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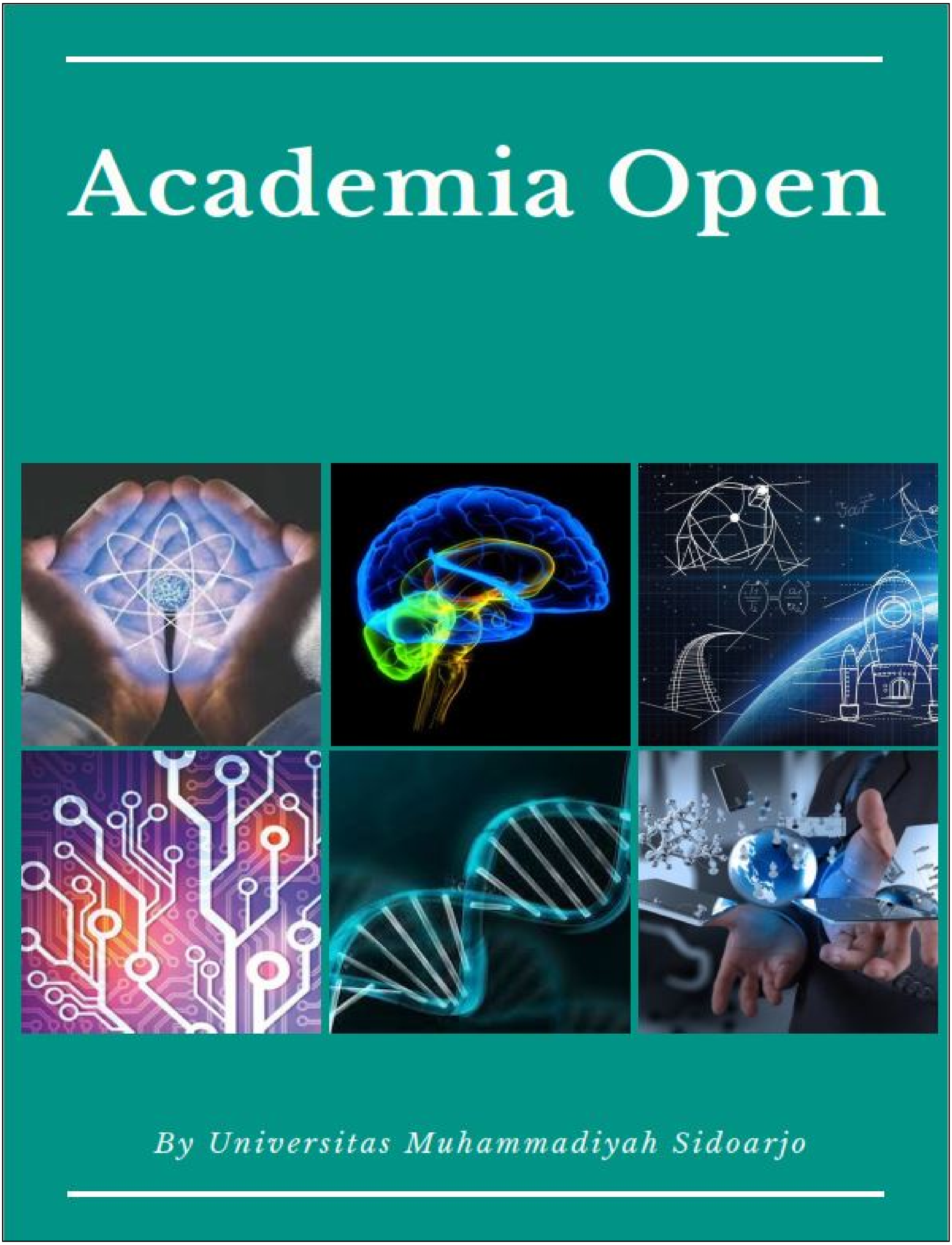
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# Mergers Trigger Significant Shifts in Company Stock Performance

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## Abstract

**General Background:** Mergers are strategic business activities aimed at enhancing competitiveness, operational efficiency, and shareholder value through the consolidation of two companies. **Specific Background:** In the Indonesian capital market, corporate mergers among publicly listed firms are becoming increasingly relevant as investors seek signals that predict future financial performance. **Knowledge Gap:** Despite numerous merger activities, empirical evidence on the financial impact of mergers in Indonesia remains limited and inconclusive. **Aims:** This study investigates the financial performance of eight public companies listed on the Indonesia Stock Exchange following mergers, to determine if significant changes occur. **Results:** Using a quantitative approach with purposive sampling and secondary data from IDX, IDN Financial, and Investing websites, financial ratios before and after the merger were compared through a T-test. The analysis revealed statistically significant differences in all observed financial ratios post-merger.
**Novelty:** The study offers contextual evidence on how mergers in emerging markets like Indonesia can reshape financial performance, supporting investment decisions based on merger outcomes. **Implications:** These findings contribute to a better understanding for market investors, indicating that mergers may serve as reliable indicators for potential profitability and improved financial health in the post-merger period.

**Highlights:**

- Mergers significantly affect company financial ratios.
- T-test reveals post-merger performance shifts.
- Results guide investors in stock decision-making.

**Keywords:** Merger Impact, Financial Performance, Indonesia Stock Exchange, Quantitative Analysis, Investor Strategy

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## Introduction

In this age of globalization, entering the free market promotes company expansion and intensifies rivalry in the business sector. Therefore, in order to prevent bankruptcy, businesses must improve their strategy for growth or survival. The corporation uses expansion as one of its options. The organization uses expansion as a strategy when making decisions that can advance and improve its business growth. Both broad and specific definitions of merger are possible. When corporate operations are integrated, a merger is broadly defined as any type of purchase of one company by another. According to Budi [1], a merger is the process by which two corporations combine or diffuse; one of them keeps its corporate name while the other dissolves and all of its assets and name are merged into the new corporation. The acquisition price of shares, particularly for companies listed on the IDX, will automatically change if the merger's objective is accomplished, thereby improving shareholder welfare. By encouraging market participants to purchase shares in the company in the hopes of making the anticipated profits, the merger announcement is anticipated to improve the company's financial capacity. This is due to the fact that every release or piece of information that reaches the stock exchange will be examined by market players, and the information or announcements made by the issuer will sway (possible) investors' judgments to make wise investments. Shares serve as evidence of ownership in a business, therefore if someone holds shares, they own a stake in the business. According to Tannadi [2], the proportion of shares owned relative to the total number of shares of a corporation is used to calculate the extent of ownership. Meanwhile, shares are described as follows by Handini and Astawinetu [3]:

a) A certificate of capital or fund ownership participation in a company, whereby a person has a claim on the company's assets and income;

b) A paper that clearly states the nominal value and the name of the company as well as the rights and obligations of the shareholders;

c) Inventory ready for sale, which provides rights or portions of financial instruments ready to be traded in the capital market.

Management Control Systems encompass the techniques and mechanisms an organization uses to achieve its goals, and successfully pursue its strategies. Management Control Systems help to integrate, motivate, support decision-making, communicate goals, and provide feedback to the organization. Management Control can be divided into two most important subcategories. The first category involves production control or outcome control, where specific results are measured, monitored and compared to expectations. This will allow corrective action to be taken as and when necessary. This category also includes administrative control or action control which involves formal rules, standard procedures and manuals and monitoring compliance. The second category involves behavioral control, personnel control and social contracts. This category involves controls such as values and norms, along with group interaction to maintain them, selection and placement of personnel with required skills and attitudes, job design and allocation, and observation of personnel work behavior. These two categories are not mutually exclusive, and can complement and reinforce each other in an effective management control system.
It is clear from the definition above that shares are an indication of a person's or company's ownership or involvement. Stock Exchange of Indonesia (IDX) The Indonesia Stock Exchange (IDX) is a capital market in Indonesia that facilitates the purchase and sale of long-term financial instruments, such as stocks and bonds, issued by both public and private entities. These instruments typically have a lifespan of more than a year [4]. The Indonesia Stock Exchange (IDX) has become one of the trusted institutions for investors and issuers to facilitate stock trading [5]. The Indonesia Stock Exchange not only plays a role in facilitating the interests of investors and issuers but also provides various up-to-date information on market developments by displaying data on the performance of the stock prices of listed companies [6]. Before investors conduct buying and selling transactions of stocks in the capital market, they need to first assess the related company. Investors need to ascertain the accuracy of the information they have obtained and ensure that no related parties have manipulated the data before making a decision. One of the factors that can influence investors' decisions is their perception of the fairness of stock prices. Therefore, inaccurate information can mislead

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investors' investment decisions. Company Performance Analysis of Financial Differences Before and After the Merger (Case Study of CIMB Niaga Bank Listed on the IDX) [7], variables Net Profit Margin, Total Assets Turnover, Financial Leverage Multiplier, Return On Total Assets, Return On Equity. Using analysis techniques such as Du system, Sample test, Paired sample test, Kolmogorov Smirnov Z, F-test. The research results using the Independent Sample T-test show that there is one variable, Financial Leverage Multiplier (FLM), that experiences a difference. Meanwhile, the variables Return On Total Assets (ROA), Return On Equity (ROE), Total Assets Turn Over (TATO), Net Profit Margin (NPM) do not experience any difference. Simbolon, R. [8] empirically tested the effect of mergers on stock returns and examined the impact of mergers on the stock returns of acquiring companies with financial performance as an intervening variable. The sampling method used purposive sampling. The sample size in this study was 34 companies with an observation period of 6 (six) years, specifically the period from 2000 to 2006. Hypothesis testing was conducted using path analysis and t-test. The study's findings also demonstrate that, when financial performance is taken into account as an intervening variable, mergers have no effect on stock returns. Therefore, the idea that mergers impact acquiring companies' stock returns by using financial performance as an intervening variable is either rejected or lacks empirical support. According to the description given above, the researcher wants to find out if mergers have a major impact on the stock prices of companies that are listed on the Indonesia Stock Exchange (BEI). To ascertain whether there is a difference in average abnormal return and trading volume activity between before and after the merger announcement event, the problem of stock price fluctuations influenced by supply and demand between sellers and buyers of stocks will be addressed. The purpose of this study is to give market investors the knowledge they need to purchase firm stock in the hopes of making the anticipated gains. Eight stocks from the agricultural industry have merged and are currently listed on the IDX.

**1. Definition of Shares**

The definition of shares according to Darmadji and Fakhurddin [9] is as a sign of participation or ownership of an individual or entity in a company or limited liability company. By contributing that capital, the party has a claim on the company's income, a claim on the company's assets, and the right to attend the General Meeting of Shareholders (GMS) (PT. Bursa Efek Indonesia, 2018). According to Fama [10], there are three forms of market efficiency levels based on information absorption, namely:

**a. Weak-form efficiency (weak form)**

States that stock prices fully reflect past stock price information. Therefore, technical analysis (a method for evaluating securities using statistical analysis based on past market activity, volume, and past security prices) cannot be used to beat the market.

**b. Semistrong-form efficiency**

States that stock prices fully reflect all publicly available information, including past stock price information in the weak form market. Based on this semistrong form, it can be said that financial statements are not the only source of information for investment decision-making.

**c. Strong-form efficiency (strong form)**

Information that is actually only known by a small group of society. In this market form, even insider information cannot provide an advantage to investors.

**2. Definition of Merger**

What Shares Are According to Darmadji and Fakhurddin [11], shares are a testament of an individual's or entity's ownership or involvement in a business or limited liability company. Shares are an indication of a person's or party's (business entity's) capital investment in a company or limited liability company. In addition to the right to attend the General Meeting of Shareholders (GMS), the party who contributed that capital also has a claim on the company's assets and profits (PT. Bursa Efek Indonesia, 2018). Based on information absorption, Fama [12] distinguished three types of market efficiency levels, which are as follows: 1. Efficiency in the weak form claims that stock prices accurately represent historical stock price

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data. Because of this, technical analysis—a statistical approach of evaluating securities based on historical market activity, volume, and security prices—cannot be utilized to outperform the market. The effectiveness of semistrong-form claims that all information that is available to the public, including historical stock price data in a weak market, is completely reflected in stock prices. This semistrong form suggests that there are other sources of information that can be used to make investing decisions besides financial statements. The third is strong-form efficiency, which asserts that stock prices accurately reflect all available information, including information that is truly only known by a small portion of the population. Even insider knowledge cannot give investors a competitive edge in this market. What a Merger Is A company merger is a strategy for expanding or reforming a business by combining two or more companies, according to Cita [13].A merger, according to Budi [14], is the process of diffusion or the merging of two businesses, whereby one of them continues to operate under its own name while the other ceases to exist and all of its assets and name are merged into the remaining business. Pisya & Nila [15] cite Tampubolon [16] as saying that a merger is the joining of two or more businesses into one, with the acquiring company keeping its name while the target company stops operations and dissolves its legal organization. Number 9 of Article 1 of Law 40 of 2007 defines mergers as follows: "A Merger is a legal act conducted by one or more business entities with other business entities that results in the assets and liabilities of the merging business entities being transferred by law to the receiving business entity, and subsequently, the legal status of the merging business entities ends by law." A merger is the joining of two or more businesses, with one of the acquired corporations being dissolved to create efficiency in company operations, according to the various viewpoints mentioned above.

In 2020, Adolf Jellly Glen Lombogia and associates The Impact of Firm Size, Net Profit Margin, Debt to Equity Ratio, and Current Ratio on Stock Prices of Automotive and Component Companies In the IDX from 2013 to 2017. Although it doesn't address the effect of mergers, it does examine how firm size and financial ratios affect the stock prices of automakers listed on the Indonesia Stock Exchange. The goal is to determine how business size, net profit margin, debt to equity ratio, and current ratio affect stock prices. "-" to investigate the idea that stock prices are positively and significantly impacted by firm size. quantitative research approach that makes use of secondary data. There are 13 companies in the population, and a sample of 6 companies was chosen over a 5-year period using purposive sampling, for a total sample size of 30 companies. Multiple linear regression analysis is employed as the analysis model. The goal of Iga Suryawati's [17] study, Analysis of Financial Performance Before and After Mergers in Companies Listed on the Indonesia Stock Exchange, is to find and gather empirical data regarding the financial performance of companies listed on the IDX both before and after mergers. Companies use mergers as a means of expanding and diversifying their business, as well as to improve their standing in the marketplace. The study's population consists of all businesses that were listed between 2006 and 2010 on the IDX. Purposive sampling was utilized to gather study samples from a total of eight companies. This study's data analysis method makes use of the Wilcoxon Signed Rank Test. Zahra and Syaiful [18] examined the effects of mergers and acquisitions on the financial performance of non-financial companies listed between 2008 and 2014 on the Indonesia Stock Exchange. The Indonesia Stock Exchange's non-financial companies' financial performance is not significantly impacted by merger and acquisition activity. aiming to ascertain how merger and acquisition activity affects businesses' financial performance. to evaluate how well businesses have performed financially after different kinds of mergers and acquisitions (conglomerate, vertical, horizontal). employing the Independent Sample t Test, Paired Sample t Test, and Wilcoxon Signed Rank Test for data analysis. 30 firms from 2008 to 2014 that were listed on the Indonesia Stock Exchange (IDX) were included in the sample. Details of merger and acquisition operations, annual financial statements, and corporate merger and acquisition statistics are among the data used.

### 3. Types of Mergers

Budi Untung [19] distinguishes between the following sorts of mergers: A horizontal merger is a combination of firms that are comparable to one another (the same kind of business). Reducing competition or increasing efficiency through the merging of production, marketing, and distribution activities, research and development, and administrative facilities is one of the primary goals of a horizontal merger. For instance, a combination of two shoe or bread companies. A vertical merger is a combination of businesses that are connected, like in a production line that runs sequentially. Companies that want to combine their operations

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with suppliers and/or product users in order to stabilize supply and users are known as vertical mergers. Companies that are related to one another but do not produce the same product or that have a supplier-producer connection will be involved in a congeneric merger. Conglomerate mergers occur when multiple businesses that manufacture disparate and unrelated goods combine, for as when a shoe firm joins forces with an electronics company or a car company joins forces with a food company. A conglomerate's primary objective is to improve outcomes and expand its business quickly. This can be accomplished by trading shares between the two combined businesses.

Causes of Business Mergers Companies have been combining more frequently in recent years for a variety of reasons. Researchers can draw the following conclusions from a variety of hypotheses regarding why businesses merge:

Scale economies Businesses can attain an inexpensive scale of operations through mergers and acquisitions. An operational scale with low average expenses is referred to as an economical scale. In addition to the production process, economic scale also applies to marketing, human resources, finance, and even administration.

Enhancing Administration Employee retention at the required levels can be achieved through mergers and acquisitions, increasing shareholder wealth. Additionally, by combining (purchasing) other businesses, the corporation can obtain expert management and increase employee productivity and efficiency.

Tax Reductions From the standpoint of a developing business, this offers two advantages: aside from tax savings, it permits the use of idle capital because expanding businesses typically have cash surpluses, which significantly reduces their tax burden.

Diversification Companies that wish to expand their business without having to start from scratch are motivated by diversification. Diversification lowers overall risk by allowing one stock's dangers to be offset by another stock. The advantages of mergers It has been discovered that carrying out merger activities yields a number of advantages, as per several management standards, including: Complementarity Horizontal mergers of two or more related businesses can result in synergies in a number of ways, including improved products, knowledge transfer, strong people resources, and more.

Combining Strengths Businesses that are too small to have significant roles in their operations. For instance, merging with a business that already has a research and development department will increase its effectiveness.

Lessening competition: Combining companies that are comparable will result in a concentration of power, which will lessen competition.

To prevent bankruptcy: Companies that are having trouble making ends meet and are under pressure from their creditors can avoid bankruptcy by merging or purchasing a strong company.

Islam's merger In terms of collaboration and business ownership, a merger is a type of partnership. In Islam, this type of collaboration is known as syirkah. A syirkah is an agreement for cooperation between two or more people for a certain enterprise, in which each side participates with the understanding that risks and money will be shared. A merger is a type of collaboration in which a business grows by combining with and purchasing the ownership of another business. This implies that a buy-sell transaction of the company's ownership is also a part of mergers and acquisitions. This has also been controlled in Islam in verse 29 of Q.S. An-Nisa. The meaning is as follows: O you who have believed, do not harm yourselves [or one another] or unfairly or dishonestly take advantage of one another's wealth. We will send anyone who engages in such sinful and unfair behavior into a fire. And Allah finds that simple.

Harjeet and Jiayin (2023) conducted a study of companies that carry out Merger and Acquisition in China where Return on Equity before and after Merger and Acquisition did not experience significant changes similar things were also conveyed by Annisa and Prasetiono (2020) where Return on Equity after Merger and Acquisition did not experience significant changes compared to before Merger and Acquis

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ition, while Sisbintari (2021) examined differences in Merger and Acquisition in CIMB Niaga bank. The results showed that Return on Equity increased significantly after Merger and Acquisition. The similar result was also conveyed by Kumara and Satyanaraya (2013) in India companies that carried out Merger and Acquisition. They also found that Indian Merger and Acquisition companies experienced a significant increase in Return on Equity. However, different to the results found in India by Sharma (2013). The results showed a significant decline Return on Equity after Merger and Acquisition.

**Hypothesis**

H1: There is a significant difference in the Current Ratio (CR) of the company before and after the merger.
H2: There is a significant difference in the Return on Equity (ROE) of the company before and after the merger.
H3: There is a significant difference between the Return on Assets (ROA) of the company before and after the merger.
H4: There is a significant difference between the Debt to Assets Ratio (DAR) of the company before and after the merger.
H5: There is a significant difference between the Debt to Equity Ratio (DER) of the company before and after the merger.

The research seeks to ascertain if the financial ratios before and after the merger alter, drawing on the literature review and a number of earlier studies. Source: The researcher's conceptualization (2025). Investigating the impact of mergers and acquisitions on the financial performance of Indian companies is the aim of the 2020 study "Financial Performance Analysis Of Merger And Acquisition: Evidence From India" by Neelam Rani, Surendra S. Yadav, and P.K. Jain.Companies in the study's sample were those who underwent mergers and acquisitions between 2020 and 2023. Following mergers and acquisitions, profitability ratios like Return on Capital Employed, Return on Equity, Net Profit Margin, and Operating Profit Margin increased, while the Cost of Goods Cost Ratio, Labor Related Expense Ratio, Selling, General, and Administration Expense Ratio, and Research and Development Expense Ratio all saw significant declines, according to the research findings. While the Total Debt Over to Total Assets Ratio and Current Ratio did not see any notable changes, the Fixed Assets Turnover Ratio, Total Assets Turnover Ratio, and Current Assets Turnover Ratio did [20].

1. Merger Influencing Factors Increased economies of scale: By combining operations and resources, mergers enable businesses to raise production costs and profits.

2. Combining two businesses can increase market share, improve a company's standing, and open up new markets.

3. Modifications to marketing tactics: By developing fresh marketing techniques or streamlining distribution networks, mergers might change marketing strategies. 4. Generally speaking, investors expect a price increase in response to merger announcements because they predict the combined firm will perform better and be more efficient.

# Method

## A. Population and Research Sample

A population, according to Nanang Martono (2015), is the totality of items or subjects that are found in a particular location and satisfy particular requirements. The study's population consists of publicly traded companies on the Indonesia Stock Exchange. The sampling strategy employed in this study is called purposeful sampling, which means that the sample size is set with the objectives in mind and is not a concern. Purposive sampling, in which the sample is chosen not at random but rather based on the population units that are most in line with the study goals, shows a strong correlation between the population and the sampling technique. Because the samples are representative of the relevant community, the analysis's findings can

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show how companies that have merged on the IDX are doing generally. The following criteria were used to choose the companies :

1. Companies that are publicly traded on the Indonesia Stock Exchange.
2. Taking part in merger operations.
3. It is easy to determine the month of the merger.
4. For one year prior to and one year following the merger, financial statements must be accessible.Based on the above criteria, there are 8 companies that underwent mergers as samples in this study.

| No | Code | Date | Corporate Action | Company Name Merging Participant | Name Merger Company |
|---|---|---|---|---|---|
| 1 | JARR | 06 December 2023 | Merger | PT. Jhonlin Agro Raya Tbk (JARR) dan PT. Jhonlin Agro Lestari (JAL) | PT. Jhonlin Agro Raya Tbk |
| 2 | BRAM | 02 January 2023 | Merger | PT. Indo Kordsa Tbk (BRAM) dan PT. Indo Kordsa Polyester (IKP) | PT. Indo Kordsa Tbk |
| 3 | PGUN | 29 December 2022 | Merger | PT. Pradiksi Gunatama Tbk (PGUN) dan PT. Senabungan Anekapertiwi SA) | PT. Pradiksi Gunatama Tbk |
| 4 | ISAT | 05 January 2022 | Merger | PT. Indosat Tbk dan PT. Huchison Tri Indonesia | PT. Indosat Ooredoo Hutchison Tbk |
| 5 | BDMN | 02 May 2019 | Merger | PT. Bank Danamon Tbk (BDMN) dan PT. Bank Nusantara Parahyangan Tbk (BBNP) | PT. Danamon Tbk |
| 6 | GDST | 08 October 2018 | Merger | PT. Gunawan Dianjaya Steel Tbk (GDST) dan PT. Jaya Pari Steel Tbk (JPRS) | PT. Gunawan Dianjaya Steel Tbk |
| 7 | KLBF | 21 December 2005 | Merger | PT. Kalbe Farma Tbk (KLBF) dan PT. Dankos Laboratories Tbk dan Pt. Enseval | PT. Kalbe Farma Tbk |
| 8 | STTP | 19 July 2001 | Merger | Pt. Siantar Top Tbk dan PT. Saritama Tunggal | PT. Siantar Top Tbk |

**Table 1.** Data of companies undergoing mergers listed on the Indonesia Stock Exchange.

## B. Variables in the Research

Financial performance is the variable under investigation in this study. The financial success of businesses that participate in mergers and acquisitions is the specific subject of this analysis. The current ratio, return on equity, return on assets, debt to equity ratio, and return on equity are the eight dependent variables that are used to measure the company's financial success. The time frame acquisition is the independent variable. Every variable used in this study was acquired via gathering secondary data from the Indonesia Stock

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Exchange (BEI). According to Sugiyono (2012), the operational definition offers direction on the particular techniques employed to study and manage the object, creating chances for other researchers to duplicate the measures in the same manner or create more effective measuring techniques for the object. The following factors were employed in the study on financial performance measurement:

1. Current Ratio, this ratio is used to determine the company's ability to pay current liabilities with available current assets.

$$Current\ Rasio = \frac{current\ assets}{current\ liabilities}$$

2. Return On Equity, this ratio measures the company's ability to generate profits by utilizing its own capital.

$$Return\ On\ Equity = \frac{net\ profit\ after\ tax}{equity}$$

3. Return On Assets, this ratio is used to determine the company's ability to generate profit from the assets used.

$$Return\ On\ Assets = \frac{net\ income}{Total\ Assets}$$

4. Debt To Ratio, this ratio is used to determine the company's assets financed by debt or capital from external parties.

$$Debt\ To\ Asset\ Ratio = \frac{Total\ debt}{Total\ assets}$$

5. Debt To Equity Ratio, this ratio explains the company's ability to cover all its debts with its own capital.

$$Debt\ To\ Equity\ Ratio = \frac{Total\ debt}{Total\ equity}$$

### C. Type and Source of Data

Secondary data sources, or information gathered from external sources in the form of publications, are used in this kind of quantitative analysis. All publicly traded companies' balance sheets and income statements for a given time period that were registered on the IDX, IDN Financial, and investing world websites provided the data. Method of Data Collection The documentation method is a technique for gathering data that involves first examining the relevant documents or data, then capturing and computing the results. Before and after the merger and acquisition announcement date, the researcher will gather historical stock price data from every firm listed on the Indonesia Stock Exchange. Through data processing using SPSS for Windows, statistical tests are used in the analysis technique. The paired T-test statistical method is the analysis technique employed. In the meantime, The dependent variable is measured using a ratio scale. A summary of the data used in this study is provided by financial ratio analysis, which is followed by descriptive statistical analysis. The ratios under examination will be used as variables for statistical testing after being compared to the ratios before to the merger and acquisition. There is no discernible difference between the initial and final variables when the significance value is less than 0.05. This demonstrates that there is no discernible impact on the variations in how each variable is treated. There is no discernible difference between the initial and final variables when the significance value is greater than 0.05. This demonstrates that there is no discernible impact on the variations in how each variable is treated.

## Results and Discussion

Each variable's minimum, maximum, average, and standard deviation are used in this study. Methods for gathering and presenting data that yield valuable information are known as descriptive statistics (Walpole,

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1995). The lowest value is utilized to find the data's smallest value, while the maximum value is helpful in identifying the data's highest value. When determining how much the research data deviates from the mean, the mean is helpful. This study has five different kinds of variables: the debt-to-assets ratio, return on equity, return on assets, current ratio, and debt-to-equity ratio. The table below displays the findings of the descriptive analysis.

| Model | N | Minimum | | Maximum | | Average | |
|---|---|---|---|---|---|---|---|
| | | Before Merger | After merger | Before Merger | After merger | Before Merger | After merger |
| Current Ratio | 8 | 66.09 | 70.56 | 73.25 | 75.47 | 67.10 | 69.45 |
| Return on Equity | 8 | 66.89 | 68.70 | 77.34 | 79.56 | 70.54 | 72.76 |
| Return On Assets | 8 | 40.38 | 43.34 | 44.68 | 46.26 | 41.46 | 44.57 |
| Debt to Assets Ratio | 8 | 58.68 | 60.78 | 68.59 | 69.59 | 65.78 | 68.58 |
| Debt to Equity Ratio | 8 | 41.32 | 45.76 | 57.34 | 59.68 | 55.68 | 59.71 |

**Table 2.** Descriptive Statistics

Information about the five variables before and after the merger is valuable information and a positive signal for investors in their decision-making, as demonstrated by the descriptive statistical test results in the above table, which also show that the average values of the five variables before and after the merger have different average differences. While the debt to assets ratio has a difference of 2.8 and the debt to equity ratio has a difference of 4.03, the current ratio has a difference of 2.35, return on equity has a difference of 2.22, and return on assets has a difference of 3.11.

### 1. Test of Normalcy

According to Sujarweni (2016), the normality test seeks to ascertain the data distribution inside the variable, particularly whether or not the sample data utilized is regularly distributed. The Kolmogorov-Smirnov test, a prerequisite analysis method carried out prior to hypothesis testing, is the normalcy test that the researcher employed in this investigation. It is used to ascertain whether the independent and dependent variables of the regression model have a normal distribution of data. The data is considered to be regularly distributed if the significance level is greater than 0.05. However, if the significance threshold is less than 0.05, the data is not normally distributed.

The normalcy test findings using SPSS version 25 data are as follows:

| Type of Data | *Kolmogorov-Smirnov* | | | Descriptive |
|---|---|---|---|---|
| | *Statistic* | *Df* | *Sig.* | |
| Current Ratio | 0.108 | 16 | 0.080 | Normal |
| Return on Equity | 0.089 | 16 | 0.200 | Normal |

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| | | | | |
|---|---|---|---|---|
| Return On Assets | 0.074 | 16 | 0.321 | Normal |
| Debt to Assets Ratio | 0.058 | 16 | 0.200 | Normal |
| Debt to Equity Ratio | 0.111 | 16 | 0.062 | Normal |

**Table 3.** Normality Test

It is evident from Table 2 above that the researcher's normalcy test computations produced a significance value > 0.05. Given that every variable has a significance level greater than 0.05, it may be argued that the data is regularly distributed.

**2. Test of Homogeneity of Variance**

The homogeneity test compares the variances of two or more groups of sample data from the same population to ascertain whether or not they are the same. Levene's test is the homogeneity test employed in the study. Finding the difference between each score and the group mean is how the test's data is handled [21]. In the homogeneity test, the data distribution is considered to be homogenous if the Sig value is greater than 0.05, and non-homogeneous if the Sig value is less than 0.05.

The variance homogeneity test results for the current ratio, return on equity, return on assets, debt to equity ratio, and return on equity ratio groups, as shown in Table 3, indicate a Sig. value > 0.05. This suggests that the variation is uniform across all groups of data related to the current ratio, return on equity, return on assets, debt to equity ratio, and debt to assets ratio. The table below illustrates this.

| *Levene's Test of Equality of Error Variances* | | | | | |
|---|---|---|---|---|---|
| Data group | *Levene Statistic* | *df1* | *df2* | *Sig.* | Decision |
| Current Ratio | 2.763 | 2 | 27 | 0091 | Varians Homogen |
| Return on Equity | 1.668 | 2 | 27 | 0.,192 | Varians Homogen |
| Return On Assets | 1.605 | 2 | 27 | 0.204 | Varians Homogen |
| Debt to Assets Ratio | 1.789 | 2 | 27 | 0.201 | Varians Homogen |
| Debt to Equity Ratio | 1.789 | 2 | 27 | 0.089 | Varians Homogen |

**Table 4.** Multicollinearity Test

**3. Testing Hypotheses**

After the normalcy test findings are known, hypothesis testing is carried out in order to choose the best testing instrument for the hypothesis. A parametric test is used to determine if the sample is normally distributed, while a non-parametric test is used to determine whether the sample is normally distributed, according to the test results.

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a. If the data distribution is normal and the samples are interval or ratio type, the Paired Sample T-Test is a parametric test that may be used to ascertain whether the means of two related samples differ [22].

b. A non-parametric test called the Wilcoxon Signed Rank Test is performed to ascertain whether the average of two related Following the results of the normalcy test, the Wilcoxon test is performed. The findings show that none of the variables' data have a normal distribution [23].

**4. First Hypothesis Testing (H1)**

ANOVA is used in the research's initial hypothesis test to ascertain whether the current ratio before and after the merger differs significantly. In conclusion, the table below displays the test results on the collected data:

| ANOVA | | | | | |
|---|---|---|---|---|---|
| | *Sum of Squares* | *df* | *Mean Square* | *F* | *Sig.* |
| *Between Groups* | 0,000 | 2 | 0,000 | 4,351 | 0,046 |
| *Within Groups* | 0,008 | 27 | 0,000 | | |
| *Total* | 0,009 | 29 | | | |

**Table 5.** ANOVA Test Results for the First Hypothesis

The Sig. value is 0.046, according to the data in Table 4. The current ratio before and after the merger differed significantly, as indicated by the result, which shows Sig. < 0.05. Based on this finding, it can be said that the current ratios of companies listed on the IDX before and after the merger change significantly.

**5. Testing the Second Hypothesis (H2)**

ANOVA is also used in the research's second hypothesis test to ascertain whether the Return on Equity before and after the merger differs significantly. The table below shows a summary of the test findings on the collected data:

| ANOVA | | | | | |
|---|---|---|---|---|---|
| | *Sum of Squares* | *df* | *Mean Square* | *F* | *Sig.* |
| *Between Groups* | 0.622 | 2 | 0.311 | 11.446 | 0.000 |
| *Within Groups* | 4.807 | 27 | 0.027 | | |
| *Total* | 5.429 | 29 | | | |

**Table 6.** ANOVA Test Results for the Second Hypothesis

It is evident from Table 5's data that the Sig. value is 0.000. This result shows Sig. < 0.05, indicating that the BEI company's Return on Equity before and after the merger differed significantly.

**6. Examining the Third Theory (H3)**

ANOVA is also used in the research's second hypothesis test to ascertain whether the Return on Assets before and after the merger differs significantly. The table below shows a summary of the test findings on the collected data:

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| ANOVA | | | | | |
|---|---|---|---|---|---|
| | *Sum of Squares* | *df* | *Mean Square* | *F* | *Sig.* |
| *Between Groups* | 8.621 | 2 | 4.311 | 7.506 | 0.001 |
| *Within Groups* | 11.646 | 27 | 0.574 | | |
| *Total* | 110.267 | 29 | | | |

**Table 7.** ANOVA Test Results for the Third Hypothesis

The Sig. value is 0.001, according to the data in Table 6. This result shows Sig. < 0.05, indicating a significant difference between the BEI Company's Return On Assets before and after the merger.

**7. Fourth Hypothesis Testing (H4)**

ANOVA is also used in the research's second hypothesis test to ascertain whether the Debt to Assets Ratio before and after the merger differs significantly. In conclusion, the table below displays the test results on the collected data:

| ANOVA | | | | | |
|---|---|---|---|---|---|
| | *Sum of Squares* | *df* | *Mean Square* | *F* | *Sig.* |
| *Between Groups* | 9.331 | 2 | 7.421 | 9.341 | 0.003 |
| *Within Groups* | 102.496 | 27 | 0.829 | | |
| *Total* | 143.327 | 29 | | | |

**Table 8.** ANOVA Test Results for the Fourth Hypothesis

Table 7's data indicates that the Sig. value is 0.003. This result shows Sig. < 0.05, indicating that the BEI company's debt to assets ratio before and after the merger differed significantly.

**8. Testing the Fifth Hypothesis (H5)**

ANOVA is also used in the research's second hypothesis test to ascertain whether the Debt to Equity Ratio before and after the merger differs significantly. In conclusion, the table below displays the test results on the collected data:

| ANOVA | | | | | |
|---|---|---|---|---|---|
| | *Sum of Squares* | *Df* | *Mean Square* | *F* | *Sig.* |
| *Between Groups* | 7.421 | 2 | 8.511 | 9.203 | 0.002 |
| *Within Groups* | 151.646 | 27 | 0.894 | | |
| *Total* | 114.264 | 29 | | | |

**Table 9.** ANOVA Test Results for the Fifth Hypothesis

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The Sig. value is 0.002, according to the data in Table 8. This result shows Sig. < 0.05, indicating a significant difference between the BEI company's debt to equity ratio before and after the merger.

The result of the Wilcoxon signed-rank test find a significant differences in the financial ratios of Debt to Equity before and after Merger and Acquisition, and we can even see the median before the occurrence of Merger and Acquisition had a smaller ratio and was considered better. So that in this study H0 is rejected, and H1 is accepted because it is proved there was a significant difference. This result is following the research conducted by Widyarti and the research conducted by Esterlina, and Firdausi [24] found the same thing. Namely, there were significant differences of Debt to Equity of companies between before and after Merger and Acquisition on the Debt to Equity financial ratio. The Merger and Acquisition process requires time to adapt especially structurally in the formation of a new structural and business base that requires time to create a better financial ratio because basically when Merger and Acquisition occurs the business scale changes to become bigger and not the same as before.

## Conclusion

The current ratio before and after the merger differs significantly, as indicated by the first hypothesis test's Sig. < 0.05 result. Based on these findings, it can be said that the current ratio of companies listed on the IDX differs significantly before and after the merger. According to the second hypothesis test, there is a significant difference between BEI companies' Return on Equity before and after the merger (Sig. < 0.05). The third hypothesis test reveals Sig. < 0.05, indicating a significant difference between the BEI Company's Return On Assets before and after the merger. 4. The Sig. value for the fourth hypothesis test is 0.003. This result shows Sig. < 0.05, indicating that the BEI company's debt to assets ratio before and after the merger differed significantly. 5. The Sig. value for the fifth hypothesis test is 0.002. This result shows Sig. < 0.05, indicating that the BEI company's debt to equity ratio before and after the merger differed significantly. The study's conclusion, based on the explanation above, is that there is no discernible difference between the company's financial ratio variables—CR, ROE, ROA, DAR, and DER—one year before and one year after the merger. In other words, the company's financial performance one year after the merger is not better than the average one year prior to the merger, as measured by average financial ratios. Since the measurement results of the overall financial ratios, such as CR, ROE, ROA, DAR, and DER, reveal no difference between the company before and after the merger, the study's findings suggest that mergers do not always have an economic influence on the business.

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