Journal Of Economics, Technology, and Business (JETBIS)
Volume 3, Number 2 February 2024
p-ISSN 2964-903X; e-ISSN 2962-9330

THE EFFECT OF MERGERS AND ACQUISITIONS ON THE FINANCIAL PERFORMANCE OF COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

Sukma Genta Buana[1], Wahyu Purbo Santoso[2], Pustika Ayuning Puri[3]
Universitas Siber Asia Jakarta, Indonesia
Email: sukmagentab@gmail.com[1], wahyupurbo@lecturer.unsia.ac.id[2], pustikapuri@lecturer.unsia.ac.id[3]

KEYWORDS:
Financial performance, Indonesia stock exchange, Company Value

ABSTRACT

Mergers and acquisitions (M&A) are becoming a common strategy for business development in today's global marketplace. This study aims to analyze the effects of M&A on the financial performance of companies listed on the Indonesia Stock Exchange (IDX). Data is collected from companies that experienced M&A during a certain period, focusing on financial variables such as profitability, liquidity, leverage, and sales growth. The study hypothesis was tested using panel regression analysis. The findings indicate that M&A significantly affects the IDX companies' financial performance. More specifically, the results indicate that while liquidity tends to decline in the near term following the deal, profitability, and sales growth increase following M&A. Leverage may also fluctuate depending on the capital structure and financial policies the company implements post-M&A. This study provides valuable insights for stakeholders in the Indonesian capital market, including investors, fund managers, and regulators, to understand the implications of M&A on firms' financial performance. The practical implications of this study can assist firms in planning and evaluating their M&A decisions more carefully to increase firm value and reduce the risks associated with such transactions.

INTRODUCTION

Due to the high contagiousness of the coronavirus, often known as SARS-CoV, the globe was taken aback by the epidemic in early 2020. The condition that causes it is called COVID-19, or coronavirus disease 2019 (Yuliana, 2020). As of the end of December 2019, over 65 countries—including Indonesia—had been proven to have had this virus, according to WHO data (2020). Because COVID-19 is the result of an outbreak of unnatural natural phenomena, it is classified as a natural catastrophe. Not only have micro, small, and medium-sized businesses in Indonesia been impacted by the COVID-19 pandemic, but numerous other major corporations have also been impacted. An economy's use of the capital market is crucial. The capital market does serve both financial and economic purposes simultaneously. Because it serves as a vehicle or means of bringing together two groups of people with different interests—parties in need of money issuers and parties with excess capital (investors)—the capital market is said to have an economic function (Vipin & Manmadhan, 2022).

Parties with excess cash can utilize the capital market to invest their money in the hopes of earning a return, and the issuer—in this case, the company—can use the money for investing and operating needs without having to wait for it to become available. released. derived from business success (Putri & Yasa, 2020).

In today's fast-paced era of globalization, companies must be able to develop plans, strategies, and innovations quickly to survive the competition in the global market. Many ways can be done to ensure a business survives in global competition, one of which is by developing merger and acquisition activities. Currently, trading activities in the market are developing not only in the form of buying and selling goods but also in buying and selling businesses (assets). The asset sales market is often called the corporate control market (Nurhayati, 2009).

Large Indonesian companies have been doing mergers and acquisitions, especially during the economic crisis that led to the bankruptcy of many companies. Moreover, when the COVID-19 pandemic broke out in Indonesia, many bankrupt businesses were forced to sell their assets. According to (Sidik, 2023), one example of expansion activities that occurred during the pandemic was the merger of Tokopedia with Gojek, which was later named GoTo. The total value of the business combination (VAT) at the end of 2020 was more than 22 billion USD. In addition to the GoTo merger, there was also the acquisition of PT Indosat and Tri Indonesia in 2022 with a combined business value of $6 billion.

The reason companies tend to choose mergers and acquisitions over in-house growth as a strategy is that mergers and acquisitions are seen as a quick way to achieve corporate goals that companies cannot afford to lose. Synergies—a situation in which the combined value of the companies after the merger and acquisition exceeds the combined worth of each company before the merger and acquisition—are another benefit of mergers and acquisitions. Furthermore, organizations benefit from mergers and acquisitions in the form of enhanced research and marketing capabilities, technology transfer, management skills, and efficiency in the form of decreased production costs (Gustina, 2017).

Mergers and acquisitions are at the core of controversies between regulators, shareholders, public decision-makers, and academics. Mergers and acquisitions in Indonesia occurred in 1970, conducted by banks in the hope of strengthening their capital structure and reducing taxes. (Helmalia, 2016). The growth of mergers and acquisitions continues to this day. If in a crisis where many companies have difficulty in financing their capital. The tendency that occurs in Indonesia, the acquisition pattern is more widely practiced. This is because business owners feel more comfortable owning large amounts of shares privately.

Mergers and acquisitions are still often considered controversial decisions because they are so powerful and complex. Many parties suffer, but also benefit from mergers and acquisitions. Overall, we see a negative impact on employees, as these policies are often accompanied by massive layoffs. For example, in the case of Bank Mandiri, more than 11,000 employees had to opt for early retirement, while the reduction in the case of the Bank Permata merger was 2,350 employees (Moin & Salhi, 2007).

Further controversy can be seen in the emergence of various conspiracies and scandals behind mergers and acquisitions. Various forms of engineering are achieved through mergers and acquisitions. For example, these vehicles are used to avoid taxes, inflate the value of company assets, change the management of the acquired company, or increase compensation for the managers themselves. Furthermore, M&A decisions are not free from problems (Sută, 1992), the cost of implementing M&A is very expensive and the results are not necessarily as expected. Acquisitions can also hurt the financial position of the acquiring company if the acquisition structure involves cash payments or loans. In mergers and acquisitions, there are two things to consider, namely the value created by the acquisition and who benefits most from it. With the acquisition, it is expected that synergies will be created to increase the value of the company.

The performance of the target company should be considered by mergers and acquisitions managers. Considering that the company's success may decide whether it is eventually acquired or not. Operational efficiency is calculated using financial ratios, which are obtained from the profitability, debt, liquidity, operating, and market ratios. (Moin & Salhi, 2007) states that you can compute market ratios using earnings per share, liquidity to current ratios, operating ratios using revenue total assets, and debt ratios using debt ratios and return on equity. These techniques can also be used to calculate the rate of return. Economists, scientists, and business professionals in Indonesia vigorously debate the topic of mergers and acquisitions (M&A). Regulators and financial theorists have offered numerous explanations for the large volume of merger activity. Synergies, tax implications, fractional value, diversification, buying assets at replacement cost, and incentives for individual management are the primary drivers of mergers (Saleh & Kohar, 2020).

The focus of this research is on external tactics. To quickly expand into new markets for new products without having to start from scratch, mergers and acquisitions are examples of external expansion tactics. In general, an acquisition is the process of purchasing all or a portion of a company's assets, whereas a merger is the combination of two or more businesses in which one of the participating companies' names is kept in use while the other is dropped. Businesses occasionally favor external expansion through mergers and acquisitions above internal expansion. Hitt, 2002. Therefore, it is claimed that the goal of merging through mergers and acquisitions is to achieve synergy, which is the situation in which the combined worth of the two firms is greater than it was before the merger and acquisition. Purchasing. Furthermore, organizations can gain a great deal from mergers and acquisitions, such as enhanced research and marketing capabilities, management skills, technology transfer, and efficiency in the form of lower export production costs Hit (2002).

Different findings are drawn from a large number of studies that evaluate financial performance metrics before and after mergers and acquisitions. Despite variations in return on assets (ROA) and net profit margin (NPM) amongst companies listed on the IDX, total asset revenue (TATO) and liabilities to total assets DAR remain unchanged before and after mergers and acquisitions (Kurniati & Asmirawati, 2022). Salwa Inayatullah Fannani and Nurfauziah contend that while the current ratio (CR) is constant, the return on equity (ROE) and return on assets (ROA) of companies listed on the IDX fluctuate when they merge or acquire one another. Financial (2020) states that there isn't a discernible variation in the current ratio (CR), net profit margin (NPM), and

Total asset turnover (TATO) did, however, change before and after mergers and acquisitions. It is expected that you will examine organizations that engage in mergers and acquisitions after carefully considering the rationale provided above. Since it is anticipated that mergers and acquisitions will increase the company's performance and create synergy.

Researchers aim to compare the effects of mergers and acquisitions on organizations before and after the transactions to test the influence of these business decisions, building on earlier research. Furthermore, the impact of mergers and acquisitions, accounting for long-term synergies, on long-term financial success. Based on these unique features, the researcher intends to research the thesis topic, "The Effect of Mergers and Acquisitions on Financial Performance."

This study looks to discover if there are any variations between the pre- and post-merger and acquisitions periods using return on assets and net profit margin analysis. Advantages of Research A research project is supposed to yield something valuable. The study's conclusions will help the academic community since they will make clear how mergers and acquisitions affect the bottom lines of companies that are listed on the Indonesia Stock Exchange. In addition, it is envisaged that the study will be a valuable resource for analysis, development, and comparison in the future for studies in related or related fields and problems (Saleh).

RESEARCH METHODS

This study uses a type of comparative analysis with a quantitative approach that uses secondary data analysis. According to (Sugiyono, 2009), quantitative research is research that focuses on testing research variables based on numbers. This comparative research aims to compare several data groups or two data groups. The type of comparative test used in this study is to compare two samples with the same subject but different data.

It is believed that this research will shed light on whether differences exist between two or more groups of data by comparing multiple groups of observed data. In this instance, researchers will contrast the firms' financial results before and during mergers and acquisitions.

According to (Prof. Dr. Sugiyono, 2019), the object of research is everything that has a form and is determined by the researcher to study to obtain information on the research and then draw conclusions. From the above understanding, it can be concluded that the research object is a description of the scientific target that will be explained to obtain information and data with specific purposes and uses. The object of research can also be defined as the thing to be analyzed or researched. The study's goal is to investigate how mergers and acquisitions, specifically those involving companies listed on the Indonesia Stock Exchange, affect a company's financial performance both before and after the transaction.

A data source is anything that could offer information about data. Depending on the source, data can be divided into two categories: main data and secondary data. Primary data is information gathered by researchers expressly to address the issues they are addressing. Data that has been gathered for objectives other than resolving the current issue is referred to as secondary data. The study makes use of secondary data based on the data source. The study's data sources were the financial reports found on each company's website and www.idx.co.id.

The nature of this study requires the authors to conduct quantitative data research because the information they gather will be numerical (Edi & Rusadi, 2017) claim that because quantitative methods are utilized to evaluate data and stress testing theory through numerical variable measurement, the type of data used is quantitative. Cross-sectional time is used in this study since it examines the research object throughout several years. In the meantime, ratios are the data employed because this study uses this style of assessment to examine financial performance both before and after the merger.

Data Collection Technique

To choose or focus problems such that sample selection is more focused on the study's aims, data gathering or sampling techniques are used. Non-probability sampling approaches were utilized in the sampling process for this investigation. A sampling strategy known as nonprobability sampling denies each sample equal opportunity. Purposive sampling is the nonprobability sampling method that is employed. One kind of sampling that is based on certain criteria is called purposeful sampling.

RESULTS AND DISCUSSION

Test Description

Descriptive tests were used in this study to examine the mean, standard deviation, minimum, and maximum values. Additionally, this analysis is done to give a summary of the corporate data that was utilized for this research. Two descriptive analyses, one for data collected before the merger and acquisition and the other for data collected post the merger and acquisition, are conducted and described as follows:

Descriptive Test of Data Before Mergers and Acquisitions

The following are the results of descriptive statistical testing for data before mergers and acquisitions:

Table 1
Statistical testing results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
NPM	8	-4.58	.48	-.3534	1.71436
ROA	8	-.06	15.09	1.8920	5.33290
DER	8	.05	88.23	14.9554	29.71333
ROE	8	-.48	11.02	1.3660	3.90549
TATO	8	.01	.06	.0256	.02072
CR	8	.01	1.19	.4616	.40769
EPS	8	-72.10	24198.91	3202.7341	8491.46908
Valid N (listwise)	8				

It is evident from the given data that the Net Profit Margin variable has a minimum value of -4.58 or PT BDG. The highest value, however, is 0.48 and is held by PT BBRI Pension. The standard deviation value of 1.71436 and the average value of -0.3534 suggest that the average NPM data before the merger could not adequately capture the entirety of the NPM data. With a mean value of -0.3534, it is evident that the company's average net profit margin was not in good shape before the merger.

For the ROA variable, the minimum value is -0.06 which is at PT BDG. While the maximum value = 15.09 owned by BBSI. The average value of 1.8920 and the standard deviation value of 5.33290 indicate that the average data before the merger on the ROA variable is not able to represent all ROA data before the merger. With a mean value of 1.8920, it shows that the average ROA of companies before the merger was in a positive condition.

For the DER variable, the minimum value is 0.05 which is in BBRI PENSION. While the maximum value = 88.23 owned by PT BDG. The average value of 14.9554 and the standard deviation value of 29.71333 indicate that the average data before the merger on the DER variable is not able to represent all DER data before the merger. With a mean value of 14.9554, it shows that the average company before the merger had a greater level of debt than equity.

From the data above, it can be seen that for the ROE variable, the minimum value is -0.48 which is at PT BDG. While the maximum value = 0.11.02 is owned by BBSI. The average value of 1.3660 and the standard deviation value of 3.90549 indicate that the average data before the merger on the ROE variable is not able to represent all ROE data before the merger. With a mean value of 1.3660, it shows that the average Return on Equity of companies before the merger is at a positive point.

From the data above, it can be seen that for the TATO variable, the minimum value is 0.01 which is in BBSI. While the maximum value = 0.06 owned by BBCA. The average value of 0.0256 and the standard deviation value of 0.02072 indicate that the average data before the merger on the TATO variable can represent all TATO data before the merger. A mean value = 0.0256 indicates that the average company before the merger had a positive asset turnover.

From the data above, it can be seen that for the CR variable, the minimum value is 0.01 which is in BBSI. While the maximum value = 1.19 owned by BBRI. The average value of 0.4616 and the standard deviation value of 0.40769 indicate that the average data before the merger on the CR variable can represent all CR data before the merger. With a mean value of 0.4616, it shows that the average company before the merger had a good level of current asset liquidity.

From the data above, it can be seen that for the EPS variable, the minimum value is -72.10 which is in BWSI. While the maximum value = 24198.91 owned by BBSI. The average value of 3202.7341 and the standard deviation value of 8491.46908 indicate that the average data before the merger on the EPS variable has not been able to represent all EPS data before the merger. With a mean value of 3202.7341, it shows that the average company before the merger had a good level of earnings per share.

Table 2
Descriptive Test of Data After Mergers and Acquisitions

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
NPM	8	-.60	.88	.4136	.45566
ROA	8	-.01	19.61	2.4789	6.92215
DER	8	.06	107.17	17.7658	36.51997
ROE	8	-.12	9.13	1.1704	3.21510
TATO	8	.04	.22	.1035	.06532
CR	8	.03	5.84	1.8734	1.94958
EPS	8	-19.94	6627.63	975.7840	2315.33552

Valid N(listwise)	8

From the data above, it can be seen that for the Net Profit Margin variable, the minimum value is -0.60 which is at PT BDG. While the maximum value = 0.88 owned by PT BBRI Pension. The average value of 0.4136 and the standard deviation value of 0.45566 indicate that the average data after the merger on the NPM variable is not able to represent all NPM data after the merger. With a mean value of 0.4136, it shows that the average net profit margin of the company after the merger is in good condition.

For the ROA variable, the minimum value is -0.01 which is in BBRI. While the maximum value = 19.61 owned by BBSI. The average value of 2.4789 and the standard deviation value of 6.92215 indicate that the average data after the merger on the ROA variable is not able to represent all ROA data after the merger. With a mean value of 2.4780, it shows that the average ROA of the company after the merger is in a positive condition.

For the DER variable, the minimum value is 0.06 which is in BBRI PENSION. While the maximum value = 107.17 owned by PT BDG. The average value of 17.7658 and the standard deviation value of 36.51997 indicate that the average data after the merger on the DER variable is not able to represent all DER data after the merger. With a mean value = 17.7658, it shows that the average company after the merger has a greater level of debt than equity.

From the data above, it can be seen that for the ROE variable, the minimum value is -0.12 which is in PT BDG. While the maximum value = 9.13 owned by BBSI. The average value of 1.1704 and the standard deviation value of 3.21510 indicate that the average data after the merger on the ROE variable is not able to represent all ROE data after the merger. With a mean value of 1.1704, it shows that the average Return on Equity of the company before the merger is at a positive point.

From the data above, it can be seen that for the TATO variable, the minimum value is 0.04 which is in BBSI. While the maximum value = 0.22 owned by PT BDG. The average value of 0.1035 and the standard deviation value of 0.06532 indicate that the average data after the merger on the TATO variable can represent all TATO data after the merger. A mean value = 0.1035 indicates that the average company after the merger has a positive asset turnover.

From the data above, it can be seen that for the CR variable, the minimum value is 0.03 which is in BBSI. While the maximum value is 5.84 owned by BBRI. The average value of 1.8734 and the standard deviation value of 1.94958 indicate that the average data after the merger on the CR variable is not able to represent all CR data after the merger. With a mean value of 0.1.8734, it shows that the average company after the merger has a good level of current asset liquidity.

From the data above, it can be seen that for the EPS variable, the minimum value is -19.94 which is in BWSI. While the maximum value = 6627.63 owned by BBSI. The average value of 975.784 and the standard deviation value of 2315.5332 indicate that the average data after the merger on the EPS variable has not been able to represent all EPS data after the merger. With a mean value of 3202.7341, it shows that the average company after the merger has a good level of earnings per share.

Normality Test

A normality test is a statistical test used to test whether the observed data has a normal distribution or not. A normal distribution is a distribution that looks like a "mountain" or "bell" centered in the middle, with most of the data concentrated around the midpoint and a small portion scattered around the upper and lower ends. Statistically, normality testing will use the Kolmogorov-Smirnov assessment where if the significance value is> 0.05, then the data under study is normally distributed. The following are the results of the normality test of this study:

Table 3
Testing results

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
NPM	.401	16	.000	.504	16	.000
ROA	.510	16	.000	.418	16	.000
DER	.413	16	.000	.515	16	.000
ROE	.500	16	.000	.448	16	.000
TATO	.208	16	.061	.827	16	.006
CR	.356	16	.000	.678	16	.000
EPS	.439	16	.000	.400	16	.000

a. Lilliefors Significance Correction

From this data, it can be seen that the sig value for all variables, the majority has a sig value <0.05, which means that the majority of data is not normally distributed, so hypothesis testing cannot use parametric testing, but must use non-parametric testing where in this study, the non-parametric test that will be used is the Mann Whitney test.

Mann Whitney Test

The Mann-Whitney test is a non-parametric test used to determine the difference in medians of two independent samples (Qolby, 2014). This test is used when the data does not meet the assumption of normality. This test is an alternative test to the independent t-test in parametric tests. The following are the results of the Mann-Whitney test in this study:

Table 4
Mann Whitney test results

Test Statistics

	NPM	ROA	DER	ROE	TATO	CR	EPS
Mann-Whitney U	11.000	25.500	30.000	31.000	4.000	11.000	31.000
Wilcoxon W	47.000	61.500	66.000	67.000	40.000	47.000	67.000
Z	-2.205	-.683	-.210	-.105	-2.943	-2.205	-.105
Asymp. Sig. (2-tailed)	.027	.495	.834	.916	.003	.027	.916
Exact Sig. [2*(1-tailed Sig.)]	.028[b]	.505[b]	.878[b]	.959[b]	.002[b]	.028[b]	.959[b]

a. Grouping Variable: Merger

b. Not corrected for ties.

H1: There is a difference in average Net Profit Margin between before and after the Merger and Acquisition.

From the Mann-Whitney test results above, it can be seen that the NPM value has an asymp. Sig (2-tailed) = 0.027 (<0.05) which means the hypothesis is accepted. This means that there is a difference in the average Net Profit Margin between before and after the Merger and Acquisition, so the hypothesis stating that there is a difference in the average Net Profit Margin between before and after the Merger and Acquisition is accepted or H1 is accepted.

H2: There is a difference in average ROA between before and after the Merger and Acquisition.

From the Mann-Whitney test results above, it can be seen that the ROA value has an asymp. Sig (2-tailed) = 0.495 (> 0.05) which means the hypothesis is rejected. This means that there is no difference in the average Net Profit Margin between before and after the Merger and Acquisition, so the hypothesis stating that there is a difference in the average Net Profit Margin between before and after the Merger and Acquisition is rejected or H2 is rejected.

H3: There is a difference in the average DER between before and after the Mergers and Acquisitions

From the Mann-Whitney test results above, it can be seen that the DER value has an asymp. Sig (2-tailed) = 0.834 (> 0.05) which means the hypothesis is rejected. This means that there is no difference in the average Debt Equity Ratio between before and after the Merger and Acquisition, so the hypothesis stating that there is a difference in the average Debt Equity Ratio between before and after the Merger and Acquisition is rejected or H3 is rejected.

H4: There is a difference in average ROE between before and after Mergers and Acquisitions.

From the Mann-Whitney test results above, it can be seen that the DER value has an asymp. Sig (2-tailed) = 0.916 (> 0.05) which means the hypothesis is rejected. This means that there is no difference in average Return on Equity between before and after the Merger and Acquisition, so the hypothesis stating that there is a difference in average Return on Equity between before and after the Merger and Acquisition is rejected or H4 is rejected.

H5: There is a difference in average TATO between before and after the Merger and Acquisition.

It is evident from the preceding Mann-Whitney test results that the TATO value has an asymptotic behavior. As indicated by Sig (2-tailed) = 0.003 (<0.05), the hypothesis is accepted. This indicates that there was a difference in the average total asset turnover between the pre-merger and the post-acquisition periods, supporting the acceptance of hypothesis H5, which states that there was a difference in the average total asset turnover between the pre-merger and the post-acquisition periods.

H6: There is a difference in average CR between before and after Mergers and Acquisitions.

It is evident from the preceding Mann-Whitney test results that the CR value exhibits an asymptotic behavior. As indicated by Sig (2-tailed) = 0.028 (<0.05), the hypothesis is accepted.

This indicates that the average current ratio differed before and after the merger and acquisition, supporting the acceptance of hypothesis H6, which states that there was a difference in average current ratio between before and after the merger and acquisition.

H7: There is a difference in average EPS between before and after the Mergers and Acquisitions.

From the Mann-Whitney test results above, it can be seen that the Earning Per Share value has an asymp. Sig (2-tailed) = 0.916 (<0.05) which means the hypothesis is rejected. This means that there is no difference in the average EPS between before and after the Merger and Acquisition, so the hypothesis stating that there is a difference in the average Earnings per Share between before and after the Merger and Acquisition is rejected or H7 is rejected.

Discussion

There is no difference in NPM

Net Profit Margin (NPM) is net profit after deducting sales tax which has the function of knowing the amount of net profit (margin) with the total net income obtained by the entity or company. The purpose of the company taking steps to merge (mergers and acquisitions) is to maximize the net income earned by the company.

This goal was not achieved because the company did not do optimally to increase sales so the resulting profit did not increase. This condition follows agency theory which states that the making of a policy in an entity or company must have other motives that are also carried out by managers in the policy-making process, which results directly or indirectly in an assessment of the performance and quality of the policy to be decided. this also has an impact on changes in the goals and objectives of implementing the business merger process (mergers and acquisitions).

The problem of interest that arises within the internal entity or company is that the implementation of the merger and acquisition itself is not optimal. The above statement is also to the results of research conducted by (Suprihatin, 2022) which explains that there is no significant difference in the net profit margin (NPM) indicator before and after the merger and acquisition process between entities, this happens because the entity (company) is unable to increase the level of sales so that the impact on profits is not optimal so that the impact of the increase in NPM value after the merger and acquisition process is not felt.

There is no difference in ROA

ROA provides an overview of how efficient the company is in generating profits from the assets it owns. The higher the ROA, the more efficient the company is in using its assets. A high ROA indicates that the company can generate good profits with a relatively small amount of assets, while a low ROA indicates that the company may need to improve its efficiency in using assets to generate adequate profits.

The results of the analysis show that mergers and acquisitions have no difference in company profitability, especially in ROA. These results are consistent with the results of research by Baburam Adhikari, Marie Kavanagh, and Bonnie Hampson (2023) where ROA is not different after mergers and acquisitions, this shows that the economic desire to improve profitability after mergers and acquisitions is not realized. This may be due to non-economic reasons such as saving other companies from the threat of bankruptcy, which may be more personal reasons.

There is no difference in DER

The DER solvency ratio for companies shows how much funds the company provides compared to the funds provided by creditors through debt. The average value of the DER analysis results in this study does not show an increasing or decreasing trend after mergers and acquisitions, so it can be concluded that mergers and acquisitions do not affect how the company's debt position with equity and assets owned. This result is consistent with the results of research (Putri & Yasa, 2020) where DER has no difference after mergers and acquisitions.

There is no difference in ROE

Based on the results of the analysis, it is known that the movement in ROE before and after the merger is relatively the same if converted into a percentage. So the calculations in this study can be concluded to have no difference in performance between before and after the merger as measured by return on equity. These results are supported by research (Sari & Musdholifah, 2020).

There is a difference in TATO

Based on the results of this research analysis, support the existing hypothesis that there is a difference in total asset turnover between before and after mergers and acquisitions. The existence of significant differences in financial performance, as measured using total asset turnover, leads to a significant decrease in the value of the total asset turnover ratio. This is because the increased asset turnover is not able to generate large profits from the sales process that exceeds the total debt.

Theoretically, mergers and acquisitions result in the combination of the company's assets, more effective and efficient management joining the team, and improved asset management for the business, as demonstrated by a significant change in the total assets turnover variable. Nonetheless, it can be said that the merger and acquisition process was unsuccessful in producing the anticipated synergy because the data indicates that the average business saw a decline in the value of total assets turnover following the merger and acquisition. The findings of this study are consistent with those of another study (Waskito & Hidayat, 2020), which found variations in financial success based on total assets turnover before

There is a difference in CR

There is an inequality in the results of the current ratio (CR) between the conditions before the merger and after the merger and acquisition process, which is because after carrying out mergers and acquisitions an entity has the potential to fulfill all short-term obligations which results in the trust of outside parties in supporting the smooth operation of the company's business. This is supported by agency theory where company management strives to continue to increase trust in the wider community so that the company's image and good name are high which results in increased shareholder welfare and entity continuity.

This is by research (Zahra & Syaiful, 2021), which explains the difference in CR before and after mergers and acquisitions, which can be interpreted as the entity's level of efficiency in its operations by using its current assets to manage existing current liabilities increasing after mergers and acquisitions. Companies that carry out the merger and acquisition process result in an increase in their liquidity level.

There is no difference in EPS

Earning Per Share (EPS) is used to show the profit earned by investors generated from each share. High profits and firm value are the goals of mergers and acquisitions undertaken by companies. Not achieving these goals can be because the company has not been able to increase the company's profit growth enough. Agency theory supports the above statement which explains that in the process of making a company or entity policy, there must be other motives carried out by managers to make a policy so that it directly or indirectly affects the merger and acquisition policy so that the policy changes in its implementation objectives.

Concurrent testing on all financial ratios used in this study indicates how mergers and acquisitions affect the financial performance as reported in the financial statements. This study aims to determine the effect of mergers and acquisitions on the financial performance of the company before and after mergers and acquisitions, concerning the financial ratios of the company, which are represented by net profit margin (NPM), return on assets (ROA), debt to equity ratio (DER), return on equity (ROE), total asset turnover (TATO), current ratio (CR), and earning per share (EPS). The test results show the influence and absence of significant effect of the financial ratios components.

CONCLUSION

The impact of mergers and acquisitions on financial performance as shown in the financial statements is demonstrated by tests done concurrently on all financial ratios utilized in this research. Concerning the company's financial ratios, which are represented by net profit margin (NPM), return on assets (ROA), debt to equity ratio (DER), return on equity (ROE), total asset turnover (TATO), current ratio (CR), and earning per share (EPS), this study seeks to ascertain the impact of mergers and acquisitions on the financial performance of the company before and after mergers and acquisitions. The test findings demonstrate the financial ratios factors' influence and lack of substantial effect.

BIBLIOGRAPHY

Edi, E., & Rusadi, S. (2017). Analisis pengukuran kinerja keuangan pasca merger dan Akuisisi Pada Perusahaan Yang Terdaftar Di Bei. *Jurnal Benefita*, *2*(3), 230–242.

Gustina, I. (2017). Analisis Kinerja Keuangan Sebelum Dan Sesudah Merger Dan Akuisisi Pada Perusahaan Yang Go Public Yang Terdaftar Di Bei. *Jurnal Akuntansi Dan Keuangan*, *6*(2), 38–59.

Moin, N. H., & Salhi, S. (2007). Inventory Routing Problems: A Logistical Overview. *Journal Of The Operational Research Society*, *58*(9), 1185–1194.

Nurhayati, S. (2009). *Akuntansi Syariah Di Indonesia*. Penerbit Salemba.

Prof. Dr. Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D* (Edisi Ke 2). Alfabeta.

Putri, P., & Yasa, I. N. P. (2020). Mengungkap Dampak Akuisisi Terhadap Kinerja Keuangan Perusahaan. *Jimat (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, *11*(3), 538–549.

Saleh, R., & Kohar, A. (2020). Analisis Pengaruh Merger Dan Akuisisi Terhadap Kinerja Keuangan Pada Perusahaan Sektor Non Keuangan Yang Terdaftar Di Bei Tahun 2014–2018. *Account: Jurnal Akuntansi, Keuangan Dan Perbankan*, *7*(2).

Sari, Y. A., & Musdholifah. (2020). *Analisis Kinerja Keuangan Perusahaan Sebelum Dan Sesudah Merger Atau Akuisisi*. *5*.

Sidik, M. F. (2023). *Analisis Perbandingan Volume Perdagangan Saham Dan Abnormal Return Sebelum Dan Sedudah Pengumuman Buyback Saham (Studi Pada Perusahaan Lq45 Yang Terdaftar Di Bursa Efek Indonesia Periode 2017-2021)*. Universitas Siliwangi.

Sugiyono, P. D. (2009). *Metode Penelitian Kuantitatif Kualitatif Dan R&D, Bandung: Cv. Alvabeta*.

Suprihatin, N. S. (2022). Komparasi Kinerja Keuangan Sebelum Dan Sesudah Merger Dan Akuisisi Pada Perusahaan Pengakuisisi Di Bei. *Jak (Jurnal Akuntansi) Kajian Ilmiah Akuntansi*, *9*(1), 126–144.

Sută, N. (1992). Curs De Comerţ Internaţional Şi Politici Comerciale. *Editura Ceres, Bucureşti*.

Vipin, H., & Manmadhan, M. (2022). Financial Implication Of Merger And Acquisition On The Performance Of Companies. *International Journal Of Financial Management*, *12*(1), 1.

Waskito, M., & Hidayat, D. (2020). Analisis Kinerja Keuangan Sebelum Dan Sesudah Akuisisi Pada Perusahaan Yang Terdaftar Di Bursa Efek Indonesia (Periode 2011–2016). *Kinerja*, *2*(02), 149–172.

Zahra, I. A., & Syaiful, R. A. (2021). Analisis Merger Dan Acquisition Terhadap Kinerja Keuangan Pada Perusahaan Non Keuangan Yang Terdaftar Di Bei Periode 2008-2014. *Jurnal Ekonomi Utama*, *1*(2), 73–80. Https://Doi.Org/10.55903/Astina.V1i2.11