# ABSTRACT

Christina Kosasih / 37150571/2019 / Effects of Mergers and or Acquisitions on Financial Performance in Companies Listed on the Indonesia Stock Exchange Period 2012-2016 / Sugi Suhartono, S.E., M.Ak.

This study aims to analyze differences in financial performance before and after mergers and or acquisitions of companies listed on the Indonesia Stock Exchange in the period 2012-2016. Financial performance used in this study include: Current Ratio (CR), Debt to Equity Ratio (DER), Total Assets Turnover (TATO), Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM).

Agency theory appears in the agency relationship between the principal (investor) and the agent (manager) who are bound by a contract. The core of this relationship is the separation of ownership (on the part of investors) and control (on the manager’s side). Investors have hopes that managers will generate returns from the money they invest. Therefore, a good contract between investors and managers is a contract where managers are able to do ways to get what is expected by investors, one way is to do mergers and or acquisitions.

The data collection method used is the observation method. The data collection technique used was purposive sampling where the authors took data from all public companies listed on the Indonesia Stock Exchange (IDX) that carried out mergers and acquisitions in the 2012-2016 period. The normality test uses the Kolmogorov –Smirnov test. If the data tested is normally distributed, then the data is tested using the Paired Sample t-Test, whereas if the data is not normally distributed, it is tested using the Wilcoxon Signed Ranks Test to answer the hypothesis. The two different test methods use a 95% significance level.

The test results show CR of 0.184, DER of 0.983, TATO of 0.041, ROA of 0.040, ROE of 0.040, and NPM of 0.495. Based on these results, CR, DER, and NPM do not show influence after mergers and acquisitions. Whereas TATO, ROA, and ROE show the influence after mergers and acquisitions.

The result of this study conclude that there is sufficient evidence that mergers and or acquisitions affect financial performance in the form of TATO, ROA, and ROE, but mergers and or acquisitons have no effect on CR, DER, and NPM.

Keywords: financial performance, mergers, acquisitions