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## ABNORMAL RETURN (AR) AND TRADING VOLUME ACTIVITY (TVA) ON FIRM VALUE IN BANKING COMPANIES IN INDONESIA

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**Abstract: Objective:** The study aims to evaluate the influence of Abnormal Return (AR) and Trading Volume Activity (TVA) on the Firm Value of banking companies in Indonesia during the 2019-2023 period. **Methods:** This quantitative research utilizes secondary data from 13 banking companies selected through purposive sampling, yielding a total of 65 observations (13 companies × 5 years). Data were analyzed using multiple linear regression, processed with SPSS version 27. **Results:** The findings reveal that both Abnormal Return and Trading Volume Activity significantly influence the Firm Value of banking companies in Indonesia during the specified period. **Novelty:** This study contributes to the literature by focusing on the dual impact of AR and TVA on Firm Value specifically within the banking sector in Indonesia, providing insights into financial performance dynamics during the 2019-2023 period.

**Keywords:** Abnormal Return (AR), Trading Volume Activity (TVA), Firm value, Banking



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### Introduction

The improvement in stock trading conditions on the Indonesia Stock Exchange (IDX) has been able to attract investors back to enliven stock trading on the exchange floor and even draw the general public to invest their excess funds in the stock market. Investing in the stock market is much more profitable compared to just keeping funds in the bank, for example, in the form of a deposit [1]. However, the public must be smart in choosing which stocks have good performance so that they will provide profits in the future. Investment is the placement of assets or funds made by a company or individual for a certain period with the hope of obtaining a greater return in the future. According to [2] Investment is a commitment of money or other resources with the hope of gaining profits in the future. In addition to obtaining profits, investments also aim to reduce inflationary pressures, provide tax savings incentives, contribute to national development, and create national prosperity.

Investment can be made through various means, such as the capital market. The Capital Market is an organized market where trading activities of securities such as stocks, equities, debt acknowledgment letters, bonds, and securities take place. There are many investment instruments to choose from, one of which is stock investment. Stocks are a type of security issued by a limited

liability company that states the owner of the stock [3]. Investors have the potential to achieve relatively high returns compared to other investments. Additionally, stock investments are more attractive than other investments because they require relatively small capital, making them profitable if held for the long term. Investors invest in companies that need funds with the hope of obtaining returns from the investments they make in those companies (return). Therefore, the capital market is considered an appropriate means for investors and companies to meet their respective interests in a mutually beneficial manner for both parties. Investments that provide relatively high returns are the most productive sectors in the market. One of the most sought-after sectors is the banking sector. Many industries and companies use capital market institutions as a medium to absorb investments and as a means to strengthen their financial position, including the banking sector [4].

According to [5], the value of the company is the market value of the company's outstanding debt and equity securities. The value of the company is the investors' perception of the company, which is always associated with the stock price. A high stock price also results in a high company value. A high company value will be followed by the prosperity of the shareholders [6]. The value of a company reflects how well or poorly management manages its wealth. The higher the company's value, the more it indicates that the company has good growth prospects. This can happen because the higher the market value of the company's assets compared to the book value of the company's assets, the greater the willingness of investors to make greater sacrifices to own the company [7].

There are many factors that examine firm value, including abnormal return and trading volume activity. The first factor is abnormal return. Abnormal return is the excess of actual return over normal return. In other words, abnormal return is the difference between actual return and expected return. Where expected return is the estimated return [8].

The second factor is trading volume activity. Trading volume activity indicates how productive a company is and also its success in marketing. The increased trading volume activity is also a growth in the trading experienced by the company. The larger the trading volume activity, the greater the possibility of obtaining profits or experiencing the company's profit growth, which will increase the returns received. Of course, this will make investors more confident in the issuer's ability to generate profits or gains [9].

The condition of declining stock prices, which indicates a decrease in Trading Volume Activity, will certainly have a widespread impact, causing Indonesia's economy to wobble. This is also evidenced by the McKinsey survey results in early April 2020, which showed that life in Indonesia was dramatically disrupted, and 83% of the Indonesian population saved their money for the Covid-19 pandemic crisis [10]. Trading volume activity becomes an indicator that the company has good performance. The higher the number of shares traded, the more it indicates that investors have a high level of confidence in transacting shares of the company. The total number of shares traded will drive the stock price [11]. The higher the number of shares/ trading activity in the stock market, it indicates that investors believe in the company's performance and eventually the stock price will continue to rise [12]. The Covid-19 pandemic currently taking place has caused the economy to slow down, resulting in a decrease in people's income. This does not rule out the possibility that investors will be more selective of companies when choosing where to invest, which in the end will reduce the number of the company's shares [13].

According to signaling theory, there is an imbalance of data between investors and internal and external parties [14]. Due to data imbalance, the stock value that occurs has not yet reached the equilibrium cost, so investors with data realize that the equilibrium cost will reach a certain point and will buy that protection and later sell it at the equilibrium value that can occur when certain events

happen that can affect the condition of one of the companies, with the aim that investors can gain abnormal returns from the price difference of the stocks. The relevance of signal theory in this research is where the study observes and investigates abnormal return and trading volume activity, which are suspected to contain information that may be responded to by investors.

There are still few studies that examine the relationship between abnormal return and trading volume activity on firm value. The researchers only found two previous studies related to this research, namely [15] who studied "The Mediation of Company Value on the Disclosure of Sustainability Reports and Abnormal Returns." The results showed that the disclosure of sustainability reports in the economic, environmental, and social aspects did not have a significant impact on abnormal returns. Furthermore, the disclosure of sustainability reports in the economic aspect did not have a significant impact on company value. Meanwhile, the environmental and social aspects had significant results on company value. This study shows that company value does not have a significant impact on abnormal return. The results of this research also indicate that the proxy for company value does not mediate the causal relationship between sustainability reports and abnormal return.

Conducted research on "Factors Affecting Trading Volume Activity with Tobin's Q as an Intervening Variable in LQ45 Companies on the Indonesia Stock Exchange" [5]. The research results show that: profitability has a positive and significant effect on Tobin's Q. profitability has a negative and insignificant effect on TVA. profitability has a negative and insignificant effect on TVA through Tobin's Q as an intervening variable.

Further research is needed to understand the findings when applied to different environmental conditions and times, as the phenomenon above and even previous studies have produced inconsistent results. Therefore, this research will identify the factors that influence the value of the company by using a different time period and objects compared to previous research, thus obtaining results that differ from previous studies. The purpose of this research is to examine the influence of abnormal return and trading volume activity on firm value in banking companies listed on the Indonesia Stock Exchange from 2019 to 2023.

In this study, the object of research is a banking company. The reason for choosing banking companies in this research is that the banking sector is one of the sectors expected to have quite bright prospects in the future, because currently the daily activities of the Indonesian people are inseparable from banking services. Banking companies are also companies that have a significant contribution to the country's revenue. In addition, many banks have gone public, making it easier to see the financial position and performance of a bank. The rising stock prices of banks in Indonesia indicate investors' high hopes for the country's economic growth.

## **A. Relationship Between Variables**

### **1. Abnormal Return Affects Firm Value**

The higher the market value of a stock compared to its book value, the more it indicates that the company has a high corporate value, which can increase the company's stock return. A high corporate value can boost market confidence in the company's prospects, making it attractive to investors to buy the stock, thereby increasing demand for the stock and pushing the stock price up [4]. Abnormal return in many previous studies is influenced by the information released by the company. Information available in the capital market plays an important role in influencing all forms of trade transactions in the capital market. This is because market participants will conduct further analysis on every announcement or information that enters the stock exchange. Information or announcements published by issuers will influence (prospective) investors in making decisions to choose efficient

portfolio investments [8]. Previous studies examining the relationship between abnormal return and firm value have shown varied results. Abnormal Return does not affect Firm Value [15]. A similar study by Jenawan & Juniarti 2015, found that there is no effect of Abnormal Return on Firm Value. A similar study but with different results was conducted by [16] and [17], who found that Abnormal Return positively affects Firm Value. In the study by Oktyawati and Agustina 2014, it was shown that Abnormal Return affects Firm Value.

H1 : Abnormal Return Affects Firm Value

## 2. Trading Volume Activity Affects Firm Value

Technical analysis is a technique for predicting the direction of stock price movements and other stock market indicators based on historical market data such as stock price information and trading volume or Trading Volume Activity (TVA) [1]. Trading Volume Activity (TVA) reflects the liquidity of stocks, which is the dependent variable in this study. Trading Volume Activity (TVA) can rise and fall. When Trading Volume Activity rises, trading activity increases, and when trading activity decreases, the value of investments declines. Factors that cause TVA to rise or fall can be seen from the internal and external factors of the company [2]. Previous research has indicated that Trading Volume Activity affects the Value of the company.

H2: Trading Volume Activity Affects Firm Value

### B. Conceptual Framework

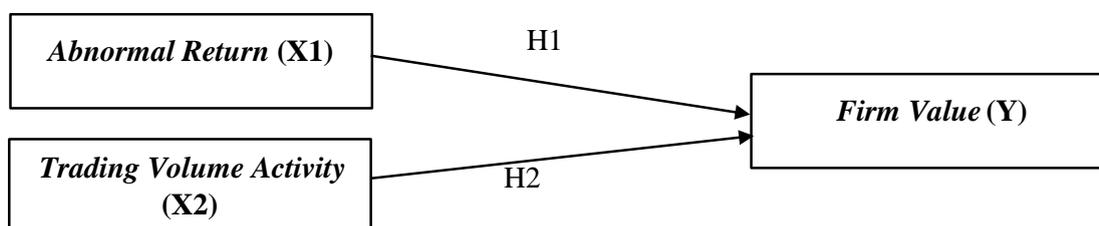


Figure 1. Conceptual framework.

## Methods

### A. Research Approach

This research uses quantitative data, which is data in the form of numbers analyzed using statistics [18]. The data used in this research is secondary data. The secondary data in this research was obtained from the capital market database, the Indonesia Stock Exchange (IDX) gallery from 2019-2023, and the official IDX website [www.idx.co.id](http://www.idx.co.id).

### B. Operational Definition

#### 1. Abnormal Return (X1)

Abnormal return is the difference between the return actually received by the investor (actual return) and the return expected by the investor (expected return). Abnormal return should be obtained by the investor when making a transaction at the time of an event that affects the capital market [10]. Abnormal returns can occur due to certain opportunities such as national holidays, the beginning of the month, uncertain political situations, extraordinary events, stock splits, initial public offerings, and so on [19]. Calculation of abnormal stock return as follows [20]:

##### a. Realized Return

Realized Return used as the basis for calculating expected return (expected return). Here is the formula used:

$$R_{it} = \frac{P_{it} - P_{it-1}}{P_{it-1}}$$

Explanation:

$R_{it}$  : Return stock i in period t  
 $P_{it}$  : The stock price of i in period t  
 $P_{it-1}$  : The stock price of i in period t-1

### b. Market Index Return

The market index return is the difference between today's market index closing and the previous day's closing, divided by the previous day's market index closing.

$$E(R_{i,t}) = R_{m,t}$$

Explanation:

$E(R_{i,t})$  : Market Index Return During the Estimation Period t  
 $R_{m,t}$  : The Composite Stock Price Index for period t minus the Index

The Composite Stock Price Index for the period before t divided by the Composite Stock Price Index for the period before t.

### c. Abnormal Return

Finding abnormal returns with the following formula:

$$AR_{i,t} = R_{i,t} - E(R_{i,t})$$

Explanation:

AR : Abnormal Return  
 $R_{it}$  : Return of Stock i in period t  
 $E(R_{i,t})$  : Market Adjusted Model Return Index during the estimation period t

## 2. Trading Volume Activity (X2)

Trading Volume Activity or Trading Volume is the ratio between the number of shares traded at a certain time and the number of shares outstanding at that time [2]. According to [3] Trading Volume Activity (TVA) defined as the number of shares traded on a particular day. The increase in trading volume is an increase in buying and selling activity by investors on the exchange. The higher the volume of demand and supply for a stock, the greater its influence on the stock price fluctuations on the exchange [4]. The TVA calculation is as follows:

$$TVA = \frac{\sum \text{Stock } i \text{ is traded at time } t}{\sum \text{Stock } i \text{ circulates at time } t}$$

Where:

TVA = Trading Volume Activity

i = Company name

t = Certain period of time

## 3. Firm Value (Y)

The value of a company is an assessment of investors' perceptions of the company's success in managing its resources, which is often linked to its stock price [21]. This research measures the value of the company using the Price Based Value (PBV) proxy. The PBV ratio illustrates the market's ability to value the company's book value per share. The calculation of the price based value (PBV) ratio is as follows:

$$PBV = \frac{\text{Stock price}}{\text{Book value per share}}$$

Explanation:

Stock market price = Closing stock price on December 31

Book value per share = Total equity / total shares outstanding

### C. Population and Sample

#### 1. Population

The population in this study consists of all banking companies listed on the IDX for the period 2019-2023, totaling 43 companies.

#### 2. Sampel

The companies that are the sample for this research were selected using the purposive sampling method [22], where the sample is selected based on certain considerations or specific characteristics.

1. Commercial banks listed on the Indonesia Stock Exchange (IDX) in the years 2019-2023.
2. Commercial banks that publish complete Annual Financial Statements and are listed on the Indonesia Stock Exchange (IDX) in the years 2019-2023.
3. Banking companies with positive profits in the research years.

From the predetermined sample criteria, there are a total of 13 banking companies that constitute the sample, namely:

**Table 1.** Research sample.

No	Sample Criteria	Number of Companies
1.	The number of banking companies listed on the IDX from 2019 to 2023	43
2.	Banking companies do not fall into the category of conventional banking.	(10)
3.	Banking companies that did not publish their financial reports in full during the years 2019-2023	(10)
4.	Banking companies that do not have positive profits in one period during the years 2019-2023	(10)
	The company was selected as a sample	13
	Year of Observation	5
Total number of observations for the research period (13 x 5)		65

Sumber data : [www.idx.com](http://www.idx.com)

### D. Data Collection Techniques

The data collection method explains how the research data is collected. The data collection method in this study is [22]:

- a. The documentation study method is a method conducted by extracting data in the form of the company's annual reports from 2019-2023. The data can be obtained from the Indonesia Stock Exchange (IDX).
- b. The literature study method involves the collection of data as a theoretical foundation and previous research. In this case, the data is obtained from journals, articles, books, previous research, and other written sources related to the required information.

## E. Analysis Technique

The statistical analysis technique in this study uses multiple linear regression, which explains the influence between different dependent and independent variables. Multiple Linear Regression is a regression used to test whether the profitability of a dependent variable can be predicted by its independent variables [22]. In this research, the researcher used SPSS (Statistical Package for Social Science) as a data analysis tool. This analysis begins with descriptive statistics and classical assumption tests. These classical assumption tests consist of multicollinearity tests, normality tests, heteroscedasticity tests, and autocorrelation tests. Next, the collected data were subjected to multiple regression analysis and hypothesis testing in the form of the coefficient of determination ( $R^2$ ), correlation coefficient ( $R$ ), and t-test.

### 1. Descriptive Statistics

Descriptive statistics are used to describe various characteristics of data derived from a sample. Descriptive statistics such as mean, median, mode, percentiles, deciles, and quartiles are presented in the form of numerical analysis or images/diagrams. In this descriptive statistics, the data is processed per variable.

### 2. Classic Assumption Test

The multiple linear regression model is used in hypothesis testing to meet the classical hypothesis test in the conducted research. This is done to avoid biased estimates because not all data can use the regression model.

#### a. Normality Test

The one-sided Kolmogorov-Smirnov test can also test the normality of the data. Finding the significance value in research requires the ability to draw conclusions to determine whether the data follows a normal distribution or not. If the significance is  $> 0.05$ , then the variable is normally distributed, and conversely, if the significance is  $< 0.05$ , then the variable is not normally distributed. [23].

#### b. Multicollinearity Test

The method used to test for the presence of multicollinearity can be seen from the tolerance value or variance inflation factor (VIF). The threshold set to indicate the presence of multicollinearity is a tolerance value  $< 0.10$  or a VIF value  $> 10$ .

#### c. Heteroscedasticity Test

To determine the presence or absence of heteroscedasticity in this study, the research is tested by examining the scatterplot graph between the predicted values of the dependent variable (ZPRED) and its residuals. (SRESID). The basis of the analysis used to test for the presence or absence of heteroscedasticity is as follows [22]:

1. If in a certain pattern, such as points forming a specific pattern regularly (wavy, widening, then narrowing), it indicates the occurrence of heteroscedasticity.
2. If there is no clear pattern, and points are scattered above and below the number 0 on the Y-axis, it can be concluded that heteroscedasticity does not occur.

#### d. Autocorrelation Test

In regression model research that is free from autocorrelation, it is considered a good regression model. One way to detect the presence or absence of autocorrelation is by using the Durbin-Watson test. Decision-making on the presence or absence of autocorrelation [22]. DW values between 1.55 to 2.46: no autocorrelation.

### 3. Hypothesis Testing

#### a. Correlation Coefficient Test

If the value of R approaches 1, it means the independent variable has a strong influence on the dependent variable. Conversely, if the value of R is far from 1, it means the influence of the independent variable on the dependent variable is still weak.

#### b. Coefficient of Determination (R<sup>2</sup>)

The coefficient of determination (R<sup>2</sup>) is a coefficient that indicates the percentage of influence of each independent variable on the dependent variable. This percentage shows how much the independent variable can explain the dependent variable. The higher the coefficient of determination or the closer the R<sup>2</sup> value is to 100%, the better the independent variable is at explaining the dependent variable. It means that the resulting regression equation is good for estimating the value of the dependent variable.

#### c. Multiple Linear Regression Analysis

Multiple Linear Regression Analysis is an approach used to explain the linear relationship between 2 (two) or more predictor (independent) variables and one response variable (dependent). Where there are 2 independent variables and 1 dependent variable. Namely: Abnormal Return (X<sub>1</sub>), and Trading Volume Activity (X<sub>2</sub>) as independent variables, and one dependent variable, namely Firm Value. (Y<sub>1</sub>). Where the model to be used is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Where:

- Y : Firm Value (Y<sub>1</sub>)
- α : Constant
- β : The regression coefficients of the independent variables X<sub>1</sub> and X<sub>2</sub>
- X<sub>1</sub> : Abnormal Return
- X<sub>2</sub> : Trading Volume Activity
- e : Interfering Variable or Error

### 4. T-test (Partial test)

The t-statistic test essentially shows how far the influence of an individual variable or independent variable explains the variation in the dependent variable [24].

- a. If the significance is greater than 0.05, then the hypothesis is rejected (the regression coefficient is not significant), which means that individually, the independent variables do not have a significant influence on the dependent variable.
- b. If the significance is less than 0.05, then the hypothesis is accepted (the regression coefficient is significant), which means that individually, the independent variables have an influence on the dependent variable.

## Results and Discussion

### Results

#### A. Descriptive Statistical Analysis

Descriptive statistical tests aim to provide an overview or depiction of the data, including the sample size, minimum value, maximum value, mean, and standard deviation of each research variable.

**Table 2.** Descriptive statistics.

	N	Minimum	Maximum	Mean	Std. Deviation
Abnormal Return	65	-1.54	2.22	2.0126	0.60866
Trading Volume Activity	65	0.00	1.20	2.0605	0.16616
Firm Value	65	0.11	1069.35	100.6315	2.28855
Valid N (listwise)	65				

Source: Output Results SPSS version 27 (processed)

Based on the data obtained, the results are as follows:

### 1. Firm Value ( $Y_1$ )

Firm Value has a minimum value of 0.11, with a maximum value of 1069.35, while the mean value is 100.6315 with a standard deviation of 2.28855, indicating that the data dispersion is smaller than the mean value, thus showing that the Firm Value variable data is already suitable.

### 2. Abnormal Return ( $X_1$ )

Abnormal Return has a minimum value of -1.54, with a maximum value of 2.22, while the mean value is 2.0126 with a standard deviation of 0.60866, indicating that the data dispersion is smaller than the mean value, thus showing that the Abnormal Return variable data is already suitable.

### 3. Trading Volume Activity ( $X_2$ )

Trading Volume Activity has a minimum value of 0.00 and a maximum value of 1.20, while the mean value is 2.0605 with a standard deviation of 0.16616, indicating that the data dispersion is smaller than the mean value, thus showing that the Trading Volume Activity variable data is already acceptable.

## B. Classic Assumption Test

Classical hypothesis testing is the initial step before performing regression calculations to determine the effect of independent variables on the dependent variable.

### 1. Normality Test

To test the normality of the data, this study uses the Kolmogorov Smirnov Test. Assessing the significance value in research must be able to draw conclusions to determine whether a data set follows a normal distribution or not. If the significance is  $> 0.05$ , then the variable is normally distributed, and conversely, if the significance is  $< 0.05$ , then the variable is not normally distributed

**Table 3.** Results of the Normality Test.

One-Sample Kolmogorov-Smirnov Test			Abnormal Return	Trading Volume Activity
N			65	65
Normal Parameters <sup>a,b</sup>	Mean		.0126	.0605
	Std. Deviation		.60866	.16616
Most Extreme Differences	Absolute		.143	.358
	Positive		.143	.347
	Negative		-.081	-.358

Test Statistic		.143	.358
<b>Asymp. Sig. (2-tailed)<sup>c</sup></b>		<b>.402</b>	<b>.500</b>
Monte Carlo Sig. (2-tailed) <sup>d</sup>	Sig.	.003	.000
	99% Confidence Interval	Lower Bound	.001
		Upper Bound	.004
<b>One-Sample Kolmogorov-Smirnov Test</b>			
			<b>FIRM VALUE</b>
<b>N</b>		65	
Normal Parameters <sup>a,b</sup>	Mean	100.6315	
	Std. Deviation	242.28855	
Most Extreme Differences	Absolute	.430	
	Positive	.430	
	Negative	-.339	
Test Statistic		.430	
<b>Asymp. Sig. (2-tailed)<sup>c</sup></b>		<b>.700</b>	
Monte Carlo Sig. (2-tailed) <sup>d</sup>	Sig.	.000	
	99% Confidence Interval	Lower Bound	.000
		Upper Bound	.000

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Source: Output Results SPSS version 27 (processed)

Based on the results of the One-Sample Kolmogorov-Smirnov Test, the significance values of each variable are greater than 0.05, indicating that the regression model meets the normality assumption and can proceed to the next test.

## 2. Multicollinearity Test

The way to see whether a model has multicollinearity or not (Ghozali, 2018) can be observed through the Tolerance and Variance Inflation Factor values. (VIF). Tolerance measures the degree of variability of a selected independent variable that cannot be explained by other independent variables. The commonly used tolerance threshold values are  $> 10$  and  $VIF < 10$ . If this happens, it means there is no multicollinearity in the regression model.

**Table 4.** Results of the Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Abnormal Return	.799	1.931
Trading Volume Activity	.809	1.798

a. Dependent Variable: FIRM VALUE

Source: Output Results SPSS version 27 (processed)

Based on the table above, the results of the multicollinearity test show that the tolerance values of each independent variable are  $> 0.10$  while the VIF values are  $< 10$ . Therefore, the results of the multicollinearity test in this study indicate that there is no multicollinearity in the regression model.

### 3. Autocorrelation Test

The autocorrelation test is used to determine whether there is a deviation from the classical assumption of autocorrelation, which is the correlation that occurs between the residuals of one observation and another in the regression model. If such a correlation exists, it is referred to as an autocorrelation problem. With the condition: DW value between 1.55 and 2.46; no autocorrelation.

**Table 5.** The results of the autocorrelation test can be seen.

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.865 <sup>a</sup>	.827	.804	242.78025	1.937

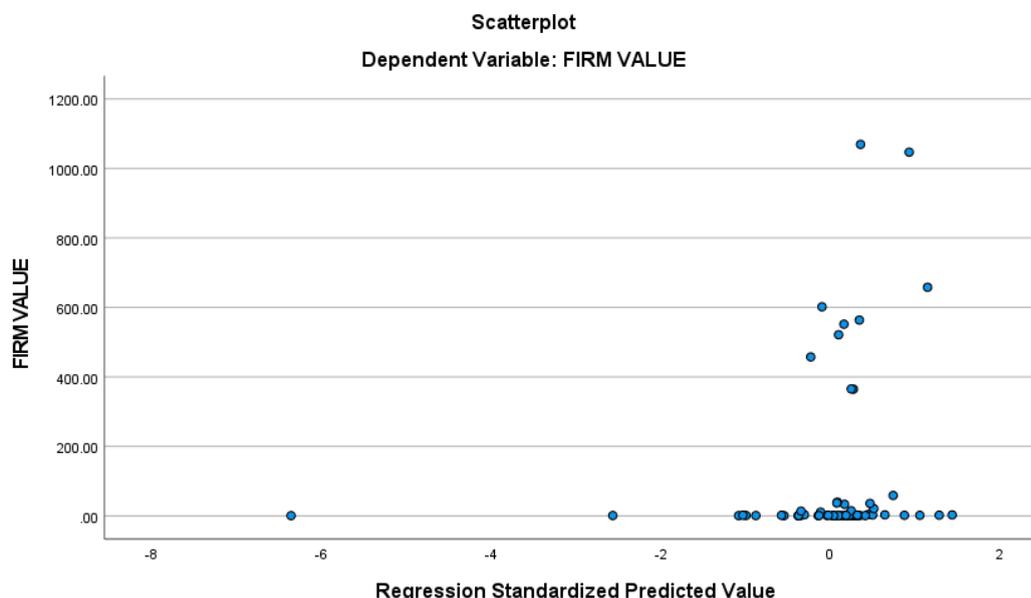
A. Predictors: (Constant), Trading Volume Activity , Abnormal Return  
B. Dependent Variable: Firm Value

Source: Output Results SPSS version 27 (processed)

Based on the results of the autocorrelation test, the Durbin-Watson value is 1.937. Thus, the DW value is between 1.55 and 2.46. This indicates that there is no autocorrelation.

### 4. Heteroscedasticity Test

To test for the presence or absence of heteroscedasticity, a scatter plot is examined to see whether the residuals are spread out or form a specific pattern. If the points do not spread out and form a pattern, then heteroscedasticity occurs.



Source: Output Results SPSS version 27 (processed)

**Figure 1.** Heteroskedasticity test results.

From the scatter plot in Figure 1, the points are randomly spread and there is no tendency to form a specific pattern, so there is no indication of heteroscedasticity.

### C. Multiple Linear Regression Analysis

The calculations were conducted using SPSS version 27, and the results are as follows:

**Table 6.** Results of the multiple linear regression analysis.

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	113.274	32.089		3.530	.001
	Abnormal Return	27.993	49.884	.070	2.561	.007
	Trading Volume Activity	14.942	182.733	-.147	2.176	.004

Source: Output Results SPSS version 27 (processed)

In the table regarding the SPSS processing results, a multiple regression equation can be made as follows:

$$Y = 113.274 + 27.993X_1 + 14.942X_2$$

The multiple linear regression equation above can be interpreted as follows:

1. The constant is 113.274. This means that if there is no influence from Abnormal Return and Trading Volume Activity, the Firm Value would be 113.274.
2. The coefficient of the Abnormal Return variable is 27.993. This means that if there is an increase in Abnormal Return by one unit, the Firm Value will also increase by 27.993, assuming that other factors remain constant.
3. The coefficient of the Trading Volume Activity variable is 14.942. This means that if there is an increase in Trading Volume Activity by one unit, the Firm Value will also increase by 14.942, assuming that other factors remain constant.

### D. Hypothesis Testing

#### 1. Coefficient of Determination Test (R<sup>2</sup>)

The R<sup>2</sup> test is used to calculate the strength of the relationship between the independent variable and the dependent variable. The results of the SPSS calculations regarding the analysis are presented in the table below:

**Table 7.** R square test results.

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.865 <sup>a</sup>	.827	.804	242.78025	1.937

A. Predictors: (Constant), Trading Volume Activity, Abnormal Return  
 B. Dependent Variable: Firm Value

Source: Output Results SPSS version 27 (processed)

In the table above, it is known that the correlation coefficient R is 0.865 or close to 1. This

means there is a strong relationship (correlation) between the independent variables, which include Abnormal Return and Trading Volume Activity, and the dependent variable, which is Firm Value.

As for the multiple determination analysis, from the table above, it is known that the percentage of the influence of the independent variables on the dependent variable, indicated by the R square value, is 0.827. Therefore, the multiple determination coefficient is  $0.827 \times 100\% = 82.7\%$ , and the remaining  $100\% - 82.7\% = 17.3\%$ . This means that the fluctuations in the dependent variable, Firm Value, are influenced by the independent variables, Abnormal Return and Trading Volume Activity, by 82.7%. Meanwhile, the remaining 17.3% is influenced by other variables that were not studied.

## 2. T-test (Partial test)

The results of the SPSS version 27 calculations regarding the t-test analysis (partial test) are shown in the table below:

**Table 8.** Partial test results (T-test).

		Coefficients <sup>a</sup>					
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
1	(Constant)	113.274	32.089		3.530	0.001	
	Abnormal Return	27.993	49.884	.070	2.561	0.007	
	Trading Volume Activity	14.942	182.733	-.147	2.176	0.004	

Source: Output Results SPSS version 27 (processed)

- The hypothesis test for Abnormal Return Affecting Firm Value shows a significance value of 0.007, which is less than 0.05. Because the significance level of  $0.007 < 0.05$ , H1, which states that the Abnormal Return variable affects Firm Value, is accepted.
- The hypothesis test for Trading Volume Activity Affecting Firm Value shows a significance value of 0.004, which is less than 0.05. Because the significance level of  $0.004 < 0.05$ , H2, which states that the Trading Volume Activity variable affects Firm Value, is accepted.

**Table 9.** Hypothesis testing results.

No.	Description	Result	Explanation
1	H1 : Abnormal Return Influential On Firm Value	Accepted	$0,007 < 0,05$
2	H2 : Trading Volume Activity Influential On Firm Value	Accepted	$0,004 < 0,05$

Source: Data processed by the researcher (2024)

## Discussion

### 1. Abnormal Return Influential on Firm Value

The higher the market value of the stock compared to its book value, the more it indicates that the company has a high company value, which can increase the company's stock return. A high company value can boost market confidence in the company's prospects, making it attractive to

investors to buy the stock, thereby increasing demand for the stock and pushing the stock price up [25]. Abnormal return in many previous studies is influenced by the information released by the company. Information available in the capital market plays an important role in influencing all forms of trade transactions in the capital market. This is consistent with the research conducted by [16] and [17] which found that Abnormal Return positively affects Firm Value.

## 2. Trading Volume Activity Berpengaruh Terhadap Firm Value

From the test results, it shows that Trading Volume Activity Influences Firm Value. This means that information about the Company contains information that can affect trading volume activity in the stock market reaction. The increase in trading volume activity did not lead to an increase in the stock price. Investors sell shares upon seeing bad news or good news about a company because they believe there are significant long-term gains to be made by investing amidst the impact of events affecting the company, especially in the banking sector. As a result, this leads to an increase in trading volume in the capital market. With the increase in TVA in a company, it will also impact the increase in the company's value.

## Conclusion

The study concludes that Abnormal Return significantly affects Firm Value, as a higher firm value increases market confidence in the company's prospects, attracting investors to purchase stocks. This leads to increased stock demand and, consequently, higher stock prices. Additionally, Trading Volume Activity also influences Firm Value, with a rise in trading volume positively correlating to an increase in the company's value. However, the research has some limitations: it includes only two independent variables and one dependent variable, focuses on a limited period (2019–2023), and examines solely the direct relationship between independent and dependent variables. For future studies, it is suggested to incorporate additional independent variables, such as Corporate Social Reporting, Internet Financial Reporting, Financial Performance, Public Ownership, and Audit Committees. Extending the research period to include 2024 and exploring the use of moderation or mediation variables are also recommended to enhance the analysis.

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