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The Effect of Bid Ask Spread, Market Value and Risk Of Return on the Holding Period of LQ45 Stocks on the Indonesia Stock Exchange

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ABSTRACT

The purpose of this study is to investigate and to analyze the effect of the bid ask spread, market value, and the risk of return to the holding period LQ45 in Indonesia Stock Exchange Period February 2008 to January 2012. Secondary data collection is done by recording the closing price, the number of shares outstanding, trading volume, bid price, ask price and download financial statements published by the Indonesia Stock Exchange and quoted from a written source that is used as a theoretical basis. The analytical method used was multiple linear regression analysis. This research samples using 76 companies listed in the index always LQ45. The results showed that the bid ask spread, market value, and the risk of return simultaneously effect holding period for shares with a significance level (α= 5%). Partially, the bid ask spread and market value and no significant positive effect on the holding period return while the risk of a negative and significant effect on the holding period LQ45 in Indonesia Stock Exchange Period February 2008 to January 2012.

1. Introduction

There are various ways in which a company that is in need of funds for its business, one of which is by selling its securities in the capital market(Sahlman & Stevenson, 1985)(Ewah et al., 2009). Like the market in general, the capital market is a meeting place between buyers and sellers with the risk of profit and loss(Van Greuning & Iqbal, 2008). Investments made by investors in the capital market are basically aimed at obtaining profits from the positive difference between the selling price and the purchase price of shares which in investment terms is known as capital gains(Avadhani, 2009). Conversely, if the difference is negative, i.e. the selling price is lower than the purchase price, the investor will experience a loss or often referred to as a capital loss (Camerer, 2011)(Einiö et al., 2008). Investors are interested in buying a stock if the company that issues the shares earns relatively high profits because companies that earn high profits are likely to pay higher dividends, as a result, demand for shares will increase and share prices will also increase (Halim, 2005:12). To get the maximum profit, an investor must have complete information about the shares he will buy(Skreta & Veldkamp, 2009). With this information, an investor can find out what risks he will face and try to avoid these risks. To get the maximum profit, an investor must have complete information about the shares he will buy. With this information, an investor can find out what risks he will face and try to avoid these risks. To get the maximum profit, an investor must have complete information about the shares he will buy(Skreta & Veldkamp, 2009)(Drake et al., 2011). With this information, an investor can find out what risks he will face and try to avoid these risks.

In the capital market, the price of securities changes very quickly, so it is expected that an investor's ability to predict exactly how the prospects of the shares he buys will be in the future(Camerer, 2011). If it is predicted that stock prices will rise, then an investor will tend to hold their shares in the hope that they will benefit from higher selling prices in the future(Malkiel, 2011). On the other hand, if the investor predicts the stock price will fall, the investor will immediately sell it to avoid losses from the falling stock price. In investing, there are 3 groups or types of investors who are categorized based on their willingness to bear

investment risk (Bergek et al., 2013), namely 1) risk takers, namely the type of investors who dare to take risks, the attitude of this type of investor is usually more aggressive in making decisions. 2) risk averters, namely the type of investor who is afraid or reluctant to take risks, the attitude of this type of investor is more mature and planned in making decisions. 3) moderate risk, namely the type of investor who only dares to bear the risk that is proportional to the return he will get, the attitude of this investor is usually quite flexible and cautious (Samsul, 2006:161). The results obtained from the investment (return) can be in the form of realized returns or expected returns (Jogiyanto, 2003:109). Realized return is the return that has occurred, this return is calculated based on historical data (already happened), while the expected return is the return that is expected to be obtained by investors in the future (has not happened)(Ilmanen, 2011). By calculating this investment return, it will be known whether the investor gets a capital gain or a capital loss(Feldstein & Bacchetta, 2009). After calculating returns, An investor must also calculate the risk of an investment because the greater the return obtained, the greater the risk that must be borne(Damodaran, 2012). In investment, risk is defined as the magnitude of the deviation between the expected rate of return and the actual rate of return (Veld & Veld-Merkoulova, 2008)(Halim, 2005:42). Risks are grouped into two types, namely, (1) systematic risk (systematic risk/undiversifiable risk) such as sharp increases in inflation, increases in interest rates, and economic cycles(Öztek, 2013). (2) unsystematic risk/ specific risk, for example government regulations regarding export and import bans (Samsul, 2006:285). The tool used to measure risk is the variance or standard deviation. At the time of investing, an investor is given the freedom to choose the type of stock to be invested. Investors hope that by investing in these stocks will provide maximum profit(Reilly & Brown, 2011)(Mutswenje, 2009). Investors also have the right to determine the right time to hold or release their shares. Investors hold or release their shares depending on various factors such as the performance of each company, the inflation rate and the rupiah exchange rate. The average length of time an investor holds company shares for a certain period is called the Holding Period (Seasholes & Zhu, 2010)(Jones, 2004). Research on the factors that influence the decision to hold or sell shares has been carried out by Atkins and Dyl (1997)(Mutswenje, 2009)(Aftab et al., 2012). This study states several factors that affect the holding period including the Bid Ask Spread, Market Value and Variance Return. According to this study, companies that have smaller bid ask spreads tend to have shorter holding periods. In Indonesia, research on the bid ask spread was conducted by Leny and Indrianto (1999). This study concludes that the bid ask spread has a negative and no significant effect on the holding period. This is different from the results of research conducted by Atkins and Dyl (1997) which concluded that the bid ask spread has a positive and significant effect on the holding period. Research conducted by Santoso (2008) states that transaction costs affect the holding period. If transaction costs are high, an investor will be more careful in deciding whether to sell their shares to avoid the risks that they may receive. Investors will hold their shares to a certain level in order to cover the costs incurred to buy these shares. Bid Ask Spread is a measure used to measure transaction costs incurred, with the Bid Ask Spread it can reflect the transaction costs incurred (Fabozzi, 1999). In addition to the decision-making process whether to hold or dispose of their shares, an investor must also know market information. Investors will spend time and resources to analyze new information only if the activity will result in higher investment returns (Bodie, et al, 2006: 478). This market information can be reflected in the market value of a stock. Market value shows the size of the company or is the true value of the company's assets reflected in the market. The greater the market value of a stock, the larger the company is seen from its size. Large companies, of course, have expert analysts to produce more accurate financial reports and information(Hutton et al., 2012). Better company stability also affects the company's ability to generate high returns so that investors will hold their shares longer. Research conducted by Leny and Indriantoro (1997) in Hadi (2008) concluded that the market value variable has a positive and significant effect on investors' decisions in determining the period of their share ownership. This research is also supported by research conducted by Miapuspita (2003) which concludes that market value affects investors' decisions to hold their shares. In investment, the term "high risk high return" means that if an investor wants high profits, he must be prepared to face high risks as well(Swensen, 2009)(Ibrahim, 2008). Risk in investing is always there, so the advice not to put eggs in one basket applies to all investors, namely by doing a stock portfolio(Fabozzi & Markowitz, 2011)(Chater et al., 2010). The risk of a stock portfolio is still there but not as high as if all of the investor's money was invested in just one type of stock(Abreu & Mendes, 2010). The risk of stock return is used to measure the extent of risk that can be faced by an investor. Research conducted by Marini (2011), on the effect of the bid ask spread,

2. Method

This type of research is associative research, namely research that aims to determine the relationship between

two or more variables (Rochaety, et al, 2009:17). This study is to determine the effect of the independent variables, namely the bid ask spread, market value, and risk of return on the dependent variable, namely the holding period of LQ45 shares on the Indonesia Stock Exchange (Santosa & Laksana, 2011)(Riwayati et al., 2013). This research was conducted on the Indonesia Stock Exchange through the internet using the websites www.bi.co.id, www.idx.co.id, www.duniainvestasi. com and www.yahoofinance.com. This research was conducted from October 2012 to March 2013.

The variables used in this study consisted of 2 parts, namely: (1). The independent variables include Bid Ask Spread, Market Value, and Risk of Return (2). The dependent variable includes the Holding Period of shares of companies that go public listed in the LQ45 index (Floros & Sapp, 2011)(Bansal & Khanna, 2013).

The population of this study is all the shares of companies that go public listed in LQ45 shares on the Indonesia Stock Exchange (IDX) during the study period, namely February 2008 to January 2012. The population was chosen because LQ45 shares are very actively traded and very liquid. To obtain representative results, the criteria for determining the sample are made as follows: (1). Has been consistently listed on the Indonesia Stock Exchange as an issuer during the period 2008-2012. (2). Entered stocks that are actively traded and are always listed in the LQ45 index during the period 2008-2012. (3). It has never been suspended (temporarily suspended) by the IDX. (4). Availability of data on bid and ask prices and transaction volume for the period 2008-2012. The population used in this study were 79 stocks listed in LQ45 in the period February 2008-January 2012. Consistent stocks were always listed in LQ45 stocks during the period February 2008-January 2012 there were 19 companies. The type of data used in this study is quantitative data derived from secondary data. Secondary data is data obtained/collected and put together by previous studies or published by various other agencies. This data can be obtained from internet media, journals, newspapers, and reference books. Secondary data is data obtained/collected and put together by previous studies or published by various other agencies. This data can be obtained from internet media, journals, newspapers, and reference books. Secondary data is data obtained/collected and put together by previous studies or published by various other agencies. This data can be obtained from internet media, journals, newspapers, and reference books.

The data collection method used is a documentation study, namely data collection through information from books, scientific writings, journals, articles, or the internet that have relevance to the object of research, which later the data is used as a reference and consideration for what is in the research. field.

Data Analysis Techniques, Descriptive statistical analysis is used to analyze data by collecting, classifying, and interpreting the data that has been collected without intending to make conclusions that apply to the public. Descriptive statistical tests provide an overview or description of the data through the mean (average value), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness.

This technique is used to determine the linear relationship between several independent variables and the dependent variable. In this case the independent variables are the bid ask spread, market value, and risk of return. The dependent variable is the holding period. To test the effect of the variable bid ask spread, market value, and risk of return on the holding period variable, the research object of stocks listed in the LQ45 index is used. To determine the effect of independent variables on the dependent variable, the multiple linear regression method is used which is formulated:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

where:
Y = Holding Period
X_1 = Bid Ask Spread
X_2 = Market Value X3 = Risk of Return
b_{1-3} = Regression Coefficient
a = Constant
e = Term of Error

Classical Assumption Testing, Classical assumption testing is carried out to determine the feasibility of the data analysis model used. This classic assumption test consists of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test (Ghozali, 2005:54-59).

3. Results and Discussion

Descriptive analysis of the data aims to provide an overview of the data in this study, the descriptive analysis of this study is shown in the table below:

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Table 1. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BAS (X_1)	76	.04	2.90	.1250	.32577
MV (X_2)	76	4.85E+12	2.53E+15	1.3867E+14	3.77941E+14
RR (X_3)	76	3.17	33.20	13.1932	6.27430
HP (Y)	76	.53	8.18	2.6277	1.57166
Valid N (listwise)	76				

Source: Research Results, 2013 (Processed Data)

Table 1 shows the amount of data used in the study amounted to 76 data. The average value of the bid ask spread for companies included in the LQ45 index for the period February 2008 to January 2012 was 0.1250% with a standard deviation of 0.32577%. The minimum bid ask spread of 0.04% was owned by Telekomunikasi Indonesia, Tbk in 2011 while the maximum bid ask spread was 2.90% owned by Bank Danamon Indonesia, Tbk in 2011. The average market value of the companies included in the The LQ45 index for the period February 2008 to January 2012 was 138.67 trillion rupiah with a standard deviation of 377.941 trillion rupiah. The minimum market value owned by Bakrie Sumatera Plantations, Tbk is 4, 85 trillion rupiah in 2011 while the maximum market value is owned by Astra International, Tbk, which is 2531.91 trillion rupiah in 2010. The average risk of return value for companies included in the LQ45 index for the period February 2008 to January 2012 is 13, 1932% with a standard deviation of 6.27430%. The minimum risk of return value of 3.17% in 2011 was owned by the Indonesian Telecommunications Company (Persero), Tbk, while the maximum risk of return value of 33.20% in 2011 was owned by the State Gas Company (Persero), Tbk. The average holding period of shares in companies included in the LQ45 index for the period February 2008 to January 2012 is 2.6277 years. The minimum holding period of 0.53 years is owned by a Tin company (Persero),

Classic Assumption Test

Classical assumption testing is done before performing linear regression. This test aims to determine the feasibility of the data analysis model used. Classical assumption test consists of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

Normality test

This test is used to test whether in the regression model, the confounding or residual variables have a normal distribution. This test was carried out using graphical analysis and statistical tests.

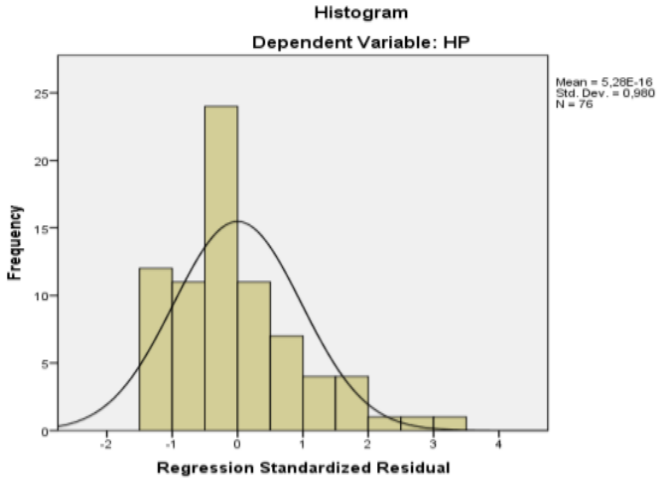

Figure 1. Normality Test Results (Histogram)

In Figure 1 it can be seen that the data is normally distributed, this is indicated by the distribution of the data not deviating to the left or to the right. Another way to look at the normality test is to look at the spread of the points along the diagonal line. If the data spreads around the diagonal line, then this is an indication that the residual data is normally distributed.

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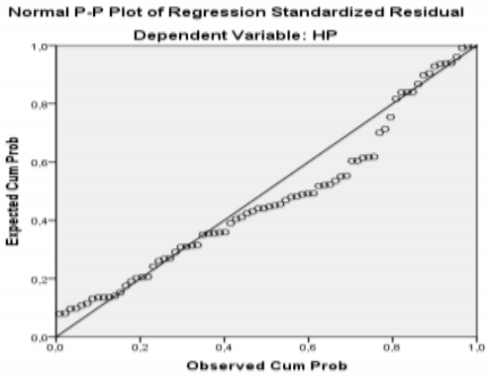


Source: Research Results, 2013 (Processed Data)
Figure 2. Normality Test Results (Normal PP Plot)

In the Normal PP Plot graph, it can be seen that the points follow along the diagonal line, this means that the data is normally distributed. It often happens that the data looks normal because it follows a diagonal line. To determine whether the data is normally distributed, a statistical test is carried out using the Kolmogorovskmirnov test by looking at the residual data that is normally distributed or not. If the significance value of the Kolmogorov-Smirnov test is > 0.05, then the data is declared normal and if the significance value is < 0.05, the data is declared not normally distributed.

Table 2. Normality Test Results (Kolmogorov-Smirnov Test)

		Unstandardized Residual
N		76
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1.44871327
Most Extreme Differences	Absolute	.143
	Positive	.143
	Negative	-.075
Kolmogorov-Smirnov Z		1.251
Asymp. Sig. (2-tailed)		.088

a. Test distribution is Normal.
Source: Research Results, 2013 (Processed Data)

Table 2 shows that the value of kolmogorov-smirnov is 1.251 with asymp.sig (2-tailed) is 0.088. It means that the residual data is normally distributed because 0.088 > 0.05 (significance greater than 0.05). From the graph test and statistical test, it can be concluded that the residual data is normally distributed.

Multicollinearity Test

This test aims to test whether there is a correlation between the independent variables in the linear regression model. To detect the presence or absence of multicollinearity in the regression model, it can be seen from the amount of variance inflation factor (VIF).

Table 3. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.735	.421		8.869	.000		
BAS	.417	.525	.086	.794	.430	.996	1.004
MV	2.599E-016	.000	.062	.570	.571	.980	1.020
RR	-.091	.027	-.362	-3.297	.002	.980	1.020

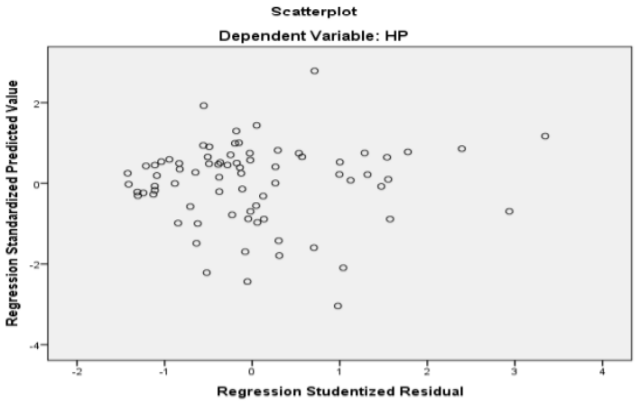
a. Dependent Variable: HP
Source: Research Results, 2013 (Processed Data)

From Table 3 it can be seen that the value of the variance inflation factor (VIF) of all independent variables,

namely the bid ask spread, market value, and risk of return is smaller than VIF 10. This means that all independent variables are not affected by multicollinearity problems.

Heteroscedasticity Test

This test is used to test whether in the regression model there is an inequality of variance from the residuals from one observation to another. How to detect the presence or absence of heteroscedasticity symptoms can be done by means of a graph.



Source: Research Results, 2013 (Processed Data)

Figure 3. Scatterplot Graph Results

Figure 3 shows that the points spread randomly and do not form a certain pattern and are spread both above and below zero on the Y axis. So it can be concluded that there is no heteroscedasticity in the regression model. To support this conclusion, the Glejser test was used.

Table 4. Heteroscedasticity Test Results (Glejser Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.475	.271		5.440	.000
BAS	-.431	.338	-.146	-1.274	.207
MV	-4.451E-016	.000	-.175	-1.515	.134
RR	-.022	.018	-.140	-1.218	.227

a. Dependent Variabel: ABSUT

Source: Research Results, 2013 (Processed Data)

Table 4. shows the calculated significance of each variable bid ask spread (0.207), market value (0.134) and risk of return (0.227) which is greater than the significance level used, namely = 5%, so it can be concluded that this regression equation suitable for research.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the error in period t-1 (previous). Autocorrelation arises because successive observations over time are related to each other. The test used to detect the presence of autocorrelation is Durbin-Watson (DW).

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.388[a]	.150	.115	1.47859	2.049

a. Predictors: (Constant), RISK OF RETURN, BID ASK SPREAD, MARKET VALUE

b. Dependent Variable: HOLDING PERIOD

Source: Research Results, 2013 (Processed Data)

Table 5 shows that the Durbin-Watson (DW) value in this study was 2.049 (between 1.5 to 2.5). This means

that in this study there is no autocorrelation. In addition to using the Durbin-Watson test, the Autocorrelation test can also be tested using the Runs Test.

Table 6. Runs Test Results

	Unstandardized Residual
Test Value[a]	-.20933
Cases < Test Value	38
Cases >= Test Value	38
Total Cases	76
Number of Runs	36
Z	-.693
Asymp. Sig. (2-tailed)	.488

a. Median

Source: Research Results, 2013 (Processed Data)

Table 6 shows the value of Asymp.Sig. (2-tailed) is 0.488. This significance level is greater than the significance of = 5%, this means that H0 is accepted and the data is declared to have passed the autocorrelation test.

Multiple Linear Regression Analysis

Multiple linear regression is used to determine the effect of bid ask spread, market value, and risk of return on the holding period of LQ45 shares.

Table 7. Significance Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.735	.421		8.869	.000
BAS	.417	.525	.086	.794	.430
MV	2.599E-016	.000	.062	.570	.571
RR	-.091	.027	-.362	-3.297	.002

Source: Research Results, 2013 (Processed Data)

Based on Table 7, the multiple linear regression equation is as follows:
Y = 3.735 + 0.417BAS + 2.599MV – 0.091RR + e

Where:
Y = Holding Period
a = constant
BASS = Bid Ask Spread
MV = Market Value
RR = Risk of Return
e = Term of Error

Model interpretation: (1). The constant is 3.735, meaning that without considering the independent variables, the holding period of the stock is 3.735 years. (2). The regression coefficient of the bid ask spread = 0.417, meaning that every 1% addition to the bid ask spread, it will increase the holding period for 0.417 years, assuming other variables are held constant. (3). Market value regression coefficient = 2,599, meaning that every 1% addition of market value, it will increase the holding period for 2,599 years, assuming other variables are held constant. (4). Regression coefficient of risk of return = -0.091, meaning that every increase in risk of return of 1%, it will reduce the holding period for 0.091 years, assuming other variables are considered constant.

From this equation, it shows that the Bid Ask Spread and Market Value are variables that have a positive effect on the Holding Period while the Risk of Return is a variable that has a negative effect on the Holding Period.

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Hypothesis testing

Testing of the hypothesis is carried out using partial testing and simultaneous testing and the coefficient of determination (R2). Hypothesis testing is as follows:

F Test (Simultaneous Test)

The F test is used to determine whether the independent variables, namely the bid ask spread, market value, and risk of return, simultaneously have a significant effect on the holding period. If $F_{count} > F_{table}$ or significance value < 0.05, it can be concluded that simultaneously the independent variables in the regression model have a significant effect on the holding period.

Table 8. F . Statistical Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.852	3	9.284	4.247	.008[b]
	Residual	157.408	72	2.186		
	Total	185.259	75			

a. Dependent Variable: HOLDING PERIOD
b.Predictors: (Constant), RR, BAS, MV

Source: Research Results, 2013 (Processed Data)

Table 8 shows that the significance value is 0.008 < (0.05), F_{count} 4.247 > F_{table} 2.730, then H0 is rejected and H1 is accepted, meaning that simultaneously the bid ask spread, market value, and risk of return have a significant effect on the holding period of LQ45 shares. on the Indonesia Stock Exchange (IDX) for the period February 2008 to January 2012.

T test (Partial Test)

The t-test aims to show how far the influence of one independent variable individually in explaining the dependent variable. This test is conducted to see whether the variables bid ask spread, market value, and risk of return partially affect the holding period of the stock. If $t_{count} > t_{table}$ or significance value < (0.05), it can be concluded that partially the independent variables in the regression model affect the holding period.

Test form:

H0 : b1 = 0

This means that the bid ask spread partially has no significant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX).

H1 : b1 0

This means that the bid ask spread partially has a significant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX).

H0 : b2 = 0

This means that the market value partially has no significant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX).

H1 : b2 0

This means that the market value partially has a significant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX).

H0 : b3 = 0 This means that the risk of return partially has no significant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX).

H1 : b3 0 This means that the risk of return partially has a significant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX).

Test criteria: Reject H0 if $t_{count} < t_{table}$ with a significance less than = 5% Accept H0 if $t_{count} > t_{table}$ with a significance value greater than = 5%.

Table 9. Statistical Test Results t

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.735	.421		8.869	.000
	BAS	.417	.525	.086	.794	.430
	MV	2.599E-016	.000	.062	.570	.571
	RR	-.091	.027	-.362	-3.297	.002

a. Dependent Variable: HP

Source: Research Results, 2013 (Processed Data)

Based on the test results in Table 9, the following conclusions can be drawn: (1). The bid ask spread variable has a t_{count} of 0.794 < t_{table} 1.9930 with a significance level of 0.430 > (0.05), it can be stated that the bid ask spread has a positive and insignificant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX). (2). The market value variable has a tcount value of 0.570 < t_{table} 1.9930 with a significance level of 0.571 > (0.05), it can be stated that the market value has a positive and insignificant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX). (3). The risk of return variable has a value of t_{count} -3.297 < t_{table} 1.9930 with a significance level of 0.002 < (0.05),

Coefficient of Determination (R2)

Basically the coefficient of determination (R2) aims to measure how far the ability of the independent variable to explain the dependent variable. This analysis can be measured from its goodness of fit. The results of the goodness of fit test are as follows:

Table 10. Goodness of Fit Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.388[a]	.150	.115	1.47859

a. Predictors: (Constant), RR, BAS, MV

b. Dependent Variable: HOLDING PERIOD

Source: Research Results, 2013 (Processed Data)

From Table 10, it can be seen that the coefficient of determination obtained from this study is 11.5%. This means that the ability of the independent variables to explain the variation of the dependent variable is 11.5% while the remaining 88.5% is explained by other factors other than the independent variables used in this study such as relative price level, past return performance, and liquidity (Hadi, 2008).

Discussion of Research Results

The following will discuss one by one the effect of each independent variable consisting of the bid ask spread, market value, and risk of stock return on the dependent variable, namely the holding period. This is done to explain the results obtained using multiple regression analysis.

Effect of Bid Ask Spread on Holding Period

The result of the significance of the Bid Ask Spread which is greater than the test level indicates that the bid ask spread has no significant effect on the holding period of the stock. These results are in accordance with research conducted by Yuniningsih (2008), Yenny (2003) and Puspita Sari (2005) in Arifin and Tan (2008) but not in accordance with research conducted by several previous researchers who stated that the greater the transaction costs reflected by the bid ask spread, investors will hold their shares longer. This insignificant result is caused by the stocks included in the LQ45 index are the most active stocks that have a very large number of transactions and are very liquid so that investors do not pay too much attention to the amount of transaction costs, investors tend to pay more attention to price changes that occur. In accordance with the results of the t test, the results obtained that the bid ask spread variable has a positive but not significant effect. According to Yuniningsih (2005) this is caused by the inefficient Indonesian capital market so that investors are rather slow in obtaining information.

Effect of Market Value on Holding Period.

The result of significance is greater than the test level, indicating that the market value has no significant effect on the holding period of the stock. These results are in accordance with research conducted by Wisayang (2008) and Maulina (2010). This can happen due to differences in changing economic conditions. During the economic crisis, investors think more about the risks that will occur so they will hold their shares longer. In contrast to the current economic situation which provides more information so that investors do not always see the prospects of a company from its market value alone.

The market value coefficient is positive but not significant to the holding period. This result is not in accordance with several previous studies conducted by Hadi (2008) and Santoso (2008) which concluded that investors will hold longer the shares of larger companies because large companies have many competent analyzes that will produce information that can reduce diversity of expectations among investors. These results follow the theory which states that companies that have a high market value have less risk because they have sufficient capital and the company's financial condition is stable. Large companies are considered to have less risk than small companies, because large companies are considered to have more access to the capital market

(Jogiyanto, 2003).

Effect of Risk of Return on Holding Period

The coefficient of risk of return has a negative and significant effect on the holding period of the stock. This means that if the risk of return increases, the holding period of the stock will be smaller. This result is in accordance with the theory which states that most investors are risk aversion types (avoiding risk). So, a risky investment must offer a higher return than expected than a lower risk investment so that people are willing to buy it (Horne and John, 2007:151). The results of this study are in line with research conducted by Yuniningsih (2008), Hadi (2008), Santoso (2008) and Maulina (2010).

Risk is the other side of coin: risk and expected return should always be considered together. An investor cannot reasonably expect to earn large returns without assuming greater risk also (Jones, 2004).Significant results between the risk of return on the holding period of the stock prove that investors are very considerate of the risks that may occur, the smaller the risk of return of the stock, the lower the level of loss that will occur. This is what causes investors to immediately release their shares if the risk of return of the stock is large (the holding period is getting shorter) and vice versa, the smaller the risk of return of the stock, the longer the investor holds the stock (the holding period is longer). These results conclude that investors can use the risk of return of shares as an indicator in investing.

4. Conclusion

The conclusions obtained from the results of research conducted regarding the effect of the bid ask spread, market value, and risk of stock return on the holding period of the stock are as follows: (1). Simultaneously, the bid ask spread, market value, and risk of return affect the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX) for the period February 2008–January 2012. (2). Partially, the bid ask spread and market value have a positive and insignificant effect on the holding period, while the risk of return has a negative and significant effect on the holding period of LQ45 shares on the Indonesia Stock Exchange (IDX) for the period February 2008–January 2012.

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