

ABSTRACT

Merger and acquisition is aimed to get synergy and value added. Value added is longer term that short term dimension. This research investigated the difference about stock abnormal return and financial ratio between before and after merger and acquisition action.

This research used LQ 45 companies listed in Jakarta Stock Exchange and have merger and acquisition on 2004 – 2007 as population. Twelve sample are used in this research with judgment sampling method. This research compared the level of stock abnormal return financial ratio between after and before merger and acquisition action.

The result indicated that there is no any difference the level of stock abnormal return and financial ratio between after and before merger and acquisition action. Merger and acquisition action have not get economy purpose, because merger and acquisition decision have target company to avoid from bankruptcy since economy crises occurred during 1997.

Keyword ; Merger, acquisition, stock return, financial ratio