



# THE IMPACT OF MERGER AND ACQUISITION ON INVESTOR REACTION IN TECHNOLOGY SECTOR

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## ABSTRACT

This study aims to find the impact of merger and acquisition on investor reaction. The investor reaction is measured using Cumulative Abnormal Return (CAR). This study used merger and acquisition transactions for the period of 2015-2019. The company included as a sample must be a public company and must be registered on the Global Industry Classification Standards (GICS) in the Information Technology sector. The data analyzing method in this study is Ordinary Least Square (OLS). The findings suggest that mergers and acquisitions have a positive and significant impact on investor response in the short term on the longer event window used. Whereas a shorter event window surrounding the announcement day shows a positive but insignificant result. The findings also suggest that the market capitalization has a negative and significant impact on the investor reaction. As there are restrictions in accessing internal company's data, this study could only be conducted on public companies only. This study contributes to previous literature related to investor reaction as there are contradictory results in previous studies and few empirical findings on the technology sector.

**Keywords:** *Merger and Acquisition; Investor Reaction; Market Capitalization; Level of Competitiveness; Firm Age*