

**THE DIFFERENCES IN THE COMPANY'S FINANCIAL PERFORMANCE
BEFORE AND AFTER THE ACQUISITION
PERIOD 2012-2015**

Debi Septiani, Buja Andri Kisa Putra, Nozylianty, Wendy Liana

Sekolah Tinggi Ilmu Ekonomi APRIN Palembang, Indonesia

Email: debiseptiani@stie-aprin.ac.id, bujadimas6@gmail.com, nozyarzy13@gmail.com,
wendy_liana80@yahoo.com

Abstract

This research is seeks to analyze the differences in the company's financial performance before and after the acquisition of 2012-2015 by using financial ratios such as CR, QR, DER, DAR, TATO, FATO, NPM, ROE, EPS, and PER. There are 8 companies as a sample that were listed on Indonesia Stock Exchange (IDX). To analyze the data, the researcher used paired sample T-test. The result simultaneously showed that there was no significant difference before and after the acquisition. yet, partially the result shows that EPS in 1 year before and 2 years after acquisition; EPS and FATO in 2 years before and 2 years after acquisition; EPS and FATO in 2 years before and 3 years after acquisition; FATO and ROE in 3 years before and 2 years after acquisition; FATO, ROE and Financial Performance in 3 years before and 3 years after, had significant differences but there was no entire significant difference of financial ration within 3 years on trial. It means that the acquisition did not affect the companies. In other words, an economic motif could not be achieved.

Keywords: *The Acquisition, Financial Performance, Paired Sample T-Test, CR, QR, DER, DAR, TATO, FATO, NPM, ROE, EPS, PER*

INTRODUCTION

Business activities carried out by a company have several objectives to be achieved by the owners and management of the company. To achieve these goals the company needs a strategy to survive and compete with other companies. Because strategy is a way to anticipate problems and opportunities in the future.

The goals to be achieved by the company are as follows (Kasmir, 2014): First, the owner wants optimal profits for the business that he is running. Besides that, the owner also expects a return on the invested capital so that owner can provide additional capital for new investments and management, the profit that the owner gets is an achievement itself for management to assess management's success in managing the company.

In addition, the owner wants the business that he is running to last for more than just one period of time. Although the owner wishes for his business to have a long life for the next few periods, even if it means that he wants his business to live up to several generations of his descendants as well.

Based on the theory, acquisitions are carried out to obtain synergies, and strategic opportunities, increase effectiveness and exploit mispricing in the capital market (Payamta and Setiawan, 2004). However, based on several previous studies, acquisitions do not always have the positive impact desired by the company, this can be seen from the company's performance reports which have decreased as studied by Ira Aprilita (2013) with the title "analisis perbandingan kinerja keuangan perusahaan sebelum dan sesudah akuisisi pada 17 perusahaan yang terdaftar di bursa efek Indonesia periode 2000-2011."

Researchers are increasingly interested in proving the difference in financial performance before and after an acquisition, whether it is following the theory that has been studied during college, that acquisitions can have a positive impact on company development or even make the

company's performance decrease or not experience growth. This makes what has been studied so far, not necessarily following what happened, therefore the researcher conducted this research as a means to add insight for the researcher himself and others.

RESEARCH METHODOLOGY

The method used in this study is the comparative method because this type of research is more appropriate for comparing one or more variables in two or more samples. The data used in this study is secondary data in the form of financial reports of companies listed on the IDX from 2012-2015 period which is published on the Indonesian Stock Exchange and Indonesian Capital Market Directory (ICMD).

Data Analysis Technique

- Financial Ratios Analysis
- Data Normality Test
- Paired sample t-Test

RESULT AND DISCUSSIONS

1. The Average of the Financial Performance Ratios Analysis

Tabel I
The Average of Financial Performance Ratios of the company before and after Acquisitions between periode 2012-2015

| | 3 Years before Acquisitions (2010) | 2 Years before Acquisitions (2011) | 1 Year before Acquisitions (2012) | Year of Acquisition (2013) | 1 Year After Acquisitions (2014) | 2 Years After Acquisitions (2015) | 3 Years After Acquisitions (2016) |
|------------------------------|---|---|--|----------------------------------|---|--|--|
| <i>Current Ratio</i> | 0,73 | 0,14 | 0,94 | 1,11 | 0,88 | 0,77 | 0,48 |
| <i>Quick Ratio</i> | 0,86 | 0,24 | 0,14 | 0,12 | 0,1 | 0,14 | 0,14 |
| <i>Debt Equity Ratio</i> | 2,13 | 0,62 | 0,7 | 1,45 | 0,56 | 1,33 | 1,79 |
| <i>Debt to Asset Ratio</i> | 0,01 | 0,13 | 0,12 | 0,13 | 0,12 | 0,12 | 0,08 |
| <i>Total Asset Turn Over</i> | 0,81 | 0,21 | 0,23 | 0,59 | 0,99 | 1,9 | 0,29 |
| <i>Fixed Asset Turn Over</i> | 0,41 | 0,24 | 0,16 | 0,14 | 0,16 | 0,12 | 0,12 |
| <i>Net Profit Margin</i> | 0,62 | -0,29 | 0,1 | 0,08 | 0,18 | 0,06 | 0,1 |
| <i>Return On Equity</i> | 0,16 | 0,12 | 0,09 | 0,07 | 0,15 | -0,04 | 0,04 |
| <i>Earning PerShare</i> | 0,3 | 1,09 | 0,56 | 0,28 | -0,01 | -0,12 | 0,17 |

| | | | | | | | |
|----------------------------|-----|------|-----|------|------|-----|------|
| <i>Price Earning Ratio</i> | 0,2 | 0,02 | 0,5 | 0,02 | 0,35 | 0,3 | 0,15 |
|----------------------------|-----|------|-----|------|------|-----|------|

Resources: Data is processed by researcher

From the table above, we can see a difference in the performance of some companies that made acquisitions between 2012 and 2015. This is evident from the financial metrics. After the acquisition, some companies improved their financial metrics, while some declined or didn't create synergies. In the power metrics, the highest averages occur in the year they were acquired, although, the company begins to decline in the following year. This indicates a decline in the company's ability to meet its short-term obligations. Without taking into account the value of inventories, if the debt-to-equity ratio increases, this indicates that the debt-to-equity ratio has increased, indicating that the debt-to-assets ratio has decreased, and this indicates that the effect of debt on assets has decreased.

Total asset turnover has diminished significantly, indicating that the company's ability to generate earnings across all its assets is not being maximized. Fixed asset turnover is also degenerate, indicating a suboptimal ability to leverage fixed assets, and net profit margins are also rising. This indicates that the company's ability to generate net profit has improved. Return on equity decreased significantly. If the stock price falls and the price-to-earnings ratio also rises, this indicates that the price of the company's shares has increased with profits being distributed to shareholders. Some of these financial metrics are declining, including: Current ratio, quick ratio, total asset turnover ratio, fixed asset turnover ratio, net profit margin, return on equity, earnings per share, Net profit margin, and Price Earning Share.

2. Data Normality Test

The guidelines used in concluding are as follows:

- If the significant value is > 0.05 then the data distribution is normal
- If the significant value < 0.05 then the data distribution is not normal

The results of the Data normality test of the One-Sample Kolmogorov-Smirnov Test can be seen in the table below

Tabel II Normality Test One-Sample Kolmogorov-Smirnov Test

| | | CR | QR | DER | DAR | TATO | FATO | NPM | ROE | EPS | PER |
|--------------------------------|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| N | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Normal Parameters ^a | Mean | .8429 | .0914 | 1.2257 | .1019 | .7171 | .1929 | .1199 | .0839 | .2854 | .2226 |
| | Std. Deviation | .20557 | .06414 | .61695 | .04321 | .60213 | .10404 | .26729 | .06935 | .42115 | .18296 |
| Most Extreme Differences | Absolute | .149 | .267 | .231 | .377 | .200 | .338 | .268 | .136 | .200 | .152 |
| | Positive | .104 | .224 | .231 | .257 | .190 | .338 | .268 | .136 | .200 | .152 |
| | Negative | -.149 | -.267 | -.140 | -.377 | -.200 | -.242 | -.261 | -.127 | -.170 | -.133 |
| Kolmogorov-Smirnov Z | | .393 | .708 | .612 | .997 | .529 | .895 | .709 | .360 | .530 | .401 |
| Asymp. Sig. (2-tailed) | | .998 | .699 | .847 | .273 | .943 | .400 | .696 | .999 | .941 | .997 |

a. Test distribution is Normal.

Resources: Data is processed by researcher

| | Keterangan | Paired Differences | | | | |
|---------|---|--------------------|----------|-------------------|-------|--------------------------|
| | | t-hitung | t-tabel | Sig(- 2tailed) | Alpha | Hasil |
| Pair 1 | FATO 2 years before acquisition – TATO 2 years after acquisition | 2.594 | 2.095755 | .036 | 0,05 | There is a difference |
| Pair 2 | FATO 2 years before acquisition – FATO 3 years after acquisition | 2.797 | 2.095755 | .027 | 0,05 | There is a difference |
| Pair 3 | FATO 3 years before acquisition – FATO 2 years after acquisition | 3.146 | 2.095755 | .016 | 0,05 | There is a difference |
| Pair 4 | FATO 3 years before acquisition – FATO 3 years after acquisition | 3.735 | 2.095755 | .007 | 0,05 | There is a difference |
| Pair 5 | ROE 3 years before acquisition – ROE 2 years after acquisition | 2.549 | 2.095755 | .038 | 0,05 | There is a difference |
| Pair 6 | ROE 3 years before acquisition – ROE 3 years after acquisition | 12 | 2.095755 | .025 | 0,05 | There is a difference |
| Pair 7 | EPS 1 years before acquisition – EPS 2 years after acquisition | 2.159 | 2.095755 | .040 | 0,05 | There is a difference |
| Pair 8 | EPS 2 years before acquisition – EPS 2 years after acquisition | 2.370 | 2.095755 | .050 | 0,05 | There is a difference |
| Pair 9 | EPS 2 Tahun Sebelum Akuisisi – EPS 3 Tahun Sesudah Akuisisi | 2.487 | 2.095755 | .042 | 0,05 | There is a difference |
| Pair 10 | Kinerja Keuangan 3 years before acquisition – Financial Performance 3 years after acquisition | 3.718 | 2.095755 | .005 | 0,05 | There is a difference |

Figure 1. Result Paired Sample T-Test**Resources : Output SPSS Version 23 processed by researcher**

Based on the test table above, the significance value above 0.05 is explained. Specifically, CR has a significance of 0.998, QR has a significance of 0.699, DER has a significance of 0.847, DAR has a significance of 0.273, TATO has a significance of 0.943, FATO has a significance of 0.400, NPM has a significance of The value is 0.696, the significance of ROE is 0.999, the significance of EPS is 0.941, and the significance of PER is 0.997. This indicates that the data are normally distributed.

3. Uji Paired Sample T- Test

To determine whether there is a difference in the company's financial performance before and after the acquisition, proceed with a paired samples T-test using SPSS (Social Science Statistics Program) version 23. Analysis of the company's financial performance in terms of CR, QR, DER, DAR, TATO, FATO, NPM, ROE, EPS, and EPS, and the average ratio display that there is no significant difference before and after the acquisition, and there are field for development in human resources, technology, finance, and marketing. acquire a desire to improve or the company is not realizing what they wants to achieve. This was probably due to saving the acquired company from impending bankruptcy and more personal reasons that had to be considered. Therefore, 10 variables were rejected based on the paired sample t-test.

CONCLUSIONS

Based on the results of research and discussion, shows that there is no difference in financial performance (CR, QR, DER, DAR, TATO, FATO, NPM, ROE, EPS and PER) before and after the acquisition. This means that the company, from its financial ratios, has made acquisitions that do not create synergy for the company, this gives an indication that the economic objectives of the acquisition have not been achieved, possibly due to non-economic reasons that are more considered, or perhaps the acquisition decision was made to save the company. the target of the threat of bankruptcy, which is indeed in a worse condition than what happened during the current economic crisis, besides that maybe because in this study the period observed was still too short so the influence on the acquisition decision was not seen until the third year.

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