



THE EFFECTS OF STOCK SPLIT ANOUNCEMENTS
TOWARDS BURSA MALAYSIA
LIQUIDITY

LYVEDREW CRYIASUS
2014738573

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SABAH

January 2017

ACKNOWLEDGEMENT

First of all, thank you and praising to the Lord for giving me the chance and blessing for me to completing this research. Thank a lot to Miss Anastasia Harbi as the advisor for the best guidance that lead me to completing this research and conducting the result. A lot of thank to and appreciation for my family support and give motivation for me to complete this research until the end. Never forget to thank for all my friend for their help by sharing knowledge regarding on how to regress a data for my research study.

TABLE OF CONTENTS

	Page
TITLE PAGE.....	i
DECLARATION OF ORIGINAL WORK.....	ii
LETTER OF TRANSMITTAL.....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS.....	v-vii
LIST OF FIGURES.....	viii
LIST OF TABLE.....	ix
ABSTACT.....	x

CHAPTER ONE: INTRODUCTION

1.1 Introduction.....	1-3
1.2 Research Problem.....	3-4
1.3 Research Objective.....	4
1.4 Limitation of Study.....	4
1.4.1 Availability and Accessibility of Information Data.....	4-5
1.4.2 Time Constraints.....	5
1.4.3 Lack of Sample Size.....	5
1.5 Significant of Study.....	6
1.5.1 For the Investors or Traders.....	6
1.5.2 For the Researcher.....	6
1.5.3 For the Future.....	6
1.6 Summary of Chapter.....	6-7

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction.....	8
2.2 Reviews of Theory.....	8-9
2.3 Empirical Evidence.....	9-11
2.4 Stock Split, or Liquidity Changes.....	11-12
2.5 Conceptual Framework.....	12
2.6 Summary of Chapter.....	12-13

CHAPTER THREE: DATA AND METHODOLOGY

3.1 Introduction.....	14
3.2 Scope of Study.....	14-15
3.2.1 Research Design.....	15
3.2.2 Sampling Design.....	15-16
3.3 Measurement of Variable.....	16
3.3.1 Measurement of Independent Variable.....	16
3.3.2 Measurement of Dependent Variable.....	16-17
3.4 Research Hypothesis.....	17
3.5 Empirical Analysis Framework.....	17-18
3.6 Estimation Procedure.....	18
3.6.1 Descriptive Statistics.....	18-19
3.6.2 Regression – Least Square Method.....	19
3.6.3 Diagnostic Data.....	19
3.6.3.1 Serial Correlation Test.....	19
3.6.3.2 Heteroscedasticity Test.....	19-20
3.6.4 Conclusion.....	20
3.7 Flow of Research Methodology.....	20-21

Abstract

Stock splits is one of the challenges that influence the standard textbook analysis (Brealey and Myers ,1991) that regards splits as a purely cosmetic change, it is been documented in the seminal article by Fama, Eugene, Fisher, Jensen, and Richard Roll, (1969) that splits are associated with real economic effects.

Thus, this research conduct to examine the relationship between the stock splits and liquidity which include the bid-ask spread in Malaysia. This research also investigate on how stock splits will affect the liquidity. More specifically, this study use the cross-sectional data analysis to examine the effect of stock splits on the liquidity in Bursa Malaysia listed company, which serves as a measure of liquidity changes.