

DATA IN SUMMARY | ACCOUNTING, MANAGEMENT, BUSINESS, ECONOMIC

The Effect of Annual Report Award Announcements on Stock Prices: Empirical Study of Annual Report Award Winning Companies Listed on the Indonesia Stock Exchange

Maulina Agustiningih¹, Hafizul Rahmi Saputra²

^{1,2}Department of Accounting, Sekolah Tinggi Ilmu Ekonomi Bangkinang, Bangkinang, Indonesia.
Email : maulinaagustiningih9@gmail.com¹, hafizulsaputra@gmail.com²

ARTICLE HISTORY

Received: December 23, 2024
Revised: February 02, 2025
Accepted: February 20, 2025

DOI

<https://doi.org/10.52970/grdis.v5i2.946>

ABSTRACT

This study was conducted to test the effect of the Annual Report Award (ARA) on stock prices in companies that won the 2019 Annual Report Award listed on the Indonesia Stock Exchange. This study is an event study for 7 days, namely 3 days before, 1 day after, and 3 days after. The stock price used is the stock price at closing. The purpose sampling technique was used, and 12 companies that met the sample criteria were obtained. The hypothesis testing of this study used the data normality test, one-sample t-test, and paired sample t-test. The results of the hypothesis test showed that there was a difference in the average positive stock price before and during the announcement of the annual report award. There was no significant difference in the average positive stock price at the time and after the announcement and before and after the announcement of the annual report award. Thus, this study shows that the annual report award has an effect on stock prices before and during the announcement only.

Keywords: Annual Report Award, Share Price.

I. Introduction

The capital market as an economic instrument is influenced by various environmental influences, generally the influence of the economic and non-economic environment. There are two economic influences, namely microeconomics and macroeconomics. However, not only can both factors influence the capital market, but non-economic factors also affect stock prices, for example, awards given to a company. One award that can affect the price of a stock is the Annual Report Award (ARA). Financial reports as a product of accounting are information for decision-making by interested parties (Munawir, 2020). The form financial report processed is an annual report that contains in addition to the financial report that contains additional information outside the financial report with additional information in the form of a summary of financial performance (statistical data) for 5 years or more, commissioner and management reports, product



information, marketing, and other additional information. The more information available in the annual report, the better the quality of the annual report. (Maydiyanti et al., 2020). However, additional information other than financial reports is still voluntary and needs to be motivated by government regulators in this case OJK (Financial Services Authority) to encourage issuer companies in the capital market to compete to submit quality annual reports. One of these programs is the holding of an annual report award competition every year.

The Annual Report Award (ARA) is an award-giving activity designed to improve the quality of information disclosure and the implementation of good corporate governance (GCG) in annual reports of companies in the business sector. (Rahmawati et al., 2021). Annual Report Award (ARA) is an annual activity that aims to encourage the implementation of good corporate governance (GCG) principles in companies in Indonesia. The Annual Report Award (ARA) is organized by several institutions that play an important role in the economic sector, including the Indonesia Stock Exchange (BEI), the National Committee for Governance Policy (KNKG), the Indonesian Accountants Association (IAI), Bank Indonesia (BI), the Directorate General of Taxes (DJP), the Ministry of SOEs and the Financial Services Authority (OJK). The Annual Report Award (ARA) is awarded to companies that can achieve the criteria set by the ARA committee, especially the aspect of completeness in presenting financial reports. The criteria that have been prioritized in addition to the completeness of the presentation of financial reports since ARA 2011 are the implementation of good corporate governance (GCG) properly. The annual report award was held from 2002 to 2019, after the 2019 period when COVID-19 occurred, it had an impact on the annual report award which was previously held every year and had to be canceled because of COVID-19.

In 2019 before Covid-19 and several years before, the Annual Report Award (ARA) competition was held, and OJK as the organizer of the Annual Report Award (ARA) competition announced the winners of 12 issuers listed on the IDX and some others that were not listed on the IDX, totaling 21 companies, so that the total was 33 winning companies. The announcement was made on November 14, 2019. After the 2019 period, the institutions that held the Annual Report Award (ARA) did not hold the event again because throughout 2020/2021 Indonesia was hit by COVID-19, while in 2022 it has not been implemented because it is still in recovery. While in 2023 the Annual Report Award (ARA) has not been implemented. For issuer companies participating in ARA, they can get benefits as winners in the form of increased company reputation and the stock price of each company. Judging from various studies on annual report awards, one of which is research conducted by Ekawati (2011) Found that the announcement of the Annual Report Award (ARA) 2007 had an effect on abnormal returns using an event window of 5 days before and after the announcement. Meanwhile, research conducted by Tedjakusuma (2012) Found that there were no significant abnormal returns around the annual report award announcement period.

Based on the description above, this study is important because it provides a deeper understanding of the influence of the Annual Report Award (ARA) on the capital market, especially on stock prices and company reputation. By looking at the differences in the results of previous studies, this study can provide a new perspective in analyzing the impact of ARA, especially in the context of a capital market that continues to develop and experience dynamics, including due to the COVID-19 pandemic. In addition, the results of this study can be used as a consideration for regulators, investors, and companies in increasing the transparency and quality of annual reports, which ultimately supports the implementation of good corporate governance (GCG) more optimally.

II. Literature Review and Hypothesis Development

2.1 Stock price

According to Pratiwi (2020), Shares are a sign of ownership of a person body, or company. Shares can be defined as a sign of a statement or ownership of a person or body in a company. Hanafi & Abdul (2016) Stocks are proof of ownership of a company. Investors can buy, hold, and sell the shares. Buying and holding

shares means that investors own the company and are entitled to the company's profits. Selling means relinquishing ownership of the company and thus relinquishing the rights in the shares. Shares can be used as a sign of participation or ownership of a person or body in a company, a share is a piece of paper that states that the owner of the paper is the owner (no matter how much), and a company that issued the shares. A share has a value or price. According to Ritonga et al (2023), stock price is the price of a stock that occurs on the stock exchange at a certain time determined by market players and is determined by the demand and supply of the shares concerned in the capital market. Stock price is a very important factor and must be considered by investors in making investments. Stock price is an indicator of the success of company management. An increase in stock price will also reflect an increase in the wealth of shareholders as investors. Stock price is the closing price of the stock market during the observation period for each type of stock used as a sample and its movement is always observed by investors.

2.2 Annual Report Award

According to Pratiwi (2020), Annual Report Award (ARA) is an award-giving activity designed to improve the quality of information disclosure and the implementation of good corporate governance (GCG) in annual reports of companies in the business sector. Annual Report Award (ARA) is an annual activity that aims to encourage the implementation of good corporate governance (GCG) principles in companies in Indonesia. Annual Report Award (ARA) is organized by several institutions that play an important role in the economic sector, including the Indonesia Stock Exchange (BEI), the National Committee for Governance Policy (KNKG), the Indonesian Accountants Association (IAI), Bank Indonesia (BI), the Directorate General of Taxes (DJP), the Ministry of SOEs and the Financial Services Authority (OJK).

ARA is awarded to companies that can achieve the criteria set by the ARA committee, especially the aspect of completeness in the presentation of financial reports. The criteria that have been prioritized in addition to the completeness of the presentation of financial reports since ARA 2011 is the implementation of good corporate governance (GCG). Participation in the ARA award is one form of GCG implementation and is a good opportunity for companies to find out how well the preparation of the company's annual report is and strengthen the company's existence in the capital market.

Research result Widyawati & Ariesta, (2020) Revealed that there was no significant difference in stock prices and stock trading volume before and after the announcement of the 2009-2016 EVANT Annual Report Award. Furthermore, Wardani & Antara (2017) Also stated that there was no significant difference in the average positive stock price and positive abnormal return before and after, as well as before and after the ARA announcement (H2, H3, H5, and H6). Thus, this study shows that ARA has an effect on the company's value before and during the announcement only. It can be concluded that the Annual Report Award (ARA) is an award event that aims to improve the quality of information disclosure and the implementation of good corporate governance (GCG) in the company's annual report. Participation in ARA provides benefits for companies in strengthening their transparency and credibility in the capital market. However, previous research results show that the influence of ARA on stock prices and stock trading volume tends to be insignificant in the long term, although it can have an impact on the period before and during the award announcement. This shows that although ARA plays a role in encouraging the implementation of GCG, other factors in the capital market also have a more dominant influence on stock price movements.

III. Research Method

3.1 Location and Time of Research.

In this study, the author will conduct research on the winning companies of the Annual Report Award (ARA) in 2019, namely the winning companies listed on the Indonesian Stock Exchange. This research will be conducted for 2 months, namely from June to July 2023.

3.2 Data Types and Sources



This research is an event study analysis research, which occurred in 2019, namely the Annual Report Award event study. Therefore, the type and source of data that the author uses is secondary data, namely from documents that are available at the IDX.

3.3 Data Collection Methods and Techniques

The data collection method used in this study is using documentary techniques. Documentary techniques are data collection methods that are carried out by recording data from reports, notes, and archives that exist in several sources. (Sugiyono, 2016). Several sources that are used as guidelines in searching for research data are the official website of the Annual Report Award (ARA) program which is used to find out information on the list of winners and the announcement date of the Annual Report Award (ARA) which is accessed via the website www.annualreport.id, the Indonesian Stock Exchange (BEI) via its website www.idx.co. as a reference in determining the purposive sampling used in this study, for searches regarding daily closing stock prices, composite stock price index, shares in circulation, stock trading volume and stock trading frequency used during the observation period accessed via website sources www.finance.yahoo.com as well as trending reliance applications.

3.4 Population and Sample

In this study, population and sample taking is done by taking sample members from the entire population which is done randomly without considering the levels in the population. In this study, samples can be drawn, namely, all companies that won the Annual Report Award (ARA) which amounted to 33 companies. Where from the 33 companies that won the 2019 annual report award, samples were taken, namely 12 winning companies listed on the Indonesia Stock Exchange.

IV. Results and Discussion

4.1 Descriptive Analysis

Descriptive analysis is done to analyze data by providing a description or description of something seen from the average minimum, maximum, and standard deviation values. The results of the analysis can be seen in the following table:

Table 1. Results of Descriptive Statistical Tests

N	Minimum	Maximum	Mean	Std. Deviation
12	-298965	655	-82360.58	130631.111
12	-498965	455	-137760.58	218213.235
12				

Based on the results of the descriptive statistical test, it was found that the minimum value before the announcement was -298965 and the maximum value before the announcement was 655 with a mean of -82360.58 and a standard deviation of 130631.111. The minimum value after the announcement was 498965 and the maximum value after the announcement was 455 with a mean of -137760.58 and a standard deviation of 218213.235.

4.2 Data Normality Test



Data normality testing is carried out because it is a requirement of the t-test which requires data to be normally distributed or not. Data normality testing uses the Kolmogorov-Smirnov test. In the One-Sample Kolmogorov-Smirnov test, a significance level of 0.05 or 5% is set. The basis for taking One Sample Kolmogorov-Smirnov is done by making a hypothesis:

- H0 = data is normally distributed.
- H1 = data is not normally distributed.

H0 is supported if the significance value is more than 0.05 and H1 is supported if the significance value is less than 0.05.

Table 2. Data Normality Test Before Announcement

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		12
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	21997.50441681
Most Extreme Differences	Absolute	.313
	Positive	.313
	Negative	-.281
Test Statistics		.313
Exact Sig. (2-tailed)		.152
Point Probability		.000
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Table 3. Data Normality Test After Announcement

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		12
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	33143.43850264
Most Extreme Differences	Absolute	.341
	Positive	.244
	Negative	-.341
Test Statistics		.341
Exact Sig. (2-tailed)		.095
Point Probability		.000
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on the results of the data normality test in Tables 2 and 3, it shows that the results for the average stock price before the 2019 Annual Report Award have a significance value greater than 0.05 table 2 has a significance value of $0.152 > 0.05$. Table 3 shows the significance of the stock price after the 2019 Annual Report Award of $0.095 > 0.005$. Thus, the sample average stock price both before and after the announcement of the 2019 Annual Report Award, is normally distributed, so that H0 is supported and H1 is rejected.

4.3 Hypothesis Testing



a. Hypothesis Testing 1

The first hypothesis states that there is a positive difference in the average stock price before and during the announcement of the 2019 annual report award. The first hypothesis test was conducted using a one-sample test. As shown in Table IV. 5 for the average stock price before the annual report award, the t-count value was obtained at -3.754 with a significance value (2-tailed) of 0.003. The significance level of 0.003 < 0.005 means that there is a significant difference in the average stock price before and during the announcement. Based on Table IV. 4, the mean value of the average stock price before the annual report award was 19,555.67, and the average stock price at the time of the announcement was 20,317.08 (in Table 4) Here are the results of testing hypothesis 1:

Table 4. One-Sample Statistics of Stock Prices Before Annual Report Award 2019

	N	Mean	Std. Deviation	Std. Error Mean
before the announcement	12	19555.67	36788.975	10620.062
at the time of the announcement	12	20317.08	36269.796	10470.188

Table 5. One-Sample T-Test of Stock Prices Before Annual Report Award 2019

	Test Value = 20317.08					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
before the announcement	-3,754	11	.003	-39872.747	-63247.35	-16498.15

The test results in Table 5 show a positive increase in the average stock price at the time of the announcement compared to before the announcement, this shows that there is a significant difference in the average positive stock price before and immediately after the announcement of the annual report award. Thus, hypothesis 1 is supported.

b. Hypothesis Testing 2

The second hypothesis states that there is a positive difference in the average stock price during and after the announcement of the 2019 annual report award. The second test uses a one-sample t-test. It can be seen in Table 6, that the average stock price after the 2019 annual report award has a t-count value of -3957 with a significance (2-tailed) of 0.002. A significance value (2-tailed) less than 0.05 indicates a significant difference after the announcement. It can be seen from Table IV.6 that the mean at the time of the announcement was 20,317.08 and the mean stock price after the 2019 annual report award was 20350.25. The following is a table of test results in Table 6.

Table 6. One-Sample Statistics of Stock Prices After Annual Report Award 2019

	N	Mean	Std. Deviation	Std. Error Mean
at the time of the announcement	12	20317.08	36269.796	10470.188
after the announcement	12	20350.25	35604.995	10278.277

Table 7. One-Sample Test of Stock Prices After the 2019 Annual Report Award

	Test Value = 20317.08					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
after the announcement	-3.957	11	.002	-40667.330	-63289.66	-18045.00

The test results show that there is a negative decrease in the average stock price after the announcement, as seen from the mean value after the announcement being smaller than at the time of the announcement. Thus, it can be said that there is a significant negative difference in the average stock price between the time and after the announcement. From these results, the 2nd hypothesis is rejected.

c. Hypothesis Testing 3

The third hypothesis states that there is a positive difference in the average stock price before and after the announcement of the 2019 annual report award. The third test uses a paired sample t-test or paired t-test. In Table IV.9, the average stock price has a t-count value of -0.667 with a significance (2-tailed) of 0.513. The significance value of $0.513 > 0.05$, means there is no significant difference between before and after the announcement. The descriptive results in table IV.8 state that the average stock price before has a mean value of 2.914092 and the average stock price after the mean is 2.035025. The following is a table of test results.

Table 8. Paired Samples Statistics of Stock Prices Before and After The 2019 Annual Report Award.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	before the announcement	2,9140.92	12	41663.142	12027.113
	after the announcement	2,0350.25	12	35604.995	10278.277

Table 9. Paired Sample T-Test of Stock Prices Before and After the 2019 annual report award.

		Paired Differences					t	Df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	before announcement - after announcement	-8790.667	44996.887	12989.482	-37380.325	19798.991	-.677	11	.513

The test results show a positive increase in the average stock price between before and after the announcement. This shows that there is a positive increase in the average stock price before and after the announcement, but the increase is not significant. Thus, the 3rd hypothesis is rejected. Based on the test results on the effect of annual report awards on stock prices, there was a significant positive average difference before and during the announcement. There was no significant positive difference during and after the announcement. The following is a summary of the results of the hypothesis testing:

Table 10. Summary of Hypothesis Testing Results

No	Hypothesis	Stock price
1	Before and during the announcement	H1 = Accepted
2	During and after the announcement	H2 = Rejected
3	Before and after the announcement	H3 = Rejected

Source: Processed Data

This can happen because investors respond quickly to the announcement and then do not respond again after the announcement. As explained by Jogiyanto (2010), the window period can capture the effects of events depending on the event. This study proves that the annual report award is an event that is quickly responded to by the market. The results of testing hypothesis 1, show that the annual report award has an effect on stock prices at the time before and during the announcement only. Thus, hypothesis 1 is accepted. This test supports the research. Wardani & Antara, (2017), state that success in winning an annual report award only affects stock prices before and at the time of the announcement. From the results of hypothesis 2 testing, there is a significant negative difference in the average stock price between the time and after the announcement. From these results, the 2nd hypothesis is rejected. This test supports Darmawan's research

(2015) that there is a significant influence of the annual report award announcement which causes differences in stock prices. From the results of hypothesis 3 testing, it shows a positive increase in the average stock price between before and after the announcement. This shows that there is a positive increase in the average stock price before and after the announcement, but the increase is not significant. Thus, hypothesis 3 is rejected. This test supports Fatharani's research (2014) that the effect of winning the annual report award should have a positive effect on stock prices.

V. Conclusion

From the results of testing the hypothesis using one sample t-test and paired sample t-test, it can be concluded that the results of this study indicate that the announcement of the annual report award has an effect on stock prices before the announcement, at the time of the announcement and after the announcement as seen from the following hypothesis testing results: Hypothesis 1 has a positive difference in the time before and immediately after the announcement, meaning that hypothesis 1 is accepted, namely at the time before and at the time of the announcement only. Hypothesis 2 has a significant negative difference in the average stock price between the time and after the announcement. From these results, the 2nd hypothesis is rejected. The results of testing hypothesis 3 show a positive increase in the average stock price between before and after the announcement. This shows that there is a positive increase in the average stock price before and after the announcement, but the increase is not significant. Thus, the 3rd hypothesis is rejected. There is information content from the results of the annual report award announcement on November 14, 2019. From the results of this study, several suggestions can be submitted to further researchers, namely: Further research can add one or more other variables such as company performance. Further research can use other models in calculating stock returns, for example, a model according to the average stock. Further research can find more appropriate and better sampling criteria. Further research can add years of research period and window period. Further research can produce better information than before related to the title of the influence of annual report awards on stock prices.

References

- Ekawati, R. K. (2011). Analisis Perbedaan Harga Saham Sebelum dan Sesudah Pengumuman Annual Report Awards (ARA) di Bursa Efek Jakarta. *Forum Bisnis Dan Kewirausahaan Jurnal Ilmiah STIE MDP*, 1(1).
- Hanafi, M., & Abdul, M. H. (2016). Analisis Laporan Keuangan, Edisi Keempat. Yogyakarta: UPP STIM YKPN.
- Maydiyanti, S., Putri, A. M., & Anriva, D. H. (2020). Faktor-Faktor Yang Mempengaruhi Kualitas Laporan Keuangan Pemerintah Daerah Kota Pekanbaru. *Jurnal Akuntansi Dan Ekonomika*, 10(1). <https://doi.org/10.37859/jae.v10i1.1975>
- Munawir. (2020). Analisis Laporan Keuangan. In Liberty.
- Pratiwi. (2020). Reaksi Pasar Terhadap Annual Report Award. In *Jurnal Ilmu dan Riset Akuntansi*.
- Rahmawati, L., Nurrasyidin, M., & Mardi, S. (2021). Pengaruh Leverage, Profitabilitas dan Good Corporate Governance Terhadap Nilai Perusahaan. *Ekonomi: Jurnal Ekonomi, Akuntansi & Manajemen*, 3(1). <https://doi.org/10.37577/ekonam.v3i1.287>
- Ritonga, V. A. N., Amrozi Filda, M., Sriwahyuni, & Harahap, S. (2023). Pengaruh Struktur Modal dan Profitabilitas Terhadap Harga Saham BRIS. *Maktabatun: Jurnal Perpustakaan Dan Informasi*, 3(1).
- Sugiyono. (2016). Sugiyono, Metode Penelitian. Uji Validitas.
- Tedjakusuma, M. A. (2012). Studi Beda Reaksi Pasar Atas Pengumuman Corporate Governance Perception Index Antara Perusahaan "Sepuluh Besar" Dan "Non Sepuluh Besar" Yang Terdaftar Di Bursa Efek Indonesia Tahun 2007-2011. *Calyptra*, 1(1).
- Wardani, D. K., & Antara, D. M. (2017). Pengaruh Annual Report Award (ARA) terhadap nilai perusahaan. *Jurnal Riset Akuntansi Mercu Buana*, 3(2). <https://doi.org/10.26486/jramb.v3i2.415>
- Widyawati, N., & Ariesta, R. (2020). Analysis of Differences in Stock Price and Stock Volume of Trade Before and After Annual Report Award (ARA) Announcement in 2009-2016 in Award Winning Companies Listing In Indonesia Stock Exchange. *The Spirit Of Society Journal*, 3(2). <https://doi.org/10.29138/scj.v3i2.1095>