

ABSTRACT**EFFECT OF ACQUISITION STRATEGY ON PROFITABILITY AND STOCK RETURN OF COMPANIES INDEXED IN INDONESIA STOCK EXCHANGE (AN EMPIRICAL STUDY ON COMPANIES CONDUCTING ACQUISITION IN THE PERIOD OF 2013-2017 IN INDONESIA STOCK EXCHANGE)****By****Mahira Iyasha**

Business combination is one of the solutions to make companies develop. One of the business combinations is acquisition. The objective of this research was finding out the effect of the acquisition strategy on the profitability and the stock return of the companies indexed in Indonesia Stock Exchange. The variables used in this research were the acquisition, the profitability, and the stock return. The subject of this research was the companies conducting the acquisition in the period of 2013-2017 indexed in Indonesia Stock Exchange. The sampling technique used in this research was the purposive sampling. The number of samples used in this research was 11 companies. The data collecting techniques used in this research was the conducting the documentation. The data analyzing technique used in this research was through the paired t-test. The result of this research showed that the profitability value of Asymp. Sig (0.150) was greater than the significant level (0.05) which meant that there was no significant effect between the acquisition and ROA profitability before and after the acquisition; moreover, the stock return value of Asymp. Sig (0.011) was smaller than the significant level (0.05) which meant that there was a significant effect between the acquisition and the stock returns before and after the acquisition.

Keywords: acquisition, profitability, stock return