ABSTRACT

The purpose of this paper aims to investigate the effects of acquisition announcements on the pricing behavior of the Indonesian non-financial firms listed on the Indonesia Stock Exchange using the data of mergers or acquisitions from 1 January 2002 - 31 December 2001. Then we investigate the determinants of Cumulative Abnormal Return. The data obtained from stock prices during the announcement period at each non-financial firms. The number of samples used were 75 non-financial firms. Independent variable used, which is the mode of payment, type of acquisitions, and the forms of target firms. Variable mode of payment has a negative influence significantly to Cumulative Abnormal Return. Variable type of acquisition has a negative influence insignificant to Cumulative Abnormal Return. Variable forms of target firms has a positive influence insignificant to Cumulative Abnormal Return.

Keyword: Mergers, Acquisitions, Dummy Variabel, Determinants of Cumulative Abnormal Return.