

ABSTRACT

This study aims to analyze the Indonesia stock price reaction to the CEO turnover announcement from 2008-2012. The writer used abnormal return to find out the information of CEO turnover announcement from 2008-2012. This study divides into two characteristics of CEO turnover is based on the process of succession and origin of successor. Based on the process of succession, sample is divided into routine and non-routine. Based on the origin of successor, the sampel is divided into inside and outside. This study examined a sample by combining the characteristics of the sample into a routine inside, outside routine, non-routine and non-routine inside outside.

This study use one sample t-test to examining information contain of CEO turnover announcements. The sample used in this study were 25 companies listed in the index compass 100 during the period 2008-2012.

The results of this study show that the market reacted to the announcement of CEO turnover. The market reacted to routine CEO turnover by origin successor from outside firms, and in non-routine CEO turnover by origin successor from inside firms. The market did not react to routine CEO turnover by origin successor from inside firms, and in non-routine CEO turnover by origin successor from outside firms.

Key note: CEO, Abnormal return, compass 100