

ABSTRACT

The aim of this study is to find the influence of dividend change on investor reaction, which are rise dividend and fall dividend with abnormal return as indicators at the companies listed in Indonesian Stock Exchange in 2014-2016. 211-days of observation will be divided into 200-days estimation period and 11-days event period.

*The method used in this research is event study which it is observed of abnormal return within 5-days before and 5-days after event period. Examination is done by calculated abnormal return based on manual calculation and compared between *t*-hitung and *t*-table. The result indicate that dividend change, which are rise dividend and fall dividend were reacted by investor. Investor reacted positively before rise dividend event and reacted negatively after rise dividend event to the companies who make and do not make investment. Meanwhile, investor reacted negatively before and after fall dividend event to the companies who make and do not make investment. The final conclusion is that investor reacted in dividend event and focus on the amount of dividend share.*

Keyword : fall dividend, rise dividend, abnormal return, investment, investor reaction