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COMPARATIVE STUDY OF FINANCIAL PERFORMANCE BEFORE AND AFTER ACQUISITION

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ABSTRACT: This study aims to analyze the differences in the company's financial performance between before and after being acquired based on financial ratios. This research was conducted at acquired companies listed on the Indonesia Stock Exchange for the period 2013-2017. The population of this study was 559 companies. The sampling method used was non-probability sampling method with a purposive sampling approach. The sample obtained was 5 companies. The method of collecting data used was the non-participant observation method. The data analysis technique used paired sample t test (paired sample T-test) and Wilcoxon signed ranks test. Based on the analysis, it is found that financial performance is measured by current ratio (CR), total debt to total assets (DAR), long term debt to equity (DER), return on total assets (ROA), return on equity (ROE), net profit margin (NPM), total assets turnover (TATO), and earnings per share (EPS) found no significant differences before and after the acquisition. The economic motive of the company cannot be achieved, but the motives that are thought to underlie the acquisition are non-economic motives and diversification. This research is expected to contribute to investors and company management in taking action to expand the company.
Keywords: *financial performance, acquisitions, and financial ratios*

I. INTRODUCTION

Merger and acquisition activities in Indonesia have started since the enactment of Law Number 1 of 1995 concerning Limited Liability Companies. Mergers and acquisitions are one of the company's actions that are believed to be able to bring benefits in a relatively significant time (www.kppu.go.id). The Business Competition Supervisory Commission (KPPU) has the authority to receive reports and assessors on business competition that carries out mergers and acquisitions (Moin, 2010: 106).

The reason for the company's acquisition is based on economic motives, the transaction will only occur if it can benefit both parties, both the owner of the company being sold and the owner of the company being purchased. This favorable condition will occur if the synergy from the merger of the two companies is greater or the sum of the respective company values (Wiagustini, 2014: 316).

Synergy can take the form of operational synergy and financial synergy. Operating synergy is a synergy enjoyed by the acquired company because of the combination of several operations so as to reduce costs and / or increase income. Operating synergies arise from acquired companies that are taken control by companies in the same business so as to reduce average costs or diversify into related sectors. Financial synergy for the acquired company can be in the form of saving on sources of funding in which the acquirer participates in controlling and takes over responsibility for improving performance. Financial synergy can come from two sources, namely the company's operating cash flow is expected to be stable so that it reduces the cost of debt and the company can use a higher risk of debt (Wiagustini, 2014: 317).

The motive of the company to make an acquisition according to Husnan and Pudjiastuti (2015: 407) is that the takeover by another company can be profitable and have the opportunity to meet the company's finances. The main motive for the acquired company to be taken over by other companies is to get synergy from the economic financial side, which includes lower transaction costs and better evaluation by securities analysts (Brigham and Houston, 2018: 335).

Acquired companies can be divided into two forms, namely friendly takeover and unfriendly takeover. Friendly takeover occurs where if the takeover is friendly or friendly, which means that the acquiree agrees to the takeover. A friendly takeover can be in the form of a direct offer through the mass media to the shareholders of an acquired company without going through company management or a forcible takeover by a company that is bigger and stronger in scale (Moin, 2010: 12).

The company being acquired can be approached from a corporate financial perspective which is a form of long-term investment decisions that must be invested and analyzed from the aspect of business feasibility

(Moin, 2010: 2). Acquired activities can be reflected in the company's financial condition. If the company's financial condition after being acquired gets better, then the right decision is taken over. To assess how successful the action was acquired, it can be seen from the company's performance after it was acquired, especially its financial performance (Aprilita et al., 2013). To determine the condition of the company's financial performance, analysis is required based on the company's financial statements (Ramadhan, 2016).

Financial statements are generally presented to provide information about the financial position, performance and cash flows of a company in a certain period. This information is expected to be useful for most users of financial statements in order to make decisions. Assessment of the financial level of a company can be done by analyzing the company's financial statements. To find out whether the company's financial statements are in good condition, various analyzes can be carried out, one of which is ratio analysis (Maith, 2013).

Financial ratio analysis is carried out to make it easier to understand the company's financial condition (Husnan and Pudjiastuti, 2015: 75). In addition, financial ratio analysis is able to provide information on issues that need immediate attention, thereby guiding the management of a company in improving and setting various targets and standards (Wiagustini, 2014: 84). The condition of financial ratios can be seen in several aspects, namely the liquidity ratio, which is the company's ability to meet short-term financial obligations with available current funds. The liquidity ratio is represented by the current ratio (CR), which measures the company's ability to meet its obligations that are due soon (Wiagustini, 2014: 85, 2014: 87).

The solvency ratio (leverage ratio) of the company's ability to meet its financial obligations both in the short and long term, or measures the extent to which the company is financed with debt. The solvency ratio is represented by the debt to asset ratio (DAR), which is to compare total loans with assets to determine the amount of debt used compared to all company capital. Debt to equity ratio (DER) is to determine the amount of use of long-term debt compared to own capital (Wiagustini, 2014: 85, 2014: 88).

Profitability ratio is a ratio that shows the company's ability to earn profits or a measure of the effectiveness of company management. The profitability ratio is represented by return on total assets (ROA), which measures the ability to generate profits from the total assets used. Return on equity (ROE), which measures the return on own capital. Net Profit Margin (NPM), which measures the profit achieved compared to sales (Wiagustini, 2014: 86, 2014: 90).

The activity ratio is the ratio of the company's ability to maintain the stability of its business so that it can survive and develop independently or measure the effectiveness of the company's resource utilization. The activity ratio is represented by total asset turnover (TATO), which measures the efficiency of using funds on total assets in order to achieve sales (Wiagustini, 2014: 86, 2014: 89).

Market valuation ratio is showing market recognition of management's financial condition in creating market value above investment costs. The market valuation ratio is represented by earnings per share (EPS), which is the amount of profit per share. (Wiagustini, 2014: 86, 2018: 90).

Several studies have been conducted to analyze the comparison of the company's financial performance before and after the acquisition. There are several studies which state that acquisitions have a positive impact on financial performance. This research is supported by Adebayo and Olalekan (2012), Hamidah and Noviani (2013), Joash and Njangiru (2015), Ghosh and Dutta (2015), Abdulazeez et al. (2016), Nagashaey al. (2017), and Tarigan et al. (2018) who found that there was a significant difference between the company's financial performance before and after the acquisition. These studies indicate that the company's financial performance improves after the acquisition.

Several studies have found different results regarding the company's financial performance before and after the acquisition, suggesting that the acquisition has a negative impact on the company's financial performance after the acquisition. Research from Mahesh and Prasad (2012), Oduro and Agyei (2013), Aprilita et al. (2013), Ashfaq et al. (2014), Inoti et al. (2014), Abbas et al. (2014), Kamra and Gupta (2016), Gupta and Banerjee (2017), De Lima Siqueira et al. (2017), Aktas (2018), and Dewi and Suryantini (2018) found that there was no significant difference between financial performance before and after the acquisition. These studies indicate that the company's financial performance does not change and even tends to experience a decline in financial performance after the acquisition.

The Indonesian capital market will continue to develop in the future. The development of the capital market can be viewed from the supply side, namely the number of companies operating in Indonesia that have gone public (Setyawan and Syaftina, 2013). Companies listed on the Indonesian stock exchange (IDX) made acquisitions for the 2013-2017 period as objects in this study. Selection of objects, namely companies going public can make it easier to obtain financial reports and financial performance experienced by the company.

The acquisition is expected to have a good impact on the company and be able to improve the company's performance. Research that has experienced a significant increase in financial performance can be seen from the research conducted by Abdulazeez et al. (2016) who tested 4 companies by evaluating their financial performance based on the company's financial statements before and after the acquisition, based on data calculated that the company has strong financial performance which causes the company's financial efficiency. Meanwhile, research conducted by Hamidah and Noviani (2013) showed that the financial performance of 10 companies that made acquisitions experienced an increasing difference after the merger of business entities.

In addition to research that has increased, there are studies that have experienced a significant decrease in financial performance, such as research conducted by Gupta and Banerjee (2017), testing 7 industries by evaluating financial performance based on reports 3 years before and 3 years after the acquisition, but did not find any increase in the company's financial performance after the acquisition. Research was also conducted by Oduro and Agyei (2013) who tested the performance of companies making acquisitions on the Ghana Stock Exchange using ROA and ROE, this analysis resulted in a decrease in the company's profitability.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Different companies join in the intention to create synergies, profit efficiency, to increase competitiveness and enter into new geographic areas (Gupta and Banerjee, 2017). Company growth, increased efficiency, and profitability are the main benefits sought from acquisitions. Based on the methodology, it shows that acquisitions have a negative impact on company profitability, therefore it is important for companies that make acquisitions to plan, implement, and evaluate properly (Oduro and Agyei, 2013).

On bank profitability, acquisitions have a significant positive effect because most of the banks increase their market share, gross profit and net profit significantly. The number of account holders at most banks has notably increased (Joash and Njangiru, 2015). The liquidity of companies that focus on growth strategies has increased, and solvency has also increased due to the lower cost of capital that can be achieved by companies (Tarigan et al., 2018).

Research conducted by Lesmana and Gunardi (2014) suggests that the condition of the current ratio (CR) in the acquirer company after the acquisition has increased compared to before the acquisition, the calculation of total debt to total assets (DAR) and long term debt to equity (DER) in the acquirer and acquired shows improved performance after making acquisitions. The calculation of the acquirer's net profit margin (NPM) and return on equity (ROE), respectively, has increased after making the acquisition. The calculation of total asset turnover (TATO) at the acquirer and the company acquired after the acquisition has both experienced an increase in performance than before the acquisition, and the acquirer's earnings per share (EPS) after the acquisition has increased than before the acquisition.

Hamidah and Noviani (2013) state that the profitability ratio as measured by return on total assets (ROA) shows a difference in the one year period before and the four years after the acquisition. Research conducted by Abdulazeez et al. (2016) stated that the financial performance as measured by return on total assets (ROA) and return on equity (ROE) after the acquisition has increased and the financial performance has become stronger which leads to financial efficiency. Septiawan and Rasmini (2018) state that the current ratio (CR) and long term debt to equity (DER) have increased due to the addition of assets, capital and debt after the acquisition. Finansia (2017) states that there is a significant difference in the ratio of company activity as proxied by total asset turnover (TATO) before and after making an acquisition.

Gustina (2017) examines that return on equity (ROE) results in a significant difference between before and after the acquisition. Khairunnisa and Wahono (2019) conducted research and found that long term debt to equity (DER) had a significant difference between companies before and after the acquisition. Aprilita et al. (2013) also conducted a study which showed that long term debt to equity (DER), total asset turnover (TATO), and earnings per share (EPS) had increased after making acquisitions. Maulida (2016) conducted a study that there was a significant difference in the financial ratio of total debt to total assets (DAR) and long term debt to equity (DER) in a 2-year period in companies.

According to research by Nimah and Samryn (2015), data on net profit margin (NPM), return on equity (ROE), earnings per share (EPS), total assets turn over (TATO) in company research before and after acquisition has increased or increased. . Nasir (2018) states that the current ratio (CR), return on total assets (ROA), and long term debt to equity (DER) have differences between before and after the acquisition of companies listed on the IDX.

Based on theoretical studies and empirical studies, the following research hypothesis can be formulated:

H1: The financial performance is measured using Current Ratio (CR), Total Debt to Total Assets (DAR), Long Term Debt to Equity (DER), Return on Total Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Total Assets Turnover (TATO), and Earning Per Share (EPS) differ significantly between pre and post acquisition.

III. METHODS

This research was conducted on companies listed on the Indonesia Stock Exchange which were acquired in the 2013-2017 period and can be accessed through the official website of the Indonesia Stock

Exchange www.idx.co.id. The data obtained is in the form of the Indonesian Capital Market Dictionary (ICMD) and other historical data relating to the data needed in this study.

The data used in this research are the financial statements of companies listed on the Indonesia Stock Exchange which have been acquired in the 2013-2017 period which are published through www.idx.co.id .. The financial statement analysis year used was 2 years before the company was acquired and 2 years after the company was acquired to see a comparison of the company's performance.

This study uses secondary data where the data used is in the form of corporate financial reports from other parties who have previously collected and processed the data, which in this study the other party referred to is through the Indonesia Stock Exchange website www.idx.co.id. The population of this study is a number of 559 companies listed on the Indonesia Stock Exchange during the 2013-2017 period. Sampling in this study was determined by non-probability sampling method, namely by purposive sampling approach, the criteria used in this study are:

1. The company is listed on the Indonesia Stock Exchange for the period 2013-2017.
2. The company has been acquired during the research period.

So, the population sampled in this study were 5 companies listed on the Indonesia Stock Exchange that had met these criteria.

Hypothesis testing uses paired t test. This test method is used to examine the effectiveness of the treatment, which is indicated by the difference in the average before and after an event occurs. The purpose of the paired sample t-test is to obtain differences in financial performance from the 2-year period prior to acquisition compared to the financial performance of the 2-year period after acquisition, whether the company's performance has increased or decreased. Financial performance data used in companies acquired in 2013 observed the performance in 2011, 2012, 2014, and 2015, acquired in 2015 observing the performance of 2013, 2014, 2016 and 2017, acquired in 2016 observing the performance of 2014, 2015, 2017, and 2018, as well as acquired in 2017 observes the performance of 2015, 2016, 2018 and 2019. Thus, the test steps are carried out as follows:

1. Formulate an alternative hypothesis.
2. Determine the real level of 5% = 0.05
3. Comparing between the probability and the predetermined significance level (5%).

Then using the Wilcoxon Ranking Sign Test. This test method is used to test the difference in the average paired data (Utama, 2016: 19). The purpose of the Wilcoxon rating test is to obtain the difference in financial performance from the 2-year period before the acquisition compared to the financial performance of the 2-year period after acquisition, whether the company's performance has increased or decreased. Financial performance data used in companies acquired in 2013 observed the performance in 2011, 2012, 2014, and 2015, acquired in 2015 observing the performance of 2013, 2014, 2016 and 2017, acquired in 2016 observing the performance of 2014, 2015, 2017, and 2018, as well as acquired in 2017 observes the performance of 2015, 2016, 2018 and 2019. Thus, the test steps are carried out as follows:

1. Formulate an alternative hypothesis.
2. Determine the real level of 5% = 0.05
3. Comparing the predetermined probability and significance level (5%).

IV. RESULTS AND DISCUSSION

Data Normality Test Results

The data obtained from the field were tested first using the data normality test with the Kolmogorov-Smirnov method to determine whether the data obtained was normally distributed or not. If the data is normally distributed, the hypothesis testing uses paired sample t-test and the data is not normally distributed, the hypothesis testing uses the Wilcoxon Signed Ranks Test.

Based on Table 1, the results of data normality testing, with a significance level of 5% or 0.05, indicate that the Current Ratio (CR) for 2 years before being acquired has a significance level of 0.200> 0.05. The significance level of 1 year before being acquired is 0.200> 0.05 and the 1 year significance level after being acquired is 0.200> 0.05. Meanwhile, 2 years after being acquired has a significance level of 0.200> 0.05, it can be concluded that the data in this study have a normal distribution. Because the data is normally distributed, hypothesis testing is carried out using paired sample t-test.

Table 1. Data Normality Test Results

Financial Performance	Period	Asymp. Sig.	Status	Analysis Technic
Current Rasio (CR)	2 Years Before	0,200	Normal	t test
	1 Year Before	0,200	Normal	
	1 Year After	0,200	Normal	
	2 Years After	0,200	Normal	

Total Debt to Total Assets (DAR)	2 Years Before 1 Year Before 1 Year After 2 Years After	0,200 0,200 0,200 0,200	Normal Normal Normal Normal	t test
Long Term Debt to Equity (DER)	2 Years Before 1 Year Before 1 Year After 2 Years After	0,006* 0,015* 0,027* 0,012*	Abnormal Abnormal Abnormal Abnormal	Wilcoxon test
Return to Total Assets (ROA)	2 Years Before 1 Year Before 1 Year After 2 Years After	0,200 0,200 0,200 0,099	Normal Normal Normal Normal	t test
Return on Equity (ROE)	2 Years Before 1 Year Before 1 Year After 2 Years After	0,200 0,200 0,200 0,200	Normal Normal Normal Normal	t test
Net Profit Margin (NPM)	2 Years Before 1 Year Before 1 Year After 2 Years After	0,200 0,128 0,200 0,200	Normal Normal Normal Normal	t test
Total Assets Turnover (TATO)	2 Years Before 1 Year Before 1 Year After 2 Years After	0,200 0,200 0,068 0,096	Normal Normal Normal Normal	t test
Earning Per Share (EPS)	2 Years Before 1 Year Before 1 Year After 2 Years After	0,040* 0,200 0,200 0,073	Abnormal Normal Normal Normal	Wilcoxon test

Secondary Data, 2020

Total Debt to Total Assets (DAR) for 2 years prior to acquisition has a significance level of 0.200> 0.05. The significance level of 1 year before being acquired is 0.200> 0.05 and the 1 year significance level after being acquired is 0.200> 0.05. Meanwhile, 2 years after being acquired has a significance level of 0.200> 0.05, it can be concluded that the data in this study have a normal distribution. Because the data is normally distributed, hypothesis testing is carried out using paired sample t-test.

Long Term Debt to Equity (DER) for 2 years prior to acquisition has a significance level of 0.006 <0.05. The 1 year significance level before being acquired is 0.015 <0.05 and the 1 year significance level after being acquired is 0.027 <0.05. Meanwhile, 2 years after being acquired has a significance level of 0.012 <0.05, it can be concluded that the data in this study have an abnormal distribution. Because the data is not normally distributed, the hypothesis testing is done using the Wilcoxon signed ranks test.

Return on Total Assets (ROA) for 2 years prior to acquisition has a significance level of 0.200> 0.05. The significance level of 1 year before being acquired is 0.200> 0.05 and the 1 year significance level after being acquired is 0.200> 0.05. Meanwhile, 2 years after being acquired has a significance level of 0.099> 0.05, it can be concluded that the data in this study have a normal distribution. Because the data is normally distributed, hypothesis testing is carried out using paired sample t-test.

Return on Equity (ROE) for 2 years before being acquired has a significance level of 0.200> 0.05. The significance level of 1 year before being acquired is 0.200> 0.05 and the 1 year significance level after being acquired is 0.200> 0.05. Meanwhile, 2 years after being acquired has a significance level of 0.200> 0.05, it can be concluded that the data in this study have a normal distribution. Because the data is normally distributed, hypothesis testing is carried out using paired sample t-test.

Net Profit Margin (NPM) for 2 years prior to acquisition has a significance level of 0.200> 0.05. The 1 year significance level before being acquired is 0.128> 0.05 and the 1 year significance level after being acquired is 0.200> 0.05. Meanwhile, 2 years after being acquired has a significance level of 0.200> 0.05, it can be concluded that the data in this study have a normal distribution. Because the data is normally distributed, hypothesis testing is carried out using paired sample t-test.

Total Assets Turnover (TATO) for 2 years prior to acquisition has a significance level of 0.200> 0.05. The 1 year significance level before being acquired is 0.200> 0.05 and the 1 year significance level after being acquired is 0.068> 0.05. Meanwhile, 2 years after being acquired has a significance level of 0.096> 0.05, it can be concluded that the data in this study have a normal distribution. Because the data is normally distributed, hypothesis testing is carried out using paired sample t-test.

EarningPer Share (EPS) for 2 years before being acquired has a significance level of 0.040 <0.05. The significance level of 1 year before being acquired is 0.200> 0.05 and the 1 year significance level after being acquired is 0.200> 0.05. Meanwhile, 2 years after being acquired has a significance level of 0.073> 0.05, it can be concluded that the data in this study have a normal distribution. Because the data is not normally distributed, the hypothesis testing is done using the Wilcoxon signed ranks test.

Paired Sample T Test Results

The results of data normality testing using the Kolmogorov-Smirnov method show that the variable current ratio (CR), total debt to total assets (DAR), return on total assets (ROA), return on equity (ROE), net profit margin (NPM), and total assets turnover (TATO) are normally distributed, then the next hypothesis testing will be done is the paired sample t-test.

Current Ratio (CR)

Hypothesis testing is conducted to obtain differences in financial performance in terms of liquidity ratios as measured by the current ratio (CR) for a period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the paired sample t-test can be seen as follows:

Table 2. Paired Sample T-Test Results Current Ratio

Period	t-value	*Sig.* (2-*tailed*)	Significant	Information
2 Years Before - 1 Year After	0,733	0,504	0,05	No different
2 Years Before - 2 Years After	1,450	0,221	0,05	No different
1 Year Before - 1 Year After	1,511	0,205	0,05	No different
1 Year Before - 2 Years After	1,866	0,135	0,05	No different

Secondary Data, 2020

Based on Table 2, the test results show that 2 years before and 1 year after being acquired obtained a significance level of 0.504> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.221> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level is 0.205> 0.05, the significance level 1 year before and 2 years after being acquired is 0.135> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

Total Debt to Total Assets (DAR)

Hypothesis testing is carried out to obtain differences in financial performance in terms of solvency ratios as measured by total debt to total assets (DAR) for the period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the paired sample t-test can be seen as follows:

Table 3. Paired Sample T-Test Results Total Debt to Total Assets

Period	t-value	*Sig.* (2-*tailed*)	Significant	Information
2 Years Before - 1 Year After	-0,837	0,449	0,05	No different
2 Years Before - 2 Years After	-1,198	0,297	0,05	No different
1 Year Before - 1 Year After	-2,107	0,103	0,05	No different
1 Year Before - 2 Years After	-2,726	0,053	0,05	No different

Secondary Data, 2020

Based on Table 3, the test results show that 2 years before and 1 year after being acquired obtained a significance level of 0.449> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.297> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level was 0.103> 0.05, the significance level 1 year before and 2 years after being acquired was 0.053> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

Return on Total Assets (ROA)

Hypothesis testing is conducted to obtain differences in financial performance in terms of profitability ratios as measured by return on total assets (ROA) for the period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the paired sample t-test can be seen as follows:

Table 4. Paired Sample T-Test Results Return on Total Assets

Period	t-value	*Sig.* (2-*tailed*)	Significant	Information
2 Years Before - 1 Year After	0,959	0,392	0,05	No different
2 Years Before - 2 Years After	0,775	0,482	0,05	No different
1 Year Before - 1 Year After	1,246	0,281	0,05	No different
1 Year Before - 2 Years After	0,893	0,422	0,05	No different

Secondary Data, 2020

Based on Table 4, the test results show that 2 years before and 1 year after being acquired obtained a significance level of 0.392> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.482> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level was 0.281> 0.05, the significance level 1 year before and 2 years after being acquired was 0.422> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

Return on Equity (ROE)

Hypothesis testing is carried out to obtain differences in financial performance in terms of profitability ratios as measured by return on equity (ROE) for a period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the paired sample t-test can be seen as follows:

Table 5. Paired Sample T-Test Results Return on Equity

Period	t-value	*Sig.* (2-*tailed*)	Significant	Information
2 Years Before - 1 Year After	1,324	0,256	0,05	No different
2 Years Before - 2 Years After	1,435	0,225	0,05	No different
1 Year Before - 1 Year After	1,437	0,224	0,05	No different
1 Year Before - 2 Years After	1,660	0,172	0,05	No different

Secondary Data, 2020

Based on Table 5, the test results show that 2 years before and 1 year after being acquired get a significance level of 0.256> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.225> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level was 0.224> 0.05, the significance level 1 year before and 2 years after being acquired was 0.172> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

Net Profit Margin (NPM)

Hypothesis testing is carried out to obtain differences in financial performance in terms of profitability ratios as measured by net profit margin (NPM) for the period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the paired sample t-test can be seen as follows:

Table 6. Paired Sample T-Test Results Net Profit Margin

Period	t-value	*Sig.* (2-*tailed*)	Significant	Information
2 Years Before - 1 Year After	1,202	0,296	0,05	No different
2 Years Before - 2 Years After	1,485	0,212	0,05	No different
1 Year Before - 1 Year After	1,332	0,254	0,05	No different
1 Year Before - 2 Years After	1,586	0,188	0,05	No different

Secondary Data, 2020

Based on Table 6, the test results show that 2 years before and 1 year after being acquired obtained a significance level of 0.296> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.212> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level is 0.254> 0.05, the significance level 1 year before and 2 years after being acquired is 0.188> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

Total Assets Turnover (TATO)

Hypothesis testing is carried out to obtain differences in financial performance in terms of business activity ratios as measured by total assets turnover (TATO) for the period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the paired sample t-test can be seen as follows:

Table 7. Paired Sample T-Test Results Total Assets Turnover

Period	t-value	*Sig.* (2-*tailed*)	Significant	Information
2 Years Before - 1 Year After	1,180	0,303	0,05	No different
2 Years Before - 2 Years After	1,118	0,326	0,05	No different
1 Year Before - 1 Year After	1,259	0,809	0,05	No different
1 Year Before - 2 Years After	1,213	0,842	0,05	No different

Based on Table 7, the test results show that 2 years before and 1 year after being acquired obtained a significance level of 0.303> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.326> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level was 0.809> 0.05, the significance level 1 year before and 2 years after being acquired was 0.842> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

Wilcoxon Ranking Mark Test Results

The results of data normality testing using the Kolmogorov-Smirnov method show that the long-term debt to equity (DER) and earnings per share (EPS) variables are not normally distributed, so the next hypothesis testing is the Wilcoxon sign test (Wilcoxon signed) ranks test).

Long Term Debt to Equity (DER)

Hypothesis testing is carried out to obtain differences in financial performance in terms of solvency ratios as measured by long term debt to equity (DER) for a period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the Wilcoxon signed ranks test can be seen as follows:

Table 8. Results of the Wilcoxon Long Term Debt to Equity Ranking Sign Test

Period	Z	Asymp. Sig. (2-tailed)	Significant	Information
2 Years Before - 1 Year After	-0,405	0,686	0,05	No different
2 Years Before - 2 Years After	-1,214	0,225	0,05	No different
1 Year Before - 1 Year After	-0,674	0,500	0,05	No different
1 Year Before - 2 Years After	-1,753	0,080	0,05	No different

Secondary Data, 2020

Based on Table 8, the test results show that 2 years before and 1 year after being acquired obtained a significance level of 0.686> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.225> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level is 0.500> 0.05, the significance level 1 year before and 2 years after being acquired is 0.080> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

EarningsPer Share (EPS)

Hypothesis testing is carried out to obtain differences in financial performance in terms of market valuation ratios as measured by earnings per share (EPS) for the period of 2 years before being acquired and 2 years after being acquired. A summary of the results of the Wilcoxon signed ranks test can be seen as follows:

Table 9. Wilcoxon Signed-Rank Test of Earning Per Share

Period	Z	Asymp. Sig. (2-tailed)	Significant	Information
2 Years Before - 1 Year After	-0,674	0,500	0,05	No different
2 Years Before - 2 Years After	-0,944	0,345	0,05	No different
1 Year Before - 1 Year After	-0,135	0,893	0,05	No different
1 Year Before - 2 Years After	-0,944	0,345	0,05	No different

Secondary Data, 2020

Based on Table 9, the test results show that 2 years before and 1 year after being acquired get a significance level of 0.500> 0.05, a significance level of 2 years before and 2 years after being acquired is 0.345> 0.05. Meanwhile, 1 year before and 1 year after being acquired, the significance level is 0.893> 0.05, the significance level 1 year before and 2 years after being acquired is 0.345> 0.05. Thus, H0 is accepted and H1 is rejected, which states that the financial performance does not differ significantly between before and after being acquired.

The results of the research analysis conducted show that there is no significant difference between financial performance as measured by current ratio (CR), total debt to total assets (DAR), long term debt to equity (DER), return on total assets (ROA), return on equity (ROE), net profit margin (NPM), total assets turnover (TATO), and earnings per share (EPS) before and after the actions are acquired in the company. This condition can be concluded that the acquisition does not have a positive impact on the company's financial performance. The motive underlying this acquisition action is not an economic motive, the use that underlies this acquisition action is a non-economic and diversification motive.

The non-economic motive that can underlie the action of an acquisition is the personal interests of both the company management and the company owners. The reason is wanting a larger company size, company size can be seen from the amount of assets or assets owned, the wider market share and the level of profit they have (Moin, 2010: 60). Acquisition with this motive is not a good move for shareholders. Companies that like to make acquisitions like this eventually become targets for acquisitions by other companies (Wiagustini, 2014: 318).

Most of the acquired companies are vertical, where the acquirer wants to expand its business units and operations into different fields or we can say diversification. Diversification is intended to support the company's business activities and operations to secure a competitive position, diversifying businesses outside the industry that are further away from the core business can result in weakening control of the parent company over its subsidiaries (Moin, 2010: 59).

The acquisition strategy has a negative impact on society if it causes market concentration or dominance by the company resulting from the acquisition. The unbalanced power of business actors has the potential to produce unfair competition and harm other business actors (Moin, 2010: 15).

The results of this study are in line with previous research conducted by Dewi and Suryantini (2018) which states that financial performance does not differ significantly between before and after the acquisition in the 1 year observation before and after the acquisition, these differences indicate changes in financial performance are not getting better for the company. The studies conducted by Aprilita et al. (2013), Nimah and Samryn (2015), and Khairunnisa and Wahono (2019) show the same results that the acquisition strategy has not been able to fully improve the company's financial performance after the action is implemented.

V. CONCLUSION

Based on the results of this study, it can be seen that the acquisition strategy does not have a positive impact on the financial performance of the acquired company, but can reduce the financial performance of the acquired company. This is because the acquisition strategy is carried out not based on company interests but from personal interests, either from management or company owners. Financial synergy from the acquisition strategy could not be achieved because the company's operating cash flow was unstable so that it could not reduce the cost of debt. This research is expected to contribute to investors and company management in taking action to expand the company. Investors and company management can use financial ratios to determine whether the company's financial performance has increased or decreased in activity.

This research is expected to provide a reference for future research, it is better to add financial performance measurements with other ratios, as well as add to the research analysis period because it can show more specifically the condition of the company's long-term financial performance.

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