



Corporate Factors Influencing Holding Period of Stock: An Analysis of Market Capitalization Threshold

Rizki Putri Nurita Fonna¹, Yossi Diantimala^{2*}, Riha Dedi Priantana³

^{1,2,3}Faculty of Economics and Business, Universitas Syiah Kuala
Banda Aceh, Indonesia

*Corresponding Author: ydiantimala@usk.ac.id

Abstract

Objective – This study examines the effect of corporate factors on holding period of common stock. The main corporate factors tested are information asymmetry, firm value, earnings per share, and other corporate factors—profitability, company size, leverage, and liquidity—are selected as control variables.

Design/methodology – The samples consist of 876 observations of companies listed on the Indonesia Stock Exchange for 2017-2020. Samples were grouped using the threshold method based on their market capitalization to capture the different impacts based on certain conditions. To examine the hypotheses, we employed multivariate analysis with the threshold method.

Results – The results show that market capitalization contributes to determining the corporate factors' effect on the holding period of stock. Simultaneously, corporate factors affect significantly the holding period of stock. The increases in firm value, earnings per share, profitability, leverage, and corporate size extend the holding period. However, the emergence of information asymmetry precisely motivates investors to accelerate the holding period.

Research limitations/implications – This research did not consider the impact of the Covid 19 pandemic on data even it used data for 2020 (at the onset of pandemic). For future research, we suggest to consider the issue of the Covid 19 pandemic in examining the effect of corporate factors on holding period of stock.

Novelty/Originality – This study differentiates the samples based on their capitalization value as the novelty. Previous research did not classify the sample based on its capitalization value so large-value stocks are treated the same as small-value stocks. Actually, investors treat these three groups of stocks in different ways.

Keywords: Holding period, market capitalization, threshold-based sample, firm performance, information asymmetry.

1. Introduction

This study investigates whether high-priced stocks are held longer by investors. In addition, this study examines whether corporate factors—information asymmetry, firm value, and earnings—contribute to forming investors' perceptions of holding their securities within a certain time investment horizon. Highly-priced stocks are used for long-term investment purposes. Conversely, penny stocks are a speculative tool for investors to earn higher capital gains. Therefore, high-priced stocks last longer than low-priced stocks. However, in some stocks, high stock prices do not guarantee to hold longer, even shorter due to differences in investment horizons (Zervoudi & Spyrou, 2016) and stock return targets (Amédée-Manesme et al., 2015). The phenomenon of investors' behaviour in retaining the stock holding can no longer be determined by the high and low stock prices supported by empirical data as shown in Table 1.

No.	Stock Code	Market Capitalization (Rp)	Closing Price Rp	Holding Period of Stock
1.	BBCA	815,852,772,157,500	33,425	7.53
2.	BBRI	537,294,348,360,000	4,400	4.63
3.	ABBA	292,043,250,000	106	0.22
4.	AALI	28,052,332,453,475	14,575	8.80
5.	ANTM	20,185,842,369,000	840	1.01

Table 1.
Share Prices and Holding Period of Stock in 2019

Based on the data in Table 1., the holding period among the 5 types of shares shows quite wide variations. BBCA shares with the largest market capitalization and the highest share price have a holding period value of 7.53. Meanwhile, AALI shares tend to have a longer shareholding period of 8.80 with a smaller market capitalization and lower share price compared to BBCA. Based on these data, investors' decisions in determining the length of the holding period are not only influenced by stock prices but are also influenced by other factors apart from price (Gao et al., 2020). There are indications that without considering market capitalization, investors tend to predict that the shares they own have reached the maximum price so that these shares will experience a price decrease again. Next, investors will buy shares that are predicted to experience a price increase. This phenomenon explains that apart from differences in stock prices, the behaviour of investors to hold their shares is influenced by other factors. There are two sources of factors that influence investors' decisions in holding shares. First, internal factors are also called corporate factors, which are factors related to the company, including transaction costs, bid-ask spreads, market value, risk of return, earnings and variance returns which are included in technical indicators and fundamental indicators (Gao et al., 2020). Second, external factors which are moments from outside the share buying and selling transaction itself such as inflation, regulatory changes (Schaub and Simmons, 2020; Zervoudi & Spyrou, 2016), and so on.

Previous studies have shown that the holding period of common stock is affected by information asymmetry as measured by the bid-ask spread (Gregoriou and Hudson, 2020; Chung et al. (2005), Cheng et al. (2010), Utami et al (2016), Susetyo et al (2018), and Veradiana (2020)). The bid-ask spread shows the difference in stock prices which reflects information imbalances among market participants. The bid-ask spread affects the trading frequency and motivates investors to hold securities that have higher transaction costs (Atkins and Dyl, 1997). Investors' decision to hold their funds in a particular security is determined by the various information they have. Stock price spreads tend to have a large influence on the right time to make decisions to sell, buy and hold shares. However, several previous studies have shown contradictory results regarding how the bid-ask spread can affect the holding period of common stock. Research by Gregoriou and Hudson (2020) shows that the bid-ask spread has a significantly positive effect on the holding period where investors tend to hold their shares when the spread is still high. Meanwhile, research conducted by Perangin-angin and Fauzie (2013) shows that the bid-ask spread has a significantly positive effect on the period of share holding where stocks will tend to be held longer by investors when these stocks have a high bid-ask spread.

In addition to the bid-ask spread, firm value is one measurement of a company's success in terms of the value of equity in the capital market. Atkins et al. (1997) find that the greater the firm value, the longer investors hold shares until the shares are sold. Gregoriou and Hudson (2020) examine the impact of market value on holding period and find a positively significant impact of market value on holding period. Li et al. (2012) find that investors who own shares of companies with large market values have a long investment horizon. Leleng, Ilat, and Wokas (2014) show that market value does not affect the period of share holding. In this case, it is assumed that investors expect profits from capital gains so that market value and company size are not a consideration for investors in investing. Previous research using a sample of companies listed on the IDX show inconsistent results. Research by Arma (2013) shows that market value has a positive effect on the period of share holding. Investors tend to hold shares longer in

companies with larger sizes (Yunita et al., 2020) because these companies are considered financially healthier and more stable to minimize risk. Ratnasari et al (2014) show that market value has a significant positive effect on the period of share holding. Utami et al. (2016) show that market value had a significant negative effect on the period of share holding. Whereas Hasanah (2016) in his research found that market value does not affect the period of share holding because investors still think that the company's prospects are not progressing and there is a greater risk so investors do not hold shares for too long.

Earnings is an essential factor for holding period of common stock (Joenväärä et al., 2022). Earnings are usually proxied by earnings per share (EPS) (Joenväärä et al., 2022). In line with signalling theory, the publication of earnings per share can be a good signal for investors, which means the company has good prospects (Pamungkas et al. 2017), so investors feel confident that these shares will increase, which is reflected in a longer period of stock holding. Hasanah (2016) find that earnings per share had a significant negative effect on the period of holding a share. This is because investors consider the company's prospects in the future riskier so investors have higher expectations for capital gains (Gao et al., 2020; Trainer et al., 1979). Contradiction with Hasanah (2016), Sari and Abundanti (2015) show that EPS has a positive effect on the period of stock holding where investors tend to hold their shares longer in companies with higher EPS.

Apart from internal and external factors, this study classifies the samples according to shares market capitalization value, small medium, and big capitalizations. Small capitalization is dominated by penny stocks, making it easy to speculate. Meanwhile, medium and big capitalization are dominated by stocks with moderate and expensive prices so investors need careful consideration to buy, hold or sell their shares. Therefore, this study differentiates the samples based on their capitalization value to capture the real trading conditions of these stocks. This treatment (this method) is the novelty of this study which distinguishes this research from previous studies. Previous research did not classify the sample based on its capitalization value so large-value stocks are treated the same as small-value stocks. Investors treat these three groups of stocks in different ways. This research contributes to the development of literature and research methods regarding the influence of corporate factors on the holding period by using market capitalization as a threshold.

2. Literature Review, Theoretical Framework, and Hypotheses Development

2.1 Theoretical Review

The period of shareholding is a fascinating topic to study. Investors determine how long it is appropriate to hold a security by considering how much optimal profit is with a certain level of risk for investors (Amedee-Manesme et al., 2015). Atkins et al. (1997) state that the period of shareholding is the period when investors hold or own the shares they have bought. Some academic literatures show that the optimal size of the stockholding period for investors is when there is an appropriate balance between portfolio costs and benefits from selling these securities at the right time (Grogeriou et al., 2020). In general, large company shares have better stability than small company shares, so that the period of investor shareholding in larger company shares becomes longer (Atkins et al., 1997). This is because in larger company shares, more analysis is carried out to reduce deviations from investor expectations so that there is less activity of buying and selling shares. Grogeriou et al. (2020) found many factors and economic events that affect the length of the stockholding period due to investors frequently evaluating their portfolios. In this study, the period of shareholding is measured by dividing the number of outstanding shares in the company by the company's annual trading volume.

2.2 Hypotheses Development

The Effect of the Information Asymmetry on Holding Period of Stock

Information is one of the tools used by investors to determine the amount of expected return. The existence of information asymmetry encourages investors to reassess their portfolios in order to maximize profits so that the investor's stock holding period becomes longer (Atkins et al., 1997). Amihud and Mendelson (1986) and Wilcox (1993) find a proportional relationship between investors' holding period and transaction costs and the emergence of new information. The variance of expected return can indicate the level of information asymmetry felt by investors so that it affects stock trading and the period of shareholding. High information asymmetry encourages investors to immediately release the shares they hold to avoid risks and get high capital gains in a short time. Large information asymmetry is indicated by a larger bid ask spread caused by differences in investor expectations. In general, for large companies, investors do more analysis so that the stockholding period becomes longer. It is caused by high frequencies of larger companies to disclose more information than small companies. This study uses the stock market capitalization threshold as a tool to see the results of testing on different types of stocks. Thus, it is expected that ownership period is positively related to information asymmetry.

H1. Information asymmetry has a negative effect on holding period of stock.

The Effect of the Firm Value on Holding Period of Stock

The company's growth can be seen from the added value of assets, capital, human resources, and things that do not show numbers such as the high perception or assessment of the company's stakeholders towards the company itself. Dias et al. (2005) stated that a company with a larger size would be more considered to invest compared to a small company because it is considered capable of providing prosperity to its shareholders. The main goal of the company is to increase the value of the company through increasing the prosperity of the owner or shareholders.

Good company performance can increase their share prices so that shareholders can obtain higher benefits through capital gains. With this goal in mind, it is suspected that shareholders will hold longer their share ownership in companies that have good corporate value. Li et al. (2012) find that investors who own company shares with large market values have a long investment horizon. High company value is considered to increase market confidence in the company's performance and prospects so that investors tend to hold shares in the company longer.

H2. Firm value has a positive effect on holding period of stock.

The Effect of the Earnings on Holding Period of Stock

Earnings is an indicator that influences stock prices because company profits are a factor that influences investors' assessment of the company's condition (Lilianti, 2018). Information about earnings is one of the information published by the company on the basis of motivation to increase investor interest in the company's shares which also affect the increase in stock prices. In stock trading on the capital market, stocks that have a high gain will be held longer by investors (Saputra, 2020). This happens due to the perception of investors that the company is successful in increasing the welfare of shareholders. Conversely, information about low earnings can change the perception that the company is failing to meet shareholder welfare. This will encourage investors to immediately release these shares so that the length of shareholding of these shares will decrease. Thus earnings can affect the period of shareholding directly.

H3. Earnings has a positive effect on holding period of stock.

3. Research Method

3.1 Sample and Data

The sample in this study are non-financial companies listed on the IDX for the 2017-2020 period with the following criteria: the company publishes a complete annual

report and audited financial statements, a company that experiences positive net profit after tax so long as it avoids the bias that the holding period low due to net loss, and the company presents financial statements in rupiah. This is to avoid differences in exchange rates at different companies and periods. Based on these criteria, the sample used in this study was 876 company years. The data used in this study is pooled data related to the selling price and purchase price of shares, equity, earnings per share, number of shares outstanding, and data on the volume of company stock transactions per year as contained in the company's annual financial reports and IDX Statistics 2017-2020 obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id).

3.2 Variables Operationalization

The holding period of stock is the dependent variable in this study. The holding period of stock is the amount of time an investor owns shares until the shares are resold (Gregoriou and Hudson, 2020). Following Gregoriou and Hudson (2020), this study measured holding period of stock by the number of outstanding shares over a year divided by the total transaction volume of the company in the same period. Based on Chang et al. (2019), holding period of stock is defined in days. The period of holding share (HldPer_{it}) is measured by the following equation:

$$\text{HldPer}_{it} = \frac{\text{Outstanding Stock Year T}}{\text{Trading Volume Year T}} \quad (1)$$

Data on the number of outstanding shares is obtained from the Stock Summary file which can be downloaded on the official website of the Indonesia Stock Exchange. Meanwhile, stock transaction volume data can be seen in IDX Statistics in the Equity Trading Activity section of the Trading by Industry table issued by the Indonesia Stock Exchange on its official website every year.

The main independent variables in this study are information asymmetry (IA_{it}), firm value (FV_{it}), and earnings (Er_{it}). While profitability (Pf_{it}), leverage (LV_{it}), company size (Sz_{it}), and liquidity (Lq_{it}) are control variables. Information asymmetry (IA_{it}) is the unbalanced information obtained by stakeholders (Gregoriou and Hudson, 2020). Following Gregoriou and Hudson (2020), the indicator used to measure the information asymmetry variable is calculated from the difference between the lowest purchase price proposed by the buyer and the highest selling price requested by the seller (bid-ask spread) which is measured by the following equation:

$$\text{Spread}_{it} = \sum_{t=1}^N \frac{\text{ask}_{it} - \text{bid}_{it}}{(\text{ask}_{it} + \text{bid}_{it}) / 2} N \quad (2)$$

Where: Spread = average bid-ask spread for stock i in year t; Ask_{it} = average offering price of shares i in year t; Bid_{it} = average asking price for share i in year t; Ask and Bid data are obtained from the Stock Summary file which can be downloaded on the official website of the Indonesia Stock Exchange. Meanwhile, total stock trading days are listed in the Trading by Industry table on the IDX Statistics for each year of observation.

Firm value (FV_{it}) is the value investors are willing to pay if the company is sold (Presetyorini, 2013). In this study, firm value is measured using the PBV (Price to Book Value) ratio. PBV can be formulated as follows:

$$\text{PBV} = \frac{\text{Market price per share}}{\text{book value per share}} \quad (3)$$

For market price data, this study employed the closing price data contained in the Stock Summary file which can be downloaded on the official website of the Indonesia Stock Exchange. The closing price is the last transaction price which will be a reference for the

opening price the next day. Meanwhile, Book Value data can be seen in IDX Statistics in the Listed Companies section of the Financial Data & Ratio table issued by the Indonesia Stock Exchange on its official website every year. The data of Earnings and control variables can be seen in IDX Statistics in the Listed Companies section of the Financial Data & Ratio table issued by the Indonesia Stock Exchange on its official website every year.

Earnings (Er_{it}) reflect the level of earnings per share which is the investor's right to the company's net profit (Joenväärä et al., 2022). Following (Joenväärä et al., 2022), Earnings are calculated using the formula:

$$Er_{it} = \frac{\text{Earnings after tax}}{\text{outstanding stock}} \quad (4)$$

Profitability (Pf_{it}) is measured by the ratio of net income to total assets. Leverage (Lv_{it}) is calculated by total liability to total assets ratio. Company size (Sz_{it}) is determined by natural logarithm of total assets. Liquidity (Lq_{it}) is computed by current assets to current liability ratio.

3.3 Data Analysis

To examine the hypotheses, we employed multiple regression as follows:

$$HldPer_{it} = \alpha + \beta_1 IA_{it} + \beta_2 FV_{it} + \beta_3 Er_{it} + \beta_4 Pf_{it} + \beta_5 Sz_{it} + \beta_6 Lv_{it} + \beta_7 Lq_{it} + \varepsilon$$

In discussing the results of this study, the samples will be grouped using the threshold method. The threshold method is used to examine the differences in the effect of the independent variables on the dependent variable based on certain conditions. Hansen (1999) used the threshold method with company size to identify the effect of profitability on the company's capital structure. Jaisinghani and Kanjilal (2017) employ the threshold method with company size also to identify the effect of capital structure on profitability. Lin and Chang (2011); Cheng, Liu, and Chien (2010); and Cuong and Canh (2012) also use the multiple threshold method at several debt levels in their respective studies of companies operating in Taiwan, China and Vietnam. In line with this research, this study also uses a threshold method based on the size of the company's stock market capitalization to identify the effect of the independent variable on the dependent variable.

Practically, for Indonesian case, market capitalization is classified into three different types of groups (OCBC NISP, 2021). Small capitalization is a company with a market capitalization value below 1 trillion rupiahs. Medium capitalization is a company with a market capitalization value of between 1 trillion rupiahs and 5 trillion rupiahs. Big capitalization is a company with a market capitalization value of over 5 trillion.

In this study, grouping is employed based on the size of the market capitalization of each company to assess the variations in the results of research on small companies, medium, and big capitalization. The results reveal that the dominant influence of the independent variables on the dependent variable is found in the medium and big capitalization groups. In the small capitalization group, investors tend to speculate. Zervoudi and Spyrou (2016) defines speculation as the phenomenon of buying securities for a short time in the hope of obtaining large returns. Speculators are the actions of people who speculate, tend to be short-term oriented, assume prices will rise shortly, and ignore fundamental indicators. It can be seen from Table 5, in the small capitalization group both simultaneously and partially, all corporate factors do not affect the holding period. Investors ignore information asymmetry, firm value, earnings, profitability, firm size, leverage, and liquidity in holding back the length of share holding. Investors prefer information related to fluctuations and stock price predictions. Unlike the medium and big capitalization groups, the influence of corporate factors on the holding period of shares is very large, namely 87.7% and 96.6%. In this case, corporate factors are used by investors in determining the period of share

holding until the shares are resold. Investors choose and buy stocks based on business value and company fundamental information.

Small capitalization is dominated by penny stocks, making it easy to speculate. Meanwhile, medium and big capitalization are dominated by stocks with moderate and expensive prices so investors need careful consideration to buy, hold or sell their shares. Therefore, this study differentiates the samples based on their capitalization value to capture the real trading conditions of these stocks. This treatment (this method) is the novelty of this study which distinguishes this research from previous studies.

4. Results

Descriptive statistics for all research variables and for each group of samples are shown in Table 2. A total of 876 (all samples), 291 (big capitalization), 281 (medium capitalization), and 305 (small capitalization) observations were reviewed to describe the value of mean, maximum, minimum, and standard deviation of all variables.

Table 2.
Descriptive Statistics
for All Research
Variables

	N=291	HP _{it}	IA _{it}	FV _{it}	Er _{it}	Pf _{it}	Sz _{it}	Lv _{it}	Lq _{it}
Big Cap.	Mean	9.40	0.04	5.19	235.49	0.07	30.12	1.10	2.62
	Max.	95.76	0.48	82.55	5654.99	1.75	33.49	8.27	39.12
	Min.	0.15	0.00	0.16	0.00	0.46	24.54	0.00	0.23
	Std.	13.73	0.04	9.53	609.98	0.07	1.34	1.26	3.05
	Dev								
Medium Cap	N= 281								
	Mean	11.74	0.21	3.01	106.14	0.35	28.33	0.98	3.62
	Max.	88.38	37.52	61.55	6591.03	29.86	31.68	6.35	140.24
	Min.	0.03	0.00	0.02	0.00	1.14	0.71	0.00	0.05
	Std.	16.35	2.24	5.75	467.42	2.89	3.08	0.89	9.30
Small Cap	N= 304								
	Mean	10.58	0.10	1.73	37.91	1.01	26.05	1.98	5.10
	Max.	92.58	1.66	28.76	2265.50	28.35	29.56	208.44	303.28
	Min.	0.00	0.00	0.08	0.03	0.00	0.00	0.00	0.03
	Std.	16.13	0.19	3.08	137.83	5.04	5.05	12.72	21.99
All Companies	N = 876								
	Mean	10.60	0.07	3.29	125.43	0.49	28.31	1.37	3.80
	Max.	95.80	2.70	82.60	6591	29.30	33.50	208.40	303.30
	Min.	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00
	Std.	15.48	0.17	6.78	454.55	3.41	3.91	7.55	14.11
Dev									

Table 3 shows the Kolmogrov-Smirnov value of 0.22, which is significant at the 1% level, indicating that the residual values are not normally distributed. In this study, the sample size (n = 876) is considered to have fulfilled the middle limit theorem so that the classical assumptions for data normality tests are not critical and can be ignored. According to the central limit theorem, it states that for a large sample (n > 30), the sample average distribution will be closer to normal (Lind, Robert, and Jen, 2012: 311). The larger the sample size (n>30), the more statistics obtained will be normally distributed.

The tolerance value and variance inflation factor (VIF) of each independent variable, the holding period of share, information asymmetry, firm value, earnings, profitability, firm size, leverage, and liquidity does not occur multicollinearity. The VIF value does not exceed 10 and the tolerance value does not exceed 0.10. From these results, it can be seen that the regression model is free from multicollinearity between independent variables.

	Tolerance	VIF	Heteroscedasticity T-Test	Sig.	Durbin-Watson
Multicollinearity					
IA _{it}	0.32	3.12	1.57	0.11	
FV _{it}	0.90	1.10	1.31	0.19	
Er _{it}	0,84	1.19	-1.14	0.25	
Pf _{it}	0.14	7.08	-5.35	0.00	
SZ _{it}	0.17	5.64	-4.34	0.00	
LV _{it}	0.63	1.58	0.77	0.43	
LQ _{it}	0.73	1.35	-1.37	0.17	
Non-Autocorrelation One Sample Kolmogorov Smirnov Test					1.99
0,22 with sign. (2-tailed) 0.00					

Table 3. Classical Assumption Testing Results

The results of the Heteroscedasticity test show a significance value of more than 0.05. Because the significance obtained is more than 0.05, it can be concluded that there is no heteroscedasticity problem in the regression model in this study. The results of the autocorrelation test obtained the Durbin Watson value of 1.994 and this value will be compared with the table value using a significant 5%, the number of observations is 867 (n) and the number of independent variables is 7 (k =) obtained dL = 1.87 and dU = 1.90 . The D-W value of 1.99 is greater than the lower limit (dL) of 1.87 and less than the 4-dU value of 2.09 (1.87<1.99<2.09). This shows that in the regression model, there is no positive and negative autocorrelation.

Hypothesis testing was carried out for each market capitalization group as a threshold. The results of the multiple regression of the effect of information asymmetry, firm value, and earnings on holding period are presented in Table 4. The results of testing individual parameters in the small capitalization group show that information asymmetry (IA_{it}), firm value (FV_{it}), earnings (Er_{it}), profitability (PV_{it}), firm size (SZ_{it}), leverage (LV_{it}), and liquidity (LQ_{it}) show significantly partial does not affect the holding period. For the medium capitalization group, the test results show that information asymmetry (IA_{it}), firm value (FV_{it}), profitability (PV_{it}), firm size (SZ_{it}), and leverage (LV_{it}) partially affect the holding period. While earnings (Er_{it}) and liquidity (LQ_{it}) partially have no effect on the holding period. For the big capitalization group, the test results show that information asymmetry (IA_{it}), earnings (Er_{it}), profitability (PV_{it}), and firm size (SZ_{it}) partially affect the holding period. Meanwhile, firm value (FV_{2it}), leverage LV_{it}) and liquidity (LQ_{it}) partially does not affect the holding period.

F-stat test results show that for two sample groups, medium-capitalization and big capitalization, information asymmetry, firm value, earnings, profitability, firm size, leverage, and liquidity simultaneously affect the holding period. Whereas for the small capitalization group, information asymmetry, firm value, earnings, profitability, firm size, leverage, and liquidity simultaneously do not affect the holding period.

For the sample group of small capitalization:

$$HP_{it} = -19.01 - 0.92IA_{it} + 0.10FV_{it} + 0.00Er_{it} + 0.57Pf_{it} + 1.08SZ_{it} + 0.05LV_{it} - 0.02LQ_{it} + \varepsilon_i$$

For the sample group of medium capitalization:

$$HP_{it} = 0.97 - 0.00IA_{it} + 0.00FV_{it} + 0.00Er_{it} + 0.054Pf_{it} - 0.032SZ_{it} + 0.02LV_{it} + 0.00LQ_{it} + \varepsilon_i$$

For the sample group of big capitalization:

$$HP_{it} = 0.21 - 0.00IA_{it} - 0.00FV_{it} + 0.00Er_{it} + 0.13Pf_{it} - 0.00SZ_{it} + 0.00LV_{it} + 0.00LQ_{it} + \varepsilon_i$$

Table 4.
The Results of
Multiple Regression

Variables	<i>Small Cap (n=304)</i>			<i>Medium Cap (n=281)</i>			<i>Big Cap (n=291)</i>		
	Coef.	F/ t- Stat.	Sig.	Coef.	F/ t- Stat.	Sig.	Coef.	F/ t- Stat.	Sig.
Constant	-19.01	-0.74	0.46	0.97	4.56	0.00	0.21	3.13	0.00
IA _{it}	-0.92	-0.10	0.92	-0.00	-3.36	0.00	-0.00	-3.45	0.00
FV _{it}	0.10	0.30	0.76	0.00	2.16	0.03	-0.00	-1.03	0.30
Er _{it}	0.00	0.97	0.33	0.00	0.02	0.97	0.00	4.40	0.00
Pf _{it}	0.57	0.59	0.55	0.05	7.42	0.00	0.13	51.95	0.00
SZ _{it}	1.08	1.17	0.24	-0.03	-4.35	0.00	-0.00	-2.81	0.00
LV _{it}	0.05	0.50	0.61	0.02	2.93	0.00	0.00	1.41	0.15
LQ _{it}	-0.02	-0.53	0.59	0.00	1.07	0.28	0.00	1.58	0.11
Adj R-Square		0.004	-		0.87	-		0.96	-
F-stat.		1.18	0.31		284.64	0.00		1169.09	0.00

Based on Table 4, the adjusted R² value for the small capitalization group was 0.004 or 0.4%. These results indicate that the 0.4% variation in the holding period in the small capitalization group can be explained by information asymmetry, firm value, earnings, profitability, firm size, leverage, and liquidity. While the remaining 99.6% is caused by other factors not examined in this study. In the small capitalization group, the majority of investors act as speculators so speculators are more dominant than pure investors. This is because investors assume dividends are irrelevant to the cost of capital issued by investors. In addition, dividends also cannot provide benefits for the welfare of shareholders, so investments focus on price fluctuations to obtain capital gains.

The adjusted R² value for the medium capitalization group was 0.87 or 87.7%. These results indicate that 87.7% of the variation in the period of share holding in the medium capitalization group can be explained by information asymmetry, firm value, earnings, profitability, firm size, leverage, and liquidity. While the remaining 12.3% is caused by other factors outside of the variables examined in this study. In the medium capitalization group, investors use the six corporate factors in considering the length of share holding. This is also driven by the assumption that in the medium capitalization group, companies have medium-high stock prices. Investors with sufficient capital can invest in this group but must carefully consider fundamental indicators such as information asymmetry, firm value, earnings, profitability, firm size, leverage and liquidity.

The adjusted R² value for the big capitalization group was 0.96 or 96.6%. These results indicate that 96.6% of the variation in the period of share holding in the big capitalization group can be explained by the six corporate factors. While the remaining 3.4% is caused by other factors outside of the variables examined in this study. The influence of corporate factors on the holding period is very large in the big capitalization group. Investors consider information related to information asymmetry, company value, earnings, profitability, firm size, leverage, and liquidity in determining the length of stock holding. Big-capitalisation consists of companies that have large outstanding shares or a high share price. Thus investors need good consideration in using their capital when buying shares of large capitalization companies.

At small capitalization, the majority of investors act as speculators so that the holding period of stock is shorter. Fundamental indicators like information asymmetry, firm value, and earnings have no effect on holding period of stock. In line with the Dividend Irrelevance Theory, which states that changes in dividend policy such as dividend announcements have no effect on the demand for company shares (Richard et al., 1986), speculator investors are not interested in the company's dividend policy because they consider the time spent waiting for dividends to be irrelevant with their cost of capital. In addition, dividends also cannot provide benefits for the welfare of shareholders, so that investment focuses on price fluctuations to obtain capital gains.

In summary, the results of the individual parameter significance test for each market capitalization group can be seen in Table 5.

Variable	Results	<i>Small Cap</i>	<i>Medium Cap</i>	<i>Big Cap</i>
Information	Affect		✓	✓
Asymmetry	No effect	✓		
Firm Value	Affect		✓	
	No effect	✓		✓
Earnings	Affect			✓
	No effect	✓	✓	
Profitability	Affect		✓	✓
	No effect	✓		
Firm Size	Affect		✓	✓
	No effect	✓		
Leverage	Affect		✓	
	No effect	✓		✓
Liquidity	Affect			
	No effect	✓	✓	✓

Corporate Factors Influencing Holding Period of Stock: An Analysis of Market Capitalization Threshold

Table 5. The Summary of Individual Parameter Significance Test

In medium and big capitalization, investors consider bid-ask spread, firm value, earnings, and corporate financial performance to determine the length of stock holding caused of medium-high stock prices. Investors with sufficient capital invest in this group carefully by considering fundamental indicators. In the big capitalization, the result is that the greater market capitalization, the greater influence of information asymmetry, firm value, and earnings on the holding period of stock. The reason is, in big capitalization, the companies are dominated by large companies with a large average share price so that investors manage their investment carefully.

Following the explanation in the previous chapter, it can be said that information asymmetry, company value, and earnings jointly influence the period of company share holding on the IDX for the 2017-2020 period. It can be seen that to invest, information asymmetry, firm value, and earnings are considered by investors in determining the length of stock holding. Investors perform fundamental and technical analyses to determine the right time to enter and exit the stock market. All of these variables are part of the fundamental indicators. By studying fundamental and technical indicators, investors can minimize risk to the smallest level. Investors have a longer period of stock holding because they expect large spreads (Gregoriou and Hudson, 2020). Investors will extend their share holding longer in assets that have a larger spread because they can generate a larger expected return (Stoll, 1993). In addition, Atkins et al. (1997) also stated that assets with higher transaction costs will be held longer by investors. Ratnasari et al. (2014) stated that large companies have less risk so investors hold their shares longer. Gao et al (2020) stated that most investors think that large companies have more stable finances than smaller companies so investors prefer to hold their shares longer in these large companies.

The asymmetry as measured by the bid-ask spread is an indication of market liquidation, whereby when the bid-ask spread decreases, the stock market liquidation will be higher. This is in line with the results of research which found that information asymmetry has a negative effect on the period of share holding in companies listed on the Indonesia Stock Exchange. Gregoriou and Hudson (2020) stated that the size of the bid-ask spread is related to the number of investors holding their share holding. This reflects how much information is available to investors. In line with this, Gregoriou and Hudson (2020) suggests that the volume of transactions which is part of the measurement of the period of share holding has a fairly close correlation with the bid-ask spread. The results of this study are not consistent with the research of Ratnasari et al. (2014), Utami et al. (2016), and Ningsih et al. (2017) which states that information asymmetry with the measurement of the bid-ask spread has a negative effect on the period of share holding. On the other hand, the results of this study are different from

those of Susetyo et al. (2018) who found that the bid-ask spread has a positive effect on the period of share holding. In contrast to research by Diantini and Margareta (2015), which states that the bid-ask spread has no effect on the period of share holding.

Based on the results of the t-statistical test, it can be concluded that firm value has a positive effect on the period of share holding in companies listed on the Indonesia Stock Exchange. Firm value is a measuring tool that can describe the financial condition of a company. Yunita et al. (2020) stated that companies that have continuously increased profit growth will respond positively to shareholders which can result in increased stock prices. Thus investors will invest their funds in companies that have good financial conditions and hold their shares longer in these companies. The results of this study are in line with the research of Atkins et al. (1997) Ratnasari et al. (2014), and Ningsih et al (2017) which state that market value which is an integral part of company value has a positive effect on the period of share holding. The results of this study do not support the results of Leleng et al. (2014) who find that market value does not affect the holding period of stock.

Based on the results of the t-statistical test, it can be concluded that earnings have a positive effect on the period of share holding in companies listed on the Indonesia Stock Exchange. Earnings are a measure of a company's success, so it is often used as a reference for investors in selecting and holding shares. This study supports the research of Sari et al. (2015); and Veridiana (2020) who found that earnings have a positive effect on the period of share holding. With high earnings, it can increase investor confidence to invest their funds in the company so that they will hold their share holding longer in the hope of obtaining profits in the future. Unlike the research by Dias et al. (2005) who found that earnings have a negative effect on the period of share holding because investors expect good future investment opportunities in the company. Research by Margareta et al., (2015) found that earnings do not affect on the period of share holding.

Hasanah (2016) states that stocks with high earnings will cause investors to hold these shares longer because these stocks are considered to have better prospects in the future and lower risk. In addition, Atkins et al. (1997) found that investors respond to earnings announcements from companies by holding their shares longer or shorter. Yoga and Muharrami (2016) state that market capitalization can reflect success in utilizing the resources managed by the company. One of them can be seen from how large the scope of the company's capital comes from shares circulating on the stock exchange and the market price of the stock itself. Thus market capitalization becomes one of the determinants of investor attractiveness in investing.

This study uses four corporate factors as control variables, namely profitability, firm size, leverage, and liquidity. For small capitalization, all control variables do not affect the holding period. For the medium capitalization group, profitability has a significant positive effect on the period of share holding. From this value, it can be concluded that investors consider the company's profitability in holding the length of share holding. In companies with high profitability, investors will hold their shares longer in the hope of obtaining higher profits. In addition, a larger market capitalization strengthens the relationship between profitability and holding period. Large companies are filled with pure investors who use the amount of profit and assets as part of the fundamental indicators in managing their investments. The results of this study support Joenväärä et al. (2022) who find that profitability affect positively the period of share holding. Companies that have high profitability are considered to be able to maximize investor profits and avoid risks so that investors will retain their share holding. In contrast, Islamiah (2018) found that profitability does not affect the period of share holding. This is because the measure of profitability is not a major concern in investors' decisions in holding and selling their shares.

Concerning firm size, for the medium and big capitalization groups, firm size has a significant negative effect on the period of share holding. From this value, it can

be concluded that the size of the market capitalization also influences when investors consider the company's firm size in holding the length of share holding. In companies with high firm size, investors will hold their shares shorter in the hope of obtaining higher profits. This advantage can be in the form of a gain from the difference in share prices because generally, companies with a high firm size tend to be in demand by investors and are considered safe to avoid investment risks.

Regarding leverage, the results show that leverage has a significantly positive effect on the period of share holding for the medium capitalization group. From this value, it can be concluded that investors consider the company's leverage in holding long-term share holding, but it is not reinforced by the size of the market capitalization. In the small and big capitalization groups, leverage has no effect, but in the medium capitalization group, leverage also determines the length of the stock holding period. In companies with high leverage, investors will hold their shares longer in the hope of obtaining higher profits and avoiding risk. Investors hope that the company can settle its debt obligations so that this becomes good news that can increase share prices and provide benefits for investors. On the other hand, a higher leverage ratio reflects a positive company operation if it is supported by a high profitability ratio as well. The results indicate that liquidity does not affect the period of share holding for the three capitalization groups. From this value, it can be concluded that investors do not consider the company's liquidity in holding the length of share holding. In addition, market capitalization does not contribute to the liquidity relationship and the holding period of common stock.

5. Conclusion, Implication and Limitations

The results of this study conclude that increases in corporate factors, firm value, earnings, profitability, and leverage extend the holding period for investors. However, information asymmetry and company size cause investors to speed up their holding period. In addition, liquidity does not affect the holding period. Market capitalization contributes to determining the effect of information asymmetry, earnings, and firm value as well as profitability, leverage, and firm size on holding period. In the small capitalization group, investors tend to speculate. Speculators are the actions of people who speculate, tend to be short-term oriented, assume prices will rise shortly, and ignore fundamental indicators. Therefore, in the small capitalization, corporate factors do not affect the holding period. Investors ignore information asymmetry, firm value, earnings, profitability, firm size, leverage, and liquidity in holding back the length of share holding. Investors prefer information related to fluctuations and stock price predictions. However, in medium and big market capitalization, investors select and buy stocks based on business value and company fundamental information.

The limitation of this study is that it does not consider the impact of the Covid 19 pandemic on data. This research used data for 2020 when the world including Indonesia was hit by the Covid 19 pandemic. This pandemic affected stock markets around the world. At the onset of the pandemic, stock prices on almost all stock markets around the world experienced a very sharp decline. This affected the holding period of common stock because investors perceived high environmental risk. For future research, we expect the future study consider the issue of the global crisis due to the Covid 19 pandemic in testing the holding period of common stock. Prior studies find the significant impact of global financial crisis on stock price. However, there are no studies that have examined the effect of the Covid 19 pandemic on the common stock holding period. Previous study reveal that holding period during crisis and without crisis is different. For future reseach, we suggest to consider the issue of the Covid 19 pandemic in examining the effect of corporate factors on holding period of stock.

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