ABSTRACT

Merger can be defined as amalgamation two companies or more becoming one strengths to strengthen position of company. While acquisition is assumption take over partly or overall of other company stocks so that requisitionist company has control freehold asset to target company. This research aims to examine the effect of merger and acquisition on non-banking firm's performance at Jakarta Stock Excange. Firm performance is measured using financial ratios: Current Ratio (CR), Quick Ratio (QR), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Equity Ratio (DER), Debt to Assets Ratio (DAR), Total Assets Turnover (TATO) and Fixed Assets Turnover (FATO).

This research takes population from all of the company that done merger and acquisition activity in period of 2001-2008. The samples of this research consists of 10 firms from non-banking category in the period of 2001-2008. The ratio of data obtained from Indonesian Capital Market Directory (ICMD). The analysis used to test the hypothesis of this research is quantitative analysis with statistical methods of data normality test, Paired Sample T Test and Wilcoxon Signed Rank Test.

The results from the Paired Sample T Test and Wilcoxon Signed Rank Test shows that there were no significant difference for all financial ratios after merger and acquistions in period of observation and testing. Except for Total Assets Turnover which showed significant difference. These results indicated that mergers and acquisition does not provide significant changes or improvement on the financial performance of non-banking companies.

Keywords: Mergers and acquisitions, Financial Performance, Financial Ratios, Paired Sample T Test