JOURNAL OF MANAGEMENT, ACCOUNTING, GENERAL FINANCE AND INTERNATIONAL ECONOMIC ISSUES
(MARGINAL)
Volume 2 Issue 1 (2022)

THE EFFECT OF COMPANY SIZE, STOCK RETURN, AND TRADING VOLUME ON THE BID-ASK SPREAD OF STOCKS ON LQ45 COMPANIES LISTED ON THE IDX (2016-2020)

Desi Jelanti[1*], Fitriyah[2]

[1,2]Accounting Study Program, Faculty of Economics and Business, Universitas Pamulang
E-mail: [1)] djelanti@gmail.com, [2)] embysutriyadi@gmail.com

Abstract

This study aims to analyze and provide empirical evidence of the impact of business size, stock return, and stock trading volume on the bid-ask spread of stocks. This quantitative associative research uses secondary data obtained from the official website of the Indonesia Stock Exchange and the websites of each company. The population of this study is comprised of LQ45 Index companies listed on the Indonesia Stock Exchange between 2016 and 2020. The sample for this study was selected through the use of purposeful sampling, and only 70 of the provided firm data met the selection criteria. The data in this study were analyzed using panel data regression analysis and statistical EViews software. This study discovered that the bid-ask spread of a stock is influenced by three factors: the size of the company, the trading volume, and the returns on the stock. The size of the company has a significant effect on the bid-ask spread, whereas stock returns have an insignificant effect.

Keywords: *Company Size, Stock Return, Stock Trading Volume, Bid-Asks Stock Spread*

1. INTRODUCTION

As outlined in Law No. 8 of 1995 pertaining to the Capital Market defines capital market as activities related to the public offering and trading of securities, public companies that issue securities, and institutions and professions related to securities. On the capital market, issuers are corporations that have sold their shares to the general public (Citra et al., 2021). Investors will be enticed to purchase the company's shares if it generates greater profits and pays out a substantial portion of those profits as dividends (Handoko, 2017).

Investors must have information related to stock dynamics to make a decision about which stock to choose. Understanding the bid-ask spread is crucial for investors seeking capital gains. Because it can be seen as a component of costs in stock trading. According to Setianingsih (2020) stated that the bid-ask spread is a factor investors consider when deciding whether to sell or hold shares. There are two different spread models: dealer spread and market spread. The dealer spread is the difference between the bid and ask prices that induces dealers to trade a security using their own assets. While the market spread varies between high buying demand and the lowest selling offer at a given time, these two conditions are distinct. The market spread is indicated by the difference between the offer price and the bid price on the stock exchange.

Stocks that have high spreads indicate that the company is not liquid or lacks interest and buyers. Dealers who are interested in buying, want to buy at a very low price. Dealers who intend to sell, want to place a sell order at a very expensive or high price. In liquid stocks we will not find high spreads. The smaller the stock price spread, the more

flowing the stock will be, therefore it will be in demand on the market, which might ultimately lead to a price gain in the following period. Based on the issue, this study aims to analyze and provide empirical evidence of the impact of business size, stock return, and stock trading volume on the bid-ask spread of stocks.

2. THEORETICAL FOUNDATION

2.1. Signalling Theory

According to Aulia (2019), The relationship between investors and managers is explained by signaling theory. In the content of the theory, it will be explained why a company has the desire to provide financial statement information to external parties, particularly investors, so that it can be an incentive for all managers and receive signals of future profit expectations, because if investors believe in these signals, there will be demand and supply to shares, thereby increasing the number of outstanding companies shares on the stock/capital market. This induces shareholders and managers to act in their own best interests because it generates profits. The company will attract investors who anticipate high profits in the form of capital gains, etc., because investors require a rate of return. Hence, investors and managers require each other. Due to the fact that company management has more information than shareholders, the signaling theory is based on the principle that every action contains information.

2.2. Bid-ask Stock Spread

The gap between the ask-price and bid prices is known as the bid-ask spread. The bid-price reflects the greatest price demanded by the dealer, while the ask-price is the seller's lowest price offered to the buyer. The bid-ask spread is the difference between the offer and the bid in stock transactions. According to Setianingsih (2020) states that bid price (the market offer price) and ask/offer price (market offer price). The ask/offer price will always be higher than the bid price. Spread means the difference between the ask price and the bid price. According to Hamidah et al. (2018), states that the bid price is the share price offered by a public investor when buying shares. While the ask price is the price of shares offered by investors for sale.

2.3. Company Size

According to Bilqis (2020), the size of a company's assets affects investors' decision to invest in a business. The reason is that the size of the company reflects the size of the company, which is reflected in the total value of the company's assets on the balance sheet at year's end.

2.4. Stock Return

According to Krisdayanti & Zakiyah (2021), one of the goals of investors investing is to get a return. Without the level of profit enjoyed from an investment, investors will not invest. Thus, all investments have the main goal of getting a return.

2.5. Stock Trading Volume

According to Nurmasari (2020), the volume of stock trading is the number of shares traded during a given period. The volume of stock transactions indicates the extent to which investors are interested in buying and selling shares of a company. A high volume value is not always indicative of a high stock price. This volume's value is susceptible to

change as a result of both internal and external occurrences.

2.6. Hypothesis Development

The formulation of research hypotheses is the fourth step in research, following the discovery of the research's theoretical foundation, prior research, and conceptual framework. The hypothesis is a temporary solution to the research problem formulation, which has been stated as a declarative sentence. It is considered temporary because new answers are provided based on the pertinent theory. Not supported by empirical facts collected through data collection. Therefore, the hypothesis is a theoretical response to the formulation of the research problem, not yet an empirical response (Sugiyono, 2016).

2.6.1. Effect of Company Size on the Bid-Ask Spread of Stocks

The size of a company as measured by its equity value, sales value, or total asset value. The amount of a company's assets is indicative of its size. Large companies are considered to have a greater risk because large companies tend to have diversification in their business so that they have a large chance of failure, which is different from small companies. According to Bilqis (2020) The relationship between company size and the bid-ask spread is that company size corresponds to a company's size. When a company has a rapid increase in assets, investors and company creditors can anticipate an increase in cash flow. This will have an effect on the bid-ask spread as well.

According to Fatikhah & Puryandani (2020) If an investor's cash flow is stimulated by investment, the firm's size can provide pertinent information to investors. When a company's shares are in high demand by investors, the company's stock turnover tends to be rapid and the shares are actively traded on the stock exchange; as a result, dealers will not hold the shares for too long so that they become liquid and reduce the bid-ask spread. The bid-ask spread will decrease proportionally to the total assets of the company.
H_1: It is suspected that there is an effect of Company Size on the bid-ask spread of shares

2.6.2 Effect of Stock Return on Stock Bid-Ask Spread

Return Shares are a return obligation that must be given by the company to investors who invest or invest in the company. Stock returns can be in the form of dividends or capital gains; returns/profits from dividends are distributed through the general meeting of shareholders (GMS), whereas capital gains are profits given on the purchase and sale of shares in the form of the difference between the selling price and the purchase price. A high return indicates that the shares traded are actively traded. If a stock is actively traded, the expected profit level will be high. According to Anita (2019), the higher the stock return that investors expect, the higher the bid-ask spread of the stock, and vice versa if the stock return is low, the bid-ask spread of the stock will be lower as well. It is also supported by research conducted by Lasma Mangiring UL (2021) which states that a large return can make investors motivated to invest and also bear the risk of the investment made. Stocks that have a large return will certainly become the main choice of investors, so that stocks are actively traded and reduce stock spreads. Thus, it can be concluded that stock spreads can be influenced by stock returns, which is the author's assumption that there is an effect of stock returns on stock bid-ask spreads for further research. so that shares are actively traded and reduce the spread of shares. So it can be concluded that stock spreads can be influenced by stock returns, which is the author's

assumption that there is an effect of stock returns on stock bid-ask spreads for further research. so that shares are actively traded and reduce the spread of shares. So it can be concluded that stock spreads can be influenced by stock returns, which is the author's assumption that there is an effect of stock returns on stock bid-ask spreads for further research.

H_2: It is suspected that there is an effect of stock returns on the bid-ask spread of stocks

2.6.3. Effect of Stock Trading Volume on Stock Bid-Ask Spread

The number of outstanding shares affects the level of trading volume; the amount of trading volume may be determined by dividing the number of company shares exchanged by the number of outstanding shares. In addition, the cost of ownership will be reduced proportionately to the volume of stock trading (Kurniawan & Afriyenti, 2019)

Furthermore, Hamidah et al. (2018) concluded that with a high trading volume, indicating investor preference for the stock. This condition will encourage dealers not to hold shares for extended periods, thereby reducing the cost of ownership. The volume of stock transactions indicates a dynamic market. The wider the bid-ask spread, the less actively the stock is traded. Bid-ask spread that reduces the cost of owning shares. This suggests that the greater the bid-ask spread of the shares, the higher the cost of ownership, and vice versa, the lower the cost of ownership of the shares will have a negative effect on the wider the bid-ask spread.

H_3: It is suspected that there is an effect of stock trading volume on the stock bid-ask spread

2.6.4 Effect of Company Size, Stock Return, and Stock Trading Volume on the Bid-Ask Spread of Stocks

Multiple linear regression is a model of linear regression that includes multiple independent variables or predictors. So, every multiple linear regression research there must be an overall effect of each variable to be tested, this is called the hypothesis for simultaneous testing. In this study, the stock bid-ask spread as the main indicator examines how far the company size, stock returns, stock trading volume affect the stock bid-ask spread.

These variables have a positive or negative impact on the bid-ask spread based on the annual financial statements for the year under examination. It is evident from the simultaneous results that these variables have a significant impact when their own calculation indicators are combined with the bid-ask spread. Therefore, the hypothesis proposed by the research is:

H_4: It is suspected that there is an influence of company size, stock returns and stock trading volume on the bid-ask spread of stocks

3. RESEARCH METHODS

3.1 Types of research

This method of study employs quantitative methods and a descriptive quantitative approach. According to Sugiyono (2017) "quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing hypotheses has been established". This study aims to test hypotheses, which usually explain the nature of certain relationships or

detect differences between groups of two or more factors in a condition.

3.2 Variables and Measurements

Variables in research are everything chosen by the researcher to be studied so that data can be collected and conclusions can be drawn. Sugiyono (2017). This study utilizes two types of variables, namely the dependent variable and the independent variable. The dependent variable is bid-ask spread (Y), and the independent variables are Company Size (X_1), Stock Return (X_2), and Stock Trading Volume (X_3).

Operational measurement of variables is an explanation of the theoretical understanding of variables, allowing them to be observed and measured when analyzing previously collected data by researchers. Multiple research variables are required for conducting the analysis. Researchers collect the data and information necessary for writing as the basis of their work. In this study, it is necessary to understand the operational definition of variables, or the instructions for measuring a variable, so that researchers can determine whether or not the measurement is accurate. The operational definitions utilized in this study are as follows:

1) Dependent variable (Y)

According to Sugiyono (2017) in Mahurizal (2021), Dependent Variable is frequently referred to as an output variable, criteria, and results. The term "dependent variable" is commonly used in Indonesian. The dependent variable is the variable that is affected by the independent variable or is the result of it. This study employs the bid-ask spread of stocks as its dependent variable.

This study's dependent variable (Y) is the bid-ask spread of the stocks of the Indonesia Stock Exchange-listed LQ45 index businesses. This study calculates the bid-ask spread as the difference between the highest selling price for shares (bid price) and the lowest selling price for shares (ask price) (Yulia & Ikramaturrabiah, n.d.). So, to calculate the difference between the highest and lowest prices of a stock, it can be calculated using the following formula:

$$Bid - Ask\ Spread = \frac{(Ask\ Price - Bid\ Price)}{(Ask\ Price + Bid\ Price)x\ 0{,}5}$$

Information:
bid-ask spread = the difference between the ask price and the bid price
Ask price = lowest selling price
Bid price = highest purchase price

2) Independent variable (X)

The independent variable is the variable whose change influences the dependent variable (Y). In contrast, the independent variable is the variable that affects the dependent variable. In this study, the authors formulated several independent variables, including:

a) Company size

The company size as measured by its equity value, sales value, or total asset value. According to Bilqis (2020) a company's size can vary This study uses the indicator of total asset value to determine the size of the company. The total value of a company's assets includes both current and noncurrent assets. This allows the total value of these assets to be reflected in the balance sheet of a company's financial statements, which can be calculated using the following formula:

Company size = Log Total Asset

b) Return share

Return stock is the rate of return or profit from securities or capital investments. Stock returns are also profits obtained from stock trading activities (Anita, 2019). So, to find out how the rate of return (return) that will be received by investors can be calculated using the formula:

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

Description:

Rt = stock return
Pt = stock price to t
Pt-1 = stock price to t-1

c) Stock trading volume

The number of shares traded is the definition of trading volume. The stock's high trading volume indicates that investors favor it (hamidah et al, 2019). So, to find out how much of a positive influence the volume of stock trading can be calculated by the formula:

$$TVA_{it} = \frac{\sum trading\ volume_{it}}{\sum outstanding\ shares_{it}}$$

Information:

TVA_{it} = Ratio of trading volume of stock i on day t
$\sum$trading $volume_{it}$ = number of shares i traded on day t
$\sum$Outstanding $Shares_{it}$ = Number of shares outstanding on day t

4. RESULTS AND DISCUSSION

4.1. Research Result

4.1.1. Model Fit Test

1) Chow test

Table 1. Chow Test Results

Redundant Fixed Effects Tests Equation: Untitled Test cross-section fixed effects			
Effects Test	Statistics	df	Prob.
Cross-section F	2.272046	(13.53)	0.0182
Cross-section Chi-square	31.006488	13	0.0034

Source: EViews 9

Therefore, it can be stated that the most appropriate model utilized is the fixed effect model (FEM), since it can be observed that Ha is accepted, indicating that Fixed Effect is appropriate for this study due to the probability value of 0.0182 < 0.05.

2) Hausman test

Table 2. Hausman Test Results

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Cross-section random	10.362936	3	0.0157

Source: Eviews 9

Therefore, it can be determined that the most relevant model is the Fixed Effect Model (FEM), since it can be observed that Ha is accepted, indicating that Fixed Effect is appropriate for this study due to the probability value of 0.0157 < 0.05.

Table 3. Fixed Effect Test Result

Dependent Variable: Y
Method: Panel EGLS (Cross-section weights)
Date: 06/04/21 Time: 06:17
Samples: 2016 2020
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	404144.4	215541.4	1.875020	0.0663
X1	-31388.88	11008.71	-2.851277	0.0062
X2	0.006748	0.033269	0.202836	0.8400
X3	-5314,895	1574,534	-3.375535	0.0014

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.663126	Mean dependent var	-292075.6
Adjusted R-squared	0.561428	SD dependent var	163560.8
SE of regression	124339.1	Sum squared resid	8.19E+11
F-statistics	6.520543	Durbin-Watson stat	1.990127
Prob(F-statistic)	0.000000		

Unweighted Statistics

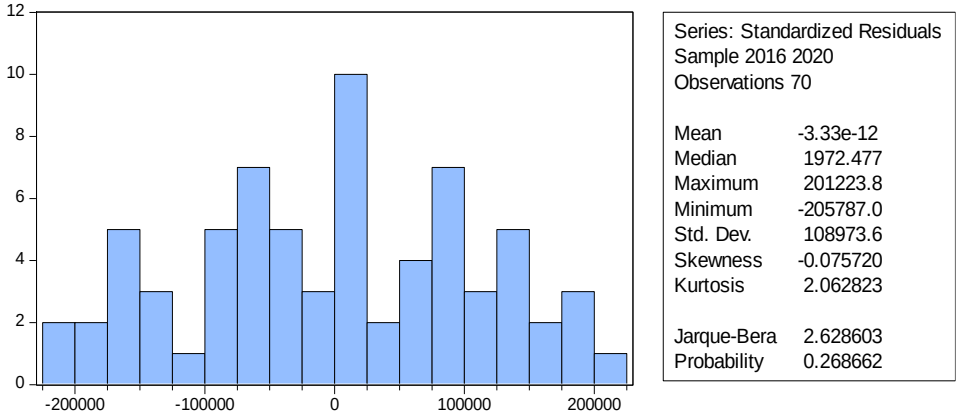
R-squared	0.444912	Mean dependent var	-229637.8
Sum squared resid	8.44E+11	Durbin-Watson stat	1.998157

Source: EViews 9

4.1.2. Classic Assumption Test

1) Normality Test

Figure 1. Jarque-fall normality test results



Source: EViews 9

The probability value in Figure 1 is 0.268662, which is greater than α= 0.05. On the basis of the criteria for testing normality using the Jarque Bera method, it can be concluded that the data in this study have a normal distribution, as the probability value is greater than 0.05 (0.268662 > 0.05).

2) Multicollinearity Test

Table 4. Multicollinearity Test Results

	Y	X1	X2	X3
Y	1.0000000	-0.188054	-0.014178	-0.351211
X1	-0.188054	1.0000000	0.012633	0.146070
X2	-0.014178	0.012633	1.0000000	-0.112483
X3	-0.351211	0.146070	-0.112483	1.0000000

Source: EViews 9

Based on the table above, It is known that the correlation value between independent variables is less than 0.90 (r < 0.90), indicating that the model contains no multicollinearity issues or that the assumption that there is no multicollinearity in the model is met. This study lacks multicollinearity because each variable has a value lower than 0.90.

3) Heteroscedasticity Test

Table 5. Glesjer Test Results

Dependent Variable: ABSRES
Method: Least Squares Panel
Date: 06/04/21 Time: 06:22
Samples: 2016 2020
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-204686.2	170765.6	-1.198638	0.2360
X1	14372.42	8723.047	1.647638	0.1053
X2	-0.040389	0.030696	-1.315760	0.1939
X3	1468,745	941.0681	1.560721	0.1245

Source: EViews 9

According to table 5, the probability value of each variable is greater than 0.05. Therefore, it is possible to conclude that there is no heteroscedasticity issue.

4) Auto Correlation Test

Table 6. Durbin-Watson Auto Correlation Test Results

Weighted Statistics			
R-squared	0.663126	Mean dependent var	-292075.6
Adjusted R-squared	0.561428	SD dependent var	163560.8
SE of regression	124339.1	Sum squared resid	8.19E+11
F-statistics	6.520543	Durbin-Watson stat	1.990127
Prob(F-statistic)	0.000000		

Source: EViews 9

From table above, it can be seen that:

N = 5x14 = 70 samples
dL = 1.4943
dU = 1.7351
4-dU = 2.2649
dU < Dw < 4-Du = 1.7351 < 1.9901 < 2.2649

Examining the outcomes of the Durbin–Watson test with a value of 1.9901 enables one to determine the presence of autocorrelation. Due to the fact that the value is greater than the limit (dU) of 1.7351 and less than 4-1.7351 (4-dU), it can be concluded that there is no autocorrelation problem, as the Durbin-Watson test results (1.9901) fall within the range dU<dW<4-dU.

4.1.3. Multiple Linear Regression

Table 7. Multiple Linear Analysis Test Results

Dependent Variable: Y
Method: Panel EGLS (Cross-section weights)
Date: 06/04/21 Time: 06:23
Samples: 2016 2020
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	404144.4	215541.4	1.875020	0.0663
X1	-31388.88	11008.71	-2.851277	0.0062
X2	0.006748	0.033269	0.202836	0.8400
X3	-5314,895	1574,534	-3.375535	0.0014

Source: EViews, 9

According to the table 7, it can be seen that the regression equation is as follows:

$$Y= 404144.4-31388.88+0.006748-5314895$$

1) The constant (α) of 404144.4 means that if all dependent variables are equal to zero (0), then the amount of the bid-ask spread is 404144.

2) The value of the regression coefficient on Company Size is -31388.88 with a negative sign, which means, for every one-unit reduction in the Company Size variable, the bid-ask spread will decrease by -31388.88.
3) The value of the regression coefficient on stock returns is 0.006748 with a positive sign, which means, for each additional unit of stock return variable, the bid-ask spread will increase by 0.006748.
4) The value of the regression coefficient on stock trading volume is -5314,895 with a negative sign, which means, for every one-unit reduction in the stock trading volume variable, the bid-ask spread will decrease by -5314,895

4.1.4. Coefficient of Determination Test (R^2)

The analysis of the coefficient of determination determines the proportion of the variation in the dependent variable that can be explained by the variation in the independent variables.

Table 8. Coefficient of Determination (R^2) Test Results

Weighted Statistics			
R-squared	0.663126	Mean dependent var	-292075.6
Adjusted R-squared	0.561428	SD dependent var	163560.8
SE of regression	124339.1	Sum squared resid	8.19E+11
F-statistics	6.520543	Durbin-Watson stat	1.990127
Prob(F-statistic)	0.000000		

Source: Eviews 9

Table 8 displays the magnitude of the coefficient of determination (Adjusted R-squared) = 0.561, indicating that it is 56.1%. The independent variable influences the dependent variable by 56.1%, while the remaining 43.9% is influenced by other variables that were not investigated in this study.

4.1.5. Hypothesis Testing

1) F Statistic Test

Table 9. F Test Results

Weighted Statistics			
R-squared	0.663126	Mean dependent var	-292075.6
Adjusted R-squared	0.561428	SD dependent var	163560.8
SE of regression	124339.1	Sum squared resid	8.19E+11
F-statistics	6.520543	Durbin-Watson stat	1.990127
Prob(F-statistic)	0.000000		

Source: EViews 9

On the basis of the probability value (F-statistic) of 0.000000, which is less than 0.05, it can be concluded that the independent variable simultaneously influences the dependent variable.

2) T Statistic Test

The t-statistic test is used to determine how well a single explanatory or independent variable explains the variation of the dependent variable. Upon examination of the df (degrees of freedom) for the t-table research, the resultant df (n – k) is 66 (70 – 4), where n = 70 represents the number of observations and k = 4 represents the number of dependent and independent variables. The t-table value is 1.6682, given a df of 66 and a significance level of 0.05. If (tstatistic > ttable) or (p-value 0.05), then the independent variable has a statistically significant impact on the dependent variable.

Table 10. T Test Results

Dependent Variable: Y
Method: Panel EGLS (Cross-section weights)
Date: 06/04/21 Time: 06:23
Samples: 2016 2020
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	404144.4	215541.4	1.875020	0.0663
X1	-31388.88	11008.71	-2.851277	0.0062
X2	0.006748	0.033269	0.202836	0.8400
X3	-5314,895	1574,534	-3.375535	0.0014

Source: EViews 9

The independent variable consequently has the following effect on the dependent variable:

a) The effects of the t-test and Company Size on the bid-ask spread of shares
The Significance value for Company Size less than 0.05. This suggests that the company's size has a negative effect on the bid-ask spread of its shares.
b) The t-test, bid-ask spread, and stock return outcomes
Based on table 10, the second hypothesis in this study is that the t-statistic for stock returns is 0.202836. This indicates that the t-statistic value is smaller than the t-table value of 1,66827 and that the Sig. value is greater than 0.05. This indicates that the stock's bid-ask spread is unaffected by the stock's return variable.
c) The results of the t-test comparing stock trading volume to stock bid-ask spread
Based on the above table, the third hypothesis of this study is that the volume of stock trading is 0.0014 less than 0.05. This suggests that the trading volume variable has a negative effect on the stock's bid-ask spread.

4.2. Discussion

4.2.1. Effect of Company Size on Stock Bid-Ask Spread

The results of this research indicate that the variable representing the size of the firm has a significant and detrimental impact on the bid-ask spread. The results of this study show that a t-statistic of -2,85127 can be used to obtain the company size table. This demonstrates that the value of t-statistic is greater negatively than the value of t-table, which is 1.66827, and that the value of Sig0.0062 is lower than 0.05. Additionally,

this demonstrates that the value of t-table is greater positively than the value of t-statistic. It can be deduced from this that if the value of sig is less than 0.05. The bid-ask spread of the stock is significantly impacted negatively as a direct result of the size of the company. This indicates that the substantial size of the company (total assets) in the LQ45 company provides a significant amount of support for the growth of a company's shares. This is due to the fact that a larger company will have more valuable shares on the stock market.

The size of the company has a negative and significant impact on the bid-ask spread of share prices. When a company has a larger total asset value, it will have an easier time diversifying its business operations.

4.2.2. Effect of Stock Return on Stock Bid-Ask Spread

The findings of this study indicate that the variable returns hare does not have a significant impact on the bid-ask spread of share prices. The findings of the research that were based on the table yielded a t statistic that was equal to 0.202836, which demonstrates this point. This demonstrates that the value of t-statistic is lower than the value of t-table, which is 1,66827, and that the value of Sig., which is 0.8400, is greater than 0.05. This suggests that the stock return variable does not have any influence on the bid-ask spread of the stock. This finding suggests that the shares of the company are not actively traded on the stock market because they have no effect on the company or the rate of return investors receive in the form of profits. The reason for this is that they have no impact on the company.

4.2.3. Effect of Stock Trading Volume on Stock Bid-Ask Spread

According to the findings of this study, the variable representing trading volume has a significant and negative impact on the bid-ask spread of stock prices. This is evidenced by the findings of the research conducted on the volume of stock trading, which are presented in the table and from which it can be deduced that the value of t statistic is -3.375535. This suggests that the t-statistic value is significantly higher than the value of the t-table, which comes in at 1.66827, as well as the Sig. value 0.0014 less than the minimum threshold of 0.05. This suggests that the variable volume of stock trading has a significant impact on the spread between the bid and the ask price. This indicates that the value of a company's shares, as well as the volume of those shares, will increase as the number of shares traded on the stock market will increase.

4.2.4. Effect of Company Size, Stock Return, and Stock Trading Volume on The Bid-Ask Spread of Stocks

According to the analysis of determination, the coefficient of determination (Adjusted R-squared) value is 0.561, which indicates that 56.1% of the variance can be accounted for. This information is derived from the analysis of the correlation between the variables. The independent variable is responsible for 56.1% of the total influence on the dependent variable, while other variables account for 43.9% of the total influence that were not taken into account in current investigation.

It is possible to draw the conclusion that the independent variable influences the dependent variable simultaneously based on the findings of the F test, which produced a

probability value (F-statistic) of 0.000000, which is less than 0.05. This indicates that the significance level of this value is less than 0.05.

5. CONCLUSION

The results of the investigation lead to the following conclusions:

1) Company Size has a negative influence on stock bid-ask spreads, as noted by a t-statistic of -2,851277, which is significantly larger than the t-table value of 1,66827 and the value of Sig. The number 0.0062 is less than the number 0.05. This indicates that if the value of sig is below 0.05. The bid-ask spread of the stock is significantly adversely affected by the company size. Company total assets will facilitate its ability to diversify its business in this instance.
2) The t-statistic of 0.202836, which is lower than the value of 1.668273 in the t-table, and the Sig value of 0.84000, which is greater than 0.05, both indicate that the stock return variable does not have any impact on the bid-ask spread. This is evidenced by the fact that the Sig value is greater than 0.05. This assumes that the variable stock return does not have any impact on the spread between the bid and the ask price of the stock. In this particular scenario, the company's shares are not actively traded on the stock market because they do not influence either the company itself or the rate of return that investors get on their profits.
3) The t-statistic of -3.375535 demonstrates that the trading volume variable has a significant negative impact on the bid-ask spread. This value is significantly higher than the value of 1.6682 that is found in the t-table, as well as the value that is assigned to Sig. The difference between the numbers 0.0014 and 0.05 is negative. This provides support for the hypothesis that the trading volume variable plays a significant role in determining the bid-ask spread. The rise in the total number of companies shares that are traded on the stock market coincides with an increase in both the value and volume of those shares.

REFERENCES

Aulia, D. (2019). *Pengaruh Profitabilitas, Kecukupan Permodalan, Risiko Likuiditas, Risiko Kredit dan Risiko Sistematis Terhadap Return Saham Perbankan Yang Terdaftar di Bursa Efek Indonesia (Periode 2012 Sd 2017)*. Sekolah Tinggi Ilmu Ekonomi Indonesia.

Bilqis, H. (2020). *Pengaruh Ukuran Perusahaan Dan Risiko Investasi Terhadap Cost Of Equity Dengan Bid-Ask Spread Sebagai Variabel Intervening (Studi Kasus Perusahaan Sub Sektor Perbankan Periode 2017-2019)*. Universitas Pancasakti Tegal.

Citra, K., Faisal, Y., Wibisono, C., & Sari, E. G. (2021). The Effect of Capital Adequacy, Liquidity and Firm Size on Earnings Management with Corporate Governance as Moderating Variables in Conventional Banking Listed on IDX 2015 – 2019. *CASHFLOW : Current Advanced Research on Sharia Finance and Economic Worldwide*, *1*(1), 33–49. https://doi.org/https://doi.org/10.55047/cashflow.v1i1.20

Fatikhah, S. A., & Puryandani, S. (2020). Faktor Penentu Bid-Ask Spread Saham LQ45. *ECONBANK: Journal of Economics and Banking*, *2*(1), 43–52.

Hamidah, H., Maryadi, S., & Ahmad, G. N. (2018). Pengaruh Harga Saham, Volatilitas Harga Saham, Dan Volume Perdagangan Saham Terhadap Bid-Ask Spread Saham

Pada Perusahaan Sektor Pertambangan Yang Terdaftar Di Issi Periode Juni 2016Âˆ’Juni 2017. *JRMSI-Jurnal Riset Manajemen Sains Indonesia*, *9*(1), 145–167.

Handoko, W. (2017). *Pengaruh Penjualan Terhadap Harga Saham Pada Perusahaan Otomotif Yang Terdaftar Di Bursa Efek Indonesia*.

Krisdayanti, F., & Zakiyah, T. (2021). The Pengaruh Harga Saham, Return Saham, Volume Perdagangan, dan Risiko Return Saham Terhadap Bid Ask Spread pada Perusahaan di Indeks LQ45. *Jurnal Ilmiah Mahasiswa Manajemen, Bisnis Dan Akuntansi (JIMMBA)*, *3*(2), 275–289.

Kurniawan, D., & Afriyenti, M. (2019). Pengaruh Harga Saham, Volume Perdagangan, dan Varian Return Terhadap Bid-Ask Spread (Studi Empiris pada Perusahaan yang Melakukan Stock Split yang Terdaftar di Bursa Efek di Asia Tenggara Tahun 2018). *Wahana Riset Akuntansi*, *7*(1), 1397–1414.

Lasma Mangiring UL, T. (2021). *Pengaruh Current Ratio, Total Asset Turn Over, Return On Equity Dan Debt To Equity Ratio Terhadap Return Saham Perusahaan Industri Barang Konsumsi Yang Terdaftar Di Bursa Efek Indonesia Periode 2016-2019*. Sekolah Tinggi Ilmu Ekonomi Indonesia Jakarta.

Mahurizal, S. (2021). Pengaruh Likuiditas Dan Solvabilitas, Terhadap Harga Saham Dengan Pertumbuhan Perusahaan Sebagai Variabel Intervening. *Jurnal Ilmu Manajemen (JIMMU)*, *6*(2), 149–164.

Nurmasari, I. (2020). Dampak covid-19 terhadap perubahan harga saham dan volume transaksi (Studi kasus pada PT. Ramayana Lestari Sentosa, Tbk.). *Jurnal SEKURITAS (Saham, Ekonomi, Keuangan Dan Investasi)*, *3*(3), 230–236.

Setianingsih, U. (2020). *Pengaruh Harga Saham, Varian Return Saham, Volume Perdagangan Saham, Dan Likuiditas Terhadap Bid-Ask Spread Pada Perusahaan Yang Listing Di Indeks LQ45 Periode Tahun 2016-2019*. Universitas Pancasakti Tegal.

Sugiyono. (2017). Metode Penelitian Penelitian Kuantitatif, Kualitatif dan R&D. In *Bandung: Alfabeta*.

Sugiyono, P. (2016). Metode Penelitian Manajemen (Pendekatan Kuantitatif, Kualitatif, Kombinasi (Mixed Methods), Penelitian Tindakan (Action Research, dan Penelitian Evaluasi). *Bandung: Alfabeta Cv*.

Yulia, A., & Ikramaturrabiah, I. (n.d.). Pengaruh Internal Control, Volatilitas Saham, dan Volume Perdagangan Terhadap Bid-Ask Spread Pada Perusahaan yang Terdaftar dalam Indeks LQ45 Tahun 2011-2015. *JPAK: Jurnal Pendidikan Akuntansi Dan Keuangan*, *6*(1), 1–10.