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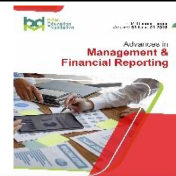

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Analysis of Financial Performance Before and After Acquisition

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Conflict of Interest Statement:

The author(s) declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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ABSTRACT

This study aims to determine differences in the company's financial performance before and after making acquisitions of non-financial companies listed on the Indonesia Stock Exchange (IDX), which are proxied by financial ratios Current Ratio (CR), Quick Ratio (QR), Cash Ratio (Cr), Debt to Total Assets (DAR), Debt to Equity Ratio (DER), Earnings per Share (EPS), Price Earnings Ratio (PER), Return on Assets (ROA), and Return on Equity (ROE). The study population included all manufacturing companies, especially the primary and chemical industry sectors listed on the Indonesia Stock Exchange, which performed acquisition activities in 2013 – 2019, totaling 39 companies. The sample selection technique used a purposive sampling method, and five companies were obtained. The data analysis method used in this study includes the normality test and the paired sample t-test. The normality test was conducted to see whether the data is usually distributed. If the data is normally distributed, the paired sample t-test is used, but if the data is not normally distributed, then Wilcoxon's signed ranks test is used. The data analysis method used in this study is the paired sample t-test. The results of this study indicate that all research variables, namely, Current Ratio (CR), Quick Ratio (QR), Cash Ratio (Cr), Debt to Total Assets (DAR), Debt to Equity Ratio (DER), Earnings per Share (EPS), Price Earnings Ratio (PER), Return on Assets (ROA), and Return on Equity (ROE) did not experience significant changes three years after the acquisition.

Introduction

The market is undergoing continuous adjustments in response to the evolution of the corporate world in the era of globalization. Changes are ubiquitous throughout all disciplines. The advancement of technology has led to ongoing development, resulting in varying growth rates of financial goods. Additionally, new industries have developed, accompanied by distribution and marketing strategies transformations. The expanding number of rivals further contributes to the dynamic landscape. Moreover, the value of expertise, working capital, and other resources continue to rise. According to Dewi and Suryantini (2018), The market dynamics have exerted a discernible influence, necessitating organizations to persistently assess their performance and implement enhancements to sustain growth and remain competitive. The organization implemented several modifications to support its business growth and adapt to market dynamics. To foster growth and advancement, organizations have the potential to enhance their operations through the implementation of business mergers. Companies engage in business combinations due to the generation of synergy resulting from the simultaneous integration of activities derived from the strengths of multiple elements within the

company. This integration produces a collective effect that surpasses the cumulative impact of the individual activities if they were conducted independently (Firdaus & Yuniati, 2016). Furthermore, the merger can provide advantageous outcomes for the organization, including enhanced marketing capabilities, expanded research opportunities, bolstered managerial expertise, facilitated technology transfer, and improved operational efficiency, leading to decreased manufacturing costs (Dewi & Purnawati, 2016). Another motive for business actors engaging in business combinations is to pursue efficiency objectives. The anticipated efficiency gains drive attempts to prioritize production aspects, enabling the resulting production outcomes to effectively compete in the market and capture consumer interest (Pratiwi & Sedana, 2017).

The acquisition concept presents itself as a paradoxical event inside the business realm. One aspect to consider is the ongoing escalation of intensity, juxtaposed with the relatively high failure rate (Indriani, 2018). Mergers and acquisitions are a prevalent occurrence in the United States. The decade of the 1980s is commonly called regarded as the period of merger frenzy due to the existence of roughly 55,000 actions during that time (Rosenbaum & Pearl, 2013). In Indonesia, the emergence of merger and acquisition activity has coincided with advancing the country's capital market. Several mergers and acquisitions have been observed among companies listed on the Indonesia Stock Exchange (IDX). Notably, PT Semen Gresik successfully bought PT Semen Padang, while PT Nutricia completed the acquisition of PT Sari Husada. Organizations are more inclined towards adopting mergers and acquisitions as a strategic approach instead of pursuing internal growth. Mergers and acquisitions are widely regarded as practical means of attaining corporate objectives, as they prevent corporations from starting a fresh business venture. Mergers and acquisitions are recognized for their potential to generate synergistic effects when the combined value of a company's post-merger or acquisition surpasses the aggregate value of the individual companies before the transaction. Moreover, mergers and acquisitions can yield numerous advantages for organizations, such as enhancing marketing capacities, bolstering research efforts, augmenting managerial expertise, facilitating technology transfer, and improving operational efficiency by mitigating manufacturing costs (Gustina, 2017).

Financial performance refers to evaluating a company's ability to utilize its assets to earn profits effectively. Additionally, it can be used to compare with other companies operating within the same industry or for benchmarking against the industry average. Financial performance evaluation can be conducted by analyzing the four essential financial reports that must be disclosed to shareholders. These reports include income statements, financial position statements, balance sheets, and cash flow reports (Esterlina & Firdausi, 2017). When establishing benchmarks and criteria, management uses financial ratios to analyze performance. Aprilia (2015) asserts that financial ratios have demonstrated their significance in assessing a company's financial performance and can be utilized to forecast the viability of thriving and struggling enterprises. In his publication, Walsh discusses the importance of ratios, which can be crucial in aiding managers in formulating a lucrative long-term corporate plan and facilitating sound short-term decision-making. Hence, evaluating the efficacy or inefficacy of acquisitions by examining financial performance is widely considered a suitable approach.

Multiple studies have examined the impact of acquisitions on financial performance in Indonesia. One such study conducted by Ergi (2017) found that the various research variables, including Current Ratio (CR), Total Assets Turnover (TATO), Debt to Equity Ratio (DER), Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Earnings per Share (EPS), and Price Earnings Ratio (PER), did not exhibit significant changes in the five years following the acquisition. Furthermore, a study conducted by Wibowo & Mahfud (2012) indicates that the examination focused on seven financial measures, specifically Net Profit Margin (NPM), Return on Investment (ROI), Return on Equity (ROE), Earnings per Share (EPS), Total Asset Turnover (TATO), Current Ratio (CR), and Debt. The acquirer exhibited no substantial disparity in the pre-and post-acquisition comparison. Nevertheless, it is worth noting that mergers in corporate settings may result in notable differences in metrics like return on investment (ROI), earnings per share (EPS), and debt ratios both before and during the merger. According to a study by Novaliza and Djajanti (2013), the company's financial ratios for one year before and four following mergers and acquisitions did not exhibit a substantial variance. Return

on Assets is the sole financial ratio that has changed considerably. While it is true that a particular proportion has undergone a notable transformation, it is essential to note that this alone does not offer conclusive evidence regarding the impact of mergers and acquisitions.

This study aims to replicate the research conducted by Phillips Ergi Hanantyo in 2017, titled "Financial Performance Analysis Before and After Acquisition of Non-Financial Companies Listed on the Indonesian Stock Exchange (IDX)." The distinction between the present study and prior research is in examining financial performance and utilizing independent variables. The study conducted by Phillips Ergi Hanantyo used a limited number of ratios, which were applied across various company kinds. The time frame for the analysis encompassed two years before the purchase and five years following it. The study primarily examined manufacturing enterprises within the sub-sectors of primary and chemical industries. The temporal scope of the analysis encompassed one year before the acquisition and three years following the acquisition.

Financial statements are comprehensive documents that provide an overview of a company's financial status at a given time or over a specific period. According to Kasmir (2015), financial reports are the principal means of providing financial information to individuals or entities with a vested interest. According to Setiawan (2013), financial reports are generated through an accounting procedure to convey financial information or a firm's actions to individuals or groups interested in such matters. According to Financia (2017), financial reports serve the purpose of presenting information about the financial state of a company. Financial statements provide a comprehensive overview of a company's financial position and performance for a specific time frame or period. The primary objective of this financial report is to furnish owners, managers, and external stakeholders with comprehensive business financial information (Njoroge, 2016). Financial statements have several components, including balance sheets, income statements, and supplementary data, that collectively depict the accomplishments of an organization over a specific timeframe. According to Zaki Baridwan, financial reports' objectives are as follows: The primary goal of financial reporting is to furnish accurate and dependable information about a company's economic resources, commitments, and capital. The primary objective is to provide accurate and reliable data about alterations in a company's net economic resources, derived by subtracting liabilities from sources resulting from business actions to generate profits. The primary objective of providing financial information is to aid report users in assessing the company's ability to make profits. It is imperative to include facts about expenditures and agricultural endeavors to furnish more pertinent details on alterations in economic resources and duties. It is essential to disclose additional financial report details comprehensively to address users' information requirements adequately. This includes pertinent information concerning the accounting policies implemented by the organization.

The financial report analysis is the process of simplifying the numerical data shown in financial statements and conducting comparisons with similar businesses. This analysis entails examining existing developments, such as trends, to get insights that can be utilized to anticipate future situations. According to Aziz (2018), financial statement analysis involves using analytical tools and procedures to examine financial reports and related data. Through this analysis, precise measurements and relationships can be derived from these reports, proving highly valuable in decision-making. Financial statement analysis examines and evaluates a company's financial position, encompassing scrutinizing its balance sheet and income statement (Candrasari, 2014). Therefore, it can be inferred that examining financial statements involves simplifying numerical data within the financial domain and, afterward, juxtaposing it with prevailing patterns, thereby facilitating the identification of alterations.

"acquisition" refers to procuring or obtaining an item to augment an existing possession. In business, the term "acquisition" refers to the process by which one firm gains ownership or control of the shares or assets of another company. It is important to note that when an acquisition occurs, the company being acquired may continue to exist as a distinct legal entity (Melindhar, 2015). The concept of acquisition, as defined by the Financial Accounting Standards in statement Number 22, refers to a corporate combination wherein one company, the acquirer, assumes ownership by contributing certain assets, acknowledging a liability, or issuing shares.

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Financial performance refers to evaluating a company's financial status during a specific timeframe, focusing on acquiring and allocating cash. This assessment typically encompasses capital adequacy, liquidity, and profitability (Putra & Agustin, 2016). According to Fahmi (2012), the financial performance evaluation involves evaluating the degree to which a corporation has effectively and accurately adhered to economic principles and practices. Company performance is assessing a company's financial state, estimated using financial analysis methodologies. This assessment identifies favorable and unfavorable financial conditions within a specified timeframe, reflecting the company's overall work performance. Ensuring the optimal utilization of resources in addressing environmental changes is crucial.

Based on the background, central issues, and theoretical basis that has been described, the researcher sets the research hypothesis as follows:

H_1: It is suspected that there are differences in the acquirer's financial performance as measured by the Current Ratio (CR) between before and after the acquisition.

H_2: It is suspected that there are differences in the acquirer's financial performance as measured by the Quick Ratio (QR) between before and after the acquisition.

H_3: It is suspected that there are differences in the acquirer's financial performance as measured by the Cash Ratio (Cr) between before and after the acquisition.

H_4: It is suspected that there are differences in the acquirer's financial performance as measured by the Debt to Total Assets Ratio (DAR) between before and after the acquisition.

H_5: It is suspected that there are differences in the acquirer's financial performance as measured by the Debt-to-Equity Ratio (DER) between before and after the acquisition.

H_6: It is suspected that there are differences in the acquirer's financial performance as measured by Return on Assets (ROA) between before and after the acquisition.

H_7: It is suspected that there are differences in the acquirer's financial performance as measured by Return on Equity (ROE) between before and after the acquisition.

Research Design and Methodology

The present study falls within the category of quantitative research. The study utilized 39 manufacturing companies listed on the Indonesian Stock Exchange (IDX), specifically focusing on companies operating in the primary and chemical industry sectors. The study employed a non-probability sampling methodology known as purposive sampling to choose the sample. The purposive sampling approach is a non-random sampling technique that involves deliberately selecting participants based on specific criteria (Sugiyono, 2008). The data collected for this study consisted of samples from five companies that met the criteria established for inclusion.

Table 1. Company Name

No	Stock code	Name	Subsector	Year
1	ALDO	Alkindo Naratama Tbk	Pulp And Paper	July 12, 2011
2	DAJK	Dwi Aneka Jaya Kamasindo Tbk	Pulp And Paper	May 14, 2014
3	IMPC	Impack Pratama Industri Tbk	Plastic And Packaging	17 Dec 2014
4	SMBR	Semen Baturaja (Persero) Tbk	Cement	June 28, 2013
5	W TON	Wijaya Karya Beton Tbk	Cement	April 08, 2014

This comparative study examines the financial performance of manufacturing enterprises before and after their acquisition. The utilized data consists of quantitative information obtained from secondary sources; specifically annual reports of manufacturing companies listed on the Indonesia Stock Exchange. The data collection methodology employed in this study was the documentation method. The documentation method refers to a data-gathering technique that involves the examination of documents or data utilized, followed by recording and calculating. The data analysis

techniques employed in this work encompass descriptive statistical analysis, tests for normality, and the paired sample t-test. The normality test was conducted to assess the normal distribution of the data. The paired sample t-test is employed when the data exhibit a normal distribution. Still, Wilcoxon's signed ranks test is utilized when the data does not conform to a normal distribution. The statistical technique employed in this research investigation is the paired sample t-test.

Table 2. Operational Variables

Variables	Indicators	Major Reference
Current Ratio (X1)	Current Ratio $\frac{\text{Current asset}}{\text{Current liabilities}}$	(Ergi, 2017; Wibowo & Mahfud, 2012)
Quick Ratio (X2)	Quick Ratio $\frac{\text{Cash + Securities + Receivables}}{\text{Current liabilities}}$	(Ergi, 2017; Novaliza & Djajanti, 2013)
Cash Ratio (X3)	Cash Ratio $\frac{\text{Cash}}{\text{Current asset}}$	(Firdaus & Yuniati, 2016; Wibowo & Mahfud, 2012)
Debt to Equity Ratios (X4)	Debt to Equity Ratio $\frac{\text{Current liabilities}}{\text{Capital}}$	(Dewi & Purnawati, 2016; Firdaus & Yuniati, 2016)
Debt total assets ratio (X5)	Debt to Total Assets Ratio $\frac{\text{total Amoun of debt}}{\text{total Assets}}$	(Dewi & Suryantini, 2018; Novaliza & Djajanti, 2013)
Return On Assets (X6)	ROA $\frac{\text{Net profit}}{\text{total Assets}}$	(Erg, 2017; Indriani, 2018)
Return On Equity (X7)	ROE $\frac{\text{Net profit}}{\text{Capital}}$	(Indriani, 2018; Novaliza & Djajanti, 2013)

Findings and Discussion

Findings

The initial step in examining the research data involves conducting descriptive statistical analysis. Descriptive statistics offer a comprehensive summary or portrayal of data, encompassing key measures such as the minimum and maximum values and the mean and standard deviation.

Table 3. Pre-Acquisition Descriptive Statistics

Variable/ period	Minimum (%)	Maximum (%)	Means (%)	std. Deviations (%)
CR_BeforeAcquisition	,85	3.85	2.0400	1.26167
QR_BeforeAcquisition	,48	3,17	1.5460	1.00061
Cr_BeforeAcquisition	,03	,75	,2740	,29211
DAR_BeforeAcquisition	,20	,75	,5140	,20888
DER_BeforeAcquisition	,38	20.65	6.0420	8.25319
ROA_BeforeAcquisition	,01	,33	,1260	,12462
ROE_BeforeAcquisition	,00	,72	,2820	,30906

Source: SPSS Processed Data

The normality test determines the data distribution in the variables used in research with normal distribution. This study's data was Normality. It was carried out using the Kolmogorov-Smirnov test (KS test). The criteria used, if the significance (< 5%), then the data is not normally distributed, and vice versa (Ghozali, 2011). The normality test was carried out in this study using the one-sample Kolmogorov-Smirnov test. The data in Table 4 can be standard if the significance value is above or equal to the alpha value of 0.05. All data in Table 4 and Table 5 show asymp numbers. Sig. (2-tailed) which is more significant than 0.05, the data is usually distributed. Because the data is normally distributed, the different test that will be used in this study is the parametric paired sample t-test

Table 4. Statistics of All Variables After Acquisition

Variable / period	Minimum (%)	Maximum (%)	Means (%)	Std deviation (%)
CR_AfterAcquisition1	,84	10.88	3.9420	4.02529
CR_AfterAcquisition2	1.22	12.99	3.8160	5.14689
CR_After Acquisition3	1.24	13.93	5.4200	5.28091
QR_AfterAcquisition1	,96	10.01	3.1560	3.84722
QR_AfterAcquisition2	,64	1.34	,8900	,26777
QR_AfterAcquisition3	,53	5.50	1.9340	2.09096
Cr_AfterAcquisition1	,03	,64	,3100	,25199
Cr_AfterAcquisition2	,05	,70	,2700	,26344
Cr_After Acquisition3	,01	,41	,1620	,15320
DAR_AfterAcquisition1	, 10	,61	,3880	,18539
DAR_AfterAcquisition2	,08	,61	,4040	,20317
DAR_AfterAcquisition3	, 10	,74	.4580	,23004
DER_AfterAcquisition1	,28	15.87	4.4800	6.42647
DER_AfterAcquisition2	,25	11.97	4.2580	4.63070
DER_AfterAcquisition3	, 32	4.53	2.3960	1.51825
ROA_After Acquisition1	,05	,15	.0860	.04615
ROA_After Acquisition2	-,06	,07	.0320	.05263
ROA_After Acquisition3	-,04	,07	,1560	,30640
ROE_After Acquisition1	, 11	3.55	.9580	1.46191
ROE_After Acquisition2	-1.10	2.72	,3880	1.40630
ROE_After Acquisition3	-1.52	2.49	,2660	1.43716

Table 5. Financial Ratio Normality Test Results in Companies that Make Acquisitions

Variable	Kolmogorov-Smirnov (%)	Symp. Sig.(2-tailed) (%)	Conclusion
CR _Before_Acquisition	,495	,967	Normal
CR_Acquisition1	,689	,729	Normal
CR_After_Acquisition2	,935	,347	Normal
CR_After_Acquisition3	,498	,965	Normal
QR_Before_Acquisition	,685	,736	Normal
QR_After_Acquisition1	,672	,759	Normal
QR_After_Acquisition2	,671	,759	Normal
QR_After_Acquisition3	,674	,755	Normal
Cr_Before_Acquisition	,442	,377	Normal
Cr_After_Acquisition1	,442	,990	Normal
Cr_After_Acquisition2	,647	,797	Normal
Cr _After_Acquisition3	,566	,906	Normal
DAR_before_acquisition	,377	,999	Normal
DAR _after_acquisition1	,590	,877	Normal
DAR _after_acquisition2	,590	,877	Normal
DAR _after_acquisition3	,679	,747	Normal
DER_before_acquisition	,913	,374	Normal
DER_after_acquisition1	,913	,374	Normal
DER_after_acquisition2	,551	,922	Normal
DER_after_acquisition3	,476	,977	Normal
ROA_Before_Acquisition	,546	,927	Normal
ROA_After_Acquisition1	,701	,710	Normal
ROA_After_Acquisition2	,806	,535	Normal
ROA_After_Acquisition3	,946	,333	Normal
ROE_Before_Acquisition	,458	,985	Normal
ROE_After_Acquisition1	,875	,428	Normal
ROE_After_Acquisition2	,802	,540	Normal
ROE_After_Acquisition3	,637	,811	Normal

Source: *Secondary Data Processed in SPSS*

Once an appropriate testing model has been acquired for the data, the subsequent stage involves hypothesis testing. The study employed hypothesis testing to address the problem formulation. Hypothesis testing was completed within a certain acquisition period, explicitly focusing on corporations engaged in acquisition operations in 2011. The study used data from one year before and three years after the acquisition event in organizations that engage in acquisition endeavors.

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Table 6. Results of Paired Sample T-Test Summary of All Variables at Acquisition Company

	Variable / period	T - hits (%)	Sig (2 - Tailed) (%)	Conclusion
Pair 1	Cr_BeforeAcquisition - Cr_AfterAcquisition1	-1,466	,216	Not significant
Pair 2	Cr_BeforeAcquisition - Cr_AfterAcquisition2	-.944	,399	Not significant
Pair 3	Cr_BeforeAcquisition - Cr_AfterAcquisition3	-1,865	,136	Not significant
Pair 4	QR_BeforeAcquisition - QR_AfterAcquisition1	-1,222	,289	Not significant
Pair 5	QR_BeforeAcquisition - QR_AfterAcquisition2	1,789	,148	Not significant
Pair 6	QR_BeforeAcquisition - QR_AfterAcquisition3	-.645	,554	Not significant
Pair 7	Cr_BeforeAcquisition - Cr_AfterAcquisition1	-,628	,564	Not significant
Pair 8	Cr_BeforeAcquisition - Cr_AfterAcquisition2	,077	,943	Not significant
Pairs 9	Cr_BeforeAcquisition - Cr_AfterAcquisition3	,947	,397	Not significant
Pairs 10	DAR_BeforeAcquisition - AR_AfterAcquisition1	2,473	,069	Not significant
Pairs 11	DAR _BeforeAcquisition - DAR_AfterAcquisition2	1,483	,212	Not significant
Pairs 12	DAR _Before Acquisition - DAR_AfterAcquisition3	,586	,590	Not significant
Pairs 13	DER_BeforeAcquisition - DER_AfterAcquisition1	1,873	,134	Not significant
Pairs 14	DER _BeforeAcquisition - DER _AfterAcquisition2	1,002	,373	Not significant
Pairs 15	DER _Before Acquisition - DER _After Acquisition3	1.017	,367	Not significant
Pairs 16	ROA_BeforeAcquisition - ROA_AfterAcquisition1	1,073	,344	Not significant
Pairs 17	ROA_Before Acquisition - ROA _After Acquisition2	1,673	,170	Not significant
Pairs 18	ROA_Before Acquisition - ROA_AfterAcquisition3	-,213	,842	Not significant
Pairs 19	ROE_BeforeAcquisition - ROE_AfterAcquisition1	-,939	,401	Not significant
Pairs 20	ROE_BeforeAcquisition - ROE_AfterAcquisition2	-,144	,893	Not significant
Pair 21	ROE_BeforeAcquisition - ROE_AfterAcquisition3	,021	,984	Not significant

Source: *Secondary Data Processed in SPSS*

Discussion

Differences in liquidity ratios in Manufacturing companies before and after the acquisition

The current research employed a paired sample t-test to investigate the Current Ratio (CR) variations among firms involved in acquisition activities. The study phase spans one year before and three years after the purchase. Based on the analysis results, it can be concluded that the null hypothesis Ha1 is rejected, suggesting that there is no statistically significant difference in the company's current ratio variable between the one-year before the purchase and the three-year period following it. This study's results indicate no statistically significant difference in the existing ratio variable of the company before and after the acquisition. This phenomenon emerges from the data obtained since the company's current liabilities and assets consistently demonstrate a recurring pattern annually. Despite the transaction's consummation, no statistically significant alteration occurred before and after the acquisition. The acquisition involves the integration of the company's current assets. The large discrepancy indicates an enhancement in the company's ability to meet its short-term financial obligations. Nevertheless, the lack of a substantial disparity in results following the acquisition suggests that the desired synergy has not yet been achieved.

Differences in liquidity ratios in Manufacturing companies before and after the acquisition

The paired sample t-test was conducted to analyze the Quick Ratio (QR) variable in organizations engaged in acquisition activities, specifically focusing on a research period of 1 year before the acquisition and three years following the acquisition. Based on what was found, it can be said that the null hypothesis H2 is not valid. This means there was no statistically significant difference between the company's Quick Ratio one year before and three years after. The findings of this study suggest that there is no statistically significant disparity in the Quick Ratio variable of the company before and following the acquisition. The observed phenomenon can be attributed to the constancy of the ratio between Cash, Securities, and Receivables and the company's Current Liabilities across consecutive years, notwithstanding the occurrence of an acquisition. There has been no substantial change in this ratio preceding and following the purchase. The investment entails the consolidation of the company's existing assets. The company's capacity to fulfill its immediate financial obligations appears to improve, as evidenced by a notable disparity. However, the absence of a substantial difference in outcomes after the acquisition suggests that the intended objective of achieving synergy has not yet been realized.

Differences in liquidity ratios in Manufacturing companies before and after the acquisition

The present study used a paired sample t-test to examine the Cash Ratio (Cr) variable in organizations engaged in acquisition activities. The research period encompasses one year before and

three years following the acquisition. Based on the findings, it can be inferred that the null hypothesis H3 is rejected, indicating no statistically significant disparity in the Cash Ratio variable of the company between one year before the purchase and three years after. The findings of this study suggest that there is not a statistically significant disparity in the Cash Ratio variable of the company before and following the purchase. According to the acquired data, this phenomenon arises due to the consistent nature of the company's cash and cash equivalents and current liabilities across successive years, notwithstanding the completion of the purchase. Notably, no substantial growth or drop was observed before and after the acquisition. The increase in cash resulting from investments should ideally enhance a company's capacity to fulfill its short-term financial obligations, as evidenced by a substantial difference. However, if the post-acquisition results do not demonstrate a significant difference, it implies that the intended synergistic benefits of the acquisition have yet to be realized.

Differences in Solvency ratios in Manufacturing companies before and after the acquisition

The present study employs a paired sample t-test to examine the variable "Debt to total assets" in organizations engaged in acquisition operations. The research period encompasses one year before and three years following the acquisition. Based on the findings, it can be inferred that the null hypothesis H4 is rejected, indicating no statistically significant disparity observed in the company's Debt to Total Assets metric between the period of 1 year before the acquisition and three years after it. The findings of this study suggest that there is no statistically significant disparity in the variable of Debt to the company's total assets before and following the purchase. Based on the acquired data, it can be shown that the company's total debt and total assets remain relatively stable annually, despite the occurrence of acquisitions. These figures remain the same as they are before the purchase. Investments have the potential to reduce a company's overall debt and improve its capacity to fulfill long-term obligations, as evidenced by a notable disparity. However, the absence of a significant difference in outcomes following the acquisition suggests that the intended objective of achieving synergy through the investment has yet to be realized.

Differences in Solvency ratios in Manufacturing companies before and after the acquisition

The present analysis used a paired sample t-test to examine the Debt-to-Equity ratio variable in organizations engaged in acquisition activities, with a research duration encompassing one year before and three years after the acquisition. Based on the findings, it can be inferred that the null hypothesis H5 is rejected, indicating no statistically significant disparity in the company's Debt-to-Equity ratio between one year before the acquisition and three years after it. This study's findings suggest no statistically significant disparity in the company's Debt-to-Equity ratio before and after the purchase. Based on the acquired data, it is observed that the company's total debt and capital remain relatively stable on an annual basis, regardless of the occurrence of acquisitions. There is no substantial increase or drop in these variables preceding and following the purchase. The investment entails the consolidation of the company's capital. The company's capacity to fulfill its long-term liabilities is expected to enhance, as evidenced by a notable disparity. Nevertheless, due to the lack of statistically significant findings following the acquisition, the intended goal of achieving synergy through investment has not been realized thus far.

Differences in Profitability ratios of Manufacturing companies before and after the acquisition

The paired sample t-test examines the variable of Return on Assets in companies engaged in acquisition activities, with a research period of one year before the acquisition and three years following the acquisition. Based on the findings, it can be inferred that H6 is rejected, indicating that there is no statistically significant disparity in the Return on Assets variable of the company between the period of one year before the purchase and three years after it. The findings of this study suggest that there is no statistically significant disparity in the company's Return on Assets metric before and after the purchase. This phenomenon arises because of the data acquired, as the company's net income and current assets exhibit a consistent annual pattern. Despite the completion of the acquisition, there has been no substantial change in the period preceding and following the purchase.

Investments are expected to increase the company's profitability, enhancing its capacity to achieve a higher return on its assets, as evidenced by a notable disparity. Nevertheless, given the lack of statistically significant differences observed in the outcomes post-acquisition, it may be inferred that the primary objective of the acquisition was to attain synergy.

Differences in Profitability ratios in Manufacturing companies before and after the acquisition

The paired sample t-test shows the variable Return on Equity in companies that carry out acquisition activities with a research period of 1 year before the a. These results conclude that H7 is rejected, meaning there is no significant difference in the company's Return on equity variable one year before and three years after the acquisition. The results of this study indicate that there is no significant difference in the company's Return on Equity variable before and after the acquisition; based on the data obtained, this occurs because the net profit after tax and company capital tend to be constant every year, even though the acquisition has been carried out. There has been no increase or significant decrease before and after the acquisition. A vital difference suggests that the company's ability to fulfill its return on capital should have improved because of investments. However, because the results did not show a significant difference after the acquisition, the purpose of the acquisition to achieve synergy has not yet been reached.

Conclusion

The objective of this study is to assess any disparities in the company's financial performance before and after the acquisition. This evaluation will examine the company's financial ratios, explicitly focusing on the current ratio as a proxy indicator. This study's findings indicate that there is no statistically significant disparity in the company's Liquidity Ratio, as measured by various proxies such as the Current Ratio (CR), Quick Ratio, Cash Ratio, Debt to Total Assets, Debt to Equity Ratio, Return on Assets, and Return on Equity, both before and after the purchase.

The present study has various limitations: The research sample was restricted to companies engaged in acquisition activities between 2010 and 2016. These companies were selected based on the availability of financial data from one year before the acquisition and three years following the acquisition. This study only uses seven financial performance evaluation measures: Current Ratio, Quick Ratio, Cash Ratio, Debt to Total Assets, Debt to Equity Ratio, Return on Assets, and Return on Equity. This study solely focuses on analyzing the effects of acquisition activities in the medium term. The corporate data before the acquisition is incomplete.

Investors should exhibit prudence and caution when engaging in acquisition operations since a good influence on the company is not guaranteed. In addition, the corporation must formulate a strategic plan to ensure the successful execution of this transaction. To enhance the scope of future research utilizing the same study, it is advisable to augment the sample size by extending the duration of research observations. This will ensure that the processed data encompasses a more comprehensive representation of the disparities observed after the company decides to acquire another entity. Additionally, it is recommended to incorporate additional variables in subsequent research endeavors, which can be employed to gauge variations in the company's financial performance before and after the acquisition undertaking.

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