

ABSTRACT

In this era, companies are required to have well-rounded strategies in order to last in midst of rivalry, one of those is by having integration. There are two common types of companies' integration in Indonesia, merger and acquisition. The purpose of merger and acquisition is gaining synergy to increase efficiency and effectivity in various field of the company. Yet, there are many companies that endured merger or acquisition without obtaining any positive effect. To discover the impact of both merger and acquisition in a company, financial field could be taken as one of the measurements. It supported this research to analyse the impact of merger and acquisition towards companies' financial performance. This research was detained by evaluating impacts obtained from the financial performance in companies using three ratios; CR (current ratio), DER (debt to equity ratio), and ROA (return on asset). This research also measured the effect caused by DER and CR towards ROA.

This research used secondary data consisting current ratio, debt to equity ratio and return on asset gathered from 23 companies listed in the IDX as companies that undergo merger and acquisition at 2013-2014. Research period has taken five years in total from each company, with two years before and three years after merger and acquisition. This study used quantitative method using simultaneous equations model. The data processed using 2SLS method in SPSS 25. Data analysis such as identification test, simultaneous equations test, classical assumption test, F test, R² test, and T test were conducted in this research.

The results showed that merger and acquisition impacted debt to equity ratio and return on asset negatively and significantly. It also presented that both merger and acquisition do not have any impact towards current ratio. The findings in this research exposed significant negative impact from debt to equity ratio towards return on asset. In addition, current ratio has no impact towards return on asset.

Keywords : Merger, acquisition, financial performance, simultaneous.