

ABSTRACT

Mergers and Acquisitions contributed a crucial role in leading the companies to grow in Asia-Pacific member countries. Especially, most of countries in this region are still developing countries. The M&A activities are also conducted to achieve operating synergy and financial synergy in the telecommunication industries in Asia-Pacific countries. The announcement of M&A activities could affect the market's reaction such as share returns and share price volatility. This activities are also often expected to give a positive abnormal return that will increase the shareholder value.

Hence, the object of this research was to measure the announcement effect on share return, trading volume and share price volatility by conducting event study. The market model has been used in this research to know the return on the days in the window period during 10 days before (t-10) until 10 days after (t+10) the announcements of acquirer companies that conducted M&A. While, to analyze the return of CARs (Cumulative Abnormal Returns) during the event window is computed, AVAR_{it} (Average Volatility Abnormal Return) is calculated to know the share price volatility. The firm's characteristics such as profitability, leverage, and firm's age were also analyzed in this study to know whether those characteristics has an impact on share return, trading volume and share price volatility besides the M&A announcements.

The data collection gathered are secondary data taken from finance.yahoo.com, Redwood Capital, Bloomberg database, and id.investing.com. The data analysis technique is using normality test which is Shapiro-Wilk and Kolmogorov-Smirnov. While, Paired t-test and Wilcoxon test were used for hypothesis testing. Furthermore, the Multiple Linear Regression test were also performed to see the significant correlation between specific firms' characteristics (age, profitability, and leverage), CAR, and AVAR.

The result shown that there is no significant different between the abnormal return before and after announcement. The same results are also shown in both trading volume and volatility (AVAR) before and after announcement. Furthermore, the firms' characteristics have no significant impact on both CAR and AVAR with the total impact of 26.6% and 9.12% respectively; meanwhile the remaining 73.4% and 90.88% are contributed by another variable that is not included in this research.

Keywords: *abnormal Return, M&A, firms' characteristics, event study, shareholder values*