ABSTRACT

Analysis of Merger and Acquisition on Financial Performance of Acquiring Company in The Indonesian Stock Exchange

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Business condition which competitive and progressively go forward, claim companies to apply strategy that can support the continuity of company life of a period to the next. One of alternative selected by some company is conduct business combination in the form of merger and acquisition with other; dissimilar company. Merger and acquisition are widely known as a management effort to increase the value of the firm. Some researches have been conducted to know influence merger and acquisition to company performance, but the result obtained does not always consistent. The aim of this research is to analyze decision merger and acquisition and its influence to company’s performance which implied with financial ratio. Researcher intended to know the differences of company’s financial performance 1 year before and 1-5 years after merger and acquisition which implied with financial ratio. By using Wilcoxon Signed Rank Test with 5% level of significance and Multiple Regression Linier Analysis, indicate that most of financial ratios before merger and acquisition do not experience any significant differences, compared to after merger and acquisition. The significant differences is only seen at Price Earning Ratio (PER) at the 3rd -5th year after merger and acquisition. Though there is an improvement, but the improvement is not strongly insufficient to express statistical significantly improvement.

Keywords: Merger and Acquisition, Financial Ratio, Company Financial Performance