The Company’s Financial Performance Before and After Acquisition  
(Empirical Study at PT. Eagle High Plantation, Indonesia)

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Abstract
This research aims to determine the differences in the financial performance of PT. Eagle High Plantation before and after being acquired, in 2010-2020. Financial performance is measured using 12 financial ratios: Current Ratio, Quick Ratio, Cash Ratio, Debt to Equity Ratio, Debt to Asset Ratio, Long Term Debt to Equity Ratio, Net Profit Margin, Return on Assets, Return on Equity, Total Assets Turn Over, Fixed Asset Turn Over, Working Capital Turn Over. The research design used in this research is the comparative quantitative design. The data collected was secondary data and was collected using the documentation technique. The data analysis method used in this research was the data normality test and the paired sample t-test using SPSS version 21 application. The results of this research indicate that three ratios have differences before and after being acquired: Net Profit Margin, Return on Assets, and Return on Equity. Meanwhile, nine ratios show no differences before and after being acquired, namely Current Ratio, Quick Ratio, Cash Ratio, Debt to Equity Ratio, Debt to Asset Ratio, Long Term Debt to Equity Ratio, Total Asset Turn Over, Fixed Asset Turn Over, and Working Capital Turn Over.

Keywords: Acquisition, Liquidity, Solvency, Profitability, and Activities

Introduction
In the current era of globalization, competition is getting tighter both at home and abroad requires all companies to compete in the midst of economic developments that encourage many business developments and tighten competition in the business world. Therefore, the company is required to make improvements to be able to continue to maintain its business. One of them is that the company can continue to develop business strategies to increase its competitiveness, so that the company can stay afloat and move forward. The business strategy made by the company will produce a strategic decision that is an alternative to achieving the main goals of the company and is expected to have a positive impact on the company. The business strategy that can be done by the company is based on external strategies. The company's external strategy is to implement an acquisition strategy. Basically, an acquisition is a takeover of a company's assets by another company both similar and not similar where the company acquired by its control switches to the acquired company.

Several studies examining differences in a company's financial performance before and after acquisitions have been conducted, but results are not always in line and consistent. In measuring a company's financial performance, the researchers used a ratio of liquidity, profitability, solvency and activity. Liquidity can be measured by Current Ratio (CR), Quick Ratio (QR), and
Cash Ratio (CASHR), profitability with Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), solvency with Debt to Equity Ratio (DER), Debt to Assets Ratio (DAR), and Long Term Debt to Equity Ratio (LTDER), activities with Total Assets Turnover (TATO), Fixed Assets Turnover (FATO), Working Capital Turnover (WCTO).

Hardiana and Mulyana (2021) found that banks acquired by foreign investors on NPL, LDR, ROA, ROE, BOPO, except NIM and CAR measurement instruments, were better than banks acquired by domestic investors. Then Hindryanto and Retnani (2017) found that FATO, TATO, NPM, ROA and ROE are different. While CR, QR and DER make no difference. Then Yunus, Rasuli and Lukum (2021) found that CR, DER and NPM made no difference before and after the acquisition. Meanwhile, TATO, ROA and ROE have differences before and after acquisition. Hanim and Oetomo (2018) found that CR, QR, CASHR, DAR, DER, LTDER, ROA, ROE, NPM and WCTO made no difference after the company made the acquisition. Meanwhile, FATO and TATO make differences after the company makes acquisitions. While Rafaqat and Rafaqat (2020) found that NPM, ROA, ROE, WCTO and TATO there are differences before and after acquisition. Meanwhile, QR, CR and DER have no difference before and after the acquisition.

Based on some of the results of the above research, the problems in this study are whether the Current Ratio (CR), Quick Ratio (QR), Cash Ratio (CASHR), Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Equity Ratio (DER), Debt to Assets Ratio (DAR), Long Term Debt to Equity Ratio (LTDER), Total Assets Turnover (TATO), Fixed Assets Turnover (FATO), Working Capital Turnover (WCTO) is better than before it was acquired?

**Literature Review**

**Acquisition**
Based on (Article 1 of Law No. 40 of 2007) concerning Limited Liability Companies regulates the definition of takeover, namely legal actions carried out by legal entities or individuals to take over the company's shares which results in the transfer of control over the company. The takeover is carried out by taking over shares that have been issued and or will be issued by the company through the company's directors or directly from shareholders (Article 125 of Law No. 40 of 2007).

**Financial Performance**
According to Fahmi (2018: 142) financial performance is an analysis carried out to find out the extent to which a company has implemented using the rules of financial implementation properly and correctly, while according to Rudianto (2013: 189) financial performance is the performance of results or achievements that have been achieved by the company's management.

**Financial Ratio**
Financial ratio analysis is a common method used to measure a company's performance in finance. Ratio is a tool to describe a relationship between a certain amount and another amount
and using this analysis tool can certainly explain or give an idea of the financial position of a company when compared to a comparison (Rokhmawati, 2016).

Method

Designs and Samples
This study uses comparative design, which aims to test differences or comparisons in the financial performance of companies before and after acquisition. The object in this study is PT. Eagle High Plantation.

Types and Data Collection Techniques
The data collection used in this study is secondary data in the form of quantitative data and time series. The data is collected using archival data collection methods or using written facts (documents), obtained from the company's financial statements studied, namely through the official website of PT. Eagle High Plantation and the Website of the Indonesia Stock Exchange (IDX).

Data Analysis Techniques
This study calculated the company's financial ratio 5 years before it was acquired, followed by 5 years after it was acquired.

Normality Test and Hypothesis Test
The normality test is used to find out whether the sample used in the study is normally distributed or not by using the Kolmogorov-Smirnov test. To test a hypothesis using the Paired Sample T-Test.
Result and Discussion

Normality Test Results
This is the results of the financial ratio normality test 5 years before and after acquisition.

Table 1. Normality Test Results Before and After Acquisition

<table>
<thead>
<tr>
<th>Period</th>
<th>Ratio</th>
<th>P-Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>CR</td>
<td>0.974</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>QR</td>
<td>0.809</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>CASHR</td>
<td>0.269</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>DER</td>
<td>0.967</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>DAR</td>
<td>0.971</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>LTDER</td>
<td>0.988</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>NPM</td>
<td>0.982</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>ROA</td>
<td>0.951</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>ROE</td>
<td>0.982</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>TATO</td>
<td>0.984</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>FATO</td>
<td>0.887</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>WCTO</td>
<td>0.998</td>
<td>Normal</td>
</tr>
<tr>
<td>After</td>
<td>CR</td>
<td>0.905</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>QR</td>
<td>0.942</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>CASHR</td>
<td>0.809</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>DER</td>
<td>0.790</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>DAR</td>
<td>0.852</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>LTDER</td>
<td>0.661</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>NPM</td>
<td>0.717</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>ROA</td>
<td>0.825</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>ROE</td>
<td>0.740</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>TATO</td>
<td>0.842</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>FATO</td>
<td>0.825</td>
<td>Normal</td>
</tr>
<tr>
<td></td>
<td>WCTO</td>
<td>0.627</td>
<td>Normal</td>
</tr>
</tbody>
</table>

Source: Data processing results

The results of the normality test above show that the entire ratio is used as a measurement of PT. Eagle High Plantation before and after acquisition has a value greater than the significance value of 0.05 which means the data is distributed normally. Then the hypothesis test that will be used in this study is the parametric test, namely the Paired Sample T-Test.

Paired Sample T-Test
The following are the results of the Paired Sample T-Test, which aims to find out the results of observation of the average difference between two pairs of samples whether or not different in the company's financial ratio before and after acquisition. The paired sample t-test measurement
uses the significance level = 5%. The results of the Paired Sample T-Test test can be seen in the table below:

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Sig.(2-Tailed)</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR PRE &amp; CR POST</td>
<td>0.604</td>
<td>H1 Rejected</td>
</tr>
<tr>
<td>QR PRE &amp; QR POST</td>
<td>0.966</td>
<td>H2 Rejected</td>
</tr>
<tr>
<td>CASHR PRE &amp; CASHR POST</td>
<td>0.196</td>
<td>H3 Rejected</td>
</tr>
<tr>
<td>DER PRE &amp; DER POST</td>
<td>0.214</td>
<td>H4 Rejected</td>
</tr>
<tr>
<td>DAR PRE &amp; DAR POST</td>
<td>0.181</td>
<td>H5 Rejected</td>
</tr>
<tr>
<td>LTDER PRE &amp; LTDER POST</td>
<td>0.260</td>
<td>H6 Rejected</td>
</tr>
<tr>
<td>NPM PRE &amp; NPM POST</td>
<td>0.000</td>
<td>H7 Accepted</td>
</tr>
<tr>
<td>ROA PRE &amp; ROA POST</td>
<td>0.000</td>
<td>H8 Accepted</td>
</tr>
<tr>
<td>ROE PRE &amp; ROE POST</td>
<td>0.000</td>
<td>H9 Accepted</td>
</tr>
<tr>
<td>TATO PRE &amp; TATO POST</td>
<td>0.158</td>
<td>H10 Rejected</td>
</tr>
<tr>
<td>FAT0 PRE &amp; FAT0 POST</td>
<td>0.357</td>
<td>H11 Rejected</td>
</tr>
<tr>
<td>WCTO PRE &amp; WCTO POST</td>
<td>0.922</td>
<td>H12 Rejected</td>
</tr>
</tbody>
</table>

Source: Data processing results

The table above shows that almost all financial performance parameters are rejected which means that there is no significant difference in current ratio, quick ratio, cash ratio, debt to equity ratio, debt asset ratio, long term debt to equity ratio, total asset turnover, fixed asset turnover, working capital turnover, after being acquired, while net profit margin, return on assets, return on equity after acquisition, there is a significant difference.

Discussion
Hypothesis 1
The study found that in the Current Ratio there was no significant difference between the period before and after acquisition. This shows that the company tends to add current assets but is followed by a greater increase in current liabilities so that the cr value obtained by the company tends to be smaller. The acquisition made resulted in a decrease in the liquidity of the acquired company. Then it can be said that the company's ability to pay off its current obligations decreases after it is acquired. This research is in line with the research of Yunia and Al Baab (2017) and Vintosa and Suwitho (2018), but not in line with Aprilia and Oetomo (2015) and Azizah (2015).

Hypothesis 2
The results of the study found that in Quick Ratio there was no significant difference between the period before and after acquisition. This can be interpreted that the acquiring company has not been able to increase liquidity in the form of better cash and receivables management and has not been able to compile a receivable collection policy properly after it is acquired or it can be said that the collection of receivables has not been optimal. This research is in line with the research
of Khairunisa, Topowijono and Zahroh (2016) and Vintosa and Suwitho (2018), but not in line with Azizah (2015) and Andini (2020).

Hypothesis 3
It was also found that in the Cash Ratio there was no significant difference between before and after acquisition. This shows that the company's ability to guarantee its current obligations is not good by the availability of cash and cash equivalents. The results of this study are in line with the research of Khairunisa, Topowijono and Zahroh (2016) and Hanim and Oetomo (2018), but not in line with Vintosa and Suwitho (2018), Wahyuningsih and Mumpuni (2018).

Hypothesis 4
In the Debt to Equity Ratio there is no significant difference between before and after acquisition. This shows that the company uses more debt to finance the company's assets compared to the amount of its own capital used. This increase in debt indicates a riskier financial condition, because the higher the debt, the higher the principal interest on debt, the higher the debt so that bankruptcy can occur. The results of this study are in line with the research of Aprilia and Oetomo (2015) and Rafaqat and Rafaqat (2020), but not in line with the research of Esterlina and Firdausi (2017), Vintosa and Suwitho (2018).

Hypothesis 5
The results of the study found that in the Debt to Asset Ratio there was no significant difference between before and after acquisition. This indicates no greater increase in total assets after acquisition than an increase in total debt. The increase in DAR shows that assets financed by debt increase, so the level of risk of the company in paying off obligations becomes higher. The results of this study are in line with the research of Azizah (2015) and Dewi and Mustanda (2021), but not in line with the research of Erdogan and Erdogan (2014) and Aprilianti and Rahardjo (2014).

Hypothesis 6
Based on the results of this study, it can be known that in the Long Term Debt to Equity Ratio there is no significant difference between before and after acquisition. This means that larger companies use long-term debt than using their own capital. This shows that the company's performance is not good because the company's own capital is insufficient to support the company's operational activities. The results of this study are in line with the research of Hanim and Oetomo (2018) and Andini (2020), but not in line with Nugroho (2013).

Hypothesis 7
The results of this study found that in Net Profit Margin there is a significant difference where after the acquisition is worse than after. This indicates that the company after acquisition works at a level of efficiency that is not better than before it was acquired. The company is not able to do cost efficiency so the costs incurred are almost close to the company's revenue. Thus, the net profit both nominally and relatively decreased. The results of this study are in line with the
The results of this study found that in Return on Asset there is a significant difference between before and after acquisition. The declining ROA rate is in line with the decline in NPM which is caused by the company spending more outbound costs but cannot increase revenue better. The results of this study are in line with the research of Serenade, Rahmawati, and Dewi (2019) and Sari (2018), but not in line with Yunia and Al Baab (2017) and Hanim and Oetomo (2018).

Hypothesis 10
The results of this study also found that in Total Asset Turnover there was no significant difference between before and after acquisition. This indicates a slowing of total asset turnover which indicates poor company management or the company is ineffective in optimizing assets to generate operating income. The possibility is partly because the resources of the acquiring company are not able to encourage the total turnover of assets to be better than before the acquisition. The results of this study are in line with the research of Dewi and Mustanda (2021) and Safira and Sulasmiyati (2019), but not in line with Aprilia and Oetomo (2015) and Serenade, Rahmawati, and Dewi (2019).

Hypothesis 11
It is also known that in Fixed Asset Turnover there is no significant difference between before and after acquisition. The declining FATO ratio indicates that asset turnover remains not optimal in generating sales during the period after acquisition. The decline that occurred in FATO was caused by a greater decrease in total assets than sales. The results of this study indicate that acquiring companies are no better at empowering the fixed assets of acquired companies to obtain better revenue from these fixed assets. The results of this study are in line with the research of Aprilianti and Rahardjo (2014) and Safira and Sulasmiyati (2019), but not in line with Vintosa and Suwitho (2018) and Hindryanto and Retnani (2017).

Hypothesis 12
Based on the results of this study, it can be known that in Working Capital Turnover there is no significant difference between before and after acquisition. This indicates a decrease in turnover that occurs due to the possibility of the company after being acquired is in a condition where current assets are the same as current debt, so that the turnover of working capital becomes not optimal, besides that it can be caused because the company is experiencing a lack of working
capital. The results of this study are in line with the research of Nugroho (2013) and Hanim and Oetomo (2018), but not in line with Rafaqat and Rafaqat (2020).

From the discussion of the twelve measuring instruments above, it is known that only in NPM, ROA, and ROE show significant differences before and after acquisition. But the difference is that the conditions after the acquisition are no better than before the acquisition and the difference is at a significant level. Meanwhile, in the other nine measuring instruments there was no significant difference. Thus it can be interpreted that the purpose of the acquisition of PT. Eagle High Plantation did not meet the target.

Conclusion
Based on the results of the analysis and discussion above, it is concluded as follows:
1. There is no significant difference in CR between before and after acquisition.
2. There is no significant difference in QR between before and after acquisition.
3. There is no significant difference in CASHR between before and after acquisition.
4. There is no significant difference in DER between before and after acquisition.
5. There is no significant difference in DAR between before and after acquisition.
6. There is no significant difference in LTDER between before and after acquisition.
7. There is a significant difference in NPM between before and after acquisition.
8. There is a significant difference in ROA between before and after acquisition.
9. There is a significant difference in ROE between before and after acquisition.
10. There is no significant difference in TATO between before and after acquisition.
11. There is no significant difference in FATO between before and after acquisition.
12. There is no significant difference in WCTO between before and after acquisition.

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