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Stock Split on Sharia Stocks: Analysis of Impact on Trading Activity and Its Compatibility With Sharia Economic Principles

Muhammad Syauqi Yunilhamri[1], Muhammad Albahi[2], Dony Martias[3]
[1,2,3]Sultan Syarif Kasim State Islamic University of Riau
*Correspondence e-mail: 22490314441@students.uin-suska.ac.id
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Abstract

This study analyzes market reactions to stock split announcements for sharia compliant stocks on the Indonesia Stock Exchange (IDX) for the 2025 period. Event based corporate action studies on the Indonesian sharia compliant stock segment are still limited, creating a research gap regarding the effectiveness of nominal signals in boosting trading liquidity, particularly when measured using Trading Volume Activity (TVA). The study employed an event study approach with a 10-day event window and a Paired Sample T-Test on paired data (pre post event) to detect changes in average TVA. The sample consisted of five sharia-compliant issuers (n=5). The results showed an increase in average TVA from 0.00219 to 0.00311, but was not statistically significant ($p=0.376>0.05$; $t=-0.996$; 95% CI: –0.00349 to 0.00165). These findings confirm that the sharia-compliant stock market does not react strongly to short-term volume-based nominal stock split signals, challenging the general assumption of signaling theory in the sharia context. This novel research provides the latest empirical evidence that Islamic investors, including institutional investors, are more fundamentally oriented. Policy implications emphasize the need to strengthen literacy and disclosure standards by the financial services authority (OJK) and IDX Syariah, as well as issuers communication strategies for corporate actions.

Keywords: Stock Split; Trading Volume Activity; Sharia Stocks.

1. INTRODUCTION

The capital market is an important instrument in the modern economy because it provides a funding mechanism for companies, both for business expansion, increasing working capital, and business development (Supsermpol et al., 2025). In addition, the capital market also provides opportunities for the public (investors) to invest funds in various investment instruments according to their risk preferences and expected profit levels (Kogas, 2022). From a financial economic perspective, investment is defined as the placement of funds in an asset with the hope of gaining future profits through increased value or income flow (Aziz, 2010).

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In general, investment is a term that is often used in the fields of finance and economics (Jia et al., 2024), refers to the activity of placing a certain amount of funds or assets in the hope that their value will increase in the future. This concept relates to the effort to collect various forms of assets with the aim of obtaining profits in the future. In some contexts, investment is also known as capital investment activity (Aziz, 2010).

In economic theory, fluctuations in stock prices are normal because their movements are influenced by the forces of supply and demand (Puławska et al., 2026). When demand for a stock increases, its price tends to rise, whereas when supply is greater, the price will fall (Hirota, 2023). In general, there are several factors that influence changes in a company's share price, both internal and external factors.(Lei & Zheng, 2025)These factors include changes in interest rates, inflation rates, unemployment rates, the company's fundamentals, and corporate actions such as stock splits (Fadilah & Wiharno, 2023).

Changes in share prices on the capital market are a normal phenomenon because they are influenced by the dynamics of supply and demand (Luo & Zhu, 2025). In addition to macroeconomic factors such as interest rates, inflation, and global economic conditions, changes in stock prices can also be triggered by internal company information, including corporate actions such as stock splits (Iannino et al., 2024). International research shows that corporate actions can produce significant changes in returns and trading volume, especially when the information is considered relevant by investors (Bashir & Kumar, 2025).

However, the majority of stock split research in Indonesia still focuses on testing returns in conventional markets. Recent empirical studies specifically assessing the liquidity response of Islamic stocks using Trading Volume Activity (TVA) as a proxy, particularly for the most recent period of 2025, are still very limited. Furthermore, the assumption that nominal corporate actions like stock splits are interpreted similarly by all investors has not been widely tested in the Islamic capital market ecosystem, which is characterized by more cautious, fundamental-based investors who avoid excessive speculation. This limited empirical evidence and the paucity of recent studies constitute the research gap underlying this research.

Events containing important information can trigger market reactions when the information is received by market players (Panetsidou & Synapis, 2025). In the Indonesian capital market, stock prices tend to fluctuate. One factor influencing these fluctuations is information from companies, both internal and external (Lei & Zheng, 2025). Stock split policy is a form of internal company

information that has the potential to influence the share price of the company concerned (Blanco-Oliver, 2021).

One of the factors that influences the demand and supply of shares is the share price level itself (Wahyuningtyas & Hariyanto, 2022). If the market values a stock at an overpriced price, demand for that stock tends to decrease. Conversely, if the market values the stock at an underpriced price, demand will increase. An overpriced stock can reduce investors ability to purchase the stock (Kundu & Pinsky, 2025). To maintain share prices within an optimal trading range and maintain investor purchasing power, particularly retail investors, companies typically undertake stock splits (Yunitasari et al., 2024).

The Islamic stock market in Indonesia has experienced significant growth, with the number of Islamic investors increasing 147% from 68,599 to 169,397 over the same period. Furthermore, Islamic market capitalization has reached 55% of the total stock market capitalization, and daily Islamic stock transaction volume has also reached 55% of total stock transactions (Indonesia Stock Exchange, 2025). This growth demonstrates the significant potential for Islamic stock trading, including the impact of policies such as stock splits, which can increase liquidity and accessibility for investors (Bastian et al., 2025).

This growth underscores the importance of focused analysis on Islamic stocks, including how stock split policies impact liquidity and trading activity in Islamic stocks. Global research on Islamic finance also emphasizes the importance of more affordable Islamic stocks to increase Muslim investor participation (Alshater et al., 2022).

However, corporate actions such as stock splits, which are nominal and do not change the company's intrinsic value, are not necessarily interpreted as strong signals by Islamic investors. Muslim investors in Islamic capital markets tend to be more sensitive to fundamental changes than to mere nominal changes in the share price (Agustin & Mawardi, 2015). Therefore, research examining the market response to stock splits specifically for sharia compliant stocks, particularly in the most recent period of 2025, is necessary to understand investor behavior in a sharia compliant market ecosystem.

Stock splits are a form of corporate action carried out by public companies with the aim of increasing the volume and frequency of stock trading transactions (Ramania & Supramono, 2024). This action is carried out by dividing the number of shares into a certain ratio so that the price per share decreases (Duffy et al., 2023). A stock split is one of the company's efforts to increase stock liquidity on the stock exchange (Alexander & Kadafi, 2018)For example, Company A has

10,000 outstanding shares with a par value of Rp1,000 per share. When the company performs a stock split, lowering the par value to Rp100 per share, the number of outstanding shares will increase to 100,000 shares. The total value of outstanding shares remains the same, at Rp10,000,000, both before and after the stock split.

The purpose of stock splitting is related to signaling theory, where there is information asymmetry between the company and investors (Yustisia, 2018). Through a stock split, the company attempts to provide a positive signal to investors regarding the company's future performance prospects (Muna & Khaddafi, 2022). This positive signal can influence investors' decisions to purchase the relevant shares, leading to increased trading activity after the stock split. This increased trading ultimately leads to increased stock liquidity in the market.

From the perspective of Islamic finance and economics, Islamic shares represent ownership of a company's real assets and are traded in an ecosystem that emphasizes fairness, open disclosure, and avoidance of usury, gharar, and maysir (Masruri Zaimsyah, 2019). In this context, the stock split policy needs to be analyzed not only from a trading statistics perspective, but also from a policy perspective, both for sharia investors, issuers, and capital market regulators/authorities in promoting healthy, inclusive market liquidity that aligns with the maqāshid of sharia.

Event study is a method used to analyze how the market responds to an event when related information is publicly announced (Dorfleitner et al., 2025). If an announcement contains important information, the market is expected to react when the information is received (Danang et al., 2025). This market reaction can be measured through changes in stock prices represented in the form of returns, or more specifically using abnormal returns (Marobhe et al., 2025). If the event or announcement contains information, the market will display an abnormal return in response. Conversely, if the announcement does not contain information, there will be no significant abnormal return in the market (Hartono, 2022).

Apart from influencing stock prices, events containing information such as stock splits also have the potential to cause market reactions that can be measured using the event study method (Costa et al., 2025). This reaction is usually seen through abnormal returns and trading activity indicators, such as Trading Volume Activity (TVA) (Gebka, 2025). Global research finds that an

increase in TVA after an informational announcement is a strong signal that investors are actively reacting to the event (Liberman et al., 2021).

An event can also trigger changes in stock trading volume activity that reflect investor responses or decisions (Li et al., 2025). Market reaction can be measured not only through price changes but also through the Trading Volume Activity (TVA) indicator. TVA analysis is used to observe how the capital market responds to information through changes in trading activity (Hartono, 2022).

Trading Volume Activity (TVA) is the ratio between the number of shares traded in a certain period and the number of shares outstanding in the company in the same period (Zakiyah & Nurweni, 2020). International research shows that increased trading volume often occurs when investors feel they have valuable, specific information, causing trading to become more concentrated on certain stocks (Chen et al., 2023). Stocks with high trading volume tend to generate higher returns. The higher the demand for a stock, the greater its impact on trading volume activity (Bangsgaard & Kokholm, 2025), which ultimately triggers price fluctuations and increases the stock returns earned by investors. Trading volume will be relatively high if investors believe they have special information that other parties, such as dealers or other investors, do not have (Galati, 2024). When investors feel they have certain information that they deem valuable, trading activity will be more concentrated on stocks related to that information (Istanti, 2009).

In this study, the event tested for its information content on the capital market was the announcement of a stock split policy for companies classified as Sharia-compliant in 2025. This event has the potential to encourage investors to reorganize their investment portfolios. Changes in share prices and ownership can lead to increases or decreases in stock trading activity. Market reaction to information is crucial because it can lead to price changes, increased trading transactions, and influence investor perceptions in making investment decisions (Octaviani & Harianti, 2021).

This study will select sharia-compliant stocks from companies listed on the Indonesia Stock Exchange. If the information or event provides a positive signal to investors, the return will be greater than the expected return. Conversely, if the information or event provides a negative signal, the return will be lower than the expected return. The objective of this study is to determine the difference in average trading volume activity before and after the stock split announcement.

2. METHODS

This research uses a descriptive quantitative approach. The data used is presented in the form of numbers or calculations, rather than lengthy descriptive descriptions. Therefore, quantitative research focuses on analysis involving numbers, calculations, and quantitative aspects (Tohirin, 2012).

This research is a quantitative study using an event study approach. Event studies are used to analyze how the market reacts to an event when information about the event is announced (Gao et al., 2024). If an announcement contains important information, the market is expected to respond when the information is received. In this study, the event examined is a stock split.

The event window used is 10 days, 5 days before the stock split (t–5) and 5 days after the event (t+5). This window period is chosen to fully observe the market reaction to the event and assess the market's response speed. According to Rynart and Neter in Hartono's book, the window period should be kept as short as possible because a shorter window is considered more capable of capturing the significant effects of the event (Hartono, 2022).

The data used in this study is secondary data, that is, data obtained by the researcher from third parties and not collected directly. This secondary data generally takes the form of pre-existing reports or records. In this study, all secondary data was obtained from the Indonesia Stock Exchange (Husein, 2008). In collecting the required data and information, researchers accessed the Indonesia Stock Exchange (BEI) through the official website.www.idx.co.id

Population is a group of individuals or objects that have certain characteristics that are relevant to the research problem (Muhammad, 2008). The population in this study is all Islamic stock companies that conducted stock splits in the 2025 period. Meanwhile, the sample is a part of the population that has similar characteristics and was selected for further analysis (Sugiyono, 2016).

The sampling technique used in this study was the saturation sampling method, which is a sampling technique where all members of the population are included in the research sample. This technique is generally used when the population is relatively small (Sugiyono, 2023). In this study, the samples used were companies that conducted stock splits and, of course, companies that were not suspended by the Indonesia Stock Exchange during the observation period.

Table 1. Research Sample Companies

Zero.	Company Name	Stock Collage	Information
1.	PT Segar Kumala Indonesia Tbk	FRUIT	
2.	FKS Multi Agro Tbk	FISH	Suspend
3.	PT Petrindo Jaya Kreasi Tbk	PROFIT	
4.	PT Hillcon Tbk	HILL	
5.	PT Saraswanti Anugerah Makmur Tbk	SAMF	
6.	PT Petrosea Tbk	PTRO	

The data collection method used in this study was documentation. Data were collected by tracing information on the number of shares traded and the number of shares outstanding. All data was obtained from the official website of the Indonesia Stock Exchange (IDX).

This study used a window period of 5 days before and 5 days after the event, then analyzed the differences and trading volume activity before and after the stock split. Data processing was performed using IBM SPSS 26 through several stages, including a normality test and a difference test using the Paired Sample T-Test.

The use of paired t-test in this study can still be justified academically even though the sample size is relatively small (n = 5), because the research design uses an event study with paired observations (pre–post event) in the same unit, so that error variance can be minimized and the power of the test remains relevant to detect changes in the average in the short term (Jogiyanto, 2017). In addition, studies using paired data on the same subjects tend to be more tolerant of small samples than independent-based tests, as long as the data distribution does not show extreme deviations (Jogiyanto, 2017). However, the findings should be interpreted with caution and not generalized widely.

3. RESULTS AND FINDINGS ANALYSIS

Description of Research Object

The object of this research consists of 5 companies included in the Sharia Securities List and conducting stock split corporate actions in 2025. These companies became research samples because they met the research criteria that focused on stock split events in sharia shares and companies that were not suspended when carrying out Stocksplit corporate actions.

Table 2. Research Object

Zero.	Company Name	Stock Collage	Information
1.	PT Segar Kumala Indonesia Tbk	FRUIT	
2.	PT Petrindo Jaya Kreasi Tbk	PROFIT	
3.	PT Hillcon Tbk	HILL	
4.	PT Saraswanti Anugerah Makmur Tbk	SAMF	
5.	PT Petrosea Tbk	PTRO	

Descriptive Statistics

Descriptive statistics are used to provide an initial overview of Trading Volume Activity (TVA) before and after the stock split. The observation period uses a 10-day event window, namely 5 days before the event (t–5) and 5 days after the event (t+5).

Table 3 Trading Volume Activity Descriptive Statistics

Statistics	**TVA Before**	**TVA After**
Mean	0.002195716	0.003116854
Median	0.001221579	0.001195066
Std. Dev	0.002225454	0.003926184
Minimum	0.00018432	0.00060737
Maximum	0.00518266	0.00975555
Range	0.00499835	0.00968818
Interquartile Range	0.00421586	0.00610991
Skewness	0.664	1,707
Kurtosis	–2,178	2,847

Based on the descriptive statistics in Table 2, the mean Trading Volume Activity before the stock split was 0.00219, while the mean value after the split increased to 0.00311. This indicates that overall stock trading activity increased after the stock split.

The median value before the event was 0.00122, slightly higher than the median after the event, namely 0.00119, which indicates a relatively asymmetrical distribution of data and shows distribution characteristics that tend to have a skewed pattern.

The standard deviation before the event was 0.00222, while after the event it increased to 0.00392. This indicates that the variability or fluctuation of stock

trading activity was higher after the stock split, meaning the market became more active and volatile.

The minimum and maximum TVA values also increased after the event, from 0.00018–0.00518 to 0.00060–0.00975, with a wider range. The interquartile range (IQR) also increased from 0.00421 to 0.00610, indicating an increase in the spread of the data's median values.

In terms of distribution, the skewness value before the event was 0.664 and increased to 1.707 after the event. This indicates that the TVA distribution after the event is more positively skewed. The kurtosis value also increased from –2.178 to 2.847, indicating a more peaked (leptokurtic) distribution after the event.

Overall, descriptive statistics show a tendency for increased stock trading activity after the stock split event, both in terms of average value and the level of data variation.

Normality Test Results

A normality test was conducted to determine whether the Trading Volume Activity (TVA) data before and after the stock split was normally distributed. This study used the Shapiro–Wilk test because the sample size was less than 50.

The following are the results of the normality test:

Table 4 Shapiro Wilk Normality Test Results

Variables	Statistics	df	Sig.
TVA Before	0.87	5	0.265
TVA After	0.806	5	0.091

Based on the Shapiro Wilk test results in Table 3, the TVA significance value before the stock split event is 0.265, while the TVA significance value after the event is 0.091. Both significance values are above the 0.05 significance limit, so it can be concluded that the TVA data both before and after the stock split event are normally distributed. By fulfilling the normality assumption, the analysis of the difference in average TVA before and after the stock split event can be carried out using the Paired Sample T-test.

TVA Difference Test Results Before and After Stock Split

A t-test was used to determine whether there was a significant difference between Trading Volume Activity (TVA) before and after the stock split. Because

the data were normally distributed (Shapiro–Wilk test results), a Paired Sample T-Test was used.

Table 5 Paired Sample Statistics

Variables	Mean	N	Std. Dev	Std. Error Mean
TVA Before	0.002195716	5	0.002225454	0.000995253
TVA After	0.003116854	5	0.003926184	0.001755842

Table 6 Paired Sample T-Test Results

Comparison	Mean Difference	Std. Dev	t	df	Sig. (2-tailed)
TVA Before – TVA After	–0.000921139	0.002067927	–0.996	4	0.376

Based on the results of the Paired Sample T-Test in Table 5, the Sig. (2-tailed) value was 0.376, which is above the 0.05 significance level. This indicates that there is no significant difference between Trading Volume Activity before and after the stock split.

The average TVA value before the event was 0.00219, while the average TVA after the event was 0.00311, indicating a numerical increase. However, this increase was not statistically significant, as indicated by a t-value of –0.996 with a p-value of 0.376.

Thus, it can be concluded that the stock split event on sharia shares in 2025 did not have a significant impact on trading volume activity (TVA) in the window period of 5 days before and 5 days after the event.

4. DISCUSSION

The results of this study indicate that the announcement of a stock split on Islamic stocks in 2025 did not trigger a statistically significant change in Trading Volume Activity (TVA). This finding challenges the classical assumption in signaling theory, which states that stock splits are often interpreted as a signal of management optimism regarding the company's prospects. In the context of Islamic capital markets, these results indicate that investors do not interpret stock splits as a strong information signal, especially in the short term. This reinforces the view that Islamic capital markets tend to exhibit a level of semi-strong efficiency that is more stable against nominal corporate actions, and suggests that Islamic investors are more oriented towards assessing a company's intrinsic and fundamental value rather than solely on nominal changes in share price.

In terms of practical implications, these results provide policy insight that stock splits do play a role in increasing share price affordability, but do not automatically improve short-term transaction liquidity. For Muslim retail investors, trading decisions remain dominated by fundamental-based investment preferences and caution in responding to corporate actions that do not alter the company's intrinsic value. For Islamic issuers, these findings emphasize that the effectiveness of stock splits on market liquidity needs to be supported by a more comprehensive communication and disclosure strategy so that corporate action signals can be more strongly interpreted by the market. Meanwhile, for Islamic capital market regulators and authorities, these results demonstrate the importance of strengthening Islamic investor literacy and education in understanding corporate actions, so that market responses to issuer policies can be more measured and encourage healthy, fair, and aligned liquidity in accordance with the principles of Islamic principles.

Statistical analysis results show that the average Trading Volume Activity (TVA) value after the stock split increased compared to the pre-split period. Before the stock split, TVA averaged 0.00219, while after the split, it increased to 0.00311. This increase descriptively indicates that stock trading activity tends to be higher after a company implements a stock split.

Despite the numerical increase, the results of the statistical test using the Paired Sample T-Test indicate that the difference is not statistically significant. This is indicated by the Sig. (2-tailed) value of 0.376, which is above the 0.05 significance level. Thus, the change in TVA before and after the stock split event is not strong enough to be concluded as a significant influence at the 95% confidence level.

Furthermore, the t-value of –0.996 and the 95% Confidence Interval of the Difference (CI) between –0.00349 and 0.00165 indicate that the average TVA difference remains within a range that is not significantly different. This confirms that the stock split did not trigger a strong market reaction to stock trading activity during the 10-day window used in the study.

Overall, although there was an increase in trading activity after the stock split, this increase was not significant, so it can be concluded that the market did not react strongly enough to the stock split event in the sharia stocks sampled in this study.

The research results showing no significant difference in Trading Volume Activity (TVA) before and after the stock split can be analyzed using several main

theories in the capital market, namely event study theory, signaling theory, and asymmetric information theory.

According to event study theory, an information-rich event should trigger a market reaction, reflected in changes in price and transaction volume. If the market deems the information important, trading activity will increase significantly (Jogiyanto, 2010). However, the results of this study show no significant difference in TVA after the stock split. This indicates that the stock split in Islamic companies in 2025 was an event with low information content, and therefore insufficient to trigger a significant investor response.

Within the framework of signaling theory, company management can carry out a stock split as a form of positive signal to the market regarding the company's future growth and performance prospects (Kinasih & Laduny, 2021) (Tandelilin, 2010) explained that stock splits are often used as a mechanism to convey positive signals to investors, particularly regarding management's optimism about the company's growth. If the market interprets this signal strongly, it will result in a significant increase in trading activity.

However, the findings of this study indicate that the signal provided by the stock split was not strongly received by investors, resulting in no significant change in TVA. This is in line with the results of other studies (Masyithoh, 2018). which found that stock splits did not have a significant effect on Trading Volume Activity, so they did not cause a significant market reaction.

From asymmetric information theory, stock split announcements should reduce the information gap between companies and investors. However, when the market reaction is insignificant, this suggests that investors may have already been aware of the information or may not have considered the stock split as impactful to the company's fundamental value. Thus, the level of information asymmetry is low, and the signal the company sends is insufficient to influence investors' trading decisions (Sanusi & Khel, 2018), also found that stock splits tend to have a greater impact on liquidity than changes in market value, but this effect is not always significant, especially in stable market conditions. This finding corroborates the findings of research that the increase in TVA after a stock split is not strong enough to be considered statistically significant.

Thus, when linked to theory and previous research results, it can be concluded that the stock split on sharia stocks in 2025 does not provide a signal strong enough to trigger a market reaction, and does not contain significant information capable of significantly influencing trading activity.

From the perspective of Islamic economics, all economic activities are basically good as long as the process and objectives are in accordance with Islamic teachings (Agus, 2023). Investing in the capital market not only connects those with excess funds with those in need, but also adds value to the broader economy. Through the investment process, production of goods and services can increase, community needs can be met, and companies can create new jobs. All of these benefits can be realized if assets are managed for the good and welfare of the community.

The principles of investment in Islamic economics emphasize that investment activities are permissible as long as the transaction is conducted on a mutually beneficial basis (an-tarādhin), does not harm or oppress either party, and ensures fairness and a balance of information. Furthermore, transactions must be free from elements of usury (riba), maysir (gambling or speculation), gharar (uncertainty), and practices that resemble gambling. The prohibition of these practices is affirmed in Surah Al-Maidah, verse 90:

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْٓا اِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْاَنْصَابُ وَالْاَزْلَامُ رِجْسٌ مِّنْ عَمَلِ الشَّيْطٰنِ فَاجْتَنِبُوْهُ لَعَلَّكُمْ تُفْلِحُوْنَ

Translation:

> "O you who believe, indeed wine, gambling, (sacrificing to) idols, and drawing lots of fortunes with arrows are abominable acts of Satan's work. So stay away from these acts so that you will be lucky."

In this study, the data used is data from companies that carry out corporate actions in the form of*stock split*From a sharia economic perspective, stock splits are linked to the concept of decision-making in Islam. Every important decision within a company, whether related to the number of shares outstanding or the stock price on the market, must involve the agreement of all stakeholders. In Islam, decision-making is ideally carried out through deliberation to reach a mutual agreement. This aligns with Allah's word in Surah Asy-Shura, verse 38:

وَالَّذِيْنَ اسْتَجَابُوْا لِرَبِّهِمْ وَاَقَامُوا الصَّلٰوةَ ۖ وَاَمْرُهُمْ شُوْرٰى بَيْنَهُمْ ۖ وَمِمَّا رَزَقْنٰهُمْ يُنْفِقُوْنَ ۚ

Translation:

> And (for) those who accept the call of their Lord, perform prayers, and their affairs are decided by deliberation between them. And they spend part of the sustenance that We have given them.

This verse emphasizes that deliberation is a crucial principle in the lives of Muslims, both in matters of worship and socio-economic matters. Therefore, a

society that ignores deliberation can be considered to have not fully implemented Islamic principles.

Furthermore, decision-making in Islam must prioritize the common good. In the context of a stock split, this good is reflected in the increased opportunity for investors to own shares in a company that previously had a high price. After the shares are split into smaller nominal amounts, they become more affordable, increasing investor participation. This demonstrates the value of fairness, as the company's decision to conduct a stock split provides equal opportunities for all investors.

Thus, from a sharia economic perspective, a stock split is a policy that is in line with the principles of deliberation, justice, and welfare as long as it is carried out transparently, agreed upon by the interested parties, and does not contain elements that are prohibited in Islam.

From a sharia economic perspective, every activity in the capital market must adhere to key principles such as justice (al-'adl), benefit (al-maslahah), transparency (al-shidq), and the avoidance of gharar (uncertainty), maysir (speculation/gambling), and usury (riba). An analysis of stock splits in sharia-compliant stocks requires examining the extent to which these corporate actions align with these principles.

First, a stock split is a corporate action that does not change the company's intrinsic value, but only changes the number of shares and the nominal price per share. From a sharia perspective, such an action does not conflict with the principle of justice because it does not harm any party. There is no reduction in the value of investor ownership; only the nominal structure of the shares changes. Shares continue to represent ownership of the company's real assets, thus preventing any element of uncertainty or gharar (unclear value). This aligns with the DSN-MUI's view that stock transactions representing ownership of real assets are permissible as long as they do not contain excessive speculative elements.

Second, a stock split can be seen as an effort to increase the affordability of stock prices, especially for retail investors. This aligns with the principle of maslahah (maslahah) because it provides a wider opportunity for the public to participate in halal investments. When stock prices become lower and more accessible, the potential for equitable ownership increases, thus making the capital market more inclusive. This concept aligns with Sharia principles regarding economic equality and fair access to financial instruments (al-musawah).

Third, although stock splits theoretically have the potential to increase liquidity, the results of this study indicate that the increase in TVA is not statistically significant. This is understandable from a sharia perspective, as sharia investors are generally more oriented towards fundamentals than technical corporate actions. Sharia investors have a prudent preference, avoid speculation, and tend to only transact when there is a change in the company's real value.

Fourth, the stock split does not indicate any elements of maysir (gambling) or excessive speculation. There is no attempt to manipulate prices or mislead investors. All stock split information is announced openly and transparently through capital market mechanisms regulated by authorities. This transparency aligns with the principles of al-shidq (honesty) and al-amanah (accountability).

Thus, it can be concluded that a stock split in Islamic stocks is a permissible corporate action under Sharia law, as it does not contain elements of gharar, maysir, or riba (riba). Furthermore, this action has the potential to support the achievement of public welfare and equal access to investment, although this study did not prove to have a significant impact on trading activity.

This study also has a critical methodological limitation, namely the very small sample size (n = 5) because only five Islamic companies announced stock splits during the 2025 observation period. This limitation is explicitly stated as a limitation of the study, so the statistical test results are more representative of the short-term response of a specific sample, rather than the entire population of the Islamic capital market. Furthermore, this study did not conduct robustness tests or alternative non-parametric tests (e.g., the Wilcoxon signed-rank test), which can be used as a comparison when the assumption of normality in small samples is difficult to meet. Therefore, further research development is recommended using additional non-parametric tests and robustness checks when larger sample sizes are available in the future, to strengthen the robustness of the test results and make them more comprehensive.

5. CONCLUSION

Statistically, this study found that the announcement of a stock split on Islamic stocks on the Indonesia Stock Exchange in 2025 was responded to with a descriptive increase in Trading Volume Activity (TVA), but this was not inferentially significant. This means that the Islamic capital market does not show a strong short term trading volume reaction to nominal corporate actions. This finding indicates that investors in the Islamic stock market tend to be more

cautious and oriented towards a company's fundamental assessment rather than interpreting a stock split as a signal of management optimism, especially when the action does not change the company's intrinsic value. The scientific contribution (novelty) of this research lies in strengthening the latest empirical evidence that the signaling effect of stock splits in the Indonesian Islamic capital market, particularly in the 2025 period, is not interpreted as a strong information signal by Islamic investors in the short term, when measured using a liquidity proxy based on transaction volume (TVA). This study fills the previously limited research gap in event-based corporate action studies on Islamic stocks and confirms that Muslim investors' responses to nominal actions are more determined by the quality of disclosure and fundamental value than by nominal changes in share prices.

The policy implications of this study confirm that stock splits play a role in increasing share price affordability, but their effectiveness on short term Islamic market liquidity requires strengthening communication strategies, more informative disclosures, and corporate action literacy education for Muslim retail investors. For issuers, stock splits should be accompanied by improvements in the quality of information disclosure so that the signals sent can be more strongly interpreted by the market. For Islamic capital market regulators and authorities, these results provide an important basis for formulating policies to improve Islamic market literacy to promote healthy, inclusive liquidity that aligns with the maqāshid of sharia.

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