JAM
17, 4
Received, July 2019
Revised, August 2019
September 2019
November 2019
Accepted, November 2019

PRICE REACTION TO RIGHTS ISSUES ANNOUNCEMENT: NEW EVIDENCE FROM INDONESIA

Henry Suthiono
Lukas Setia Atmaja
School of Business and Economics, Universitas Prasetiya Mulya

Abstract: Research on rights issues has been carried out in Indonesia with mixed results and in a short period, between 3-8 years. The results of research on rights issues in Indonesia are mostly insignificant. The number of sleep stocks can cause that. Therefore, a longer period of research is needed to examine the reaction of stock prices to the announcement of rights issues. This study uses data that has been available from 1991 to 2016 and uses an event study methodology that considers thin trading. This study found significant negative abnormal returns between -1.66% and -2.80% at different periods. Therefore, this study does not support that the Indonesia Stock Exchange is in a semi-strong efficiency. The characteristic of companies in Indonesia is the family company, but this is not considered in this study, which can be considered for further research.

Keywords: rights issues, market efficiency, signaling theory, price reaction, Indonesia Stock Exchange

Cite this article as: Suthiono, H. and L. S. Atmaja. 2019. *Price Reaction To Rights Issues Announcement: New Evidence From Indonesia*. Jurnal Aplikasi Manajemen, Volume 17, Number 4, Pages 599–607. Malang: Universitas Brawijaya. http://dx.doi.org/10.21776/ub.jam.2019.017.04.04

JAM
Journal of Applied Management (JAM)
Volume 17 Number 4,
December 2019
Indexed in Google Scholar

Corresponding Author: Henry Suthiono, School of Business and Economics, Universitas Prasetiya Mulya, E-mail: henry.suthiono@pmbs.ac.id, DOI: http://dx.doi.org/10.21776/ub.jam.2019.017.04.04

This study examines the reaction of stock prices to the rights issues announcement of the companies listed in the Indonesia Stock Exchange. An announcement can contain positive or negative information, but if the capital market is efficient, then the stock price reaction should be insignificant, due to stock prices already reflect all information, so consistent alpha generation is not possible (Fama, 1970). Also, inefficient market, no one can predict the future because stock price reflects all available information and is seemingly random as well (Malkiel, 1973).

But, the finance literature suggests that strategic corporate action announcements can lead to stock price reactions. For example, Marisetty et al. (2008) suggest that the rights issue announcement in the United States is almost always responded negatively by investors in the stock market. The same thing was revealed by White and Lusztig, who first studied in 1980 that the announcement of rights issues could cause negative stock returns. That happens because funding through rights issues is cheap. The firms do not incur brokerage costs, underwriting costs, advertising costs, and mailing, and printing costs may be very minimal (Mariko and Theuri, 2016). Also, according to Myers in the Pecking Order Theory, the order of funding that is usually done by companies already listed on the Stock Exchange has retained earnings, safe debt, risky debt, and outside equity as a last resort (Fama and French, 2005). That is why the rights issues are always responded negatively.

Prior research conducted by Marsh (1979), Levis (1995), and Slovin, et al. (2000) in the United Kingdom, Hansen (1988), Eckbo and Masulis (1992), and Jung, et al. (1996) in the United States, Gajewski and Ginglinger (2002) in France and Kabir and Roosenboom (2003) in the Netherlands, and Kendirli and Elmali (2016) in Turkey find negative market reaction to the rights issues announcement. There are several possible explanations for these findings. Myers and Majluf (1984) suggest that investors may perceive the action as a signal that the company's assets are over valuating. Meanwhile, DeAngelo and Masulis (1980) posit that shareholders prefer debt to equity financing due to tax-saving benefits from using debt. Also, Kim and Purnanandam (2006) argue that the new investments funded by funds raised from rights issues may result in negative Net Present Value (NPV) if there is a conflict of interest between management and shareholders. Moreover, there is a possibility the stock price run-ups before the announcement of rights issues due to information being leaked (Shahid et al., 2010; Masulis and Korwar, 1986). Also, Bhana (1999) says rights issues lead to a less tax-efficient structure of capital. Finally, there is a relation between pecking order theory and security offerings. Common stock and convertible debt offerings are less preferred than preferred stock, straight debt issues, private placements of debt, or term loans (Mikkelson and Partch, 1986).

Also, a company usually offers lower price of rights issues than the market price (Hansen, 1988; Budiarto and Baridwan, 1999) in order to attract the old shareholders or candidate of the new shareholders, can cause the current shareholders negatively react by selling their current stock and hope to buy at lower price on the rights issues period. The latest research by Bobenhausen et al. (2019) finds the reason why a company usually offers lower prices or discounts on rights issues, such as company wants to avoid uncertainty, firm's quality when doing rights issues, and the level of uncertainty about firm value.

In contrast, positive market reactions to the firm's rights issues announcement are also well documented. For example, Salamudin et al. (1999) find that rights issues are responded positively to favorable economic conditions. Meanwhile, Tan et al. (2002) report that market reacts positively to the rights issues announcement when there is an opportunity for new investments. Also, Berglund et al. (1987) and Bigelli (1998) find market react positively to rights issues announcements if the company makes an offer together with stock dividend or bonus (Adaoglu, 2006). Also, Kang and Stulz (1996) find the market reacted positively to the announcement of rights issues due to deregulation effects, market inefficiency, corporate control mechanisms, and bubble economy. Wang et al. (2006) find strict regulation rules in China before a company conducts rights issues make the market react positively when there are announcements of rights issues. Other positive reaction to the rights issues announcement is reported by Smith (1977) in the United States, Kim and Lee (1990) in Korea, Kang and Stulz (1996) in Japan, Bohren, et al. (1997) in Norway for uninsured right offerings, and Marisetty et al. (2008) in India for no family group affiliation. However, there is also evidence that market reacts insignificantly to the rights issue announcements. For example, Bohren et al. (1997) in Norway, Ogada, and Kalunda (2017) in Kenya, Rohit et al. (2016) in India.

This study provides several theoretical contributions. The study attempts to provide more accurate results on the market reactions to the rights issues announcement. Extant research on price reactions to the rights issues announcement in Indonesia provides conflicting results. For example, Widagdo (2015) finds the market reacts positively to the rights issues announcement. While Amalia (2012), Ridho, et al. (2017) report that the market reacts negatively to the rights issues announcement.

Meanwhile, Hastuti and Nurhana (2006), Johan (2009), Rusdi and Avianto (2009), Haryetti and Efni (2010), Dewi and Putra (2013), Komaling (2013), Pratama (2014), Kamalsah and Panjaitan (2015), Kusuma and Suryanawa (2015), Nurmala and Salmah (2015), Ariani et al. (2016), Firstolino (2016), Ibella (2017), Kurniawan and Yasha (2017), Jannah, et al. (2018) find no statistically significant stock price reactions to the rights issues announcement. The majority of these researches examine the data from a period of three to eight years. We attempt to get more accurate results by examining rights issues data in a longer period, from 1991 to 2016, and by using better research methodology that considers thin trading due to the significant number of illiquid stocks in Indonesia.

Moreover, in Indonesia, a rights issue is one of the company's methods to fund, and shareholders must approve it. Before the issuance of shares, the companies firstly announce funding needs for the company's activities. The announcement of funding needs through rights issues mechanism is a requirement set in the Financial Services Authority Regulation No. 32/POJK.04/2015 About Capital Addition of Public Company by granting pre-emptive rights. The announcement must be made by the company at least through Indonesian language-newspapers distributing nationally or through the Stock Exchange website and the company website. Furthermore, the announcement consists of shareholders calling to approve the funding needs through the Extraordinary General Meeting of Shareholders (EGMS).

Furthermore, this study adds new evidence to the literature on rights issues and efficient market hypothesis issues from Indonesia. Previous researches from Murtiasih and Ferdian (2011), Nikita and Soekarno (2012), Rizkianto and Surya (2014) show that by conducting fundamental analysis and technical analysis, Indonesia Stock Exchange investors will be able to obtain abnormal returns, which indicate that efficiency is weak and semi-strong form has not been fulfilled in the Indonesia Stock Exchange. Thus, this study can provide evidence on the efficiency level of Indonesia Stock Exchange.

METHOD

All of the data regarding the rights issues which is obtained from Bloomberg are rights issues announcement, daily closing stock price, daily Composite Stock Price Index, from January 1991 to December 2016. 1991 is the beginning part of this research, where it was the first year of the existence of rights issues announcement data in the Indonesia Stock Exchange. There are only 393 out of 454 rights issue announcements in which the data of stock price is complete and usable during 1991 – 2016 (Table 1). The stock price data of 1991-1995 are mostly incomplete due to the absence of JATS. From the total 393 rights issue announcements, we removed 190 issues because the stocks were not traded at least a day during the period between day 0 and day +5 or at least 50% over days (-125 to +5) concerning the announcement date. This removal is adapted from the strategy used by Marisetty et al. (2008) to obtain final sample of 203 rights issues announcements.

Table 1 Number of Rights Issues per Year from 1991-2016

Year	Number of Rights Issue
1991	3
1992	9
1993	13
1994	25
1995	13
1996	27
1997	27
1998	13
1999	21
2000	17
2001	9
2002	12
2003	8
2004	17
2005	19
2006	12
2007	25
2008	8
2009	20
2010	21

2011	24
2012	10
2013	30
2014	4
2015	22
2016	45
Total	**454**

Source: Bloomberg

We used an event study methodology proposed by Brown and Warner (1980) to examine the hypothesis that has been made. Moreover, Brown and Warner (1980, p. 207) explained "the abnormal return for a given security in any period *t* is defined as the difference between its actual *ex-post* return and that which is predicted under the assumed return-generating process" as follows :

$AR_{it}=R_{it}–E(R_{it})$ .... (1)

where :
t = the day measured relative to the event date or $t = 0$.
AR_{it} = abnormal return at time *t* for security *i*.
R_{it} = the actual at time *t* for security *i*.
$E(R_{it})$ = the predicted or expected a return at time *t* for security *i*.

We build an Ordinary Least Squares (OLS) market model to calculate forecasted expected return of a certain security, $E(R_{it})$. After we got the return, it was used as a benchmark to be compared with the actual expected return, R_{it}. We used 120 (-125, -6) trading days for our estimation period (Campbell, Andrew, and MacKinlay, 1997), and the market proxy for this model is Indonesia Composite Index (IDX Index).

$E(R_{it})=\alpha_i+\beta_i R_{mt}+\varepsilon_{it}$ .... (2)

The company's stocks, which will conduct rights issues can be actively traded daily in the exchange. However, the stocks that are rarely traded daily called the "sleeping" stock may be available. That can lead to biased research. To overcome this condition, we used Scholes and Williams's technique (1977). By using this technique, beta calculation differs from the usual way of using. The beta calculation during the estimation period used the following formula :

$$\beta_i = \frac{\Sigma(R_{it}R_{mst}) - (1/n)(\Sigma R_{it})(\Sigma R_{mst})}{\Sigma(R_{mt}R_{mst}) - (1/n)(\Sigma R_{mt})(\Sigma R_{mst})}$$

where :
R_{it} = log of (1 + return for security *i* on day *t*)
R_{mt} = log of (1 + value-weighted market return on day *t*)
R_{m3t} = R_{mt-1} + (a 3 day moving average market window)
n = number of days in the estimation period

During window periods, we obtained Cumulative Abnormal Returns and Cumulative Average Abnormal Returns as follows:

$$CAR_i(t_1,t_2) = \Sigma_{t_1}^{t_2} AR_{it} \quad (4)$$

$$CAAR_i(t_1,t_2) = \frac{1}{n}\Sigma_{t_1}^{t_2} CAR_{it} \quad (5)$$

where *n* is the number of securities in the sample.

Moreover, we used Brown and Warner's (1980) standard *t*-test procedure to test Cumulative Abnormal Return significance as follows :

$$T_{stat} = \frac{CAAR(t_1,t_2)}{{}^{\sigma}CAAR(t_1,t_2)} \quad (6)$$

where :

$${}^{\sigma}CAAR(t_1,t_2) = \sqrt{\frac{1}{N(N-d)}\Sigma_{i=1}^{N}(CAR_i(t_1,t_2) - CAAR(t_1,t_2)^2} \quad (7)$$

RESULTS

This research used Scholes and Williams's technique (1997) to estimate the beta, in which abnormal returns are measured by using the market model. There are average cumulative abnormal returns (CAR) in table 2, where all of the event window periods are negative. At announcement day (Day 0), we found the mean CAR was -1.66% at 1% significant levels and over the periods (0 to +1), (0 to +2), (-2 to +2), and (-1 to +1) were -2.05%, -2.39%, -2.80%, and -2.25% respectively and also statistically significant at 1% levels. Moreover, for a window extending (-3 to +3) and (-4 to +4), the mean CAR were -2.42% and -2.30% at 5% significant levels. And at (-5 to +5), the mean CAR was -2.11% and significant at 10% levels.

Table 2 Cumulative Abnormal Returns around Rights Issues Announcements

	Period Relative to the Announcement Date (Day 0)							
Statistics	(0)	(0, 1)	(0, 2)	(-5, 5)	(-4, 4)	(-3, 3)	(-2, 2)	(-1, 1)
Mean CAR	-1.66***	-2.05***	-2.39***	-2.11*	-2.30**	-2.42**	-2.80***	-2.25***
	(3.05)	(2.89)	(3.09)	(1.71)	(2.04)	(2.46)	(3.30)	(2.92)
% negative	62.07	58.62	56.65	56.16	61.08	60.10	56.65	59.11

Notes : ***, **, * denote significance using a two-tailed test at 1%, 5%, and 10% levels. We calculated CAR using a market model and estimated beta by using Scholes-Williams (1977) technique. The negative percentage is the percentage of the sample with negative CAR.

Source: Processed data, 2018

DISCUSSION

The cumulative abnormal returns for every window period are significantly negative and this result is similar to other rights issues researches in various countries (Marsh, 1979; Hansen, 1988; Eckbo and Masulis, 1992; Levis, 1995; Jung, et al., 1996; Slovin, et al., 2000; Gajewski and Ginglinger, 2002; Kabir and Roosenboom, 2003; Kendirli and Elmali, 2016) and also in Indonesia (Amalia, 2012; Ridho, et al., 2017). This result also shows that the announcement of rights issues was responded negatively when announced (Day 0) by -1.66% and increasingly negative the next two days (0 to +1 and 0 to +2) by -2.05% and -2.39%. Also, there can be information leakage before the announcement of rights issues is done on Day -1. In (-5 to +5) to (-2 to + 2), the Mean CAR is getting negative, namely -2.11% (-5 to +5), - 2.30% (-4 to +4), -2.42% (-3 to +3), -2.80% (-2 to +2), and suddenly the average CAR at (-1 to +1) decreases negatively, which is to be -2.25%. That shows that on Day -5 to Day -2, the stock price increases, which is indicated by the increasingly negative Mean Car, but on Day -1 there is a leak of information so that the negative decreases. That happens because of the sale of shares on Day -1, which causes the stock price to fall so that the negative decreases (-1 to +1) compared to the previous days (-5 to +5, -4 to +4, -3 to +3, and -2 to +2).

Moreover, the possible explanations for the result are that the investors can perceive the action as a signal that company's assets are overvalued (Myer and Majluf, 1984), information being leaked (Shahid et al., 2010; Masulis and Korwar, 1986), rights issues lead to a less tax-efficient structure of capital (Masulis and Korwar, 1986), and or they want the tax saving by using more debts (DeAngelo and Masulis, 1980). Also, common stock is least preferred in rights issues (Mikkelson and Partch, 1986), and companies usually offer discounts on rights issues (Bobenhausen et al., 2019). Also, there can be a difference of interests between management and investors so that the funding of new investments with rights issues will result in negative NPV (Kim and Purnanandam, 2006). Indeed, the results also imply that the Indonesia Stock Exchange has not been semi-strong efficient. Furthermore, the capital market in Indonesia, which has existed since the Dutch colonial era and was reactivated in 1977 (Sunariyah, 2000), is included in the category of emerging markets but provides complete funding facilities. In addition to equity, companies that need additional capital can also issue bonds. This has resulted in the Indonesian capital market reacting negatively to the announcement of rights issues when associated with the Pecking Order Theory.

Furthermore, most of the results of research related to price reactions to announcements of rights issues in Indonesia were carried out in a short period of time (3 - 8 years) and showed insignificant results (Hastuti and Nurhana, 2006; Johan, 2009; Rusdi and Avianto, 2009; Haryetti and Efni, 2010; Dewi and Putra, 2013; Komaling, 2013; Pratama, 2014; Kamalsah and Panjaitan, 2015; Kusuma and Suryanawa, 2015; Nurmala and Salmah, 2015; Ariani, et al., 2016; Firstolino, 2016; Ibella, 2017; Kurniawan and Yasha, 2017; Jannah, et al., 2018) compared to those who reacted positively significant (Widagdo, 2015) or negatively significant (Amalia, 2012; Ridho et al., 2017). This difference can occur because we use the Scholes and William (1977) technique in estimating beta. Also, we use the strategy of Marisetty et al. (2008) to eliminate the stocks that were not traded at least during the period between day 0 and day + 5 or at least 50% over days (-125 to +5) concerning the announcement date. So in total, we removed nearly 50% of rights issues announcements with complete data (190 of 393 rights issues announcements). The combination of these two methods automatically eliminates significant amounts of illiquid stocks in Indonesia in this study.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study examines price reaction to the rights issues announcement of companies' stocks listed on the Indonesia Stock Exchange from 1991 to 2016 was the first in Indonesia. The previous researches were usually conducted from three to eight years, which result in positive, negative, or insignificant reactions. By extending the research period, we do hope to have a complete description of the dynamic of price reactions to the rights issues announcement in Indonesia.

One of the main problems or challenges in research on price reactions to right issue announcements is that the significant number of illiquid stocks in the Indonesia Stock Exchange. For example, in this research, from the total of 393 rights issues announcements with complete data, there are only 203 rights issues announcements in which the data can be processed. This is because there are many "sleeping" or inactively traded stocks in the Indonesia Stock Exchange. This can cause bias in research results. To fix this problem, we utilize Scholes and Williams's technique (1977).

As such, by examining rights issues data in a longer period and also using better research methodology that considers thin trading due to the significant number of illiquid stocks in Indonesia, this study can get a more accurate picture of how the stock price reacts to rights issue announcement.

This study finds that the market reacts significantly negative to the announcements of the right issues, with cumulative abnormal returns average is between -1.66% and -2.80% at several window periods. The result is similar to the majority of research on this issue in United States (i.e., Hansen (1988), Eckbo and Masulis (1992), and Jung et al. (1996)). The result is also similar to the research from Marsh (1979), Levis (1995), and Slovin et al. (2000) in the United Kingdom, Gajewski and Ginglinger (2002) in France, Kabir and Roosenboom (2003) in Netherland, Kendirli and Elmali (2016) in Turkey, Amalia (2012) and Ridho, et al. (2017) in Indonesia. As such, our study can shed more light on the literature on price reactions to the right issue announcements and also on market efficiency of Indonesia capital market.

Recommendations

This research is also expected to help the managers and the investors to understand the price reactions to the rights issues announcement and to give valuable feedback for the capital market regulator to improve regulations on publicly listed company's fundraising. For future research, since the majority publicly listed companies in Indonesia

Stock Exchange are family business, we recommend examining further the impact of family control on the price reactions to the rights issue announcements in Indonesia.

REFERENCES

Adaoglu, C. 2006. *Market Reaction to Unsweetened and Sweetened Rights Offering in an Emerging Stock Market*. Journal of Multinational Financial Management 16 (3): 249-268.

Amalia, H.S. 2012. *Analisis Pengaruh Pengumuman Rights Issue terhadap Reaksi Pasar - Suatu Event Study di BEI pada Periode 2009-2011*. Jurnal Ilmiah Bisnis dan Keuangan 2 (2): 149-162.

Ariani, A. D., Topowijono, and Sulasmiyati, S. 2016. *Analisis Perbedaan Abnormal Return dan Likuiditas Saham Sebelum dan Sesudah Right Issue (Studi pada Perusahaan-perusahaan yang terdaftar di Bursa Efek Indonesia Tahun 2012-2015).* Jurnal Administrasi Bisnis 33 (2): 49-58.

Berglund, T., Liljeblom, E., and Wahlroos, B. 1987. *Stock Price Reactions to Announcements of Stock Dividends and Rights Issues: a Test of Liquidity and Signaling Hypotheses on the Helsinki Stock Exchange*. Finance 8(2): 109-132.

Bhana, N. 1999. *Share Price Reactions to Announcements of Equity Financing by Companies Listed on the Johannesburg Stock Exchange*. Investment Analysts Journal 48: 33-42

Bigelli, M. 1998. *The Quasi-Split Effect, Active Insiders and the Italian Market Reaction to Equity Rights Issues*. European Financial Management 4(2): 185-206.

Bobenhausen, N., Breuer, W., and Salzmann, A. 2019. *Determinants of Discounts in Equity Rights Issues: An International Comparison*. Review of Financial Economics 37 (4).

Bohren, O., Eckbo, B. E., and Michalsen, D. 1997. *Why Underwrite Rights Offerings? Some new evidence*. Journal of Financial Economics 46(2): 223-261.

Brown, S. J., and Warner, J. B. 1980. *Measuring Security Price Performance*. Journal of Financial Economics 8 (3): 205-258.

Budiarto, A. and Baridwan, Z. 1999. *Pengaruh Pengumuman Right Issue terhadap Tingkat Keuntungan dan Likuiditas Saham di Bursa Efek Jakarta periode 1994 – 1996*. Jurnal Riset Akuntansi Indonesia 2 (1).

Campbell, J., W.L. Andrew, and A.C. MacKinlay. 1997. *The Econometrics of Financial Markets*. NJ: Princeton University Press.

DeAngelo, H. and Masulis, R.W. 1980. *Optimal Capital Structure under Corporate and Personal Taxation*. Journal of Financial Economics 8: 3-29.

Dewi, N. P. S. and Putra, I. N. W. A. 2013. *Pengaruh Pengumuman Right Issue pada Abnormal Return dan Volume Perdagangan Saham*. E-Jurnal Akuntansi Universitas Udayana 3 (3): 163-178.

Eckbo, E. and R. Masulis. 1992. *Adverse selection and the rights offer paradox*. Journal of Financial Economics 32 (3): 293-332.

Fama, E., 1970. *Efficient capital markets: a review of theory and empirical work*. Journal of Finance 25, 383—417.

Fama, E. F. and French, K. R. 2005. *Financing Decisions: Who Issues Stock?* Journal of Financial Economics no 76, 549-582.

Firstolino, M. 2016. *Pengaruh Right Issue terhadap Abnormal Return dan Volume Perdagangan Saham Perusahaan yang Terdaftar di Bursa Efek Indonesia (BEI) Tahun 2013*. Jurnal Akuntansi Unesa 4 (2).

Gajewski, J.-F. and Ginglinger, E. 2002. *Seasoned Equity Issues in a Closely Held Market: Evidence from France*. European Finance Review 6(3): 291-319.

Hansen, R. S. 1988. *The Demise of the Rights Issues*. The Review of Financial Studies 1 (3) : 289-309.

Haryetti and Efni, Y. 2010. *Analisa Dampak Pengumuman Right Issue terhadap Abnormal Return, Likuiditas Saham dan Reaksi Pasar pada Perusahaan yang Issuer di Bursa Efek Indonesia periode 2007-2008*. Jurnal Pendidikan Ekonomi dan Bisnis 2 (3): 372-381.

Hastuti, R.T. and Nurhana, F. 2006. *Pengumuman Right Issue, Ukuran Perusahaan dan Harga Saham di Bursa Efek Jakarta*. Jurnal Akuntansi 3 (10).

Ibella, S. F. 2017. *Analisis Reaksi Pasar Modal terhadap Pengumuman Right Issue pada Perusahaan yang Terdaftar di Bursa Efek Indonesia (BEI)*. Jurnal Manajemen Update 6 (2).

Johan, R. S. 2009. *Pengaruh Right Issue terhadap Risiko dan Return Saham (Studi pada Bursa Efek Indonesia)*. Jurnal Pendidikan Ekonomi dan Bisnis 1 (2): 66-78.

Jannah, Y.W., Amin, M., and Junaidi. 2018. *Pengaruh Right Issue Terhadap Tingkat Keuntungan dan Likuiditas Saham Emiten Perusahaan yang Terdaftar di BEI Periode 2015-2016*. Jurnal Riset Akuntansi 7 (8): 78-85.

Jung, K., Kim, Y.C., and Stulz, R.M. 1996. *Timing, Investment Opportunities, Managerial Discretion, and the Security Issue Decision*. Journal of Financial Economics 42(2): 159-185.

Kang, J. K. and Stulz, R. M. 1996. *How different is Japanese Corporate Finance? An Investigation of the Information Content of New Security Issues*. The Review of Financial Studies 9 (1): 109-139.

Kabir, R. and Roonsenboom, P. 2003. *Can the Stock Market Anticipate Future Operating Performance? Evidence from Equity Rights Issues*. Journal of Corporate Finance 9: 93-113.

Kamalsah, M. G. J. and Panjaitan, Y. 2015. *Analisis Pengaruh Pengumuman Right Issue terhadap Abnormal Return dan Volume Perdagangan Saham di Bursa Efek Indonesia Periode Tahun 2009 – Kuartal 3 Tahun 2012*. Jurnal Akuntansi 8 (2) : 116-148.

Kendirli, S. and Elmali, M. E. 2016. *The Effects of Right Offering Announcements on Returns of Shares of Deposit Banks Traded in Istanbul Stock-Exchange*. Journal of Economic Development, Environment, and People 5 (1): 74- 82.

Kim, E. and Purnanandam, A. 2006. *Why do investors react negatively to seasoned equity offerings? Working paper*. University of Michigan, US.

Kim, E.H. and Lee, Y. K. 1990. *Issuing Stocks in Korea. Pacific-Basin Capital Markets Research I, S.G. Rhee and R.P. Chang, eds*. Pp. 243-253.

Komaling, A. M. 2013. *Reaksi Pasar atas Secondary Right Issue pada Perusahaan yang Go Publik di Indonesia.* Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi 1 (3) : 118-128.

Kurniawan, I. S. and Yasha, E. 2017. *Reaksi Pasar dan Kinerja Keuangan Perusahaan Sebelum dan Sesudah Pengumuman Right Issue pada Perusahaan yang Melakukan Right Issue di Bursa Efek Indonesia*. Jurnal Manajemen 8 (2) : 181-200.

Kusuma, P. S. A. J. and Suryanawa, I. K. 2015. *Analisis Komparatif Kinerja Saham Sebelum dan Sesudah Pengumuman Right Issue*. E-Jurnal Akuntansi 12 (3) : 566-581.

Levis, M. 1995. *Seasoned Equity Offerings and the Short- and Long-run Performance of Initial Public Offerings in the UK*. European Financial Management 1 (2): 125-146.

Malkiel, B. G. 1973. *A Random Walk Down Wall Street*. New York: W. W. Norton & Company.

Mariko, B. J. and Theuri, J. M. 2016. *Effect of New Information from Rights Issue Announcement on Share Prices of Firm's listed on the Nairobi Security Exchange*. American Journal of Finance 1 (3): 55-70.

Marisetty, V.B., Marsden, A., and Veeraraghavan, M. 2008. *Price Reactions to Rights Issues in Indian Capital Market*. Pacific-Basin Finance Journal 16: 316-340.

Marsh, P. 1979. *Equity Rights Issues and the Efficiency of the UK Stock Market*. The Journal of Finance 34 (4): 839-862.

Masulis, R.W. and Korwar, A.N. 1986. *Seasoned Equity Offerings: An Empirical Investigation*. Journal of Financial Economics 15: 91-118.

Mikkelson, W.H. and Partch, M.M. 1986. *Valuation Effects of Security Offerings and the Issuance Process*. Journal of Financial Economics 15(1): 31-60.

Murtiasih, S. and Ferdian, F. 2011. *Technical Analysis in Predicting Stock Prices Movement and Testing Efficient Market Hypothesis in Indonesian Stock Exchange*. Jurnal Ilmiah Ekonomi Bisnis 16 (3).

Myers, S. and Majluf, N. 1984. *Corporate Financing and Investment Decisions when Firms Have Information that Investors Do Not Have*. Journal of Financial Economics 13: 187-221.

Nikita, M. P., and Soekarno, S. 2012. *Testing on Weak Form Market Efficiency: The Evidence from Indonesia Stock Market, Year 2008-2011*. Proceedings from 2nd International Conference on Business, Economics, Management and Behavioral Sciences. Bali, Indonesia. Pages 56-60.

Nurmala and Salmah, N. N. A. 2015. *Reaksi Pasar terhadap Pengumuman Right Issue di Bursa Efek Indonesia*. Jurnal Manajemen & Bisnis Sriwijaya 13 (3).

Ogada, A and Kalunda, E. 2017. *Impact of Rights Issue on Share Returns of Firms Listed on The Nairobi Securities Exchange, Kenya*. IOSR Journal of Business and Management 19 (8): 54-62.

Pratama, I. G. S. 2014. *Analisis Perbandingan Abnormal Return Saham Sebelum dan Sesudah Pengumuman Right Issue*. E-Jurnal Manajemen Universitas Udayana 3 (1) : 243-257.

Ridho, A., Isynuwardhana, D., and Aminah, W. 2017. *Analisis Reaksi Investor terhadap Pengumuman Right Issue di Bursa Efek Indonesia 2013 – 2015*. E-Proceeding of Management 4 (3): 2562-2569.

Rizkianto, G. D. and Surya, B. A. 2014. *Testing the Efficient Market Hypothesis on Weak and Semistrong Form in the Indonesian Stock Market*. Journal of Business and Management 3(2):179-190.

Rohit, B., Pinto, P., and Bolar, S. 2016. *Impact of Stock*

Splits and Rights Issue Announcements on Market Price: Evidence from India. Drishtikon: A Management Journal 7 (2): 1-16.

Rusdi, D. and Avianto, A. 2009. *Pengaruh Right Issue Terhadap Tingkat Keuntungan dan Likuiditas Saham Emiten di Bursa Efek Jakarta*. Majalah Ilmiah Sultan Agung 44 (118): 79-94.

Salamudin, N., Ariff, M., and Nassir, A. 1999. *Economic Influence on Rights Issues Announcement Behaviour in Malaysia*. Pacific-Basin Finance Journal 7: 405-427.

Scholes, M. and Williams, J. 1977. *Estimating betas from non-synchronous data*. Journal of Financial Economics 5 (3): 309-328.

Shahid, H., Xia, X., Mahmood, F., and Usman, M. 2010. *Announcement Effects of Seasoned Equity Offerings in China*. International Journal of Economics and Finance 2(3): 163-169.

Slovin, M., Sushka, M., and Lai, K. 2000. *Alternative Flotation Methods, Adverse Selection, and Ownership Structure: Evidence from Seasoned Equity Issuance in the U.K*. Journal of Financial Economics 57 (2): 157-190.

Smith, C.W. 1977. *Alternative Methods for Raising Capital: Rights vs. Underwritten Offerings*. Journal of Financial Economics 5(3): 273-307.

Sunariyah. 2000. *Pengantar Pengetahuan Pasar Modal* (2nd *ed.)*. Yogyakarta: UPP AMP YKPN.

Tan, R., Chng, P., and Tong, Y. 2002. *Private Placements and Rights Issues in Singapore*. Pacific-Basin Finance Journal 10: 29-54.

Wang, J, Wei, K.C.J., and Pruitt, S.W. 2006. *An Analysis of Share price and Accounting Performance of Rights Offerings in China*. Pacific-Basin Finance Journal 14(1): 49-72.

White, R.W. and Lusztig, P.A. 1980. *The Price Effects of Rights Offerings*. Journal of Financial and Quantitative Analysis 15 (1): 25-40.

Widagdo, D. 2015. *Analisis Faktor-faktor yang Mempengaruhi Reaksi Investor di Sekitar Pengumuman Right Issue – Studi Empiris di Bursa Efek Jakarta*. Jurnal Manajemen Dirgantara 8 : 1-17.