Analysis of Financial Performance Before and After Acquisition of Companies Listed on The Indonesia Stock Exchange in 2021

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ABSTRACT
The study aims to determine the difference in the company's financial performance before and after the acquisition of companies listed on the Indonesia Stock Exchange. A type of comparative research, which compares financial performance before with an acquisition. Samples were taken using purposive sampling techniques. The data analysis method used is the Wilcoxon signed rank test using SPSS 2020. The study used financial ratio variables, namely liquidity ratio measured by Current Ratio (CR), leverage ratio measured by Debt to Equity Ratio (DER), profitability ratio measured using Return On Assets (ROA), activity ratio measured by Total Asset Turnover (TATO), and there is a market ratio measured by Price to Book Value (PBV). The results of this study show that liquidity ratio (CR), activity ratio (TATO) and market ratio (PBV) there is no significant difference before and after the acquisition. Meanwhile, the leverage ratio (DER) and profitability ratio (ROA) concluded that there were differences before and after the acquisition.

Keywords*: Acquisition, Financial Performance, Current Ratio, Debt to Equity Ratio, Return On Assets, Total Asset Turnover, Price To Book Value, Wilcoxon Signed Rank Test.*

1. INTRODUCTION

Companies have their own performance and good companies have healthy financial performance. The role of financial performance in the company is very important to maintain the continuity of the company. Company performance is an achievement achieved by the company as a result of the work process over a certain period. The measurement of financial performance is used by companies to make improvements in order to compete with other companies.

According to Sutrisno (2009) in Hutabarat (2020), the company's financial performance is an achievement achieved by the company in a certain period that reflects the company's health level. In this study, the analysis that will be used is financial ratio analysis. Financial ratio analysis is an analysis used to find out the headings in one financial statement or headings between the balance sheet financial statement and the profit and loss statement (Kasmis, 2010). Financial statements are information that describes the financial condition of a company, where the information can be used as an overview of the financial performance of a company. According to Munawir (2010), financial statements are a very important tool to obtain information related to the financial position and results that have been achieved by the company concerned, so financial statements are expected to help users to make financial economic decisions.

In this increasingly advanced era, companies are required to be innovative in order to survive and be able to compete with other companies. Business competition is also getting tougher with the emergence of new companies, which will motivate companies to develop their businesses. In developing a company or business, it can be through internal and external strategies. The reason for the company to make an acquisition is to improve the management system of the acquired company (Daryanto, 2017). According to the opinion of Wiriastari (2010) quoted by Damos, et al. (2015), one of the many survival strategies that can be applied by entities on the verge of bankruptcy is Mergers and Acquisitions (M&A). Mergers and Acquisitions has a definition, namely a blueprint for the growth of an entity and results in the acceleration of the entity as a channel to reach target consumers that have never been reached before, especially for a new product with the intention of not starting from scratch that is constantly idiosyncing in the future and saving a lot of resources.

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Based on the description above, there are several reasons to conduct this research, including: First, until now mergers and acquisitions are increasingly being carried out in Indonesia, as evidenced in 2021 it became a record for the most companies that made a marker, namely the number of M&A transaction deals announced to the public reached 62,000 globally in 2021, up 24% from the level in 2020, where this has never happened before. Second, the results of previous studies on financial performance analysis before and after mergers and acquisitions are not always in line with each other, which means that the results of the research conducted do not show the same results. From these considerations, the researcher intends to conduct a research with the thesis title: "Analysis of Financial Performance Before and After Acquisitions in Companies Listed on the Indonesia Stock Exchange in 2021".

2. RESEARCH METHODS

This study is a comparative study, namely comparing financial performance before (2 years before) with after (2 years after) acquisition in a case study of companies listed on the IDX that made acquisitions in 2021. The method used in this study is a sample survey by collecting data from a number of units in the same period of time (Arikunto, 2010:265). The data collection technique used is the documentation technique. In this case, the researcher collected data on the names of companies that made acquisitions for the 2021 period on the kppu.go.id website, as well as collected financial report data on companies that made acquisitions for the 2021 period on the Indonesia Stock Exchange.

3. RESULT AND DISCUSSIONS

Table 1. Current Ratio

Test Statistics[a]	
	CR Before – CR After
Z	-1,612b
Asymp. Sig. (2-tailed)	,107
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

The results of the wilcoxon signed rank test for the current ratio 2 years before and 2 years after the acquisition showed an Asymp Sig. (2-tailed) value of 0.107 which was greater than 0.05 (>0.05). This means that the hypothesis (H_{1a}) in this study was rejected. Thus, it can be concluded that statistically there is no significant difference in the current ratio of the company before and after the acquisition.

Table 2. Debt to Equity Ratio

Test Statistics[a]	
	DER Before - DER After
Z	-1,956b
Asymp. Sig. (2-tailed)	,050
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

The results of the wilcoxon signed rank test for debt to equity ratio 2 years before and 2 years after the acquisition showed an Asymp Sig. (2-tailed) value of 0.050 which is smaller than 0.05 (<0.05). This means that the hypothesis (H_{2a}) in this study is accepted. Thus, it can be concluded that statistically there is a significant difference in the debt to equity ratio in companies before and after the acquisition.

Table 3. Return On Asset

Test Statistics[a]	
	ROA Before - ROA After
Z	-2,192b
Asymp. Sig. (2-tailed)	,028
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

The results of the wilcoxon signed rank test for return on assets 2 years before and 2 years after the acquisition showed an Asymp Sig. (2-tailed) value of 0.028 where < 0.05. This means that the hypothesis (H_{3a}) in this study is accepted. Thus, it can be concluded that statistically there is a significant difference in return on assets in companies before and after the acquisition

Table 4. Total Asset Turnover

Test Statistics[a]	
	TATO Before - TATO After
Z	-,187b
Asymp. Sig. (2-tailed)	,851
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

The results of the wilcoxon signed rank test for total assets turnover 2 years before and 2 years after the acquisition showed an Asymp Sig. (2-tailed) value of 0.851 which was greater than 0.05 (>0.05). This means that the hypothesis (H_{4a}) in this study is rejected. Thus, it can be concluded that statistically there is no significant difference in total assets turnover in the company before and after the acquisition.

Table 5. Price to Book Value

Test Statistics[a]	
	PBV Before - PBV After
Z	-1,207b
Asymp. Sig. (2-tailed)	,227
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

The results of the wilcoxon signed rank test for price to ook value 2 years before and 2 years after the acquisition showed an Asymp Sig. (2-tailed) value of 0.227 which was greater than 0.05 (>0.05). This means that the hypothesis (H_{5a}) in this study was rejected. Thus, it can be concluded that statistically there is no significant difference in price to book value in the company before and after the acquisition.

4. CONCLUSION

Based on the results of the analysis and discussion, it can be concluded in this study:

a. The liquidity ratio proxied to the current ratio shows that there is no significant difference before and after the acquisition of companies listed on the Indonesia Stock Exchange in 2021.

b. The leverage ratio proxied to the debt to equity ratio shows that there is a significant difference in the positive direction before and after the acquisition of a company listed on the Indonesia Stock Exchange in 2021.

c. The ratio of profitability proxied to return on assets shows that there is a significant difference in the negative direction before and after the acquisition of a company listed on the Indonesia Stock Exchange in 2021.

d. The ratio of proxied activity to total assets turnover shows that there is no significant difference before and after the acquisition of a company listed on the Indonesia Stock Exchange in 2021.

e. There was no significant difference in the market ratio that was proxied to the price to book value than before and after the acquisition of a company listed on the Indonesia Stock Exchange in 2021.

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