



INVESTOR RESPONSE TO MERGER AND ACQUISITION : EVIDENCE FROM CONSUMER GOODS SECTOR IN ASEAN

Olivia Shannen Tandyono*

Business Accounting / Economy
Petra Christian University
Indonesia
d12180121@john.petra.ac.id

Juniarti

Business Accounting / Economy
Petra Christian University
Indonesia
jmoesono@gmail.com

Ferren Chandra

Business Accounting / Economy
Petra Christian University
Indonesia
d12180121@john.petra.ac.id

*Corresponding Author email: d12180121@john.petra.ac.id

Submitted: 20 November 2021

Revised: 29 December 2021

Accepted: 05 January 2022

Peer-review under responsibility of 7th Asia International Conference 2021 (Online) Scientific Committee

<http://connectingasia.org/scientific-committee/>

© 2022 Published by Readers Insight Publisher,

Office # 6, First Floor, A & K Plaza, Near D Watson, F-10 Markaz, Islamabad, Pakistan,

editor@readersinsight.net

This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).



ABSTRACT

Corporate action is one of the instruments for investors in making investment decisions. One of the most common forms of corporate action is mergers and acquisitions. Merger and acquisition are very popular strategies for company's growth and impactful for increasing firm's value. There have been many studies on investor response to mergers and acquisitions before, and these studies have had different results. Most studies stated that mergers and acquisitions are responded positively by investors and other studies proved that mergers and acquisitions do not have a significant effect on companies. This study was conducted to prove that merger and acquisition are responded positively by investors. We tested the model on a sample of 246 companies from the consumer goods sector in ASEAN with CAR as the dependent variable in two event windows, dummy as the independent variable and market capitalization and growth as control variables. We found that investors responded negatively to merger and acquisition. From these findings, we propose managers to carefully analyze first whether merger and acquisitions will add value to the company or not.

Keywords: *Merger and Acquisitions; Signaling Theory; Investor Response; Consumer Goods Sector*