the following table:

Table 6. Differences in stock activity trading volume before and after the events on April 14 2020

| Day | ATVA | Day | ATVA | Difference | Mean | 0.001 |
|-----|-------|-----|-------|------------|---------|-------|
| t-3 | 0.003 | t+3 | 0.004 | 0.001 | Stdev | 0.001 |
| t-2 | 0.003 | t+2 | 0.003 | 0.000 | t count | 1.766 |
| t-1 | 0.003 | t+1 | 0.004 | 0.001 | Sig. | 0.219 |
| | | | | | Result | Insig |

Source: processed secondary data, 2021

In conclusion, there is no difference in trading volume activity in stocks before and after the incident where the DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020, meaning that Hypothesis 3 for the second event of this study was rejected.

The event of the Job Creation Bill was passed on October 5, 2020

Hypothesis Testing 1

The first hypothesis will test whether there are abnormal returns before and after the event that the Job Creation Bill was passed on 05 October 2020. To see whether or not there was an abnormal return on stocks before and after the event that the Job Creation Bill was passed on October 5 2020, it can be seen from the following table:

Table 7. Abnormal stock returns before and after the event that the Job Creation Bill was passed on 05 October 2020

| Day | t count | Sig | Result |
|-----|---------|-------|--------|
| t-3 | 0.418 | 0.678 | Insig |
| t-2 | -1.234 | 0.224 | Insig |
| t-1 | -1.717 | 0.093 | Insig |
| t+1 | 0.247 | 0.806 | Insig |
| t+2 | -1.381 | 0.174 | Insig |
| t+3 | 1.028 | 0.310 | Insig |

Source: processed secondary data, 2021

The conclusion that can be obtained is that there were no abnormal returns before and after the event that the Job Creation Bill was passed on October 5, 2020, meaning that Hypothesis 1 for the third event of this study was rejected.

Hypothesis Testing 2

The second hypothesis will test whether there are differences in abnormal returns before and after the events on the Job Creation Bill were passed on October 5 2020. To see whether or not there were differences in abnormal stock returns before and after the events on October 5 2020 can be seen from the following table:

Table 8. Differences in abnormal stock returns before and after the events on 05 October 2020

| Day | AAR | Day | AAR | Difference | Mean | 0.002 |
|-----|--------|-----|--------|------------|---------|-------|
| t-3 | 0.002 | t+3 | 0.001 | -0.000 | Stdev | 0.003 |
| t-2 | -0.005 | t+2 | -0.005 | 0.001 | t count | 0.992 |
| t-1 | -0.004 | t+1 | 0.001 | 0.005 | Sig. | 0.426 |
| | | | | | Alpha | 0.050 |
| | | | | | Result | Insig |

Source: processed secondary data, 2021

In conclusion, there is no difference in abnormal returns before and after the event that the Job Creation Bill was passed on October 5, 2020 means that Hypothesis 2 for the third event of this study was rejected.

Hypothesis Testing 3

The third hypothesis will test whether there are differences in trading volume activity in shares before and after the events on the Job Creation Bill were passed on October 5 2020. To see whether or not there were differences in trading volume activity in shares before and after the events on October 5 2020, you can see from the following table:

Table 9. Differences in trading volume activity of shares before and after the events on 05 October 2020

| Day | ATVA | Day | ATVA | Difference | Mean | 0.0000 |
|-----|--------|-----|--------|------------|---------|---------|
| t-3 | 0.0021 | t+3 | 0.0024 | 0.0003 | Stdev | 0.0003 |
| t-2 | 0.0023 | t+2 | 0.0022 | -0.0001 | t count | -0.1087 |
| t-1 | 0.0027 | t+1 | 0.0025 | -0.0002 | Sig. | 0.9234 |
| | | | | | Result | Insig |

Source: processed secondary data, 2021

In conclusion, there is no difference in trading volume activity of shares before and after the event that the Job Creation Bill was passed on October 5, 2020 means that Hypothesis 3 for the third event of this research is rejected.

Effect of the President's Letter on the Job Creation Bill read on April 2 2020 on abnormal returns

In the research that has been done, it was found that the results of the paired sample t-test abnormal returns were not significant, which meant that there was no significant difference in abnormal returns before the events of the President's letter regarding the draft Job Creation Law was read on April 2, 2020 compared to the abnormal returns after incident. The results of this study are in line with the research conducted by Ismail and Suhardjo (2001) who tested the influence of domestic political events on the Jakarta Stock Exchange and concluded that the market as a whole and the entire industry did not show a significant reaction to all events and there was no difference in abnormal returns between before and after the event. This study also obtained results which stated that there were no significant abnormal returns either 3 days before the event the President's letter regarding the draft Job Creation Law was read on April 2 2020 or 3 days after the incident. This indicates that the events of the President's letter regarding the draft Job Creation Law being read out on April 2 2020 did not receive a significant response from investors. Although the results of the calculation of abnormal returns show that at t-3 and t+2 the results obtained are significant, this occurs only because the influence of rumors related to this event is developing among investors. In general, it is considered that the incident with the President's letter regarding the draft Job Creation Law being read out on April 2 2020 is considered not to affect the state of the stock market. This condition occurred because the predictions of most investors considered that this event would not have any effect in the short term. This is because usually new laws will have a long-term impact. For this reason, investors did not provide a meaningful response to this event.

Effect of the event The DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020 on Abnormal returns

In the research that has been done, it was found that the results of the paired sample t-test for abnormal returns were not significant, which meant that there was no significant difference in abnormal returns when before the incident the DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on the 14th April 2020 compared to post-event abnormal return. The results of this study are in line with the research conducted by Ismail and Suhardjo (2001) who tested the influence of domestic political events on the Jakarta Stock Exchange and concluded that the market as a whole and the entire industry did not show a significant reaction to all events and there was no difference in abnormal returns between before and after the event. In this study also obtained results stating that there were no significant abnormal returns either 3 days before the incident The DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020 and 3 days after the incident. This indicates that the event that the DPR Legislative Body held its first working meeting with the government to discuss the draft Job Creation Bill on April 14 2020 did not receive a significant response from investors. Although the results of calculating abnormal returns show that some of the results obtained were significant, this happened only because the influence of rumors related to this event developed among investors. In general, the event that the DPR Legislative Body held its first working meeting with the government to discuss the draft of the Job Creation Bill on April 14 2020 is considered not to affect the state of the stock market. This condition occurred because the predictions of most investors considered that this event would not have any effect in the short term. This is because usually new laws will have a long-term impact. For this reason, investors did not provide a meaningful response to this event.

Effect of the Job Creation Bill event passed on October 5 2020 on abnormal returns

In the research that has been done, it was found that the results of the paired sample t-test for abnormal returns were not significant, which meant that there was no significant difference in abnormal returns before the event of the Job Creation Bill was passed on October 5, 2020 compared to the abnormal return after the event. The results of this study are in line with the research conducted by Ismail and Suhardjo (2001) who tested the influence of domestic political events on the Jakarta Stock Exchange and concluded that the market as a whole and the entire industry did not show a significant reaction to all events and there was no difference in abnormal returns between before and after the event. In this study, results were also obtained which stated that there were no significant abnormal returns, both 3 days before the event of the Job Creation Bill was passed on October 5 2020 or 3 days after the event. This indicates that the event that the Job Creation Bill was passed on 05 October 2020 did not receive a significant response from investors. Thus the events of the Job Creation Bill being passed on October 5, 2020 are considered not to affect the state of the stock market. This condition occurred because the

predictions of most investors considered that this event would not have any effect in the short term. This is because usually new laws will have a long-term impact. For this reason, investors did not provide a meaningful response to this event.

Effect of the President's Letter on the Job Creation Bill read on April 2 2020 on Trading Volume Activity

In the research that has been done, the results of the trading volume activity test are not significant, which means that there is no significant difference in trading volume activity before the events of the President's Letter on the Job Creation Bill being read on April 2, 2020 compared to trading volume activity after the event. This condition occurred because the predictions of most investors considered that this event would not have any effect in the short term. This is because usually new laws will have a long-term impact. For this reason, investors did not provide a meaningful response to this event. The results of this study are in line with the research conducted by Ismail and Suhardjo (2001) who tested the influence of domestic political events on the Jakarta Stock Exchange and concluded that the market as a whole and the entire industry did not show a significant reaction to all events and there was no difference in abnormal returns between before and after the event.

Effect of the event The DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020 on Trading Volume Activity

In the research that has been done, the results of the trading volume activity test are not significant, which means that there is no significant difference in trading volume activity when before the incident the DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020 compared to trading volume activity after the event. This condition occurred because the predictions of most investors considered that this event would not have any effect in the short term. Because usually the product of the new law will have a long-term effect. For this reason, investors did not provide a meaningful response to this event. The results of this study are in line with the research conducted by Ismail and Suhardjo (2001) who tested the influence of domestic political events on the Jakarta Stock Exchange and concluded that the market as a whole and the entire industry did not show a significant reaction to all events and there was no difference in abnormal returns between before and after the event.

Effect of the Job Creation Bill event passed on October 5, 2020 on Trading Volume Activity

In the research that has been done, the results of the trading volume activity test are not significant, which means that there is no significant difference in trading volume activity before the events of the Job Creation Bill were passed on October 5, 2020 compared to trading volume activity after the event. This condition occurred because the predictions of most investors considered that this event would not have any effect in the short term. This is because usually new laws will have a long-term impact. For this reason, investors did not provide a meaningful response to this event. The results of this study are in line with the research conducted by Ismail and Suhardjo (2001) who tested the influence of domestic political events on the Jakarta Stock Exchange and concluded that the market as a whole and the entire industry did not show a significant reaction to all events and there was no difference in abnormal returns between before and after the event.

5.0 CONCLUSION

This study takes the title Analysis of the Effect of Events on the Job Creation Bill on Abnormal Returns and Trading Volume Activity in LQ45 Stocks on the Indonesia Stock Exchange. The test was carried out using secondary data with independent variables, namely the event that the President's Letter regarding the Job Creation Bill was read on April 2, 2020, the DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Law on April 14, 2020, The Job Creation Bill was passed on October 5 2020 and the dependent variables are Abnormal returns and trading volume activity.

- a. Events The President's letter regarding the Job Creation Bill was read out on April 2, 2020 in its test of abnormal returns, that there was no difference in abnormal returns before and after the event. There is also no difference in trading volume activity before and after this event.
- b. Event The DPR Legislative Body held its first working meeting with the government discussing the draft Job Creation Bill on April 14 2020 in its test of abnormal returns, in fact there was no difference in abnormal returns before and after the incident. There is also no difference in trading volume activity before and after this event.
- c. The Job Creation Draft Law event was passed on October 5, 2020 in its test of abnormal returns that there was no difference in abnormal returns before and after the event. There is also no difference in trading volume activity before and after this event.

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