ABSTRACT

Mergers and acquisitions (M&A) are corporate strategies widely employed by companies to enhance competitiveness, expand market share, and improve operational efficiency. In Indonesia, the M&A phenomenon has been growing alongside the development of capital markets and supporting regulations. However, the effectiveness of this strategy in improving post-M&A firm performance remains debatable, particularly in the context of institutional ownership structure and characteristics of horizontal M&A transactions. Several studies suggest that institutional ownership plays a crucial role in overseeing strategic corporate decisions, while industry characteristics in horizontal M&A transactions can influence the success of business integration.

This study aims to analyze the impact of institutional ownership and M&A characteristics on the post-M&A performance of companies listed on the Indonesia Stock Exchange (IDX) during the 2014-2020 period. Specifically, it seeks to determine whether institutional ownership and characteristics of horizontal M&A transactions have simultaneous or partial effects on firm performance, measured by Return on Assets (ROA). The findings of this study are expected to provide empirical evidence regarding the factors influencing M&A success in Indonesia.

This research employs a quantitative method using multiple linear regression analysis. The data consists of secondary data from financial statements of companies that conducted M&A during the 2014-2020 period, obtained from the Indonesia Stock Exchange (IDX), the Business Competition Supervisory Commission (KPPU), and other sources. The independent variables in this study are institutional ownership and characteristics of horizontal M&A, with control variables being the age of the company and the size of the company, while the dependent variable is the post M&A company performance measured by ROA.

The research results show that horizontal M&A characteristic variables have a negative effect on post M&A company performance. This indicates that companies conducting M&A in the same line of business can facilitate operational integration and more effective resource utilization. Meanwhile, institutional ownership variables have no effect on post M&A company performance.

The results of this research are expected to add to the knowledge and literature regarding the factors affecting company performance post M&A. This research is hoped to be a consideration for companies in making M&A strategy decisions and for investors to take into account when investing in companies that engage in M&A, especially in companies that conduct horizontal M&A.

Keywords: Institutional Ownership, Mergers and Acquisitions, Firm Performance, Return on Assets (ROA), Indonesia Stock Exchange.