

# Comparative Analysis of Financial Performance (CR, DER, ROA) Before and After Merger Study on Companies Listed on the IDX

Refa Nabella Herdiawan<sup>1</sup>, Moh. Nadhir Mua'mmar<sup>2</sup>, Vemy Suci Asih<sup>3</sup>,  
Dadang Husen Sobana<sup>4</sup>

<sup>1,2,3</sup> Faculty of Islamic Economics and Business, UIN Sunan Gunung Djati, Bandung, Indonesia

## Research article

Received 26 August 2025; Accepted 06 November 2025

**How to cite:** Herdiawan, R. N., Mua'mmar, M. N., Asih, V. S., Sobana, D. H. (2025). Comparative Analysis of Financial Performance (CR, DER, ROA) Before and After Merger Study on Companies Listed on the IDX. *Indonesian Journal of Economics and Management*, 6(1), 20-31.

\*Corresponding author: [refanabella@gmail.com](mailto:refanabella@gmail.com)

---

**Abstract:** Mergers and acquisitions (M&A) are key growth strategies for companies listed on the Indonesia Stock Exchange (IDX), expected to enhance financial performance through efficiency-based synergies. However, empirical findings often vary. This study aims to compare the financial performance of IDX-listed companies before and after mergers, measured by the Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA). Using a quantitative comparative approach, the sample includes six companies that merged between 2002 and 2021, with data derived from IDX annual reports. Analysis methods include descriptive statistics, the Kolmogorov-Smirnov normality test, and the Paired Samples T-Test using SPSS. Results indicate no significant differences in CR ( $p=0.344$ ), DER ( $p=0.079$ ), or ROA ( $p=0.283$ ) before and after mergers. Despite slight improvements in DER and ROA, changes are not statistically significant, suggesting that financial benefits from M&A may require longer-term observation or be influenced by post-merger integration challenges.

**Keywords:** Mergers and Acquisitions (M&A); Financial Performance; Current Ratio (CR); Debt to Equity Ratio (DER); Return on Assets (ROA)

---

## 1. Introduction

Financial health is an essential foundation for the sustainability and growth of any business entity in Indonesia. The company's financial performance, which reflects management's effectiveness in managing resources to achieve the company's goals, is a key benchmark for stakeholders. This performance measurement is usually carried out through financial ratio analysis which provides a comprehensive picture of the company's condition from various aspects. Three fundamental aspects that are often highlighted are liquidity, solvency, and profitability. (Fadilah, 2020) (Ilham et al., 2023)

Liquidity, often measured by *the Current Ratio* (CR), indicates a company's ability to meet its short-term obligations maturing using its current assets. An adequate level of liquidity is important to maintain the smooth running of daily operations and maintain the trust of creditors and suppliers. Solvency, which can be measured by *the Debt to Equity Ratio* (DER), reflects a company's capital structure and its ability to meet all of its obligations, both short-term and long-term, especially in liquidation scenarios (Sholihah, 2020). DER indicates the extent to which the company relies on debt funding rather than its own capital, which is closely related to the Company's long-term financial risk profile (Theofile, 2021). Meanwhile,

profitability, one of whose proxies is *Return on Assets* (ROA), measures management's effectiveness in utilizing a company's total assets to generate profits (Sholihah, 2020). ROA is a key indicator of a company's financial health and attractiveness to investors, as it reflects the company's core ability to create value.

In Indonesia's dynamic business environment, the company is constantly looking for strategies to grow and increase competitiveness. In addition to organic growth, inorganic growth strategies such as mergers and acquisitions (M&A) have become an increasingly prevalent phenomenon (Bohalima et al., 2024). M&A activity in Indonesia shows a fluctuating but generally increasing trend, driven by various motives such as achieving economies of scale, expanding market share, diversification, acquiring new technologies or management expertise, and creating synergies. The primary goal of M&A is often to increase the company's value and operational efficiency. (Fadilah, 2020)

Inherently, M&A results in significant changes to the financial structure and scale of the operations of the companies involved. The merger of assets and liabilities, as well as potential changes in funding structures, can directly affect financial ratios (Pradita & Yahya, 2020). Liquidity (CR) is subject to change due to the consolidation of current assets and current liabilities as well as post-integration working capital requirements. The capital structure (DER) can shift depending on how the merger transaction is financed (for example, through debt, the issuance of new shares, or a combination of both). Profitability (ROA) is expected to increase if operational, financial, or managerial synergies are successfully realized, but it can also be depressed in the short term due to high integration costs or failure to achieve the expected synergies. (Salsabila & Sari, 2024)

The specific context of companies in Indonesia adds a layer of complexity to the merger impact analysis. For example, the development of the Islamic finance industry, including government initiatives to encourage the merger of state-owned Islamic banks into larger entities such as Bank Syariah Indonesia (BSI), highlights the relevance of M&A in this sector (Utari & Septiana, 2022). However, mergers on the IDX face unique challenges, for example in the sharia sector such as the need to comply with sharia principles in every aspect of transactions and operations, the potential for differences in work culture between merged sharia institutions, and challenges in integrating systems and products in accordance with sharia regulations. These challenges can affect the speed and success of the realization of post-merger synergies. (Utari & Septiana, 2022)

Given that the drive for growth through mergers in Indonesia is confronted with fundamental imperatives to maintain sound financial performance (CR, DER, ROA), as well as potential barriers to the realization of merger benefits, especially in unique contexts such as the IDX, it becomes important to examine the empirical impact of M&A. Theoretically, M&A is expected to bring efficiency improvements reflected in financial ratios (Tullah & Tullah, 2023). However, the dynamics of the Indonesian market and the specific challenges of the sharia context can hinder or delay the achievement of these expected results. Therefore, research that empirically examines changes in the ratio of CR, DER, and ROA post-merger in a specific context (sharia effects of the primary consumer sector) in Indonesia is crucial to bridge theoretical expectations with empirical reality.

Research on the impact of mergers on a company's financial performance has been widely conducted both at the international and national levels. However, the findings from these studies are often inconsistent. A number of studies have reported an improvement in financial performance after M&A, while others have found a decline in performance, and many have concluded that there is no statistically significant change. The inconsistency of these results can be attributed to a variety of factors, including differences in the research methodology used (e.g., market-based event studies versus accounting ratio analysis),

observation time period (short-term vs. long-term), the type of industry or sector of the company being studied, the characteristics of the merger transaction itself (e.g., horizontal vs. vertical mergers), macroeconomic conditions when M&A occurs, as well as the success rate of the post-merger integration process. (Rafaqat & Rafaqat, 2020) (Fadilah, 2020) (Salsabila & Sari, 2024)

The research gap that this study is trying to fill lies in several aspects. *First*, the inconsistency of previous research results suggests that the impact of M&A on financial performance is not a universally generalizable phenomenon and is highly context-dependent. *Second*, although there are studies on M&A in Indonesia, the research focuses specifically on the impact of M&A on the financial performance of IDX companies. Most M&A studies in Indonesia tend to focus on the banking sector. *Third*, many M&A studies use a relatively short before- and after-observation period, often just one year, which may not be enough to fully capture the impact of synergies or integration costs, given that the realization of M&A benefits often takes longer. The study, with the period 2002-2021, covers a newer and longer time span overall, although the comparative before-after analysis may still be short-term depending on the specific time of the merger in that period.

The combination of previously diverse findings globally and nationally, coupled with unique factors that have the potential to complicate the Indonesian environment, creates a significant knowledge gap regarding the *actual* short-term financial outcomes of M&A in Indonesia's specific sectors. General M&A theories may not be fully applicable or require adjustment when applied to this context. Therefore, it is important to re-test whether the *merger* actually brings about significant changes to key financial ratios such as CR, DER, and ROA in the specific context of IDX companies in Indonesia during the current period. This research aims to provide empirical evidence to fill these gaps and contribute to a better understanding of the effectiveness of *mergers* in the context of the unique Indonesian market.

## 2. Literature Review

### 2.1. Efficiency Theory

Efficiency Theory is one of the main theoretical foundations to explain the motivation behind merger activities. This theory holds that M&A is carried out with the primary goal of increasing the value of the company through the creation of efficiencies (Bacon & Cagigas 2022). This increase in efficiency is expected to arise from synergy, which is a condition in which the value of the combined company (M&A results) becomes greater than the sum of the value of each company before the merger. Efficiency Theory identifies several potential sources of synergy:

- a. **Operational Synergy:** This synergy arises from increasing efficiency in the company's operational activities. The source can come from *economies of scale* (a decrease in the average cost per unit due to an increase in production or operating volume) and *economies of scope* (cost savings through the production or distribution of various types of related products or services). Examples include consolidation of production facilities, supply chain optimization, reduction of duplicate overhead costs, and increased bargaining power of suppliers. Success in achieving operational synergies is expected to lower cost of goods sold and operating costs, which in turn can increase profitability (ROA) and affect working capital management (CR). (Bacon & Cagigas, 2022)
- b. **Financial Synergy:** This synergy is related to increasing efficiency in the financial aspects of the company. This can include a reduction in the cost of capital (both internal and external) as larger merged companies may be considered to have lower risk or better access to the capital markets. Increasing debt *capacity* is also a source of financial synergy,

which allows companies to make more optimal use of *tax shields* from debt interest. In addition, the merger of companies with different cash flows (for example, one company with excess cash and another with high investment needs) can create a more efficient internal capital market. Financial synergies are expected to affect the capital structure (DER) and lower funding costs, potentially increasing ROA. (Bacon & Cagigas, 2022)

- c. **Managerial Synergy:** This synergy arises from the transfer of superior management expertise, knowledge, or practices from one company to another in the merged entity. Companies with efficient management can acquire less efficient companies to improve their performance, or conversely, companies can acquire targets to gain access to better management teams or managerial systems. Managerial synergies are expected to improve overall operational efficiency and strategic decision-making, ultimately contributing to increased profitability (ROA). (Bacon & Cagigas, 2022)

## 2.2 Concept of Research Variables

### 2.2.1 Current Ratio (CR)

CR is a short-term liquidity ratio that measures a company's ability to pay off its current obligations (debt maturing in one year) using its current assets (assets that are expected to be converted into cash in one year). This ratio provides an indication of the margin (Ilham et al., 2023) of *safety* that the company has to cover its short-term debt.

### 2.2.2 Debt to Equity Ratio (DER)

DER is a solvency or leverage ratio that compares a company's total debt (both short-term and long-term) to its total shareholder equity. This ratio shows the proportion of a company's funding coming from creditors compared to owners. (Ilham et al., 2023)

### 2.2.3 Return on Assets (ROA)

ROA is a profitability ratio that measures how effective a company is in generating profits from the total assets it owns. This ratio reflects management's efficiency in using the company's resources to create profits. (Ilham et al., 2023)

## 3. Research Methods

This study uses a quantitative approach with a comparative design to analyze whether or not there is a difference in financial performance before and after mergers in sharia securities companies in the primary consumer sector. Financial performance in this study was measured using three main ratios, namely *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Return on Assets* (ROA). The population of this study is all companies listed on the Indonesia Stock Exchange (IDX) and merged between 2002 and 2021. Based on the criteria that have been set (the availability of financial statement data before and after the merger), a sample of 6 companies was obtained. Sampling is likely to use *purposive sampling* techniques, where sample selection is based on specific objectives and criteria relevant to the research. (Ghozali, 2021)

The type of data used is quantitative secondary data, in the form of annual financial statement data of sample companies in the period before and after the merger. The main data source comes from the publication of financial statements accessed through the official website of the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)).

The data analysis technique in this study was carried out with the help of SPSS software. The stages of data analysis include several steps. First, descriptive statistical analysis was carried out to provide an overview of *the mean*, standard deviation, minimum value, and

maximum value of the CR, DER, and ROA variables in the period before and after the merger. Second, a data normality test was carried out using *the Kolmogorov-Smirnov* method. This test aims to find out whether *the difference* data between before and after the merger for each ratio (CR, DER, ROA) is normally distributed, which is an important assumption before performing the parametric test. Third, to test the hypothesis about whether or not there is a significant difference in financial performance before and after the merger, an average difference test is used for paired samples, namely *the Paired Samples T-Test*. This test will compare the average CR, DER, and ROA values before the merger with the average CR, DER, and ROA values after the merger to see the statistical significance of the difference.

## 4. Results and Discussion

### 4.1. Result

**Table 1 CR Before & After Merger**

No	Company Code	Current Ratio			
		Year	Before	Year	After
1	ISAT	2020	-0.72	2023	-0.72
		2021	-0.66	2024	-0.49
2	GOTO	2019	0.39	2022	0.45
		2020	0.53	2023	0.42
3	LPKR	2002	0.69	2005	0.11
		2003	0.46	2006	0.13
4	BSI	2019	0.11	2022	0.13
		2020	0.1	2023	0.71
5	EXCL	2012	1.62	2015	1.81
		2013	1.87	2016	1.67
6	BNGA	2006	1.44	2009	0.77
		2007	1.35	2010	1

Source : *www.idx.co.id data processing, 2025*

Based on the data presented, there appears to be a variation in the movement of CR values between companies after the merger. Some companies show a certain tendency to change. For example, the BSI company experienced a fairly noticeable increase in CR, especially in the second year post-merger (from 0.10 in 2020 to 0.71 in 2023). EXCL companies also tend to maintain a CR above 1 both before and after the merger, with a slight increase in the first year post-merger (from 1.62 in 2012 to 1.81 in 2015).

On the other hand, some companies showed a decline. LPKR companies, for example, experienced a significant decline in CR after the merger (from an average of 0.575 before the merger to an average of 0.12 after the merger, with a low value of 0.11 in 2005). Similarly, BNGA showed a decline in CR in the first post-merger year (from 1.44 in 2006 to 0.77 in 2009), although it later improved slightly in 2010 (to 1.00).

Meanwhile, the GOTO company showed a relatively stable CR value below the 1 figure both before and after the merger, with small fluctuations (for example, 0.39 in 2019 to 0.45 in 2022, then down slightly to 0.42 in 2023). An interesting case can be seen in ISAT which consistently recorded negative CR values during the observation period (e.g., -0.72 in 2020 and -0.72 in 2023), which indicates very specific liquidity conditions or the potential for current liabilities that far exceed their current assets during the period.

Overall, this descriptive picture shows that there is no single uniform pattern of changes in *the Current Ratio* after mergers in the sample firms. There is considerable variation between companies, with some experiencing an improvement in liquidity, some experiencing a decline, and others relatively stable or showing unique patterns.

**Table 2 DER Before & After Merger**

No	Company Code	Debt To Equity Ratio			
		Year	Before	Year	After
1	ISAT	2020	0.7	2023	0.36
		2021	1.07	2024	0.75
2	GOTO	2019	-1.39	2022	-2.04
		2020	-0.46	2023	-0.67
3	LPKR	2002	3.07	2005	0.19
		2003	2.44	2006	-0.49
4	BSI	2019	0.85	2022	0.79
		2020	1.11	2023	0.81
5	EXCL	2012	-0.11	2015	0.64
		2013	0.18	2016	-0.36
6	BNGA	2006	2.17	2009	2.15
		2007	2.26	2010	2.24

Source : *www.idx.co.id data processing, 2025*

The results of the descriptive analysis show that there is a significant variation in the movement of DER between the sample companies after the merger. Several companies recorded a decrease in debt levels relative to their equity. An example is ISAT, which, despite showing fluctuations, has a DER value in the second year post-merger (0.75 in 2024) lower than in the second year pre-merger (1.07 in 2021). A very drastic decline was seen in LPKR, where DER dropped from very high levels (3.07 in 2002) to very low (0.19 in 2005) and even negative (-0.49 in 2006) post-merger. BSI companies also show a downward trend in DER after the merger (for example, from 1.11 in 2020 to 0.81 in 2023). Meanwhile, BNGA showed relatively stable DER levels in the range of 2.1 to 2.3 both before and after the merger, with a slight decline post-merger.

Another interesting phenomenon is the negative DER value recorded in GOTO (both before and after the merger), LPKR (in 2006), and EXCL (in 2012 and 2016). A negative DER value indicates that the company has negative equity in the period, which means that its total liabilities exceed its total assets. On GOTO, the negative DER value appears to be even larger after the initial post-merger period (from -1.39 in 2019 to -2.04 in 2022), indicating a potential decline in equity positions. EXCL shows fluctuations between positive and negative values, both before and after the merger, with no clear pattern of decline or improvement post-merger overall.

**Table 3 ROA Before & After Merger**

No	Company Code	Return On Assets			
		Year	Before	Year	After
1	ISAT	2020	-4.61	2023	-0.92
		2021	-2.21	2024	-0.69

2	GOTO	2019	-0.56	2022	-1.27
		2020	-0.6	2023	0.51
3	LPKR	2002	-4.83	2005	-2.81
		2003	-4.71	2006	-3.22
4	BRIS	2019	0.36	2022	0.68
		2020	0.32	2023	0.85
5	EXCL	2012	2.05	2015	-0.51
		2013	0.96	2016	-0.36
6	BNGA	2006	0.75	2009	0.74
		2007	0.7	2010	1.01

Source : *www.idx.co.id data processing, 2025*

The data in Table 3 shows the diverse profitability dynamics between the sample companies after the merger. There is a tendency to improve ROA in some companies, although some of them still record negative values. ISAT and LPKR, for example, consistently showed negative ROA (indicating net loss) during the observation period. However, both companies show post-merger improvement in the sense that their loss rates are reduced. ISAT's ROA improved from -4.61% in 2020 to -0.92% in 2023. Similarly, LPKR's ROA improved from -4.83% in 2002 to -2.81% in 2005 (the first year post-merger).

The GOTO company showed a unique pattern, where the ROA had declined further in the first post-merger year (-1.27% in 2022) before finally managing to record a positive ROA of 0.51% in 2023. A consistent positive trend is seen in BRIS (Bank Syariah Indonesia), whose ROA continues to increase after the merger, from 0.32% in 2020 to 0.85% in 2023. BNGA also showed an increase in profitability, especially in the second year post-merger, where the ROA rose to 1.01% in 2010 from 0.70% in 2007 (pre-merger).

On the other hand, EXCL is an example of a company that experienced a decline in profitability after the merger. The company's ROA went from positive before the merger (e.g., 2.05% in 2012) to negative after the merger (-0.51% in 2015 and -0.36% in 2016).

**Table 4 Descriptive Statistics of Financial Performance Before and After Merger**

Variable	Statistics	Before the Merger	After the Merger
CR	Mean	0.598	0.499
	Std. Dev	0.842	0.760
DER	Mean	0.991	0.364
	Std. Dev	1.319	1.185
ROA	Mean	-1.032	-0.499
	Std. Dev	2.448	1.403

Source : *SPSS for IOS version 29 output results*

Table 4 presents a summary of descriptive statistics for the *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Return on Assets* (ROA) variables from 12 samples, before and after the merger. It can be seen that the average CR decreased slightly after the merger (from 0.598 to 0.499). The average DER shows a more pronounced decline after the merger (from 0.991 to 0.364), indicating a decrease in the average level of debt relative to equity. Meanwhile, the average ROA showed improvement, although still negative, increasing from -1.032 before the merger to -0.499 after the merger. Standard deviation values for all variables tend to decline

slightly after the merger, suggesting that post-merger financial performance data is slightly more concentrated around its average value than it was before the merger.

**Table 5 Normality Test Results**

Variable	(p-value)	Results ( $\alpha=0.05$ )
CR Difference	0.186	Normally Distributed Data
DER Difference	0.093	Normally Distributed Data
ROA Difference	0.104	Normally Distributed Data

Source : SPSS for IOS version 29 output results

Based on the results in Table 5, the significance value (p-value) for the difference in CR was 0.186, for the difference in DER was 0.093, and for the difference in ROA was 0.104. Since the three significance values are greater than 0.05 ( $0.186 > 0.05$ ;  $0.093 > 0.05$ ;  $0.104 > 0.05$ ), it can be concluded that the difference data for the three variables (CR, DER, and ROA) are normally distributed. With the fulfillment of this assumption of normality, hypothesis testing can be continued using the parametric statistical test *Paired Samples T-Test*.

**Table 6 Paired Sample T-Test Test Results of Financial Performance Differences Before and After Merger**

Financial Performance Variables	Mean Difference (Before - After)	t-value	Df	Sig. (2-tailed)	Results ( $\alpha=0.05$ )
Current Ratio (CR)	101	989	11	0.344	No significant differences
Debt to Equity Ratio (DER)	627	1.937	11	0.79	No significant differences
Return on Assets (ROA)	-532	-1.130	11	0.283	No significant differences

Source : SPSS for IOS version 29 output results

Based on the results in Table 6:

- CR:** The test results showed a t-value of 0.989 with a significance (*2-tailed*) of 0.344. Since the significance value (0.344) is greater than 0.05,  $H_0$  fails to be rejected. This means that there is no statistically significant difference in average CR between before and after the merger. Although the average CR tends to decrease (*Mean Difference* = 0.101), the decrease is not significant.
- DER:** The test results showed a t-value of 1.937 with a significance (*2-tailed*) of 0.079. This significance value (0.079) is also greater than 0.05, so  $H_0$  fails to be rejected. It can be concluded that there is no statistically significant difference in average DER between before and after the merger. Although the average DER decreased quite sharply descriptively (*Mean Difference* = 0.627), this difference was not statistically strong enough at the 5% significance level.
- ROA:** The test results showed a t-value of -1.130 with a significance (*2-tailed*) of 0.283. Since the significance value (0.283) is greater than 0.05,  $H_0$  fails to be rejected. This shows that there is no statistically significant difference in average ROA between before and after the merger. Although the average ROA shows improvement (*Mean Difference* = -0.532, meaning that the value after is higher/less negative than before), this improvement is not statistically significant.

## 4.2. Discussion

### 4.2.1. Interpretation of CR Results

Although the average CR showed a slight post-merger decline (from 0.598 to 0.499), statistical analysis ( $p=0.344$ ) confirmed that this change was not significant. Several explanations can be put forward for this finding. First, the company may maintain a relatively stable working capital management policy in the short term after the merger, so that there is no drastic change in the liquidity position. Second, the impact of the merger on the current asset component (e.g., cash consolidation or receivables) and current liabilities (e.g., the addition of short-term debt to integration costs) may negate each other, so that the net effect on CR is not significant. Third, the one-year observation period after the merger may be too short to capture the structural changes in liquidity management that may occur in the long term as operational synergies are realized. The high variability of CR between firms in the sample (as seen from the large standard deviation) can also obscure the potential for overall trends. These results are in line with a number of previous studies that also did not find a significant impact of mergers on CR in the short term, but contrast with the Efficiency Theory's expectation that synergies can lead to more efficient liquidity management. (Cahyani & Murwanti, 2024; Theofile, 2021)

### 4.2.2. Interpretation of DER Results

The pretty striking average drop in DER (from 0.991 to 0.364) intuitively seems significant. However, statistical tests ( $p=0.079$ ) showed that this difference was not significant. This is most likely due to the very high variability in the DER ratio between the sample companies (*standard deviation* > 1 both before and after the merger) and the small sample size ( $N=12$ ), which reduces the power of statistical tests to detect significant differences. Another explanation could be related to the diversified merger funding strategies among the sample companies; Some may use more equity (e.g., stock exchanges) while others use debt, so the average change is not statistically significant even though some companies may experience major changes. It may also happen that the increase in debt to finance the merger is offset by an increase in equity or the sale of non-core assets post-merger. These findings are consistent with many previous studies that reported no significant changes to post-M&A DERs, although theoretically mergers are often expected to affect capital structures. (Cahyani & Murwanti, 2024; Zahara et al., 2023)

### 4.2.3. Interpretation of ROA Results

The average ROA of the sample companies showed improvement (from -1.032 to -0.499), moving close to break-even, but this change was again not statistically significant ( $p=0.283$ ). The fact that the average ROA remained negative both before and after the merger indicates that the companies in this sample are, on average, facing *profitability* challenges. The absence of a significant increase in ROA post-merger can be explained by several factors. First, and the most commonly cited in the literature, is that the expected synergies of mergers often take longer than a year to be fully realized. The process of integrating operations, systems, and cultures takes time and resources. Second, post-merger integration costs (e.g., restructuring costs, severance pay, system harmonization) can be significant in the short term and offset the potential initial gains from synergies. Third, the company's performance is also heavily influenced by external factors such as macroeconomic conditions or industry competition, which may not support increased profitability during the post-merger period. Fourth, if a

company merges from a weak performance position (as implied by a negative ROA), a significant recovery in profitability may require more extensive effort and time. In the context of sharia effects, additional challenges related to compliance and integration of sharia culture may also contribute to slow performance improvements. These findings, while consistent with many such empirical studies, directly challenge the core predictions of Efficiency Theory that expect mergers to result in increased profitability. (Cahyani & Murwanti, 2024; Tullah & Tullah, 2023)

## 5. Conclusion

This study aims to analyze the differences in financial performance, as measured by *Current Ratio* (CR), *Debt to Equity Ratio* (DER), and *Return on Assets* (ROA), in the period before and after the merger for a sample of 6 companies in Indonesia during the period 2002-2021. Based on the analysis using the *Paired Sample t-Test* at a significance level of 5%, this study concluded that:

1. There was no statistically significant difference in *Current Ratio* (CR) before and after the merger ( $p=0.344$ ).
2. There was no statistically significant difference in the *Debt to Equity Ratio* (DER) before and after the merger ( $p=0.283$ ).
3. There was no statistically significant difference in *Return on Assets* (ROA) before and after the merger ( $p=0.283$ ).

Thus, this study did not find any empirical evidence to support significant changes in the liquidity, solvency, or profitability of the sample companies in the short term (one year) after the merger.

### 5.1 Research Implications

**Theoretical Implications:** These findings contribute to the M&A literature by showing that the expectations of short-term efficiency improvements predicted by Efficiency Theory do not always materialize significantly in all contexts. Factors such as the time required for integration, transition costs, the complexity of the local market, and potential specific challenges (e.g., related to sharia compliance) are likely to play a significant role in delaying or obscuring the impact of mergers on short-term financial performance. This emphasizes the need for more dynamic and contextual theoretical models.

**Practical Implications:** For business practitioners, these results underscore the importance of long-term strategic planning and careful integration management in merger activities. Expectations for instant financial performance improvements need to be managed realistically. For investors, these findings suggest a more cautious and long-term-oriented evaluation approach to merging companies, focusing on the quality of integration and achieving synergies over time, rather than just financial data immediately after the transaction.

### 5.2 Suggestion

Based on the findings and limitations of this study, some suggestions for future research can be proposed:

- a. **Expanding Sample and Time Period:** Conducting similar studies with much larger sample sizes and longer observation periods (e.g., 3 to 5 years before and after the merger) to improve external validity and capture long-term impacts.
- b. **Using Alternative Analysis Methods:** Applying different methodologies, such as event studies using market data (abnormal stock returns) or regression models (e.g., *Difference-in-Differences*) that incorporate control variables to better isolate the effects of mergers.

- c. Incorporating Control Variables: Subsequent research should include relevant control variables (e.g., company size, pre-merger leverage, market-to-book ratio, macroeconomic indicators, industry dummy) to account for other factors influencing performance.
- d. Qualitative Approach: Conduct an in-depth qualitative case study on several companies that conduct a merger (especially if it focuses on the sharia context) to understand the integration process, the challenges faced (including aspects of sharia compliance), management strategies, and contextual factors that affect post-merger performance.

## References

- Bacon, F. W., & Cagigas, G. J. (2022). Merger Announcements, Financial Performance and Stock Price: A Test of Market Efficiency. *Journal of Applied Business and Economics*, 24(4). <https://doi.org/10.33423/jabe.v24i4.5486>
- Bohalima, E. R., Erlina, E., & Syarif, F. (2024). Comparative Analysis of Pra-Post Merger and Acquisition Financial Performance Reviewed From EVA, MVA and Financial Ratio Methods (Empirical Study of Non-Financial Sector Companies Listed on the IDX for the Period 2015-2020). *International Journal of Current Science Research and Review*, 07(07). <https://doi.org/10.47191/ijcsrr/V7-i7-40>
- Cahyani, M. S., & Murwanti, S. (2024). ANALISIS PERBANDINGAN KINERJA KEUANGAN SEBELUM DAN SESUDAH MERGER PADA PT GLOBAL DIGITAL NIAGA TBK (BELI). *JURNAL ILMIAH EDUNOMIKA*, 8(2).
- Fadilah, Y. (2020). Pengaruh Merger dan Akuisisi Terhadap Kinerja Keuangan Perusahaan Non Keuangan yang Listed di Bursa Efek Indonesia (Skripsi). *Universitas Islam Indonesia*.
- Ghozali, I. (2021). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 26* (Edisi 10.). Badan Penerbit Universitas Diponegoro.
- Ilham, I., Ismail, I., & Hanafi, Muh. A. N. (2023). Analisis Kinerja Keuangan dengan Rasio Likuiditas, Solvabilitas, Aktivitas dan Profitabilitas PT.XYZ. *Al-Buhuts*, 19(1), 616–627.
- Pradita, R., & Yahya, Y. (2020). PENGARUH CR, ROA DAN DER TERHADAP HARGA SAHAM PERUSAHAAN FOOD AND BEVERAGES. *Jurnal Ilmu Dan Riset Manajemen*, 9(3).
- Rafaqat, S., & Rafaqat, S. (2020). The Impact of Merger and Acquisition on the Financial Performance of the Nasdaq Listed Small Size Technology Companies. *The Economics and Finance Letters*, 7(2), 200–217. <https://doi.org/10.18488/journal.29.2020.72.200.217>
- Salsabila, N., & Sari, M. (2024). The Effect of Mergers and Acquisitions on the Financial Performance Companies listed on the Indonesia Stock Exchange for the 2020-2022 period. *Jurnal Syntax Admiration*, 5(10), 4306–4316. <https://doi.org/10.46799/jsa.v5i10.1663>
- Sholihah, F. (2020). HUBUNGAN LIKUIDITAS, SOLVABILITAS DAN AKTIFITAS DENGAN KINERJA KEUANGAN PERUSAHAAN (Studi Kasus Pada Perusahaan Manufaktur yang Terdapat Di Bursa Efek Indonesia Tahun 2008-2018). *Prisma (Platform Riset Mahasiswa Akuntansi)*, 1(5), 46–55.
- Theofile, J. (2021). ANALISIS PERBANDINGAN KINERJA KEUANGAN SEBELUM DAN SESUDAH MERGER DAN AKUISISI (Studi Empiris Pada Perusahaan Non-Keuangan yang Terdaftar di Bursa Efek Indonesia Tahun 2010-2018). *UNIVERSITAS ATMA JAYA YOGYAKARTA*.
- Tullah, D. S., & Tullah, R. F. (2023). THE IMPACT OF MERGERS AND ACQUISITIONS ON EARNING MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE. *Riset*, 5(2), 016–028. <https://doi.org/10.37641/riset.v5i2.268>

- Utari, K. K., & Septiana, Y. (2022). Efisiensi Keputusan Merger Tiga Bank Syariah Di Indonesia Pada Masa Pandemi Covid-19 (Studi Di Bsi Kc Bengkulu Panorama). *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, 10(2).
- Zahara, Z., Sari, P. A., Jr, S. R., & Andriani, W. (2023). Comparison of The Financial Performance of Banking Companies Before and After Merger or Acquisition. *Entrepreneurship and Small Business Research*, 2(2), 68-77.