



Analysis of The Impact of Spin-Off Announcements on Stock Performance: Evidence from Asia

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Abstract

Background: This research is motivated by the increasing practice of spin-offs as a strategy for company divestment in responding to market dynamics and global business efficiency. The announcement of a spin-off is often considered a positive signal by investors because it is considered to be able to increase the company's business focus and create added value for shareholders. However, the results of previous research still show mixed findings regarding the influence of spin-offs on stock performance, especially in the Asian region.

Objective: This study aims to analyze the impact of spin-off announcements on the stock performance of public companies in Asia for the period 2000–2025 and compare market reactions between developing and developed countries as well as between Asian subregions.

Methods: The study used a quantitative approach with the event study method and the Constant Mean Return Model on 74 samples of spin-off events.

Results: The results showed that the market responded positively on the event day and one day after the announcement, which was demonstrated through significant Average Abnormal Return (AAR) and Cumulative Average Abnormal Return (CAAR) values. However, in the period after the announcement, there was a market correction that showed that investor reactions were short-term. In addition, no significant differences were found between market reactions in developing and developed countries as well as between Asian subregions.

Conclusion: This study concludes that spin-off announcements provide signals that tend to be ambiguous and are heavily influenced by the market context of each country.

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INTRODUCTION

Global economic developments and increasing business competition have prompted companies to undertake various restructuring strategies to improve operational efficiency, strengthen business focus, and create added value for shareholders (Kim et al., 2022; Sudirjo 2023). One of the strategies that is increasingly being applied is spin-off, which is the separation of certain business units into entities that stand independently of their parent company (Oliveira et al., 2023; Minh & Van, 2022). This strategy is considered to be able to increase managerial focus, improve company transparency, and optimize resource management so that it can increase the company's value in the long term. In the Asian region, spin-off activities have increased in recent years, especially in the technology, manufacturing, and financial services sectors which are facing

increasing pressure for innovation and competition ([Rahman & Setiawan, 2019](#)). Spin-off announcements are often of concern to investors because they are considered to contain important information regarding the company's growth prospects and potential future value creation ([Saputra & Wijaya, 2022](#); [Wulandari & Hidayat, 2023](#)).

The increase in spin-off activity is inseparable from various factors that affect the company's decision to restructure. From an internal perspective, companies often face problems in the form of high business complexity, suboptimal management of various business units, and the need to increase focus on the company's core business. This condition encourages management to separate business units that have different business characteristics in order to develop more independently and efficiently ([Brigham & Houston, 2019](#); [Anjum et al., 2025](#)). From the external side, changes in global economic conditions, the development of digital technology, increased industrial competition, and capital market demands for information disclosure are factors that further strengthen the company's decision to spin-off ([Rahman & Setiawan, 2019](#)). In the context of the capital market, information regarding corporate restructuring is often perceived as a signal that can affect investors' expectations of the company's future prospects ([Wulandari & Hidayat, 2023](#)).

These various factors then produce different impacts on companies and the capital market. Several studies show that spin-off announcements can increase investor optimism because they are considered to be able to improve business focus, increase operational efficiency, and create greater growth opportunities for the parent company and the spin-off company ([Prasetyo & Nugraha, 2020](#); [Davis, 2022](#)). Investors' positive response is generally reflected through an increase in the stock price and the appearance of abnormal returns around the announcement date. However, not all spin-off announcements resulted in a positive market reaction. Uncertainty regarding the sustainability of the company's spin-off business, the potential for increased operational costs, and the risk of implementing a post-restructuring strategy can cause a negative response from investors ([Saputra & Wijaya, 2022](#)). Differences in economic conditions, capital market efficiency levels, and investor characteristics in each country also contribute to the diverse market reactions to spin-off announcements ([Anas, 2021](#)).

In capital market research, the influence of an event on stock prices is generally measured using the event study approach. This approach allows researchers to identify whether information has a strong enough information content to influence investors' investment decisions. Market reaction in event studies is generally measured using the Average Abnormal Return (AAR) and Cumulative Average Abnormal Return (CAAR) indicators, which are able to show the magnitude of changes in stock returns due to a certain event ([Sari & Utama, 2021](#)). The use of these two indicators is important because they can describe the pattern of market response both in the short term and during a certain observation period. Therefore, spin-off announcements are seen as relevant events to be analyzed through an event study approach to find out how the capital market responds to corporate restructuring information.

Although many studies have been conducted on spin-offs, the results of previous studies still show inconsistent findings. Several studies have found that spin-off announcements produce significant positive returns because investors consider the move to be able to increase the company's value ([Prasetyo & Nugraha, 2020](#); [Sari & Utama, 2021](#)). In contrast, other research shows that the market response to spin-offs tends to be weak or even negative as investors are still considering the various risks that may arise after the company restructures ([Saputra & Wijaya, 2022](#)). The inconsistency of these results shows that the effectiveness of spin-offs as a market signal is greatly influenced by the economic context, company characteristics, and capital market conditions in each country ([Wulandari & Hidayat, 2023](#)).

The research gap is also seen from the limited research that specifically examines the impact of spin-off announcements on public companies in the Asian region cross-country. Most previous studies tend to focus on one specific country so they have not been able to provide a comprehensive picture of the characteristics of market reactions in various Asian regions ([Rahman & Setiawan, 2019](#)). In fact, Asia is a region with a very diverse level of economic development, a capital market regulatory system, and investor behavior. These differences in characteristics have the potential to affect the effectiveness of corporate information in shaping stock market reactions.

Based on these conditions, the novelty of this research lies in analyzing the impact of spin-off announcements on the stock performance of public companies in Asia during the period 2000–2025 with a comparative approach between developing and developed countries as well as between Asian subregions. This approach is expected to provide a broader picture of how capital markets in various regions of Asia respond to spin-off announcements. In addition, this study also seeks to provide empirical evidence on the effectiveness of spin-off information as a market signal in different economic environments.

This research is important because corporate restructuring activities continue to increase as the global business environment changes that are increasingly dynamic. Investors need empirical information about the impact of spin-off announcements in order to make more rational and information-based investment decisions. On the other hand, companies also need empirical evidence regarding the effectiveness of spin-offs as a corporate strategy in increasing company value and attracting investor interest (Anas, 2021; Wulandari & Hidayat, 2023). Therefore, research on the impact of spin-off announcements on stock performance in the Asian region has high relevance both from an academic and practical perspective.

Based on this background, this study aims to analyze the impact of spin-off announcements on the stock performance of public companies in Asia for the period 2000–2025 using an event study approach. This study also aims to compare market reactions between developing and developed countries as well as between Asian subregions through the measurement of Average Abnormal Return (AAR) and Cumulative Average Abnormal Return (CAAR). The results of the study are expected to enrich the literature on the market's reaction to corporate restructuring and become a consideration for investors, company management, and other stakeholders in understanding the effectiveness of spin-off strategies in Asian capital markets.

METHOD

Research Design

This study uses a quantitative approach with an event study method to analyze the market reaction to spin-off announcements in public companies in the Asian region. The quantitative approach was chosen because the research focuses on measuring phenomena that can be expressed in the form of numbers and analyzed using statistical techniques so that objective and measurable conclusions can be obtained (Sugiyono, 2018). The event study method is used because it is considered to be able to identify stock price changes that occur due to a certain event that has information content for investors (Hartono, 2017).

The use of the event study method in capital market research has been widely used to evaluate investors' responses to various corporate actions, including corporate restructuring, mergers, acquisitions, and spin-offs (Rahman & Setiawan, 2019). In the context of this study, spin-off announcements are treated as an event that is assumed to contain economic information that can influence investors' investment decisions and is reflected in changes in the company's stock price (Wulandari & Hidayat, 2023).

The research was designed comparatively to identify differences in market responses by group of developing and developed countries and by subregional Asia. A comparative approach is used to provide a more comprehensive understanding of the characteristics of the market's reaction to spin-off announcements in different economic environments (Anas, 2021). Thus, the study not only measured the aggregate impact of spin-off announcements, but also evaluated variations in market response based on the characteristics of the research region.

Population and Research Sample

The population in this study is all public companies in the Asian region that made spin-off announcements during the period 2000–2025. The population includes companies from various industrial sectors listed on stock exchanges in Asian countries. The selection of the Asian region is based on the consideration that this region has diverse capital market characteristics, both in terms of the level of economic development, market regulation, and investor behavior (Rahman & Setiawan, 2019).

The sampling technique used is purposive sampling. This technique was chosen because it allows researchers to determine samples based on certain criteria that are relevant to the

research objectives (Sugiyono, 2018). The sample criteria include: (1) companies that officially announced spin-offs during the research period; (2) the company has complete daily stock price data during the observation period; and (3) the company does not take other corporate actions that have the potential to cause a confounding effect around the date of the spin-off announcement (Hartono, 2017).

Based on the selection process, as many as 74 spin-off events were obtained that met the research criteria. The sample size is considered adequate to describe the pattern of market reaction to spin-off announcements in the Asian region and to support comparative analysis between country groups and subregions (Anas, 2021).

Data Types and Sources

This research uses secondary data obtained from various official and trusted sources, such as company reports, stock exchange publications, international capital market databases, and other financial information sources. The use of secondary data is considered appropriate because the research focuses on analyzing market reactions to information that has been published to the public (Sugiyono, 2018).

The main data used include the date of the spin-off announcement and the company's daily share price during the observation period. In addition, the study also uses market index data as the basis for calculating stock expected returns. The daily stock price was chosen because it was able to describe the direct response of investors to the information received by the market (Hartono, 2017).

The data collection process is carried out through several stages. The first stage is the identification of companies that carried out spin-offs during the research period. The second stage is the collection of daily stock price data during the observation period. The third stage is the classification of samples based on the economic status of Asian countries and subregions. All data is then verified and tabulated to ensure the consistency and validity of the data before the statistical analysis process is carried out (Sugiyono, 2018).

Research Variables

This study uses two main variables, namely spin-off announcements as independent variables and stock performance as dependent variables. Spin-off announcements are treated as an event that contains information for investors so that it has the potential to affect the company's share price (Saputra & Wijaya, 2022).

Stock performance is measured using the Average Abnormal Return (AAR) and Cumulative Average Abnormal Return (CAAR) indicators. AAR is used to measure the average abnormal return that occurs on each observation day, while CAAR is used to measure the accumulation of abnormal returns during the study window period (Sari & Utama, 2021). The use of both indicators allowed researchers to identify market responses both on a daily and cumulative basis to spin-off announcements.

Data Analysis Techniques

Data analysis was carried out using an event study approach with the Constant Mean Return Model. This model is used to estimate the normal return of stocks during the observation period and has been widely used in capital market research because it provides relatively stable results and is easy to implement (Hartono, 2017).

The observation period (event window) used in this study is 41 exchange days consisting of 20 days before the announcement ($t-20$ to $t-1$), one day at the announcement (t_0), and 20 days after the announcement ($t+1$ to $t+20$). The use of the period aims to identify changes in investor behavior before, during, and after spin-off information is announced to the public (Rahman & Setiawan, 2019).

The analysis stage begins by calculating the daily stock return of each sample company. Next, the expected return calculation is carried out using the Constant Mean Return Model. The difference between the actual return and the expected return results in an abnormal return value. The value is then used to calculate AAR and CAAR as the main indicators of the market's reaction to spin-off announcements (Sari & Utama, 2021).

RESULTS AND DISCUSSION

Result

Research Study Profile

This study analyzes the impact of spin-off announcements on the stock performance of public companies in the Asian region during the period 2000–2025 using an event study approach. The focus of the research is directed at the identification of market reactions reflected through changes in the Average Abnormal Return (AAR) and Cumulative Average Abnormal Return (CAAR) around the date of the spin-off announcement. This approach was chosen because it is able to describe how investors respond to corporate information published to the market (Rahman & Setiawan, 2019).

The research sample consisted of 74 spin-off events that met the research criteria. The sample companies come from various industry sectors listed on Asian stock exchanges, including the technology, manufacturing, energy, and financial services sectors. The selection of the Asian region is based on heterogeneous capital market characteristics so that it allows testing the effectiveness of spin-off information in different economic environments (Anas, 2021).

In addition to analyzing the overall market reaction, the study also grouped them based on the economic status of Asian countries and subregions. The grouping aims to obtain a more comprehensive picture of the variation in investor responses to spin-off announcements in various Asian regions (Wulandari & Hidayat, 2023).

Overview of Research Variables

The independent variable in this study is the spin-off announcement, while the dependent variable is the performance of stocks measured using AAR and CAAR indicators. The use of these two indicators is widely used in capital market research because it is able to show the magnitude of investor reactions to an event that contains economic information (Sari & Utama, 2021).

AAR is used to measure the average abnormal returns that occur on each observation day, while CAAR is used to measure the accumulated market reaction during the study window period. Using these two indicators, the study was able to identify the pattern of market response before, during, and after the spin-off announcement was made (Rahman & Setiawan, 2019).

The observation period in this study consisted of 41 exchange days which included 20 days before the announcement, one day at the time of the announcement, and 20 days after the announcement. This time span is used to detect the possibility of a market reaction before the information is officially published or after the information is received by investors (Saputra & Wijaya, 2022).

Descriptive Statistics of Research

The results of the descriptive analysis show that the market responds differently to each observation period. Prior to the spin-off announcement, the average value of AAR was relatively stable with an average of -0.12%. This condition shows that there has been no significant change in investor behavior ahead of the company's announcement.

On the day of the announcement (event day), the AAR value increased to 0.97%. The increase indicates that the market is starting to respond positively to spin-off information. The positive response intensified on the first day after the announcement with an AAR value of 1.93%, which was the highest value during the observation period. These findings show that investors view spin-off announcements as information that has a positive outlook for the company (Prasetyo & Nugraha, 2020).

Table 1

Descriptive Statistics for AAR of the Whole Sample

Trading Day	AAR	t-statistic	Interpretation
-20	-0,00564424	-1,24739330	Not significant
-19	0,00218870	0,48370982	Not significant
-18	0,00721779	1,59515297	Not significant
-17	-0,00510885	-1,12907162	Not significant
-16	-0,00236459	-0,52258239	Not significant

Trading Day	AAR	t-statistic	Interpretation
-15	0,00023135	0,05112982	Not significant
-14	0,00116184	0,25677066	Not significant
-13	-0,00165545	-0,36585914	Not significant
-12	-0,00581069	-1,28418038	Not significant
-11	-0,00162504	-0,35913817	Not significant
-10	-0,00156143	-0,34508106	Not significant
-9	-0,00311567	-0,68857314	Not significant
-8	-0,00813678	-1,79825191	Significant at 10%
-7	-0,00031765	-0,07020120	Not significant
-6	0,00222538	0,49181613	Not significant
-5	0,00268447	0,59327575	Not significant
-4	0,00923055	2,03997795	Significant at 5%
-3	-0,00523933	-1,15790697	Not significant
-2	-0,00110172	-0,24348255	Not significant
-1	0,00591626	1,30751155	Not significant
0	0,00965117	2,13293608	Significant at 5%
1	0,01927275	4,25933359	Significant at 1%
2	-0,00147114	-0,32512552	Not significant
3	-0,00188454	-0,41648968	Not significant
4	-0,00550742	-1,21715566	Not significant
5	-0,00369284	-0,81612954	Not significant
6	-0,00063233	-0,13974784	Not significant
7	0,00461526	1,01998532	Not significant
8	-0,00061678	-0,13631032	Not significant
9	-0,00754390	-1,66722405	Significant at 10%
10	0,00922199	2,03808674	Significant at 5%
11	-0,00052789	-0,11666441	Not significant
12	-0,00875663	-1,93524165	Significant at 10%
13	-0,00527277	-1,16529836	Not significant
14	-0,01032405	-2,28164550	Significant at 5%
15	-0,00022215	-0,04909557	Not significant
16	-0,00433123	-0,95721558	Not significant
17	0,00178390	0,39424778	Not significant
18	-0,00772701	-1,70769220	Significant at 10%
19	0,00500336	1,10575722	Not significant
20	-0,00634466	-1,40218762	Not significant

Source: Data processed by researchers, 2026.

Based on Table 1, the AAR generally fluctuates around zero throughout the event window. In the pre-event period (t-20 to t-1), almost all AARs are insignificant, with the exception of the AAR at t-8, which is significantly negative at the 10% level (AAR = -0.00813678; t-statistic = -1.79825191), and at t-4, which is significantly positive at the 5% level (AAR = 0.00923055; t-statistic = 2.03997795). This pattern indicates that prior to the official announcement, the market had not yet shown strong evidence of systematic and consistent information leakage.

On event day (t0), the AAR was positive at 0.00965117 with a t-statistic of 2.13293608, significant at the 5% level. This is an important finding: the market responded positively and meaningfully to the spin-off announcement on the event day. At t+1, the AAR was even larger, at 0.01927275 with a t-statistic of 4.25933359, significant at the 1% level, indicating that the positive response continued into the following day.

In the post-event period, the AAR pattern became more volatile, with several days showing significantly negative AARs: at t+9 (AAR = -0.00754390; 10% significant), t+12 (AAR = -

0.00875663; 10% significant), t+14 (AAR = -0.01032405; 5% significant), and t+18 (AAR = -0.00772701; 10% significant). The widespread occurrence of negative significance after the announcement indicates that market adjustment did not occur in a single instance, but rather gradually and oscillated. This pattern is consistent with the interpretation that investors in Asian markets process spin-off information gradually.

Average Abnormal Return (AAR) Analysis Results

The test results showed that the spin-off announcement generated a significant positive reaction on the day of the announcement and one day after the announcement. The AAR value of 0.97% on the event day and 1.93% on the next day indicates an increase in demand for shares after the information was published to investors.

These findings show that investors value spin-offs as a corporate strategy that has the potential to increase business focus and create added value for the company. These results are in line with the research of Prasetyo and Nugraha (2020) which found that spin-off announcements are able to produce abnormal positive returns in public companies in Indonesia.

However, these improvements do not take place in a sustainable manner. In the following period, there was a decrease in the value of AAR which indicates a market correction. This condition indicates that some investors are starting to evaluate the company's prospects after the spin-off and make adjustments to investment decisions (Saputra & Wijaya, 2022).

Cumulative Average Abnormal Return (CAAR) Analysis Results

CAAR's analysis shows that the accumulated market reaction to spin-off announcements tends to be positive in the period around the announcement. The value of CAAR increased gradually ahead of the event day and reached its highest point after the announcement was made. The results show that the market has started responding to spin-off information even before the official announcement is published. This condition can occur due to information leaks or investor speculation about the possibility of the company restructuring its business. In efficient market theory, the information circulating in the market will immediately be reflected in the company's stock price (Fama, 1970).

However, the results of the study show that the increase in CAAR does not last in the long term. After a few days after the announcement, the value of the CAAR began to decline indicating a market adjustment to the new information. Investors are beginning to consider the risks and uncertainties associated with the implementation of the spin-off, including potential changes in the cost structure, the effectiveness of the new management, and the prospects for the company as a result of the spin-off. Therefore, even though the spin-off announcement gives a positive signal in the short term, the market still considers the fundamental factors of the company in determining long-term investment decisions (Ross et al., 2018).

Table 2

Cumulative Average Abnormal Return (CAAR) Results

	Window Length	CAAR	t-statistic	Interpretation
Pre-Event	20	-0,01082509	-0,53495180	Not significant
Event	1	0,00965117	2,13293608	Significant at 5%
Post-Event	20	-0,02495810	-1,23337325	Not significant
Total	41	-0,02613202	-0,90194314	Not significant

Source: Data processed by researchers, 2026.

Table 2 shows that the pre-event CAAR was -0.01082509 with a t-statistic of -0.53495180 and was insignificant. These results reinforce the lack of strong cumulative evidence of systematic information leakage prior to the spin-off announcement.

On event day, the CAAR was 0.00965117 with a t-statistic of 2.13293608 and significant at the 5% level. This finding is consistent with the event-day AAR in Table 2 and supports the positive information content of the spin-off announcement when it was first announced to the public.

In the post-event window, the CAAR changed to -0.02495810 with a t-statistic of -1507 | Journal of Business, Social and Technology

1.23337325 and was insignificant. Although insignificant, this negative trend indicates a cumulative correction following the initial positive response. This correction may reflect investor caution regarding execution risk and post-spin-off value sustainability.

For the total window, the CAAR was -0.02613202 with a t-statistic of -0.90194314 and was insignificant. Thus, evidence of short-term value creation across the entire sample is primarily concentrated on event day and t+1, rather than accumulated over the entire observation period.

Substantively, the CAAR results indicate that Asian markets reacted positively when spin-off information was first released, but did not maintain this positive reaction cumulatively until the end of the event window. This supports the argument that spin-off signals in Asia are contextual and need to be interpreted in conjunction with transaction quality and the institutional environment.

Comparative Analysis of Developing and Developed Countries

The results show that there is no significant difference between the reaction of markets in developing and developed countries to spin-off announcements. Based on the results of the comparative test, a significance value of 0.380 indicates that the response of investors in the two groups of countries is relatively similar. Investors in developing and developed countries alike responded positively to the spin-off announcement in the early period of the announcement. This shows that business restructuring information is seen as an important signal by investors regardless of the level of economic development of the country in which the company operates.

Although there is no statistically significant difference, market reaction patterns in developing countries tend to be more volatile than in developed countries. Capital markets in developing countries have a higher sensitivity to corporate information due to the relatively lower level of market efficiency. In contrast, capital markets in developed countries show a more stable and measurable reaction as investors have better access to information as well as higher levels of financial literacy. This condition shows that the characteristics of the capital market still affect the intensity of investor reactions to the spin-off announcement ([Khiyarunnas & Jogiyo, 2017](#)).

Comparative Analysis of Asia Subregions

The study also conducted a comparative analysis based on the Asian subregions to see if there were differences in market reaction patterns between regions. The test results showed that there was no significant difference between Asian subregions with a significance value of 0.528. The results show that capital markets in various regions of Asia have a relatively similar response pattern to spin-off announcements. Investors in East Asia, Southeast Asia, and South Asia both responded positively in the initial period of the announcement before a market correction occurred in the following period.

However, there are differences in the intensity of market reactions between subregions. East Asia showed a more stable market response compared to Southeast Asia and South Asia. This is influenced by the level of capital market maturity, the quality of regulations, and the level of disclosure of company information in each region. Southeast Asia tends to have higher volatility returns because investors are more sensitive to corporate information. Meanwhile, South Asia showed a relatively slow market response due to limited capital market efficiency in several developing countries.

Discussion

Market Reaction to Spin-off Announcements

The results show that the spin-off announcement generated a positive reaction to the stock performance of public companies in Asia, especially on the day of the announcement (event day) and one day after the announcement. This finding is reflected in the positive and significant Average Abnormal Return (AAR) values in both periods. This condition indicates that investors view spin-off information as a signal that contains positive prospects for the company. In the context of the capital market, information that is able to increase investors' expectations of the company's performance will be immediately responded to through changes in stock prices and trading activities in the market ([Wulandari & Hidayat, 2023](#)).

The positive response that emerged showed that investors are assessing spin-offs as a corporate strategy that can increase the company's business focus. Through the separation of

certain business units, the parent company can allocate resources more effectively to the core business, while the spin-off company has the flexibility to develop a more specific business strategy according to its industry characteristics (Brigham & Houston, 2019). This perception encourages increased demand for stocks resulting in abnormal positive returns around the announcement date. The results of this study are in line with the findings of Prasetyo and Nugraha (2020) who stated that spin-off announcements can generate a positive market reaction because investors view restructuring as an effort to increase company value.

A higher increase in AAR on the first day after the announcement ($t+1$) also suggests that investors need time to evaluate the information received before making an investment decision. This phenomenon is common in the capital market which has a high level of investor heterogeneity. Some investors make transactions as soon as the information is published, while others wait for additional confirmation before buying shares (Anas, 2021). This explains why the peak of market reaction does not occur precisely on the day of the announcement, but in the period after the information has been processed more widely by market participants.

Causes of Positive Market Reactions

The market's positive reaction to the spin-off announcement did not happen by chance, but rather was influenced by investors' expectations of the economic benefits that the company's restructuring could generate. One of the main factors is the company's increasing focus on core business. After a spin-off, the parent company can concentrate more on key business activities that have a competitive advantage so that it has the potential to increase the efficiency and profitability of the company (Brigham & Houston, 2019).

In addition to increasing business focus, investors also assess that spin-offs can increase the transparency of companies. Before the restructuring was carried out, companies that had many business segments often had difficulty in conveying clear performance information of each business unit to investors. After the spin-off, the performance of the parent company and the company resulting from the separation can be evaluated separately to reduce the information asymmetry that has been a concern for investors (Saputra & Wijaya, 2022). This higher level of transparency increases investor confidence in the company's prospects, thus encouraging a positive market response.

Another factor that also affects the market response is the expectation of value creation. Investors believe that spin-off companies have greater growth opportunities because they can execute a more focused and independent business strategy. This expectation is the basis for investor optimism which is reflected in the increase in stock prices in the initial announcement period (Prasetyo & Nugraha, 2020). Thus, the announcement of the spin-off is not only seen as a change in the organizational structure, but also as an attempt by the company to increase economic value for shareholders.

Market Correction Post-Spin-off Announcement

Although the study found a positive market response in the initial period of the announcement, the results also showed that there was a market correction in the post-event period. The decline in the value of AAR and CAAR after a few days after the announcement shows that investor optimism does not last in the long term. This condition indicates that investors are starting to conduct a more in-depth evaluation of the company's prospects after the spin-off is carried out. The market reaction that was initially positive then turned into more cautious as investors considered the various risks that might arise after a business restructuring was carried out (Ross et al., 2018).

One of the causes of the market correction is uncertainty regarding the ability of spin-off companies to run their business independently. While theoretically spin-offs can increase the focus of the business, in practice new companies often face challenges such as limited resources, additional operational costs, and organizational structure instability. Investors realize that the success of the spin-off depends not only on the decision to separate the business, but also on the management's ability to manage the company after the restructuring is carried out. Therefore, some investors began to reduce their stock buying activity after the initial optimism phase ended (Brigham & Houston, 2019).

In addition, market corrections are also influenced by the behavior of investors who take

profits. After the stock price increased due to the positive market response, some investors chose to sell the stock to realize short-term profits. This activity caused selling pressure to increase so that the stock price decreased in the post-announcement period. This phenomenon is common in event study research because the capital market often experiences an overreaction to new information before finally returning to a state of market equilibrium (Khiyarunnas & Jogyanto, 2017).

Comparison of Developing and Developed Countries

The results show that there is no significant difference between the reaction of markets in developing and developed countries to spin-off announcements. These findings indicate that investors in both groups of countries have relatively similar perceptions of corporate restructuring information. The spin-off announcement is seen as information that is able to provide signals about opportunities to improve the company's performance, so as to obtain a positive response in both developing and developed countries (Anas, 2021).

Although there is no statistically significant difference, the study found that stock return volatility in developing countries tends to be higher than in developed countries. This condition shows that investors in developing countries have greater sensitivity to corporate information. The relatively lower level of market efficiency causes changes in investor sentiment to result in greater stock price fluctuations than the capital markets of developed countries (Wulandari & Hidayat, 2023).

These findings show that the development of information technology and the increasing openness of the capital market have narrowed the differences in investor responses between countries. Information about spin-offs can now be quickly accessed by investors in various countries, resulting in a relatively uniform pattern of market reactions. The results of this study reinforce the view that the globalization of the capital market has increased information integration and reduced the gap in investor behavior between developing and developed countries (Anas, 2021).

Comparison of Asia Subregions

In addition to comparing developing and developed countries, this study also conducts an analysis based on Asian subregions. The results show that there are no significant differences between Asian subregions in the market response to spin-off announcements. Investors in East Asia, Southeast Asia, and South Asia both responded positively to the initial announcement period before a market correction in the following period. These findings show that the characteristics of the Asian capital market have relatively similar behavior patterns in responding to information on corporate business restructuring (Khiyarunnas & Jogyanto, 2017).

Although there is no statistically significant difference, the intensity of market reactions between subregions still shows certain variations. East Asia has a more stable stock movement pattern because capital markets in the region tend to be more mature and efficient. Meanwhile, Southeast Asia showed higher stock price fluctuations as investors were more sensitive to corporate information. These conditions are influenced by the level of financial literacy of investors, the quality of capital market regulations, and the level of disclosure of company information in each region. Therefore, although the response pattern is generally similar, capital market characteristics still influence the strength of investor reactions to spin-off announcements (Brigham & Houston, 2019).

CONCLUSION

This study aims to analyze the impact of spin-off announcements on the stock performance of public companies in Asia for the period 2000–2025, as well as compare market reactions between developing and developed countries as well as between Asian subregions. Based on the results of research that has been conducted using the event study approach, it was found that the spin-off announcement provided a positive response to the capital market, especially in the initial period of the announcement. This reaction shows that investors view spin-offs as a corporate signal that is able to reflect opportunities to increase business focus, operational efficiency, and potential for future company growth. However, the positive response of the market tends to be short-term because after the announcement period there is a correction

in the share price which indicates an adjustment of investor expectations to the company's prospects after the restructuring. The study also found that there was no significant difference between market reactions in developing and developed countries as well as between Asian sub-regions to spin-off announcements. The findings show that investors in various Asian regions have a relatively similar response pattern to corporate restructuring information. The results of this study contribute to the development of the literature on spin-offs and capital market reactions, especially in the context of Asian markets which are still relatively limited compared to research in the Americas and Europe. In addition, this study strengthens the Efficient Market Hypothesis and Signaling Theory theories which explain that corporate information has an influence on changes in stock prices and investor behavior in the capital market. However, this study still has some limitations, such as the limited number of samples, differences in the characteristics of capital market regulations between countries, and the use of secondary data that only focuses on spin-off announcements. Further research is expected to expand the scope of the research by adding other variables such as the financial performance of the company, industry sector, or macroeconomic factors that may affect the market's response to spin-offs. In addition, subsequent research can also use more diverse analytical methods to provide a deeper understanding of the effectiveness of corporate restructuring strategies in the international capital market.

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AUTHOR CONTRIBUTION STATEMENT

All authors contributed equally to the conceptualization, methodology, data collection, analysis, writing, and revision of this manuscript. The corresponding author is responsible for final approval of the submission and ensuring the integrity of all data presented.

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