

Market Reaction to Indonesia Golden Ring Award

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Info Article

History Article:

Received Juni 2017

Approved August 2017

Published September 2017

Keywords:

Market Reaction; Golden Ring Award; Event Study; Indonesian Stock Exchange.

Abstract

This research is attended to analyze market reaction to announcement of Golden Ring Award period 2008-2015. Indonesia Golden Ring Award (IGRA) which was originally called as GRA is a form of award for the telecommunications industry in which the assessment team consist of the journalists who are daily covering the telecommunications industry. It used an event study methodology to empirically evidence. The research samples are focused on 6 telecommunication firms listed in Indonesian Stock Exchange with judgement sampling technique. The secondary data consists of daily closing price of shares and composite stock price index with an estimation period during 21 days by using a market adjusted model. Hypotheses are tested by one sample t-test, paired t-test and independent sample t-test. There is significant market reaction to announcement of Golden Ring Award. The second Hypothesis also accepted i.e. there is a significance in different market reaction between the firms getting Golden Ring Award and the firms not getting Golden Ring Award, especially in best operator category. Whereas in best value added category, market didn't show significant reactions. This result gives implication related to the efficient capital market Hypothesis i.e. semi strong form efficiency are proven.

Penghargaan Golden Ring Indonesia dan Reaksi Pasar

Abstrak

Penelitian ini ditujukan untuk menganalisis reaksi pasar terhadap pengumuman Golden Ring Award pada periode 2008-2015. Indonesia Golden Ring Award (IGRA) yang sebelumnya disebut sebagai GRA adalah sebuah penghargaan di bidang telekomunikasi dimana tim yang melakukan penilaian adalah jurnalis yang fokus meliput seputar dunia telekomunikasi. Pengujian empiris dilakukan dengan metode event study. Sampel penelitian difokuskan pada 6 perusahaan yang terdaftar di Bursa Efek Indonesia dengan teknik judgement sampling. Data sekunder meliputi harga saham penutupan harian per lembar dan indeks harga saham gabungan dengan periode estimasi selama 21 hari dengan menggunakan model market adjusted. Hipotesis diuji dengan menggunakan one sample t-test, paired t-test dan independent sample t-test. Hasil penelitian menunjukkan ada reaksi pasar yang signifikan terhadap pengumuman Golden Ring Award. Hipotesis kedua juga didukung yaitu terdapat perbedaan reaksi yang signifikan antara perusahaan yang mendapatkan penghargaan dan perusahaan yang tidak mendapatkan penghargaan Golden Ring Award, khususnya pada kategori operator terbaik. Sedangkan pada kategori best value added, pasar tidak menunjukkan reaksi yang signifikan. Hasil ini memberikan implikasi terkait hipotesis pasar modal efisien yaitu efisiensi pasar bentuk setengah kuat terbukti.

JEL Classification: G11, G12, G13

How to Cite: Soejono, F. 2017. Market Reaction to Indonesia Golden Ring Award. *Jurnal Dinamika Manajemen*. 8 (2): 233-244.

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ISSN

2086-0668 (print) 2337-5434 (online)

DOI: 10.15294/jdm.v8i2.12763

INTRODUCTION

The most popular publication article concerning market efficiency was published by Fama in 1970. Efficiency is defined as the speed and completeness of capital markets to absorb relevant information in the stock price (Megginson, 1995). Defines market efficiency based on the correct decision making conducted by the market. Efficiency of weak form (all past information) and the semi-strong (recently published information) occurred because the information is considered to have been distributed and available to the public.

This research led to semi-strong form of informationally efficient market involving the market reaction speed to absorb the announced information. In Indonesia, there were some previous researches concerning the announcement of Annual Report Award (Sulistyanto & Prapti, 2003; Yildiz et al., 2017), the announcement of a stock split (Almilia & Kristijadi, 2005), the dividend announcement (Siaputra & Atmadja, 2006; Khoiruddin & Faizati, 2014), the publication of Corporate Governance Perception Index (Almilia & Sifa, 2006) and the announcement of Annual Report Award on Good Corporate Governance (Ardiansari, 2009; Yekini et al., 2016).

The different results of research still leave some questions. Research on the announcement of Annual Report Award (ARA) was responded by the market with a significant difference in abnormal returns around the announcement date of the announcement of Annual Report Award (ARA). Research conducted by Sulistyanto and Prapti (2003) measured the market reaction towards the announcement of Annual Report Award 2002. From these researches, it found a positive reaction from the investors, but the response tends to be slow since on the fifth day after the announcement, it had only found positive abnormal return and was proven affected by the announcement.

Conversely, the research by Ardiansari (2009), Suardi et al. (2015) Kemala and Ulupui (2015) did not find any market reaction towards the announcement of ARA. Soejono (2012) also

did not find any market reaction towards the announcement of Golden Ring Award (GRA). The results showed that the market reaction towards this contradictory awards becomes a reason to re-examine the market reaction towards the non-financial announcement, in this case, the announcement of Golden Ring Award.

The announcement of Golden Ring Award is removed because it is one of the issues that is rarely raised and is the latest non-financial announcement in the last eight years entered into the capital market. The contradictory result becomes a reason to re-examine the market reaction towards the non-financial announcement, in this case, the announcement of Golden Ring Award (Table 1). Indonesia Golden Ring Award (IGRA) which was originally called as GRA is a form of award for the telecommunications industry in which the assessment team consist of the journalists who are daily covering the telecommunications industry and we believed this factor will give an element of novelty in this research (Table 2).

The idea of giving award for the telecommunications industry is firstly proposed by Indonesian Telecommunications Journalists Forum in 2008. The activities of GRA include all operators, both CDMA and GSM as the nominees. GRA announcement has been held for seven times in the period of 2008-2015. Table 1 shows the information of the Golden Ring Award winners. Level of competition and growth in the telecommunications industry, especially from the operators side to get special attention from the public by holding this GRA

The implementation of GRA is considered successful and receives positive responses from various parties, especially from vendors and operators. Therefore, the announcement of the Golden Ring Award winners was held annually until 2011 and not in 2012. However, it was held again in 2013 until 2015. GRA announcement is thought to be one of the information that affects the interest of investors to invest in telecommunications firms in Indonesia Stock Exchange.

Based on the description, the formulated problems are does the market react to the

Table 1. The Data of Golden Ring Award Winners of 2008-2015

Year	Category Winners	
	Best Value Added Service	Best Operator
2008	PT. Telkom, Tbk (Telkomsel)	PT. Excelcomindo Pratama, Tbk (XL)
2009	PT. Hutchison CP Telecommunications (Three)	PT. Excelcomindo Pratama, Tbk (XL)
2010	PT. Hutchison CP Telecommunications (Three)	PT. Excelcomindo Pratama, Tbk (XL)
2011	PT. Telkom, Tbk (Telkomsel)	PT. Telkom, Tbk (Telkomsel)
2013	PT. Indosat, Tbk (Indosat)	PT. Telkom, Tbk (Telkomsel)
2014	PT. Excelcomindo Pratama, Tbk (XL)	PT. Telkom, Tbk (Telkomsel)
2015	PT. Excelcomindo Pratama, Tbk (XL)	PT. Telkom, Tbk (Telkomsel)

Source: www.goldenringaward.com

Table 2. The Assessment of Best Value Added and Best Operator

Category-Based Award Assessment	
Best Value Added	Best Operator
The accumulation of the services with added value received by the market and with the high level of utilization.	Innovation in products and contents, promotion and marketing, customer growth, tariff, performance, network performance and customer services.

Source: Dyandra (2000)

announcement of the Golden Ring Award winners? and does the market react differently between the awarded and non-awarded firms in the categories of Best Value Added Services and Best Operator. The purpose of this study is to test the presence/ absence of market reaction towards the announcement of the Golden Ring Award winners and to test the market reaction differences between the awarded and non-awarded companies in the categories of Best Value Added Services and Best Operator.

The non-financial information raised in this research is the Golden Ring Award. Golden Ring Award is an appreciation based on the assessment by the journalists who are daily assigned to cover the cellular industry. The level of competition and growth in telecommunications industry, especially from the operator gives an overview on how this field has given its own color to people's lives. It is added by the media's responses that specifically pay attention to the mobile telecommunications industry. Almost all common media now has a special rubric that discusses about such industry.

In addition, there are also some media of which discussion specialize in reviewing the cellular industry. The specific and general media journalists which handle the desk IT and telecommunications are ultimately required to understand and know the advantages and disadvantages of various products on the market in order to provide objective information to the readers.

With that background, there is an idea initiated to give appreciation to the industrialists that provide the best for the community, Golden Ring Award (GRA). Golden Ring Award program itself was initiated by the journalists who are active in Indonesian Telecommunications Journalists Forum. This forum consists of the journalists who had been on duty and have an interest in the telecommunications industry. Starting from the telkomedia mailing list as the mean, which is developed into many formal and informal discussions about the issues and problems that occur in the Indonesian telecommunications industry. There are also various categories carried in this award.

Golden Ring Award is expected to be the stimulant among the industrialists to provide the best for the community. There are two parts of the judge members, the panel of judges with 5 members and the assessors who provide assessment of the competing categories. The number of assessors at the Golden Ring Award 2008 is 63 journalists from various media. In the assessment process, the panel of judges agree to not to distinguish the CDMA and GSM network products. This unification becomes the reflection of the fact that in the market, both GSM and CDMA operators give their own best quality.

Hypothesis Development

Research by Sulistyanto and Prapti (2003) had successfully proved that the announcement of award granting, in this case the Annual Report Award, was responded by the market. It could increase investors' trust in the firms which were awarded for the best ratings in the Annual Report Award. The Hypothesis theory of efficient market states that if the market responds to an information quickly, the market can be said to be efficient.

GRA announcement may be a consideration for investors to invest in telecommunications firms. It may reduce investors' interests in firms which are considered to not to have attraction, in this case the firms which do not get any award. However, it can also increase their interest to invest in the firms which are expected and estimated to provide benefits or stock returns for them. In semi strong form all publicly available information include golden ring award announcement are incorporated into current stock prices. Semi strong form implied that share price adjust to publicly available new information very rapidly and in an unbiased fashion, such that no one should be able to outperform the market (Zhang et al., 2016; Jiang & Zhu, 2017). This indicates that a company's financial statements are of no help in forecasting future price movements and securing high investment returns (Shodhganga, 2006). The results of event studies have many times proved the presence of semi-strong market efficiency (Degutis & Lina, 2014). Based on the

description above, the alternative Hypothesis proposed in this study is:

H1: There is a market reaction towards the announcement of Golden Ring Award.

Investors are said to be realistic when they are more interested to invest in the firms that have been awarded than those which are not. Investors who highly-concern and prioritize the added value and the value of benefits in selecting the operator will certainly react during the announcement of the best value added award. Likewise, investors who highly-concern and prioritize the innovation in products and contents, promotion and marketing, customer growth, tariff, performance, network performance and customer services will react during the announcement of the best operator award. Thus, the hypotheses proposed are as follows:

H2a: There is a difference in market reaction between the awarded and non-awarded firms in the award of Best Value Added Services category.

H2b: There is a difference in market reaction between the awarded and non-awarded firms in the award of Best Operator category.

METHOD

Event study is a study on market reaction towards an event of which the information is published as an announcement. The window period of the study was 21 days, i.e., 10 days before the announcement, the announcement day (t_0) and 10 days after the announcement (Mardiyanti et al., 2005; Akbar & Baig, 2010). The 10-day observation period around the event date is used in order to avoid the confounding effects due to the announcement (especially for corporate action), instead the time period is considered sufficient to absorb the information from the announcement of Golden Ring Award (GRA) in the market.

There are 7 telecommunication firms listed in the Indonesian Stock Exchange and of these seven firms, there is only Infoasia Tekno-

logi Global (IATG) excluded from the sample since it experienced delisting in the observation period. The awardees of Golden Ring Award (GRA) are the telecommunications firms. Therefore, the go public telecommunications firms become the appropriate sample to see the market reaction to the announcement of GRA. The telecommunications firms are PT. Bakrie Telecom, Tbk. (BTEL), PT. Excelcomindo Pratama, Tbk. (EXCL), PT. Indosat, Tbk. (ISAT), PT. Infoasia Teknologi Global, Tbk. (IATG), PT. Smartfren Telecom, Tbk. (FREN), PT. Telkom, Tbk (TLKM), PT. Inovisi Infracom, Tbk (INVS).

Table 3. Announcement Date of Golden Ring Award

Announcement	Announcement Date
First	March 26, 2008
Second	March 18, 2009
Third	March 21, 2010
Fourth	July 20, 2011
Fifth	April 19, 2013
Sixth	October 24, 2014
Seventh	November 16, 2015

Sumber: www.goldenringaward.com

The announcement date of the Golden Ring Award (GRA) can be seen in Table 3. Those seven dates referred as the event date in this study and the observation period used is \pm 10-day observation period around the event date. There were 6 firms that became the research sample. The event window used was 21 days;

Table 4. Total Data based on the Sample Criteria

No	Criteria	Firms	Observed Data
1	The firms operate in Telecommunications industry which are go public in Indonesia Stock Exchange.	7	1.176
2	The firms which are not delisting in the research period, i.e., in 2008-2015 (IATG).	6	882
3	The data of known stock price (INVS has just been registered in ISE on July 3, 2009)	6	840
4	The firms did not conduct any corporate action during the observation period.	6	840

10 days before and 10 days after the announcement of the GRA and 1 day of the announcement day. Based on the observation at any telecommunications firms, there was no corporate action found occurred during the observation period.

The sampling technique used is purposive sampling with some criteria (Table 4), such as the firms operate in telecommunications industry which are public in Indonesia Stock Exchange, the firms which are not delisting during the research period from 2008 to 2015, the firms which did not conduct any corporate action during the observation period. The secondary data are in the form of daily closing stock prices and IHSG (Composite Stock Price Index), with archival data collection technique. The stock price data were taken from www.duniainvestasi.com, while IHSG and Corporate Action data were taken from www.duniainvestasi.com. Golden Ring Award winners data were taken from www.goldenringaward.com. IPO and delisting dates data of the firms were taken from www.sahamok.com.

Variable used in this research is the abnormal return. Abnormal return is the difference between the actual return and expected return. While the expected return is the return expected by investors. In this study, the expected return is calculated by using market-adjusted model so that the expected return is assumed equal to return market. The market-adjusted model method is chosen in this study because it is simpler than the mean-adjusted model and market model methods. Indonesian Capital Market tends

to have relatively low trading volume. Stock prices tend to move on certain days or at certain occasions in which will have no difficulty in using market-adjusted model since the trading around the announcement day are more likely to occur (Junaedi, 2005; Majumder, 2013). Steps in calculating abnormal return:

First, calculate the actual return ($R_{i,t}$) with the following formula:

$$\frac{P_t - P_{t-1}}{P_{t-1}}$$

Where:

- $R_{i,t}$ = Actual Return for Stock i on Day- t
- P_t = Stock Price on the Closing of Day- t
- P_{t-1} = Stock Price on the Closing of Day $t-1$

Second, calculate the return market and expected return ($R_m = E(R_{i,t})$) due to the use of market-adjusted model with the following formula:

$$\frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$$

Where:

- $E(R_{i,t})$ = Expected Return for Stock i on Day- t
- $R_{m,t}$ = Return Market on Day- t
- $IHSG_t$ = Composite Stock Price Index on Day- t
- $IHSG_{t-1}$ = Composite Stock Price Index (Indeks Harga Saham Gabungan) on day $t-1$

Third, calculate abnormal return Zhang et al. (2016) formula:

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

Where:

- $RTNi,t$ = Abnormal Return of Stock i on Day- t
- $R_{i,t}$ = Actual Return for Stock i on Day- t
- $E(R_{i,t})$ = Expected Return for Stock i on Day- t

The results of descriptive statistics for all variables used in this research are shown in Table 5. The illustration of the characteristics of abnormal return data used as the research variable is described by the minimum, maximum, mean and standard deviation values. The mean value of post-Abnormal return is higher for 0.07 than the abnormal return before the announcement of Golden Ring Award (pre-abnormal

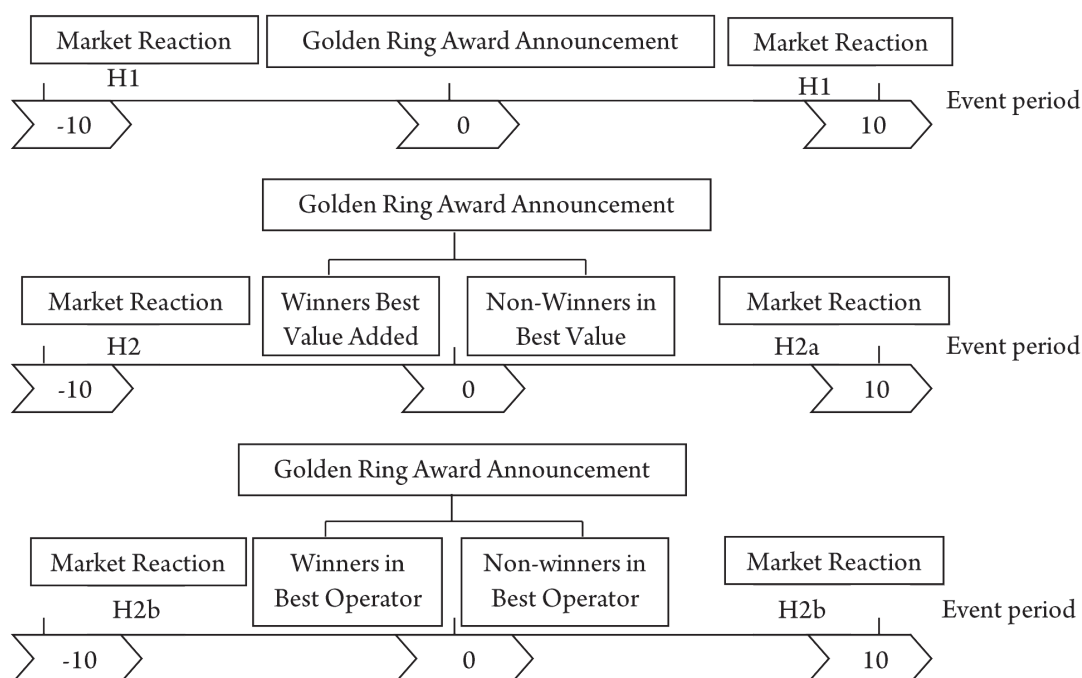


Figure 1. Conceptual Framework

Table 5. Descriptive Statistics

Information	Minimum	Maximum	Mean	Standard Deviation
Pre-Ar	-0.69917	0.28362	-0.0027256	0.04495079
Post-AR	-0.12471	0.36532	0.0002695	0.02934444
AR_10	-0.69917	0.08099	-0.0181663	0.11262870
AR_9	-0.07656	0.02842	-0.0062291	0.02056861
AR_8	-0.03714	0.06162	-0.0002873	0.01925135
AR_7	-0.18941	0.02063	-0.0095685	0.03470279
AR_6	-0.04629	0.28362	0.0061982	0.04782101
AR_5	-0.05600	0.07991	0.0031066	0.02369894
AR_4	-0.04365	0.06461	0.0051128	0.01838129
AR_3	-0.06666	0.10997	-0.0032423	0.02803705
AR_2	-0.12848	0.10872	-0.0028501	0.03104123
AR_1	-0.05542	0.09365	-0.0013302	0.02365865
AR0	-0.03505	0.03861	-0.0044337	0.01409762
AR1	-0.02928	0.09125	0.0027374	0.02198392
AR2	-0.05203	0.04532	-0.0030203	0.01751168
AR3	-0.06237	0.07749	-0.0034634	0.02591639
AR4	-0.02897	0.05153	-0.0007218	0.01838741
AR5	-0.04340	0.05708	-0.0019640	0.02141804
AR6	-0.03767	0.05716	-0.0001456	0.01963261
AR7	-0.12471	0.03252	-0.0042694	0.02715401
AR8	-0.04995	0.02648	-0.0066668	0.01699974
AR9	-0.05609	0.36532	0.0116676	0.06225001
AR10	-0.05721	0.06847	0.0060123	0.02587589
(Total AR)	-0.69917	0.36532	-0.0013807	0.03717884

Information: AR: abnormal return; Pre-AR; Post-AR.

return). The lowest value of abnormal return of -0.69 occurred before the announcement, while the highest value of 0.36 occurred after the announcement of Golden Ring Award (GRA). The standard deviation values the abnormal return both before and after the announcement of GRA are less than 1, it means that the standard deviation values are still in the tolerance limit.

The data normality of abnormal return is seen by using the Kolmogorov-Smirnov statistical test. The transformation process is conducted in relation to the distribution of abnormal return data that are abnormal. The substantial positive skewness histogram graphic data can be transformed by using the natural logarithm (ln). if the results of K-S Z test provide the significance probability value more than 0.05, then the distribution of abnormal return data is normal. If after conducting the transformation the K-S Z

value has a significance probability of more than 0.05, then the abnormal return data used in this research have a normal distribution.

RESULT AND DISCUSSION

The first Hypothesis (H1) test was conducted by using difference test of one sample t-test and paired sample t-test. These tests were conducted to see the market reaction towards the announcement of Golden Ring Award in every observation period, both before and after the announcement. Table 6 shows the results of one sample t-test. The differences in average abnormal return are significant at α level of 1% occurred in each period around the announcement date of the Golden Ring Award. The significant differences indicate the market reaction towards the announcement of Golden Ring Award. Significant reaction does not only occur

Table 6. Results of One Sample Test

Period	Mean Defference	t-Value
P-10	-4.817	-16.226***
P-9	-4.891	-22.464***
P-8	-5.053	-11.366***
P-7	-5.260	-24.323***
P-6	-4.658	-15.836***
P-5	-4.644	-17.315***
P-4	-4.535	-25.805***
P-3	-4.620	-13.139***
P-2	-4.839	-12.020***
P-1	-4.627	-17.332***
P-0	-5.357	-17.436***
P-1	-4.699	-11.698***
P-2	-4.310	-22.291***
P-3	-4.343	-9.935***
P-4	-4.822	-17.043***
P-5	-4.462	-19.920***
P-6	-4.368	-15.736***
P-7	-5.106	-19.327***
P-8	-5.191	-16.687***
P-9	-4.277	-19.687***
P-10	-4.284	-20.309***

Information: *** = significant at 1%

Table 7. Results of Paired Sample t-test

Information	Mean	t
Pre-AR-Post-AR	0.022	0.161

on the day of the announcement but also on the days before and after the announcement of Golden Ring Award.

Market reaction that occurs before the announcement indicates that investors have already made the alleged results towards the announcement of Golden Ring Award or even get leaked information about the firms that will get the award so that they make some speculation in the market. These results provide an evidence that there is a market reaction towards the announcement of Golden Ring Award. Thus, the first Hypothesis is supported.

The award for the telecommunications world has been held since 2008. Therefore, the investors who follow the development of the telecommunications industry are waiting for

the announcement of the award every year. In fact, the average Abnormal Return data around the announcement date of the award is less than zero. The mean difference in each period shows a negative number, it means that the investors see the announcement event as negative (bad news). The circulating information from the decision of a group of journalists considered to be less favorable for some investors just because they think that journalist tends to exaggerate an information thus can be considered as biased.

The results of paired sample t-test show no significant market reaction (Table 7) . It is seen from the average value of the abnormal return of 0.02206 and t-value of 0.161 with a significance level of more than 0.05. There is no significant

difference in abnormal returns before and after the announcement of Golden Ring Award. These results are consistent with previous research that is associated with the announcement of the award (Sulistyanto & Prapti, 2003).

The market reaction in certain period gives an overview of the information contained in the announcement of Golden Ring Award. Significant market reaction around the event date of award announcement shows the speed of information absorbed in the market on the test of the informationally efficient market in semi-strong form involves the speed of market reaction to absorb the information announced (Timmermann & Granger, 2004). It means that the results of this research also show that the Indonesian capital market tends to be efficient in a semi-strong form.

Similar to the researches by Gavius (2007), Hendricks and Singhal (2009), Akbar and Baig (2010) and Ghatak (2011), this research supports the Efficient Market Hypothesis (EMH) in a semi-strong form. The second Hypothesis (H2) test was conducted to see the difference between the market reaction towards the awarded and non-awarded firms. The average of abnormal return of the Golden Ring Award win-

ners, both in Best Value Added and Best Operator categories is higher than the average of abnormal return of the non-winners. The positive average of abnormal return is seen on the winners of Best Operator Category for 0.0047029, while other average of abnormal return have negative values which is showing some contradictions (Table 8).

The Levene's test for homogeneity test (variance differences) both in the categories of Best Value Added Services and Best Operator show the F value of 0.584 and 1.101, respectively, at the significance probability above 5%, thus, it can be said that there is no difference in the variance in the abnormal return data of the winners and non-winners. In other words, the data are homogeneous/equal. Table 9 shows no significant difference between the Abnormal Returns of the awarded and non-awarded firms in the Best Value Added Services award.

The t-test value is 0.899 (Table 9) with significance probability above 5%, thus the Hypothesis of both points (H2a) is not supported. There is no significant difference in abnormal returns between the winners and non-winners in Best Value Added Services. The differences in average abnormal returns do not vary much between the winners of -0.0012326 and non-win-

Table 8. Descriptive Statistics. GRA Winners and Non-Winners. Best Operator and Best Value Added Services Categories

Category	N	Abnormal Return Mean	Standard Deviation
Best Value Added Services:			
-Winners	105	-0.0012326	0.02681739
-Non- Winners	735	-0.0014019	0.03844605
Best Operator:			
- Winners	147	0.0047029	0.04922726
-Non- Winners	693	-0.0026712	0.03398660

Table 9. Results of Independent Sample t-test

Information	Levene's Test for Equality of Variances (F-test)	t-test
Awarded-Non-Awarded Firms in Best Value Added Services Category	0.584	0.899
Awarded-Non-Awarded Firms in Best Operator Category	1.101	2.894***

Information: *** = significant at α 1 %.

ners of -0.0014019. Until the announcement of the eighth Golden Ring Award, the category of Best Value Added lacked of concern or consideration by the investors to make decision for stock trading.

In other category, Best Operator category, the t-test value is 2.894 with a significance level below 1%, then there is a difference between the awarded and non-awarded firms in the Best Operator award. The resulting mean difference is positive, it means that the winner firms are responded positively by the market. The market considers this announcement as a good news. Thus, the Hypothesis of both b points (H2b) is supported in which there is a difference on the market reaction between the awarded and non-awarded firms in the Best Operator category. The issue in this research topic is the announcement of the seventh Golden Ring Award that has been held in 2015, so that there were many investors can respond quickly to this information.

The announcement of Golden Ring Award is one of the non-financial information that is responded by the market. The significant reaction in the stock market towards this announcement proves that investors consider the announcement in deciding stock investment in the capital market. When the investors believe the announcement is correct and the awarded firms are trusted by investors that can make the award to be a reference to have a better performance in the future, then this information is a good news for the investors.

They showed their trust by buying the shares of the firms though at a quite-high price. Conversely, when the investors do not believe the validity of that information and do not believe the future prospects of the firms, then the information is a bad news. Therefore, stock prices tend to fall as the investors sell the shares of the firms to avoid a possible decrease in the achievements of the firms in the future.

Positive market reaction towards the announcement of the Golden Ring Award in the Best Operator category in particular can be used as a reference for the development of similar stu-

dies in the future. The implication of this theory is that the results of this study are also a new reference on the informationally efficient capital market. The information regarding Golden Ring Award winners is absorbed rapidly and accurately by the market that is at the day in which the names of the winners are announced (i.e., on the event date). This proves an evidence of a semi-strong efficient market in Indonesia capital market.

The results showed that there is a market reaction towards the announcement of the best operator award, while on the best value added award there is no market reaction. This implies that investors pay more attention and prioritize to the innovation in products and contents, promotion and marketing, customer growth, tariff, performance, network performance and customer services than to the added value and the value of benefits provided by the operators. Investors relatively get more consideration on the Best Operator category than Best Value Added Services category in making decisions in the stock market.

CONCLUSION AND RECOMMENDATION

Based on 840 observed data from 6 firms in 2008-2015, it can be concluded that there is a significant market reaction around the observation period towards the announcement of the Golden Ring Award. In addition, the independent test on the t-test sample showed that in the Best Value Added Service category, there is no difference found between the market reaction towards the awarded and non-awarded firms. While in the Best Operator category there is a significant difference found on the market reaction towards between the awarded and non-awarded firms. The result also can be concluded that Indonesia Capital Market proven at semi strong form efficiency.

This research has several limitations. First, abnormal return is calculated by using the market-adjusted model. This model can be considered weak because the research does not consider events in other industries whereas it include other industries as a comparison. Further research

may use other models so that the test results obtained by the better model support. Second, the window period used is still vulnerable to the confounding effect of other industries in particular. In addition, this research used a simple Hypothesis test technique, i.e., one sample t-test and independent sample t-test to achieve the research objectives. Future research also can use trading volume (as market reaction), estimation period 100 days and weekly closing price. Other testing technique can be used to obtain the results that are expected to be better than this research, such as regression, ANOVA and other models.

Last, this research has a limitation in determining the analyzed Golden Ring Award categories since there are limited data sources to complete the required information. In addition to the two categories used in this research, there are still some other categories that can be analyzed. Future research is expected to explore other categories that are not raised in this study so that the research results can be more varied.

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