

## CHAPTER V

### CONCLUSIONS AND SUGGESTIONS

#### 5.1. Conclusion

Based on the data obtained and the analysis conducted by the researcher, the conclusions of this study are:

1. There is no significant difference of average abnormal return before and after coronavirus pandemic was confirmed in Indonesia on March 2, 2020. This can be shown from the results of statistical processing with a significance value of  $0.540 > 0.05$ . Thus H1 is rejected.
2. There is a significant difference of average trading volume activity before and after coronavirus pandemic was confirmed in Indonesia on March 2, 2020. This can be shown from the results of statistical processing with a significance value of  $0.009 < 0.05$ . Thus H2 is accepted.
3. There is a significant difference of average bid ask spread before and after coronavirus pandemic was confirmed in Indonesia on March 2, 2020. This can be shown from the results of statistical processing with a significance value of  $0.012 < 0.05$ . Thus H3 is accepted.
4. Overall, it can be concluded that the inclusion of coronavirus pandemic to Indonesia has triggered stock market reaction in term of the declining in stock prices which impact on trading volume activity and bid ask spread.

## 5.2. Research Implication

Based on the above conclusions, the implication of this research are :

1. For researcher, this research is to know the differentiation between Abnormal Return, Trading Volume Activity and Bid Ask Spread before and after coronavirus pandemic was confirmed has entered Indonesia and use this research as references for the next research improvement.
2. For investor, this research can give an insight about how non economic or non financial information especially unpredictable issue such coronavirus pandemic can influence the abnormal return, trading volume activity and bid ask spread, so the investor can choose the right decision and also become smart investor to assess an event.

## 5.3. Research Limitation

The limitation of this research are:

1. The event window of the research. This study is limited to observations during one month trading only, which is 15 days before and 15 days after the coronavirus pandemic was confirmed has entered Indonesia. Meanwhile, until the completion of writing this research as of May 2020, coronavirus pandemic in Indonesia and the world is still ongoing. But if the the period is extended several days/weeks/months before and after the event, it will affected by any other event. So that the selection of different research periods may produce different research results.

2. There are only 3 market reaction proxies used in this study, which are AAR, TVA and also bid ask spread.
3. This research only uses the Capital Asset Pricing Model (CAPM) to estimate the expected return on abnormal return computation. The selection of different estimation model such market adjusted model may produce different research results.

#### 5.4. Suggestion

Based on the limitations of the research above, the following are the suggestion for future research:

1. For the next researchers, it is advisable to look for other proxies in measuring the impact of market reactions such as market reactions that are proxied by stock price volatility and stock performance which is calculated using the price earning ratio (PER).
2. It is recommended for the next researchers to further develop this research with other methods and make comparisons for each method so that it can be known whether there are differences in the research results.

