ABSTRACT

In the era of free trade and globalization, business competition is becoming increasingly fierce, and the business environment is growing more dynamic. This requires companies' management to be adaptive and innovative in developing strategies to remain competitive. One strategy that companies can use to enhance long-term business growth is through the implementation of mergers and acquisitions. Companies believe that mergers and acquisitions can increase the firm's value, providing benefits to shareholders.

This research aims to analyze the impact of merger and acquisition events on the abnormal returns of company stocks before and after the execution of mergers and acquisitions by companies listed on the Indonesia Stock Exchange (IDX) from 2013 to 2019.

This is a quantitative study with a sample size of 52 companies that underwent mergers and acquisitions and were listed on the IDX during the 2013-2019 period. This research method is event study with an estimation period of 100 days (t-100) and a event window of 15 days before the execution (t-15) and 15 days after the execution (t+15). The study used secondary data, including closing stock prices and the IDX Composite (JKSE). Expected returns are calculated using the market model. Data analysis techniques include one-sample t-test, one-sample wilcoxon signed-rank test, and wilcoxon signed-rank test.

Data analysis used are one-sample t-test for normally distributed data and one-sample wilcoxon signed-rank test for non-normally distributed data shows that there is no significant difference in abnormal returns of company stocks around the time of merger and acquisition execution. Furthermore, the wilcoxon signed-rank test for non-normally distributed data indicates that there is no significant difference before and after the execution of mergers and acquisitions. Hence, there is no significant market reaction to merger and acquisition events by companies listed on the IDX during the 2013-2019 period.

The results of this research are expected to serve as a reference for investors to conduct more in-depth investment analysis when considering investing in a company. Additionally, companies are encouraged to carefully consider merger and acquisition decisions to promote long-term business growth and add value to shareholders.

***Keywords**: Abnormal Return, Actual Return, Event Study, Mergers and Acquisitions*