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Research Article

The Influence of Board Size, Institutional Ownership, and Firm Size on Merger and Acquisition Performance (An Empirical Study of Companies Listed on The Indonesia Stock Exchange in 2019–2023)

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Abstract: Data from the Business Competition Supervisory Commission (KPPU) indicate that the impact of COVID-19 in 2020, 2021, and peaking in 2022 led to a significant increase in merger and acquisition (M&A) activities. This trend suggests that M&A actions have become an essential strategy for sustaining and enhancing business performance. However, not all M&A activities result in success, making it crucial to understand the factors influencing their outcomes. This study aims to examine and provide empirical evidence on the effect of board size, institutional ownership, and firm size on merger and acquisition performance. Agency theory and signaling theory are employed as the theoretical frameworks to explain the relationships between the independent and dependent variables. The population of this study consists of publicly listed companies that conducted mergers and acquisitions between 2019 and 2023. The sampling technique used was purposive sampling, resulting in a total of 150 samples. Data were collected through non-participant observation, and the data analysis technique applied was multiple linear regression. The results show that institutional ownership has a positive effect on merger and acquisition performance. In contrast, board size and firm size do not significantly influence M&A performance. These findings indicate that monitoring by institutional shareholders can enhance the effectiveness of strategic decision-making, while a larger organizational structure and firm size do not necessarily support post-merger integration success..

Keywords: Acquisition Performance, Board Size, Institutional Ownership, Firm Size, Merger

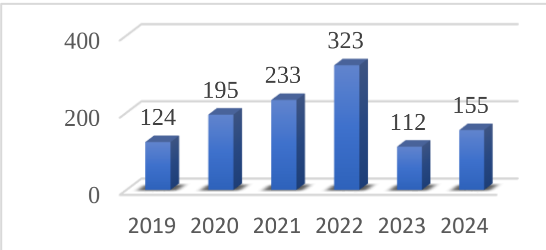
1. INTRODUCTION

Companies around the world strive to become more competitive, achieve sustainable growth, and expand their businesses in an increasingly dynamic global economy. To attain sustainable growth and business expansion, many companies choose to merge with other firms, either through mergers or acquisitions. Mergers and acquisitions (M&A) have long been practiced and are still regarded as one of the key strategic options for companies to achieve their objectives (Akhbar & Nurdin, 2021). M&A serves as an important tool for expanding operations, adding product lines, accessing international markets, and improving operational efficiency (Edi & Lestari, 2023).

M&A is a form of corporate entrepreneurship involving the acquisition of assets and technologies necessary to achieve strategic goals and further corporate development (Garcia & Herrero, 2022). According to Manne (1965), mergers and acquisitions are essential mechanisms for achieving economic efficiency. Through M&A, companies are able to overcome limitations by utilizing resources more efficiently and effectively. It is believed that M&A can accelerate business growth and increase sales (Mai et al., 2020). Renneboog & Vansteenkiste (2019) argue that M&A offers faster growth opportunities than organic growth, creating cost synergies and enhancing market and capital access. Kooli & Son (2021) also regard M&A as a short- and medium-term strategy to drive corporate growth.

According to Government Regulation (Peraturan Pemerintah/PP) No. 57 of 2010 concerning Mergers or Consolidations of Business Entities and Acquisitions of Company Shares that May Result in Monopolistic Practices and Unfair Business Competition, a merger is defined as a legal act carried out by one or more business entities to merge with an existing business entity, resulting in the transfer of assets and liabilities by operation of law to the receiving entity, and the legal dissolution of the merging entity. An acquisition refers to a legal act in which a business actor takes over the shares of a company, resulting in a transfer of control over that company.

The COVID-19 pandemic had a substantial impact on M&A activity. According to Chandra Setiawan, a commissioner of the Business Competition Supervisory Commission (KPPU), there was a notable increase in merger and acquisition activities. He explained that businesses engaged in M&A during that period were driven by various factors, including economic hardship, debt burdens, cash flow issues, and a desire to focus on core business areas (Nugraha, 2023). In an effort to turn crisis into opportunity, many companies pursued mergers and acquisitions to sustain and develop their operations. Based on PP No. 57 of 2010, business actors are required to submit a written notification to the commission once a merger becomes legally effective and meets the conditions stipulated in the regulation. The surge in M&A activity from 2020 to 2022 is reflected in the number of M&A notifications submitted in Indonesia over the past six years, as presented in Figure 1 below.

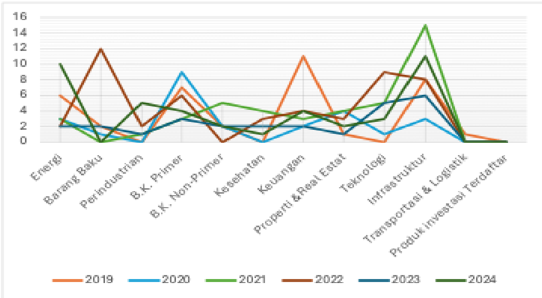


Source: KPPU Processed Data, 2025

Figure 1. Notification of Merger and Acquisition Agreements in Indonesia 2019-2024

A total of 1,142 M&A activities were recorded between 2019 and 2024, carried out by both public and non-public companies. A significant surge in merger and acquisition notifications occurred in 2020, 2021, and 2022. According to data from the Business Competition Supervisory Commission (KPPU), M&A notifications increased by 57.3% in

2020, 19.5% in 2021, and 38.6% in 2022. Although there was a decline of 65.3% in 2023, M&A activity began to recover in 2024 with a 38.4% increase. Rufaida & Utomo (2023) noted that the spike in M&A activity was driven by the COVID-19 pandemic, which compelled companies to collaborate in order to sustain their business operations. Of the total M&A notifications mentioned above, 223 merger and acquisition deals were conducted by publicly listed companies between 2019 and 2024. These activities were distributed across several sectors, as illustrated in Figure 2 below.



Source: KPPU Processed Data, 2025

Picture 2. Public Companies Involved in Mergers and Acquisitions in 2019-2024

The infrastructure sector (51 M&A deals) and the primary consumer goods sector (32 M&A deals) were the two sectors with the highest M&A activity, reflecting a focus on development and basic consumer needs. The energy (26 M&A deals), financial (26 M&A deals), and technology (23 M&A deals) sectors were also quite active. The basic materials sector recorded 17 M&A deals, likely as a response to global market dynamics and fluctuations in raw material prices, prompting companies to strengthen their supply chains. Meanwhile, the property & real estate (15 deals), non-primary consumer goods (13 deals), healthcare (10 deals), and industrials (9 deals) sectors showed moderate activity. On the other hand, only one company in the transportation and logistics sector was involved in M&A activity, while the investment product sector recorded no M&A activity at all.

Agency theory is used as the primary theoretical foundation. Jensen & Meckling (1976) describe the agency relationship as a nexus of contracts between principals (shareholders) and agents (managers) in which the latter are hired to perform services on behalf of the former. Agents do not always act in the best interests of principals when both parties seek to maximize their own utility (Jensen & Meckling, 1976; Fama & Jensen, 1983). Managers may have personal incentives to pursue other goals such as increasing their power or bonuses. Corporate governance is a key factor that determines and influences corporate decision-making (Suo et al., 2023). The relationship between agency theory and M&A becomes evident when firms involved in M&A take opportunistic actions, prioritizing personal interests over corporate goals (Fitriani & Julianto, 2021).

Suryaningrum et al. (2023) state that managerial competence greatly influences M&A success. High agency costs increase the likelihood that a firm will be acquired (Faff et al., 2019). Agency conflicts arise when management does not directly bear the consequences of poor decision-making, which affects firm value. Effective corporate governance is essential to minimize agency conflicts and ensure business continuity (Utami et al., 2022). The success of

M&A depends on the implementation of good corporate governance practices (Edi & Lestari, 2023). Good Corporate Governance (GCG) is a system that regulates and controls companies to increase value for all stakeholders (Latrini & Budiasih, 2023). Prawira and Rasmini (2020) found that corporate governance positively affects financial performance.

Signaling theory (Spence, 1973) serves as a supporting theory, explaining that information holders send signals to information recipients to aid in decision-making. Such signals may include company structure, policies, and resources—such as board size, institutional ownership, and firm size—providing investors with predictive insights into post-M&A performance. This theory helps firms (agents), owners (principals), and external stakeholders minimize information asymmetry, thereby fostering cooperative relationships in business operations (Nugraha et al., 2021).

Corporate performance is a key indicator of M&A success. It is defined as the outcome or level of success in achieving strategic goals within a given timeframe. M&A outcomes can be measured using financial ratio analysis, where improvements in ratios indicate successful financial and operational synergies following M&A (Budiono et al., 2024). Nuansari & Windijarto (2019) assert that M&A performance reflects a company's success after a merger or acquisition, which can be observed through changes in performance before and after the M&A process.

Board size is a crucial element of corporate governance. Article 1 of Law No. 40 of 2007 concerning Limited Liability Companies defines the board of directors as the entity with authority and responsibility to manage the company in accordance with its goals and purposes, representing the company in and outside of court, and acting according to the company's articles of association. The board is thus responsible for ensuring that company operations comply with applicable laws. Siahaan et al. (2021) argue that the greater the number of competent board members, the better the company's performance and potential. Previous studies show mixed results: some report a positive effect (Rufaida & Utomo, 2023; Chandra & Seli, 2022), others report a negative effect (Awan et al., 2020), and some find no effect (Novtaviani, 2021).

Investors should be aware of the importance of governance factors like board size when investing in companies involved in market control (Tampakoudis et al., 2018). As representatives of shareholders, boards must ensure that management actions aim at maximizing firm value (Denis & McConnell, 2003). According to Manne (1965), boards serve as intermediaries between shareholders and managers, monitoring the latter on behalf of the former. Board members and managers must act in shareholders' best interests to avoid being replaced by more competent acquirers. The board's main role is to make strategic decisions that add value. Boards can monitor M&A processes and hold management accountable. Fama & Jensen (1983) found that boards act as an informational system to monitor top executive opportunism.

Firms with directors experienced in M&A tend to make better M&A decisions, positively impacting performance (Nuansari & Windijarto, 2019). Board size plays a key role in monitoring management, reducing agency problems, and improving performance (Kao et al., 2018). Larger boards are perceived as stronger and more accountable oversight mechanisms, especially in complex M&A contexts (Ciftci et al., 2019). They also offer diverse skills and experience to support strategic decision-making (Novtaviani, 2021). Nuansari (2020) emphasized that larger boards enhance decision-making through better access to information. Similarly, Rufaida & Utomo (2023) and Chandra & Seli (2022) found that board size positively affects M&A performance by increasing strategic decision-making capacity.

H1: Board size has a positive effect on merger and acquisition performance.

Institutional ownership plays a vital role in minimizing agency conflicts between managers and shareholders (Jensen & Meckling, 1976). It refers to the ownership of company shares by corporate institutions (Ogabo et al., 2021). Institutional investors act as monitors in the corporate governance literature (Brooks et al., 2018) and can be effective external monitors, significantly influencing corporate decision-making (Andriosopoulos & Yang, 2015). Institutional shareholders are considered effective governance mechanisms, helping monitor managerial decisions and limiting earnings manipulation.

Institutional investors have more resources and stronger incentives to monitor firms (Shleifer & Vishny, 1986). Their role in strategic decision-making prevents them from easily trusting earnings manipulation (Dewi et al., 2019). A high concentration of institutional ownership increases the likelihood of acquiring full control over targets, reflecting active involvement in corporate decision-making to protect their investments (Andriosopoulos & Yang, 2015). Institutional ownership has been shown to enhance acquisition performance (Awan et al., 2020). Long-term underperformance in M&A is often due to poor governance in acquirers, such as CEO overconfidence and lack of institutional investor intervention (Renneboog & Vansteenkiste, 2019). Studies by Chandra & Seli (2022) and Awan et al. (2020) found that institutional ownership significantly and positively influences M&A performance due to their board presence and monitoring capabilities. Mai et al. (2020) also found a positive relationship.

H2: Institutional ownership has a positive effect on merger and acquisition performance.

Firm size is an important indicator of financial strength and access to resources relevant to M&A. Larger firms are assumed to have sufficient resources to realize economies of scale and scope. Firms with ample resources are more likely to sustain operations and achieve financial performance (Jao et al., 2021). Large firms generally have greater capacity to support M&A integration processes. However, previous findings are inconsistent. Some studies found a positive effect (Setiawan & Miftahurrohmah, 2021; Lin & Chou, 2016; Bouloupremo & Ogege, 2019), while others found a negative (Rufaida & Utomo, 2023; Detthamrong et al., 2017) or no significant effect (Awan et al., 2020; Tarigan et al., 2022).

Larger firms tend to have better integrity and governance structures. Their stability allows them to achieve better returns from M&A (Nuansari, 2020). Size also reduces agency costs through efficient resource utilization and stronger monitoring (Irwansyah et al., 2020). Ciftci et al. (2019) found that large firms perform better due to economies of scale, reducing unit costs and enhancing productivity. Firm size also signals financial strength, experience, and expertise needed for complex M&A. This instills investor confidence in their ability to handle strategic challenges and maintain strong market positions. These arguments align with findings from Setiawan & Miftahurrohmah (2021), Lin & Chou (2016), and Bolouppremo & Ogege (2019), all of whom found that firm size positively affects M&A performance.

H3: Firm size has a positive effect on merger and acquisition performance.

2. METHOD

This study employs a quantitative approach to analyze the influence of board size, institutional ownership, and firm size on merger and acquisition performance among companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The data used in this study are secondary data sourced from company financial statements and other official publications, obtained through non-participant observation of official websites such as www.idx.co.id and https://kppu.go.id. The analytical method applied is multiple linear regression. The selection of research objects is based on companies recorded as having conducted merger and acquisition activities, as accessed through KPPU's official website. The dependent variable in this study is merger and acquisition performance, while the independent variables are board size, institutional ownership, and firm size. The population in this study consists of all companies recorded by the KPPU as having engaged in mergers and acquisitions during the 2019–2023 period. The sample was selected using purposive sampling based on the following criteria:

Table 1. Research Sample

No	Sample Criteria	Amount
1.	Registered as a company conducting mergers and acquisitions in 2019-2023 at the Business Competition Supervisory Commission (KPPU).	987
2.	The acquiring company is not listed on the Indonesia Stock Exchange.	(806)
3.	The company's institutional ownership information is incomplete	(11)
4.	Outlierdata	(20)
	Number of Samples	150

Table 2. Research Variables

No	Variables	Measurement
1.	Merger and Acquisition Performance	The difference between the company's return on equity one (1) year after and one (1) year before (ΔROE) mergers and acquisitions. $\mathbf{ROE} = \frac{\text{Net Income}}{\text{Equity}} \times \mathbf{100\%}$
2.	Size of the Board of Directors	Total number of members of the board of directors
3.	Institutional Ownership	$\frac{\textbf{Institutional Shares}}{\textbf{(Total Outstanding Shares}} \times \mathbf{100}$
4.	Company Size	Ln(total assets)

3. RESULTS AND DISCUSSION

Description of Data Related to Research Variables

Table 3. Results of Descriptive Statistical Tests

Variable	Obs	Mean	Std. Dev.	Min	Max
ROE	150	-1,720	6,440	-18.84	21.91
BDSZ	150	6,440	2,911	2	17
INST	150	88,120	14,428	30.07	100
SIZE	150	31,265	1,775	28.90	35.21

Source: Processed data, 2025

Based on the results of the descriptive statistical test in Table 1, it can be seen that the total sample used is 150 observations. The results of descriptive statistics in this study can be interpreted as follows:

1) Merger and Acquisition Performance (Y)

The merger and acquisition performance variable (ROE) measured using the difference in the company's return on equity one (1) year after and one (1) year before the merger and acquisition (ΔROE) has a minimum value of -18.84 and a maximum of 21.91. The minimum value shows that there are companies whose ROE values decreased by 18.84% a year after the merger and acquisition compared to a year before the company carried out the merger and acquisition. While the maximum value shows that there are companies whose ROE values increased by 21.91% a year after the merger and acquisition compared to a year before the merger and acquisition. The standard deviation of merger and acquisition performance is 6.440, much higher than the average value of -1.720, which indicates that there is a fairly large variation in data between the size of the company's ROE.

2) Board of Directors Size (X1)

The board of directors size variable (BDSZ) has a minimum value of 2 and a maximum value of 17. The minimum value of 2 indicates that there are companies that have a board of directors of 2 people, while the maximum value indicates that there are companies that have a board of directors of 17 people. The standard deviation of the board of directors size is 2.911 lower than the average value of 6.440, which indicates that the distribution of data can be said to be quite even, although there are several board sizes with a total board size much larger and smaller.

3) Institutional Ownership (X2)

The institutional ownership variable (INST) has a minimum value of 30.07 and a maximum value of 100. The minimum value of 30.07 indicates that the company with the smallest institutional ownership is 30.07 percent, while the maximum value of 100 indicates that the company with the largest institutional ownership is 100 percent. The standard deviation of institutional ownership is 14.428 lower than the average value of 88.120, which shows that the data distribution can be said to be quite even even though there are some institutional ownerships with smaller sizes. The average value of 88.120

also shows that the companies in the sample have a ownership structure dominated by institutional ownership.

4) **Company Size (X3)**

The company size variable (SIZE) measured using the natural logarithm of total assets has a minimum value of 28.9 and a maximum value of 35.21. The minimum value of 28.9 indicates that the company with the smallest company size has a natural logarithm of total assets of 28.9. while the maximum value of 35.21 indicates that the company with the largest company size has a natural logarithm of total assets of 35.21. The standard deviation of company size is 1.785 lower than the average value of 31.297 which indicates that the data distribution can be said to be quite even.

Research Data Analysis Results

Research data analysis using the Stata application was carried out to test the relationship between variables. Testing was carried out by conducting classical assumption tests, multiple linear regression analysis, model feasibility tests, and coefficients of determination.

Classical Assumption Test

1) **Normality Test Results**

Table 4. Normality Test Results

Obs	Pr(skewness)	Pr(kurtosis)	Joint test Adj chi2(2)	Prob>chi2
150	0.542	0.017	5,850	0.053

Source: Processed data, 2025

Based on the results of the normality test in Table 2 above, the Prob>chi2 value of 0.053 indicates that the regression equation model is normally distributed because the significance value is above 0.05. Therefore, the normality assumption has been met.

2) **Multicollinearity Test Results**

Table 5. Multicollinearity Test Results

Variable	VIF	1/VIF
BDSZ	2,530	0.395
INST	2,480	0.404
SIZE	1,070	0.933
MeanVIF	2,030	

Source: Processed data, 2025

Based on the results listed in Table 3, it shows that the VIF value for each variable, namely the size of the board of directors, institutional ownership, and company size is below 10. Thus, the regression equation model does not experience symptoms of multicollinearity between independent variables.

3) **Heteroscedasticity Test Results**

Table 6. Heteroscedasticity Test Results

	Chi2(1)	Prob>chi2
Breush Pagan test for heteroskedasticity	**3,580**	**0.058**

Source: Processed data, 2025 (Appendix 6)

Based on the results listed in Table 4, it shows that the Prob>chi2 value is 0.058, so it can be concluded that the regression equation model in this study is free from heteroscedasticity symptoms because the significance value is greater than the significant standard of 0.05. This means that there is no similarity in variance from the residuals of one observation to another observation.

Multiple Linear Regression Analysis Results

Table 7. Results of Multiple Linear Regression Analysis

ROE	Coeff.	Std. Err.	t	P>|t|	[95% Conf.	[Intervals]
BDSZ	-1,128	0.269	-0.470	0.636	-0.660	0.405
INST	0.082	0.034	2,410	0.017	0.015	0.150
SIZE	0.573	0.426	1,350	0.180	-0.268	1,415
_cons	-30,200	12,367	-2.44	0.016	-54,647	-5,753

Source: Processed data, 2025

Based on the results of the multiple regression analysis listed in Table 5 above, it can be seen that the values of the coefficients are used to create a multiple linear regression equation so that the regression equation in this study can be formed as follows:

ROE = -30,200 – 1.128 BDSZ + 0.082 INST + 0.573 SIZE + ε

Information:

ROE = Merger and Acquisition Performance
α = Constant
β1-3 = Regression Coefficient of Variable X_1, X2, and X3
BDSZ = Size of Board of Directors
INST = Institutional Ownership
SIZE = Company Size
ε = Standard error

Based on the linear regression equation above, the results can be interpreted as follows:

1) The constant coefficient value (α) is negative at -30.200, meaning that if the company does not have a board of directors, ownership and company size are zero, then the merger and acquisition performance will decrease by 30.200.
2) The regression coefficient of the size of the board of directors (β1) has a negative value of 1.128, indicating that if the size of the board of directors increases by one unit, the performance of mergers and acquisitions will decrease by 1.128, assuming that other independent variables are constant.
3) The regression coefficient of institutional ownership (β2) has a positive value of 0.082, indicating that if institutional ownership increases by one percent, merger and acquisition performance will increase by 0.082, assuming other independent variables are constant.
4) The regression coefficient of company size (β3) has a positive value of 0.573, indicating that if the company size measured by the natural logarithm of total assets increases by one unit, then the merger and acquisition performance will increase by 0.573, assuming that other independent variables are constant.

Model Feasibility Test Results (F Test)

Table 8. Results of Model Feasibility Test (F Test)

	F-Count	Prob > F
Model Feasibility Test	**6.74**	**0.0002**

Source: Processed data, 2025

Based on the results listed in Table 6, it can be seen that the value of the F prob value is 0.0002, where the level of significance is smaller than 0.05. This means that the regression model can be used to predict merger and acquisition performance and there is at least one independent variable, namely, the size of the board of directors, institutional ownership, or company size that affects merger and acquisition performance

Results of the Determination Coefficient (R2)

Table 9. Results of the Determination Coefficient Test

	R-Square	Adjusted R-Square
Coefficient of Determination Test	**0.1216**	**0.1035**

Source: Processed data, 2025

Based on the results listed in Table 7, it can be seen that the adjusted R2 value is 0.1035 or 10.35%. This means that 10.35% of the variation in the dependent variable, namely merger and acquisition performance, is influenced by the size of the board of directors, institutional ownership, and company size. Meanwhile, the remaining 89.65% is influenced by other factors outside the research model.

Hypothesis Test Results (t-Test)

Hypothesis testing (t-test) is used to assess the effect of each independent variable on the dependent variable partially (Ghozali, 2021:149). This test is carried out based on a significance level of 0.05. If the significance value obtained is less than 0.05, then the independent variable has a significant effect on the dependent variable, so H0 is rejected. Conversely, if the significance value is greater than 0.05, then the independent variable does not have a significant effect on the dependent variable, so H0 is accepted. Based on the results listed in Table 5 above, it can be seen that the results of the t-test of each variable can be explained as follows:

1) **The Effect of Board of Directors Size on Merger and Acquisition Performance (H1)**

   The first hypothesis states that the size of the board of directors has a positive effect on merger and acquisition performance. The test results in Table 4.6 show that the variable size of the board of directors has a t-value of -0.470 and a significance value of 0.636. The significance value of 0.636 is greater than the significance level of 0.05 so that H1 is rejected. Therefore, it can be concluded that the size of the board of directors does not affect the performance of mergers and acquisitions in companies carrying out mergers and acquisitions listed on the IDX for the period 2019-2023.

2) **The Effect of Institutional Ownership on Merger and Acquisition Performance (H2)**

   The second hypothesis states that institutional ownership has a positive effect on merger and acquisition performance. The test results in Table 5 show that the institutional ownership variable has a t-value of 2.410 with a significance value of 0.017.

The significance value of 0.017 is smaller than 0.05 so that H2 is accepted. So it can be concluded that the institutional ownership variable has a positive effect on merger and acquisition performance. With greater institutional ownership, the higher the merger and acquisition performance will increase in companies carrying out merger and acquisition actions listed on the IDX for the period 2019-2023.

3) **The Effect of Firm Size on Merger and Acquisition Performance (H3)**

The third hypothesis states that company size has a positive effect on merger and acquisition performance. The test results in Table 5 show that the company size variable has a t-value of 1.350 with a significance value of 0.180. The significance value of 0.180 is greater than 0.05 from a significance level of 0.05 so that H3 is rejected. Therefore, it can be concluded that company size does not affect merger and acquisition performance in companies carrying out merger and acquisition actions listed on the IDX for the period 2019-2023.

Discussion of Research Results

The Effect of Board Size on Merger and Acquisition Performance

The variable of board size (BDSZ) shows a regression coefficient value of -1.128 and a significance value of 0.636. The significance value is greater than 0.05, which means that the size of the board of directors does not affect the performance of mergers and acquisitions. Although the direction of the coefficient shows a negative relationship, because it does not have a statistical effect, the effect cannot be strongly concluded in the context of a wider population. Theoretically, the size of the board of directors is related to agency theory, which states that the board of directors acts as a monitoring mechanism to reduce conflict between management and shareholders. A larger board is expected to have a stronger control capacity, but on the other hand it can also hinder the effectiveness of decision making due to the increasing complexity of coordination. Based on Signal Theory, the existence of a large board can also be a positive signal for investors because it shows a strong and accountable governance structure.

The Effect of Institutional Ownership on Merger and Acquisition Performance

The institutional ownership variable (INST) shows a regression coefficient value of 0.082 and a significance value of 0.017. This significance value is smaller than 0.05, which indicates that institutional ownership has a positive effect on merger and acquisition performance. This means that the greater the proportion of institutional ownership in a company, the higher the performance produced after the company carries out a merger or acquisition action. The regression coefficient value of 0.082 means that if institutional ownership increases by one percent, the merger and acquisition performance will increase by 0.082 assuming other independent variables are constant. This result can be in line with agency theory, where institutional owners act as parties who are able to supervise management more effectively to reduce conflicts of interest between managers and shareholders. Institutional investors generally have sufficient experience, knowledge, and resources to assess corporate strategies, including merger and acquisition decisions. With supervision from institutional shareholders, management will be encouraged to act more carefully and efficiently in implementing these corporate actions, thereby increasing the likelihood of successful post-merger and acquisition performance. In addition, from the perspective of Signal Theory, the existence of high institutional ownership can be a positive signal to the market and investors that the company has good prospects and governance. Institutional shareholders tend to only invest in companies that have strong fundamental values and credible management. Therefore, increasing institutional ownership not only improves the ownership structure but also increases market confidence in the company's strategic steps, including in mergers and acquisitions.

The Effect of Company Size on Merger and Acquisition Performance

The company size variable (SIZE) shows a regression coefficient value of 0.573 and a significance value of 0.180. This significance value is greater than 0.05, indicating that company size has no effect on merger and acquisition performance. Although the direction of the regression coefficient is positive, statistically this result is not strong enough to conclude that there is a real influence between company size and performance success after a merger or acquisition.

4. CONCLUSION

Based on the test results and discussion in the previous chapter, the following conclusions can be drawn:

1) The size of the board of directors has no effect on the performance of mergers and acquisitions in companies conducting mergers and acquisitions listed on the IDX in 2019-2023. This result shows that the size of the board of directors in a company cannot affect the performance of mergers and acquisitions.
2) Institutional ownership has a positive effect on merger and acquisition performance in companies conducting mergers and acquisitions listed on the IDX in 2019-2023. These results indicate that with increasing institutional ownership, merger and acquisition performance will increase.
3) Company size has no effect on merger and acquisition performance in companies conducting mergers and acquisitions listed on the IDX in 2019-2023. This result shows that the size of the company cannot affect the performance of mergers and acquisitions.

This study still has limitations in terms of measuring merger and acquisition performance. Mergers and acquisitions are corporate strategies whose impacts are only seen in the long term. Therefore, further researchers are advised to extend the measurement period for merger and acquisition performance. Furthermore, subsequent researchers can consider other factors such as independent directors, CEO duality, market conditions, regulations, independent director experience, and other variables that can affect the success of mergers and acquisitions, in order to enrich the analysis results and increase the validity of the study.

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