ABSTRACT

The Effect of Mergers and Acquisitions of the Market Reaction
(Study on Conducting Company Mergers and Acquisitions during the period of 2011-2014)

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Mergers and acquisitions are the external growth strategy and the best way to access new markets or new products with the aim of building a competitive advantage in the long term that will increase the value of the company and maximize shareholder wealth without having to start the company from scratch. The purpose of this study was to determine whether the announcement of the merger and acquisition announcements significantly influence the market reaction. Sample in this study consisted of 27 companies doing mergers and acquisitions during the period of 2011-2014. The sample was selected using purposive sampling. Data were analyzed using multiple linear regression with panel data approach that uses statistical test equipment Eviews 7. The results of this study showed that the Merger variable describes 28.5108% of the Market Reaction variable and the remaining 71.4892% is explained by other variables. Test results showed that the Merger positive and significant impact on market reaction.

Keywords: Mergers, Acquisition and Market Reaction