

ABSTRACT

Industrial competition in the Asian economic region has intensified since the enactment of the ASEAN Economic Community (AEC) on December 31th, 2015, which has spread to various industrial sectors. The implementation of the MEA is an opportunity as well as a threat for business people, because it causes competition among the ten ASEAN countries to increase drastically. To increase its competitiveness, companies need to develop appropriate strategies to maintain their existence in the market. One strategy to increase competitiveness that can be done is expansion such as Mergers and Acquisitions. The Company expands Mergers and Acquisitions with the view that Mergers and Acquisitions are strategic steps to increase company value. Furthermore, the Mergers and Acquisitions that this company takes will be an event that will have an impact on the market.

This study aims to analyze differences in market reactions and stock performance before and after the announcement of Mergers and Acquisitions in companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019. This study uses Abnormal Return (AR), Trading Volume Activity (TVA) and Security Return Variability (SRV) to determine the market reaction and uses Realized Return (Actual Return) to determine stock performance in companies conducting Mergers and Acquisitions.

This study is a quantitative study where the research population is 27 companies listed on the Indonesia Stock Exchange (IDX) that carried out Mergers and Acquisitions between 2015–2019. This research is a comparative descriptive type using secondary data in the form of stock prices of related companies on the IDX. The analytical method used is an event study with a 21-day window period, namely 10 days before the announcement date, the announcement date, and 10 days after the announcement date. The data was processed by the ...method using SPSS for Windows.

From the results of data processing, the results show tha there are significant differences in Abnormal Return (AR), Trading Volume Activity (TVA) and Actual Return (R) of companies listed on the IDX before and before the announcement of mergers and acquisitions for the 2015-2019 period. However, there are significant differences in the Security Return Variability (SRV) of stocks before and before the announcement of mergers and acquisitions for the 2015-2019 period.t

The results of this study are expected to to provide empirical evidence regarding market and stock reactions to company information, especially those related to mergers and acquisitions, so that it can be a consideration for capital market investors and issuer companies.

Keywords : *Merger, Acquisition, Abnormal Return, Trading Volume Activity, Security Return Variability, Actual Return*