ABSTRACT

Religious belief plays an important role in lives, behavior, and decision making of the people, including economic growth of a nation. The Holy Month of Ramadan which is one of the biggest Islamic event that occurred annually may bring an impact of economic activities in a country that majority people is a Muslim. IDX as a capital market of Indonesia and 87% of total population are Muslim which considered as the majority have a vital role in elaborating the economic condition. Hence, the purpose of this research was to measure the seasonal anomaly (Ramadan Effect) by conducting an event study.

Data that used are secondary data which gathered from sample of the research on seven companies that listed on Jakarta Islamic Index. Average abnormal return (AAR) was used to measure and compare data before, at the moment, and after Ramadan from year 2014 until 2018. Market-adjustment model has been used for 7-days before Ramadan until 7-days after Ramadan. Data analysis technique is using normality test of Kolmogorov-Smirnov and Sharpio-Wilk. While One-way ANOVA was used to know whether it has a significant difference. Cumulative average abnormal return (CAAR) was also used to measure and compare data when Ramadan occurred between 1st day of Ramadan and 5th, 10th, and 15th during Ramadan. Data analysis technique is using normality test of Kolgomorov-Smirnov and Sharpio-Wilk. While Paired Sample T-Test was used to know whether it has a significant difference.

The result on Kolgomorov-Smirnov and Sharpio-Wilk test showed the data is normally distributed on all AAR and CAAR data. Using One-way Anova to test AAR showed the phenomena of Ramadan is not significantly impact because there is no significant difference on AAR before, at the moment and after Ramadan. Same result occurred on CAAR using Paired Sample T-Test showed between 1st day and 5th, 10th and 15th inside Ramadan are not significantly impact because there is no significant difference of CAAR.

Keywords: *event study, Ramadan, average abnormal return, cumulative average abnormal return, market-adjustment model*