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The Influence of Bid-Ask Spread, Market Value, Variance Return, and Stock Trading Volume on the Stock Holding Period on the SRI-KEHATI Index listed on the Indonesia Stock Exchange in 2018-2022

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Abstract

The increasing awareness of society to play a role in preserving the environment has encouraged more and more investors to choose environmentally friendly stocks. One of the environmentally friendly stock indexes in Indonesia is the SRI-KEHATI Index. This research aims to determine the factors that influence the holding period of SRI-KEHATI Index stocks. Thus, this research examines the influence of bid-ask spread, market value, return variance, and stock trading volume on the stock holding period. The research focuses on the SRI-KEHATI Index listed on the Indonesia Stock Exchange in 2018-2022. The research uses quantitative methods with descriptive and associative approaches. The population in this study was 41 companies. Sampling used a purposive sampling technique with a total sample of 13 companies so 65 observation data were obtained. The data analysis technique uses panel data regression analysis. Partial test results show that the bid-ask spread and return variance do not affect the stock holding period. Market value and stock trading volume positively affect the stock holding period. Simultaneous testing shows that bid-ask-spread, market value, return variance, and stock trading volume impact the stock holding period.

Keywords: Stock Holding Period, Bid-Ask Spread, Market Value, Variance Return, Stock Trading Volume

How to Cite:

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1. Introduction

Investment activities can support environmental sustainability and social responsibility in an approach called sustainable investment or ESG Investing (Mobius, 2019). Sustainable investing is an investment approach that evaluates environmental, social, and governance aspects when allocating funds to companies. This type of investment considers the company's financial performance and pays attention to the impact on stakeholders and how it protects the surrounding environment in its business operations.

Investors who work based on ESG factors are generally more active in influencing company policies and practices (Van Loo, 2023). Applying ESG in business activities can increase investors' interest in investing. This is because ESG principles seek to mitigate various financial performance risks and make sustainable investment attractive for potential investors (Whitlock, 2015).

According to a separate examination by NASA and the National Oceanic and Atmospheric Administration (NOAA), Earth's average surface temperature in 2018 was the fourth highest since 1880. According to experts at NASA's Goddard Institute for Space Studies (GISS) in New York, global temperatures in 2018 were 1.5 degrees Fahrenheit (0.83 degrees Celsius) higher than the average temperature recorded between 1951 and 1980. Global temperatures in 2018 were lower than those recorded in 2016, 2017, and 2015. The past five years have been the warmest regarding contemporary temperatures (NASA.govnews).

In response to the problem of global warming, the Indonesian government has prioritized initiatives to promote environmentally friendly investments and sustainable projects to address climate change and ensure long-term environmental stability. In addition, investors are increasingly drawn to companies that prioritize environmental, social, and governance (ESG) factors, driven mainly by heightened awareness of the consequences of global warming. Presently, investors are becoming more cognizant of the fact that environmental, social, and governance (ESG) factors have substantial ramifications for the value of an investment over the long run. ESG-focused investments may mitigate climate change risks and actively contribute to sustainability. Investors aim to promote firms that actively tackle global concerns like global warming by prioritizing ethical business practices. This approach creates a financially viable portfolio and supports sustainable development.

3he development of ESG standards in Indonesia commenced in 2009 with the introduction of the SRI-KEHATI index. In addition to SRI-KEHATI, the Indonesia Stock Exchange introduced three other ESG indices: the IDX ESG Leaders Index, the ESG Sector Leaders IDX KEHATI Index, and the ESG Quality 45 IDX KEHATI. The SRI-KEHATI index serves as a benchmark for evaluating the effectiveness of ESG-focused stock indexes. SRI-KEHATI is the top-ranked green investment index in ASEAN and the second-ranked index in Asia, as determined by Exchange and Sustainable Investment statistics. Since its initial publication, this index has demonstrated exceptional performance and growth. These findings indicate that investors react favorably toward stocks listed on the SRI-KEHATI Index.

Investors want significant returns and strive to reduce risks while making investments. To maximize their profits, investors must possess the expertise to determine the opportune moments to sell, buy, release, and hold onto the stocks they own. However, most investors need help when trying to determine the optimal timeframe for keeping their stocks in order to

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optimize their gains. The period of stock ownership, often known as the holding period, is an essential consideration for investors in their decision-making process (Singh & Singh, 2018). Several factors can influence the holding period, such as bid-ask spread, market value, variance return, and stock trading volume.

The stock trading transaction process or system generates a disparity between the bid price and the asking price of stocks, known as the bid-ask spread. Investors must pay more significant expenses to acquire stocks as the bid price increases. This, in turn, will cause the asking price to rise for investors who are selling stocks. Consequently, the bid-ask gap will widen. Investors tend to retain their stocks longer to minimize losses from transaction expenses when confronted with a wider bid-ask spread. According to the findings of prior studies (Susetyo & Niati, 2019; Rahayu & Saefullah, 2021; and Sirait & Yulianti, 2021), it has been shown that the bid-ask spread has a positive effect on the stock holding period. Research conducted by Ardana et al., (2018), Kurniawan et al., (2022), and Subaida (2019) indicates that the bid-ask spread does not affect the stock holding period.

Market value refers to the current price of a stock on the stock market, as established by participants in the market at a specific moment (Jogiyanto, 2017). Investors will select firms with substantial market capitalization since they believe these companies are more likely to possess financial stability. Having stable finances will undoubtedly ensure that investors receive certain earnings as dividends. The duration of an investor's stock ownership is directly proportional to the market value of a firm. Previous studies conducted by Ardana et al. (2018), A. Rahayu et al. (2022), and Susetyo & Niati (2019) stated that market value positively affects the stock holding period. Meanwhile, Mahardika & Gama (2023) and Saputra et al., (2020) explain that market value does not affect the stock holding period.

Variance return is a metric used to approximate the degree of risk resulting from changes in stock prices. As the variation in returns increases, the risk associated with the stock also increases, leading investors to sell their stocks. Conversely, when the variance return is less, the level of stock risk becomes less significant, enticing investors to retain their stocks for a longer duration with the expectation of future returns. According to the findings of prior studies by Veridiana (2020), Susetyo & Niati (2019), and Mahardika & Gama (2023), variance return negatively affects the stock holding period. Meanwhile, Ningsih & Asandimitra, (2017) and Wijanarko (2018) found that variance return does not affect the stock holding period.

Stock trading volume refers to the mean quantity of stocks exchanged yearly. The trading volume activity (TVA) indicator can reveal the trading volume variable, which reflects stock trading activities (Wang et al., 2021). A corporation can be considered liquid if its trading volume grows. Investors are more likely to purchase stocks at a higher price when the trading volume is high since this signals active stocks trading on the stock exchange floor. According to Ardana et al. (2018) and Saputra et al. (2020), Stock trading volume positively affects the stock holding period of company stocks. Meanwhile, Subaida (2019) states that the stock trading volume does not affect the stock holding period.

2. Literature Review

2.1. Investment

Investment is a delay in using funds or assets at this time to gain profits in the future. Investment

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activities often involve allocating funds to real assets, such as land, gold, machinery, or buildings, as well as financial assets, such as deposits, stocks, mutual funds, sukuk, or bonds.

Financial investment refers to investment in the money market or capital market (Jogiyanto, 2017). There are several types of instruments available in the capital market, but stocks are considered a type of instrument that is able to provide a high level of return on investment. Therefore, stocks are the most popular and common choice among investors Indonesian Stock Exchange. Stocks are documents that record proof of ownership of a company.

2.2. SRI-KEHATI Index

The stock index is a statistical measure that describes the overall stock movement of a group of stocks selected based on certain criteria and methodology and evaluated periodically. The SRI-KEHATI index is an index that measures the stock price performance of 25 listed companies that have high performance, both in encouraging sustainable businesses, as well as having awareness of the environment, social and good corporate governance or what is called Sustainable and Responsible Investment (SRI). The SRI-KEHATI Index was launched and managed in collaboration with the Indonesian Biodiversity Foundation (KEHATI Foundation).

Evaluation stocks of the SRI-KEHATI Index are carried out every six months, namely in May and November. The mechanism for selecting and reviewing issuers in the constituent list of the SRI-KEHATI stock index is carried out through three selection stages, including:

1. Selection of core business aspects. At this stage, KEHATI carries out negative selection, namely ensuring that the issuer does not move and has a core business in the following nine types of business: pesticides, nuclear, weapons, tobacco, alcohol, pornography, gambling, genetically modified organisms (GMO), and coal mining.
2. Financial aspect, where only issuers that have a market capitalization and total assets greater than IDR 1 trillion, a free float ratio greater than 10 percent, and a positive price earnings (PE) ratio, have the opportunity to pass to the next selection stage.
3. Fundamental aspects, at this stage the issuer in question will be assessed based on the six fundamental indicators in the SRI-KEHATI index, which include: corporate governance, environment, community involvement, business behavior, human resources and human rights.

2.3. Signaling Theory

Signaling Theory is a theory underlying an investment that informs the instructions that management wants to convey to external parties. The signals provided include information on management performance, company prospects and the company's financial condition. This is done by management so that external parties can find out what is happening within the company as a basis for making investment decisions Apriani et al. (2023).

2.4 Bid-Ask Spread

The bid-ask spread refers to the disparity between the maximum price buyers are willing to purchase and the minimum price sellers are willing to sell. The bid-ask spread represents the expenses associated with buying and selling stocks. Investors will often hold onto their stocks until a specific price is reached to make a profit and offset the costs incurred from trading stock. (Widiatmoko & Paramita, 2017). The bid-ask spread, a function of transaction costs, influences

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investors' decision to hold a stock. Stocks that have a more extensive spread will produce a higher expected return. As a result, investors will hold stocks or have a more extended holding period (Veridiana, 2020).

Thus, the higher the difference between the highest buying price and the lowest selling price of a stock (bid-ask spread), the longer investors will hold the stock in the hope of making a profit in the future. Research conducted by Susetyo & Niati (2019), Sirait & Yulianti (2021), and Rahayu & Saefullah (2021) stated that bid-ask spread positively affects the holding period. Meanwhile, research conducted by Ardana et al. (2018) and Subaida (2019) stated that the bid-ask spread does not affect the holding period. Then, the hypothesis that will be proposed is that bid-ask spread positively impacts the holding period. In this study, in general, bid-ask spread can be calculated with the formula:

$$\text{spread}_{it} = \left[\sum_{t=1}^n \frac{\text{Ask}_{it} - \text{Bid}_{it}}{(\text{Ask}_{it} + \text{Bid}_{it})/2} \right] / N$$

2.5 Market Value

Market value refers to the stock price set by market participants on the stock market at a specific moment (Jogiyanto, 2017). The financial soundness of a corporation is shown by its substantial market value. Investors commonly perceive that giant corporations exhibit more financial stability, fewer risks, and the capacity to deliver reliable financial reports. The company's substantial market value will catalyze investors to retain their stocks longer (A. Rahayu et al., 2022).

Thus, a company's high market value reflects the company's financial health which will have an impact on the longer investors hold onto their stocks in the hope of gaining long-term profits. Research conducted by Ningsih & Asandimitra (2017), Kurniawan et al. (2022), and Ardana et al. (2018) stated that market value positively affects the holding period. Meanwhile, research by Saputra et al. (2020) stated that market value does not affect the holding period. Then, the hypothesis that will be proposed is that market value positively impacts the holding period. In this study, in general, market value can be calculated with the formula:

$$\text{Mktvl} = \sum_{t=1}^n \text{Closing price} \times \text{number of stocks outstanding}$$

2.6 Variance Return

Stock return variance is a risk phase that arises from investment activities, namely transactions that occur on the stock exchange due to fluctuations in stock prices (Wijanarko, 2018). Stock return variance shows the difference in actual stock returns compared to the expected return value. The higher the stock return variance indicates the higher the stock risk. High return variance can be interpreted as an indication of a high level of uncertainty or risk in the market. This level of uncertainty can be a signal that there is information or events that could affect the value of the asset or overall market conditions. Investors may take this level of uncertainty as a signal to be more careful in managing risk in their portfolios. This encourages investors to immediately sell their stocks so that the holding period for stocks becomes shorter. Thus, a high

return variance will have an impact on a shorter stock holding period (Stereńczak, 2022).

Research conducted by Apriani et al. (2023), Lubis et al. (2020), and Yunita et al. (2020) stated that variance return negatively affects the holding period. Meanwhile, research conducted by Ardana et al. (2018) and Subaida (2019) stated that variance return does not affect the holding period. Then, the hypothesis that will be proposed is that variance return hurts the holding period. In this study, in general, variance return can be calculated with the formula:

$$\sigma_t^2 = \sum_{t=1}^n \frac{(R_t - \bar{R}_t)^2}{n-1}$$

2.7 Stock Trading Volume

Stock trading volume indicates the number of stocks traded in a certain period (Dewi & Paramita, 2019). If the trading volume of a company's stocks increases, this shows that more investors are interested in transacting on these stocks so that the stocks become more liquid. This condition will encourage investors to hold stocks, so that the holding period for stocks becomes longer. On the other hand, if the trading volume of a company's stocks decreases, the company will become less liquid, investors will not like the stocks as much, and the stock's holding period will become shorter (Mutiasari & Paramita, 2016).

Thus, the greater the stock trading volume, the longer the stock holding period will be. Research conducted by El Fanani (2023), Ardana et al. (2018), and Saputra et al. (2020) stated that stock trading volume positively affects the holding period. Meanwhile, research conducted by Subaida (2019) stated that stock trading volume does not affect the holding period. Then, the hypothesis that will be proposed is that stock trading volume positively impacts the holding period. In this study, in general, stock trading volume can be calculated with the formula:

$$TVA = \frac{\text{Number of stocks traded}}{\text{Number of stocks outstanding}}$$

2.8 Stock Holding Period

When investors wish to engage in stock trading, they must make important considerations regarding investment decisions, especially in determining the period for how long stocks will be held. However, investors often face difficulties in determining how long they should hold stocks before reaching maximum profit. If an investor projects that stock prices will increase in the future, they tend to maintain stock ownership for a longer period of time, in the hope of achieving significant profits. Conversely, if the stock price prediction decreases, investors may choose to sell more quickly (Rahayu et al., 2022).

The period of stock ownership by an investor varies depending on the decisions they make. The decision to hold stocks should be considered taking into account the potential profits and risks involved. When investors expect high stock returns, the risks that may occur also become greater and vice versa. The duration required by an investor to hold ownership of an issuer's stocks for a certain period or period is usually called the holding period (Widiastuti, 2019). In this study, in general, the stock holding period can be calculated with the formula:

$$\text{Holding Period} = \frac{\text{Number of stocks outstanding}}{\text{Transaction Volume}}$$

3. Research Method

This study uses a quantitative method with a descriptive and associative approach. The population used is companies listed on the SRI-KEHATI index for the 2018-2022 period. There are 41 firms included in the entire population of the SRI-KEHATI Index. The sample is determined using the purposive sampling approach, consisting of 13 companies. The research relies on secondary data sources from the Indonesian Stock Exchange (IDX) website, namely www.idx.com and the Yahoo finance websites. The data analysis technique uses panel data regression, classical assumption testing, and hypothesis testing. The regression equation of this study is as follows:

$$HP_{it} = \beta_0 + \beta_1BAS_{it} + \beta_2MV_{it} + \beta_3VR_{it} + \beta_4TVA_{it} + e_{it}$$

4. Results and Discussions

4.1 Selection of Panel Data Regression Estimation Model

In order to get the most accurate estimate, it is imperative to do the Chow, Hausman, and Lagrange multiplier tests. These tests assist in selecting the optimal panel data regression estimation model. The experiment was conducted utilizing the Eviews 12 program. The Chow and Hausman tests were conducted using the provided data to determine the optimal regression model.

4.1.1 Chow test

Chow test is carried out to determine which model is the best, the fixed effect model or the standard effect model.

Table 1, Chow Test Results

15
 Redundant Fixed Effects Tests
 Equation: Untitled
 Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.411965	(12,48)	0.0000
Cross-section Chi-square	95.606112	12	0.0000

Source: data processing, 2023

Table 1 shows the results of the cross-section chi-square probability of 0,0000 < 0,05 so that H₀ is rejected and H_a is accepted. That is, the best estimate is the fixed effect model.

4.1.2 Hausman test

The Hausman test is carried out to determine which model is the best between the fixed effect

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model and the random effect model.

Table 2, Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.619163	4	0.0204

Source: data processing, 2023

Table 2 shows the results of the cross-section random probability of $0,0204 < 0,05$ so that H_0 is rejected and H_a is accepted. That is, the best estimate is the fixed effect model. So, there is no need to continue the Lagrange Multiplier test.

4.2 Estimation Results of Panel Data Regression Analysis

Table 3, Selected Estimation Test Results: Fixed effect model

Variable Dependent: Holding Period Saham					
Variable Independent	Coefficient	Std. Error	T-Statistic	Prob.	Prob/2
C	11.50229	5.187462	1.481636	0.1450	0.0725
BAS	6.631012	7.211496	0.919506	0.3624	0.1812
MV	2.560146	0.469379	5.465976	0.0000	0.0000
VR	-6.843912	7.782137	-0.947238	0.3483	0.1741
TVA	3.113559	0.402884	7.728185	0.0016	0.0008
R-Squared			0.568368		
Adjusted R-Squared			0.524491		
F-Statistic			19.79080		
Prob (F-Statistic)			0.000378		

Source: data processing, 2023

Based on Table 3, the research regression model equation is obtained as follows:

$$HP: 11,50229 + 6,631012BAS + 2,560146MV - 6,84391VR + 3,113559TVA$$

From the equation model, it shows that:

1. The constant value (α) is 11.50229. This shows that if all the independent variables, namely bid-ask spread, market value, variance return, and stock trading volume, are zero or equal to zero, the holding period will be constant at 11,50229 stocks.
2. The value of β_1 on BAS is 6,631012. This shows that every 1% increase in the bid-ask spread will increase the stock holding period by 6,631012 stocks.
3. The β_2 value for MV is 2,560146. This shows that with every increase in Rp. 1 in market value, the stock holding period will increase by 2,560146 stocks.
4. The value of β_3 in VR is -6,84391. This shows that every 1% increase in variance return

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will reduce the stock holding period by 6,84391 stocks.

5. Variable β_4 stock trading volume This shows that for every one stock increase in stock trading volume, it will increase the stock holding period by 3,113559.
6. The probability value of the f test is 0,000378. This shows that the probability < 0,05. This means that H_0 is rejected and H_a is accepted, meaning that simultaneously, the bid-ask spread, market value, variance return, and stock trading volume affect the stock holding period.
7. The adjusted r-squared value is 0,524491; this shows that 52,44% contribute simultaneously or simultaneously from the variables bid-ask spread, market value, variance return, and stock trading volume to the stock holding period.

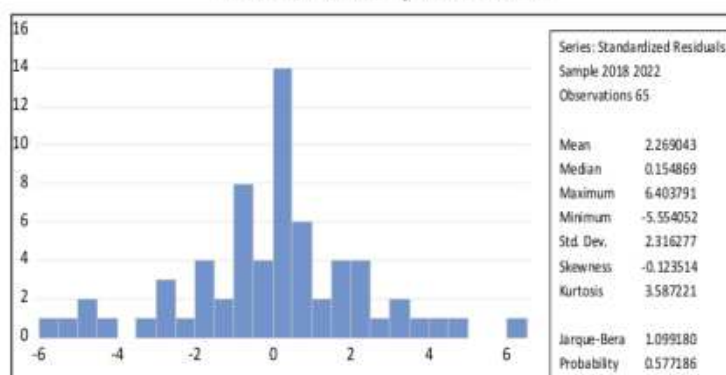
4.3 Classic Assumption Test

The classical assumption test is a requirement used for regression testing using the Ordinal Least Square (OLS) method. Analysis that is not based on OLS does not need to use classical assumption test requirements. In panel data regression, the common effect model and fixed effect model use OLS, while the random effect model uses generalized least squares (GLS). So whether there is a test of classical assumptions in panel data regression depends on the selected model estimation. In this research, the classical assumption test was carried out with the help of the Eviews 12 program, where the researcher tested the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

4.3.1 Normality Test

According to the data shown in Table 4, it can be inferred that the probability values obtained for bid-ask spread, market value, variance return, stock trading volume, and stock holding period are statistically significant, with values more than 0.05. Therefore, it can be concluded that the residual value is within the normal range. To further this research, achieving a statistically significant result that adheres to the premise of normalcy is necessary.

Table 4, Normality Test Results



Source: data processing, 2023

4.3.2 Multicollinearity Test

According to the data shown in Table 4, it can be inferred that the probability values obtained

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for bid-ask spread, market value, variance return, stock trading volume, and stock holding period are statistically significant, with values more than 0.05. Therefore, it can be concluded that the residual value is within the normal range. To further this research, achieving a statistically significant result that adheres to the premise of normalcy is necessary.

Table 5, Multicollinearity Test Results

Variance Inflation Factors
Date: 11/27/23 Time: 19:44
Sample: 1 65
Included observations: 65

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.018765	5.302889	NA
BAS	0.247233	1.160251	1.413894
MV	0.117789	1.117808	1.927267
VR	0.061278	3.120099	1.748052
TVA	0.075861	2.006877	1.537667

Source: data processing, 2023

4.3.3 Heteroscedasticity Test

Based on the output table 6, it is evident that the prob. The chi-square Obs*R-squared value is 0.0733, which indicates that the value is more than 0.05. Based on the foundation of decision-making in the heteroscedasticity test, there are no indications of heteroscedasticity in the regression model.

Table 6, Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser

F-statistic	2.282911	Prob. F(4,56)	0.0717
Obs*R-squared	8.552374	Prob. Chi-Square(4)	0.0733
Scaled explained SS	8.589107	Prob. Chi-Square(4)	0.0722

Source: data processing, 2023

4.3.4 Autocorrelation Test

Based on the output table 7, it is evident that the Prob. Chi-Square Obs*R-squared value is 0.0775, which exceeds the threshold of 0.05. Based on the foundation of decision-making in the autocorrelation test, there are no indications of autocorrelation in the regression model.

Table 7, Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.970528	Prob. F(8,48)	0.0708
Obs*R-squared	15.08083	Prob. Chi-Square(8)	0.0775

Source: data processing, 2023

4.4 Discussions

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4.4.1 Effect of Bid-ask spread on Stock Holding period

According to the findings in Table 3, the bid-ask spread has a probability value of 0.3624, obtained by dividing the two outcomes by 0.1812. This value exceeds the significance threshold 0.05, indicating that the H_0 is accepted and the H_a is rejected. The bid-ask spread, defined as the disparity between the bid price (the highest price a buyer is willing to pay) and the asking price (the lowest price a seller is willing to accept) of a stock, does not impact the stock holding period. The company's growth prospects and long-term investment strategy to generate profits determine when investors maintain stock ownership or the holding period. It does not consider gains derived from the spread. The difference in the SRI-KEHATI index spread in this study shows no direct role in determining how long investors hold stocks. Factors such as company growth, economic conditions, and financial performance seem more dominant in determining the holding period of stocks in the SRI-KEHATI Index.

The findings of this study align with the studies conducted by Ardana et al. (2018) and Kurniawan et al. (2022), which assert that the bid-ask spread has no impact on the duration for which stocks are held. Nevertheless, these findings are in direct opposition to the studies conducted by Susetyo & Niati (2019) and Sirait & Yulianti (2021), which assert that the bid-ask spread benefits the duration of stock ownership.

4.4.2 Effect of Market value on Stock Holding period

According to the findings presented in Table 3, the market value has a probability value of 0.0000. This result is lower than the significance of 0.05, indicating that the H_0 is rejected and the H_a is accepted. Market value positively impacts the stock holding period, particularly for green equities like the SRI-KEHATI index. A high market value on the SRI-KEHATI index can provide a favorable impression in the market, particularly among investors, indicating that the firm has secure prospects and reduced risk. Additionally, companies with a high market value that is part of the SRI-KEHATI index can prove that they are successful at implementing market-recognized sustainable business practices. Long-term investors typically perceive market values as a gauge of a company's well-being and potential for future expansion. The stock holding period demonstrates that investors in the SRI-KEHATI index, which has a sizable market value, have confidence in the company's ability to respond to environmental and social challenges. Their effect will prolong stock ownership to uphold the company's sustainability objective.

The results of this study are consistent with those of Ardana et al. (2018) and Rahayu et al. (2022), which claim that the market value positively impacts the stock holding period. Nevertheless, these findings directly oppose the studies conducted by Mahardika & Gama (2023) and Saputra et al. (2020), which assert that the market value has no impact on the stock holding period.

4.4.3 Effect of Variance return on Stock Holding period

According to the findings in Table 3, the variance return has a probability value of 0.3483, which is obtained by dividing the two outcomes by 0.1741. This value is above the significance threshold of 0.05, meaning that H_0 is accepted and H_a is rejected. The stock holding period on the SRI-KEHATI index is not influenced by variance return, which is sometimes indicative of stock price volatility or fluctuation. Long-term trends influence the holding period on the SRI-

KEHATI Index. Investors pay more attention to fundamental factors and long-term company financial performance than short-term stock fluctuations. Variance returns are thought to be of more concern to short-term investors who are looking to profit from momentary price changes. Meanwhile, long-term investors generally prioritize fundamental factors. As a result, variance return is not the main determining factor in determining the holding period for investors with a long-term focus on the SRI-KEHATI Index.

This study's results align with those of Ningsih & Asandimitra (2017) and Wijanarko (2018), who claim that the market value does not affect the stock holding period. Nevertheless, these findings contradict the studies by Mahardika & Gama (2023) and Veridiana (2020), asserting that the volatility of returns negatively impacts the stock holding period.

4.4.4 Effect of Stock trading volume on Stock Holding period

According to the findings in Table 3, the probability value for the stock trading volume is 0.0016, obtained by dividing the two outcomes by 0.0008. This value is lower than the significance threshold of 0.05, meaning that H_0 is rejected and H_a is accepted. Stock trading volume has a positive impact on the stock holding period. The substantial magnitude of stock trading signifies investors' keen attention and vigorous involvement, demonstrating robust endorsement for equities prioritizing sustainable business practices. Investors who actively engage in stock trading on the SRI-KEHATI index have a specific interest in and concern for firms with an excellent environmental effect or a solid commitment to social responsibility. As the trading volume on the SRI-KEHATI index rises, market liquidity also grows, providing investors with more significant opportunities to purchase and sell stocks at fair prices. Investors seeking to maintain stocks for an extended period might get assurance from the substantial trading volume on the SRI-KEHATI index, as it indicates active trading and enhances portfolio liquidity. By actively participating in the market, individuals can have a greater sense of assurance about maintaining their ownership of stocks in the SRI-KEHATI index for an extended period.

The findings of this study align with the research conducted by Ardana et al. (2018) and Saputra et al. (2020), which assert a positive correlation between stock trading volume and the stock holding period. Nevertheless, these findings directly oppose the study by Subaida (2019), which asserts that the trading volume of stocks has no impact on the stock holding period.

4.4.5 Effect of Bid-ask spread, Market value, Variance return, Stock trading volume on Stock Holding period

The data in Table 3 shows that the bid-ask spread, market value, variance return, and stock trading volume variables all have a probability value of 0.000378 when considered together. If the value is below the significance level of 0.05, it suggests that H_0 is rejected and H_a is accepted. Therefore, it can be inferred that the bid-ask spread, market value, variance return, and stock trading volume impact the stock holding periods.

The test results presented in Table 3 indicate that the adjusted R-squared value is 0.524491, corresponding to 52.44%. This value represents the combined and simultaneous contribution of the variables bid-ask spread, market value, variance return, and stock trading volume to the stock holding period. The remaining 47.56% is attributed to other variables not addressed in this research.

5. Conclusion

The results of this research show that market value and stock trading volume have a positive effect on the holding period of SRI-KEHATI index stocks on the Indonesia Stock Exchange. However, the bid-ask spread and return variance are not able to influence the stock holding period. Simultaneously, the bid-ask spread, market value, return variance, and trading volume are able to influence the holding period of SRI-KEHATI index stocks listed on the Indonesia Stock Exchange.

Based on the results of this research, researchers recommend that investors who are interested in investing in the SRI-KEHATI index consider the stock holding period and its determinant factors, which consist of market value and stock trading volume. These two factors have been proven to have a positive impact on stock holding periods. The researcher suggests that future researchers consider replacing ineffective independent variables, such as the bid-ask spread and return variance. Future research can also add other determinant factors that have the potential to impact the stock holding period.

Future research can study the determinants of the holding period between environmentally friendly stock indices from various countries.

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